

REPUBLIC OF RWANDA

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MINISTRY OF FINANCE AND ECONOMIC PLANNING

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**To: Central Government Chief Budget Manager (All)
Local Government Chief Budget Manager (All)**

Re: The First Planning and Budgeting Call Circular (PBCC) for the 2023/2024 Fiscal Year

A. Introduction

In accordance with article 26 of Law N° 12/2013/OL of 12/09/2013 on State Finances and Property; article 17 of the Ministerial Order relating to Financial Regulations N° 001/16/10/TC of 26/01/2016 in its Chapter III on planning, preparation and approval of the budget, I have the pleasure to communicate the following information to guide the planning process for the 2023/24 Fiscal Year and the Medium Term framework, as well the process for calculating a budget baseline.

This fiscal year is the first year of the medium term expenditure framework 2023/24 to 2025/26. This PBCC intends to further strengthen the planning and budgeting process in view of recent and projected economic developments such as: continued economic recovery from Covid19 pandemic, rising domestic and international prices, negative effects of international conflict (Russia-Ukraine) and the need for increased attention towards fast-tracking NST1 interventions and targets as it is nearing the end period.

A number of key reforms have been introduced in the PBCC in line with the above objective including:

- ***Merging the circular for both central and local government budget agencies where the messages are essentially the same, specific chapters will provide details for central and local government entities;***

- ***Bringing forward the planning process earlier than usual in order to provide sufficient time to guide the budgeting process and inform the indicative ceilings to be issued in the planning and budgeting outlook paper;***
- ***Undertaking a 'budget baseline' analysis to assess the budgetary consequences for strategic objectives and commitments in the medium term.***

This 2023/2024 first Planning and Budget Call Circular is not a request for budget submissions but rather a request for information to facilitate timely coordination, proper planning and prioritization to ensure clear linkage between the planning and budgeting process across all Budget Agencies (BAs).

This Circular applies for both, the Central Government (CG) and the Local Government as indicated in the detailed instructions of this Circular. The sections of this Circular until section D include guidance which applies for Central government and Local Government while section E outlines specific planning guidance for Local Government.

The present PBCC has been issued at a time when Rwanda and the world are still coping to deal with the impact of substantial crisis (such as the COVID-pandemic and the Russia-Ukraine-war). The 2023/24 planning process should thus base on lessons learned and identify priorities through programs and projects that will accelerate continued socio-economic recovery across all sectors.

B. General planning process 2023/24-2025/26 and reforms

B.1 Planning needs assessment

A needs assessment of the existing strategic commitments will be conducted to begin the planning process through a budget baseline analysis.

The Government of Rwanda aims at strengthening the Medium Term Expenditure Framework (MTEF) to improve consistency and reliability of planning and budgeting. As outlined in the MTEF User Manual, a budget baseline shows the budgetary consequences of existing policies for each fiscal year (FY) comprised by the MTEF. Existing policies, programmes and projects are (i) ongoing ones and (ii) new ones which have already been approved by the competent authorities depending on the approval requirements.

This means that the budget baseline does not include new policies, programmes and projects requested by Budget Agencies (BAs) which are not yet approved by the competent authority or do not form part of commitments made in strategic planning documents. Any contractual commitments and verified outstanding payables need to be included into the baseline calculation.

MINECOFIN will compare the results of the budget baseline calculation with available resources expressed in indicative expenditure ceilings to be set in the Planning and Budget Outlook Paper (PBOP) by **the end of November**.

For the FYs 2023/24 and 2024/25 expenditure ceilings have been set in the previous MTEF 2022/23- 2024/25. These ceilings should guide BAs in planning their programs and projects both in the annual timeline (Action Plans and Imihigo) as well as in the medium-term.

The second Planning and Budget Call Circular (2nd PBCC) will be issued by MINECOFIN at the beginning of December and will instruct BAs how to use the indicative expenditure ceilings for the FYs 2023/24 – 2025/26 set in the PBOP. The PBCC 2 will guide how to proceed in case of any deviations between the results of the budget baseline calculation and the set expenditure ceilings. The planning and budget calendar for preparing the upcoming MTEF is outlined in **Annex 1**.

Each BA calculates the baseline as outlined in the costing guidelines (**annex 15**) and related templates which are annexed to this Circular (**Annex 15 A & B**) and according to the requirements in the IFMIS planning module.

In case macroeconomic variables such as inflation and exchange rate are directly impacting the calculation of specific budget sub-items, BAs have to consult MINECOFIN and get guidance on how to handle these variables.

MINECOFIN will review the baseline results submitted by BAs, request improvements if required and consolidate the results in order to compile a comprehensive budget baseline for the National budget.

The baseline results discussed and agreed by MINECOFIN and BAs are entered into the IFMIS by BAs.

B.2 The 2023/24 – 2025/26 planning perspective and process

The new MTEF process follows a comprehensive planning and budgeting process over the medium term. From the planning angle it focuses on:

- (i) the implementation of national priorities from the National Strategy for Transformation (NST1) and other strategic sources;
- (ii) the indicative expenditure ceilings (to be set in the Planning and Budget Outlook Paper-PBOP) and the final expenditure ceilings for each FY of the MTEF.

The MTEF User Manual provides a detailed description of the MTEF enhancement. This PBCC instructs BAs in terms of the milestones and deliverables for the medium-term planning process which is specified in the annexed planning and budgeting calendar.

The national planning priorities are derived from the Vision 2050, the Green Growth and Climate Resilience Strategy, the National Strategy for Transformation (NST1), the Sector Strategic Plans, Districts Development Strategies (DDSs), the National Land Use and Development Master Plan (NLUDMP, 2050) and have to be implemented within the indicative expenditure ceilings set in a (PBOP) which will be submitted by end November 2022 to the office of the Prime Minister for Cabinet consideration. MINECOFIN will lead the planning process in collaboration with Ministries, Districts and Agencies (MDAs). Based on

the PBOP, MINECOFIN will issue the 2nd PBCC at the beginning of December instructing BAs to conduct the expenditure prioritization and draft the budget estimates.

1. Central Planning Consultations

- MINECOFIN shall schedule the Ministerial planning consultations in a way that enhances joint coordination and harmonization of plans across sectors.
- During budget preparation, activities not submitted in the plans and agreed upon during the planning consultations shall only be funded in exceptional cases which has to be sufficiently justified by the BA. This refers to new Presidential pledges, resolutions from National Leadership Retreat that could not be anticipated and any unavoidable new emerging priorities that may arise after concluding Ministerial planning consultations.
- A detailed agenda and invitations for the Ministerial planning consultations shall be issued by the beginning of November 2022.

2. Decisions on projects and the role of the Public Investment Committee (PIC)

- The Public Investment Committee will take decisions on both new and ongoing projects. The PIC shall either give green light, put on hold or not retain (accept) submitted projects depending on their technical feasibility, financial and economic viability and their relevance to the national development agenda.
- All projects shall be scrutinized by the National Project Development and Quality Assurance Department in MINECOFIN that conducts all preliminary analysis and serves as the secretariat for the PIC. The PIC takes decisions on the eligibility of projects for funding and advises on;
 - The type of financing for projects,
 - Pipeline of projects,
 - Projects that can be undertaken through or with the private sector.
- Priority will be given to finalizing ongoing projects, and to new projects that are transformational subject to the availability of resources within set expenditure ceilings.
- Ministries, Agencies and Boards are hereby advised to give adequate attention to projects' formulation and avail all necessary documentation in a timely manner, as only projects cleared by PIC will be eligible for funding. The PIC meeting is expected to be held in mid-November 2022 and will inform indicative expenditure ceilings for the development budget.

2.1. Process for submission of projects for central Government Ministries and Agencies

All submissions for projects and corresponding documents will be done through IFMIS and technical feedback will also be provided through the system. BAs are advised to regularly

check from the system to improve the submissions accordingly before the PIC meeting. Due to the impact of shocks on the economy (such as Covid-19 and the Russia-Ukraine-war), priority should be given to implementation and scale-up of the socio-economic recovery related measures.

Concept Notes for projects show in brief: (i) situation needs assessment and identification of possible alternative solutions and justification of the selected option(s), (ii) conceptual solution for the selected option, including the link from inputs to outputs and outcomes/ impacts, (iii) basic implementation plan, milestones, (iv) funding and cost recovery options, (v) project's socio- economic impact, and (vi) justification in relation to the National Planning Framework.

New projects below **one million USD** are qualified as “**Small projects**” and need to be submitted with an extensive project description (Concept Note based on conceptual design level). New projects valued **above one million USD** but **below 15 million USD** in investment are qualified as “**Medium projects**” while new projects **above 15 million USD** are qualified as “**Major projects**”. Projects under these two categories must be submitted with full feasibility studies that show: (i) description of the context, (ii) definition of objectives and logic of the intervention, (iii) identification of the project, (iv) demand and option analysis, (v) environmental and social considerations, including Environmental and Social Impact Assessments (EISA), (vi) technical design and cost estimates, (vii) plan for implementation and - if applicable - operation of the project, (viii) financial, economic and sensitivity analysis, (ix) risk analysis, (x) conclusions and recommendations.

- Proposal for Feasibility study funding need Public Investment Committee (PIC) approval. Proposals requesting funds for feasibility studies for “Major projects” need to be supported by pre- feasibility studies.
- Projects requesting funds for expropriation should annex an evaluation report by credited valuer that provides the actual compensation and resettlement costs
- The shared National Feasibility Study Guidelines adopted in 2018, available on MINECOFIN website show expected methodological and quality standards for project preparation.
- Experience from past fiscal years has indicated that initial budget estimates for new and ongoing projects are far above the realistic resource envelope. BAs are therefore encouraged to prioritize projects and plan within set expenditure ceilings for the 2023/24 – 2025/26 MTEF for ongoing and new projects before submission.

To ensure ownership of projects by line Ministries, both new and ongoing projects together with other planning documentation shall only be submitted by the Chief Budget Manager of the Ministry including those of affiliated Agencies. Also, in accordance with the PPP Guidelines issued in the Official Gazette no 29bis of 16/07/2018, projects planned in form of PPPs and Joint Ventures must be submitted for appraisal.

2.2. Planning for counterpart funds (expropriation costs and taxes)

- **Expropriation:** In case of expropriations for the new externally funded projects, there is need to ensure community participation and expropriation shall be done in accordance with the national laws governing expropriations for public interests. They should also follow the Environmental and Social Management Framework (ESMF) and conduct Environmental and Social Impact Assessments according to the existing framework. No project will be considered for implementation without an Environmental and Social Impact Assessment complying with the ESMF standards.
- **Tax Exemption:** Implementing entities are requested to ensure that taxes to be exempted on externally funded projects are clearly determined in accordance with tax exemption policy

2.3. Public-Private Partnerships (PPPs)

PPPs projects require feasibility studies which prove the socio-economic, financial, technical and environmental feasibility. Central government and decentralized entities shall present clear ownership and management arrangements for PPPs which have to be presented in the planning phase/in the feasibility study. No PPP project without full feasibility study will be considered for funding. PPP guidelines issued in the Official Gazette no 29bis of 16/07/2018, shall be consulted in this regard.

3. The Action Plan (APs)

BA submissions for the FY 2023/24 AP shall only be made electronically through IFMIS; planning and budget consultations shall be based on the submission via IFMIS.

Good quality plans will have a positive impact on resource allocation. BAs are required to pay particular attention to the linkage between APs and the medium term expenditure framework (MTEF). This will allow phasing of projects and interventions in line with what can be implemented in the medium term. The main guiding principles and expectations for quality of plans are to:

- Demonstrate clarity and consistency in prioritization (alignment to strategies such as NST1, Sector Strategic Plans and COK IDS/DDSs).
- Reflect transformational and impactful interventions responding to substantial crisis to foster socio- economic recovery.
- Ongoing interventions should only be considered for prioritization if the results achieved so far and the estimations for the upcoming planning period are promising in terms of compliance with intended results whereby the focus is on policy results and less on processes.
- Demonstrate strong coordination and adequate consultations with key stakeholders including the private sector.
- Have a clear phasing plan or sequencing of activities informed by foresight planning.
- To enhance greater focus of APs to the national medium term strategic plans, BAs

are required through submission of a Strategic Issues Paper (**SIP-Annex.2**) to show how their planned activities and investments contribute to NST 1 priority areas, the institutional mandate and sectoral outcomes.

4. Performance Based Budgeting (PBB)

PBB aims to provide proper linkage between resource allocation and the expected results and promote allocative efficiency, transparency and accountability in the use of public resources. The PBB manual provided by the Ministry of Finance and sector specific workbooks developed and updated annually by each sector guides the implementation of the PBB framework.

All agencies implementing PBB interventions are strongly encouraged to pay particular attention to the guidelines and enter the data for the selected PBB programs in IFMIS (Annex 16). Successful implementation of PBB requires sectors technical teams of planning and budget functions to closely work with their counterpart focal persons in MINECOFIN.

Having well elaborated selected PBB programs facilitates NST1 implementation. BAs are advised to carry out the necessary diagnosis of challenges for NST1 implementation and their root causes and consequences in due time and not wait for the finalization of the draft budget documents.

5. Imihigo

The link between planning, budgeting and Imihigo preparation needs to be strengthened.

- Planning, budgeting and Imihigo preparation should not be regarded as separate but rather interlinked processes.
- The planning module is linked to the budget system in the IFMIS such that no BA will be allocated a budget without submission of quality plans and projects in the IFMIS. In this regard, during the budgeting stage, **budget allocation shall only be made to interventions that have been submitted in the plans and have passed through required validation and approval processes** and there will be no room to create new projects, outputs or activities.
- Imihigo priorities and targets should be selected from the priorities agreed upon during planning consultations and be affordable within the set expenditure ceilings.

Submission of plans, budgets and Imihigo will follow the planning and Budget calendar provided in **Annex.1**. MINECOFIN shall issue detailed Imihigo preparation guidelines and roadmap as per the attached Calendar.

6. Timely involvement of Executive Management in the planning and budgeting process

To ensure that initial planning documents meet the desired quality, Executive **Managers should drive and provide leadership and guidance** for the entire planning and budgeting process including Imihigo preparation in their institutions. Providing the required strategic

orientation to technical teams from the initial phase is critical rather than coming on board during the high level consultations at later stages such as Ministerial planning and budget consultations.

To further promote this desired leadership, ownership and involvement of Executive Management in the planning process, the following are key entry points:

- Approval of planning submissions in the IFMIS: institutional plans and projects will need to be approved by respective Chief Budget Managers before they can be considered as officially submitted to MINECOFIN. Draft plans entered by the technical teams will be considered as submitted only when approved by the Chief Budget Manager in the IFMIS. It is recommended that before approval by Chief Budget Managers in the system, these plans be internally discussed and validated e.g. through senior Management meetings.
- Submission of APs and projects outside IFMIS will not be accepted and no planning consultations for a given Ministry/Sector will take place without full submission of the Ministry and affiliated BAs action plans.

7. Private Sector Engagement

Rwanda's Vision 2050 and NST1 aspire for a private sector led economy. Therefore, institutions are required to engage the private sector in the process of elaborating their 2023/2024 – 2025/26 plans and investments. Key considerations for discussions include identification of:

- Potential areas where public investment can trigger increased private investment (e.g. provision of basic infrastructure, development of industrial and commercial estates, etc.).
- Services/projects which the public sector may hand over or outsource to the private sector for increased efficiency.
- Areas where PPPs and joint ventures can enhance delivery e.g. provision of basic infrastructure (electricity, water supply, etc.) or commercial projects (agriculture, tourism, urbanization, etc).
- Operationalization and/or revamping of idle projects to improve their productive capacity.

Where necessary, institutions should engage RDB and PSF for guidance on how to approach the private sector especially through the Private Sector Chambers. Planning documents submitted shall be scrutinized to ascertain how private sector participation is enhanced.

C. Mainstreaming Cross Cutting Areas (CCAs) of NST 1 into institutional plans

In addition to the core priority interventions under each pillar of NST1, the GoR is committed to prioritize and mainstream cross cutting areas identified in the NST 1. The Seven Cross Cutting Areas are; i) Capacity Development, ii) HIV/AIDS and Non-Communicable Diseases; iii) Disability and Social inclusion, iv) Gender and family

promotion, v) Regional Integration and International Positioning, vi) Environment and climate change, and vii) Disaster Management.

BA priority interventions submitted in PBB examples, in APs and other documentation should therefore adequately mainstream the aforementioned CCAs with clear and measurable objectives, indicators and targets. Coordinated by MINECOFIN, Lead Ministries for Cross Cutting Areas shall provide the required support to BAs as well as quality assurance of submissions in this regard. Specific information relating to selected CCAs is emphasized in the sections below.

1. Integrated Capacity Development Planning

From the FY 2020/2021, Capacity Development planning adopted a midterm to long term planning approach whereby BAs were requested to assess their anticipated and existing capacity gaps and propose strategies, with a medium (3 Years) and long- term perspective in mind, to allow them to close identified gaps in line with targets entailed in their respective Sector Strategies, APs, Investment Plans and Performance Contracts (Imihigo).

Implementation of the capacity Development Plans submitted was hampered by prevailing budget constraints related to Covid-19 pandemic, hence not all capacity development priorities were fully funded and implemented as expected.

In this regard, over the course of 2023-2024 planning cycle, the Chief Skills Office requests Ministries and Agencies to:

- i) Do an overhaul review of previous capacity development plans to identify priorities that were not funded but are still relevant;
- ii) Consider any emerging capacity development priorities in respective sectors and
- iii) Prepare their respective Capacity Development Plans that need funding during FY 2023-2024 using **Annex 8.I**.

Completed Capacity Development Plans should be sent to RDB by email at cs0@rdb.rw and a copy to ndpr@minecofin.gov.rw. Capacity development plans not agreed upon with the Chief Skills Office/RDB during the planning consultations will not be funded.

In addition, specific attention will be put on the Local Government Capacity Development for delivery of all programs implemented at local level. As Ministries, Agencies and Districts prepare their plans, they need to mainstream capacity development in their plans which will facilitate delivery on their institutional priorities at local level. Quick wins capacity development /Projects or Activities to address capacity gaps identified will be prioritized (**Annex 8.II**). The filled Annex should be sent to MINALOC with copy to RDB by email to planningdepartmentgroup@minaloc.gov.rw and cs0@rdb.rw.

2. Disability and Social inclusion

As one of the mainstreaming areas under NST1, MDAs are requested to mainstream Disability and Social inclusion into their plans through identifying priorities and planning for interventions (per each institution) addressing issues faced by persons with disabilities,

the older persons and other vulnerable people with focus on those in extreme poverty. Information requested should be sent to MINALOC using [Annex. 14](#) via planningdepartmentgroup@minaloc.gov.rw with a copy to ndpr@minecofin.gov.rw.

3. Mainstreaming gender in planning and budgeting

In a bid to improve gender mainstreaming in the national planning and budgeting processes, it is very important to consider that plans are gender transformative. In order to facilitate the 2022/2023 gender transformative planning and budgeting process, Gender machineries have conducted an analysis of underlying challenges and accordingly proposed priorities and targets for gender and family promotion to be considered by sector institutions as indicated in [Annex.12](#).

Having well elaborated gender transformative plans will further facilitate in the preparation of the Gender Budget Statements (GBS) that shall be detailed in the 2nd Budget Call Circular. It's therefore advised to carry out the gender situation analysis during the planning period (while identifying interventions) to be able to come up with gender responsive interventions that will inform the GBS rather than waiting for the budgeting period.

4. Mainstreaming environment and climate change

The sustainable management of environment and natural resources and increasing the resilience against effects of climate change, including the implementation of the Rwanda's updated National Determined Contributions (NDCs) will contribute significantly to the achievement of national priorities and the Sustainable Development Goals (SDGs).

For the effective monitoring of how sectors consider environment and climate change performance indicators into their plans and budget, the Ministry of Finance and Economic Planning (MINECOFIN) and the Ministry of Environment (MoE) have agreed to introduce the use of environment and climate change monitoring statement to accompany the environment and climate change checklist for the fiscal year 2023/2024. The later includes a list of selected indicators aligned to Green Growth and Climate Resilience Strategy (GGCRS), NDCs Implementation Framework and Sector Strategic Plans. Both the environment and climate monitoring statement and the checklist are shared ([Annex.9&10](#)) to sectors and Districts to mainstream environment and climate change priorities into their Single Action Plans. Later, MoE, MINECOFIN and REMA will conduct joint assessment on the integration and implementation of Environment and Climate Change aspects across sectors ministries and Districts.

5. Disaster Management

The 2030 Agenda for Sustainable Development further pushes mainstreaming across the sectors of development by including elements of DRR and resilience in eight of the 17 SDGs. These include some of the most important and critical areas of development, such as poverty eradication, food security, infrastructure, cities and human settlements, climate change and ecosystems. Accordingly, mainstreaming has the dual purpose of ensuring that (1) development is protected from existing and future disaster risks and (2)

development does not create any new risks of disasters or exacerbates the existing risks. During the 2023/24-225/26 planning and budgeting, institutions are requested to plan and budget for disaster risk reduction and management activities in addressing disaster triggering issues and rehabilitating damages in their respective sectors.

D. Coordination and consultations across Central government and Local government

1. Compliance to the National Land Use and Development Master Plan (NLUDMP, 2050)

For effective compliance with National Land Use and Development Master Plan: (1) all projects that will require land must comply with NLUDMP provisions, particularly being implemented in the zone that was planned by the master plan and respect other planning directives. (2) Ministries, Districts and LODA shall ensure the projects are in alignment with NLUDMP, Kigali City Master Plan and District land use plan. (3) To effectively monitor the compliance, Rwanda Land Management and Use Authority (RLMUA) in collaboration with MINECOFIN will crosscheck using master plans zoning plans and regulations to evaluate if submitted projects are complying with master plans. (4) Uncompliant projects will not be considered. The new proposed projects should comply with the NLUDMP key directives as indicated in **Annex. 11**.

2. Improving Projects preparation including promoting inter-districts or provincial integrated planning.

MINALOC supported by LODA will organize cluster meetings between relevant entities of the CG and districts to harmonize district plans with sector strategic plans.

In order to promote inter-district or provincial integrated planning MINECOFIN, MINALOC, Local Administrative Entities Development Agency (LODA), Provinces and relevant Sector Ministries will support districts to develop inter-district large and transformational projects in order to accelerate local economic development. These shall be based upon available potentialities and opportunities in different districts.

The province/COK shall organize coordination meetings with all districts in its jurisdiction to ensure the coordination before new project proposals are submitted to LODA for LGPAC consideration. In the convened meetings, Districts will agree on projects that can be implemented jointly to promote synergy and value chain development. The provincial coordination meetings are to be organized not later than **October 2022** and an agreed list of inter-district projects as well as those specific to given districts shall be submitted to LODA through MEIS by **1st November 2022**.

Ministries are required to champion inter-agency as well as inter-sectoral consultations to agree on key priorities for 2023/24 – 2025/26 ahead of submission.

3. Alignment of decentralized programmes

- Some BAs have decentralized programmes for implementation by local government. It is therefore imperative that adequate consultations and discussions are made with

DEs in order to ensure harmonized priority areas and targets for the 2023/24 - 2025/26 planning period. This is meant to avoid discrepancies across institutional priorities and targets submitted for final planning and budget consultations or during Imihigo preparation. A consultative meeting between MINALOC/LODA, MINECOFIN and Sector Ministries will be organized to agree on sector outputs and targets for implementation by Districts.

- Consequently, all projects or programmes to be implemented through earmarked funding should be discussed and integrated in the planning process. Any project or programme not discussed in the planning process will not be considered in the budgeting phase.
- Prioritization and coordination of development projects implemented at decentralized level: In accordance with the law No. 62/2013 of 27/08/2013 establishing the LODA and determining its mission, organization and functioning, all the development projects financed by central government for implementation by CoK/Districts shall be funded through LODA to increase efficiency and eliminate duplication.
- Institutions intending to decentralize programmes, projects or funding for specific purposes should therefore prepare for this adequately and engage Districts, LODA and MINECOFIN during the planning process to ensure prioritization of these interventions and later funds to be decentralized through LODA.

4. Harmonization and prioritization of infrastructure needs across Government

In order to improve the implementation of various projects whether in the public or private sector, institutions are required to identify priority socio-economic infrastructure such as roads, water, sanitation, electricity and broadband needed to optimize the implementation of various development projects within their sectors of responsibility.

In this regard, central government and decentralized entities are required to consolidate infrastructure needs including those of Ministry's affiliated agencies and communicate them to MININFRA and LODA respectively through **Annex. 3** by **1st November 2022**. This shall allow MININFRA to consolidate, prioritize and submit to MINECOFIN an integrated infrastructure development plan for the medium term by **10th November 2022**.

5. Coordination and Planning of ICT Needs

In order to ensure coordinated planning for ICT needs and requirements, any BA with a project for acquisition or development of an ICT equipment or software should first seek approval from the Ministry of ICT and Innovation by filling and submitting **Annex.4** to coordination@minict.gov.rw with a copy to ndpr@minecofin.gov.rw by 1st November 2022.

This will allow MINICT and RISA to review the rationale and accordingly advise such institutions to include such acquisition projects in their submissions to be sent to MINECOFIN by 10th November 2022.

6. Mainstreaming Nutrition in Planning and Budgeting

Following the establishment of National Child Development Agency (NCDA) with the overall mandate to coordinate all activities that support to eradicate malnutrition and stunted growth among young children; nutrition mainstreaming has been introduced, acknowledging that fighting malnutrition has proved to be cross-sectoral and requires establishment of a multi-sectoral coordination mechanisms to ensure harmonization of plans and prioritization of high impact interventions and allocation of considerable budget to achieve tangible and sustainable results.

Effective from the FY 2023/2024 a nutrition budget tracking function will be introduced in IFMIS planning module to facilitate budget tagging and tracking of spending being made on nutrition. This function will be used by budget agency planners to tag nutrition related activities, thereafter, report on performance for the identified priorities on quarterly basis going forward. At the end of each fiscal year every stakeholder institution that mainstream nutrition related activities are required to submit a budget execution report supplemented with performance narrative to National Child Development Agency for consolidation and publication of a consolidated nutrition budget execution report.

To this effect, nutrition mainstreaming was introduced into the national planning and budgeting processes as part of the implementation of the ministerial instructions No: 0035/10/21/MoS NT of 15th/7/2021 relating to mainstreaming of nutrition in institutional plans and budgets. Accordingly, institutions are requested to mainstream nutrition-related activities and ensure they are well captured in the IFMIS. **Annex.13** provides the required information to mainstream nutrition in institutional plans and budgets and shall be submitted to MIGEPROF/NCDA at nutritionmainstreaming@ncda.gov.rw with a copy to MINECOFIN on ndpr@minecofin.gov.rw until 1st/11/2022.

7. Employment Mainstreaming

Creation of 1,500,000 (214,000 annually) decent and productive jobs is one of the strategic targets for NST1 and therefore Mainstreaming Job Creation into institutional fiscal year plans will provide a pathway for the realization of this goal. To this end, Employment Mainstreaming Planning Template (**Annex.6**) that will show expected number of jobs to be created from planned projects has been provided. Information requested should be sent to MIFOTRA by **1st November 2022** via employment@mifotra.gov.rw with a copy to ndpr@minecofin.gov.rw.

8. Coordination of Statistical Activities

As per Law N° 45/2013 of 16/06/2013 that governs organization of Statistical Activities in Rwanda especially in Article 8, the National Institute of Statistics of Rwanda (NISR) is the only competent institution empowered to officially coordinate the National Statistical system with the objective of enhancing the quality of generated statistics to inform policy formulation and planning.

To streamline statistics activities all BAs are required to submit their statistics plans that are in line with the Third National Strategy for the Development of Statistics (NSDS3) in Rwanda for the FYs 2023/24 – 2025/26.

Statistical plans will be filled using Annex.5 and submitted to NISR to nsds3@statistics.gov.rw and copy to planning.staff@statistics.gov.rw by 1st November 2022. NISR reviews and provides feedback to respective institutions to inform their planning submissions to MINECOFIN. Statistics activities not cleared by NISR will not be funded.

9. Coordination of research activities across public research and innovation agencies

To realize the Vision 2050 aspirations, the role of research and development is critical. In order to improve proper planning and coordination of research and innovation activities in public sector, BAs are required to provide information on planned research activities. The details shall include types of research, areas of research, source of funds, expected output, research outcome and impact and link with the National Strategy of Transformation (NST1).

In this regard, concerned Ministries are required to consolidate planned research activities including those of their affiliated agencies and submit them to the National Council for Science and Technology (NCST) through the attached Annex.7 via research_coordination@ncst.gov.rw by 1st November 2022.

NCST (with guidance from the National Research Coordination Committee) reviews and provides feedback to respective BAs to inform their subsequent planning submissions to MINECOFIN.

E. Specific planning guidance for Local Government

E.1 Planning focus

Apart from cross cutting planning requirements as outlined in previous sections of this Circular, CoK and Districts are requested to put emphasis on:

- Unfinished business: This implies to estimate the budget that will be required to finalise ongoing projects (OPAFs) before starting the identification of new project proposals (PPDs).
- Prioritization of specific programmes like; border projects, Kivu belt, IDP Model Villages management and sustainability, catchment restoration plans, addressing human security through relocation of people from High Risk Zones and wetlands.
- Prioritization of projects that create local employment and accelerate socio-economic transformation.
- Spatial plans considerations specifically in urban development areas, secondary and satellite cities.
- Prioritization of social cluster projects specifically those contributing directly to poverty reduction.
- Maintenance of infrastructure destroyed by disasters in the previous years.
- Districts are reminded to always consider and plan for routine operations and maintenance activities for their numerous infrastructure.

E.2 Citizen Participation, Engagement and Feedback to Citizens

COK and Districts are reminded to provide feedback on priorities identified during last financial year and how they were considered in plans and projects currently under implementation. Those not yet addressed but still relevant should be given priority for the new project proposals for coming years. Detailed information on this process is provided in the LODA guidelines “LG guide No 3.1: Public Feedback and Considerations of Citizens’ Priorities) available on the LODA website under www.loda.gov.rw.

In past years, the citizen’s engagement in planning and participation have been centred on what has been planning by the districts. Districts are encouraged to involve citizens in planning and budgeting for presented needs that can be implemented by themselves at the village level. Citizens accompanied by the village leader will establish a list of activities to be implemented and the village leadership will account on what has been achieved in the planning district feedback meeting.

Feedback should be provided by using different communication channels such as MINALOC’s outreach programme, community meetings/radios, Umuganda (where possible) etc. as deemed appropriate including adherence to measures to overcome COVID-19 scars and leveraging technology.

Citizens’ priorities collected and entered into LODA’s MEIS in recent years should be verified and if citizens’ confirm these priorities, they should be addressed by corresponding project proposals (PPDs).

The participatory planning approach should also consult specific organs available in Districts. These include local representatives of the National Women Council, National Commission for Children, National council for People with Disabilities, National Youth Council Secretariat and stakeholders in District Joint Action Development Forum (JADF).

Local Government stakeholder consultative meetings will serve to harmonize plans, promote synergy and avoid duplication. MINALOC and LODA should be informed about the dates of these consultative meetings for necessary representation and facilitation where required.

E.3 Timely involvement of the District Councils

To ensure that initial planning documents meet the desired quality, Senior Managers should drive and provide leadership and guidance for the entire planning process including Imihigo preparation in their institutions. Thus, the District Executive Committee (DEXCOM) including the District Project Management Committee (DPMC) is reminded to get involved in the early planning and project prioritization stages.

To promote this desired leadership, ownership and involvement of Executive Management in the planning process, the following are important entry points.

- District Council involvement: All councillors have been introduced to the planning and budgeting cycle. Councillors are encouraged to use the available LODA guidelines in order to catch up with their role in planning and budgeting where need be. Councillors

are encouraged to adopt the list of project proposal that are responsive to most pressing problems and issues faced by citizens. Since resources are always scarce and not able to achieve every citizen's needs, common goals have to be agreed on during council meetings.

- Before submitting the list of new and ongoing projects to LGPAC, this list must be presented and approved by the District Council. Before entering new and ongoing projects during the budgeting phase into IFMIS, the District Council has to approve this lists of projects to be entered. Where available, the district should submit the respective Council resolution approving the list of ongoing and new projects to be funded under the development budget for FY 2023/24 to MINALOC.

E.4 Local Government Projects Advisory Committee (LGPAC)

LGPAC will advise on both new and ongoing projects to be eligible for funding in the fiscal year 2023/2024 to inform Districts Council approvals. The LGPAC shall either give a non-objection, recommend to put on hold or not retain submitted projects depending on their technical feasibility, financial and economic viability and their relevance to the national development agenda.

LGPAC provides recommendations regarding the eligibility of projects for funding and advises on:

- o The type of financing for projects,
- o Pipeline of projects,
- o Projects that can be undertaken through or with the private sector.

Districts are hereby advised to give adequate attention to projects' formulation and avail all necessary documentation in a timely manner as only projects cleared by LGPAC will be eligible for funding. The LGPAC meeting is expected to be held in mid-November 2022.

All projects shall be scrutinized by LODA (in collaboration with MINALOC and MINECOFIN) that conducts all preliminary analysis and serves as the secretariat for LGPAC.

E.5 Main areas of intervention

Local Government BAs should focus on areas outlined in section E and the following ones:

E.5.1 Local Economic Transformation

CoK/Districts are reminded to prioritize Local Economic Development Projects (LED) entailed in the LED Strategies and District Development Strategies (DDSs). LED projects and activities should be prioritized according to the uniqueness and competitive advantages of each District as already identified. Focus should be on supporting value chain development, LED enabling infrastructure and the branding of the local economy. This prioritization process shall inform the formulation of inter district large transformational projects.

Identification of projects should further consider the development of communities near

mining sites according to Cabinet Resolution from 13th September 2016. This aims to increase citizens' participation in fighting illegal mining practices with its associated risks of works accidents, loss of production, and environmental degradation, among others. Therefore, Districts with mining sites and activities are reminded to plan and budget for community projects that are beneficial for the communities near mining sites.

E.5.2 Social Transformation

In order to deliver on NST1 priority for poverty reduction, districts are reminded to prioritize Multi-Sectorial approach or Joint Action of key interventions necessary for eradication of poverty and malnutrition. In this regard, special attention will be given to the poorest Districts and Districts with high occurrence of stunting.

These Multi-Sectorial Joint action plans should consider the contribution of non-governmental stakeholders (CSOs, FBOs, other stakeholders) as well. Therefore, yearly stakeholder mapping of partners' interventions and adequate consultations to harmonize plans is critical.

The FY2023/2024 planning process should take into consideration emerging human security issues that affect communities such as shelter, nutrition, disaster management, hygiene and sanitation. In addressing human security issues, Districts are advised to consider mobilization of local community efforts and resources including promotion of preventive measures.

E.5.3 Social Protection

Districts are requested to consider the Ubudehe classification when planning for Social Protection projects. That is:

- All Districts are requested to prepare the Project Profile Documents (PPDs) form and the Simplified Feasibility Assessment (SFA) for each Classic Public Works Project, each Expanded Public Works Project and each Home / community-based ECD Project that is planned to be implemented in the targeted sectors.
- The PPD should be entered into MEIS using the PPD format and in addition the district should prepare and upload into MEIS a Simplified Feasibility Assessment including the information needed to allow an environmental and social screening and submitted to LODA for review and clearance.
- Climate Sensitive Classic Public Works (cPW) projects: Climate change related effects should be mitigated and considered during the planning including in the preparation of classic Public Works projects. Districts should plan for projects related to the environmental protection and increasing climate resilience such as radical and progressive terraces, afforestation, reforestation, agro-forestry especially in the most affected areas. Road rehabilitation and maintenance under classic PW should be avoided and in case a district proposes such projects, it must be presented for non-objection from LGPAC via LODA.
- Marshland rehabilitation and reclamation, rehabilitation of national roads, district roads class 1 or 2 should not be considered among the classic Public Work Projects.

- All public works projects (classic or expanded) should be labour intensive. That is at least 70% of the project cost should be spent on paying beneficiaries. Districts should not use contractors to deliver contract works on public works projects but may recruit technical supervisors.

Districts are reminded of the following key consideration:

- Classic and expanded public works projects should be planned for FY2023/24 respectively in 416 sectors
- The minimum number of working days that each participant should receive working on classic public works projects is at least 110 days.
- Indicative numbers of eligible beneficiaries for classic public works and expanded public works, which need to be validated by Districts during the annual targeting exercise can be generated from the MEIS
- The types of classic public works projects that should be planned in FY2023/24 include, radical and progressive terraces, greening and beautification, rehabilitation of water drainage in marshland and other projects related to climate change and environmental management.

E.5.4 Local Infrastructure Projects under HIMO Approach

Districts are reminded to plan and budget for local infrastructure projects which will be implemented under HIMO approach. Projects will be implemented by using labour-intensive implementation approach (HIMO) to create local employment. The ultimate objective of these projects is to improve the livelihood of beneficiaries.

HIMO projects should be planned to support mostly households negatively affected by COVID-19. Respective guidelines have been circulated and are on the LODA website.

E.5.5 Proactive Private Sector, Civil Society and Faith Based Organizations Engagement

General guidance is given in section B.2, point 7. Districts should not hesitate to engage Rwanda Development Board (RDB) for guidance on how to approach the private sector. Planning documents submitted shall be scrutinized to ascertain how private sector participation is enhanced.

E.6 Process for submission of plans and projects

E.6.1 Submission of Action Plans and SIP

The process is similar to that of Central Government covered in previous sections.

Additionally, CoK and Districts have to submit their commitments in form of OPAFs and new project proposals by entering and uploading accompanying documents in LODA's MEIS. This is the basis for the later budgeting process to be undertaken in IFMIS as both systems are harmonized and during budgeting only eligible project proposals will be

available in IFMIS.

E.6.2 Process for Submission of Projects for funding

In accordance with the law No. 62/2013 of 27/08/2013 establishing the LODA all development projects implemented by CoK and Districts shall be financed through LODA to increase efficiency and eliminate duplication.

CoK/Districts should consult with LODA to define the development projects that will be funded within the LODA envelope to deliver District Development Strategies (DDS). LODA will therefore play a coordination role of harmonizing districts capital projects with Sector Ministries' objectives through organizing Central Government and DEs technical consultations.

Both new and ongoing projects of Local Government will be reviewed by the LGPAC.

E.6.3 Requirements for projects

New projects must have feasibility studies according to LODA Feasibility Study Guidelines. This includes the provision of the environmental clearance according to the Ministerial Order N° 004/2008 of 15/08/2008 and a social impact assessment according to LODA's Environmental and Social Management Framework (ESMF). All new project proposals not having an updated feasibility study will be rejected without further analysis. It is the sole responsibility of districts to provide these planning documents according to guiding documents such as the National Investment Policy and the environmental legislation. All new project proposals have to be submitted via MEIS by entering Project Profile Documents (PPDs).

Social impact assessment and Environmental and Social Management Plans (ESMP) are mandatory for projects that are funded or co-funded by Development Partners. Infrastructure projects need a construction permit in line with the Ministerial Order N° 02/CAB.M/019 of 15/04/2019 determining categorization of buildings and procedures for applying for and granting building permits.

Districts are reminded to plan within the Medium-Term Expenditure Framework (MTEF). Slicing of projects should be avoided. For more complex infrastructure projects, this includes the preparation of plans (feasibility studies, technical designs) in year 1 and works implementation in year 2.

In this context Districts are reminded that for ongoing projects only Ongoing Project Assessment Forms (OPAF) and not PPDs have to be submitted. PPDs are exclusively submitted for new projects of CoK/Districts for review and guidance by LGPAC on the basis of the quality of planning documents submitted together with the PPD. Ongoing projects must have evidence that they are under implementation like having an action plan, financing agreement, on field activities and implementation reports.

In the past, Districts often used outdated cost estimates during planning and budgeting resulting in under-budgeting infrastructure projects. Cost estimates that have been elaborated in the past have to be updated to current costs of materials and services

requested for to reflect current price levels.

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 DE infrastructure projects and VUP Public Works, the PPD template is the same and available in LODA's MEIS. For all VUP PW projects, the respective SP Public Works PPD has to be filled. All PPDs have to be entered latest by **11th November 2022** into the MEIS. All project proposals not entered by then will not be considered.

Every single PPD has to be complemented with additional planning documents such as feasibility studies (full feasibility study (FFS) or simplified feasibility assessment (SFA)), environmental impact assessment and probably clearance, social impact assessment, and technical designs where already available. These documents will be analysed by the LGPAC for completeness. In case the planning documentation is not complete, proposals will be excluded from funding until all required planning documents are available and have sufficient quality to decide on their social, financial, technical and environmental feasibility. A user manual will be circulated by LODA and should be consulted by decentralized entities to apply the process correctly and fill the templates appropriately.

All the required information on ongoing projects should be provided through the Ongoing Project Assessment Form (OPAF) available in the LODA MEIS, to facilitate technical assessment of the performance of ongoing projects.

F. Summary of requested documentation, submission modality and due dates

Table: Requested documentation

No.	Name	To be submitted to	Submission Modality	Deadline
1	Action Plans	MINECOFIN	IFMIS	11th November 2022
2	Project Profile Data form- For New Projects	MINECOFIN		
3	Ongoing Project Assessment Form- For Ongoing Projects	MINECOFIN		
4	Strategic Issues Paper (SIP)- Annex.2	MINECOFIN	By email to: ndpr@minecofin.gov.rw	
5	Infrastructure Needs Planning - Annex.3	MININFRA with copy to MINECOFIN	By email to: div.planning@mininfra.gov.rw with copy to ndpr@minecofin.gov.rw	1st November 2022
6	ICT Needs Planning- Annex.4	MINICT with copy to MINECOFIN	By email to: coordination@minict.gov.rw and ndpr@minecofin.gov.rw	1st November 2022

No.	Name	To be submitted to	Submission Modality	Deadline
7	Statistics plans- Annex.5	NISR with copy to NDPR/MINECOFIN	By email: nsds3@statistics.gov.rw with copy ndpr@minecofin.gov.rw	
8	Employment Mainstreaming Template- Annex.6	MIFOTRA with copy to MINECOFIN	By email to: employment@mifotra.gov.rw with copy to ndpr@minecofin.gov.rw	
9	Research activities - Annex.7	NCST with copy to MINECOFIN	research_coordination@ncst.gov.rw and ndpr@minecofin.gov.rw	
10	Capacity Development Plan- Annex.8	RDB with copy to MINECOFIN	By email: cso@rdb.rw and a copy to ndpr@minecofin.gov.rw	
11	Environment & Climate change checklist and Environment and climate change monitoring statement- Annex.9 & 10	MoE with copy to MINECOFIN	By email: ndpr@minecofin.gov.rw	
12	Compliance to the NLUDMP - Annex 11	RLMUA with copy to MINECOFIN	By email: landuse@rlma.rw and a copy to ndpr@minecofin.gov.rw	
13	Mainstreaming Nutrition-related plans- Annex.13	MIGEPROF/NCDA with copy to MINECOFIN	By email: nutritionmainstreaming@ncda.gov.rw and ndpr@minecofin.gov.rw	
14	Mainstreaming Disability and Social Inclusion- Annex. 14	MINALOC	By Email: ndpr@minecofin.gov.rw and planningdepartmentgroup@minaloc.gov.rw	
15	Filled templates for Costed Budget baselines (A. Wages and Salaries, B. Non-wage recurrent and Development)- Annex. 15	MINECOFIN	By email to: nb@minecofin.gov.rw with copy ndpr@minecofin.gov.rw	
16	Performance Based Budgeting (PBB)- Annex.16	MINECOFIN	By email to: ndpr@minecofin.gov.rw and nb@minecofin.gov.rw	11th November 2022

Note:

The system will be closed after the set deadline and submissions outside IFMIS shall not be accepted.

G. Conclusion

- This circular is meant to provide advance information to BAs enabling them to consult, coordinate and design quality plans and investments with transformational and impactful outputs for accelerated delivery of NST 1.
- Institutions are therefore encouraged to comply with the attached Calendar (Annex.1) as each step feeds into the next and thus delay or failure of one step negatively affects the following steps.
- MINECOFIN Planning and Budget focal persons for each NST 1 Sector and BA are available to provide technical support where necessary. Information about their detailed contacts is provided in **Annexes 17 and 18** of this Circular. Additional contacts for focal points of cross cutting areas in different lead Institutions are also provided in **Annex. 19** of this circular.
- In case of need for further clarification on the information contained in this Circular, please contact the National Development Planning and Research Department staff via ndpr@minecofin.gov.rw and the National Budget Department staff via nb@minecofin.gov.rw.

Sincerely,

Dr. Claudine UWERA

Minister of State in Charge of Economic Planning

CC:

- His Excellency, The President of the Republic of Rwanda
- Rt. Hon. Prime Minister
- Hon. Minister(All)
- Hon. Minister of State (All)
- Hon. CEO and Cabinet Member

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