Ministry of Finance and Economic Planning

Budget Framework Paper 2010/11-2012/13

April 2010

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A. Introduction

1. This Budget Framework Paper (BFP) is intended to outline an affordable medium term (2010/11 to 2012/13) financing plan, in line with the country's commitments under the Economic Development and Poverty Reduction Strategy (EDPRS) and Vision 2020.

2. The paper sets out a spending plan which meets the country's longer-term growth objectives, consistent with the Ministry of Finance's remit of promoting economic stability. Specifically, what is presented here represents an enabling environment for private investment and a sustainable public debt position.

3. The paper also attempts to lay out the costs, risks and opportunities that may affect the Government's ability to reach stated goals in the medium term.

4. As the first fiscal year under the new East African Community budget alignment nears its end, the paper outlines performance so far in 2009/10 and notes progress against projections. The early part of 2009/10 saw the Rwandan economy struggle to emerge from the impact of global financial crisis that affected the previous six months. However, strong agricultural growth at the end of 2009, improvements in the domestic liquidity situation and signs of recovery in the export market have helped to promote growth into 2010.

5. The paper starts by providing a recent economic overview of 2009/10 so far, before moving on to discuss the medium term framework to 2012/13 in the context of the domestic and international economic environments. Finally, the paper will consider the medium term budget policy and expenditure allocations for Cabinet consideration.

B. Rwanda's recent economic performance

Overview

6. The fiscal year 2009/10 has and continues to be, a time of significant change and challenge for the Rwandan economy, but it has also been a period that has presented a range of new opportunities and a chance to reaffirm priorities.

7. Across the world, the global financial crisis that started in 2008 retained its grip on economic activity well into 2009 – with Rwanda not immune to its effects. Regionally, Rwanda became a full member of the East African Community on July 1st 2009, signalling a new era of trade and cooperation in the area.

8. Alongside these external developments, Rwanda entered the second year of the flagship Economic Development and Poverty Reduction Strategy (EDPRS). The EDPRS is an ambitious program of investment and development that aims to raise prosperity for all through sustained growth.

9. In the previous Budget Framework Paper (BFP) for 2009/10-2011/12, it was expected that the projected growth rate for 2009/10 at that time (5.7%) would face significant challenges from an economic slowdown that was expected to be hardest felt in the industrial and service sectors. In addition, export revenues were expected to fall, alongside import values, resulting in a narrowing of the trade deficit. On the fiscal side, revenues were expected to continue to grow modestly, despite a reduction in international taxes and non-tax revenues. Monetary policy was expected to be driven by the main aim of stability and a desire to ease the domestic 'credit crunch' that emerged in early 2009.

10. In the following chapter, a discussion of actual performance in the context of external and domestic will be presented, comparing the latest projections with what was projected in last years' BFP.

Real sector

11. The fiscal year 2008/09 was one of high growth, at an estimated 7.9%. However, the majority of that growth was recorded in the final quarters of 2008. By the final quarter of the financial year (April-June 2009), month-on-month growth actually turned negative[1] – the beginning of the slowdown had started.

[1] NISR quarterly data (not yet for publication, an internal trial).

12. From the outset, the fiscal year 2009/10[2] was expected to be a testing one. As outlined above, it was soon evident that Rwanda would not escape the effects of the global financial crisis. Added to this, the country and its economy also faced the transition to full EAC membership – presenting both opportunities and challenges.

Figure 1: Real GDP Growth, 2008/09 and 2009/10 (current projections)

	2008/09	2009/10
REAL GDP GROWTH	**8.6%**	**6.5%**
Agriculture	7.1%	7.1%
Industry	7.7%	4.1%
Services	10.1%	7%

Source: MINECOFIN

13. Current estimates for real GDP growth 2009/10 are in the range of 6.5%, largely fuelled by agriculture, where output is expected to grow by 7.1%. This is testament to the success of the Crop Intensification Program, which has seen yields increase in key products such as maize and cassava in season A, 2010.

14. Output of export crops is expected to decline on average over 2009/10, mainly due to a steep fall in coffee production (a reduction of almost 20% in volumes was recorded from July-December 2009 compared with the same period in 2008), although this did not affect the headline agricultural growth due to its small weighting.

15. Industrial growth is expected to decline to 4.1% in 2009/10, down from 7.7% growth in 2008/09. The mining sector experienced a large decline in this financial year, with extraction activities dramatically scaled back in response to the price declines of up to 40% on international markets. Except from electricity and water generation that registered 8% growth, manufacturing and construction exhibited modest positive growth.

16. In manufacturing, a general reduction in demand has seen growth rates slow, with the exception of food processing, which benefitted from the growth in agriculture and slower price growth in imported inputs. The construction sector is expected to grow slightly at 4.7% after growth in excess of 10% in 2008/09. The sector suffered from a shortage of credit over 2009. Output growth in the electricity and water sectors is largely a result of the refurbishment of some hydro facilities and new investments in micro generation, as well as the ongoing large-scale projects.

17. Despite reductions in demand, the service sector is likely to grow at around 7%. The hotels and restaurants sector has been hit hardest – partly attributable to the decline in tourist arrivals and a decline in private sector credit. The finance and insurance has remained almost flat, as it is only

[2] July 2009 – June 2010

slowly recovering from the situation that prevailed over the second half of last financial year. However, the other sub-sectors are likely to pull up the average. The trade sub sector has benefitted from an increase in agricultural trade. The transport and communication as well as the real estates and business sub-sectors have continued to register relatively high growth partly due to the ongoing investments in those sectors. Services are also likely to benefit from the impulse given by public spending in public administration, education and health.

18. Inflation declined from 9.6% at the end of the financial year 2008/09, to 5.7% in December 2009 (mid-point of the financial year 2009/10) and is currently estimated at 2.5% for February 2010. Whilst due in part to the steep reduction in the price of imported goods (which can have a significant 'feed-through' effect), the tight monetary policy employed by BNR and the increased agricultural output also helped to bring downward pressure on prices.

External sector

19. As the table below shows, Rwanda's trade balance is likely to worsen over 2009/10 from US$ -685m in 2008/09 to US$ -811.0m in 2009/10. This is due to a projected decline in export value from US$ 235.7m in 2008/09 to US$ 222.4m corresponding to a 5.6% decrease in value of exports, along with a projected increase in import values from US$ -920.7m to US$ -1033.4m over the same period (2008/09-2009/10).

20. Notably, the major components of our traditional exports crops (coffee and tea) are both increasing despite declining overall exports value. Coffee exports value is projected to increase by 6.4 percent from US$ 42.2m to US$ 44.9m comparing fiscal years 2008/09 and 2009/10 while tea value is projected to increase 11% from US$ 46.8m to US$ 51.9m over the same period

21. Export revenues were negatively affected by the significant reductions in prices obtained for minerals, where international prices fell by up to 40 percent for some of the country's main mineral exports.

22. Imports in general increased by around 12.2 percent in value terms, with equipment imports also increasing over the period – as expected with investment expenditure increases outlined as part of the EDPRS.

Figure 2: Trade balance summary, 2008/09 and 2009/10 (projected)

US$, millions	2008/09	2009/10
Trade balance	-685.0	-811.0
Exports, f.o.b.	235.7	222.4
growth		*-5.60%*
Of which: coffee	42.2	44.9
Tea	46.8	51.9
Minerals	73.6	59.5
Imports, f.o.b.	-920.7	-1033.4
growth		12.2%
As a percentage of GDP		
Trade balance	-15.1%	-15.7%
Imports	-20.3%	-20.1%
Exports	5.2%	4.3%

Source: BNR and MINECOFIN projections

23. As a percentage of GDP, imports constituted 20.3 percent of the nominal GDP while exports comprised of 5.2 percent of the nominal GDP in the fiscal year 2008/2009. The share of imports as a percentage of GDP is projected to decrease by 0.2 percentage points over 2009/10 (20.3 percent to 20.1 percent) whereas the export share is projected to decline from 5.2 to 4.3 percent. This results into a worsening of the trade balance as a share of GDP (from 15.1 percent to 15.7 percent).

Fiscal

24. Fiscal performance in 2009/10 has so far been mixed. Revenue performance in the first half of the year benefited from higher taxes on international trade resulting from the arrival of delayed imports and the increase in excise duty rate levied on air time, which rose from 3 percent to 5 percent. This better performance was however offset by losses from adopting the East African Community (EAC) common external tariff (CET) and the elimination of value added tax (VAT) on large trucks and the surcharge on sugar as well as shortfalls in the accrual of fertilizer receipts and ID cards proceeds during the second half of the year. Total domestic revenue collections at about 12.9 percent of GDP are expected to be slightly lower than the 13.1 percent projected.

25. Total spending during the year at RWF 754.3 billion was about RWF 21.7 billion lower than projected. Spending under domestic capital registered the largest shortfall mainly as a result of delays in completing tender documents. The spending program in 2009/10 included a long term

loan to the company implementing the Kigali International Convention Complex project, one of the strategic investment projects to boost economic growth.

Figure 3: Current fiscal projections for the year 2009/10

RWF, billions	2009/10 revised	2009/10 current projection
Revenue and grants	**761.21**	**779.6**
Total revenue	393.5	385.1
Tax revenue*	369.3	369.3
Direct taxes	144.5	144.5
Taxes on goods and services	191.2	191.2
Taxes on international trade	33.58	33.6
Non-tax revenue	24.25	15.8
Total Grants	367.68	394.5
Total expenditure and net lending	**842.47**	**849.0**
Current expenditure	463.3	478.7
Capital expenditure	352.8	331.9
Net lending	26.37	38.4
Domestic Fiscal Balance (excl. Demob and PKO)	-225.54	-265.1
Deficit (cash basis)	**-89.7**	**-77.8**
Financing	**89.7**	**77.8**
Foreign financing (net)	63.3	38.8
Domestic financing	26.4	39.0

Source: MINECOFIN projections, April 2010.

26. The main departures from the initial revised projections include:

- An increase in grants, brought about by a shift in the exchange rate used, resulting in a more favourable outcome. In addition, slightly higher grants were awarded in respect of peacekeeping operations PKO.

- Non-tax revenues are currently projected to be lower than expected, due to reductions in dividends from government enterprises and one off revenues (such as receipts from ID cards and fertilizers).
- Finally, a restructuring of financing was undertaken, with a greater emphasis on domestic financing, coming from a drawdown of foreign exchange holdings.

Monetary

27. Monetary policy over 2009 dealt with the inflation and credit issues remaining from 2008, whilst maintaining commitment to economic stability. The global food and fuel crises in 2008 posed a number of challenges to monetary policy implementation in Rwanda, as these shocks became embedded in underlying inflation and inflation expectations, the 12-month inflation rising to 22.3 percent at end 2008.

28. This episode was followed by a domestic liquidity crunch that started in late 2008 and the first half of 2009, following a significant withdrawal of bank deposits by two large institutional depositors. The resulting maturity mismatch on banks' balance sheets contributed to a sharp decline in growth of commercial banks' credit to the private sector from 32.3 percent in 2008 to -2.8 percent in 2009. The central bank (NBR) responded by putting in place a combination of measures to improve liquidity and encourage commercial banks to resume extending credit.

29. The sharp reduction in deposits following the liquidity tightening pushed commercial banks to increase deposit rates significantly to restore positive real interest rates so as to attract deposits. The average commercial bank deposit rate which was 5.97 percent at the beginning of 2008 was increased to 8.54 percent by the end of 2009. These, together with the measures implemented by the NBR and the Government, began to yield results at the end of 2009 with early signs of a turnaround in the liquidity situation, alongside slowing inflation back into single digits (5.7 percent at the end of 2009). Inflation has continued to decline to 2.5 percent at end-February 2010.

30. Changes in the real effective exchange rate during 2008/09 (depreciation of 2.4 percent in 2008 and depreciation of 9.9 percent in 2009), mainly driven by price differentials as nominal exchange rate has remained virtually unchanged have moved in favour of Rwandan exports that became less expensive.

C. Medium Term Economic Framework

International outlook and risks

31. Although a number of commentators, including the IMF and World Bank, are projecting an economic recovery for 2010 and 2011, such projections are delivered with a strong word of caution. Indeed, a decline in consumer confidence across the world in the aftermath of the global financial crisis that struck in 2008 and into 2009 has resulted in a subdued optimism.

Figure 4: IMF and World Bank economic projections to 2011

	2010			2011	
	IMF	WB	UN	IMF	WB
World growth	3.9	2.7	2.4	4.3	3.2
Sub-Saharan Africa	4.3	3.8	4.3	5.5	4.6
Trade (developing countries)					
Export volume	5.4	-	-	7.8	-
Import volume	6.5	-	-	7.7	-
Consumer prices (developing countries)	6.2	-	-	4.6	-

Source: IMF WEO, latest version, October 2009; World Bank Prospects, January 2010; and UN Outlook, December 2009[3].

32. Although the UN projects the economic recovery to be stronger in developing countries[4], it warns that the recovery in general and across all countries will be fragile. Indeed, the tight credit situation and relatively high unemployment levels in the developed world are likely to lead to a sluggish rise in trade levels.

33. The early signs of recovery may also be due to the fact that many producers scaled back their activities during the recession and are now merely reloading their stocks in anticipation of better times ahead– not a sign of an absolute, demand-led recovery.

34. To a large degree, the recovery in developing countries is expected to be heavily dependent upon that in developed economies –how much commodity prices increase (a function of demand and

[3]UN World Economic Situation at: http://www.un.org/esa/policy/wess/wesp2010files/wesp2010pr.pdf

[4] *Ibid.*

supply) and how much the appetite for investment returns (which depends on the situation of the global financing markets and the external demand for our exports).

32. As such, the main international risks to Rwanda's economic growth over the medium term can be outlined as:

a. Commodity prices: A double-edged sword in the case of Rwanda – high commodity prices for exported goods is needed to boost foreign exchange earnings, but with a widening trade balance, a rise in import prices is cause for concern.

Whilst some observers note a likely increase in coffee prices[5], it remains to be seen if this will be strong enough to offset the declines experienced last year. Further, at the end of 2009, the OECD forecast that the global economic recovery would be led by China, a result of its large domestic fiscal stimulus. As a large metals importer, this should hopefully increase in price achieved for Rwanda's key minerals.

However, with recovery also comes rising demand – and cost – for imports. The latest IMF WEO update (January 2010), projects a rise in oil prices of over 20% for 2010. With imports to Rwanda growing every year, such a large price rise is a significant concern – especially with respect to the trade balance. The increase in international prices of fuel may also be compounded by an increase in cost of oil imports related to the regional pipeline used to bring oil to the country.

Last year, Rwanda recorded a significant increase in imports of consumer goods, with reduced international prices. Over 2010, prices of food and other consumer goods are projected to recover. This could eventually translate into an adverse impact on the trade balance.

b. Inward investment: In recent years, emphasis has been placed on the importance of attracting investment into the country. In particular, investment that has high 'enabling' potential, such as infrastructure building, manufacturing and industrial enterprises and hi-tech sectors. The financial year 2008/09 demonstrated that such investments are potentially vulnerable to global conditions, as was the case with Dubai World.

Projections presented here are based upon a resumption of normal lending conditions, availability of credit and external finance flowing into the country. Whilst a decline in official development aid from donors is not expected over the period, there is a risk that private external finance (FDI) may be more difficult to secure than it has been in the past.

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[5] It should be noted that the October 2009 WEO projected a decline in coffee prices over 2010. More optimistic price projections have been issued by regional observers, largely due to an expected decline in the Kenyan coffee harvest as a result of dry conditions over 2009 (see, for example, http://www.theafricareport.com/last-business-news/3286042-High%20prices%20for%20Kenyan%20coffee%20at%20first%202010%20sale.html).

c. ***Demand for exports****:* Rwanda's foreign exchange earnings mainly come from exports of coffee, tea and minerals as well as tourism receipts. While fluctuations in volumes of coffee and tea exports are mainly related to factors other than the international environment, mineral exports are very dependent on the demand (and supply) on the international scene as these fluctuate with variations in prices. The investments expected in the mining sector will materialise only if the prospect for profitability is justified by the medium term global recovery. Last year, tourism was less affected than initially projected; this is mainly due to the fact that Rwandan tourism is business and conference-based. But as the country tries to diversify its tourism package and move towards cultural and eco-tourism, prospect for growth in the sector will be subject to global demand for these new products.

Rwanda's economy in the medium term, 2010/11 to 2012/13

33. In the following section, projections and underlying assumptions are outlined for each area of the economy, along with an assessment of internal risk factors that have been considered.

Real

34. EDPRS targets for real GDP growth between 2010 and 2012 average 7 percent. Despite the global financial crisis which adversely affected growth in calendar year 2009, MINECOFIN expects a recovery such that the EDPRS target will be met.

35. Current (January 2010) WEO estimates project growth for sub-Saharan Africa at 4.3 and 5.5 percent respectively for the calendar years 2010 and 2011 (an average of 4.9 percent over two years).

36. In the medium term, it is expected that the agriculture sector will continue to benefit from the implementation of the crop intensification program, land consolidation and the use of fertilizers and pesticides. In addition, with a number of tractors recently dispatched to farmers, landholders will soon be able to cultivate large areas of land in a very short time. These factors are expected to lead to average growth rates in the region of 8.7 percent for food crops over the next three financial years.

37. It is also hoped that these investments and others falling under the various export promotion strategies, will lead to improved stability in the performance of export crops (mainly tea and coffee). According to OCIR café, the 17 million new trees planted in 2005 should start to bear fruit over the coming years, adding significant value and leading to growth in excess of 8 percent in the medium term.

38. The industrial sector will be boosted by the extension of Inyange, the new brewery "Mille Collines" and the extension of Cimerwa, helping to improve the manufacturing activity in the country. In construction, on-going works on the Kigali Convention Centre, a new century hotel, the Musanze-

Kigali road will contribute to the growth in this sector, leading to a steady recovery, starting with 8.5 percent in the next fiscal year

39. The service sector is expected to see a lot of activity in the medium term, helping it to recover progressively from the global financial crisis. The trade, hotel and restaurant sectors are going to benefit from international meetings and conferences which are increasingly attracted to the country and the extension of Nakumatt superstores, who have recently announced plans to open three new branches in the coming year. Also, transport and communication will see the yields of increased competition and investments in the sector.

Figure 5: Medium term real GDP projections

	2009/10	2010/11	2011/12	2012/13
GDP growth	**6,5%**	**7,6%**	**8,2%**	**8,4%**
Agriculture	**7,1%**	**7,8%**	**9,1%**	**9,1%**
Food Crop	8,1%	8,6%	10,0%	9,9%
Export Crop	-4,6%	7,0%	7,5%	10,6%
Industry	**4,1%**	**7,3%**	**7,8%**	**8,4%**
Mining and quarrying	-5,3%	7,6%	6,8%	8,5%
Manufacturing	4,1%	5,5%	6,5%	7,0%
Electricity, gas, & water	8,0%	11,0%	13,6%	12,3%
Construction	4,7%	8,5%	8,7%	9,3%
Services	**7,0%**	**8,2%**	**8,3%**	**8,4%**
Wholesale & retail trade	3,9%	6,0%	8,5%	9,0%
Restaurants & hotels	-1,5%	3,0%	3,5%	4,0%
Transport, storage, communication	10,6%	10,9%	9,5%	9,0%
Finance & insurance,	0,3%	7,0%	9,5%	10,0%
Real estate & business services	8,3%	10,1%	11,5%	11,8%
Public administration	12,5%	11,9%	6,5%	6,0%
Education	8,7%	6,0%	5,0%	5,0%
Health	11,9%	6,9%	6,0%	7,0%
Memorandum items				
Total Nominal GDP (billion of RwF)	**3 162,4**	**3 539,0**	**3 977,0**	**4 467,0**
Nominal GDP per capita (USD)	535	561	589	623

Source: MINECOFIN projections

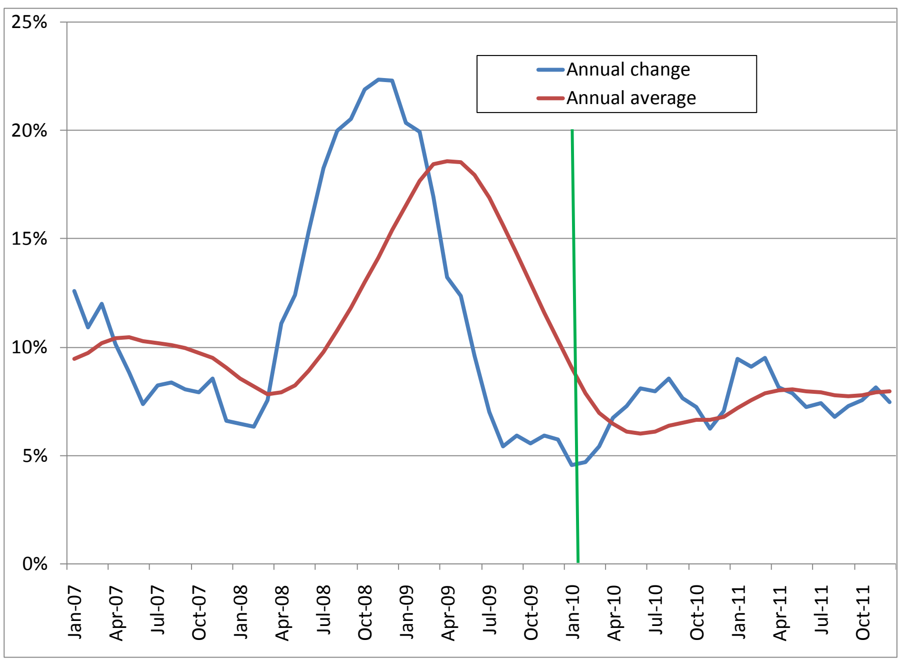
41. As outlined earlier, these projections are subject to a number of risk factors. In particular, they are reliant on key strategic public investments in the key road building projects and the electricity roll-out as well as Rwandair. These investments are of vital importance to all sectors of the economy, and in line with the Vision of the country to develop into a financial and

service hub. They will help encourage tourism, facilitate external trade and improve competitiveness in the region. The high cost of transport and energy is often cited as a reason for the poor competitiveness position of Rwandan industries compared to the EAC region. The risk is that with the regional integration and without significant investment, imports from the EAC region could discourage the domestic production of some products.

42. In 2009 private sector credit declined by about 3%. Projections for calendar year 2010 envisage an increase of 15% with an increasing share going to the construction sector which has been an area of strong growth in recent years.

43. In the short term, it is likely that inflation will rise slightly in order to accommodate the expanding economic activity, with the headline index (annual change) expected to reach 7.2 percent by the end of the fiscal year 2010/11.

Figure 6: Inflation projections to 2010/11



44. Beyond this short term period, inflation is expected to stabilise at around 5 percent, as per GoR's stated inflation policy of single digits.

External Sector

Trade balance

45. The key challenge faced in the external sector over the medium term is the trade balance. The deficit in the trade balance increases from 15.3 percent of GDP in 2009/10 to around 16.6 percent of GDP in 2010/11, before starting to reduce in 2012/2013.

Figure 7: Trade balance summary to 2012/13

US$, millions	2008/09	2009/10	2010/11	2011/12	2012/13
Trade balance	-685.0	-811.0	-895.8	-951.0	-985.3
growth		*18.4%*	*10.5%*	*6.2%*	*3.6%*
Exports, f.o.b.	235.7	222.4	256.8	294.1	342.6
growth		*-5.6%*	*15.5%*	*14.5%*	*16.5%*
Of which: Coffee	42.2	44.9	57.1	65.0	75.0
Tea	46.8	51.9	60.1	71.7	86.2
Minerals	73.6	59.5	69.0	84.4	105.2
Imports, f.o.b.	-920.7	-1033.4	-1152.6	-1245.0	-1327.9
growth		*12.2%*	*11.5%*	*8.0%*	*6.7%*
As a percentage of					
Trade balance	-15.1%	-15.7%	-15.2%	-14.9%	-14.2%
Imports	-20.3%	-20.1%	-19.5%	-19.1%	-19.1%
Exports	5.2%	4.3%	4.3%	4.9%	4.9%

Source: BNR/MINECOFIN projections

46. Export values are projected to recover over the next fiscal year, with values increasing by around 15.5 percent to reach US$ 256.8m. By 2012/13, values will reach US$ 294.1m, an increase of over 14 percent on 2010/11 levels. However, as a percentage of GDP, export values are projected to remain fairly stagnant at between 4.3 and 4.9 percent.

47. Within exports, coffee will exhibit a steady growth over the period (averaging 5.9 percent over three years), with tea performing better at an average growth rate of close to 15 percent per annum over the period. These estimates are in line with OCIR the/café projections and reflect on-going investments in the sector as part of the export promotion strategies, including fertilizer use and improvement and expansion of cuttings and planting. Benefitting from better international prices for minerals and investments in the sector, exports value of minerals is projected to increase by 20% annually over the next three years.

48. Over the same period, import values are expected to increase by over 28 percent on 2009/10 levels to reach US$ 1,327.9m by 2012/13, reducing only over 2011/2012 to 2012/2013 as a percentage of GDP and responding to the investment needs of the country.

External Debt

49. In line with the country's Debt Policy, Rwanda will maintain a manageable debt profile over the medium term. Looking forward, the ratio of Net Present Value (NPV) of debt to total exports is projected at 69.8 percent in 2010 and 70.9 in 2011 taking into account outstanding debt as well as new contracted loans. Thanks to a projected 10 percent growth in total export of goods and services (denominator) and a declining numerator (NPV) due to projected stream of repayments (amortization) on the outstanding stock of debt and as disbursements on contracted loans start to narrow down, the NPV to exports ratio declines to 69.5 in 2012.

50. In light of the planned investments outlined earlier, significant borrowing will be needed (such as in the case of Rwandair). This extra financing is likely to increase Rwanda's NPV to exports ratio to 74.1 percent and 81.0 percent in 2010 and 2011 respectively. The ratio reaches its peak in 2012 at 94.3 percent. The rising ratio is because of the commercial characteristics of the intended loan (high interest rate, short repayment period, and almost no grace period) with bullet-like disbursements which makes the debt service obligations become large.

Regional Integration: Rwanda and the East African Community going forward

51. Into the medium term, Rwanda will deliver on the commitment made in July 2009 to commence the implementation of the EAC Customs Union. The Common Market Protocol signed by Heads of State on 20th of November 2009 is expected to enter into force on 1st of July 2010 after its ratification by all five Partner States.

52. The Customs Union involves removal of tariff on goods from partner states, the imposition of a Common External Tariff, removal of Non Tariff barriers to trade and free circulation of goods. The Customs Union focuses on trade facilitation through the removal of non-tariff barriers, simplifying and standardizing trade formalities and customs documentation, exchange of customs/trade information, adopting and implementing international best practices in customs and trade, and creating one customs territory with common and uniform application of instruments. This will help to increase regional trade, creating further demand for Rwandan exports and reducing the price of imports, as well as potentially changing the origin of many goods to be sourced from more favourable trading partners.

53. Further integration measures in the medium term will include the movement towards a monetary union in the region. The EAC Secretariat and the European Central Bank entered into an agreement in June 2009 on the execution of a comprehensive study on the proposed Monetary Union among EAC Partner States. In May 2010, the Council of EAC Ministers of Finance is due to meet to appoint a high level task force (HLTF) to negotiate the East African Monetary Union Protocol.

Fiscal

54. Fiscal policy in the period 2010/11 to 2012/13 will seek to balance the competing objectives of further boosting the economic recovery and cushioning the impact of the economic crisis on poverty reduction as envisaged in the EDPRS whilst preserving the medium-term fiscal and external sustainability.

Figure 8: Fiscal sector projections, 2009/10 to 2012/13

	RWF, billions				As a % of GDP			
	2009/10	2010/11	2011/12	2012/13	2009/10	2010/11	2011/12	2012/13
Revenue and grants	**779.6**	**825.3**	**976.7**	**1090.3**	**23.8**	**23.3**	**24.6**	**24.4**
Total revenue	**385.1**	**479.6**	**539.7**	**632.7**	**12.2**	**13.6**	**13.6**	**14.2**
Tax revenue*	369.3	457.6	512.6	597.6	11.7	12.9	12.9	13.4
Non-tax revenue	15.8	22.1	27.1	35.1	0.5	0.6	0.7	0.8
Total Grants	**394.5**	**346.3**	**437.0**	**457.6**	**12.5**	**9.8**	**11.0**	**10.2**
Budgetary grants	268.1	229.5	207.5	131.5	8.5	6.5	5.2	2.9
Required Grants	0.0	0.0	115.8	208.6	0.0	0.0	2.9	4.7
Capital grants	126.4	116.8	113.7	117.5	4.0	3.3	2.9	2.6
Total expenditure and net lending	**849.0**	**953.6**	**1070.7**	**1114.5**	**27.0**	**26.9**	**26.9**	**24.9**
Current exp.	478.7	518.4	609.2	691.9	15.2	14.6	15.3	15.5
Capital exp.	331.9	404.0	404.0	400.3	10.5	11.4	10.2	9.0
Domestic Fiscal Balance (excl. Demob and PKO)	**-265.1**	**-252.3**	**-314.6**	**-306.5**	**-8.4**	**-7.1**	**-7.9**	**-6.9**
Deficit (cash basis)	-77.8	-135.7	-102.0	-32.2	-2.5	-3.8	-2.6	-0.7
Financing	**77.8**	**135.7**	**102.0**	**32.2**	**2.5**	**3.8**	**2.6**	**0.7**

Source: MINECOFIN

55. Tax revenues: Collections on calendar year basis are projected to increase by at least 0.5 percent of GDP per year, reflecting both economic recovery and continued increase in

efficiency of tax collection including the broadening of the tax base. In nominal terms, total revenues are expected to rise by around 31 percent over the medium term.

Taxes on goods and services are set to steadily increase as consumption increases in line with the recovery. The current law on value added tax (VAT) is being revised. The new VAT law will cover among other factors: payments made by vouchers, gambling taxation, reverse charges especially on international transport, post sales adjustments and introduction of electronic registers. Regarding excise duty levied on petroleum products, Rwanda will shift from an ad valorem to a specific regime starting in the next financial year 2010/2011. In addition to tax compliance improvement, the specific tax regime will make fiscal revenue more stable.

International taxes are expected to continue to increase, but at a slower rate than previously observed. This is due in a large part to Rwanda's accession to the EAC and the importation of capital goods which do not attract duties and a shift in the origin of imports with a larger share coming from COMESA and EAC which are imported duty free.

A number of policies are in place over the medium term to improve tax collections. Notably, the move towards single border posts along major entry points (Rusumo, Gatuna, Kagitumba, etc.) will ease cross border trade and hence increase revenue collections. Enforcement will be enhanced in order to continue recovering arrears and seek prosecution of tax defaulters. Rwanda Revenue Authority will continue with further automations of services and provide e-transactions to expedite services offered.

In recent years, it was noted that many employers registered in National Social Security Fund are not captured in the PAYE system and therefore they do not pay their tax liabilities. To resolve this issue, it was agreed that RRA will collect both taxes (PAYE) and social security contributions. This will help to track these employers that are not captured in the tax system and therefore will increase tax collections over the medium term.

56. Grant finance: The total amounts to about 12.5 percent of GDP in the fiscal year 2009/10 (at RWF 342.6bn) and is projected to decline to about 10.2 percent of GDP by the fiscal year 2012/13 (equal to RWF 457.1bn). To maintain expenditures at the level consistent with the achievement of the EDPRS objectives, projections envisage an increase in borrowing.

    Starting from 2011/12, there are required grants still needed in the region of RWF 115.8bn in 2011/12 and RWF 208.6 bn the year after. These required grants reflect the significant increase in expenditure over the period, needed to finance key investment projects.

57. Expenditure and net lending: The expenditure plans for the medium term have been modified to accommodate allocations for the priority strategic investment projects. These are the Electricity Access Program, the ICT Infrastructure project and the Rwandair Business Development project. Allocations for the Bugesera Airport and the Regional Railway Projects are limited to funds for the continuation of on-going feasibility studies and the search for

optimal financing packages for these projects. The impact of these two projects for the fiscal projections may not be fully realized in the 2010-2012 period. Total expenditures will increase by around 17 percent over the medium term.

58. The expenditure total (RWF 849.0bn) in the revised budget for the 2009/10 fiscal year approved by Parliament amounted to 27.0 percent of GDP. A gradual reduction to about 26.9 percent in fiscal year 2010/11 (RWF 953.6bn) and to about 24.9 percent (RWF 1114.5bn) in fiscal year 2012/13 is projected. The main source of this reduction (in percentage GDP terms) is externally financed capital expenditure, which reflects expected reduction in donor support grants for capital projects. This also reflects a shift in donor behaviour to provide sector budget support for direct sector spending.

59. Capital expenditure is projected to rise from RWF 331.9bn in fiscal year 2009/10 to about RWF 404.0bn by fiscal year 2012/13. As a result of prioritization of expenditures, these levels confirm that the expenditure profile will be sufficient to accommodate the strategic investments mentioned above as well as other priority spending to achieve the objectives of growth and poverty reduction outlined in the EDPRS. Priority expenditures which reached about 13.0 percent of GDP in fiscal year 2009/10 will remain at that level in the medium term.

60. <u>Balance and Financing:</u> The budget deficit (including grants) is projected to rise sharply from about 2.5 percent of GDP (RWF 77.8bn) in fiscal year 2009/10 to about 3.8 percent of GDP (RWF 135.7bn) in fiscal year 2010/11 and thereafter decline to about 0.7 percent (RWF 32.2bn) by fiscal year 2012/13. The increase in 2010/11 and subsequent decline are broadly consistent with the macroeconomic policy objectives and available financing. The projected net liquidity impact of the budget spending (about 2 percent of GDP per year in 2010/11-2012/13) will provide a stimulus to the economy without compromising the Government's objective of restraining inflation to single digits.

61. The widening budget deficit in 2010/11 would imply a drawdown of government deposit in the NBR of up to 1.7 percent of GDP. This would be covered by the disbursement of World Bank IDA grant scheduled for disbursement in the last quarter of 2010.

Monetary

62. The National Bank of Rwanda (NBR) is committed to enhancing monetary policy formulation by modernizing and strengthening monetary policy instruments to address the challenges of liquidity management, and complement the monetary targeting framework which would remain the anchor of monetary policy. The NBR also has an objective of keeping annual inflation low and stable within single digits.

63. Monetary projections have been designed to accommodate the fiscal expansion particularly in the medium term without crowding out the private sector. Consistent with real sector and inflation objectives, reserve money and broad money will be projected to grow in line with nominal GDP growth. NBR will continue to use reserve money as the operational target to control inflation. To achieve this objective, NBR will aim to meet the reserve money target on average and not only at end of the month.

64. NBR will use a coordinated sale of domestic and foreign sterilization instruments to achieve its reserve money targets. To ensure that NBR does not jeopardize its profit and loss accounts, the budget will assume the sterilization costs.

65. Growth in deposits in response to the increase in deposit rates by the commercial banks as well as the net liquidity impact of the budget spending will be expected to allow substantial increases in private sector credit to achieve the growth objectives. In this regard private sector credit is projected to grow annually at least in line with nominal GDP growth averaging 13 percent.

D. Medium term budget policy – 2010/11 to 2012/13

66. The medium term budget policy is to increase expenditures for investment projects that generate more impact on growth as envisaged in the EDPRS while providing adequate recurrent costs to enable government institutions provide credible services to the public and facilitate private sector development. The allocation of resources is mainly guided by the EDPRS sectoral objectives and resources have been reallocated from sectors that are currently above the 2012 EDPRS target to cover the deficits in the sectors of productive capacities and human development and social sectors.

67. Consistent with the EDPRS objectives, resource allocation will target meeting the imperative of rural transformation and eradication of extreme poverty through strengthening productive capacities and investing strategically in human development and social sectors, addressing the export promotion challenge and promotion of foreign direct investment as well as maintaining the momentum in the development and maintenance of both hard and soft infrastructures.

    The section below will outline in more detail the expenditure plans over the medium term.

Priorities for the Medium Term – Expenditures by Sector

68. The medium term budget framework is in line with Rwanda's development strategies mainly EDPRS and Vision 2020. This is reflected in the four broad priority areas as follows:

    a.) The development of Physical Infrastructure will give priority to investments that promote business environment and reduce the cost of doing business in Rwanda. This will focus on energy generation and distribution, road construction and rehabilitation, and ICT development. Special attention will be put on regional infrastructure projects in transport, energy, ITC and telecommunication. Completing the on-going projects in energy through the energy roll-out plan especially to provide power to rural areas has been given priority.

    b.) Spending in the Productive Sector with focus on the agriculture supply, agri-business, land reform and promotion of value addition for exports. Special emphasis will be put on accelerated implementation of the pro-poor Vision 2020 Umurenge programme (VUP), introducing integrated development project (IDP) in all provinces and promotion of non-traditional export crops. Irrigation and marshland development is a key strategy to provide resilience to unpredictable droughts and maintain steady supply and quality of agricultural produce. Supporting small and medium enterprises will be strengthened and more attention will be given to promotion of business support services and cooperatives.

c.) Human Development and Social Sectors will focus on interventions to improve the quality of life of the population with special emphasis on providing 9-year basic education, skills development through vocational training colleges and strategic support to higher education. Focus has also been directed towards improving the health of the people by intensifying the fight against infectious diseases, preventing and treating non-communicable diseases and reducing maternal, infant and child mortality. Family planning services will be enhanced in order to contribute to population control. A particular emphasis will be placed on improving quality of services provided and in generating evidence for planning and implementation through research efforts. Social protection interventions will mainly focus towards increasing the productive capacities of the vulnerable members of the society by providing employment and income generating projects while giving direct support to the physically handicapped and aged people.

d.) Progress made in good governance and protection of State Sovereignty will be maintained and improved through strengthening the Justice, Law and Order institutions. Community policing will be strengthened and the community programme of human rights and judiciary support promoted. Particular attention will be given to supporting institutions that promote integrity and the fight against corruption especially the OMBUDSMAN and Office of the Auditor General. Fiscal decentralization will be enhanced through increased fiscal transfers to local Governments and fiscal reforms undertaken to mitigate any fiduciary risks in local governments' financial management. More support will also be given to Peace Keeping Missions in Sudan and to the EAC Peace Keeping Force to contribute to the regional and international peace keeping initiatives.

69. The table below shows resource allocation by sectors and compares the current percentage share of the budget, the share for the 2010/11 budget estimates as well as the EDPRS target in 2012.

Figure 9: Sectoral Resource Allocation and comparison to EDPRS Target (RWF, billions)

EDPRS SECTORS	2009/10	*2010/11*	Est. 2011/12	Est. 2012/13	2012 EDPRS Target
Infrastructure	223.9	241.6	241.3	254.5	
Productive capacities	105.3	144.5	160.1	178.1	
Human development and social sectors	291.4	305.6	362.4	381.6	
Govenance and sovereignty	278.3	292.3	304.9	327.4	
As a share of Total Budget					
Infrastructure	24.9%	*24.6%*	22.6%	22.3%	***19.7%***
Productive capacities	11.7%	*14.7%*	15.0%	15.6%	***16.7%***
Human development and social sectors	32.4%	*31.1%*	33.9%	33.4%	***34.2%***
Govenance and sovereignty	31.0%	*29.7%*	28.5%	28.7%	***29.4%***

Source: *MINECOFIN*

70. Table 10 above illustrates resource allocation to the broad sectors over the medium term and shows how this compares to the EDPRS target at the end of EDPRS implementation in 2012. Resource allocation to the Infrastructure sector at 24.6% of the total budget allocation in 2010/11 is fairly above the EDPRS target of 19.7% in 2012.

71. The allocation of budget to productive capacities is 14.7% in 2010/11 compared to 16.7% envisaged in the EDPRS. This sector is lagging behind the EDPRS target but resource allocation for 2011/12 will cover this deficit. Moreover, the sector benefits more resources from off-budget donor financing especially the USAID resources (See Annexes to the BFP) as well as private sector financing through OCIR-THE OCIR-CAFE and BRD.

72. Budget allocation to human development and social sectors at 31.1% is about 3.1% short of achieving the EDPRS target and resource allocation in the following year 2010/11 will focus on meeting this target. Like the productive capacities, this sector also benefits from large off-budget donor financing specifically the USAID funds that finance Health programmes (See Annexes to the BFP).

73. Compared to the EDPRS target of 29.4% in 2012, the share of total budget allocation to this sector is 29.7% in the 2010/11 financial year, which is slightly above the target. The key resource drivers in this sector are PKO, diplomatic missions and block transfers to local government. However, medium term resource allocation converges towards the EDPRS objective and additional resources are largely allocated to sectors lagging behind the EDPRS target.

74. Gender mainstreaming has been a key priority for the 2010/11 budget preparation and Gender Budget Statements have been prepared to reflect the commitment of sectors to achieve gender equality in the implementation of their programmes (See Annexes to the BFP). The Gender Budget Statements have been prepared for Health, Education, Agriculture and Infrastructure Sectors where Gender Responsive Budget was implemented on a pilot basis.

75. The more detailed resource allocation in each broad sector as well as the key projects and programmes to be financed during the 2010/11 financial year are shown in the following sub-sections.

Infrastructure Sector

76. The budget allocated to the infrastructure sector in the financial year 2010/11 amount to RwF 241.6bn and is about 24.6% of the total budget. Compared to the EDPRS target of 19.7% in 2012, the sector is fairly above the target. The detailed allocation of the sector and sub-sectors is shown in the table below:

Figure 10: Infrastructure Sector Resource Allocation (RWF, billions)

EDPRS PRIORITIES	2009/10	2010/11	Est. 2011/12	Est. 2012/13
TOTAL INFRASTRUCTURE	**223.9**	***241.6***	**241.3**	**254.5**
Fuel and energy	64.8	*76.8*	78.0	78.7
Transport and communications	117.1	*126.2*	117.2	125.9
Land, housing and community amenities	23.2	*19.1*	18.8	19.2
Water and sanitation	18.9	*19.5*	27.1	30.7
As a % of Total Budget	**24.9%**	***24.6%***	**22.6%**	**22.3%**
Fuel and energy	7.2%	*7.8%*	7.3%	6.9%
Transport and communications	13.0%	*12.8%*	11.0%	11.0%
Land, housing and community amenities	2.6%	*1.9%*	1.8%	1.7%
Water and sanitation	2.1%	*2.0%*	2.5%	2.7%

Source: MINECOFIN

77. The key projects and programmes that have been given more resources in the 2010/11 financial year for the infrastructure sector are below:

- Support to Energy Roll-Out Programme to increase access to power by the rural population;
- Construction of Nyabarongo (27 MW) and Rukarara (9.5 MW) hydro power stations to increase power production;
- Procurement and installation of power transformers to allow distribution of electricity;
- Implementation of Biogas Project to substitute for Charcoal and save the environment;
- Rehabilitation and extension of urban roads as well as classified national road networks;
- Rehabilitation and extension of rural feeder roads;
- Rehabilitation of Kigali International Airport;
- East Africa Trade and Facilitation Project;
- Development of ISAKA - KIGALI Railway Line;
- National Backbone Infrastructure and deployment of Kalisimbi Project;
- Kigali Metropolitan and Wibro Network;

- National Data Center for National Data Storage and security;
- Border connectivity project to improve service delivery at borders and doing business;
- Construction of Kigali Convention Center and strengthening of Rwandair;
- Promotion of Communal settlement (IMIDUGUDU) through establishment of the physical development plan of 100 plots for residential use;
- Local Development and Urbanism plan for 5 cities (Rutsiro, Muhanga, Huye, Kabarondo, and Kamonyi);
- Constructions of both Eastern Province Head Quarters and Ex-Umutara province;
- Ensure sustainable energy development through support to market development of renewable energies;
- Design studies and Constructional works of water supply systems in Mutobo-Kigali and Gicumbi respectively;
- Extension of the General Prosecution headquarters;
- Transformation and renovation of MININFRA Building;
- Electrification of: Nasho, Nkombo Island, Kamutwe-Bisesamana-Ryabisige and Garama-Mugera in Kirehe, Rusizi, Rubavu and Gatsibo districts respectively;
- Construction of 3 micro hydro power stations of KEYA, NKORO and CYIMBILI(3.18MW);
- Optimisation of Nyabarongo project to achieve 40000M3/Day.

Productive Capacities

78. The budget allocated to the productive capacities in the financial year 2010/11 is about RwF 144.5bn and is about 14.7% of the total budget. Compared to the EDPRS target of 16.7% in 2012, the sector is fairly on track to achieving the target. The detailed allocation of the sector and sub-sectors is shown in the table below:

Figure 11: Productive Capacities Resource Allocation (RWF, billions)

EDPRS PRIORITIES	2009/10	2010/11	Est. 2011/12	Est. 2012/13
PRODUCTIVE CAPACITIES	**105.3**	***144.5***	**160.1**	**178.1**
Environmental protections	12.7	*16.6*	14.2	20.5
Agriculture	56.4	*64.8*	77.7	81.1
Industry and commerce	36.2	*63.1*	68.2	76.6
As a % of Total Budget	**11.7%**	***14.7%***	**15.0%**	**15.6%**
Environmental protections	1.4%	*1.7%*	1.3%	1.8%
Agriculture	6.3%	*6.6%*	7.3%	7.1%
Industry and commerce	4.0%	*6.4%*	6.4%	6.7%

Source: *MINECOFIN*

79. The Key projects and programmes that have been given more resources in the 2010/11 financial year to finance productive capacities are here below:

- One cow One Family Project;
- Land husbandry Hillside Irrigation and Water Harvesting;
- National Strategic Food Reserve;
- Agricultural Mechanization Programme;
- Irrigation project for immediate impact and Irrigation Master Plan;
- Strengthen crop intensification by increasing importation and distribution of fertilizers, coffee seedling and other coffee programs;
- Promotion of business services and cooperatives including the SACCO programme;
- Rural investment through CDF;
- Development of Kirehe Watershed management project;
- Protection of Rwandan Mountain Forests' biodiversity;
- Ensure priority crops intensification Program;
- Support to the Rwanda Bureau of Standards to set up five new quality testing labourites ensuring sufficient access to technical equipment to comply with international standards;

- Finalisation and Publication of the Land Use and Planning Master Plan;
- Ensure Systematic Land Use Registration Project effective;
- Protecting the banks and catchment area of Nyabarongo;
- Initiation of the National Water Resources Master Plan;
- Project to support Reforestation activities;
- Project to protect 4 critical ecosystems, including Rugezi and Kamiranzovu.

Human Development and Social Sectors

80. The budget allocated to the Human Development and Social Sector in the financial year 2010/11 is about RwF 305.6bn and is about 33.8% of the total budget. Compared to the EDPRS target of 34.2% in 2012, the sector is below the target by a small margin and the target will fairly be achieved in the subsequent year. The detailed allocation of the sector and sub-sectors is shown in the table below:

Figure 12: Human Development and Social Sectors Resource Allocation (RWF, billions)

EDPRS PRIORITIES	2009/10	2010/11	Est. 2011/12	Est. 2012/13
HUMAN DEVELOPMENT AND SOCIAL SECTORS	**291.4**	***305.6***	**362.4**	**458.7**
Youth culture and sports	6.5	*11.9*	22.6	15.7
Health	86.3	*97.5*	114.0	114.9
Education	159.4	*155.1*	180.2	274.7
Social Protection	39.2	*41.0*	45.6	53.5
As of % of Total Budget	**31.9%**	***33.8%***	**33.9%**	**40.2%**
Youth culture and sports	0.7%	*1.1%*	2.1%	1.4%
Health	9.6%	*9.9%*	10.7%	10.1%
Education	17.2%	*18.4%*	16.9%	24.1%
Social Protection	4.4%	*4.5%*	4.3%	4.7%

Source: MINECOFIN

81. The Key projects and programmes that have been given more resources in the 2010/11 financial year to finance productive capacities are here below:

- 9 Year Basic Education (9 YBE) to increase access to basic education;
- Schools construction, teachers' salaries, capitation grant, schools feeding and text books in line with the 9 YBE programme;
- TVET to promote vocational training;

- Support to UMWALIMU SACCO (Teachers' cooperative) to improve the welfare of teachers to loan schemes;
- Support to Higher Education to student loan scheme (cost sharing) for higher education;
- Support to Higher education infrastructure and laboratory equipments;
- One laptop per child program in primaries, solar panels and desktop in secondary schools;
- Direct financial support under Vision 2020 umurange and other social assistance programs like FARG among others;
- Support to Mutuelles Programme to promote health insurance for the population;
- Support to performance based financing programme for health personnel remuneration;
- Procurement of drugs and vaccines;
- Fight against Malaria and acquisition of mosquito nets;
- Acquisition of Health Equipment and District Ambulances;
- Rehabilitation and Expansion of King Faisal Hospital;
- Construction of Kinihira and Ntongwe District Hospitals;

Governance and Sovereignty Sector

82. The budget allocated to the Governance and Sovereignty Sector in the financial year 2010/11 is about RwF 292.3bn and is about 29.7% of the total budget. Compared to the EDPRS target of 29.4% in 2012, the sector is already above the target and the objective is to progressively reduce the share of this sector to create room for other wanting sectors. The detailed allocation of the sector and sub-sectors is shown in the table below:

Figure 13: Governance and Sovereignty Resource Allocation (RWF, billions)

EDPRS PRIORITIES	2009/10	Budget 2010/11	Est. 2011/12	Est. 2012/13
GOVERNANCE AND SOVEREGNTY	**278.3**	**292.3**	**304.9**	**379.0**
General public service	184.2	198.3	201.0	269.7
Defense	43.6	44.1	46.4	48.7
Public order and safety	50.5	49.8	57.6	60.7
As % of Total Budget	**31.0%**	**29.7%**	**28.5%**	**28.7%**
General public service	20.5%	20.2%	18.8%	19.1%
Defense	4.9%	4.5%	4.3%	4.3%
Public order and safety	5.6%	5.1%	5.4%	5.3%

Source: *Minecofin*

83. The key projects and programmes that have been given more resources in the 2010/11 financial year for the governance and sovereignty sector are here below:

- Strengthening of institutional capacities in charge of internal security;
- Support to peace keeping operations in Sudan;
- Support to judicial systems;
- Strengthening Fiscal Decentralization and increasing fiscal transfers;
- Deployment of the Districts ICT infrastructure;
- Debt repayment and support to the operations of monetary policy management;
- Conducting statistical surveys and preparations for the national population census;
- Strengthen regional integration as well as regional and international cooperation;

E. Conclusion

84. The medium term budget policy is built on the EDPRS foundations and emphasizes continuity while targeting resources to projects and programmes that have high impact on growth and employment. The EDPRS targets will by and large be achieved for all the sectors and efforts will be made in the future to increase financing for the deficit sectors. Additional financing of the productive capacities will continue to be supported and more public-private partnership ventures developed.

85. Whilst the medium term budget policy is supportive of rapid growth, the expenditure policy will ensure a healthy economic stability and supportive of the private sector development. The Government is fully committed to achieving rapid growth while maintaining health macro-economic stability.

Annexes

1. Annex I: Fiscal Projections for 2009/10 – 2012/13
2. Annex II: EDPRS Sector Shares 2009/10 – 2012/13
3. Annex III: Mid-year budget execution tables for 2009/10
4. Annex IV: External borrowing and loan servicing projections
5. Annex V: Domestic borrowing and loan servicing projections
6. Annex VI: Public Enterprises Revenues and Expenditure Projections
7. Annex VII: USG off-budget support grants for 2009/10
8. Annex VIII: Gender Budget Statements for 2010/11
9. Annex IX: Districts revenues and expenditures 2010/11 – 2012/13
10. Annex X: Block grant allocation table for 2010/11
11. Annex XI: Block Grant approved formula for 2010/11
12. Annex XII: Explanatory Note to the BFP 2010/11 – 2012/13