On Monday, Rwanda's Minister of Finance and Economic Planning, Dr. Uzziel Ndagijimana, presented the 2021/2022 revised budget to parliament on behalf of the Government.

Minister Ndagijimana announced that the proposed budget revision will increase the government budget by FRW 633.6 billion. The original budget of FRW 3,807 billion will increase by 16.6% to 4,441 billion. This increase will ensure the Government of Rwanda's continued success in fueling a strong recovery from the Covid-19 pandemic.

This increase will supplement the existing support to jobs and businesses, and ensure the continued success of the Covid-19 vaccination drive, as well as investing in areas of long-term development. Further investments in Education, Healthcare, ICT, and Agriculture, will be at the forefront of the ongoing effort of the government to invest in Rwanda's future, and move closer towards achieving the Vision 2050 goals.

"The Rwandan economy has outperformed forecasts in the previous two quarters. This budget revision reflects these successes, and the effectiveness of the economic recovery plan in keeping businesses afloat, encouraging new investments, creating jobs, and maintaining strong social protection for vulnerable citizens", remarked Minister Ndagijimana following the announcement. "The increased investments in the Rwandan economy will ensure that we will emerge from this pandemic stronger than ever".

Key changes in the 2022-2021 Revised Budget

Resources

The proposed revised budget contains several important adjustments, such as an increase of domestic revenues by FRW 155 billion – from FRW 1,993 billion in the original budget to FRW 2,148 billion – a 7% rise.

A stronger than expected recovery has increased revenues for the government, including an increase of Tax Revenue to FRW 42.4 billion – 2% higher than expected. Furthermore, non-tax revenue has also increased, partly thanks to internationally-distributed IMF debt relief of FRW 23.2 billion, as well as increases in internally generated revenue streams. The budget revision will re-invest these extra earnings in the Rwandan economy.

External loans are also a key funding source for the increased investment in the economy. The successful launch of Rwanda’s first Eurobond, and funds distributed by the IMF’s Covid recovery programme, are set to increase external loan funding to FRW 1,469.7 billion

Expenditure

On the expenditure front, Government expects the recurrent budget to increase by Frw 371.2 billion from Frw 2,413.7 billion in the original budget to Frw 2,784.9.

This increase will be primarily be invested in improving public service provisions for Rwandans, including by meeting existing budgetary gaps in the school feeding programme at all levels. Following the confirmation that Kigali will host an in-person CHOGM in June 2022, there will also be further allocations made to CHOGM related activities, as well as to other existing commitments.

Capital expenditures

For capital expenditure, the original budget amount of Frw 1,398 billion is being raised by a net amount of Frw 262.4 billion to Frw 1,655.7 billion. This increase in investment will be primarily allocated to key sectors including Education, Healthcare, ICT, Agriculture, Energy and Transport.

In the short and medium-term, these increased capital expenditures will further bolster Rwanda’s strong economic recovery against Covid-19 by making immediate improvements to public services for Rwandans. Furthermore, in the long-term, these investments are also aimed at Rwanda’s future, and at fulfilling the Vision 2050 targets.

The Government will continue to monitor closely all components of the economic performance that may affect the implementation of the revised 2021/22 budget, and will take any necessary corrective measures to ensure its full implementation and maintain macro-economic stability.