The Minister of Finance and Economic Planning Dr. Uzziel Ndagijimana today presented to both chambers of parliament, the Budget Framework Paper (BFP) and midterm budget estimates for 2020/21-2022/23.

Addressing lawmakers, Minister Ndagijimana noted that while Government continues to implement measures to promote exports diversification and reduce exposure to external shocks and imbalances over the medium term, economic challenges posed by COVID-19 outbreak called for particular actions for quicker response.

“Following emergency spending on health and social assistance towards the end 2019/20 financial year, the 2020/21 budget will address short and medium-term economic consequences of COVID-19 on businesses and individuals. GDP growth is expected to be lower but with the right policies in place, it is likely to bounce back to around 8 percent by 2022,” Minister Ndagijimana said.

Key priorities for the 2020/21 national budget are: Strengthening the health system; increasing agriculture and livestock productivity; scaling up social protection coverage; creation of employment opportunities through investment in public works and support to micro, small, medium and large enterprises affected by COVID-19.

Other interventions will include support for Made in Rwanda; promotion of digital technologies to improve service delivery; improving access to quality education; eradicate malnutrition and stunting and strengthen disaster preparedness and management.

Proposed 2020-21 Budget

Minister Ndagijimana told parliamentarians that the budget for the fiscal year 2020/21 will reflect medium term fiscal path which allows for an increased spending to reach National Strategy for Transformation (NST1) goals while maintaining public debt at sustainable levels.

The proposed total resources estimated for fiscal year 2020/21 amount to Frw 3,245.7 billion. This amount is made up of Frw 1,605.7 billion of domestic tax and non-tax revenue, external grants of Frw 492.5 billion and external loans of Frw 783.4 billion.

Total tax revenue collections are projected to reduce to Frw 1,421.4 billion in

2020/21 which is Frw 147.6 billion short of Frw 1,569.0 billion projected in the 2019-20 revised budget. The decline in tax revenue collection is a result of the economic effects of COVID-19 pandemic. Non-tax revenue collection is estimated at Frw 184.3 billion which is Frw 48.6 billion lower than Frw 232.9 billion estimated in the 2019/20 revised budget.

Fiscal year 2020/21 total spending is projected at Frw 3,245.7 billion is Frw 228.7 billion higher than revised budget estimates of Frw 3,017.1 billion. The figure is made up of recurrent expenditure of Frw 1,582.8 billion, capital spending of Frw 1,298.5 billion and net lending outlays of Frw 306.5 billion.

BFP is a document outlining government economic policies over the medium term that helps lay the foundations of the next fiscal budget. It is prepared in accordance with article 32 of the Organic Law on State Finances and outlines the Government's macroeconomic and fiscal policy stance as well as the budget policy over a 3-year horizon. The 2020/21-2022/23 BFP provides basis for the preparation of the 2020-21 budget which will be read in June 2020.