



# National budget analysis

Budget analysis 2024-2025 **Burundi**



## Key messages

**1.** For the 2024-2025 fiscal year, Burundi's general state budget amounts to **5,075 billion Burundi francs (BIF)**, or 1,764.2 million US dollars<sup>1</sup> (USD), compared with 3,923.2 billion Burundi francs (BIF) in 2023/2024 (1,387 million USD), an increase of **29.3%**. This increase can be attributed to the Government's ambitions as set out in Burundi's revised National Development Plan 2018-2027, and in other documents: Sustainable Development Goals, Vision Burundi Emerging Country in 2040 and Developed Country in 2060.

**2.** The state budget allocated to the **social sectors** (health, education, child protection, social protection, water, hygiene and sanitation) rose from BIF 1,043.5 billion in 2023/2024 (USD 369.1 million), or 26.6% of the total budget, to BIF 1,225.5 billion in 2024/2025 (USD 425.9 million), or **24.1% of the total budget**. This situation is explained by the increase in spending on other sectors: infrastructure, trade and agriculture, defence and security, etc., leading to a sharp rise in the national budget and a consequent reduction in the proportion of spending dedicated to the social sectors.

**3. Real GDP growth** has evolved from 3.1% in 2021 to **2.8%** in 2023. It is projected at 4.6% in 2024/2025. Growth remains irregular and relatively weak. GDP growth is currently driven by the tertiary sector. A structural transformation of the Burundian economy is required, given that

the contribution of the primary sector to GDP is declining over time. It is important to achieve a greater contribution from the secondary (industrial) sector.

**4. Inflation continues to rise.** It reached **36.4% at the end of 2024**. This double-digit inflation is causing a sharp decline in the purchasing power of households, which are net consumers of food products. Inflation particularly affects children from the poorest households. More than five out of ten children are below the monetary poverty line (55.3%)<sup>2</sup>, and **64%** of Burundian children are deprived in at least three of the dimensions of child well-being: Education, Health, Food, Water-Sanitation-Hygiene, Protection, Housing and Information.

**5. The national currency, the BIF** has been depreciating steadily against major foreign currencies, notably the US dollar. The gap between the official USD/BIF exchange rate and the parallel rate more than doubled between 2023 and 2024. Official foreign exchange reserves, calculated in months of imports, remain insufficient. They cover only one month's imports, due in part to a fall in foreign assets and a decline in exports. This shortage of foreign currency limits imports of necessities such as fuel and pharmaceutical products.

**6.** The trend in Government expenditure execution rates looks satisfactory from 2016 to 2023/2024. It stands at over **90%** over the entire period, reflecting Burundi's good budgetary credibility and indicating that the Government spends its cash quickly over the course of a budget year.

## Recommendations



- Given the importance of social sectors for Burundi's socio-economic development (Vision 2040-2060, revised NDP 2018-2027, sectoral strategies), Government efforts to increase budget allocations are essential, while preserving the gains made in these sectors.
- In view of inflation and the unfavourable exchange rate, measures to subsidize certain food and non-food products are essential to ease the burden on consumers. In addition, a policy of stabilizing the external value of the Burundian currency, as well as its internal value, must be pursued, with the aim of achieving an inflation rate below 10%. In addition, we must seek to increase foreign currency reserves, especially by boosting exports, to considerably reduce the gap between the official and parallel markets.
- Accelerate the implementation of program budget reform, and analyse the performance of each sector.
- It would be crucial to carry out an analysis of social sector spending, particularly in health and education, to better control budget execution, provide analytical tools for better budgeting, allocate public social spending rationally and transparently, and improve the effectiveness of public social policies.



## Introduction

The mobilisation of public resources and sound management of public finances are essential to Burundi's development. This requires efforts of all stakeholders.

**C Burundi's state budget is drawn up on the basis of national strategic and planning documents**, which include:

- Vision Burundi Emerging Country in 2040 and Developed Country in 2060,
- Sustainable Development Goals (SDGs),
- The revised National Development Plan (revised NDP 2018-2027),
- as well as sectoral strategies of the Ministries and community development plans (PCDC).

Programme-based budgeting reforms have been undertaken to boost the efficiency of Burundi's public finance and public sector budget management.

**C** The National Development Plan has been revised with the main objective of *"Structurally transforming Burundi's economy for strong, sustainable, resilient, inclusive growth that creates decent jobs for all and induces improved social well-being"*.

The second of the five strategic orientations of the revised NDP concerns the strengthening of social sectors.

Whatever the level of planning (national, local), **the social sectors** are the foundation and anchoring point for all interventions, to promote equity and inclusiveness.

The budget analysis presents macroeconomic indicators, budget allocations and financing methods for the economic and social sectors, as well as their level of execution. This national-level budget analysis is an integral part of a series of social sector analyses for the 2024/2025 budget year

Table 1. Trends in macroeconomic indicators and the population of Burundi

Indicators	2023	2024	2025
Nominal GDP (in billions of BIF)	11,555.8	13,714.3	15,475.6
Real GDP (in billions of BIF)	2,275.9	2,372.3	2,499.2
Real GDP growth rate (%)	2.8%	3.9%	5.4%
GDP per capita (US\$)	300.7	330.7	356.4
GDP deflator	22.0	13.9	7.1
Overall budget balance, including grants (as % of GDP)	-3.7%	-2.2%	-2.1%
Population size	12,967,565	13,225,218	14,125,215

Sources: Comité Permanent du Cadrage Macroéconomique et Budgétaire & INSBU, Population projections



## Macroeconomic trend

**Burundi's economy is characterised by low, volatile and shock-sensitive growth.** Over the past five years, the real GDP growth rate has **averaged 2.5%**, but has been subject to cyclical fluctuations over time. The country is very sensitive to internal and external shocks. Growth of 4.8% between 2019 and 2020 has been compressed by the Covid-19 pandemic, down to 0.3% in 2021.

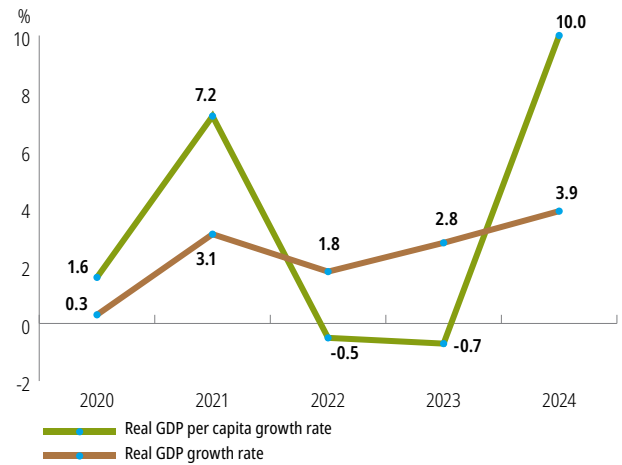
Growth remains positive, but further fluctuations may occur as a result of global conditions, notably the Russian-Ukrainian crisis.

Beyond shocks, the weakness and fragility of growth can be explained by the low level of product transformation. Developing the industrial sector and increasing the level of productive investment are prerequisites for a strong and sustained growth. Growth in Burundi is driven by the primarily domestic consumption and the service sector.

Over the 2019/2020-2023/2024 period, **average GDP per capita remains low, at 294.4 USD.** It is estimated at 320.6 USD in 2024 (IMF Regional Outlook, October 2024). This low level is certainly explained by weak economic performance, but also by relatively high **demographic growth**, averaging 2.4% over the period 2019/2020-2023/2024.

For example, the GDP of other East African Community countries was estimated by the IMF in 2024 at USD 2,218 in Kenya, USD 1,224.3 in Tanzania, USD 1,186.5 in Uganda and USD 985.9 in Rwanda. This situation remains an obstacle to Burundi's economic development, given the levels of poverty (51.4%) and inequality (Gini index of 37% in 2020).

Fig. 1: Trend in real GDP growth and GDP per capita growth, in %



Budget allocations in nominal terms are those shown in relation to a given period. Budget allocations in real terms are adjusted for price increases relative to a base or reference figure.

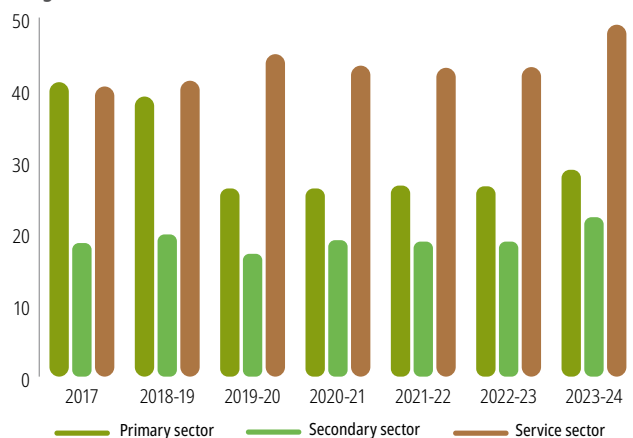
## Economic structure in Burundi

The Burundian economy is characterized by a low level of structural transformation due to **the weakness of the secondary sector, which will account for just 22.2% of GDP in 2024**, while the primary and tertiary sectors will contribute 28.8% and 49.0% of GDP respectively. The contribution of the secondary sector to GDP is 27.7% for Kenya, 26% for Uganda and 21% for Rwanda.

The Burundian economy has not been transformed. A paradigm shift is required, with an intensive growth model driven by productivity, through promotion of the private sector, investment attractiveness and industry. This implies coordinated macroeconomic management and economic structural reforms for greater productivity and value added in the secondary sector.



Fig. 2: Contribution of Burundi's sectors to GDP, 1n %





## Inflation trend

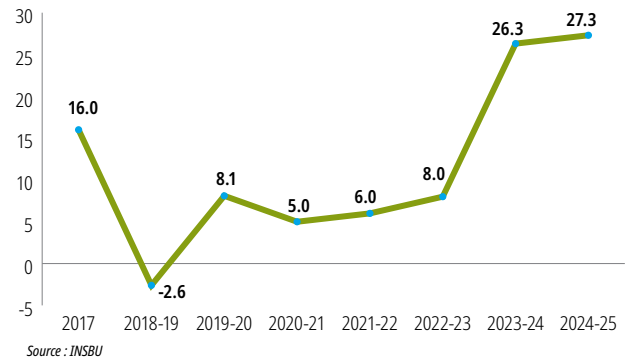
Over the period 2017 to 2024/2025, inflation rates in Burundi have been unstable, potentially reaching double digits: 2.6% in 2018/2019, 27.1% in December 2023.

Inflation was highest for **food products** at 13% in July 2019 and 24.6% in July 2022, and for energy, fuel and combustibles at 10% and 9.5% over the same periods.

The high and unstable level of inflation can be explained by the **weakness of agricultural production** following natural disasters and climate change on the one hand, and the deterioration of the macro-economic environment, notably the level of indebtedness and the depreciation of the national currency, on the other hand. Beyond the context of national economy, inflation control remains dependent on the international situation, which leads to *imported inflation*.



Fig. 3: Evolution of the inflation rate in Burundi, in %



## Public spending trend

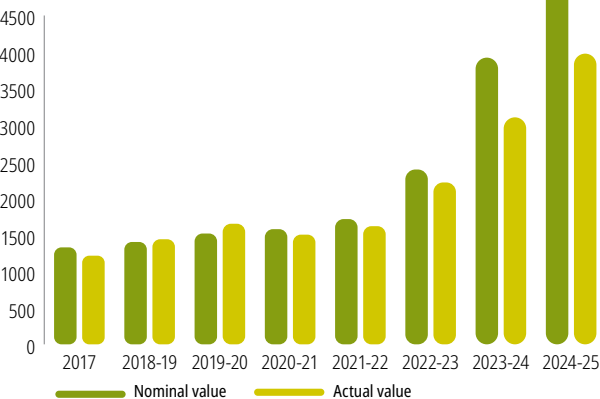
Total public spending is rising every year, in both nominal and real (inflation-corrected) terms.

**Burundi's 2024/2025 budget amounts to BIF 5,075.6 billion**, compared with BIF 3,923.3 billion in 2023/2024 in nominal terms, representing an increase of 29.5%.

Total expenditure rose from BIF 1,260.65 billion in 2016, BIF 1,400.67 billion in 2018/2019, to BIF 2,392.3 billion in 2022/2023 and **BIF 3,923.2 billion in 2023/2024** in nominal terms. The trend is the same in real terms.

Fiscal policy over the past nine years has been expansionary. The increase in public spending is attributable to the population's pressing needs and the Government's priorities. It also has major implications for financing mechanisms, especially debt levels. In terms of debt sustainability, Burundi is considered at high risk of debt distress (IMF report 2024). This is likely to increase inflationary pressure, given the high rate of domestic debt (60% of total debt).

Fig. 4: Trend of total allocations in nominal and real terms, in billions of BIF



Source: Ministry of Finance, Budget and Economic Planning

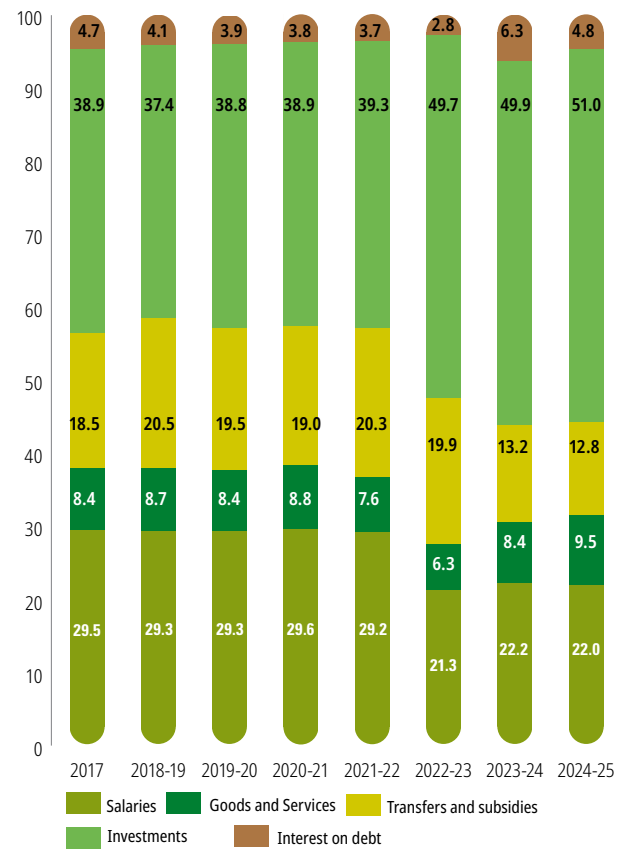


## Budget allocation trends, by economic nature

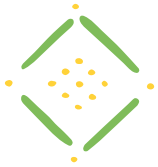
Figure 5 shows the evolution of expenditure from 2017 to 2024/2025 according to an economic classification: investment progression, wages, goods and services, interest on public debt, transfers and subsidies and principal of public debt.

- Investments will absorb a large share of public spending over the 2017-2025 period. Investments from external resources (61.6% in 2024/2025) are more important than those from internal resources.
- Salaries account for the largest share of operating expenses. The ratio of payroll to tax revenues falls from 54.8% in 2023/2024 to **53.3%** in 2024/2025.
- Transfers and subsidies, as well as goods and services, are operating expenses or priority expenses required to implement public policy.
- Expenditure on repayment of principal debt is up sharply: BIF 527.0 billion, rising to BIF 670 billion in 2023/2024 and BIF 1,197.1 billion in 2024/2025, an increase of 78.6%. **Domestic debt will represent 75.9% of GDP in 2024/2025.**

Fig. 5: Total public spending by economic type, in %



Source: Finance Acts 2017 to 2024-25



## Composition of budget allocations for social sectors

The social sectors are one of the Burundian Government's priorities in the revised Burundi National Development Plan 2018-2027 and the Vision Burundi Emerging Country in 2040 and Developed Country in 2060. Table 2 shows an increase in budget allocations to the social sectors in absolute terms, reflecting the Government's determination to support social services, but a decline in their proportion of the total state budget.

Table 2: Share of Government budget allocated to social sectors, in %.

Social sectors	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Health	14.2%	13.4%	9.6%	8.6%	5.2%
Education	20.4%	20.6%	14.8%	12.7%	14.4%
Water, Hygiene and Sanitation	1.0%	2.1%	1.5%	1.1%	1.1%
Child protection	2.4%	2.3%	1.7%	1.1%	0.7%
Social protection	12.7%	12.2%	9.0%	6.0%	5.2%
<b>Total</b>	<b>50.7%</b>	<b>50.6%</b>	<b>36.6%</b>	<b>26.6%</b>	<b>24.1%</b>

Source: Finance Acts 2020/2021-2024/2025

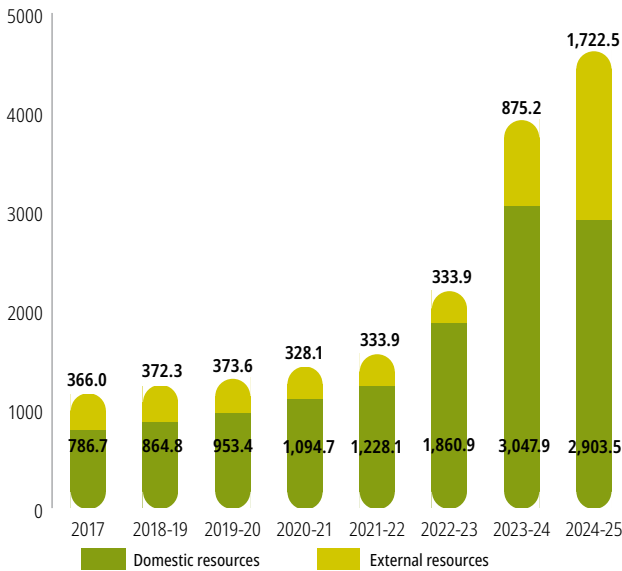


## Evolution budgetary resources

Domestic revenues are rising steadily, while external revenues are falling. Over the last nine years, domestic revenues have provided an average of 70% of budgets. The tax burden has risen to 16% by 2022 but remains low in relation to Burundi’s financing needs and development challenges.

Total state budget revenues will be BIF 4,626 billion in 2024/2025, compared with BIF 3,238.1 billion in 2023/2024, an increase of 42.9%. The budget deficit has been reduced to BIF -449.6 billion (3% of GDP) in 2024/2025, compared with BIF -685.1 billion (8.3% of GDP) in 2023/2024.

Fig. 6: Trends in sources of financing, in billions of BIF



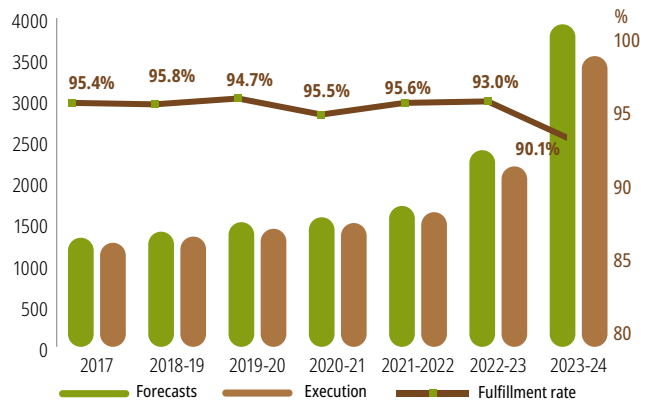
Source: Finance Acts 2017 to 2024-25

## Credibility and budget execution

The evolution of the budget execution rate reflects a relatively good level of absorption of budget appropriations, albeit slightly volatile. Over the entire 2017-2023/2024 period, the execution rate is **over 90%**, reflecting a relative capacity to absorb the budget appropriations made available to the Government.

The 5.5% drop in budget execution between 2021/2022 and 2022/2023 is explained by the time required to place and manage public orders, and by the fact that the budget is executed using external resources, which are not integrated into the public finance management system.

Fig. 7: Budget execution rate, in billions of BIF and in %.



Source: Ministry of Finance, Budget and Economic Planning



## Acknowledgement

The budget analysis is an integral part of a series of social sector analyses for the 2024-2025 budget year. It is the fruit of a frank collaboration between the Centre Universitaire de Recherche pour le Développement Économique et Social (CURDES), the Ministry of Finance, Budget and Economic Planning and sector ministries.

