



# Budget Brief: *The 2016 State Budget*

Burundi

Photo credit: © UNICEF, 2016

## IN SHORT

- **Strained state budget:** The 2016 allocated state budget is 18% lower compared to 2015
- **Shrinking economy:** According to IMF projections, the Burundian economy shrank by 7.2% in 2015.
- **Continued inflation:** If inflation trends are taken into account, intended available resources in 2016 are on the same level as in 2008.
- **Drop in foreign support:** Foreign support is expected to drop from 49.5% in 2015 to 30.2% in 2016. However, it is probable that the Financial Law does not capture all donor support, since donors might have sought alternative funding mechanisms.
- **Hard-hit social sectors:** Social sectors, critical for the survival and well-being of children and caretakers, are the hardest hit, with declared external resources to the Ministry of Health and the Ministry of Education slashed by more than 80%.
- **Redirected national resources:** National resources are envisaged to increase by 13%, if internal revenues are mobilized as planned. Yet only six Ministries, including the Ministries of Defense, of Security, and of Communal Development were allocated more national resources in 2016.

## Burundi at a Glance

Total Population (2015, UNSD)	10.5 million
Population < 18 years (2015, UNSD)	5.2 million
Demographic Growth (2014, UNSD)	3.3%
# Children / Woman (2014, UNFPA)	6.1
% Stunting, Children < 5 (2010, DHS)	58%
# Children / Classroom (MOE 2013/2014)	74
GDP / capita (2014, WB)	USD 270
% Inflation (2015, IMF)	7.4%
% Economic Growth (2015, IMF)	-7.2%
Rank on Human Development Index (2015, UNDP)	184/187

## (1) Trends in Resource Allocation

Since April 2015, Burundi has been plunged into a socio-economic crisis which threatens to void previously achieved results for children and women in the country. Since the on-set of the crisis, key economic indicators have sharply deteriorated; according to projections of the International Monetary Fund (IMF) the Burundian economy shrank by -7.2% in 2015.

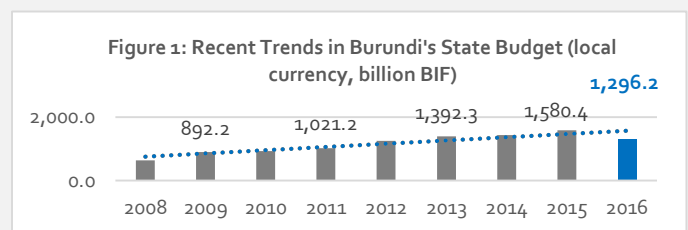
At the same time, the Government elaborated and announced their 2016 Financial Law, summarizing envisaged resource allocation to Ministries and Departments.

**2016 – Year of Austerity?** The overall 2016 State budget is 18% lower than the 2015 budget, with only 1,296 billion Burundian Francs (802.3 million US Dollars<sup>1</sup>) compared to 1,580 billion BIF (978.2 million USD) in 2015 being allocated (see Fig. 1 & 2). However, if inflation rates are considered, the 2016 credited allocations are as low as resource allocations in 2008 (see annex).

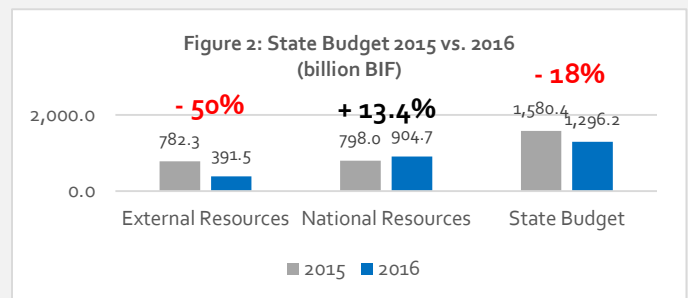
The reduction of the State budget is mainly due a drastic cut of external resources. While in 2015, half of the resources came from external donors (49.5%), only 30.2% of external resources are budgeted in this year's financial law.

However, the probability that not all external resources are captured in the financial law is high, since many donors might have sought alternative mechanisms to continue their financial support to the Burundian population (e.g. via agencies, NGOs, etc.).

Many Ministries, particularly the social sector Ministries, finance a great part of their investments through foreign aid. Guaranteeing access to essential social services for children and their families thus depends on the continued inflow of external resources. Development support is indispensable to continue on a positive development path and to achieve the Sustainable Development Goals.



Source: Financial Laws (Credits) 2008 - 2016, Ministry of Finance



Source: Financial Laws (Credits) 2015 & 2016, Ministry of Finance

<sup>1</sup> Rate of 1 USD = 1615.6 BIF (UN Operational Rates of Exchange, 1 January 2016).

## (2) Envisaged Increase of National Resources

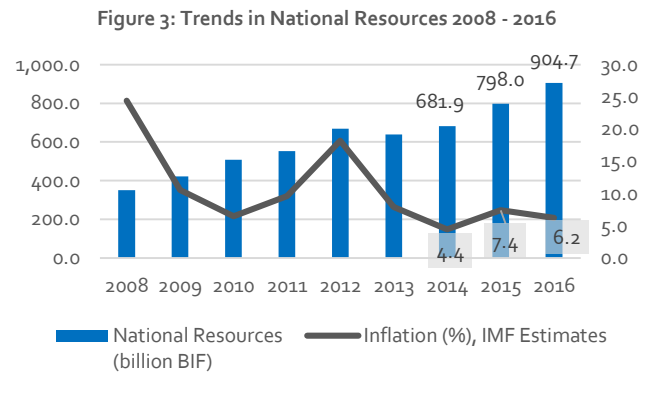
In December 2015, the President of the Republic presented the 2016 budget, calling it an austerity budget that takes into account the recent slow-down of the Burundian economy<sup>2</sup>. According to the Financial Law, the Government expects to raise total tax revenues of 631 billion BIF<sup>3</sup>. Additionally, 114 billion BIF are expected to be raised as part of non-fiscal revenues (such as dividends), financial revenues (such as foreign exchange gains) and exceptional revenues (such as income made due to the participation of Burundian troops in the African Union's peacekeeping missions in Somalia and the Central African Republic<sup>4</sup>).

In total, 904.7 billion BIF in credits of national resources for 2016 (including those planned for the reimbursement of debt) have been allocated to the Government's Ministries, representing a significantly higher amount than in 2015 (see Fig. 3). Yet again, if inflation rates are considered, the rise in national resources is minimal: both the depreciation of the local currency as well as high levels of money devaluation risk diminishing the real value of national resources (see annex). Moreover, it remains questionable if the Government, and most notably the State's Tax Authority (*Office Burundais des Recettes, OBR*) will be able to raise the anticipated amount of taxes. It is further to note that a majority of 2015's national resources were spent on salaries of civil servants (39.3%) and other running costs, while only 10.6% of national resources were used for investments (see Fig. 4). Particularly, in the Education and Health sector, 84% and 40% of national resources respectively are spent to ensure the functioning of the sector by paying salaries of teachers and health personnel. The budgetary provisions for 2016 show a similar picture, and do not reflect any difficulties of ensuring the payment of civil servants in the different social sectors.

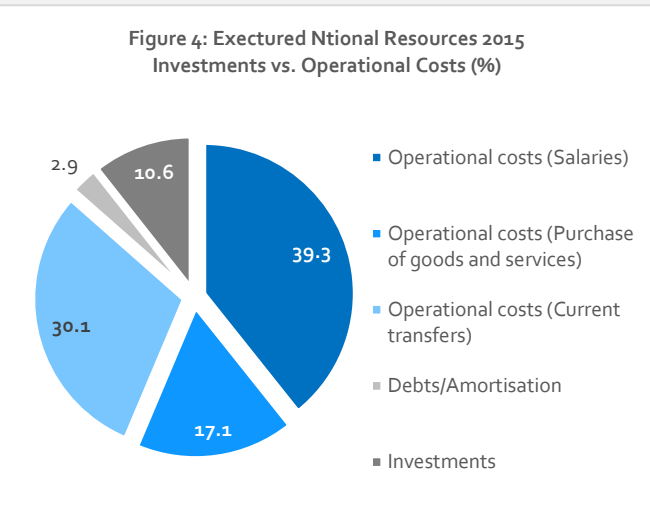
## (3) 50% Cut of External Resources

After the on-set of socio-political crisis in April 2015, several donors called for the return to a peaceful and calm environment and for the respect of human rights. Non-compliance and disregards of the appeal led to suspension of donor funding to certain Ministries due to restrictions for collaboration, e.g. for the European Union and its Member States on basis of Article 96 of the Cotonou Agreement. The 2016 credited budget illustrates the reluctance of donors to directly cooperate with the Government. Nonetheless, several donors have affirmed that they will seek different funding modalities to ensure that the necessary support is still provided to the Burundian population. These resources, possibly channelled via NGOs or development agencies, may not be captured in the Financial Law.

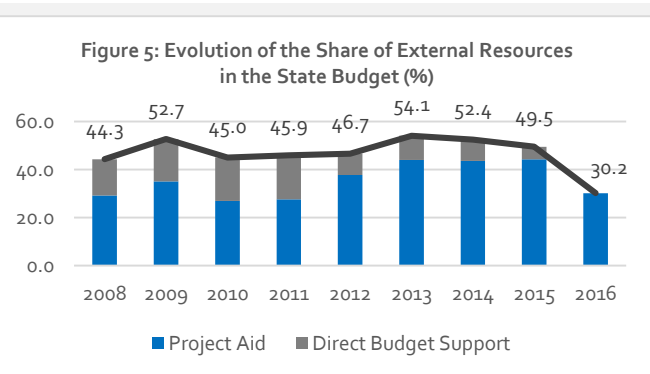
As illustrated in Fig. 5, direct budget support was reduced from 5.2% in 2015 to zero, and credited project aid<sup>5</sup> was reduced from 44.3% in 2015 to 30.2% in 2016. In 2016, the only donors listed in the Financial Law are the African Development Bank (AfDB), the World Bank, Belgium, the European Union, the Netherlands and UNICEF (see figure 6). Once more, it is likely that not all support is adequately captured in the document.



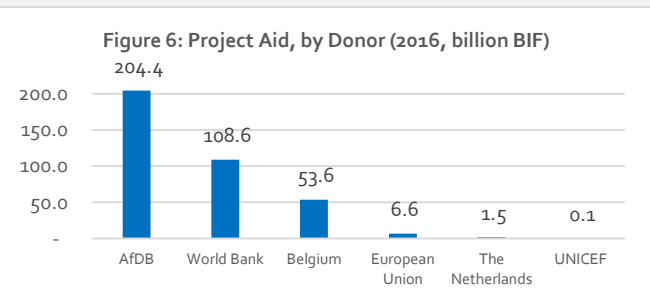
Source: Financial Laws (Credits) 2008 - 2016, Ministry of Finance



Source: Budget Execution 2015, Budget Division, Ministry of Finance



Source: Financial Laws (Credits) 2008 - 2016, Ministry of Finance



Source: Financial Law (Credits) 2016, Ministry of Finance

<sup>2</sup> Press communication, 11 December 2015, online accessible at:

<http://presidence.gov.bi/spip.php?article5772> (last access: 01/02/2016).

<sup>3</sup> The fiscal product is composed of: (i) income taxes, capital taxes; (ii) taxes on goods and services; (iii) taxes on external trade and other international transactions.

<sup>4</sup> Resources of approximately 3 billion BIF are expected to be mobilized due to the Burundian participation in these missions.

<sup>5</sup> Project aid includes project grants and loans.

#### (4) Are social sectors suffering disproportionately?

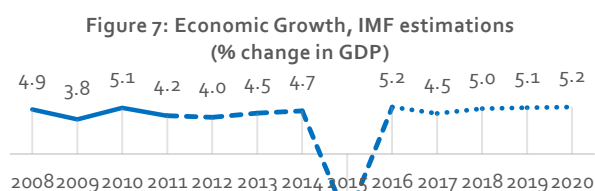
Within national policies, most notably the country's Poverty Reduction Strategy Paper (CSLP II), access to social services has been prioritized and the country has experience constant positive economic growth over the past years (see figure 7). Since 2006, pregnant women and children under the age of 5 years can access healthcare for free, coupled with a Performance-based financing (PBF) mechanism. The integration of these two policies has allowed to record remarkable progress, particularly with regards to vaccination coverage, malaria management and decreased under 5 mortality rates. Moreover, thanks to a policy assuring free primary education, significant advances have been made in the education sector, with, nearly all school-aged children enrolled in primary school (95.6%, 2013/2014, Ministry of Education).

Unfortunately, already achieved results are threatened by a reduced 2016 austerity budget, raising fears of insufficient financing of several Ministries, including social sector Ministries, compromising access to essential social services for children and caretakers (see table 1). Yet, the Government has respected the preservation of the PBF system as a priority. The PBF is coupled with the provision of fee-free services for pregnant women and children under five, and 1.3% of the total State budget is reserved for its functioning.

**Redirected national resources.** Contrary to allocations for social sector ministries, credited allocations to the Ministries in charge of Public Security and of National Defense as well as the Ministry for Community Development have increased. Credited national resources to the latter increased by more than 500%, pointing at the Government's priority to increasingly invest at decentralized levels. In point of fact, the Government decided to allocate a minimum of 60 billion BIF to the construction of buildings for administration purposes to the benefit of 119 in the country (see Fig. 8).

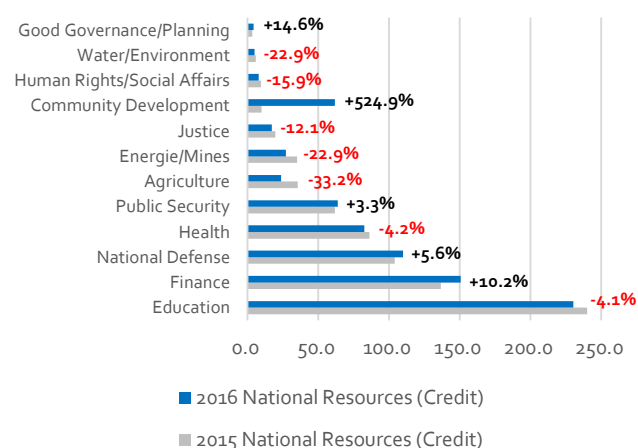
**Alternatives?** The 2016 Financial Law reflects the significant decrease in external funding in sectors, which are key to ensure access to and provision of social services to children and the most vulnerable people of Burundi. Declared allocation of external resources to the Ministry of Health and the Ministry of Education decreased by 87.9% and 87% respectively. The Ministry in charge for aspects related to social affairs, including child protection, as well as the Ministries responsible for WASH services did not receive any external resources according to the Financial Law (see figure 9).

Luckily, first discussions with donors show their continued commitment to the Burundian population and their willingness to seek for alternative transitory funding modalities. For example, the Global Fund (105 million USD), GAVI (3.2 million USD) as well as the Global Partnership for Education (20 million USD) are actively seeking out other mechanisms to channel funds into the country. These initiatives highlight the necessity of finding alternative solutions to mitigate risks in social sectors and other donors are expected to follow these examples.



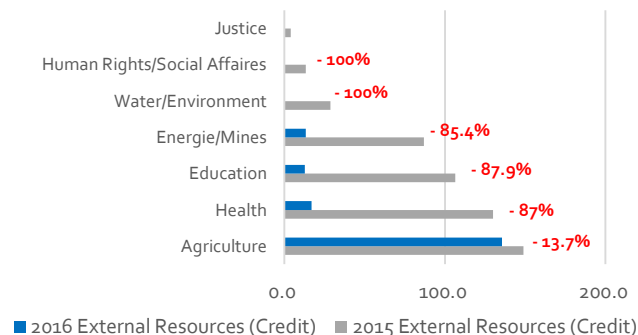
IMF, World Economic Outlook October 2015 Edition

Figure 8: Declared Allocation of National Resources 2015 vs. 2016 (selected Ministries, billion BIF)



Source: Financial Laws (Credits) 2015 & 2016, Ministry of Finance

Figure 9: Declared Allocation of External Resources 2015 vs. 2016 (selected Ministries, billion BIF)



Source: Financial Laws (Credits) 2015 & 2016, Ministry of Finance

Tab. 1: Variation of Total Ministry Budgets 2015 vs. 2016 (selected Min.)

Ministry of Education, Higher Education & Scientific Research	-29.8 %
Ministry of Public Health and Fight against HIV/Aids	-54.0 %
Ministry of Human Rights, Social Affairs and Gender	-65.2 %
Ministry of Justice and Custody of the Seals	-26.7 %
Ministry of Agriculture and Livestock	-13.7 %
Ministry of Energy and Mines	-66.9 %
Ministry of Water, Environment, Territory and Urban Planning	-85.4 %

## CONCLUSIONS

- **Priority attention to Children's socio-economic needs despite limited fiscal space:** The respect of children's rights is prominent in times of crisis, but is shared responsibility at all times. Making children's best interest the primary consideration implies that investment decisions during times of crisis must continue to give priority attention to children's socio-economic needs.
- **Call for Action:** To mitigate the risk of losing progress made for children, it is crucial to ensure unrestricted access to child-friendly social services at times of crisis, through removing any real and perceived barriers preventing access, such as quality education, health services and adequate nutrition for children, fulfilling their human rights and investing in the future of a nation.



Government of Burundi

<http://www.burundi.gov.bi/>



UNICEF Burundi Country Office

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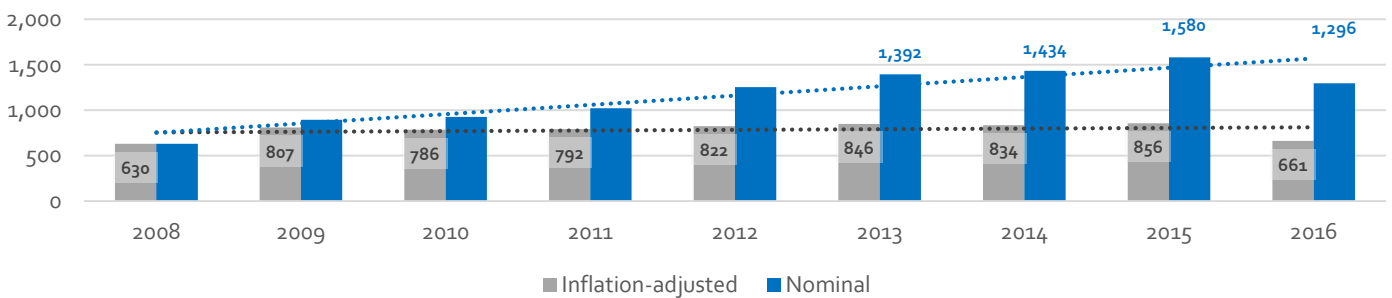


### Article 96: The "Human Rights" Article

Article 96 is an integral part of the Cotonou Accord, which was signed in 2003 to guide partnerships between African, Caribbean and Pacific Ocean States and the European Union and its Members States. The objective of the article is to establish an explicit link between the promotion of human rights and development: the provision of external resources is conditional on the respect of human rights, including most notably the rights of children.

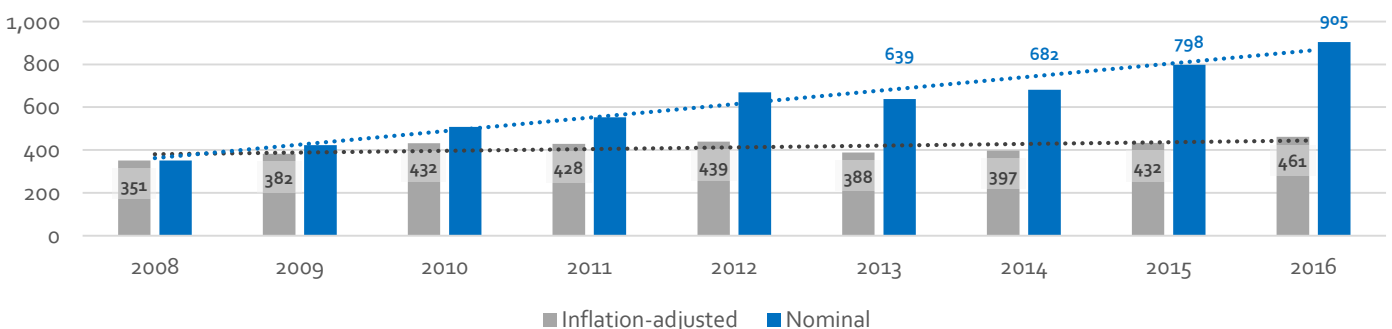
### Annex 1: Inflation

Figure A: Inflation-adjusted Evaluation of the State Budget  
(local currency, billion BIF)



Source: Financial Laws (Credits) 2008 - 2016, Ministry of Finance

Figure B: Inflation-adjusted Evaluation of Declared Allocation of National Resources  
(local currency, billion BIF)



Source: Financial Laws (Credits) 2008 - 2016, Ministry of Finance

## Annex 2: Summary Table of the 2016 Burundi State Budget based on the 2016 Financial Law

Online accessible at: [http://www.finances.gov.bi/images/download/budgets/bdget\\_promulge\\_2016\\_.PDF](http://www.finances.gov.bi/images/download/budgets/bdget_promulge_2016_.PDF)

Ministries 2016	Sum of Credit						% Change 2015-2016		
	2015			2016			National	External	Total
	National	External	Total	National	External	Total			
Présidence de la République	20,782,927,234	0	20,782,927,234	20,470,243,987	0	20,470,243,987	-1.5	0.0	-1.5
Première Vice-Présidence	1,686,397,622	0	1,686,397,622	1,413,735,330	0	1,413,735,330	-16.2	0.0	-16.2
Deuxième Vice-Présidence	1,561,243,966	328,012,517	1,889,256,483	1,290,047,922	0	1,290,047,922	-17.4	-100.0	-31.7
Secrétariat Général du Gouvernement	1,385,031,672	0	1,385,031,672	688,686,559	0	688,686,559	-50.3	0.0	-50.3
Assemblée Nationale	11,094,901,469	0	11,094,901,469	9,609,776,678	0	9,609,776,678	-13.4	0.0	-13.4
Senat	6,105,939,094	0	6,105,939,094	5,233,411,740	0	5,233,411,740	-14.3	0.0	-14.3
Cour de comptes	1,088,532,916	0	1,088,532,916	971,266,638	0	971,266,638	-10.8	0.0	-10.8
Commission Electorale Nationale Indépendante	17,000,000,000	0	17,000,000,000	1,000,000,000	0	1,000,000,000	-94.1	0.0	-94.1
Ministère de l'Intérieur et de la Formation Patriotique	4,900,581,833	6,572,260,955	11,472,842,788	2,736,499,682	0	2,736,499,682	-44.2	-100.0	-76.1
Ministère du Développement Communal	9,891,176,883	5,133,601,683	15,024,778,566	61,806,912,915	6,155,858,340	67,962,771,255	524.9	19.9	352.3
Ministère de la Sécurité Publique	61,830,860,952	12,061,265,678	73,892,126,630	63,865,242,865	0	63,865,242,865	3.3	-100.0	-13.6
Ministère des Relations Extérieures et de la Coopération Internationale	38,165,281,380	3,332,021,202	41,497,302,582	27,247,694,640	0	27,247,694,640	-28.6	-100.0	-34.3
Ministère de la Défense Nationale et des Anciens Combattants	104,004,312,428	18,847,249,750	122,851,562,178	109,850,696,189	0	109,850,696,189	5.6	-100.0	-10.6
Ministère des Finances, du Budget et de la Privatisation	136,696,884,972	37,077,127,685	173,774,012,657	150,613,757,121	1,320,564,960	151,934,322,081	10.2	-96.4	-12.6
Ministère de la Justice et Garde des Sceaux	19,576,465,225	3,917,026,321	23,493,491,546	17,210,807,959	0	17,210,807,959	-12.1	-100.0	-26.7
Ministère à la Présidence Charge de la Bonne Gouvernance et du Plan	3,377,868,085	8,786,343,789	12,164,211,874	4,213,630,757	520,273,760	4,733,904,517	24.7	-94.1	-61.1
Ministère des Postes, des Technologie de l'Information, de la Communication et des Medias	6,960,364,423	2,872,539,327	9,832,903,750	6,037,740,131	0	6,037,740,131	-13.3	-100.0	-38.6
Ministère de la Fonction Publique, du Travail et de l'Emploi	3,576,244,293	1,525,094,200	5,101,338,493	26,089,844,183	0	26,089,844,183	629.5	-100.0	411.4
Ministère à la Présidence chargée des Affaires et de la Communauté Est Africaine	1,177,097,949	2,106,601,440	3,283,699,389	798,879,266	0	798,879,266	-32.1	-100.0	-75.7
Ministère de l'Education, de l'Enseignement Supérieur et de la Rechere Scientifique	48,892,768,193	0	48,892,768,193	230,339,997,984	12,842,721,909	243,182,719,893	-4.1	-87.9	-29.8
	191,171,932,308	106,498,898,067	297,670,830,375						
Ministère de la Santé Publique et de la Lutte contre le Sida	86,076,056,620	129,903,184,726	215,979,241,346	82,463,374,178	16,873,072,908	99,336,447,086	-4.2	-87.0	-54.0
Ministere des Droits de la Personne Humanie et des Affaires Sociales et du Genre	9,474,867,080	13,435,803,936	22,910,671,016	7,969,028,099	0	7,969,028,099	-15.9	-100.0	-65.2
Ministère de la Jeunesse, des Sports et de la Culture	2,580,151,336	902,779,512	3,482,930,848	2,227,791,999	0	2,227,791,999	-13.7	-100.0	-36.0
Ministère de l'Agriculture et de l'Elevage	35,490,340,684	148,986,674,234	184,477,014,918	23,690,744,720	135,560,475,985	159,251,220,705	-33.2	-9.0	-13.7
Ministère du Commerce, de l'Industrie et du Tourisme	2,613,441,911	3,685,847,663	6,299,289,574	1,633,531,998	466,726,400	2,100,258,398	-37.5	-87.3	-66.7
Ministère de l'Energie et des Mines	35,046,856,316	86,821,409,102	121,868,265,418	27,029,561,791	13,350,063,395	40,379,625,186	-22.9	-84.6	-66.9
Ministère de l'Eau, de l'Environnement, de l'Aménagement du Territoire et de l'Urbanisme	5,889,547,322	28,649,941,844	34,539,489,166	5,029,505,649	0	5,029,505,649	-14.6	-100.0	-85.4
Ministère des Transports, des Travaux Publics et de l'Equipement	11,379,384,662	78,582,140,315	89,961,524,977	12,397,811,117	204,422,430,493	216,820,241,610	8.9	160.1	141.0
Institution Ombudsman	850,042,654	0	850,042,654	807,540,521	0	807,540,521	-5.0	0.0	-5.0
<b>Total</b>	<b>880,327,501,482</b>	<b>700,025,823,946</b>	<b>1,580,353,325,428</b>	<b>904,737,762,618</b>	<b>391,512,188,150</b>	<b>1,296,249,950,768</b>	<b>2.8</b>	<b>-44.1</b>	<b>-18.0</b>
<b>Dons courants (appui bugetaire)</b>	<b>82,292,000,000</b>	<b>82,292,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total, cor.</b>	<b>798,035,501,482</b>	<b>782,317,823,946</b>	<b>1,580,353,325,428</b>	<b>904,737,762,618</b>	<b>391,512,188,150</b>	<b>1,296,249,950,768</b>	<b>13.4</b>	<b>-50.0</b>	<b>-18.0</b>