

Political Economy Analyses of Countries in Eastern and Southern Africa

Case Study – Burundi Political Economy Analysis

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Preface

This report is part of a series of country studies carried out by Ecorys and associates for UNICEF in Eastern and Southern Africa. The project aims to strengthen UNICEF's advocacy efforts through a better understanding of the role of political economy factors in processes and decisions around the creation and use of fiscal space for investments in children.

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The findings, interpretations and conclusions expressed in this report are those of the authors and do not necessarily reflect the policies or views of UNICEF or of the United Nations. The text has not been edited to official publication standards, and UNICEF accepts no responsibility for errors. The designations in this publication do not imply an opinion on legal status of any country or territory, or of its authorities, or the delimitation of frontiers.

Executive Summary

Since 2015, Burundi has been entangled in a complicated economic and political crisis which has heavily impacted budgeting processes. Following President Pierre Nkurunziza's election for a third term, the international community increased pressure to stop human rights violations and reverse the President's move toward authoritarianism. Failing in their attempts to do so, bilateral and multilateral donors stopped foreign aid to the country. The economic downturn and the massive reduction in the level of donor aid resulted in a significant reduction of available resources and led to cuts in its already meagre budget, which dramatically impacted social sectors.

The President and his two vice-Presidents currently play an influential role in the country's budget planning and management processes. In the face of a shrinking economy and the withdrawal of the international community, an 'emergency budget' was passed in 2015. This was a departure from previous practice where a normal budget cycle includes getting inputs from line ministries, the Ministry of Finance, Parliament and other stakeholders. 2016 witnessed the return of a more standard budget planning process with the proposed budget being debated and passed through Parliament. However, decision-making powers are still largely vested in the President and his vice-Presidents.

Opportunities to advocate for greater spending on sectors that matter for children are limited due to the political situation, but this could change at any moment. Isolation from the international community coupled with the lack of resources could prompt the country's leaders to take a more respectful approach toward the opposition and rule of law. This would allow for a more participatory budget process and hence open up entry points. In the meantime, and reflecting the current context, recommendations for influencing budget processes for children are summarized below.

- **Support public financial management (PFM) reforms:** Reforms in the PFM system are a good temporal solution to convince the country's leaders on the need to maintain and increase technical expertise among government ministries. This also disperses the powers concentrated among a few political leaders. Currently, the World Bank is undertaking a USD22 million project – *Projet de renforcement des capacités institutionnelles pour l'efficacité gouvernementale (PRCIEG)* – to improve public expenditure management and oversight over the next five years. Such a project which emphasizes management and oversight of public expenditures could further empower budget controllers of each ministry to track spending and establish their own spending priorities.
- **Build stronger partnerships between social sector ministries and the finance ministry:** Having a good relationship with the Ministry of Finance allows social sector ministries to secure and execute the required budget for their spending priorities. This was cited by a number of officials who were interviewed for this study. During the budget execution phase, advocacy efforts should then be targeted at the budget controller of each ministry, who will act as a direct point-of-contact between their ministry and the Ministry of Finance and Treasury.
- **Strengthen the Court of Accounts and the Parliament:** The Parliament and the Court of Accounts are weak governmental bodies even though they are tasked with overseeing the government and the country's budget. There needs to be more technical support provided to these bodies to enable them to be effective advocates of child-friendly expenditures. The Parliament also has the power to modify the Draft Budget Law along child-friendly lines, but

more technical support has to be given to parliamentary officials to help them propose meaningful amendments to the Draft Budget. Instead of building capacity across the board, the support should be focused on the Budget Committee and the Budget Office within the Parliament. Overall, increasing the capacity of the Parliament and the Court of Accounts will provide future entry points for advocacy.

- **Support the Permanent Secretariat of Social Protection:** Supporting important actors involved in social protection policies can help to ensure more child-friendly spending. One important actor is the Permanent Secretariat who has the opportunity to meet the President annually to discuss and shape the way forward for the sector. While the meeting is highly political and does not touch on technical details, it offers a strategic platform to highlight social protection priorities in the country. By supporting the Permanent Secretariat in identifying priorities, refining the strategy and defending the social spending budget, this provides an entry point to influence social protection policies. UNICEF is already active in engaging with the Permanent Secretariat and providing support; stepping up these efforts will improve UNICEF's advocacy chances.
- **Engage major donors:** The return of donor funding is a necessary condition for the country's recovery. At the heart of Burundi's budget crisis is the substantial reduction in donor funding alongside the economic downturn. UNICEF should engage with the main bilateral donors that are currently withholding their contributions (the European Union along with Belgium, France, Germany and the Netherlands) to seek a return to previous levels of support, at a minimum. An increase in donor funding will offer opportunities for advocacy on child-friendly spending.

Decision-making powers remain concentrated in the hands of a few political leaders making advocacy difficult at best, but there are opportunities to advocate for greater investments in children. Many of these involve capacity development and technical support, including between social sector and finance ministries as well as with the Court of Accounts, the Parliament and the Permanent Secretariat of Social Protection. There are also big opportunities to support ongoing PFM reforms, in partnership with the World Bank, as well as to bring donors – and their resources – back to the negotiation table.

1 Political Economy Analysis

1.1 Introduction

The political economy analysis focuses on uncovering key drivers in the policy and decision-making steps characterizing the budget process in Burundi. The analysis begins with an overview of the current political and economic situation of the country. This is fundamental to explain the complex mix of constraints under which budget laws are being designed and enacted. The second step focuses on the budget process itself. It starts with the presentation of the institutional and legal framework in which it unfolds and ends with the identification of the actors involved in each phase and the ways in which they influence, or fail to influence, the making of the budget. Such a mapping exercise allows the definition of the key moments and actors for decision-making on resource allocation, in particular for sectors related to children.

Given the economic and political crisis that occurred in 2015, the analysis of the budget process has to be divided in two parts. The first discusses the situation as it was until the approval of the 2015 Budget Law. This section provides a full analysis the institutional and procedural framework as set in the law. For each of the major steps, the section presents the key actors, their relative influence and the possible opportunities for advocacy. Although the legal and procedural layout of the budget process did not change as a result of the crisis, the events occurred in 2015 triggered fundamental shifts in the power dynamics. Therefore, after a description the unusual fiscal years 2015 and 2016, the focus shifts on the new power dynamics influencing the budget process. This section highlights the major modifications in the power wielded by the principal actors and discusses the long-term consequences of this power shift at each step in the budget process.

The analysis shifts then at sectoral level to focus on one of the key sectors of interest for UNICEF, social protection. This is a very much underdeveloped and underfinanced sector in Burundi and the lack of adequate safety nets has a strong impact in terms of child welfare, impacting on nutrition and food security, education and healthcare. Specific paragraphs in each of the sections described above provide a sector-specific overview. Moreover, a dedicated section discusses the main implications that the shift in the power dynamics underlying the budget process has in terms of resource allocation for the social protection sector and suggests some opportunities for advocacy.

Limitations

As for every country, political economy is complex and influenced by dozens of factors and actors. This analysis focuses on the political and organisational equilibria that govern decision-making in Burundi's budget process and is not meant to be exhaustive, but rather to provide UNICEF with useful hints on the key functioning mechanisms and actors and help it strengthen and focus its advocacy efforts. This report is written based on literature study and a 7-day field mission. A number of respondents from different organisations participated to confidential interviews, including government officials, donors and civil society organisations. A detailed list of respondents is presented in

Annex A – List of people interviewed.

Despite the efforts of the international community to normalize the situation and persuade the Government to backtrack on its most controversial measures, no progress was made and uncertainty and carefulness still characterize the donors' approach to the country. The presentation letter introducing the mission and the consultant to the Government of Burundi did not receive any formal answer. Given the context, UNICEF and the consultant agreed that no formal or informal meeting could then take place with any governmental body, with the exception of the *Secrétariat Permanent à la Protection Sociale*. The impossibility of interviewing members from the relevant ministries and institutions implies that the information available to the consultant is limited to what is available for the donor community and the civil society. Following the withdrawal of several donors, the number of interviews is also limited. The lack of insider information is less impactful on the Political Economy Analysis than it is on the Fiscal Space Analysis, yet the stop imposed on many technical assistance projects aimed at improving public finance management in Burundi also meant the loss of a direct connection with the events occurring during the budget process. Many of the interviewees could provide their estimates or guesstimates; however, none admittedly could draw the full picture. It is with these limitations in mind that the reader should approach this report and wage its conclusions and suggestions.

1.2 Burundi's political and economic context¹

This chapter provides an overview of the political and social context of the country. It briefly outlines the evolution of the political and security context to introduce the present situation of political and economic crisis. This situation impacted severely on the budget process and had deep implications on the internal balance of power between the different actors. Also, it has imposed important limitations to the size of the budget itself, reducing the available fiscal space and increasing the competition for resources.

The Arusha Agreement and President Nkurunziza's tenure

The institutional and political frameworks of Burundi today, as well as the reasons for its fragility, are for the most part rooted in the Arusha Agreement. This peace treaty was signed on 28 August 2000, ending 7 years of political and civil unrest, marked by ethnic tensions, coups and widespread political violence. The agreement envisaged a transition of three years at the end of which free elections were scheduled. On 15 November 2003, the CNDD-FDD, which was not a signatory to the Arusha Agreement, signed a peace agreement in Pretoria with the Burundian transition government and entered the government. Having become one of the main political actors in Burundi, the CNDD-FDD won the communal, legislative, senatorial and presidential elections in 2005. Its leader, the current president, Pierre Nkurunziza, was then inaugurated on August 26, 2005.

From the beginning of its tenure, the CNDD-FDD has been characterised by a growing authoritarianism, accompanied by a crisis of corruption, accusations of serious violations of human rights and failure to respect the rule of law. This situation caused the FRODEBU, the junior government party, to leave the government in 2006. At the same time, to prepare for the 2010 elections, the CNDD-FDD set up a whole system of intimidation of the population through the Police and youth of the party, the Imbonerakure. The press was harassed and the opposition parties were targeted. These actions were mostly carried out in the urban environment where the opposition was stronger, as opposite to the rural milieu in which the popularity of President Nkurunziza had remained very high. It is in this context that the CNDD-FDD won the elections in 2010. The unfolding of the

¹ This chapter relies heavily on the analysis made by the Rift Valley Institute: "L'économie politique du Burundi" Bisoka, A. N. June 2016.

events in the period 2005-2010 already suggests how Burundi politics moved away from the ethnical divide to counter which the Arusha agreement was engineered. Both the ruling and the opposition parties are connected to the Hutu majority and there is no major party expressing an open Tutsi connotation. As one of the interviewees pointed out, Burundi politics could be defined as “*an institutionalized ethnic power-sharing system (that) is completely divorced from a radicalized ethnically-homogenous party reverting to its historical roots (rebel leaders of the civil war era)*”.

Following the events described above, many opposition parties boycotted the local elections and several leaders exiled themselves in protest. The CNDD-FDD took advantage of this situation to reinforce its hold on all the political and security institutions. A number of controversial pieces of legislation restricting civil liberties and strengthening the government's power were also voted on. Despite some democratic progresses achieved during the years 2010-2015 the regime persisted in its authoritarian course by trying to disqualify the leaders of the opposition, obstruct other parties' activity in the provinces and interfere in their functioning.

Political and constitutional crisis

In April 2015, Nkurunziza announced he would run for a third term as president, defying the constitutional limit of two terms. The constitutional court approved his move arguing that his first term did not count considering he was elected by parliament only, and not by popular vote. Amidst violent protests, Nkurunziza won the elections by nearly 70%. Several opponents boycotted the elections and the elections were not recognized as fair and democratic by the international community. On 13 May 2015, when the President was attending a meeting of the East Africa Community leader, Gen. Niyombare attempted a coup d'état. This event and the assaults on several armed garrisons in Bujumbura in December were used by the government to further clamp on civil right and liberties. Between 200,000 and 250,000 people, many of them children, have sought refuge in neighbouring countries and thousands more have been forced to relocate internally for their safety, putting further strain on existing coping mechanisms. The unstable situation persisted even after the president swore in on 15 July 2015, with street protests being repressed and leaving the place to targeted attacks perpetrated against government members. Despite claims from the government that these attacks are the result of Rwandan attempts to destabilize the country, it is not clear to date who the perpetrators are and what their objective is.

The international community and the donors

During the political and constitutional crisis, the international community started exerting pressures on the President first not to force a third mandate and then, after refusing to recognize the elections as fair, to stop the many human rights violations as well as his drift towards authoritarianism. Failing to convince the President, bilateral and multilateral donors froze their aid to the country. In particular, during winter 2015 the European Union evoked art.96 of the Cotonou Agreement and after negotiations were held in Brussels, decided to pull out from the cooperation with the Government of Burundi (March 2016). The other main bilateral donors (Belgium, the Netherlands, Germany and France) did the same and by mid-2016 Burundi had lost the whole of the direct financial support directed to the administration and was left with decreasing amounts of financial support directed to the population as well as humanitarian assistance, in forms of ongoing projects and programs.

From the political to the economic crisis

The socio-political turmoil in which Burundi plunged since April 2015 created major difficulties for economic activity that abruptly slowed down, interrupting its more than decennial positive trend. The lack of official data implies that all the major international financial institutions as well as the donors have to rely on their own estimates. Therefore, the level of the 2015 economic downturn in terms of GDP growth varies from the -3.9 per cent estimated by the IMF to the -4.2 per cent of the African Development Bank. Some of the interviewees quoting their own internal sources calculated a

decrease of 5.9 per cent of the GDP. Figures for 2016 show a growth rate at -1 per cent of the GDP. The drop was mostly due to a contraction of the secondary sector, in particular in industry and construction. The negative growth rate is having two main impacts. First at the level of the Central Bank (BRB), the accounts of which started reflecting the continuous recourse of the government to advances to finance the deficit. This has severely lowered the official reserves level to less than a month and a half of import cover, when the IMF lower limit is three months. The BRB advances acted on the economy as an injection of liquidity that increased the demand for forex and sustained the rise in the inflation.

A second impact is felt at the level of decreasing revenues, accelerating a trend that already started before the crisis. Despite the efforts of the Government and of the *Office Burundais des Recettes* (OBR), the trend is not likely to revert; the IMF forecasts a level of total revenues over GDP for 2016 to be halved compared to the level of 2012. This is mostly due to the plunge in foreign grants, but domestic revenue collection in terms of GDP are also set to decrease by 3.6 percent, further aggravating the negative trend.

It is therefore in a scenario of decreasing GDP, falling domestic and external revenues and increased inflation in which the budget process unfolds since mid-2015. The impact of these trends is analysed in the chapter “The impact of the political crisis on the budget process”.

1.3 Structure and dynamics of the budget process

This chapter describes the structure and the dynamics of the budget process. The first section describes the present budgetary framework as shaped by the wave of public finance management reforms and attempts for fiscal decentralization. It also introduces the key budget documents that are produced every year during the budget cycle. A second section introduces the main actors that intervene in the budget process and sketches their respective influence to provide a description of the power dynamics in the budget process. A last section describes the structure of the budget process dividing it in phases and discussing the role and power of every actor to pinpoint the possible entry points for advocacy. A list of entry points that are active in the process but are not linked to any specific phase concludes this section.

1.3.1 *The public finance management framework*

Latest public finance reforms

The reform process in Burundi has been organized around the two successive Poverty Reduction Strategy Plans (CSLP-I and II) covering the period 2006-2015. Around the four strategic axes of these plans, sectoral strategies have been drafted, most notably for Education, Health and Agriculture. The present public finance reform framework also stems from this decade of reform efforts and is connected to the first two axes of the CSLP-I and II, improving governance and moving towards a sustainable economy. Two public finance reform strategies were drafted, for the period 2009-2011 and for the period 2012-2014, both focused on the four principles of i) transparency of the system ii) ownership, iii) partnership with the donors and iv) centralization of the steering the reforms. Currently, under the patronage of the World Bank's financed *Projet de Renforcement des Capacités Institutionnelles pour l'Efficacité Gouvernementale (PRCIEG)*, a third Public Finance Reform Strategy (SGFP III) will be drafted. The institution in charge of the technical coordination of the reform efforts is the Ministry of Finance. Since 2012, the management and implementation of the public finance reform strategy is ensured by the *Cellule d'appui chargée du suivi des réformes*, which is hierarchically ranked higher than any Directorate General in the Ministry of Finance and answers to the Permanent Secretary. At the time the interviews took place, the World Bank was in the process of

tendering out the request for services to identify a consulting company to back the Ministry of Finance in drafting the SGFP III. As of May 2017, the firm has not yet been identified and the drafting of the SGFP III has not yet started.

The current legislative framework

The Constitution of 2005 defines in article 162 the budget (*loi des finances*) as the law determining the yearly amounts of resources and expenses of the state. The Constitution also defines the institutional and juridical framework in which the budget process takes place. In particular, articles 176 and 177 outline the role of the Parliament (*Assemblée Nationale*) in the budget process. Article 178 establishes the Court of Accounts (*Cour des Comptes*) and defines its role in the budget process.

The fundamental principles regarding the preparation and execution of the budget, as well as the responsibilities, accounting standards and sanctions, are outlined in the Budget Law (*loi organique sur les Finances Publiques*) of 2008. The waves of public finance management reforms added to this law a series of other important texts that together build the legal framework around the budget process in Burundi. The most important pieces of legislation are listed in Annex B – List of relevant legislation.

On the operational level, a series of decrees further detail the procedural aspects of the budget cycle. Of particular importance are the General Regulation for the Management of the Budget (*Règlement Général de Gestion des Budgets Publics – RGGB*) and its implementing provisions outlined in the Decree on Budgetary Governance (*Décret 100/205 du 24 juillet 2012 portant sur la gouvernance budgétaire*). Another important decree is the one outlining the fusion of the Ministry of Finance and the Ministry of Planning (*Décret portant sur structure et missions du gouvernement*), reuniting the responsibility for the budget cycle under a single ministry. Other important decrees and implementing provisions are listed in Annex B – List of relevant legislation.

The key budget documents

The 2012 Decree on Budgetary Governance, together with the provisions outlined in the RGGB, introduced the concept of medium-term budgeting, based on three documents: The Medium-Term Budgetary framework (MTBF), the Medium-Term Financial Framework (MTEF) and the *Document d’Orientation Budgétaire* (DOB).

The DOB is a complex document. It includes a description of the political, economic and social context in the period leading up to the draft budget, followed by the macroeconomic outlook for the three following years including:

- Growth projections in year 1;
- The assumptions of tax revenue and tax rate growth assumptions for year 1-3;
- Projections of the budget balance as% of GDP;
- Outline of year 1-3 budgetary policy on revenue and financing;
- Year 1-3 budgetary guidelines for the main economic sectors.

The document is completed by a series of past performance charts and 2013-2015 projections, including:

- The sectoral and overall growth rates;
- The TOFE (summarizing the all of the state’s financial operations).

In the DOB is included the Budget Brief which indicates the estimated envelopes by department distinguishing between recurrent expenditure (wages, goods and services, transfers and subsidies) and capital expenditures.

The DOB is prepared by the *Comité Permanent de Cadrage Macroéconomique et Budgétaire* formed by members of the Ministry of Finance, of the ISTEERU, of the SP/REFES and of the Central Bank.

The MTBF sets out the evolution of the main public finances aggregates based on "credible, prudent and coherent macroeconomic assumptions" over three years. The MTEF determines the breakdown of expenditure by sector and by ministry with a breakdown between salaries, current expenditures and investments over three years.

Fiscal decentralization attempts

Decentralization is one of the pillars of the Arusha Agreement. It is supposed to help defuse the tensions that brought to the periods of repeated unrest by delegating an important amount of power to the lower levels of governance, the communes and the *collines*. Such a process has important implications in budgetary terms since together with the decision-making powers it delegates the responsibility in delivering services and collecting revenues. Also, it implies higher levels of transfer from the central administration and more powers for the Ministry of Communal Development (and therefore more entry points and opportunities for advocacy, since this Ministry is tasked with the coordination of the local budgets). However, the decentralization process is still very much ongoing.

So far, the responsibilities of communes in Burundi were outlined in the Law on Communal Administration (Law 1/02 2010). However, the law did not explicitly assign functions or responsibilities. Instead, under Article 76 it listed the areas of communal spending, among which there also is the item "assistance to the poor"². The provision of basic education and health services, two activities that are devolved to the communal level in some countries, are carried out by deconcentrated branches of the education and health ministries in Burundi, with few contributions (if any) from the commune level.

Only during the course of 2015 has the Law on the Transfer of Responsibilities to the Communes been approved, specifying the different responsibilities for the local levels of governance in terms of service provision and revenue collection. Since the law has just been enacted and still has to be implemented (no regulations are yet attached to it), its provisions will not be considered in this report. Nor will this report dive in the budgeting process at local level, which is set to be modified by the said Law. Furthermore, the so far very centralized system does not offer interesting entry points at local level.

1.3.2 Sectoral focus: social protection in Burundi

Social Protection definitions

There is no commonly agreed definition of social protection among the donors, in Burundi as well as worldwide. In an introductory presentation for a course on social protection mechanisms³, the World Bank presents the definitions of social protection used by the main actors in the international development. The most relevant are presented in the grid below.

² "Fiscal Decentralization and Local Governance in Burundi" The World Bank (2014).

³ The World Bank and Social Protection Overview (Russian, 2013). The World Bank, Washington DC.

UNICEF	A set of public actions which address not only income poverty and economic shocks, but also social vulnerability, thus taking into account the inter-relationship between exclusion and poverty.
EU	Measures put in place to provide a minimum standard of welfare and to protect citizens against the risks of inadequate income associated with unemployment, illness, disability, old age, the cost of raising a family, or the death of a spouse or parent.
WB	Social Protection is a collection of measures to improve or protect human capital, ranging from labour market interventions and publicly mandated unemployment or old-age insurance to targeted income support. Social Protection interventions assist individual, households, and communities to better manage the risks that leave people vulnerable.
OECD	Social protection refers to policies and actions, which enhance the capacity of poor and vulnerable people to escape from poverty and enable them to better manage risks and shocks.

There is nevertheless a consensus that social protection is made of a set of cross-cutting policies that range from safety nets mechanisms to pensions, insurances, labour programmes and targeted service deliveries. Also, these policies have to be adapted to the economic context and capability of the state taken into consideration. This is clearly illustrated by the matrix proposed by the World Bank (Ruslan, 2013) in Figure 1 below.

UNICEF’s own definition of Social Protection puts the emphasis on the intertwining between poverty and exclusion. In doing so, it connects social protection to a whole array of inclusive policies meant to fight social vulnerability; these include actions in the sectors of health, education, WASH and the establishment of safety nets and pension schemes.

Figure 1 Social Protection mechanisms per level of income

	Safety Nets	Pensions	Insurance	Labor Programs	Targeted service delivery
Middle income countries	National, proxy-means tested social transfer systems	Expand multi-pillar pension system	Expand formal disability & accident insurance	Employment services; job search assistance; labor regulation	Support marginalized groups to access quality services
Low income countries	Regular seasonal public works; cash transfers to select groups	Reform contributory schemes; Promote savings for informal sector	Index-based agricultural insurance; Targeted support to extend health insurance poor	Skills development, especially for informal sector	Targeted support to increase access to quality services for the poor
Fragile states	Cash & In-kind safety nets through NGOs or community-based organizations	Social pensions through community-based initiatives	Community-Based Health Insurance	Temporary job (public works), demobilization & reintegration	Rebuilding basic infrastructure and services

Social Protection in Burundi

Social protection is part of the third pillar of the ongoing PRSP-II, centred on the better delivery of basic services and the reinforcing of the social protection base (*socle de la protection sociale*). The government’s strategy is expressed by the *Politique Nationale de la Protection Sociale*⁴. Nevertheless, as shown further below in this report, this sector greatly suffers of the lack of funds.

UNICEF Burundi, together with the World Bank, considers the implementation of a cash transfers system as the preferred option to effectively fight exclusion and poverty. These two organisations are presently collaborating towards on a USD40 million worth project that will introduce cash transfers

⁴ <http://www.ministerefptss.gov.bi/sites/default/files/Politique%20Nationale%20de%20Protection%20Sociale.pdf>.

for a group of 48,000 households over five years. The estimated number of households in need in the country is of 300,000⁵.

1.3.3 Actors and power dynamics in the budget process

The Executive

The Executive is the most powerful driver and influencer of the budget cycle. The underlying institutional reason for this is the form of government. Burundi is a Presidential Republic and the **President** prerogatives are quite extensive in terms of executive powers since he is both the Head of State and the Head of the Government. In this role, the President appoints the Council of Ministers.

The Presidency

When it comes to the budget cycle, not only the President enacts the Budget Law and the Budget Discharge, but can also resort to Art. 177 of the Constitution. This article is used when the Parliament has not voted the Draft Budget before December 31st. It forces the Parliament to convene in plenary session⁶ and examine a new Draft Budget. If the Parliament does not vote it, the Council of Ministers can enact it by decree.

The Second Vice-Presidency

The power of the Presidency is also conveyed through the great influence that the two Vice-Presidencies exert on the political life of the country. In particular, the **Second Vice-Presidency**, which is hierarchically superior to the line ministries and to the Ministry of Finance, is a key factor in determining the strategic priorities for the social sectors (education, health, social protection). Attached to this organ is the **Secrétariat Permanent des Reformes Economiques et Sociales** (SP/REFES) which is in charge of the management and implementation of the CLSP and oversees the design and implementation of the sectoral strategies. The Second Vice-Presidency is also chairing the **Comité National de Coordination des Aides (CNCA)**, whose Secretariat General oversees the preparation and the update of the sectoral strategies and Medium-Term Expenditure Frameworks and coordinates the *Groupe de Coordination des Partenaires* (GCP), the government-donors' forum.

The Council of Ministers

The **Council of Ministers** fixes the medium-term budgetary course by adopting the *Document d'Orientation Budgétaire* (DOB). The Council adopts the Draft Budget, the Draft Amending Budget and the Budget Discharge proposals as well as all the related regulations.

The Ministry of Finance

The **Ministry of Finance** has a preeminent role in the budget process, established by law and exerted in practice. It prepares the Medium-Term Expenditure Framework (MTEF) and the Medium-Term Budgetary Framework (MTBF), as well as the draft DOB and the Budget Brief. It manages the process for the preparation of the draft Budget Law, of the Amending Budgets and of the Budget Discharge and it is also in charge of the trimestral budgetary execution reporting. The Ministry is also the first authorizing officer for the expenditures during the budget execution.

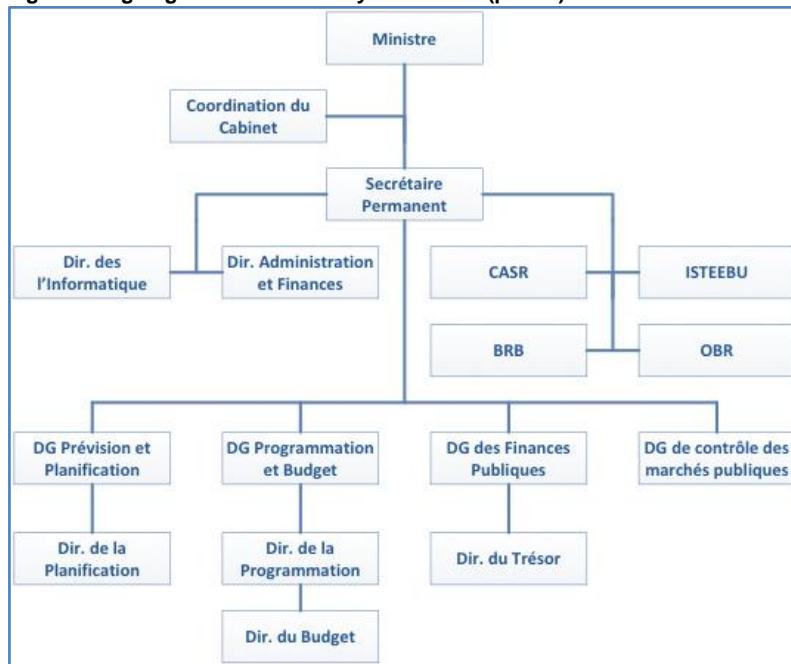
The Ministry should not be considered as a singular entity and not all the departments and organs that compose it wield the same level of influence on the budgetary decisions. The present structure of the Ministry originates from the merger between the late Ministry of Finance and Ministry of

⁵ Burundi: Profil Et Déterminants De La Pauvreté (2015), Banque Africaine de Développement – Afristat.

⁶ Art 176 is a specification of a power granted to the President under art 174, according to which the President can in any moment convene extraordinary sessions of the Parliament, which can be closed only by presidential decree.

Planning. As it can be seen in the Figure 2 below, there are several organs that are directly dependent from the Secretariat of the Ministry and are hierarchically superior to the departments.

Figure 2 Organigram of the Ministry of Finance (partial)



The interviewees agree that the driving force in the Ministry is the **Cellule d’Appui chargée du Suivi des Réformes** (CASR). This body is tasked with overseeing the management and implementation of the public finance reform strategy. Several of its members were formed through a World Bank sponsored excellence program in statistics and public finance and several donors consider them the most technically capable group. The *Direction du Budget* and the *Direction de la Programmation* appear to be simply implementing bodies and to wield no influence in determining the level of the ceilings for the line ministries. One interviewee defined them as “accounting boxes”.

The line ministries

The **line ministries** prepare their own sectoral MTEF and provide the Ministry of Finance with their contributions for the drafting of the Draft Budget Law. They are also the secondary authorizing officers for the expenditures during the budget execution. The **Ministry of Local Development** (développement communal) is also responsible for aggregating the budgets at local level (provinces and communes). According to several interviewees, not all the line ministries share the same level of technical capacity. Only three of them, **the Ministry of Health, the Ministry of Education and the Ministry of Agriculture**, have a sufficient internal technical expertise to prepare the sectoral MTEF by themselves and defend their priorities in front of the Ministry of Finance during the hearings. This is explained by the targeted technical support these three ministries have regularly received from the donors.

The internal control function for the executive is ensured by the **Inspection Générale de l’Etat** (IGE) which resides under the auspices of the **Ministry of Good Governance**. This Ministry has the responsibility to communicate the audit reports from the IGE to the audited line ministry and simply acts as an interface. The IGE is a member of INTOSAI, the International Organization of Supreme Audit Institutions. The *Inspection Générale des Finances* (IGF) was the organ previously in charge of the internal audit function, but dissolved in 2006 to create the IGE. The Ministry of Good Governance is considered to be an extension of the First Vice-Presidency, to which it is attached.

The Ministry of Human Rights, Social Protection and Gender

Social protection is currently part of the portfolio of the Ministry of Human Rights, Social Protection and Gender. According to the Budget Law 2016, this ministry is entitled resources for about BIF 7.97 billion, or the 0.06 percent of the total committed expenditures. Its portfolio covers more than just social protection policies and conversely expenditures from other ministries, for instance the Ministry of Health and the Ministry of Education, also finance measures that, according to the definitions quoted above, could be considered as social protection.

The government recognized the cross-cutting nature of social protection and decided to put in place a structure to coordinate, promote and regulate this matter through the **Conseil de la Protection Sociale (CPS)** and the **Secrétariat Permanent de la Protection Sociale** respectively⁷. The CPS is chaired by the President of the Republic itself and brings together 11 Ministers during the Annual Meeting in which the policy lines for the following year are decided. In normal times, the CPS works through four organs:

- A national committee;
- A technical committee;
- A provincial committee (CNPS);
- A communal committee.

The structure of the local committees mirrors that of the national committees with members from the 11 ministries, just declined at local level. The financing of this whole structure is ensured by the **Fond d'Appui à la Protection Sociale (FAPS)**. The composition of the fund (and its funding sources) still needs to be fully identified.

Despite the efforts to put in place a superstructure to oversee the implementation of social protection policies, the persistently low budget shows an overall disregard of this policy area by the government, an opinion shared by several of the interviewees. These also pointed out how the new organisational structure is not able to fulfil its mandate of guidance and coordination because of a low budget and no clear recognition of its authority by the other line ministries involved. Advocacy efforts at this point should mostly be focused towards the funding of the social protection policy along the lines of the "*Document de Politique Nationale de Protection Sociale*" that remains to date mostly unimplemented.

The Legislative

The Parliament is composed of the **National Assembly** and the **Senate**. The two chambers vote the Budget Law transmitted by the Council of Ministers, can propose amendments to the Law via their Budget Commissions (*Commission des Comptes Publiques et des Finances*) and are supported in their scrutiny role by the Court of Accounts (see below). They also scrutinize and vote the Budget Discharge and are entitled to receive trimestral budgetary reports from the Ministry of Finance.

The number and quality of the amendments and clarifications requested by the Parliament can be easily assessed since both chambers publish them on their websites. In general, these are small in number and very general. The Finance Minister does not provide very detailed or technical answers to the clarifications either, keeping the reasons underlying the decisions on the allocations pretty blurred, as shown in the box⁸.

The Budget Commissions have been capable, before the 2010 legislature, to force some amendments into the Draft Budget, despite an overall lack of capacity and of time, (the Draft Budget usually arrives to the Parliament one month or less before the approval deadline). However, several

⁷ The SEP was created by Decree in 2013 and started functioning in January 2014. The idea of creating a SEP came only after the Commission on Social Protection was instituted in 2012, due to pressures made to have a coordinating organ.

⁸ The clarification was retrieved from the website of the Assemblée Nationale, under the heading Budget Analysis and Adoption <http://www.assemblee.bi/Analyse-et-adoption-du-Projet-de.815>.

interviewees noted that the new intake of elected members is for the most part made up of unexperienced people that never held office before and that lack the capacity to understand the budget documents and to propose meaningful amendments. Also, according to the last PEFA assessment, the way the Draft Budget is presented is challenging even for public finance experts.

During the vote on the Draft Budget, the Parliament has historically been entitled the decision on a small investment budget, the amount of which is preset by the Ministry of Finance. Usually this budget has been invested in some flagship (or “electoral”, as an interviewee has put it) local community investments, such as the paving of a local road or the building of a school or medical facility.

The Court of Accounts

The **Court of Accounts** (*Cour des Comptes*) provides an opinion on the Budget Law and on the Budget Discharge. The Court is also tasked with a support role to the Parliament during its examination of the Budget Law proposed by the Council of Ministers. The Court of Accounts opinions are not binding and only the opinion on the Draft Budget is mandatory (i.e. the Government can present an Amending Budget Law without consulting the Court of Accounts).

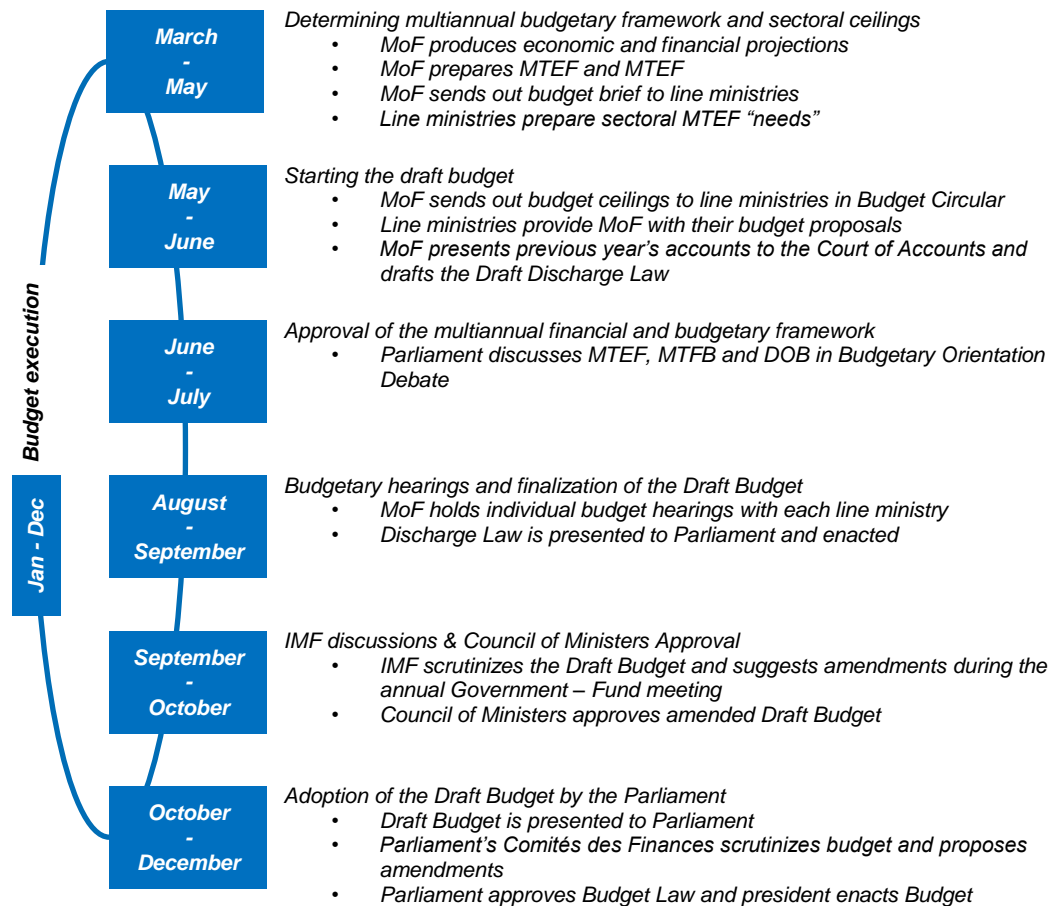
According to an interviewee, the quality of the Court of Account’s reporting and scrutiny massively deteriorated in the last 10 years. For instance, whilst Chad was introducing its own Court of Accounts in 2006, Burundi was considered as a best practice in the francophone system. Now most of the interviewees doubt its capacity to stand against the government and to back the Parliament. Two reasons are put forward; the average age of the staff is around 35 years old and by law the staff is rotated every 18 months. Therefore, not only lacks the Court experienced and senior members but it also lacks the time to train the incoming staff and keep the same level of capacity over the years.

1.3.4 The structure of the budgeting process

The budget calendar is outlined in the 2012 Decree on Budgetary Governance. The budget cycle is not a stand-alone process and it unfolds every year once the medium term budgetary documents have been updated. It is also naturally interspersed with phases relative to the budget execution and the budgetary discharge of the previous years. Among the phases related to the budget execution, the enactment of the budget amendments is of particular importance since it has regularly impacted on the yearly revision of the MTEF/MTBF and thus on the preparation of the yearly Budget Brief (which is delayed until the budget amendments have passed, shifting the following phases later in the year). The budget calendar as defined in the *Loi organique des Finances Publiques of 2008*⁹ is illustrated in Figure 3 below.

⁹ Loi organique des finances publiques N I/35 du 4 décembre 2008.

Figure 3 Budget calendar in Burundi



End of March - End of April

Determining the multiannual budgetary framework: Nine and a half months before the beginning of the financial year (January, 1st), the Ministry of Finance produces its economic and financial projections. Based on these projections, the Ministry of Finance prepares a MTEF and a MTBF that are then approved by the Council of Ministers, eight months before the beginning of the financial year at the latest. In the eight days following the approval of the MTEF/MTBF, the *Document d'Orientation Budgétaire* (including the Budget Brief) is sent by the Ministry of Finance to the line ministries to update their own sectoral MTEF.



May

Determining the multiannual sectoral ceilings: This sectoral MTEF, referred to as MTEF "needs", are prepared by the line ministries under the coordination of the *Comité National de Coordination des Aides (CNCA)*. The MTEF "needs" are then discussed by the Ministry of Finance and the line ministries during special hearings held during which they are adjusted to the overall MTEF.

Entry Points and Opportunities for advocacy

This is the early phase of the budget process and it is fundamental in ensuring that the ministries (and sectors) receive a sizeable enough envelope for the following year. However, the preparation of the MTEF "needs," offer no sizeable opportunity. The yearly ceilings of the MTEF "needs" are not in line with those in the DOB and in the central MTEF and they undergo a significant adjustment during the budgetary hearings. The PEFA notes how the misalignment between these documents is also never justified by the line ministry nor does it stem from a divergence between the sectoral strategy and the CLSP II used to draft the central MTEF.

The key entry point here is thus at the earliest stage of preparation, when the DOB and the MTEF/MTBF are drafted. The most important actor in this phase is the **Comité permanent de cadrage macroéconomique et budgétaire**. This body is composed of members from several different other institutions, most notably the Ministry of Finance, the Central Bank, the ISTEEDU and the SP/REFES (which suggests **a strong steering influence from the Second Vice-Presidency**). The documents have to be approved by the Council of Ministers, but this is viewed as too high a body to make it a good advocacy focus.

Social protection

In this phase, there is no specific entry point in order to uphold child-friendly expenditures in the social sector. As for every other line ministry, the drafting of the MTEF “needs” presented by the Ministry of Human Rights, Social Protection and Gender does not offer a good chance to advocate for higher spending since it will nevertheless be readjusted by the Ministry of Finance during the hearings. Concentrating the efforts at the level of the **Comité permanent de cadrage macroéconomique et budgétaire** to secure a heavier multiannual envelope is therefore the preferred option.



May -
June

Starting the Draft Budget: Following the update of the MTEF/MTBF, the Ministry of Finance sends out the Budget Circular to the line ministries detailing the yearly ceilings that have to be respected. Six and a half months before the beginning of the financial year, the line ministries provide the Ministry of Finance with their budget proposals. The Ministry of Finance presents the accounts for the financial year closed in January to the Court of Accounts and drafts the Draft Discharge Law.

Entry Points and Opportunities for advocacy

There is no formal entry point during this phase. However, advocacy and technical assistance efforts can be made at ministerial level to steer the composition of the sectoral draft budget that will be sent to the Ministry of Finance. This holds also for child-friendly expenditures in the **social sector**. Efforts to better prioritize the expenditures in the sectoral draft budget through advocacy and technical assistance might increase the chances of securing the requested resources during the hearings.



June -
July

Approval of the multiannual financial and budgetary framework: Six months before the beginning of the financial year at the latest, the versions of the MTEF and MTBF and DOB as approved by the Council of Ministers, are discussed by the Parliament as part of the Budgetary Orientation Debate. The Parliament cannot amend the documents but can ask for clarifications.

Entry Points and Opportunities for advocacy

The entry point for this phase would be the Orientation Debate; however, since the Parliament can discuss but not amend, there is little opportunity for actual advocacy. An effort could however be made to **spread awareness among the members of the Parliament** on important key issues, in preparation for the discussion and vote on the Draft Budget Law later in the year. Increasing awareness **on the financial needs of social protection policies** among the members of the Budget Committee in preparation and in the wake of the Budgetary Orientation Debate could prove effective in preparing the discussion on the Draft Budget later in the year.

Delays

Historically the discussion on the MTEF and the publication of the Budget Brief are postponed to July to take into account variations triggered by the approval of the Budget Amendment Law. This shifts the whole budget process by one or two months and this delay is usually absorbed later in the year by reducing the timespan granted to the Parliament to analyse the Draft Budget Law.



**August -
September**

Budgetary hearings and finalization of the Draft Budget: A ministerial implementing order details the dates for the budgetary hearings between each line ministry and the Ministry of Finance. They are usually held in August, once the MTEF and MTBF have been discussed by the Parliament and the Budget Brief sent. The Draft Discharge Law is presented to the Parliament and then enacted. The comments of the Court of Accounts are also published.

Entry Points and Opportunities for advocacy

The hearings are chaired by a President and a Secretary appointed by Ministry of Finance that change every year. The line ministries usually send their Permanent Secretary as a counterpart. At this moment, there is no space to modify the ceilings as set in the Budget Brief. However, minor adjustments can still be proposed, in particular in terms of expenditures that the line ministry wants to prioritize. In this framework, several interviewees suggested to identify and to train the **permanent staff in both the Ministry of Finance (line officers) and the line ministries** that is tasked with the preparation of the hearings. This would enable the line ministries to better prioritize their needs and help the Ministry of Finance to be more receptive of the needs of the line ministries. Also, **capacity building of permanent staff** could help bypass the misalignment between the sector strategies (or PAP, *Plan d'Action Prioritaire*) that are declined by programs and the sector budgets that are not yet program-based.

Social protection

The sectoral budget for the social sector is drafted and defended by the Ministry of Human Rights, Social Protection and Gender. As mentioned, social protection was not part of the portfolio of this ministry until 2015. Several interviewees reported that the Ministry is understaffed and the staff allocated in the relevant directorates was never supported by technical assistance projects funded by the donors like in the case of the Ministries of Health, Education or Agriculture. It is therefore paramount to prepare the concerned staff for the hearings, so that the priorities in terms of financing social protection policies could be clearly defined in the sectoral draft budget and upheld during the hearings.



**September
- October**

IMF discussions & Council of Ministers Approval: Since Burundi is part of an IMF program, once finalized the Draft Budget is scrutinized by the Fund and amendments are made during the yearly Government-Fund meeting in September. The Fund Resident Representative acts as an interface between the Fund staff in Washington and the Government in Bujumbura. The Ministry of Finance represents the Government. Once the negotiations are finalized, the Council of Ministers receives the amended Draft Budget and approves it.

Entry Points and Opportunities for advocacy

This is the last moment in which the budget can undergo a relevant modification. The negotiations with **the Fund** focus on how to increase the macro-financial stability of the country rather than on specific investments or sectoral prioritizations. In this framework, it would be useful to directly discuss with the Fund's Representative in the country **to maintain the level of social protection** against potential downward adjustments. Also, efforts to support capacity building measures in the Ministry of Finance would enable the staff from the Ministry to better uphold the budgetary choices and reduce the adjustments.



October -
December

Adoption of the Draft Budget by the Parliament: the first Monday occurring three months before the start of the fiscal year at the latest, the Draft Budget has to be presented to the Parliament. In the following fifteen days, the Draft Budget is also presented to the Court of Accounts. The Parliament's *Comités des Finances* can propose amendments and the body has until the end of December to approve the Budget Law. The Minister of Finance can accept or reject the amendments. Once voted by the two chambers, the Budget is enacted by the President.

Entry Points and Opportunities for advocacy

Many interviewees pointed out that the Parliament does not provide a good entry point to amend the budget since the 2010 legislature. This is mainly due to the lack of capacity of the Parliament's staff, the lack of time to discuss the Draft Budget Law in-depth and the lack of support from the Court of Accounts (which in turn lacks capacity and time). This combination determines a **general weakness of the legislative and of the oversight functions** in the budget process in Burundi. As in the case of the budgetary hearings at ministerial level, advocacy efforts need to be coupled with **technical assistance to build capacity**, at least at the level of **the Budget Committee**.

Social protection

The combination of capacity building and advocacy efforts as described above is needed in particular for advancing the social protection agenda, for this did not benefit of continued donor support in the past 15 years and is less "popular" amongst the elected representatives. Possible entry points in the Parliament itself, other than the members of the Budget Committee, could be the members of the **Committee on Social Affairs**, naturally in charge of the social protection matters. Advocacy efforts to persuade the members of the committee could be carried out together with the help of the Permanent Secretariat on Social Protection.

Delays

The Budget Law has to be enacted before December, 31st in accordance with the Constitution. However, the Draft Budget has never been presented to the Parliament before the last week of November in the past five years. This fact highlights the low level of influence of the legislative in the budget process. Even if the Parliament decided to refuse voting the Draft Budget into law, the Government would still be able to force the adoption of a new Draft Budget at the beginning of the following year, de facto eliminating any possible resistance from the legislative branch.

Budget Execution

As of January 1st of each year, the Budget Law as enacted by the President starts being executed. Revenue collection and expenditures for service delivery are the two parallel facets of this phase. The availability of the planned resources for the year is followed through a Treasury Plan. This is included in the Budget Law and covers the whole year month by month. However, the Ministry of Finance lacks a tool to update the Treasury Plan during the fiscal year, as the revenues flow in and the revenue forecasts change. Hence, despite the presence of a treasury planning, the system is de facto cash-based. The *Comité de Trésorerie* meets up weekly to assess the available resources and distribute them according to the priorities. This committee is composed by representatives from the DG's of the Ministry of Finances, the commissioners from the revenue authority (OBR) and the Central Bank (BRB).

Formally, it is by decree of the Ministry of Finance that the line ministries are authorized to engage the resources. There are expenditure engagement thresholds in place, set by the Ministry of Finance in the SIGEFI and aligned to the legal provisions. However, they are not binding due to the resource management process highlighted above. According to the latest PEFA assessment and to some

interviewees, resources are adjusted and reallocated all year long and the entity of the reallocation depends on the negotiating ability of the *questionnaires de crédit* (the officers in each ministry that are entitled to issue the payment orders) in charge to renegotiate them. According to another source, among the *gestionnaires*, most influential are the *contrôleurs des engagements des dépenses (CED)*. These are composed by staff from the Ministry of Finance and are assigned to each line ministry to act as financial directors. The CED are part of an answer to the *Direction des Contrôles Financiers*.

As mentioned above, following particular changes in the policy priorities or in the economic situation of the country, the government can also propose to the Parliament Amending Budget Laws, in which revenues and expenditures are adjusted. This process is similar to the drafting of the Budget Law in terms of steps and actors involved.

Entry Points and Opportunities for advocacy

The Ministry of Finance plays a central role in the budget execution through the *Comité de Trésorerie*, via the *Direction du Trésor*, and through the CED. It is therefore towards this ministry that the advocacy efforts have to be concentrated. It is important in this framework to act on the CED of the relevant ministries and encourage them to follow-up of the execution of the child-friendly budget. Active CED will increase the pressure on the *Comité de Trésorerie* to consider child-friendly expenditures as priority during the weekly meetings and improve the execution level for these parts of the budget.

In parallel to the advocacy efforts at the level of the Ministry of Finance and of the *gestionnaires* to guaranty that the resources are made available, it is paramount that the line ministries are capable of spending the said resources. In this respect, efforts have to be made to strengthen the implementation and prioritization capacities of the line ministries.

1.3.5 Opportunities for advocacy during the budget process

The chapter above already suggested opportunities for advocacy arising in particular phases of the budget process and indicates the entry points per each phase. It also indicates in several instances how the needs of improvement in Burundi's public finance management determine a need to support most of the actors before they can become effective entry points. These are as follows the:

- Members from the targeted line ministries that will follow the preparation of the sectoral contributions to the MTEF and the Draft Budget;
- Members of the Parliament's Budget Committee;
- Members of the Court of Accounts.

However, there are also a few opportunities for direct advocacy efforts at decision-making level. The key actors that should be reached out are the:

- Members from the Ministry of Finance and the SP/REFES that take part to the *Comité permanent de cadrage macroéconomique et budgétaire*;
- Staff of the International Monetary Fund that will participate in the budget negotiations.

Several interviewees also pointed out that, despite not having a stated role in the budget process, the *Cellule d'Appui chargée du Suivi des Réformes (CASR)* is the most influential and technically capable actor in the Ministry of Finance. The same interviewees suggested that the Directorate General for Budget and Planning is merely an executing body and that, except for the creation of line officers, no real advocacy effort should be spent at that level. Ideally, advocacy efforts directed at the CASR would help ensure support for UNICEF's policy priorities at decision-making level and the presence of line officers would help the line ministries better prioritize and defend their choices during the budget preparation and the hearings.

Once the Budget Law is approved, advocacy opportunities open up during the execution of the budget. The key actors involved in this phase are:

- The members of the *Comité de Trésorerie*, in particular those from the Ministry of Finance, since they decide weekly on which priorities will receive coverage for their expenditures;
- The *gestionnaires de crédit* and the *contrôleurs des engagements des dépenses* that engage constantly on the negotiations on the needs of the line ministry and the availability of resources at the ministry of finance.

A further opportunity for advocacy is provided by the incoming Poverty Reduction Strategy Plan for the period 2018-2022. This strategy would be the third PRSP document Burundi has adopted, but the government suggested it could be part of a broader “Ten-year Plan”. Ideally, with the PRSP II expiring in 2015, the Ten-year Plan would have provided a bridge towards the existing Vision 2025. The drafting of the new Strategy was however postponed because of the events of 2015 and 2016. It remains unclear whether and when the government will embark in the drafting of the new Strategy, but that would be a key opportunity for advocacy. Having established good contacts with the members of the SP/REFES could prove an asset in trying to persuade the government to strengthen the commitments towards UNICEF’s priority sectors in the Strategy.

In terms of **social protection**, a special entry point is given by the yearly meeting of the **Conseil de la Protection Sociale**, chaired by the President of the Republic itself. During this meeting, the 11 involved ministries convene to determine the way forward on social protection policies in Burundi. Despite being a strictly “political” meeting that allows only a superficial discussion, it represents a major opportunity to put forward UNICEF’s priorities and proposals in terms of social protection, through the *Secrétariat Permanent de la Protection Sociale*.

1.4 The impact of the political crisis on the budget process

This chapter describes the impact of the political crisis on the budget process. The crisis disrupted the normal budget process during the execution of fiscal year 2015 and this anomaly protracted until the execution of the 2016 Budget Law. The first section describes the events of mid-2015 and the thwarted budget process that brought to approve the 2016 Budget Law. A second section discusses the ongoing budget process that is preparing fiscal year 2017. A final section draws some conclusion on the long-lasting impact of the 2015 and 2016 events focusing on the variation of the power dynamics and on the effects on the technical capacity of the involved actors.

1.4.1 Budget execution in 2015 and 2016 Budget Law

The first signs of the economic crisis arose following the escalation of the political tension caused by the decision of the President to run for a third mandate and the worsening of the security situation in the country. The scenario dramatically worsened with attempted coup d’état and the repression that followed provoking a spike in the number of internally displaced people as well as political refugees. The reaction of the international community to the increase in government-sponsored violence and breaching of human rights was to freeze the aid directly channelled to the Burundi administration. Although the freezing did not become effective rapidly, it was already clear that the grant inflow would cease in autumn 2015.

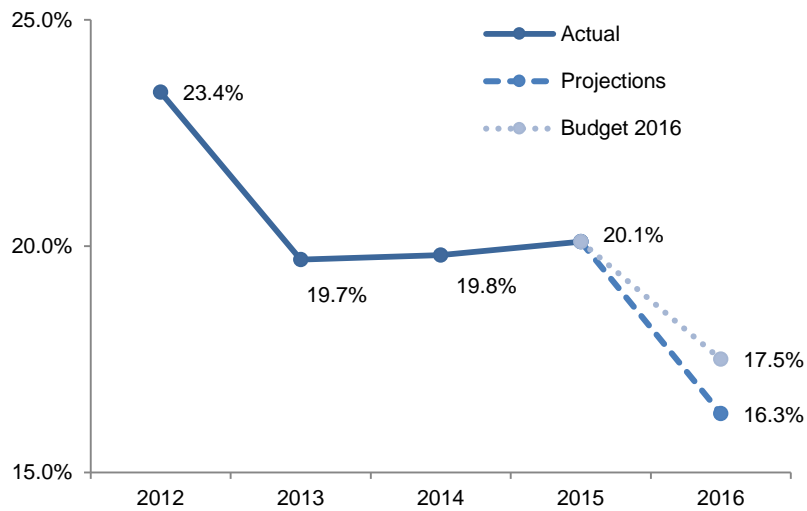
Amending Budget 2015, an “emergency budget”

There are two interesting features of the Amending Budget 2015; first of all, the Draft Amending Budget and the Amending Budget Law were never published. Secondly, and most interestingly, according to the interviewees, it was never voted nor did it go through the usual process of

consultation with the line ministries. The Amending Budget Law was drafted by the Ministry of Finance under the indications from the Presidency and was directly enacted.

The rationale underlying the Amending Budget Law was to simply cleanse the external contributions from the previously voted budget reducing the revenues pro-quota. However, this formula was not applied evenly through the different ministries. As shown in Figure 4, the level of recurrent expenditures as a percentage of GDP rose compared to 2014 (and to the Budget Law 2015) due to an increase in the security-related budget. This is the only increase made in an amending exercise made of cuts.

Figure 4 Other Expenditures as percentage of GDP

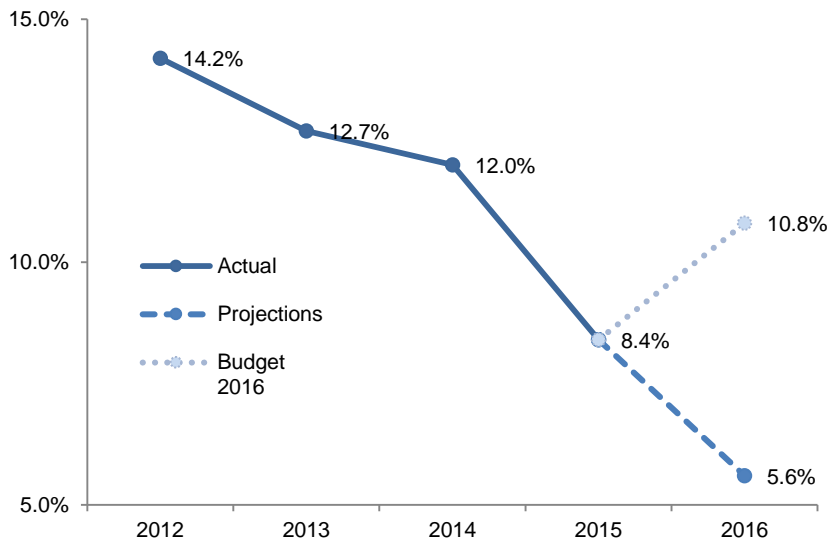


Source: IMF Data and estimates.

The government justified this increase with the worsening security situation, citing the activity of rebel groups and the storming of the army barracks in Bujumbura as clear evidence of an ongoing attempt to overthrow the government that would require increasing investments for the security forces. Two interviewees suggested that only a minimal part of the increase actually translate in means for the security forces, whilst the rest vanished

Following the Amending Budget, the line ministries not involved in security issues faced linear cuts that markedly reduce their capital expenditures budgets. Figure 5 below shows the magnitude of the cuts in terms of capital expenditure.

Figure 5 Capital expenditure as percentage of GDP



Source: IMF Data and estimates.

Budget Law 2016, an “austerity budget”

The same procedure followed for amending the Budget Law 2015 was followed for Budget Law 2016. The ministries were not consulted and the Ministry of Finance prepared a Draft Budget that was then pushed through the Parliament. Since the IMF had officially stopped the programme, the usual September consultation was skipped. According to several interviewees, the Court of Accounts did not receive the Draft Budget for comments.

The logic underlying Budget Law 2016 naturally follows from the Amending Budget 2015. Given the uncertainty on the future levels of international grants, the Ministry of Finance simply projected the percentage of reduction of the revenues applied for the Amending Budget 2015. The effect on the 2016 budget was therefore similar. A further element of disruption in the budget process was the postponement of the Discharge Law for 2014. This was presented to the Parliament and the Court of Accounts only in October 2016.

1.4.2 Budget Law 2017: the new normal

After the turbulent closure of the fiscal year 2015 and the preparation of the fiscal year 2016, the government opted for a return to a regular, fully-fledged budget procedure. To date, there has been no significant deviation from the calendar described in section 1.3.4. In line with the usual delays, the Parliament has not yet received the Draft Budget that was however already approved by the Council of Ministers in the second week of November. Despite the return to the procedural norm, it becomes clear from the interviews that the significant disruptions that occurred during the previous period permanently altered the power dynamics in the budget process.

1.4.3 Impact of the political crisis on the main actors of the budget cycle

The main result of the political crisis in terms of decision making power was a recentralization at the highest levels of the executive of budgetary decisions that could previously be taken or influenced at ministerial level. These powers were not decentralized anymore, even during the “newly normal” 2017 budget process. The interviewees all agree that the power balance is not likely to shift back anytime soon.

In this scenario, the Ministry of Finance kept its central role of drafter of the budget documents and of technical focal point. However, the influence exerted by organs like the *Comité permanent de cadrage macroéconomique et budgétaire*, the *Comité National de Coordination des Aides (CNCA)* and the *Cellule d'Appui chargée du Suivi des Réformes (CASR)* described in section 1.3.4 completely faded. One of the interviewees described the budget process for the fiscal year 2016 as a “copy pasting exercise” in which no effort was required at the level of the Ministry of Finance. The Ministry was simply given the instructions and the values for the ceilings by “someone above even the Minister”. Another interviewee suggested how such a process actually halted all the reforming efforts made at ministerial level and provoked frustration among the more technically skilled staff. The departure of donors left a void in the technical capacity of the few strong line ministries. The recentralization of the decision-making above the ministerial level stripped the few capable and committed bodies of both the motivation and the opportunity to influence and improve the budget process.

The Parliament and the Court of Accounts, already pretty weak in their respective roles in the budget process, were totally side-lined during the crisis and are now even weaker. The process of weakening of the Parliament was accelerated rather than caused by the crisis. As pointed out in section 1.3.3, already since the legislative elections of 2010 its capacity of analysing and amending the budget law was diminishing. Several interviewees suggested that the ruling party willingly selected inexperienced candidates to weaken the legislative and indirectly strengthen the executive. This strategy continued during the 2015 electoral campaign and, coupled with the many defections of experienced parliamentarians that went into exile, resulted in an even less capable Parliament.

The Court of Accounts was not directly weakened by any government action; however, it was ignored during the 2015 amendment process and was not allowed to validate the 2014 accounts until 2016. This disregard of the Court and breach of the Constitutional provision was made easier by the existing limitations described in section 1.3.3 that hamper the building of technical capacity and experience in the Court and ultimately its capacity to challenge the executive.

The winners of this process of recentralization of powers are the two vice-presidencies and the Presidency. The interviewees agree that the strengthening of the presidential rule that is so blatant in terms of persecution of the opposition and reduction of the civil liberties is also felt inside the administration. The President managed to effectively hollow out the democratic institutions making them weak and incapable of fulfilling their constitutional roles, and this is especially true in the budget process.

In terms of opportunities for advocacy, the current situation implies the total closure of the entry points at ministerial and technical level. The capacity to influence the budget process and the prioritization of the expenditures is not anymore ensured through a participative approach. All the major decisions are taken *à huis clos* and then transmitted to the Council of Ministers and the administration. The interviewees agree that there are only three power centres left in the process, the two vice-presidencies and the President's Cabinet. Given the level and weight of the actors, the advocacy efforts can only be political. This issue is further discussed in chapter 1.5.

1.5 Conclusions

The ongoing economic and political crisis in Burundi disrupted the power dynamics previously in place in the budget process. Decision making powers were concentrated around the Presidency and the two vice-presidencies. As a result, most of the actors that used to wield a significant or partial influence in the said process are not as influent anymore. This is true in particular at the level of the

Ministry of Finance. It is unclear for how long such a situation will last, however it is possible for UNICEF to take actions. This section lists a number of interventions that UNICEF could carry out in these peculiar circumstances and that would be even more effective in the case of a return to a normal political, economic and security situation.

Opportunities for advocacy

In a situation of hollowing out of the institutions and of their progressive and likely technical regression it is important to create pockets of professionalism and capacity that would survive the ongoing crisis and ensure the capacity of the administration to quickly get back on track once the political situation will improve. This would also help avoiding that the most qualified leave their posts causing a “*brain drain*”. At the same time, strengthened institutions will be more receptive towards the advocacy efforts of UNICEF and will wield more capacity to influence the budget process than technically incapable ones. The modalities of support can differ and offer a range of advocacy opportunities that are discussed in the following paragraphs.

Comprehensive public finance management reforms

Despite the crisis, reforming actions driven by the World Bank, like the *Projet de renforcement des capacités institutionnelles pour l'efficacité gouvernementale* (PRCIEG) are ongoing. This project in particular aims at strengthening public expenditures management and oversight in the coming five years for a total budget of USD22 million. Projects such as the PRCIEG provide a good temporary solution that could convince officials to stay and increase the technical capacity at ministerial level. Also, putting an accent on the management and oversight of the expenditures it could further empower the *contrôleurs des engagements des dépenses* (CED) and their capacity to track the expenditures and establish the priorities for their line ministries, hence strengthening them.

Strengthening the link between target line ministries and the Ministry of Finance

A number of interviewees pointed out that during the budget preparation and execution, a key factor of success for a ministry in securing and spending its own budget is its capacity to exchange with the Ministry of Finance. Capacity is needed at the level of the line ministries to understand how to prioritize the expenditures and the investments according to the strategy in place. The work done by many donors with the ministries of Health, Education and Agriculture proved this to be a good approach. During execution, advocacy efforts have to concentrate on the CED of the target line ministry that can act as a direct interface to the Ministry of Finance and to the *Comité de Trésorerie*.

Strengthening the capacity of the Court of Accounts and of the Parliament

The Parliament and the Court of Accounts, the institutions that are tasked with the oversight of the budget and of the action of the government, are particularly weak in Burundi. Despite the several entry points, they can provide in the budget process, they need technical support and capacity building before they can become effective advocates of child-friendly expenditures. The Parliament, with its amending power and its own limited budget, could make a substantial difference and modify the Draft Budget Law along child-friendly lines. However, to be able to do so, it needs to be supported to obtain the necessary technical capacity to understand the Draft Budget and its implication and to propose meaningful amendments. This support should be focused on the Budget Committee and the Budget Office, as it would be more effective than dispersing the capacity building effort through the whole Parliament. Also, this would provide a new entry point for advocacy efforts.

Strengthening the capacity of the Secrétariat Permanent de la Protection Sociale

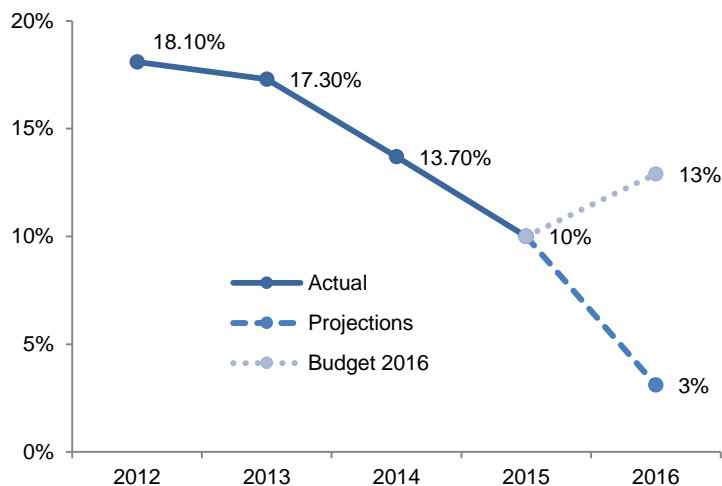
Capacity building and technical support are also much needed for the actors involved in social protection. In particular, the Permanent Secretariat on Social Protection is deprived of budget and capacities to carry out its activities of coordination and stirring of the Social Protection Strategy and agenda. This is an issue since the Permanent Secretariat has the advantage of sitting down yearly

with the President and illustrate the way forward in the sector, the highest-level entry point. Of course, the nature of the meeting is eminently political and the discussion never technical, yet it offers a good platform to clearly highlight the priorities and needs of social protection. Supporting the Permanent Secretariat in identifying the priorities, refining its strategy and defending its budget (via the Ministry of Human Rights) will therefore provide a very relevant entry point to influence the policy making in social protection. Currently, UNICEF is already very active and engages in the activities of the Permanent Secretariat, providing some support, for instance in the definition of a logframe for the Strategy. Stepping up this kind of efforts will improve UNICEF's advocacy chances.

Engaging with the major donors

Together with the economic downturn, at the heart of Burundi's budget crisis is the marked reduction in the direct support offered by the donors. As shown in Figure 4, the value of foreign grants as percentage of Burundi's GDP decreased from 18.1 per cent in 2012 to 10 per cent in 2015 and it is likely to have decreased further. This had a sizeable impact on the state's budget and a return of donor funding is seen by most of the interviewees as a necessary condition for the country's recovery. In this respect, UNICEF should engage with the main bilateral donors that are currently withholding their contributions (namely the European Union, Belgium, Germany, the Netherlands and France) to guarantee a return to the previous levels of support.

Figure 6 Foreign grants as percentage of GDP



Source: IMF Data and estimates.

This is a hard task. During the interviews held with representatives from the bilateral donors, it was made clear that without a major political change, most of the bilaterals would refuse to engage again with the Government of Burundi. Also, several interviewees pointed out that the likelihood of a return of the International Monetary Fund to the country was very limited, despite the continuous talks held with the Government and the meeting held in Geneva in November 2016.

Annex A – List of people interviewed

Name	Organisation	Role	Day
Dr. Sophie Léonard	UNICEF	Deputy Representative	22/11/2016
Mark Belliveau	UNDSS	Security Officer	22/11/2016
Nicoletta Feruglio	The World Bank	Senior Specialist PFM	23/11/2016
Aurélien Boko	The World Bank	Country Economist	24/11/2016
Claver Kabuhungu	Concern International	Programme Coordinator	23/11/2016
Philippe Rougier	Concern International	Country Director	23/11/2016
Joel Tokindang	The African Development Bank	Principal Economist	25/11/2016
Hercule Yemuremye	The African Development Bank	Senior Social Development Specialist	25/11/2016
Dr. Martinus Desmet	Belgian Ministry of Foreign Affairs	Head of Cooperation	26/11/2016
Michel Nyabenda	Commission Nationale de Protection Sociale	Permanent Executive Secretary	28/11/2016
Anne-Claude Pernoud¹⁰	Delegation of the European Union	PFM Expert	15/11/2016

¹⁰ The interview took place in Brussels after the mission.

Annex B – List of relevant legislation

Budgetary relevant legislation

- La loi n°1/002 du 31 mars 2004 portant création, missions et organisation de la Cour des comptes ;
- Loi n°1/01 du 04 février 2008 portant code des marchés publics ;
- Loi n°1/35 du 04 décembre 2008, loi organique des finances publiques ;
- Loi n°1/11 du 14 juillet 2009 portant création, organisation et fonctionnement de l'Office Burundais des Recettes ;
- Loi n° 1/23 du 24 septembre 2009 déterminant les avantages fiscaux prévus par la loi du 1/24 du 10 septembre 2008 ;
- La loi N° 1 du 24 janvier 2013 relative aux impôts sur le revenu ;
- relative aux finances publiques ;
- Loi n° 1 / 12 du 29 juillet 2013 portant Révision de la Loi n° 1 / 02 du 17 février 2009 portant Institution de la Taxe sur la Valeur Ajoutée "TVA" ;
- Loi n°1/18 du 06 septembre 2013 portant sur les procédures fiscales ;
- Le Code général des impôts ;
- Décret 100/205 du 24 juillet 2012 portant sur la gouvernance budgétaire ;
- Décret 100/323 du 27 décembre 2011 portant structure et missions du gouvernement ;
- - Ordonnance Ministérielle n° 540/1210 du 10 Août 2010 portant sur la nomenclature du budget de l'Etat harmonisée avec le plan comptable de l'Etat ;
- La convention entre l'Etat et la Banque de République du Burundi portant sur la fonction du caissier de l'Etat de mars 2010 ;
- Plan comptable national révisé du Burundi, édition 2012 ;
- Ordonnance Ministérielle n° 540/1950/6/12/2012 portant institution du manuel d'exécution de la dépense publique ;
- Ordonnance Ministérielle n° 540/1302 du 31 juillet 2012 portant fixation des attributions, des règles de fonctionnement et de l'organisation du contrôle des engagements des dépenses ;
- Ordonnance Ministérielle n°540/1756/2012 portant création et organisation des services centraux du Ministère et de la Planification du Développement économique.

