

Document of
The World Bank

Report No. 122549-BI

REPUBLIC OF BURUNDI

ADDRESSING FRAGILITY AND DEMOGRAPHIC CHALLENGES
TO REDUCE POVERTY AND BOOST SUSTAINABLE GROWTH

SYSTEMATIC COUNTRY DIAGNOSTIC

June 15, 2018

International Development Association
Country Department AFCW3
Africa Region

International Finance Corporation (IFC)
Sub-Saharan Africa Department

Multilateral Investment Guarantee Agency (MIGA)
Sub-Saharan Africa Department



BURUNDI - GOVERNMENT FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of December 2016)

Currency Unit = Burundi Franc (BIF)

US\$1.00 = BIF 1,677

ABBREVIATIONS AND ACRONYMS

ACLED	Armed Conflict Location and Event Data Project
AfDB	African Development Bank
BMM	Burundi Musangati Mining
CE	Cereal Equivalent
CFSVA	Comprehensive Food Security and Vulnerability Assessment
CNDD-FDD	<i>Conseil National Pour la Défense de la Démocratie-Forces pour la Défense de la Démocratie</i> (National Council for the Defense of Democracy-Forces for the Defense of Democracy)
CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
DHS	Demographic and Health Survey
EAC	East African Community
ECVMB	<i>Enquête sur les Conditions de Vie des Menages au Burundi</i> (Survey on Household Living Conditions in Burundi)
ENAB	<i>Enquête Nationale Agricole du Burundi</i> (National Agricultural Survey of Burundi)
FCS	Fragile and conflict-affected situations
FDI	Foreign Direct Investment
FNL	<i>Forces Nationales de Libération</i> (National Liberation Forces)
FRODEBU	<i>Front pour la Démocratie au Burundi</i> (Front for Democracy in Burundi)
GDP	Gross Domestic Product
GHI	Global Hunger Index
GOB	Government of Burundi
HDI	Human Development Index
IDP	Internally Displaced Person
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
ISTEEBU	<i>Institut de Statistiques et d'Etudes Economiques du Burundi</i> (Burundi Institute of Statistics and Economic Studies)
LFS	Labor Force Survey
LIC	Low-Income Country
MDG	Millennium Development Goal
MICS	Multiple Indicator Cluster Survey
MIS	Malaria Indicator Survey

MSD	Movement for Solidarity and Democracy
MSMEs	Micro, Small and Medium Enterprises
ND-GAIN	Notre Dame Global Adaptation Initiative
NGO	Nongovernmental Organization
NPL	Nonperforming Loan
OBR	<i>Office Burundais des Recettes</i> (Burundian Revenue Office)
ODA	Official Development Assistance
PFM	Public Financial Management
PKO	Peacekeeping Operation
PMS	<i>Enquête Ménage pour le Suivi et l'Evaluation de l'Impact de l'Appui au Système de Remboursement du Paquet Minimum de Santé au Burundi</i> (Minimum Package of Health Services)
PPP	Purchasing Power Parity
QER	Quality Enhancement Review
QUIBB	<i>Questionnaire des Indicateurs de Base du Bien-être</i> (Basic Well-Being Indicator Questionnaire)
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SSA	Sub-Saharan Africa
TFP	Total Factor Productivity
UN	United Nations
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UPRONA	<i>Union pour le Progrès National</i> (Union for National Progress)
WDI	World Development Indicators
WDR	World Development Report
WGI	Worldwide Governance Indicators

	IDA	IFC	MIGA
Vice President:	Makhtar Diop	Snezana Stoiljkovic	Keiko Honda
Director:	Bella Bird	Cheikh Oumar Seydi	Merli Baroudi
Manager:	Pierella Paci	Manuel Moses	Sarvesh Suri
Task Team Leader:	Pierella Paci		Conor Healy

ACKNOWLEDGEMENTS

The Burundi Systematic Country Diagnostic (SCD) was prepared by a joint IBRD/IDA and IFC team led by Pierella Paci (Practice Manager, GPV01) in close collaboration with Mamadou Ndione (Senior Economist, GMF07), Jean-Pascal Nguessa Nganou (Senior Economist, GMF07), Nadia Belhaj Hassine Belghith (Senior Economist, GPV01), Wendy Karamba (Economist, GMF01), and Nestor Coffi (Country Manager, AFMBI). Michele Tuccio and Helena Hwang (Consultants) provided invaluable research assistance and Siele Shifferaw Ketema (GPV07) provided overall assistance to the team.

Members of the team included: Kevin Carey and Aurelien Beko (GMF01), Daniel Kirkwood (AFRGI), Daniella Van Leggelo Padilla (AFREC), Innocent Nsabimana (AFMBI), Chakib Jenane (GFA12), Paola Agostini and Michael Vaislic (GENDR), Catalina Quintero (GCFMR), Verena Maria Fritz (GG)27), Chiara Bronchi and Helene Grandvoinet (GG013), Alain-Desire Karibwami, Ziauddin Hyder, and Moulay Driss Zine Eddine El Idrissi (GHN13), Bénédicte Leroy De La Briere (GCGDR), Giuseppe Zambaglione (GSP07) Jonas Ingemann Parby (GSU10), Megha Mukim (GSU19), Adja Mansora Dahourou (GTC07), Sizwe Mdluli (GFMGP).

The team leader appreciates the guidance and support provided by Bella Bird (Country Director, AFCE1); Preeti Arora (Country Program Coordinator, AFCE1); Pablo Fajnzylber (Practice Manager, GPV01) and Yutaka Yoshino (Program Leader, AFCE1). She is also highly indebted to the many members of the Country Team that provided feedback and advice at different stages in the preparation of this document. This quality of the document was highly enhanced by the comments received by the peer reviewers—Johannes G. Hoogeveen (Lead Economist, GPV07); Nadia Fernanda Piffaretti (Senior Economist, GCFMR); and Raju Singh (Program Leader, LCC8C).

TABLE OF CONTENTS

Executive Summary	vii
1. SETTING THE SCENE.....	1
1.1 Country Context	1
1.2 Benchmarking Burundi’s Progress with Improving Living Standards	5
2. A TALE OF PERSISTENT POVERTY AND SLOW GROWTH.....	7
2.1 The Profile of Poverty and Inequality	7
2.2 Non-monetary Poverty	10
2.3 Growth and Economic Transformation.....	14
2.4 Recent Economic Developments in a Context of Political Conflict	20
3. CONSTRAINTS TO ACHIEVING THE TWIN GOALS	26
3.1 The demographic challenge	27
3.2 Political and Institutional Fragility.....	28
3.2.1 A long-term history of political instability	28
3.2.2 The current political crisis has further stunted progress	30
3.2.3 Governance and institutions.....	31
3.3 Environmental Fragility	32
3.3.1 Climate change.....	33
3.3.2 Environmental degradation.....	34
3.4 Economic Vulnerability	37
3.4.1 Employment centers around subsistence agriculture and the public sector.....	37
3.4.2 High fiscal dependence on ODA	40
4. SETTING POLICY PRIORITIES	43
4.1 A multiphase prioritization framework.....	44
4.2 Urgent Priorities: Mitigate Costs of Crisis and Spearhead Recovery	46
4.2.1 Ensure basic needs are met	47
4.2.2 Renew confidence in government and institutions	48
4.3 Key Medium-term Priorities: Political stabilization, economic recovery and investments in the future	49
4.3.1 Improve governance and consolidate confidence in government and institutions .	50
4.3.2 Invest in the future	54
4.3.3 Foster economic diversification to boost sustainable growth.....	60
REFERENCES.....	65
ANNEXES	70
Annex 1. Summary of in-country and on-line Consultations.....	70
Findings.....	70

Quantitative analysis of stakeholders' consultations.....	72
Online consultation.....	73
Annex 2: Data Diagnostics for the Republic of Burundi	75
Annex 3: Stocktaking of Available Knowledge.....	81
Annex 4: Technical Note on SDG Projections.....	94
Methodology, assumptions, and caveats	94
Annex 5: Selected Macroeconomic Indicators.....	95
Annex 6: Map of Burundi	98

FIGURES

Figure 1. MDG progress and potential SDG outcomes	3
Figure 2. Benchmarking Burundi's poverty headcount against comparators (percentage).....	8
Figure 3. Poverty incidence by geographic area and region (percentage).....	9
Figure 4. Extreme poverty incidence by geographic area and region (percentage).....	9
Figure 5. Shares of income and consumption expenditures by quintile for comparator countries (percentage).....	10
Figure 6. Poverty trends from 2006 to 2013–14 (percentage).....	11
Figure 7. Agricultural (rural) and nonagricultural (urban) growth since 1971	15
Figure 8. Evolution of structure of Burundi's GDP in the last decade	18
Figure 9. Structure of Burundi's growth in the last decade	19
Figure 10. Comparison of TFP of Burundi	20
Figure 11. Economic performance could have been stronger with a performing agricultural sector	21
Figure 12. Burundi faces different aspects of fragility	26
Figure 13. Duration of political regimes since the creation of the republic (number of years)....	28
Figure 14. Number of violent events	29
Figure 15. Number of fatalities.....	29
Figure 16. Governance indicators 2000–2015 (Percentile rank)	32
Figure 17. Burundi's resilience to climate change compared to benchmark countries	34
Figure 18. Land degradation in Burundi by severity classification, 2014.....	35
Figure 19. Land degradation levels (Low, Medium, High, Very High) in Burundi, 2014.....	36
Figure 20. The economic transformation of Burundi in comparison to neighboring countries ...	38
Figure 21. Public wages and salaries (percentage of tax revenue)	40
Figure 22. Foreign aid by funding source (US\$, millions).....	40
Figure 23. Evolution of aid to Burundi.....	42
Figure 24 A Time-sensitive Prioritization Framework.....	44
Figure 25 Process to Identify Main Development Challenges	45
Figure 26. Observed and wanted total fertility rate by wealth quintiles (number of children per woman)	56
Figure 27. Reducing the unmet need and changing the contraception method mix can considerably accelerate the demographic dividend.....	57
Figure 28. Exports of Burundian horticulture, 1987-2002	62
Figure 29 Map of Burundi	98

TABLES

Table 1. Selected countries for peer benchmarking.....	6
Table 2. Literacy (read and write in Kirundi or other languages)	12
Table 3. Benchmarking Burundi with respect to nonmonetary dimensions of well-being	12
Table 4. Trends in access to basic services (percentage).....	14
Table 5. Burundi’s macroeconomic performance, 2000–2014.....	15
Table 6. Selected economic indicators (averages 2007–2016) for selected benchmark countries	17
Table A5.1. Burundi’s episodes of growth and peace/conflicts - Historical perspective	95
Table A5.2. Burundi’s key macroeconomic indicators	96
Table A5.3. Fiscal indicators	97

BOXES

Box 1. Lack of comparable data prevents adequate monitoring of Burundi’s development trajectory	7
Box 2 Educational challenges and achievements	13
Box 3. Low agriculture productivity inhibits sustainable growth and poverty reduction	37
Box 4. Economic transformation is leaving youth and women behind	39
Box 5. Priority 1: Filling the data gap and installing a mindset of evidence-based policy making	43
Box 6. Understanding the nature of Burundi’s medium-term fragility	51

Executive Summary

1. **This document presents the Systematic Country Diagnostic (SCD) for the Republic of Burundi (Burundi).** The SCD identifies the key challenges and opportunities for Burundi to accelerate progress in poverty reduction and shared prosperity in a sustainable manner, while acknowledging (i) the need for selectivity in interventions that foster growth and improve living conditions; and (ii) the many competing ‘binding’ reasons for poverty in Burundi.
2. **Burundi is a densely populated, poor, and highly fragile country that is home to 11 million people.** It is the third most densely populated country in Sub-Saharan Africa (SSA) with an estimated 435 inhabitants per km² in 2015 and its rapidly rising population is expected to double as early as 2040. The population is composed of three ethnic groups: the overwhelming Hutu majority (85 percent of the population), the Tutsi second largest group (14 percent of the population) and a very small Twa minority (1 percent).
3. **It is a young and highly rural country.** With the 7th highest fertility rates in the world, Burundi faces a large youth bulge. Almost half of the population is below the age of 15 and the working-age population accounted for only slightly more than half (52.7 percent) of the total population in 2015. Despite its high population density, Burundi is the least urbanized country in SSA with only 12 percent of the population residing in urban areas in 2014. However, the urban population is growing fast and the share of urban population is projected to double by 2050.

A Tale of Persistent Poverty and Slow Growth

4. **It is one of the poorest countries in the world and lags behind on many human development indicators.** Average per capita consumption is only US\$270 per year, placing Burundi at the bottom of the low-income category. The first and only survey with the level of detail necessary to compile a complete profile of consumption poverty¹ suggests that in 2014 Burundi had the fourth highest rates of extreme poverty in the world. An estimated 72.9 percent of Burundians lived below the international poverty line of US\$1.90 per day, nearly double the average for SSA and for the low-income countries (LICs). In the same year, Burundi ranked 184th out of 188 countries in terms of human development, with a Human Development Index (HDI) value of 0.4, well below the average SSA HDI of 0.518. Out of 102 countries, Burundi also has the 8th highest proportion of multidimensionally poor individuals (81 percent).
5. **Notable progress was achieved in some Millennium Development Goals (MDGs) but prospects for achieving the new post-2015 Sustainable Development Goals (SDGs) are poor unless efforts are intensified.** Youth literacy, access to primary education, and primary completion for both girls and boys increased considerably (MDG 2 and 3). Maternal and child mortality fell (MDG 4 and 5) and progress was made in combating HIV/AIDS, malaria, and other diseases (MDG 6) through reductions in new infections and deaths. However, in none of these areas progress was fast enough to meet the MDGs targets. Projections also suggest that Burundi is unlikely to meet its SDG targets in health, education, and access to water and sanitation without

¹ The Survey on Household Living Conditions in Burundi (*Enquête sur les Conditions de Vie des Menages au Burundi*, ECVMB).

significantly altering the development trajectory followed so far. Eliminating poverty and hunger also appears highly unlikely given the prevailing high levels and the risks of further deteriorations which are posed by the recent disruptions to the development process.

6. **Although agriculture is the backbone of the economy, many Burundians face hunger, malnutrition and stunting.** Burundi's score in the 2014 Global Hunger Index (GHI) was nearly double the SSA average and the highest out of 76 countries. Almost 70 percent of the population were reported to be undernourished, a rate that was over three times the MDG target.² Moreover, the incidence of malnutrition increased sharply since the early 1990s and, even before the worsening food insecurity associated with the political unrest of the last couple of years, was projected to rise to nearly 80 percent by 2030. Burundi also has one of the highest prevalence of stunting in the world: almost six out of 10 children under the age of five suffer from stunting, according to the most recent Burundi Demographic and Health Survey (DHS).

7. **In addition to being poor, Burundi is highly vulnerable to shocks.** Since independence it has been caught in a multidimensional fragility trap that has considerably limited its economic development and progress with improving the living standards of the population. The most well-known aspect of this fragility is the high degree of political instability and violence which are endemic to the country. Political fragility has hampered efforts to strengthen the country's economic resilience by preventing the development of a modern private sector and perpetuating the country's reliance on foreign aid. More recently, years of political and economic fragility, combined with growing population density are beginning to leave their mark on the environment, leading to a third important aspect of fragility: environmental.

8. **Economic growth and poverty reduction have been severely constrained by repeated climate disasters and political shocks.** From 1971 to 2015, Burundi's population spent 11 years coping with climate shocks that led to a contraction of agricultural output and another 11 years fleeing political conflicts when the nonagricultural sector contracted dramatically. These repeated shocks put the country in an extremely vulnerable position and have constrained economic growth. In the years when the conflicts have been the most violent (1972, 1993–1995, 2000, and 2003), economic activity declined in both urban and rural sectors, making recovery more difficult.

9. **Maintaining broadly prudent fiscal and monetary policies contributed to Burundi's growth in the recent years in spite of fiscal slippages.** The Government's prudent fiscal policy led to the reduction of fiscal deficit to about 3.4 percent of gross domestic product (GDP) on average in 2007–2014, from 5.0 percent in 2004–2006, and from the peaks of 11.5 percent in 2003 and 24.7 percent in 2000. A series of measures contributed to this performance, including the improvement of the allocation of the budget (efficiency) toward growth and poverty reduction sectors and progress toward controlling the size of the wage bill (civil services and army forces) and purchases of goods and services through the budget. In a context of gradually declining aid, another important measure was domestic revenue mobilization reforms through the creation of the Burundi Revenue Office (*Office Burundais des Recettes*, OBR). Monetary and exchange rate policy by the Central Bank were also critical to keep the inflation in check and promote exchange rate flexibility to mitigate the impact of shocks on the economy.

² IFPRI Global Hunger Index 2014.

10. **During the 2005–2014 period, growth was largely driven by the expansion of services followed by the industrial sector.** The services sector accounted for 42 percent of GDP during this period, closely followed by agriculture (41 percent) and industry (only 18 percent). However, the contribution to growth of services and industry sectors were significantly higher. The boom in services may be explained by the growth impetus that followed the successful implementation of investment climate reforms over the 2007–2014 period. The contribution of the underperforming agricultural sector to GDP declined over time as a result of production and international price shocks affecting coffee and tea, Burundi’s main export crops. This added to the volatility of growth.

11. **The political crisis of 2015 halted 11 years of positive growth experienced in Burundi since the Arusha Agreement.** Real GDP declined by 3.9 percent in 2015, driven by a sharp drop in the urban formal and semiformal economy that is so dependent on development aid. Commercial and industrial activities were stopped in the capital Bujumbura for several weeks in April–June 2015 due to riots, significantly disrupting productivity. Weak domestic demand resulting from both businesses and donors’ negative response, compounded by the tense political situation and acute insecurity during the second half of 2015, held the economy at a low equilibrium.

12. **Economic activity recovered slowly in the wake of the 2015 political crisis.** Real GDP declined further in 2016, by 0.6 percent, due to unfavorable weather conditions, which dampened agricultural production and energy supplies. The crisis also dramatically affected Burundi’s fiscal performance. The general government fiscal deficit remained above 5 percent of GDP in 2016 (from 3.4 percent in 2014) and external budget support declined. The current account deficit worsened to 8.6 percent of GDP and this also exacerbated external sector vulnerabilities with major pressures on the Burundi franc.

13. **The mix of persisting political instability, growing factional violence, and the deteriorating macroeconomic situation have hit the living standards of the population hard.** The lack of high-frequency reliable data on living conditions means that quantitative empirical evidence of the impact that the current political crisis has had on the welfare of households will not be available in the short run. However, evidence of the impact of previous crises on the Burundian population suggests the potential impact of the continuing unrest on both consumption levels of the population and access to services to be considerable and long-lasting. Calculations based on the Povcal model project an increase of over 1.5 percentage points in the US\$1.90/day poverty rate, to 74.4 percent in 2016. Access to food has become a critical issue, increasing the reliance on humanitarian assistance, while the reduction of international funding and programs and the presence of the civil society has severely affected service delivery. There is also growing difficulty in accessing clean water with the risk of contaminating diseases like dysentery and cholera. At the same time the country is in a medical emergency situation due to a shortage of medication, and several basic medications, such as antimalarial medicine, are no longer provided free due to cuts in public funding. Living conditions are particularly difficult for the growing number of internally displaced persons (IDPs), refugees, and their host communities.

Constraints to Achieving the Twin Goals

14. **The main constraints to reduce poverty and boosting shared prosperity in Burundi are the demographic burden and the fragility trap in which it has fallen.** Modest economic

growth coupled with rapid increase in population are the root causes of slow economic progress. In the context of relatively moderate inequality, the slow progress made over recent years in reducing poverty and promoting shared prosperity hinges on the failure of average per capita consumption to increase. In turn, this is due to the combination of slow GDP growth over the period and fast-growing population.

15. **The demographic burden is a challenge.** In 2015, the population of Burundi was estimated at 11 million, having more than quadrupled since 1950. Moreover, this rapid population growth is destined to continue into the foreseeable future, given the country's persistently high fertility rates. The sharp rise in population has resulted in a demographic burden on the economy, diluting the benefits of economic growth, increasing population densities and exacerbating development challenges. Transforming the current demographic burden into a dividend is critical to the future of the country. Accelerating the transition could bring about important economic and human development benefits derived from structural shifts in the age structure, provided adequate employment is created to absorb existing and new labor market entrants. However, even with the most ambitious policy changes that would reduce fertility rates to the replacement level, Burundi would still face several decades of high population growth.

16. **Political and climatic fragility and economic volatility are putting a break on the country's growth prospects.** Since independence, the economic and social development of Burundi has echoed the country's fragility in a number of dimensions. The SCD identifies three key aspects of this fragility: political and institutional, economic, and environmental. These aspects of fragility are highly intertwined and in many ways feed on each other.

17. **Burundi's history as an independent country is characterized by high political volatility in leadership and violence** driven by high ethnic polarization and the fear of violating ethnic minority rights. Since the early days of independence, Burundians have mainly accessed and controlled political power through violence. Since independence, the country has changed leadership 11 times—six of these through military coups. The 2005 elections marked a dramatic shift from the past, created real optimism and finally brought temporary stability to Burundi. However, political patronage and fragility continued to threaten the nation's development and over recent years, the ruling party has tried to rebalance in its favor the power-sharing mechanisms enshrined in the Arusha Accord. The political and economic situation has deteriorated further since April 2015 when incumbent President Pierre Nkurunziza, announced his decision to run for a third term. An attempted coup d'état on May 13, 2015, failed to depose the sitting President and triggered a severe political crisis. Political opposition was met with severe repression from the Government, leading to a new cycle of political violence. By December 2015, over 230,000 people had fled the country, primarily into settlements in neighboring countries, according to the United Nations High Commissioner for Refugees (UNHCR). Violence has partially diminished since 2016 but the political stalemate remains.

18. **Underpinning Burundi's political fragility are weak governance and institutions.** The incomplete process of building their capacity is a key element of Burundi's fragility trap. Decades of civil war have considerably limited the extent to which civilian institutions could be developed. The evolution of the public sector has been driven to a significant extent by patronage and the need for cooptation of former, and potential, supporters rather than by meritocratic criteria. In turn, poor governance negatively affects the ability of the state to provide security for citizens, deliver social

services, manage public investments, or encourage agricultural and other private sector growth. Corruption, abuses of the judicial system, lack of security and of access to the judicial system, and criminality are all major concerns. Indeed, according to international indicators, Burundi is one of the countries with biggest governance challenges in the world as of 2014.

19. **Burundi also suffers from considerable environmental fragility.** Burundi's endowment in natural resources is key to its agricultural productivity and socioeconomic development. These endowments include abundant rainfall, a dense river network, arable land, and the ability to harness marshlands and lakes. Nevertheless, post conflict fragility, extreme population density, and overwhelming reliance on the agricultural sector, all overlaid on a geo-morphologically sensitive land mass, have simultaneously caused and aggravated environmental degradation. Based on data from the past 60 years, Burundi has experienced alternating cycles of excess and deficit rainfall nearly every decade, as well as overall increased mean temperature, with the dry season getting longer. However, the country has extremely low capacity to respond to severe climate shock: it is the 4th most vulnerable country and the 20th least ready country. Moreover, since September 2015, Burundi has been severely affected by the El Niño climate phenomenon which has brought changes in rainfall and temperature. The effects of land degradation are also pervasive in Burundi with more than one-third of Burundi's land (38 percent) considered very highly or highly degraded.

20. **Climate change and land degradation threatens to weaken an economy already hobbled by more than a decade of political crisis and primary sector dependency.** If productivity is already compromised by poor soil management, the changes in agriculture output which are forecasted to result from climate change will likely affect crop yields and the quantity and quality of fodder available to livestock. Thus, the direct and indirect impacts of climate change and land degradation on agricultural productivity are likely to be substantial, threatening livelihoods and food security. However, although it is highly exposed to the effects of climate change, Burundi has an extremely low capacity to respond to severe climate shocks.

21. **Finally, economic fragility is endemic in a country where employment opportunities center around subsistence agriculture and public sector.** Agriculture still provides income and jobs to about 85 percent of the country's population. Although the share of agriculture in nominal GDP declined from 44.1 percent in 2000 to 35.7 percent in 2014, Burundi still ranks in the 98th percentile of the global distribution in terms of agriculture's share of GDP. Economic diversification remains limited and agriculture is likely to remain the main source of income and employment for years to come. However, the low share in GDP of agriculture relative to its large labor force suggests that many are locked in low-productivity activities. Indeed, heavy reliance on a low-productivity, and high volatile, agricultural sector is seen as the main reason for the lack of the substantial economic rebound that many Burundians anticipated following the Arusha Agreement.

22. **Livelihoods in agriculture are increasingly difficult to sustain as a result of high population growth and land degradation.** Heavy reliance of Burundian households on rain-fed crops for their livelihood makes their level of consumption highly dependent on both access to quality land (which is increasingly rare) and favorable weather conditions. Moreover, rapid population growth has muted the potentially positive impact of increased food production on rates of food security and nutrition. Population growth has also increased pressure on the already scarce land, leading to excessive fragmentation of arable land, crop development in marginal areas (steep

slopes), encroachment into protected areas, and abandonment of fallowing land. At the same time, production has been affected by people exploiting the land to its maximum capacity, mainly for economic opportunities, thereby raising sustainability concerns.

Setting Policy Priorities

23. **Burundi is at a crossroads in its development path.** Two years after the political unrest that began in April 2015, a sustainable political settlement is still to be reached; the economy shows little sign of economic recovery; fiscal space remains limited; and growing shortages of food, fuel, and other basic items are threatening the livelihood of the population. In addition, official development assistance (ODA) has been slow to return and is mostly limited to emergency operations designed to address shortages in basic needs. These developments have not only reversed the little progress made over the previous decade, but they have also added an element of urgency to the country's long-term development agenda. Thus, identifying a small number of key priority areas for intervention is particularly critical to ensuring Burundi is set on the path to sustainable and equitable development.

24. **Given the complex political and economic context, the prioritization framework centers around three intertwined policy agendas.** The first and most urgent priority is to return to the relative stability of the pre-2015 period and mitigate the negative impact of the 2015 crisis on household welfare and on the country's growth prospects. The success of this agenda is a prerequisite to the country's economic recovery and its return to a sustainable development path. The development objective of the second medium-term agenda is to plant the seeds for economic recovery, rebuilding confidence in government institutions and investing in the future. Achieving this objective is key to bringing Burundi back on a sustainable long-term development path leading to poverty reduction and shared prosperity. Finally, once this is achieved, any further sustainable progress in this direction will entail addressing the country's pressing demographic challenge and breaking the circle of fragility that is preventing it from reaching its full potential.

25. **In the short term, acting urgently and effectively to mitigate the economic and social costs of the crisis is priority number one.** The 2015 political unrest had plunged Burundi to the verge of economic collapse. The costs in terms of economic growth and welfare of the population have been substantial and will be felt for years to come. The economic and humanitarian crisis of the last two years has only been aggravated by the recent drought and crop failures. In the context of already very high poverty, 'extremely alarming' levels of hunger and endemic malnutrition, even a small reduction in livelihoods may have long-lasting implications for the country's future trajectory and may fuel further unrest and increase long-term fragility. At a political level, the crisis has considerably dented the progress the Government had achieved in the previous decade in gaining the confidence and support of the population. It is essential to act with urgency to ensure that the current crisis does not further reduce households' ability to meet basic needs. Evidence from past political crises suggests that the recovery can be slow to materialize unless the Government takes conscious and effective actions to accelerate the process. Alternatively, the negative impact of even short-lived crises can be long lasting.

26. **Beyond the urgent measures to reverse the impacts of the crisis by reaching a political settlement, and ensuring that the population's basic needs are met, the focus of policy makers in the medium term should be on political stabilization, economic recovery, and investing for**

the future. Even under the most optimistic predictions, Burundi is entering what could be a protracted period of stabilization and recovery. Evidence from past political crises suggests that the recovery can be slow to materialize unless the Government takes conscious and effective actions. Thus, over the timeframe of this SCD the overarching priority is to strengthen the country's political and economic resilience to ensure initially faster and more sustainable recovery and then faster progress in improving the living standards of all Burundians. These policies can be clustered in three main areas of intervention: (a) improving governance and strengthen confidence in government and institutions (to reduce institutional/political fragility); (b) investing in people through women empowerment and improved nutrition, and (c) boosting agricultural productivity and fostering economic diversification.

1. SETTING THE SCENE

1.1 Country Context

27. **Situated in the African Great Lakes region, the Republic of Burundi (Burundi) is a small, mountainous, landlocked, densely populated and highly fragile country that is home to 11 million people.** It borders Rwanda to the north, Tanzania to the east and south, and the Democratic Republic of Congo to the west. It has roughly the same land area and population as Rwanda but its land area and population are dwarfed by that of the Democratic Republic of Congo (88 and seven times larger) and Tanzania (34 and five times larger). It is the third most densely populated country in Sub-Saharan Africa (SSA) with an estimated 435 inhabitants per km² in 2015. Its population is rising rapidly at above 3 percent per year and it is expected to double as early as 2040.³

28. **Burundi is a young country with a high youth dependency ratio.** Sustained high fertility rates—averaging 6 births per woman (the 7th highest in the world)—have led to a large youth bulge. Almost half of the population is below the age of 15 and there are nine children for every 10 working adults compared to a SSA and low-income country (LIC) average of eight children. The working-age population accounted for only slightly more than half (52.7 percent) of the total population in 2015, and only 40 percent of the total population was in the labor force.

29. **The population is composed of three ethnic groups.** According to 2014 estimates, the Hutu are the overwhelming majority, representing around 85 percent of the population. Tutsi are the second largest group, accounting for 14 percent of the population, and Twa are a small minority of around 1 percent.

30. **Despite its high population density, Burundi is the least urbanized country in SSA.** In 2014, only 12 percent of the population resided in urban areas. However, the urban population is growing at almost 6 percent per year—the highest in SSA and double the growth rate of the rural population. In addition, the urbanization rate is set to accelerate further over the next decades to reach the fastest urbanization rate in the world. As a result, the share of urban population is projected to more than double by 2050.⁴

31. **Burundi is one of the poorest countries in the world and lags behind on many human development indicators.** In 2014, 65 percent of the population lived below the national poverty line and the average citizen earned only US\$270 per year, placing Burundi at the bottom of the low-income category.⁵ It also ranked 184th out of 188 countries in terms of human development, with an HDI value of 0.4, well below the average SSA HDI of 0.518. Very low levels of living standards and mean years of schooling among the adult population (2.7 years) largely explained the low value. Out of 102 countries, Burundi also has the 8th highest proportion of

³ Burundi's population projection assumes a medium fertility variant and is derived from the World Population Prospects: The 2015 Revision (UNDESA 2015).

⁴ World Urbanization Prospects: The 2014 Revision (UNDESA 2014).

⁵ The statistic is the gross national income per capita converted to U.S. dollars using the World Bank Atlas method.

multidimensionally poor individuals (81 percent).⁶ Trailing closely after Burundi are other African fragile and conflict-affected countries such as Mali, the Central African Republic, Guinea-Bissau, and Liberia.

32. Notable progress was achieved in some Millennium Development Goals (MDGs) but none of the targets were met. Figure 1 shows that youth literacy, access to primary education, and primary completion for both girls and boys increased considerably (MDG 2 and 3).⁷ Maternal and child mortality fell (MDG 4 and 5) and progress was made in combating HIV/AIDS, malaria, and other diseases (MDG 6) through reductions in new infections and deaths. However, in none of these areas was progress fast enough to meet the MDGs' targets. Despite an increase of three years during 2006–2012, at 56 years, life expectancy at birth in Burundi remained two years below the SSA average. With an under-five mortality rate of 13.9 percent in 2011, Burundi also ranked in the top decile of the distribution of countries, together with Angola, Guinea-Bissau, the Central African Republic, the Democratic Republic of Congo, Chad, Mali, Somalia, and Sierra Leone. In addition, despite dropping from 856 per 100,000 in 2006 to 780 in 2012, maternal mortality remains 2.3 times greater than in Rwanda and 4.2 times greater than the world's average. In other words, in 2012, Burundi lost 207 more women per 100,000 live births than the average SSA country.⁸

33. Prospects for achieving the new post-2015 SDGs are poor unless efforts are intensified. Using indicators broadly common to both MDGs and SDGs, simple projections based on minimal assumptions reveal that Burundi is unlikely to meet its SDG targets in health, education, and access to water and sanitation without significantly altering the development trajectory followed so far (Figure 1). Eliminating poverty and hunger also appears highly unlikely given the prevailing high levels and the risks of further deteriorations which are posed by the recent disruptions to the development process. Annex 3 describes the technical details for the projections.

34. The economy largely rests on the agricultural sector, which accounts for about 40 percent of GDP.⁹ Agriculture—which employs an overwhelming 86 percent of the workforce—is generally characterized by small-scale, low-technology farming; animal husbandry; and artisanal fishing for subsistence consumption. Crop production is a major activity which benefits from three growing seasons, fertile soils, a dense hydrographic network, and suitable conditions for cash crop production. Coffee and tea are major export earners, though exports are a small share of GDP. With no maritime access, fishing is contained to inland waterbodies, mostly Lake Tanganyika.

35. Burundi also remains highly vulnerable to internal and external economic shocks. In 2014, Burundi still ranks in the 98th percentile of the global distribution in terms of agriculture's

⁶ Multidimensional poverty captures deprivations in health, education and living conditions. The figure reported is drawn from the Human Development Report (UNDP 2015) and is based on a methodology from Alkire and Santos (2010).

⁷ Notable increases occurred in primary net enrolment and completion rates as well as literacy. Between 2000 and 2014, net enrolment in primary school increased from 41 percent to 95 percent and primary completion rates increased from 24 percent to 67 percent, according to estimates from the World Development Indicators (WDI). In the same period, the proportion of primary school age children who were out of school drastically fell from 58 percent to 4 percent. Between 1990 and 2015, youth literacy rate increased from 54 percent to 88 percent.

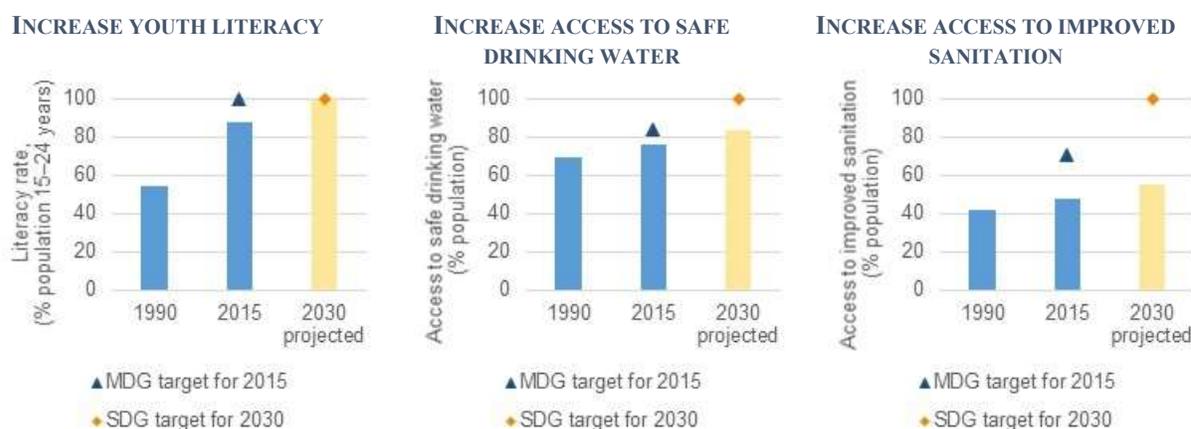
⁸ MDG report (UNECA et al. 2015).

⁹ 2014 estimates from the World Development Indicators.

share of GDP and agriculture still provides income and jobs to about 85 percent of the country’s population. Employment transitions out of the low-productivity agricultural into nonfarm activities have been very slow and agriculture is likely to remain the main source of income and employment for years to come. Since most of the agriculture is rain-fed, climatic shocks and fluctuations in crop production are, and will continue to be, major causes of fluctuation in the living standards of Burundian households and in overall GDP. In addition, the country’s high dependence on imports for food and fuel leaves the country at risk of spikes in prices. Burundi also has a highly-concentrated export base—primary and extractive commodities—and a limited export destination portfolio. This leaves it vulnerable to reductions in foreign exchange earnings should demand fall, global supply for the export goods increase, or trade relations worsen. Burundi’s heavy reliance on donor aid to support half of its budget has placed it in a tough fiscal position due to aid suspensions following the recent conflict. The health, governance and security, and infrastructure sectors are hardest hit as they benefit most from these funds.

FIGURE 1. MDG PROGRESS AND POTENTIAL SDG OUTCOMES





Source: All current and past estimates were derived from the WDI, with the exception of estimates for the prevalence of undernourishment, which were derived from the International Food Policy Research Institute (IFPRI) Global Hunger Index (2014) report.

36. **Although agriculture is the backbone of the economy, many Burundians face hunger and malnutrition.** Domestic production does not meet the country’s needs, thereby requiring Burundi to import the deficit. Despite these imports, at 35.6, Burundi’s score in the 2014 Global Hunger Index (GHI) was the highest out of 76 countries, nearly double the SSA average of 18.2. The level of hunger in the country was characterized as ‘extremely alarming’. In 2014, almost 70 percent of the population was reported to be undernourished, more than in Comoros and Eritrea (65.3 and 61.3 percent respectively) and over three times the MDG target.¹⁰ Even more concerning is the fact that the incidence of malnutrition has increased sharply since the early 1990s, when it was a relatively low 40 percent, and is projected to rise to nearly 80 percent by 2030, even before accounting for the emerging evidence of worsening food insecurity associated with the political unrest of the last couple of years.

37. **Burundi also has one of the highest prevalence of stunting in the world.** Almost six out of 10 children under the age of five suffer from stunting, according to the most recent Burundi Demographic and Health Survey (DHS). This is more than double the SDG target of 29 percent.¹¹ Stunting begins at conception, is largely irreversible beyond the first two years of life, and has long-term economic costs through cognitive delays in children, compromised learning performance, and lower economic productivity in adults.

38. **In addition to being poor, Burundi is highly vulnerable to shocks.** Burundi’s history as an independent country is characterized by a high degree of fragility in a number of dimensions. Indeed, the country appears to be caught in a multidimensional fragility trap that has considerably limited its economic development and progress with improving the living standards of the population. The most well-known is the high degree of political instability and violence which are endemic to the country. Political fragility has hampered efforts to strengthen the country’s economic resilience by preventing the development of a modern private sector and perpetuating the country’s reliance on foreign aid. Thus, Burundi is also subject to recurrent profound economic shocks. More recently, years of political and economic fragility, combined with growing

¹⁰ IFPRI Global Hunger Index 2014.

¹¹ ISTEEDU et al. 2012.

population density are beginning to leave their mark on the environment, leading to a third important aspect of fragility: environmental.

39. **Sociopolitical instability has marked much of Burundi's history and has hindered efforts to improve the lives of its citizens.** Ethnicity is an important element behind the country's political and social fragility but it is by no means the only one. Access to scarce resources, such as land, and other economic and social factors have been equally important. The instability has led to displacement; disruptions in livelihoods and human capital formation; losses in assets; deterrence of potential foreign direct investment (FDI) and tourism; destruction of infrastructure; and losses in human life. Renewed sociopolitical strains since April 2015 have interrupted modest economic growth, thereby endangering Burundi's prospects for poverty reduction prospects as population growth outpaces economic growth.

40. **Mounting demographic pressures, lack of economic diversification, and climatic variability and changes pose great risks to economic, environmental, and fiscal sustainability.** High dependence on rain-fed agriculture for their livelihoods is testing the resilience of Burundi's population to systematic shocks to agriculture production and is reducing food security. High population pressure is contributing to major environmental concerns, including deforestation, land degradation and exhaustion, loss of biodiversity, and diminishing water resources. All of these contribute to declines in production capacity, particularly in the agricultural sector. Because much of the population relies on climate-sensitive activities and on services supplied by the ecosystem for food and energy, climate change and variability is expected to constrain these services and amplify food insecurity and income losses. With all of these foreseeable challenges and Burundi's limited fiscal space and declining budgetary assistance, managing public service provision for a growing population, climate change mitigation and adaptation, and the effects of natural disasters will place greater pressure on the budget.

1.2 Benchmarking Burundi's Progress with Improving Living Standards

41. **Burundi's most striking characteristics, as highlighted in the country context, define the criteria for identifying suitable peer countries for benchmarking.** Benchmarking a country's performance on key development indicators against carefully selected comparators is an important element of the prioritization process as it can provide useful evidence to inform the framing of key development challenges. However, the selection of the set of peer countries to use in the comparison is key to the success of the benchmarking exercise. Often the selection criteria are restricted to standard measures such as level of income or geographical proximity. In line with these criteria, this document benchmarks Burundi to averages for groups of relevant comparators, such as LICs, SSA countries, and neighboring countries. However, benchmarking is particularly informative when it goes beyond these basic selection criteria to include comparators that share key structural features of the country in question and its main challenges. Thus, the benchmarking exercise through this document would also include a broader set of peers selected because they share with Burundi a core number of key characteristics as they emerge from the country profile presented above. The countries selected for peer benchmarking according to the different criteria outlined are presented in Table 1.

42. **The socioeconomic features of the Burundian economy, highlighted above, are closely interrelated.** However, together they single out Burundi as it is unique in combining them all.

Thus, they provide ideal criteria to identify suitable peers for benchmarking Burundi's performance in different areas and identify priority challenges and binding constraints

43. **Political fragility and economic dependency on agriculture are often deeply intertwined.** Empirical evidence systematically suggests that countries with latent or explicit conflicts are less likely to have diversified and modern economies. In turn, economies that are heavily reliant on agriculture more often see conflicts arise over the management and ownership of land (Pons-Vignon and Lecomte 2004). This tendency is confirmed by the fact that 8 of the 10 countries with the highest concentration of GDP in agriculture are fragile states.¹² However, population density in these countries is comparatively low. In addition to Burundi, fragile states with population density greater than 350 inhabitants per km² include only Comoros, Haiti, Lebanon, and West Bank and Gaza.

44. **Burundi also has the second highest proportion of rural population in the world,** after Trinidad and Tobago. Thus, it is also important to benchmark Burundi against countries that, although not fragile, have similar population density and agricultural dependency. This is because extreme demographic pressure in itself may result in soil depletion and food insecurity (Drechsel et al. 2001). In this respect, Bangladesh, Comoros, and Rwanda are relevant comparators.

45. **The final feature of interest is ODA dependence.** Six of the eight fragile countries with the highest concentration of GDP in agriculture—the exceptions being Chad and Myanmar—and three out of four highly populated fragile countries—the exception being Lebanon—receive higher-than-average net ODA inflows. Burundi stands out again because in 2013 it had an aid-dependency ratio of 33 percent, the second highest in the world after Liberia and considerably higher than other countries.¹³

Table 1. Selected countries for peer benchmarking

Inclusion Criteria	Selected Peer Countries
Fragility + agricultural + ODA dependency	Central African Republic, Guinea-Bissau, Liberia, Mali, and Sierra Leone
High population density + fragility + ODA dependency	Comoros, Haiti, West Bank and Gaza
High population density + agricultural dependency	Bangladesh, Comoros, Rwanda
Fragility + agricultural dependency (only)	Chad, Myanmar

¹² In addition to Burundi, these countries are the Central African Republic, Chad, Guinea-Bissau, Liberia, Mali, Myanmar, and Sierra Leone.

¹³ The third country in the ranking is Sierra Leone, with only 13 percent.

2. A TALE OF PERSISTENT POVERTY AND SLOW GROWTH

46. Lack of quality data, comparable over time, is a key barrier to monitoring progress toward eliminating extreme poverty and boosting shared prosperity in Burundi. It also impedes the rigorous identification of binding constraints to, and potential opportunities for, development and evidence-based policy making.

47. Over the last two decades, a number of surveys were carried out to assess the living conditions of Burundians. The details of these data sources are provided in Box 1 and more extensively in the data diagnostic table in Annex 2. However, the first and only survey with the level of detail necessary to compile a complete profile of consumption poverty is the Survey on Household Living Conditions in Burundi (*Enquête sur les Conditions de Vie des Ménages au Burundi*, ECVMB), collected in 2013–2014. The data from this survey is the cornerstone for the recent Poverty Assessment completed by the World Bank, from which the poverty profile presented here draws heavily (World Bank 2016b).¹⁴

BOX 1. LACK OF COMPARABLE DATA PREVENTS ADEQUATE MONITORING OF BURUNDI'S DEVELOPMENT TRAJECTORY

The surveys carried out over the last two decades to assess the living conditions of Burundians include:

- Multiple Indicator Cluster Survey (MICS) conducted in 2000 and 2005;
- Comprehensive Food Security and Vulnerability Assessment (CFSVA) 2008;
- Demographic and Health Surveys 2010;
- Malaria Indicator Survey (MIS) 2012;
- National Agricultural Survey of Burundi (*Enquête Nationale Agricole du Burundi*, ENAB) 2011–12, 2012–13, and 2013–14;
- Minimum Package of Health Services (*Enquête Ménage pour le Suivi et l'Évaluation de l'Impact de l'Appui au Système de Remboursement du Paquet Minimum de Santé au Burundi*, PMS) 2012 ;
- Urban Labor Force Survey (LFS) 2006, 2007, and 2008.

Although not entirely comparable over time, the Basic Well-Being Indicator Questionnaire (*Questionnaire des Indicateurs de Base du Bien-être*, QUIBB), conducted in 2006, gives the most comprehensive view of the evolution of different dimensions of living standards over the last decade.

However, these surveys do not contain high-quality consumption data and cannot provide reasonable standard poverty indicators.

The first and only survey with the level of detail necessary to compile a complete profile of consumption poverty is the ECVMB.

Additional available data includes:

- Enterprise Survey 1999 and
- *Enquête Ménage pour le Suivi et l'Évaluation de l'Impact de l'Appui au Système de Remboursement du Paquet Minimum des Services de Santé au Burundi* (PMS) 2012.

2.1 The Profile of Poverty and Inequality

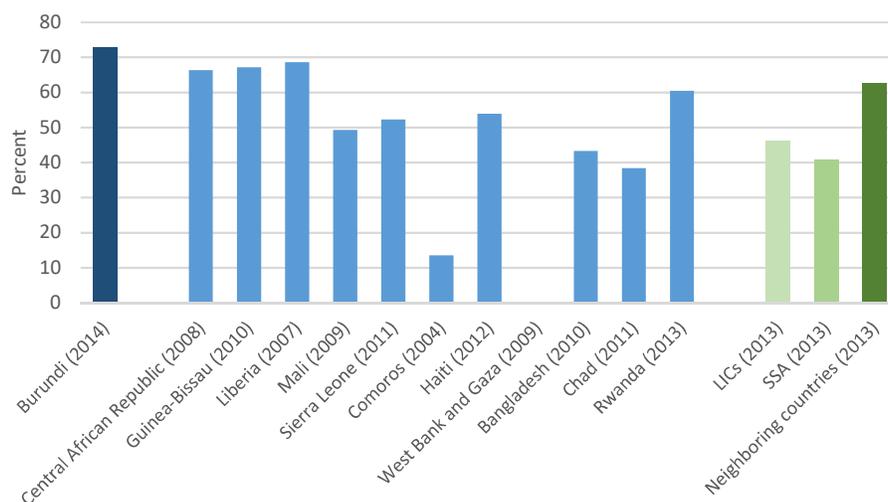
48. **In 2014 Burundi had the fourth highest rates of extreme poverty in the world.** An estimated 72.9 percent of Burundians lived below the international poverty line of US\$1.90 per

¹⁴ See the 2016 Burundi Poverty Assessment for details on the characteristics and quality of the PMS 2012 and QUIBB 2006.

The Burundi national statistical office, the Burundi Institute of Statistics and Economic Studies (*Institut de Statistiques et d'Études Économiques du Burundi*, ISTEEDBU), also has a report that profiles poverty using ECVMB 2013–2014. The national estimates of poverty produced by ISTEEDBU and the World Bank are similar but some spatial differences exist across the two reports. These differences are noted in the footnotes.

day¹⁵, a rate which is almost double that of the SSA and LIC average (Figure 2). Among the selected peers, only the Central African Republic, Guinea-Bissau, and Liberia—all fragile and conflict-affected states with high dependency on agriculture and foreign aid—have poverty incidence comparable to Burundi’s.

FIGURE 2. BENCHMARKING BURUNDI’S POVERTY HEADCOUNT AGAINST COMPARATORS (PERCENTAGE)



Source: PovcalNet and World Bank calculations.

Note: (1) Information reported for the latest year available. (2) The international poverty line of US\$1.90 per day per person was used for all countries, and the US\$1.25 international poverty line was used for Bangladesh due to inconsistencies with the 2011 PPP values. (3) Neighboring countries include the Democratic Republic of Congo, Rwanda, and Tanzania. (4) The poverty rate for West Bank and Gaza is negligible and is not entirely visible on the graph.

49. **Using the national poverty line confirms that poverty in Burundi is endemic.**¹⁶ According to the 2014 survey, more than six out of ten Burundians (6.1 million people) are poor and nearly four out of ten (3.6 million) live in extreme poverty. Poverty is concentrated in the rural areas and in the North and Center-East regions (Figure 3 and Figure 4).¹⁷ In one-third of the provinces more than three-quarters of the population are poor. These provinces include Muyinga, Ruyigi, Gitega, Cankuzo, Kayanza, and Karusi.

50. **Poverty in rural areas is over three times higher than in Bujumbura and almost twice as high as in other urban areas.** This striking gap results from the combined effects of (a) the generalized disadvantage of the rural areas in terms of per capita consumption; (b) the higher

¹⁵ In 2011 purchasing power parity [PPP] terms.

¹⁶ The national poverty line reflects a different concept from the international poverty line, which is used for cross-country comparison. Those living below the national poverty line are unable to meet the costs of basic needs (food and non-food) of 41,054 per adult equivalent per month while those living below the extreme poverty line are unable to meet a minimum nutritional requirement of 2,200 kilocalories per adult equivalent per day.

¹⁷ World Bank (2016b) shows that not only is poverty more prevalent among residents in the rural areas, in the North and Center-East, it is also deeper and more severe.

concentration of rural households in agriculture and fishing as primary occupation; and (c) the lower average education attainments of the rural population.

FIGURE 3. POVERTY INCIDENCE BY GEOGRAPHIC AREA AND REGION (PERCENTAGE)

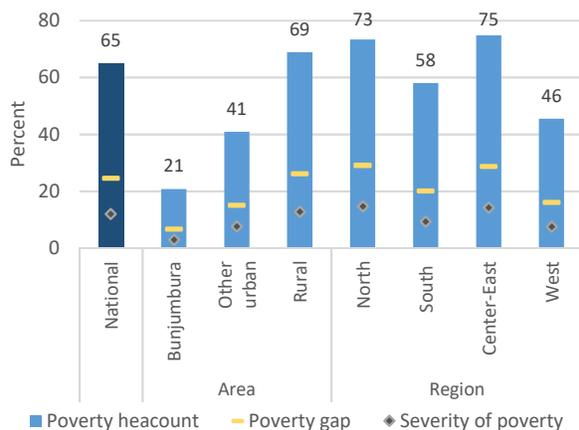
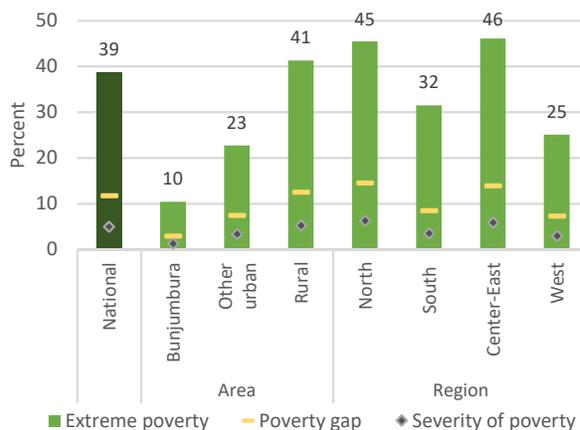


FIGURE 4. EXTREME POVERTY INCIDENCE BY GEOGRAPHIC AREA AND REGION (PERCENTAGE)



Source: ECVMB, 2013–14 (adapted from World Bank 2016b).¹⁸

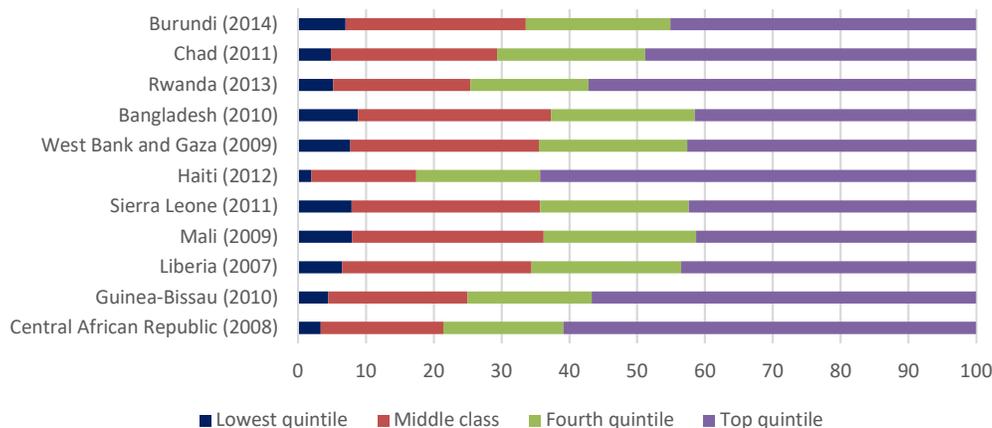
51. **An additional, important concern is that about half of the non-poor Burundians are vulnerable to falling into poverty as results of shocks.** Not only is poverty very high in Burundi, but an estimated half of the non-poor population is clustered just above the poverty line—within a range of about US\$0.5 per capita per day (BIF 623) above the international poverty line. Given the high degree of political, economic, and environmental volatility the country faces, the likelihood of these households seeing their consumption fall below the poverty line as a result of a shock is extremely high. This represents a considerable threat to Burundi’s prospects for poverty reduction, particularly so within the current sociopolitical climate.

52. **By contrast, inequality is relatively low.** Burundi’s Gini index stands at 37, against an SSA average of 45 and LIC average of 40.¹⁹ It is on par with that of Tanzania but at least 5 points lower than that of the Democratic Republic of Congo and Rwanda. Consumption is also more equally distributed in Burundi than in some of the selected comparators, such as the Central African Republic, Guinea-Bissau, Haiti, and Rwanda (Figure 5). On average, within Burundi, the richest quintile accrues about six times the consumption share of the poorest quintile although the inequality is somewhat higher in urban areas.

¹⁸ ISTEEDU estimates that 64.6 percent of the population lives below the basic needs poverty line. Rural poverty is estimated at 68.8 percent, while urban poverty is 27.6. ISTEEDU does not distinguish the source of urban poverty between that stemming from Bujumbura and that stemming from other urban areas. Their estimate of the poverty gap is 25.1 percent and the severity of poverty is 12.5. No estimates of poverty were provided at the regional level.

¹⁹ Inequality for Burundi was potentially underestimated because of the survey’s failure to sample the richest households and other measurement issues highlighted in the 2016 Burundi Poverty Assessment.

FIGURE 5. SHARES OF INCOME AND CONSUMPTION EXPENDITURES BY QUINTILE FOR COMPARATOR COUNTRIES (PERCENTAGE)



Source: World Bank (2015b), World Development Indicators.

Note: The ‘middle class’ includes the second and third quintiles.

53. **Poverty remains high but has declined slowly in urban areas.** Estimates of household consumption and poverty derived from the in QUIBB 2006 and PMS 2012 surveys suggest that poverty has declined by only 5 percent since 2006, although extreme poverty appears to have declined faster from 46 percent in 2006 to 42 percent in 2012 and 38.7 percent in 2014 (Figure 6).²⁰ The depth and severity of poverty also lessened at a moderately faster pace since 2006. However, the decline was limited to the urban areas where it was already lower and the extremely high poverty levels remained almost unchanged in rural areas.

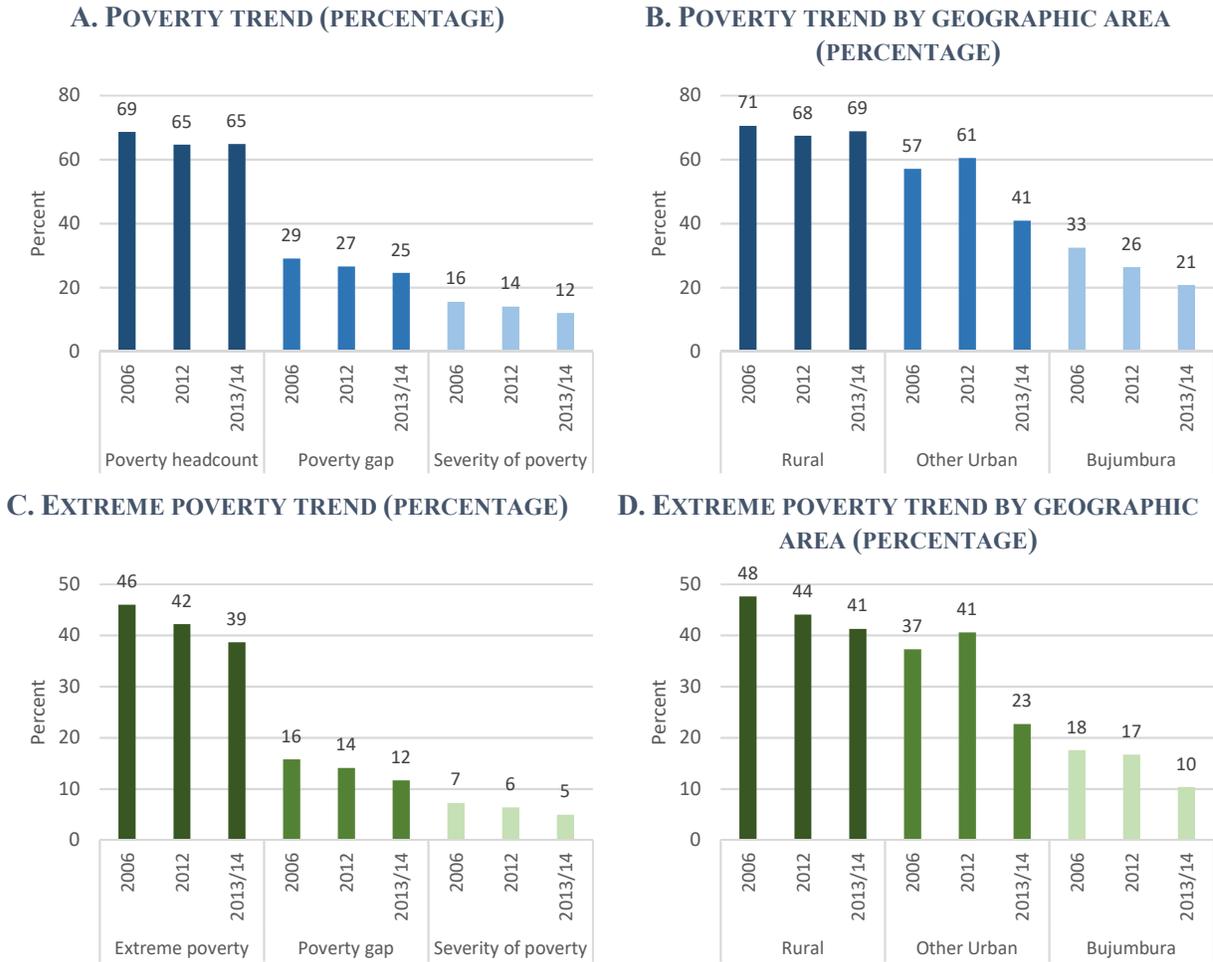
2.2 Non-monetary Poverty

54. **Despite some progress, education and literacy levels remain low, particularly among women and rural residents.** Universal literacy is still a distant goal. Although, some progress has been made since 2006, only two out of five adult Burundians were able to read and write in Kirundi (the national language) or other languages. By 2014, this figure had risen to three out of five (Table 2).²¹ Burundians living in the rural areas or in the North remain the least literate in the country, while those in the Western region and Bujumbura are the most literate. Female literacy also rose but the gap between men and women widened to 15 percentage points overall, although it declined in the urban areas.

²⁰ Although not comparable with the more comprehensive 2014 ECVMB data, the QUIBB surveys were nationally representative and included detailed information on a number of characteristics in common with the ECVMB data. This allowed the use of prediction models to estimate predicted values of household consumption and poverty in 2006 and 2012 that are somewhat compatible with more precise estimates derived by the ECVMB for 2014. The methodology is described in detail in the 2016 Burundi Poverty Assessment.

²¹ The estimates for literacy reported here were derived from the 2016 Burundi Poverty Assessment using ECVMB 2013–2014.

FIGURE 6. POVERTY TRENDS FROM 2006 TO 2013–14 (PERCENTAGE)



Source: QUIBB 2006, PMS 2012, and ECVMB 2013–2014 (adapted from World Bank 2016b).

55. **Enrolment in primary education has also risen, but completion rates remain low.** Almost half of the Burundians have no education and another quarter have attained only primary education, mostly incomplete. Net primary school enrolment has grown in a sustained way, rising from 72 percent in 2006 to about 94 percent in 2015, which is a rate that compares well with the averages for LICs and SSA countries as well as other peers (Table 3). However, despite marked improvements, primary completion rates remain low by international standards. The proportions of Burundians who have attained secondary education and higher education stand at 7 percent and 0.8 percent, respectively. The enrolment rate in tertiary education is also very low, at 4 percent. The cost of education and illness or disability have a significant effect on dropout incidence, at 14 percent and 12 percent, respectively. Overall however, there were some gains made in primary education, and these have been outlined in Box 2.

56. **The 2006 free health care policy for children under five years and pregnant women improved health outcomes but many challenges remain.** As of 2015, better immunization coverage and the free health care policy²² had helped to reduce maternal and child mortality to 712 deaths per 100,000 live births and 82 deaths per 1,000 live births, respectively. Though these rates remain high even by LIC standards, this was a marked improvement from earlier levels. However, the improvement was mostly concentrated in urban areas. In 2012, about 54 percent of children under five years were sleeping under insecticide-treated bed nets, from a mere 8 percent in 2005. The incidence of childbirths assisted by qualified staff increased from 34 percent in 2006 to 60 percent in 2010, although it remained below 50 percent for mothers in the poorest household quintile.

TABLE 2. LITERACY (READ AND WRITE IN KIRUNDI OR OTHER LANGUAGES)

	2006			2014		
	Male	Female	Total	Male	Female	Total
Burundi	49	37	42	66	51	58
Urban	76	64	69	86	79	82
Rural	48	36	41	64	48	55
Northern	44	34	37	63	49	56
Southern	54	37	45	68	53	61
Center-East	54	44	48	66	55	60
Western	49	35	42	77	63	70
Bujumbura mairie	73	62	66	91	84	87

Source: QUIBB 2006 and ECVMB 2013–2014.

TABLE 3. BENCHMARKING BURUNDI WITH RESPECT TO NONMONETARY DIMENSIONS OF WELL-BEING

	Literacy rate	Primary net enrolment rate	Primary completion rate	Maternal mortality ratio	Under-5 mortality ratio	Access to electricity
Burundi	58	94	62	712	82	7
Peer Benchmarking						
Central African Republic	37	71	44	882	130	12
Guinea-Bissau	60	68	62	549	93	17
Liberia	48	38	59	725	70	9
Mali	33	56	51	587	115	27
Sierra Leone	48	99	66	1,360	120	13
Comoros	78	79	76	335	74	74
Haiti	61	—	—	359	69	38
West Bank and Gaza	97	90	96	45	21	100
Bangladesh	61	91	98	176	38	62
Chad	40	79	38	856	139	8
Myanmar	93	95	85	178	50	52
Neighboring Countries						
Congo, Dem. Rep.	77	—	67	693	98	14
Rwanda	71	96	61	290	42	20
Tanzania	80	78	74	398	49	16
Global Benchmarking						
LIC	57	80	66	496	76	28

²² Importantly, free health care has been combined with results-based financing, under the nationwide program ‘Gratuité des Soins couplée au Financement Base sur la Performance’.

	Literacy rate	Primary net enrolment rate	Primary completion rate	Maternal mortality ratio	Under-5 mortality ratio	Access to electricity
SSA	61	78	69	547	83	38
FCS	68	76	68	481	78	48

Source: WDI and World Bank calculations.

Note: Information reported for the latest year available. Check the WDI for available years in peer countries.

FCS = Fragile and conflict-affected situations.

BOX 2 EDUCATIONAL CHALLENGES AND ACHIEVEMENTS

Despite the many challenges it faces, Burundi has achieved some notable successes in primary education, measured by enrollment and performance statistics. The number of children enrolled in grades 1 to 6 almost doubled (from 1.04 million to 2.05 million) between 2004/05 and 2013/14. In addition, enrollment rates for grades 7 to 9 almost tripled over the same period.

The achievements in boosting enrollment are complemented by Burundi's impressive educational performance metrics relative to comparator countries. Results from the 2012 Early Grade Reading Assessment (EGRA) show that only 12 percent of grade 2 students could not read a single work in Kirundi. This is far lower than is the case in, for example, Zambia, Ghana and Malawi, where the proportions are between 40 percent and 90 percent. Similarly, Burundi's performance in the 2014 PASEC international assessment of sub-Saharan African francophone countries was significantly superior to other countries, in both Kirundi and mathematics in grade 2, and mathematics in grade 6. Some of the policy measures that have contributed to these successes are outlined in *Facing Forward – Schooling with Learning in Africa* (World Bank, forthcoming).

Although Burundi's successes should be highlighted, there are still tremendous challenges in reaching the SDGs. The country's young children already face high levels of malnutrition, and are even more vulnerable after the recent crisis. The increased burdens faced by families and communities mean that lowering high rates of grade repetition and dropout will be challenging. Finally, the recent transition to a nine year basic education cycle requires new curricula, learning materials and teacher training, while the same can be said for the transition to French as the language of instruction in grade 5.

57. **Perhaps an even more important concern is the lack of food security.** Although agriculture is the backbone of the economy, food security remains a serious challenge for the majority of Burundi's population, and the ongoing political crisis has worsened the situation through disruptions in food supplies. Only 31 percent of Burundians are food-secure, and an additional 37 percent are in a state of limited food security. A 2016 Emergency Food Security Assessment found that nearly 4.6 million people were food-insecure and 590,000 of these were severely food-insecure and required emergency food aid.

58. **Given food insecurity, malnutrition, and stunting are endemic.** At 35.6, Burundi's score in the 2014 GHI is the highest out of 76 countries included and is nearly double the SSA average of 18.2. In 2014, almost 70 percent of the population were reported to be undernourished. This was over three times higher than the MDG target and a sharp increase since the early 1990s when the incidence of malnutrition was a relatively low 40 percent.²³ At around 58 percent, the rate of stunting is double the MDG target of 29 percent and has remained virtually unchanged over the last two decades.²⁴ Disparities among regions exist, with 27 percent in Bujumbura mairie and more than 60 percent in the Northern region.

59. **Overall, household living conditions have improved, but there are significant regional disparities.** Asset ownership has generally increased, particularly cell phones (from 2 percent in 2006 to 33 percent in 2014) and small appliances (from 79 percent in 2006 to 95 percent in 2014). Dwelling conditions have also improved since 2006: for example, the percentage of dwellings with a wall made of adobe bricks and pise more than doubled since 2006, reaching 99 percent in 2014. Electricity use and access to water from protected sources have been rising although they mostly remain a luxury reserved to the urban areas, particularly Bujumbura (Table 4).

TABLE 4. TRENDS IN ACCESS TO BASIC SERVICES (PERCENTAGE)

	National			Rural			Urban		
	2006	2012	2014	2006	2012	2014	2006	2012	2014
Water access									
<i>Drinking water</i>	4	3	5	4	3	4	5	4	11
<i>Piped water</i>	13	28	15	10	24	8	67	71	80
Protected sources	51	56	67	53	59	71	12	16	20
Unprotected sources	36	16	19	37	17	21	22	14	0.3
Sanitation facilities	29	30	24	28	29	22	39	42	48
Cooking fuel	87	98	100	87	98	100	93	98	98
Electricity	4	6	7	2	2	2	44	41	65

Source: QUIBB 2006, PMS 2012, and ECVMB 2013–2014.

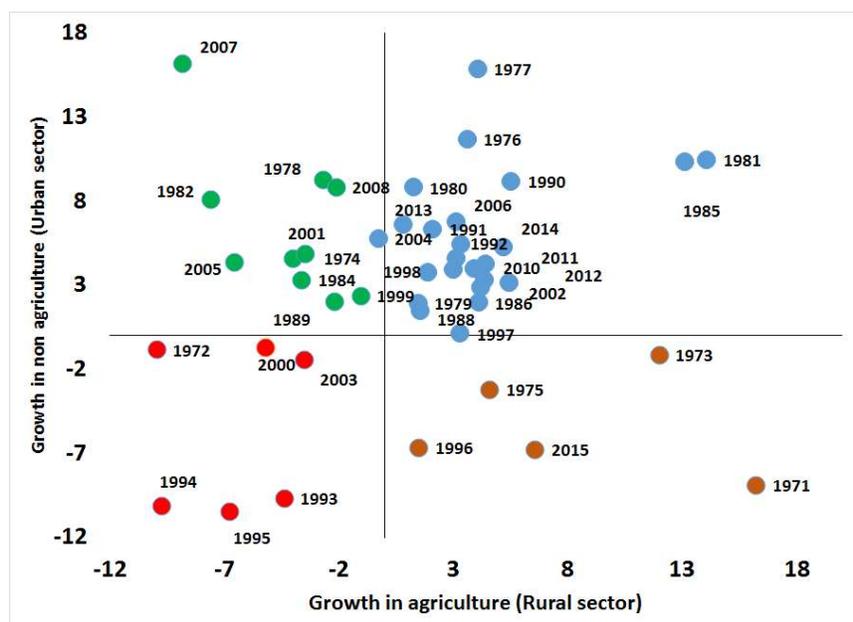
2.3 Growth and Economic Transformation

60. **Economic growth has been severely constrained by repeated climate disasters and political shocks.** From 1971 to 2015, Burundi's population spent 11 years coping with climate shocks that led to a contraction of agricultural output (green dots in Figure 7) and another 11 years fleeing political conflicts when the nonagricultural sector contracted dramatically (orange and red dots in the same Figure 7). In the years when the conflicts have been the most violent (1972, 1993–1995, 2000, and 2003), economic activity declined in both urban and rural sectors, making recovery more difficult. These repeated shocks put the country in an extremely vulnerable position. Without these numerous episodes of conflict, Burundi's economic growth could have exceeded 6 percent per year in the remaining two decades, a performance similar to the standards in the region.

²³ IFPRI Global Hunger Index (2014).

²⁴ Stunting rates are the percentage of children under five years with height-for-age less than –2 standard deviations from the World Health Organization (WHO) reference.

FIGURE 7. AGRICULTURAL (RURAL) AND NONAGRICULTURAL (URBAN) GROWTH SINCE 1971



Source: WDI (2015).

61. **The 1992-99 civil war severely affected GDP and living standards.** The 1992–1999 period was characterized by a civil war coupled with low economic performance, mostly because of regional sanctions and forced migrations. During 1992–1999, civil conflicts claimed the lives of some 300,000 Burundians, displaced 1.2 million, destroyed capital, repressed investment, and damaged the capacity of the public sector to provide basic health, education, water, and electricity services. The stock of public debt also rose dramatically from 50.9 percent of GDP average during 1973–91 to about 112 percent during 1993–1999. Meanwhile, the exchange rate premiums increased as corruption worsened. Estimates suggest that, without this conflict, Burundi’s GDP per capita would have been about double the level of US\$219 realized in 2010 (World Bank 2010).

62. **A promising economic recovery followed the gradual restoration of peace.** Progress resulted mainly from the continued implementation of structural economic and social reforms. In the 2000–2006 period growth resumed modestly following the conclusion of peace agreements which triggered political hope and socioeconomic reforms in spite of continued conflicts.

63. **Growth accelerated in the relatively stable 2007–2014 period.** Between 2007 and 2015 the Government of Burundi (GoB) managed to stabilize the country’s economy in a fragile environment with real GDP and GDP per capita growth averaging 4.3 and 1.3 percent per year, respectively. The breakthrough in the peace process and subsequent reduction in violence, combined with better macroeconomic management, HIPC debt relief and aid inflow, triggered the rebound in economic performance.

TABLE 5. BURUNDI’S MACROECONOMIC PERFORMANCE, 2000–2016

	2000-2006	2007-2014	2015-2016
National Accounts			
Real GDP (%)	2.2	4.3	-2.3

Nominal GDP per capita (US\$)	127.4	222.3	292.8
CPI (average)	9.6	11.2	5.5
Fiscal Accounts (% of GDP)			
Overall balance	-9.9	-3.5	-6.4
Total revenues (excluding grants)	17.3	13.3	12.61
Grants	5.7	18.9	5.7
Recurrent expenditures	23.4	19.9	16.4
Development expenditures	9.5	15.8	6.9
Public debt	142	54.7	38.9
Selected Monetary Accounts			
Broad money (M3) (% change)	21.2	10.6	4
Credit to private sector (% GDP)	16.3	18	14.8
External Accounts			
Current account balance (% GDP)	-9.8	-13	-12
Net foreign direct investment (% GDP)	0.2	0.7	-0.8
Gross reserves (in months of next year's imports)	3.5	4.6	2.05
Exchange rate (BIF/US\$; eop)	988.1	1352.5	1691.9

Source: GoB, International Monetary Fund (IMF), and World Bank staff estimates.

64. **However, the typical post-conflict growth rebound never materialized.** In contrast with comparable countries, and despite substantial external aid inflows, Burundi did not experience a post-conflict growth boom. Following the successful implementation of a series of reforms identified under the heavily indebted poor countries (HIPC) debt forgiveness completion point in 2009, Burundi benefited from an unprecedented boom in external aid. However, unlike in other post-conflict settings (Table 6), Burundi did not experience the type of post-conflict momentum evidenced by high real GDP growth following the end of its protracted political strife in 2000.

65. **There are several possible reasons for this lack of post-conflict momentum.** The first is that the persistent conditions of fragility were intensified by a protracted conflict.²⁵ The second is the weak performance in the execution of public investments (externally and domestically funded), and the delayed implementation of critical investment climate reforms. The third reason is that the disbursement of external aid was unpredictable and volatile. Moreover, Burundi's initial conditions after the end of conflict also explain the lack of post-conflict momentum: the country's limited natural resource endowment, a high population growth, and an underperforming rural sector.

²⁵ These fragility conditions include delayed return of security nationwide, delayed resumption of economic activities in rural areas, slow return of Burundian refugees, management of foreign refugees in Burundi, and delayed final cease-fire with last (high-profile) rebel group (FLN PALIPE-HUTU).

TABLE 6. SELECTED ECONOMIC INDICATORS (AVERAGES 2007–2016) FOR SELECTED BENCHMARK COUNTRIES

	GDP growth, annual %	Agriculture value added	Industry value added	Services etc value added	Exports of goods and services	Imports of goods and services	Gross fixed capital formation	Gross fixed capital formation, private sector	FDI, net inflows	Gross domestic savings
Burundi	3.0	39.9	17.0	43.1	7.8	35.9	25.0	10.5	0.9	-3.1
Peer benchmarking										
Central African Rep.	-0.7	50.1	14.9	35.0	12.3	26.7	12.7		2.2	-1.7
Guinea-Bissau	3.7	46.7	13.8	39.5	21.6	31.2	6.0	2.4	2.0	-3.3
Liberia	5.2	45.8	10.7	43.7	30.2	116.4	19.6	12.4	34.8	-66.6
Mali	4.2	38.8	22.6	38.6	23.8	35.5	18.6	11.7	2.9	8.4
Sierra Leone	5.5	55.6	10.6	33.7	21.0	44.7	18.6	13.7	10.7	-4.6
Comoros	2.0				16.1	51.0	15.6		1.6	-16.5
Haiti	2.0				16.9	51.0	29.3	17.9	1.4	-4.8
West Bank and Gaza	5.8	6.1	23.5	70.5	17.2	61.2	21.8		1.6	-23.4
Bangladesh	6.2	17.0	27.0	56.0	18.0	24.7	27.6	22.0	1.2	21.0
Chad	4.0	52.8	13.1	34.1	36.4	40.4	27.8	19.4	2.5	24.4
Myanmar	8.5	33.1	29.4	37.5	9.0	10.7	27.3		3.6	26.7
Neighboring countries										
Congo, Dem. Rep.	6.4	22.8	34.3	42.9	35.5	42.4	17.8	11.8	8.1	10.2
Rwanda	7.6	31.1	17.2	51.8	13.7	31.0	23.5	10.3	2.9	6.9
Tanzania	6.7	31.6	23.6	44.8	19.4	29.5	31.7		4.0	19.0
Global benchmarking										
LIC	5.4	31.8	21.0	47.2	22.7	39.2	24.2	16.2	4.4	8.8
SSA	4.3	18.3	27.7	54.1	31.3	32.6	20.0	15.3	2.8	19.2
FCS	4.1				32.0	35.6	20.2		3.6	17.1

Source: WDI (2018).

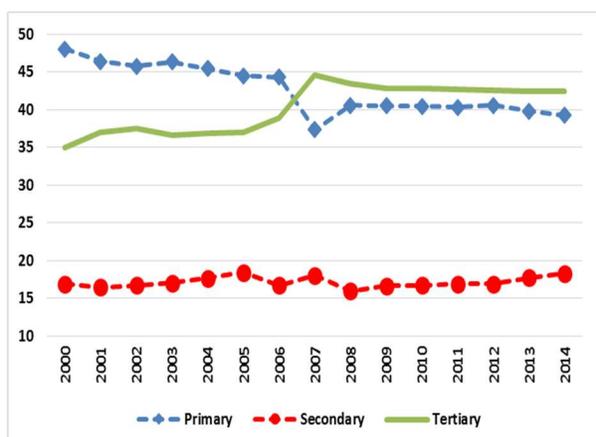
66. **Maintaining broadly prudent fiscal and monetary policies contributed to Burundi's growth in recent years in spite of fiscal slippages.** Two major corruption scandals dominated Burundi PFM over the past decade. These are the inappropriate sale of the presidential plane in 2006 and in 2007 and the illegal payment outside the budget process, of US\$17 million, to a major operator in the petroleum sector. While the Government was always quick to propose and implement corrective measures, including through strengthening fiscal management rules, little progress was made on the recovery of squandered resources. These measures contributed to the Government's prudent fiscal policy which led to the reduction of fiscal deficit to about 3.4 percent of GDP on average in 2007–2014, from 5.0 percent in 2004–2006, and from the peaks of 11.5 percent in 2003 and 24.7 percent in 2000. A series of measures also contributed to this performance, including the improvement of the allocation of the budget (efficiency) toward growth and poverty reduction sectors, progress toward controlling the size of the wage bill (civil services and army forces) and purchases of goods and services through the budget. In a context of gradually

declining aid, another important measure was the domestic revenue mobilization reforms which were implemented through the creation of the OBR.

67. **The authorities have maintained an accommodative monetary policy focused on controlling inflation and stabilizing the impact of external shocks.** Several shocks (including effects of the 2007 election crisis in Kenya and drought in 2008 and 2011) affected Burundi's growth and macroeconomic stability of the past decade. Monetary and exchange rate policy by the Central Bank was critical to keep the inflation in check and promote exchange rate flexibility to mitigate the impact of shocks on the economy. As a result, inflation was generally maintained below double digits, dropping to about 4.4 percent in 2014 from 9.7 percent in 2011.

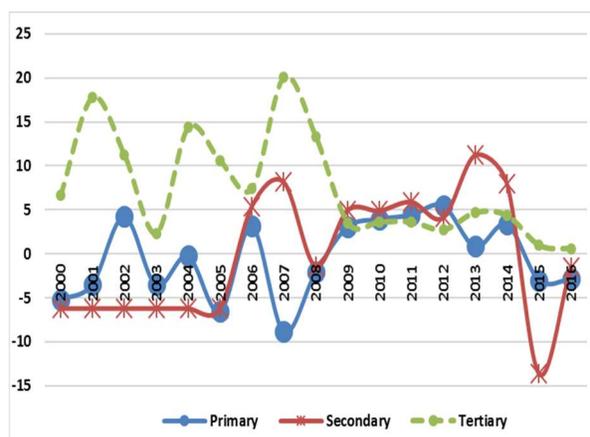
FIGURE 8. EVOLUTION OF STRUCTURE OF BURUNDI'S GDP IN THE LAST DECADE

A. SECTORAL SHARES TO GDP (PERCENTAGE)



Source: World Bank staff calculations based on ISTEERU data.

B. SECTORAL GROWTH (PERCENTAGE)

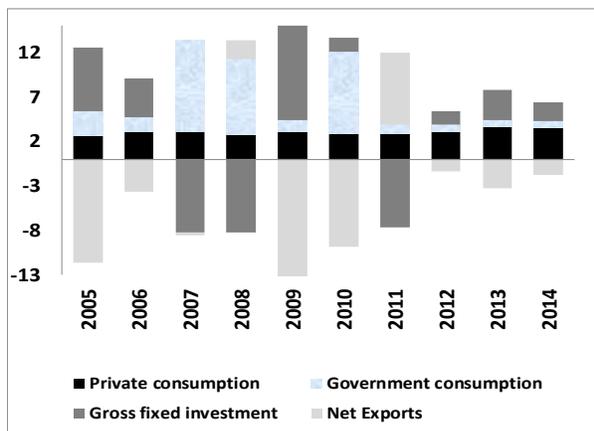


Source: World Bank staff calculations based on ISTEERU data.

68. **The contribution of the underperforming agricultural sector to GDP has declined over time, adding to the volatility of growth.** An underperforming agricultural sector delayed an economic catch-up that was anticipated following the Arusha Agreement and contributed to volatile economic growth. In the post-conflict era, the agricultural sector was the dominant (supply side) driver of economic growth. The share of the primary sector to GDP averaged 45.8 percent compared to 17 percent for the secondary sector and 37 percent for the services sector (Figure 9A). During this period, the economic growth performance remained highly volatile due to a widely fluctuating agricultural production (both staple food and export crops) that was adversely affected by weather conditions causing drought and floods. Moreover, production and international price shocks also affected coffee and tea, Burundi's main export crops.

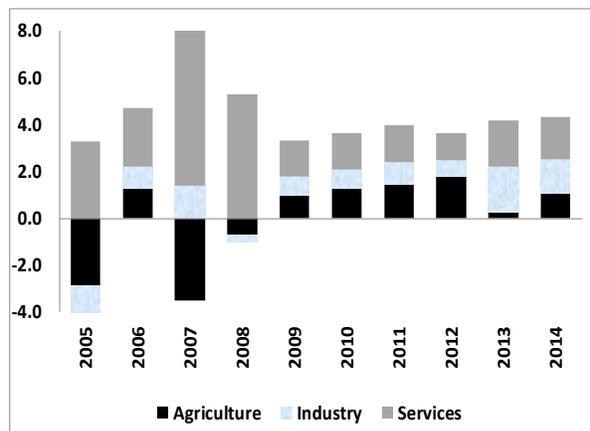
FIGURE 9. STRUCTURE OF BURUNDI'S GROWTH IN THE LAST DECADE

A. CONTRIBUTIONS TO ECONOMIC GROWTH (PERCENTAGE)



Source: World Bank staff calculations based on ISTEERU data.

B. SECTORAL CONTRIBUTION TO VALUE ADDED GROWTH (PERCENTAGE)



Source: World Bank staff calculations based on ISTEERU data.

69. **Since 2000, consumption (public and private) has been the largest contributor to growth, followed by total investment (Figure 9B).** The need to stabilize institutions explains the importance of Government consumption starting from 2007, in terms of its contribution to growth. The demobilization program was one of these initiatives requiring Government resources. The second contributor to demand-side growth was private consumption, followed by investment. Given the level of poverty in Burundi, the high share of consumption in income, and the relatively closed economy, there are large multiplier effects to increased incomes. As a result, the share of private consumption in aggregate demand has averaged around 74 percent since 2005. Public consumption also contributed, although the ratio of public expenditures to GDP increased slightly from 19 percent in 2005 to 21 percent in 2014. Following a series of shocks such as the 2007–2009 international food and fuel price crisis, the 2010 global sovereign debt crisis, and the fire of the Central Market in Bujumbura in January 2013, the Government's response slowed down the economy, and private investment and consumption declined during FY2010–2014.

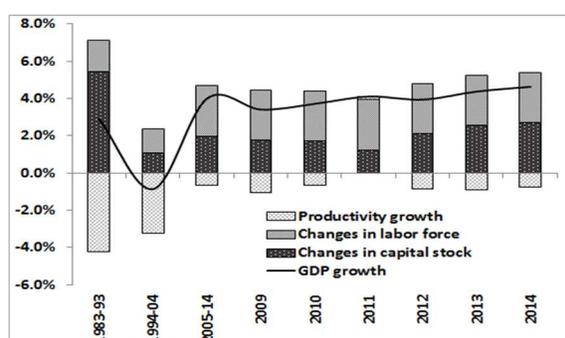
70. **The contribution of the external sector to GDP growth has been rather limited.** Net exports have been a drag on growth, primarily because of a narrow export base (partly because of the country being landlocked) and the need to import a large proportion of inputs that are not available in the country. The rise of ODA to Burundi, starting from 2006, was often compensated by increases in imports, thereby affecting the country's trade balance. In addition, a low domestic savings rate (2–3 percent of GDP in 2014) resulted in high dependence on foreign savings, which are typically associated with increased imports. Unfortunately, Burundi has not made progress on export diversification because coffee and tea remain the main exported products, accounting for more of total exports since the 2000s.

71. **Finally, socioeconomic reforms and improved security have had a positive but insufficient effect on economic growth.** The negative contribution of total factor productivity (TFP) to growth remains a serious concern. Factors of production have been increasing steadily,

though the growth rate trended down during the 1994–2004 conflict (Figure 10A). However, the contribution of productivity to economic growth remained negative, indicating room for further improvement. Burundi’s TFP contrasts with the countries emerging from conflict where data are available, for example, Côte d’Ivoire and Mozambique (Figure 10B). To increase the country’s growth potential, significant bottlenecks have to be removed. Burundi is isolated, and the country needs to be better linked with its neighboring markets, regional and global. In this context, regional integration is critical to reducing the deficits in transport, energy, and communication infrastructure. While the country is likely below the size threshold to attract investors for infrastructure projects, this disadvantage can be overcome at the regional level.

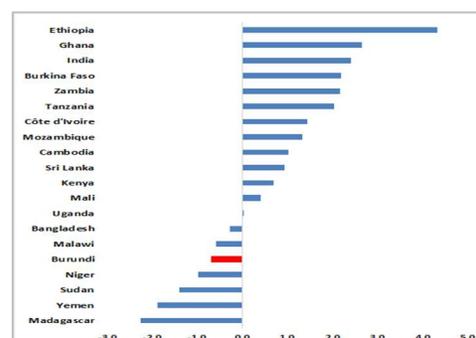
FIGURE 10. COMPARISON OF TFP OF BURUNDI

A. EVOLUTION IN TFP FROM 1983 TO 2014



Source: Authorities and World Bank staff.

B. TFP GROWTH IN SELECTED DEVELOPING COUNTRIES (AVERAGE 2005–2014)



Source: The Conference Board Total Economy Database and World Bank staff for Burundi.

2.4 Recent Economic Developments in a Context of Political Conflict

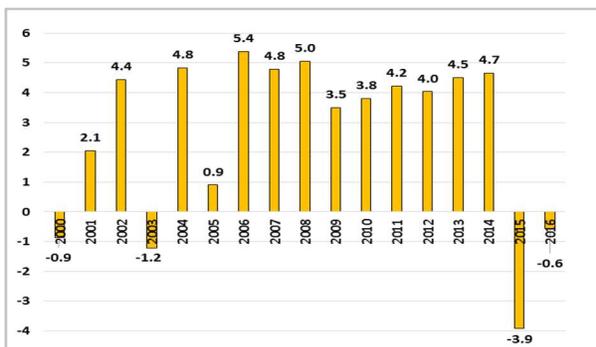
72. **The political crisis of 2015 halted 11 years of positive growth experienced since the Arusha Agreement.** Real GDP declined by 3.9 percent in 2015, driven by a sharp drop in the urban formal and semiformal economy that is so dependent on development aid. Commercial and industrial activities were stopped in the capital Bujumbura for several weeks in April–June 2015 due to riots, significantly disrupting productivity. Weak domestic demand resulting from both businesses and donors’ negative response, compounded by the tense political situation and acute insecurity during the second half of 2015, held the economy at a low equilibrium. The secondary sector declined by about 13.6 percent in 2015 with value added contracting in manufacturing industries, utilities including energy, construction, and mining (Figure 11D). The primary sector contracted (3 percent) as well mostly due to the combined effects of climatic shocks and forced migrations (Figure 11B), with food production dropping by 4.3 percent especially in the North and South. Despite noticeable growth decline hitting tourism (4.6 percent)²⁶ and trade (6.9 percent), the tertiary sector showed some resilience mostly due to subsectors such as commercial banking

²⁶ Several hotels and restaurants did severely cut employment to reduce cost. Most of them have faced huge difficulties to repay their debt owed to commercial banks.

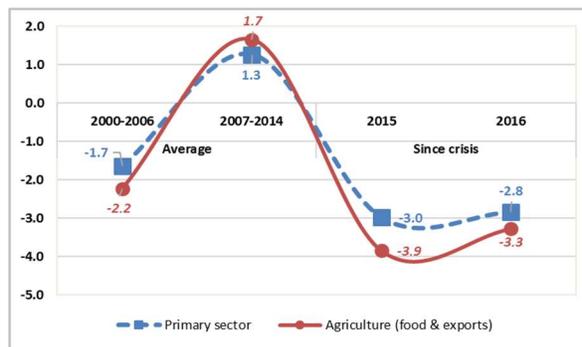
and telecommunications (Figure 11C). On the demand side, investment and export of goods and services were mostly affected by the politically led drivers of the contraction.

FIGURE 11. ECONOMIC PERFORMANCE COULD HAVE BEEN STRONGER WITH A PERFORMING AGRICULTURAL SECTOR

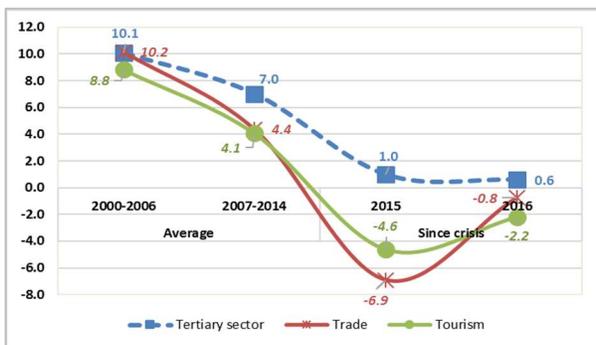
A. RECENT TREND IN ECONOMIC GROWTH (%)



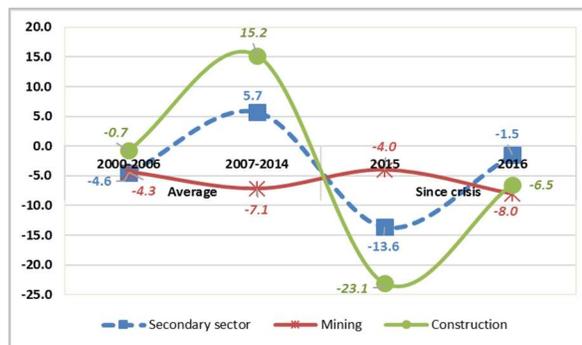
B. PRIMARY SECTOR GROWTH RATES WITH FOCUS ON MOST AFFECTED SUBSECTORS (%)



C. TERTIARY SECTOR GROWTH RATES WITH FOCUS ON MOST AFFECTED SUBSECTORS (%)



D. SECONDARY SECTOR GROWTH RATES WITH FOCUS ON MOST AFFECTED SUBSECTORS (%)



Source: World Bank staff estimates using the Government's national.

73. **Despite the apparent steadiness of the government in the wake of the 2015 political crisis, economic activity in 2016 remained in recession.** Real GDP declined by 0.6 percent in 2016²⁷ although this contraction was lower than that of 2015. The decline was due to unfavorable weather conditions, which dampened agricultural production and energy supplies. These developments affected the performance of the industrial sector (including agro-processing for consumption and construction), which contracted by 1.5 percent in 2016 (moderate compared to 13.6 percent contraction in 2015). Early estimates for the first quarter of 2017 indicate that agriculture production will remain sluggish. In particular, the sugar sector, a critical supplier of agro-industries for consumption goods, has struggled to meet domestic demand. Trade and tourism continued to record negative growth, although at a slower pace, mainly due to heightened shortages in foreign currencies and negative perceptions that the country has suffered as a tourist destination

²⁷ The Government's forecast growth rate of 1 percent seems to be on the high side, given the counter-performance in food production, and the continued difficulties faced by the tourism, energy, and construction subsectors.

since the crisis erupted in May 2015.²⁸ However, the services sector, buoyed mostly by a good performance in the services subsectors, including transport, telecommunication, banking, and insurance, experienced a moderate growth in 2016. The growth of the services sector was not enough to offset underperformance in other sectors (agriculture and industry).

74. On the demand side, exports of goods and services and investment were the main drivers of the contraction in 2015. Growing at an annual average of 7.4 percent in 2010–2014,²⁹ the export value of goods and services declined by 9.9 percent in 2015, driven essentially by declining coffee export volumes and coffee export unit prices by 21.4 percent (against an annual increase of 13.9 percent in 2010–2014). While declining international commodity prices could explain this trend, jitteriness caused by the GoB’s recent introduction of exchange rate restrictions measures to address exchange rate shortage could also be a factor, since the parallel market premium is effectively a tax on formal exports. On the other hand, gross fixed investment declined by about 42 percent due primarily to (a) interruptions in the ‘*carnets de commande*’ (purchasing books) of businesses relying on the external aid industry, (b) declining security in main urban cities, and (c) acute shortages in foreign exchange reserves. Moreover, the freeze of both program and projects’ support resulted in a poor execution performance of public investment in 2015. The execution rate of externally funded capital expenditures, accounting for 75 percent of total capital expenditures, dropped to 55 percent in 2015 from an average of 84.2 percent in 2010–2014. Meanwhile, the execution rate of domestically funded capital expenditures declined relatively slightly to 82.2 percent from 89.3 percent, over the same period. Finally, private consumption did not contract in 2015 mainly as food import volumes slightly increased (0.3 percent) following lower import unit value. At the same time, resilience mechanisms introduced by donors that are used in rural areas to foster food production played a buffer role in providing safety nets to rural people against climate-related food production shocks. In fact, the import volume of nondurable goods (food, pharmaceuticals, and others) increased by 1.8 percent, with pharmaceuticals being procured at slightly higher unit import prices (3.6 percent increase in their import value). Moreover, shortages of foreign exchange reserves have limited much needed imports for economic activities, holding back trade and investment.

75. The crisis has also dramatically affected Burundi’s fiscal performance. The general Government fiscal deficit remained high at above 5 percent of GDP in 2016 from 3.4 percent in 2014. External budget support declined following the political crisis. This has been partially offset by improved domestic revenue mobilization performance (11.9 percent of GDP in 2016 from 11.4 percent in 2015) and fiscal consolidation on expenditures including investment. There have been growing concerns on the recurrence of arrears accumulation toward public entities (for example, the water and electricity company) and private suppliers. Unfortunately, the lack of fiscal data currently prevents an evaluation of the magnitude of arrears accumulation.

76. The crisis also exacerbated external sector vulnerabilities with major pressures on the Burundi franc. The current account deficit worsened to 8.6 percent of GDP from 7.3 percent in 2015, mainly due to a deterioration in net factor services and transfers, in spite of the slight

²⁸ Specific to tourism, the uncertain security environment impeded/delayed, for example, a promising (public-private partnership) investment seeking to scale up exploitation of the ‘Source du Nil’ or the launch of a new ‘Drums’ Festival’.

²⁹ Coffee exports grew by an annual increase of 3.5 percent in 2010–2014.

improvement in the trade balance in 2016. FDI flows (representing 0.8 percent in 2015 from 2.5 percent of GDP in 2013).

77. **Transfers remained subdued mainly by the continued perception of instability in the country.** A key challenge to stimulating robust growth is how to reverse the drop in capital goods imports experienced since 2016. The Central Bank interventions in the foreign exchange market, including liquidity injections and restrictions on foreign exchange transactions, held depreciation of the official exchange rate to 5 percent in 2016 while the parallel market premium soared to 60 percent, up from 20 percent in 2015. The average citizen saw the value of the Burundi franc against the United States dollar fall from BIF1,553 in 2014 to BIF1,655 in 2015. However, the average forex bureau rate of the Burundi franc, which may be more reflective of the forex market conditions, stood at over BIF2,700 in October 2016, signifying a substantial parallel market premium. The partial payment of the funds in March 2016 owed to Burundi in hard currency for peacekeeping operation (PKO) in Somalia slightly reduced pressures on the foreign exchange market.

78. **The crisis also affected the performance of the banking sector.** The commercial banks' holding of government domestic debt has grown significantly, which in turn is increasing exposure of the banking sector to the current vulnerabilities in the fiscal and external sector that may spill over to a crisis. In addition, the banking sector is facing a challenging environment marred by liquidity shortages, deteriorating asset quality, and capital adequacy getting impaired. Nonperforming loans (NPLs) increased from 13.7 percent in 2014 to 24 percent by end-January 2017, reflecting in part a difficult economic situation. The situation of NPLs is rather alarming as many years of improvement in bank assets' quality seems to have been lost. The current level of NPLs has surpassed the historically high level before 2008, which was the starting point of the implementation of a series of structural reforms culminating in steady growth later on. The situation is worrying as informal reports indicate that at least the big banks are at risk of insolvency over the near term.

79. **The mix of persisting political instability, growing factional violence, and the deteriorating macroeconomic situation have hit the living standards of the population hard.** The lack of high-frequency reliable data on living conditions means that quantitative empirical evidence of the impact that the current political crisis has had on the welfare of households will not be available in the short run. However, calculations based on the Povcal model project that the poverty rate, based on the international poverty line (US\$1.90/day), has increased by 1.5 percentage points, from 72.9 percent in 2014 to 74.4 percent in 2016.

80. **Evidence of the impact of previous crises on the Burundian population suggests the potential impact of the continuing unrest on both consumption levels of the population and access to services to be considerable and long-lasting.** As found by Mercier, Ngenzebuke, and Verwimp (2015), over 1998–2012, only 6 percent of the households in Burundi have never been poor. Equally worrisome is the fact that roughly 39 percent of the families have been in chronic poverty, meaning that they were poor throughout the whole time span. In addition to a direct link between conflict and poverty, this finding may also be explained by the fact that in conflict areas, individuals become more risk-averse and hence less likely to invest in risky productive activities (Bundervoet 2010).

81. **Access to food and clean water have started to become a critical issue.** As of February 2016, 1.1 million Burundians needed humanitarian assistance. Access to food is mainly secured by subsistence farming, but today about 30 percent of households cannot live on subsistence farming with their own land. According to a survey conducted by the World Food Programme in December 2015, almost 1 household in 2 is in a situation of food insecurity, 1 household in 10 is in a situation of severe food insecurity, and child malnutrition has grown dramatically. The increase in food prices are also posing a serious strain on access to food. Furthermore, there is a serious difficulty in accessing clean water: in the city people must pay for it; in rural areas most people go to local sources. That is, not all have access to water or clean water, with the risk of contaminating diseases like dysentery and cholera. The East, with the Ruyigi, Cankuzo, and Rutana Provinces, is identified as particularly affected. Specialists mention a risk of malaria epidemics in the North of the country.

82. **The health care system is seriously deteriorating, and the country is in a medical emergency situation.** There is a shortage of medication, and several basic medications, such as antimalarial medicine, are no longer provided free due to cuts in public funding. Even the private sector has difficulty providing all kinds of medication because the Government requires that taxes on medication imports are paid immediately and not delayed as was done earlier. Even though medicine is one of the priority items for using scarce foreign exchange for importing, the worsening of the forex shortage is limiting local supply of medicine.

83. **People are used to medication shortages but with rather short periods of interruption.** The recent prolonged shortage may lead to severe medical emergencies and even deaths of those who are chronically ill. The ‘*gratuité*’, known as the public health policy providing pregnant women and children under the age of five with free health care, is still available officially, but specialists report that it has greatly reduced in practice, which critically increases mother and child mortality. There are significant delays in the payment of civil servants working in the health sector and health services, and several key offices for collecting health information and in charge of provision of medication and equipment at the ministry level are reported as not functioning anymore. Such poor performance of the health system is one of the factors for the outbreak of malaria in 2016.

84. **The reduction of international funding and programs, and the reduced presence of civil society has severely affected service delivery.** Although much of the flow of international funding has stopped, many donors are establishing new ways of bringing support directly to the population. Many members of civil society organizations have been targeted by political repression, and have fled. Those who have remained encounter new restrictions on access to international donor funding, or have had their bank accounts frozen. All activities must be declared to local authorities, and many activities are audited. Of particular concern is the fact that the immediate impact is likely to be felt in those urban areas where social and political tension is the highest.

85. **Living conditions are particularly challenging for internally displaced persons (IDPs), refugees, and their host communities.** The political crisis has pushed more than 270,000 to leave their homes, among which half are young people under 18 years.³⁰ By leaving their fields behind,

³⁰ UNICEF, ‘*Aperçu des besoins humanitaires*’, February 2016.

displaced people lose their direct source to food. About 85,000 IDPs need humanitarian assistance for shelter and access to water, hygiene, and sanitation: 78,000 of them for access to food and 69,000 for health care and physical protection.³¹ Similar challenges are faced by the numerous Burundian refugees in other countries: 130,000 in Tanzania, 74,000 in Rwanda, and 21,000 in both the Democratic Republic of the Congo and Uganda.³²

³¹ UNICEF, 'Aperçu des besoins humanitaires', February 2016.

³² UNICEF, 'Aperçu des besoins humanitaires', February 2016.

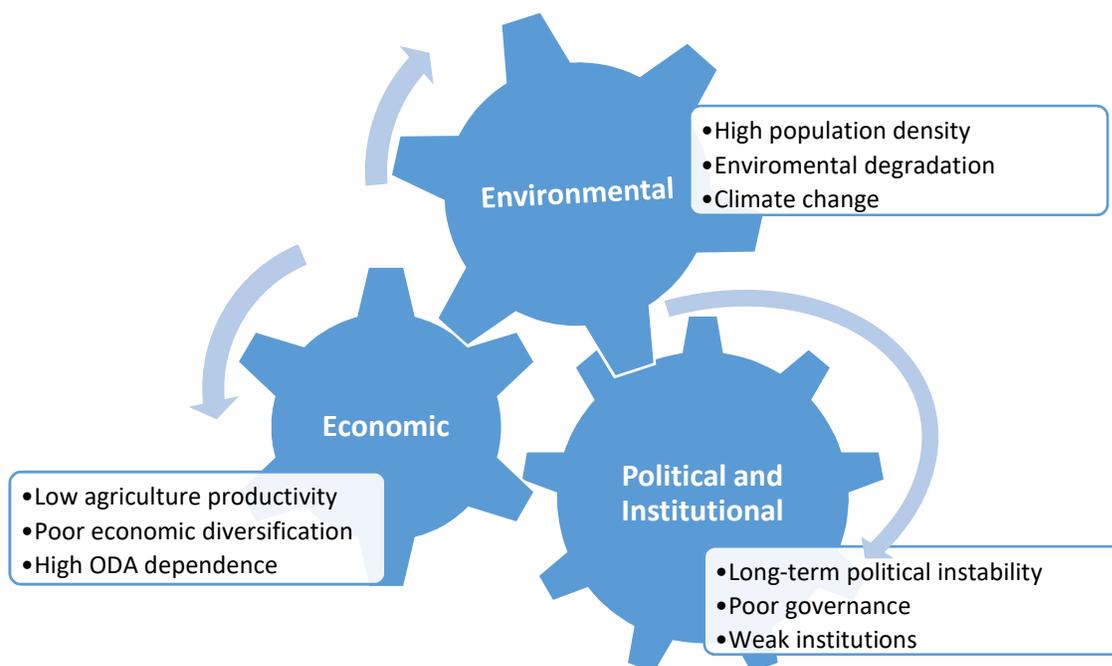
3. CONSTRAINTS TO ACHIEVING THE TWIN GOALS

86. **Burundi is caught in a double trap.** Modest economic growth coupled with a rapid increase in the population are the root causes of slow economic progress. The analysis of the previous chapter concludes that consumption-based inequality is moderate by SSA and LIC standards and, in the absence of comparable time-series data, there is no evidence that it has increased over time. In this context, the slow progress made over recent years in reducing poverty and promoting shared prosperity hinges on the failure of average per capita consumption to increase, rather than to a change in the distribution of consumption in favor of the better-off.

87. **The demographic trap.** In 2015, the population of Burundi was estimated at 11 million, having more than quadrupled since 1950. Moreover, this rapid population growth is destined to continue into the foreseeable future, given the country's persistently high fertility rates. The sharp rise in population has resulted in a demographic burden on the economy, diluting the benefits of economic growth, increasing population densities and exacerbating development challenges. Transforming the current demographic burden into a dividend is critical to the future of the country.

88. **The fragility trap.** As shown in the previous section, political and climatic fragility and economic volatility are putting a break on the country's growth prospects. Since achieving independence in 1962, the economic and social development of Burundi has echoed the country's fragility in a number of dimensions. Figure 12 focuses on three key aspects of this fragility: political and institutional, economic, and environmental. These aspects of fragility are highly intertwined and in many ways feed on each other.

FIGURE 12. BURUNDI FACES DIFFERENT ASPECTS OF FRAGILITY



3.1 The demographic challenge

89. **Burundi's high rates of population growth and youthful age structure are a result of a rapid drop in mortality along with a persistently high fertility rate.** Since 1990, considerable investments in basic health care have led to significant reductions in mortality of young children (about 50 percent) and mothers (42 percent). At the same time, fertility has declined more slowly, with the Total Fertility Rate (TFR) having dropped by only 21 percent since 1990.

90. **The sharp rise in population has increased population densities and exacerbated the challenges associated with such an increase.** In 2000, Burundi was already ranked among the most densely populated countries in the world, with 260 inhabitants per square kilometers (inh/km²) of land area. In 2015, population density skyrocketed to 435 inh/km²—compared to the world average of 57 inh/km²—bringing Burundi into the 91st percentile of the international population density index. With its extremely low urbanization level (12 percent), Burundi has the most densely populated rural areas in the world. The key difference from other countries with similar densities, such as Mauritius and Maldives, is that islands can sustain themselves with sectors such as fishery and tourism, while inland states like Burundi have almost no tourism and have already entirely stripped their natural vegetation for agriculture, food, and fuelwood (Goldewijk 2005).

91. **Extremely high population density also creates the conditions for the explosion of conflicts over access to land.** The scale and nature of land-related disputes over time has posed considerable challenges to conflict resolution institutions in Burundi (van Leeuwen 2010). High population density also allows rebels to mingle with the civilian population, making it difficult for the Government to identify them (Ngaruko and Nkurunziza 2000).

92. **On the positive side, high population density offers some opportunities.** These include opportunities to capitalize on the potential economies of scale in access to basic services, and the potential for agglomeration economies. However, fulfilling these potentials entails meeting a number of prerequisites, including political stability, strong institutions, and a thriving private sector—all of which remain elusive in Burundi.

93. **An accelerated decline in fertility is critical to transform the current demographic burden into a dividend.**³³ Accelerating the transition could bring about important economic and human development benefits derived from structural shifts in the age structure. Provided adequate employment is created to absorb existing and new labor market entrants, a growing share of the working-age population relative to the share of dependents in the population may generate increased per capita incomes and potentially reduce poverty.

94. **However, even if fertility rates dropped to the replacement level, Burundi would still face several decades of high population growth.** A large cohort of youth—resulting from the historical high fertility period—will enter the reproductive phase and bear children. Thus, the number of births will exceed the number of deaths. Though the challenges may appear daunting, early and appropriate action would help Burundi move toward growth and prosperity.

³³ Schneidman et al. Mimeo.

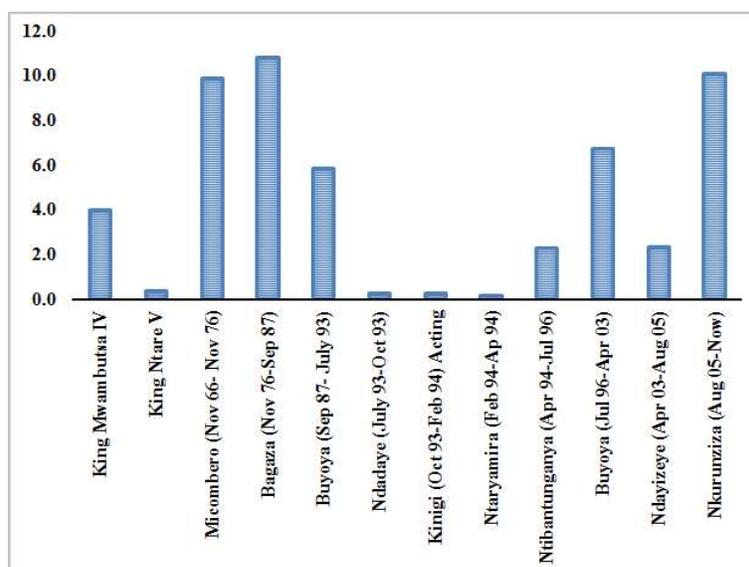
3.2 Political and Institutional Fragility

95. **Burundi's history as an independent country is characterized by high political instability and violence.** Since the early days of independence, Burundians have mainly accessed and controlled political power through violence. Since independence, the country has changed leadership 11 times—6 of these through military coups. Three prime ministers—including the hero of independence, Prince Louis Rwagasore—were assassinated during the short-lived constitutional monarchy (from July 1962 to November 1966). Since the creation of the republic in 1966, the country has witnessed several attempted coups, and a succession of military regimes have maintained power for almost three decades, excluding large parts of the population on the basis of ethnicity and regional identity.

3.2.1 A long-term history of political instability

96. **The country's long struggle to adopt a democratic system of governance has been associated with high volatility in leadership.** This volatility is mainly driven by high ethnic polarization, and is associated with the fear of violating ethnic minority rights. In 1993, the country's first attempt to adopt democratic rules exacerbated political instability. As shown in Figure 13, the average duration in political power dropped from nine years in 1966–1993 to less than 10 months in 1993–1996. In addition, by 1999, violence and the number of fatalities had increased considerably, as shown in Figure 14 and Figure 15.

FIGURE 13. DURATION OF POLITICAL REGIMES SINCE THE CREATION OF THE REPUBLIC (NUMBER OF YEARS)



Source: Compiled by World Bank staff from different sources.

97. **The Arusha Accord and the 2005 Constitution laid the foundations for enhanced political stability.**³⁴ Signed in 2000 and promptly implemented with the installation of the transitional government, the Arusha Accord confirmed multiparty democracy as Burundi's system

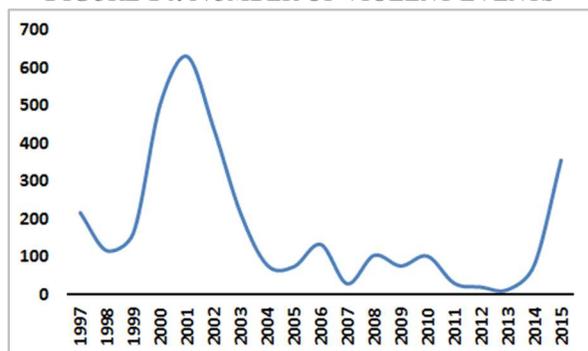
³⁴ The Arusha Accord (also known as the Arusha Peace Agreement) was intended as a transitory agreement to be dissolved upon the consolidation of peace and democracy.

of government. The Arusha Accord also introduced a new political structure that included ethnic quotas in both the political sphere and the armed forces. These changes constituted a turning point toward a decade of peace and stability.

98. **However, Burundi’s political stability remained highly fragile.** The survival of the Arusha Accord was soon challenged by two main rebel groups refusing to sign the peace agreement: The National Council for the Defense of Democracy-Forces for the Defense of Democracy (*Conseil National Pour la Défense de la Démocratie-Forces pour la Défense de la Démocratie*, CNDD-FDD) and the National Liberation Forces (*Forces Nationales de Libération*, FNL). In response to the visible progress of the agreement’s implementation, the rebels transformed their movements into political parties that soon began to dominate the political landscape. In this way, what initially had begun as ethnically motivated conflict evolved into subtler and long-lasting political instability that threatened Arusha’s consensus.

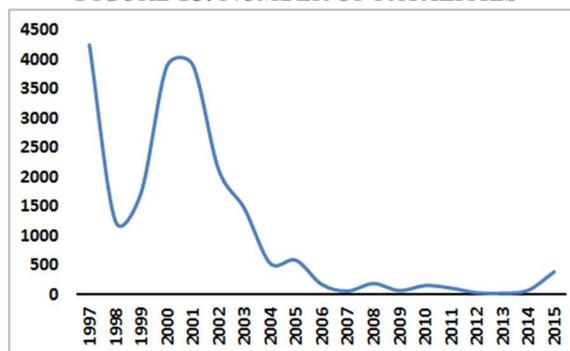
99. **Conflict and violence continued until 2003, when the transition government and the CNDD-FDD signed a cease-fire.**³⁵ As shown in Figure 14 and Figure 15, the cease-fire reduced the incidence of violence and began to improve the security situation, preparing the environment for the upcoming elections. The transition period concluded successfully in 2005 with the promulgation of a new Constitution and the installation of a democratically elected government in August 2005.

FIGURE 14. NUMBER OF VIOLENT EVENTS



Source: Armed Conflict Location and Event Data Project (ACLED) database (2015).

FIGURE 15. NUMBER OF FATALITIES



Source: ACLED database (2015).

100. **The 2005 elections finally brought temporary stability to Burundi, but political patronage and fragility continued to threaten the nation’s development.** The 2005 elections marked a dramatic shift from the past, creating real optimism. For the first time in over a decade, the army retreated to its barracks, and demobilized combatants were integrated into the army—or the police—in line with predetermined ethnic quotas. Security increased significantly; roadblocks and checkpoints were dismantled and night curfews were lifted. Finally, the last active rebel movement, the FNL, joined the other signatories at Arusha in 2009.

³⁵ In April 2003, the Pierre Buyoya (Tutsi) handed over power to Domitien Ndayizeye (Hutu), as planned in the Arusha Agreement, thus increasing the credibility of the agreement. Article 2 provides that the cease-fire agreement is an integral part of the Arusha Peace and Reconciliation Agreement for Burundi and revokes all earlier conflicting provisions in relation to the CNDD-FDD.

101. **In recent years, the ruling party tried to rebalance the power-sharing mechanisms enshrined in the Arusha Accord in its favor.** In October 2013, the Government introduced several amendments to the 2005 Constitution that seriously compromised the principle of the Accord in areas seen as critical for the protection of minority groups and the maintenance of the established power-sharing mechanism. The amendments included provisions to (a) eliminate the need for a two-thirds majority for Parliamentary approval; (b) replace the two ethnically balanced vice presidents with a powerful prime minister; and (c) authorize the ruling party to nominate officials in the judiciary, military, and civil service without Parliamentary approval. These events were followed by the adoption of a restrictive media law; a controversial framework for the national land commission; a disputed review of the Constitution by the ruling party; and a rift between the CNDD-FDD and its coalition partner, the Union for National Progress (*Union pour le Progrès National*, UPRONA). These developments worsened the already tense political environment and gave new energy to the range of complex, interlocking vulnerabilities in which Burundi's long-term fragility is deeply rooted.

3.2.2 The current political crisis has further stunted progress

102. **Burundi's political and economic situation has deteriorated further since April 2015 when incumbent President Pierre Nkurunziza, announced his decision to run for a third term.**³⁶ The need to consolidate his leadership, combined with his determination to remain in power, led Nkurunziza to officially announce his candidacy for a third term, despite the Arusha Accord firmly setting a constitutional limit of two terms.³⁷ The announcement sparked massive demonstrations in the capital, which rallied opposition parties, prominent figures, civil society, and citizens, for whom the announcement constituted a violation of the ban to run for a third bid established in the Arusha Accord and an open attempt at undermining peace and democracy.

103. **An attempted coup d'état on May 13, 2015, failed to depose the sitting President and triggered a severe political crisis.** By December 2015, over 230,000 people had fled the country, primarily into settlements in neighboring countries, according to the United Nations High Commissioner for Refugees (UNHCR). In addition, development agencies suspect that thousands of Burundians have moved from urban areas—where the conflict is concentrated—to more remote and rural locations.

104. **Political competition had increased on all fronts for the President and his inner circle of the majority party, the CNDD-FDD.** This had led to growing tensions with other Hutu parties—FNL, Front for Democracy in Burundi (*Front pour la Démocratie au Burundi*, FRODEBU), and Movement for Solidarity and Democracy (MSD)—while attempts at undermining ethnic power sharing had increasingly distanced the most important Tutsi party, UPRONA. Ultimately, the CNDD-FDD itself was going through internal turmoil and divisions.

105. **Political opposition was met with severe repression from the Government, leading to a new cycle of political violence.** The demonstrations, coupled with a failed military coup in May 2015, compelled a heavy repression from the regime. It was the beginning of a new cycle of

³⁶ For more details, see World Bank (2016a).

³⁷ The rationale for his seeking a third term was based on the technical argument that his first five years in power did not constitute a term because he was appointed by Parliament rather than directly elected.

political violence, along with the strengthening of one-man's-rule (supported by an inner circle of former guerrilla leaders) to exercise control over the country. Within a few months, Bujumbura became the theater of extreme political violence: arbitrary arrests, house searches, and killings and rural areas fell under the surveillance of the President's militia. Under such a threat, the civil opposition, imprisoned or in exile, grew weaker while the armed opposition regrouped and launched several important attacks, but the rebels' effectiveness in challenging the Government is generally questioned. The international community's response was to strengthen financial pressure on the Government to push for an inclusive political dialogue and the cessation of violence.

106. **Violence has partially diminished since 2016 but the political stalemate remains.** The unsettled dispute over the legitimacy of Nkurunziza's candidacy, exacerbated by factionalized elites, led to the boycott of the elections by opposition parties. The post-electoral crisis that followed remains unresolved and has reignited long-lasting internal tensions, plunging Burundi into a deep political, social, and economic crisis.

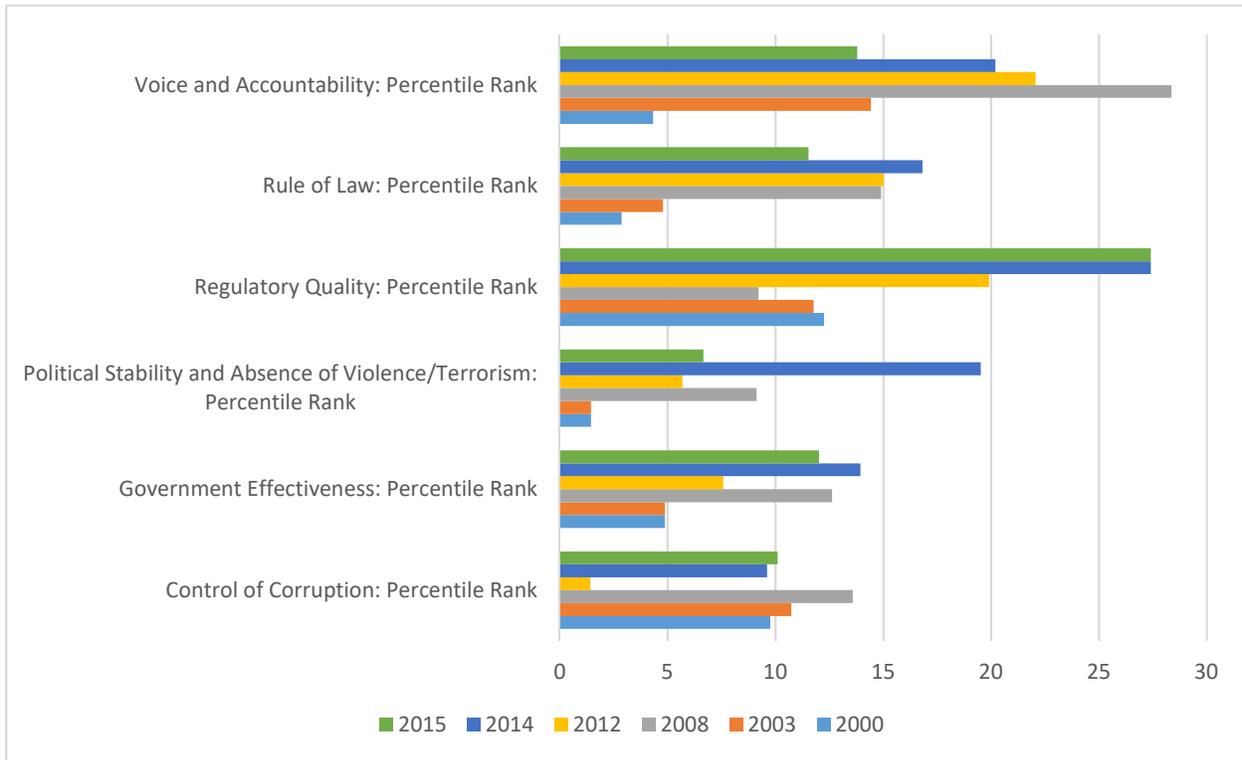
3.2.3 Governance and institutions

107. **Underpinning Burundi's political fragility are weak governance and institutions.** The state and institution-building process in Burundi, which began in the 1960s, remains incomplete. This represents a key element of Burundi's fragility trap. Decades of civil war, only briefly interrupted by intervals of peace, have considerably limited the extent to which civilian institutions could be developed. The evolution of the public sector has been driven to a significant extent by patronage and the need for cooptation of former, and potential, supporters rather than by meritocratic criteria. Low educational levels and limited infrastructure have also affected opportunities for institutional development. In turn, poor governance negatively affects the ability of the state to provide security, deliver social services, manage public investments, or encourage agricultural and other private sector growth.

108. **Corruption, criminality, abuses of the judicial system, lack of security and of access to the judicial system are all major concerns.** A survey commissioned by the GOB through the World Bank in November 2007 found these factors to be among the respondents' main concerns (RoB 2008; World Bank 2008a). Data from the 2015 Afrobarometer find that 6 Burundians out of 10 believe that corruption increased in the last 12 months. Moreover, up to 70 percent of the population believe that the Government's efforts to fight corruption within the public administration are scarce. Poor governance has also been identified as one of the main reasons for the prolonged civil conflict in Burundi. The majority of households, as well as many representatives of firms and nongovernmental institutions, doubt the capacity and willingness of the government and its political representatives, to promote economic and social development.

109. **Indeed, according to international indicators, Burundi is one of the countries with biggest governance challenges in the world as of 2014.** Figure 16 shows that, although the governance situation in Burundi has improved since the end of the civil war, the country still ranks among the worst performers in terms of governance. Of particular concern is the sharp deterioration of several of these indicators in 2015, the last year for which data are available.

FIGURE 16. GOVERNANCE INDICATORS 2000–2015 (PERCENTILE RANK)



Source: The Worldwide Governance Indicators (WGI) project.

110. **Securing property and contract rights in Burundi remains a key challenge.** Despite the existence of a legal and regulatory framework for property rights, contract enforcement through formal mechanisms is not accessible to all, and it is often unreliable. Property rights and rule-based Government policies are among the lowest in the world. The 2015 Country Policy and Institutional Assessment (CPIA) gives Burundi an overall score of 2 points out of 6. The quality of the legal and judicial system was downgraded from 2 points in 2014 to 1.5 points in 2015, with the formal system jeopardized by perceptions of impunity and the lack of enforcement of judiciary decisions. As stressed by Wagner (2010), the limited rule of law and the lack of asset security are among the largest bottlenecks to growth in Burundi, preventing entrepreneurs from appropriating the fruits of their efforts and reducing confidence in the Government’s actions.

3.3 Environmental Fragility

111. **Mounting demographic pressures, lack of economic diversification, and climatic variability are posing greater risks to economic, environmental, and fiscal sustainability.** High dependence on rain-fed agriculture for their livelihoods is testing the resilience of Burundi’s population to systematic shocks to agriculture production and reducing food security. High population pressure is contributing to major environmental concerns, including deforestation, land degradation and exhaustion, loss of biodiversity, and diminishing water resources. Moreover, given the importance of agricultural output for GDP levels in Burundi, the increased volatility in crop production which is associated with deterioration in the environment, is a major concern for the country’s economic reliance.

3.3.1 Climate change

112. **Burundi has a history of extreme climate-related events.** Based on data from the past 60 years, Burundi has experienced alternating cycles of excess and deficit rainfall nearly every decade, as well as an overall increase in mean temperature, with the dry season getting longer. Past extreme weather events include severe floods in 2006 and 2007 and severe droughts in 1999–2000 and in 2005 (RoB 2007). During this period, the Northeastern provinces and the Bugesera depression, areas that support a particularly high population density, were hit hard. Overall, the Government estimated the losses related to these events to have exceeded 5 percent of GDP.

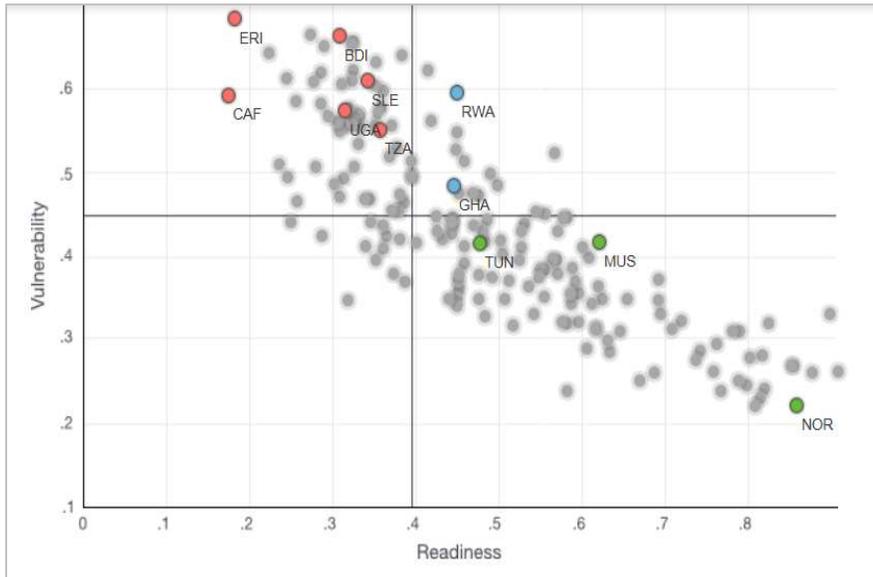
113. **Moreover, since September 2015, Burundi has been severely affected by the El Niño climate phenomenon.** The rainy season (from September to December) was extremely heavy, and brought about dangerous floods in Burundi’s most vulnerable zones. The situation was particularly worrisome in the Bubanza and Rutana Provinces—notably on the Karambira and Nyekarange hills—where torrential rains led to landslides causing the death of three people and damaging 1,000 hectares of fields in June 2015. In September, the Mitakataka, Gahongore, Buramata, Gihungwe, Rugunga, Kagwema, and Kizina hills were affected and this caused the death of one person as well as damage to crops and more than 680 houses. Due to El Niño, the rainy season extended until the first quarter of 2016, which brought about the destruction of more than 14,000 houses in the country as of March 2016, according to assessment carried out by the authorities with support from the Red Cross (International Organization for Migration, 2016). The 2016 Season A (from September to January) was especially threatened by heavy rainfalls induced by El Niño, with important negative effects on yields and food security nationally.

114. **However, it continues to have extremely low capacity to respond to severe climate shocks.** Burundi ranks 174 out of 178 countries in the Notre Dame Global Adaptation Initiative Country Index (ND-GAIN 2014).³⁸ It is ranked as the 4th most vulnerable country and the 20th least ready country, meaning that it is extremely vulnerable, yet unready, to combat the effects of climate change. Vulnerability measures the exposure, sensitivity, and ability to cope with climate-related hazards by accounting for the overall status of food, water, environment, health, and infrastructure within a country. Readiness targets those parts of the economy, governance, and society that affect the speed and efficiency of adaptation.

115. **Changes in rainfall and temperature influence both food security and water availability.** Heavier rainfall results in floods that damage crops, soil, and infrastructure while increasing the presence of pests or diseases that affect food crops and livestock. Increased temperatures increase water requirements, since a temperature increase in Burundi’s tropical humid climate will result in high evapotranspiration rates. Water quality of river and lake systems is also decreasing due to increased temperature and sediment load. Water availability for agricultural activities will be influenced by the decrease of Lake Tanganyika’s water level, which is already resulting in salinization problems in the Ruzizi Plain.

³⁸ The ND-GAIN Country Index, a project of the University of Notre Dame Global Adaptation Initiative (ND-GAIN), summarizes a country’s vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

FIGURE 17. BURUNDI’S RESILIENCE TO CLIMATE CHANGE COMPARED TO BENCHMARK COUNTRIES



Source: ND-GAIN 2014.

116. **Burundi is likely to see greater declines in agricultural yields, amplified by trends resulting from degradation in the future.** Given Burundi’s high fertility rate, with the continually growing population, household emissions will increase if traditional cooking methods remain the same. In addition, climate change will result in greater frequency and severity of extreme weather events, including droughts and storms. More intense and longer-lasting precipitation on eroded soils will cause more frequent and severe floods and landslides. If productivity is already compromised by poor soil management, the changes in agriculture output which are forecasted to result from climate change will likely affect crop yields and the quantity and quality of fodder available to livestock.

117. **Finally, it should be noted that rural household livelihoods have been affected by two main shocks related to natural hazards: droughts and hail-related damages.** Between June 2007 and June 2008, more than half of Burundi’s rural farmers were affected by droughts and shortfalls in water supplies. Hail-related damages affected over 11 percent of the rural population. In 2012, key informants at the commune level indicated that their respective hills were degraded mostly by water/rainfall deficits and droughts (25.4 percent), and hail (15.2 percent). In Bujumbura, the majority of complaints about the shocks affecting household livelihoods revolved around rainfall shortfalls and droughts (33.9 percent), and erosion (15.5 percent). The other affected provinces include Muramvya in the Center-East, Bubanza and Cibitoke in the West, and Ngozi and Kayanza in the North.

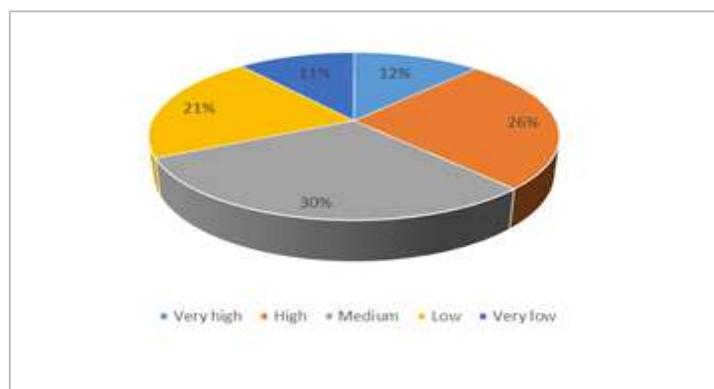
3.3.2 Environmental degradation

118. **Burundi’s endowment in natural resources is key to its agricultural productivity and socioeconomic development.** These endowments include abundant rainfall, a dense river network, arable land, and the ability to harness marshlands and lakes. Nevertheless, postconflict fragility, extreme population density, and overwhelming reliance on the agricultural sector, all

overlaid on a geo-morphologically sensitive land mass, have simultaneously caused and aggravated environmental degradation.

119. **The effects of land degradation are pervasive.** As illustrated in Figure 18, more than one-third of Burundi's land (38 percent) is considered very highly or highly degraded. Erosion of topsoil results in decreased agropastoral productivity, as well as changes in the biological, physical, chemical, and hydrological makeup of the earth. The drastic reduction of areas of vegetation and their density leads to a lower quality of plant resources. It also increases carbon emissions that contribute to climate change, reduces carbon sequestration potential, and transforms natural habitats, leading to a decrease in genetic stock and biodiversity.

FIGURE 18. LAND DEGRADATION IN BURUNDI BY SEVERITY CLASSIFICATION, 2014



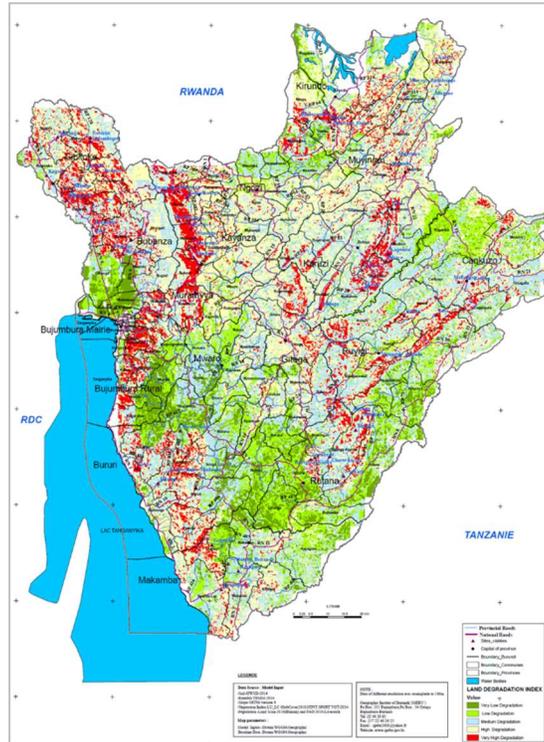
120. **Land degradation threatens to weaken an economy already hobbled by more than a decade of political crisis and primary sector dependency.** Poverty headcounts are generally higher in regions of the country marred by excessive land degradation. With continually declining productivity, environmentally unsustainable practices can be linked to the persistence of poverty in Burundi's hinterland. As illustrated in Figure 19, eight of the most impoverished provinces (Muyinga, Ruyigi, Gitega, Cankuzo, Kayanza, Kirundo, Karusi, and Rutana) as well as their corresponding communes are identified as being among the most heavily environmentally degraded in the country.

121. **Indirect effects of land degradation on the economy, while difficult to measure, are nonetheless important.** First, the siltation of waterways and dams and its impact on water flow has resulted in the loss of precious kilowatt hours in a country that is already electricity impoverished. The link between land degradation and natural disasters that damage homes and public and private infrastructure has deeper effects than those that can be measured quantitatively, such as the trauma of losing one's livelihood and personal possessions. Also, there are ecosystem health impacts related to land degradation, including the loss of carbon sinks and its effect on air quality and climate change, as well as the loss of biodiversity and the unknown ramifications that this can instigate.

122. **Forests play an important role in the national economy.** Forest and agro-forest resources contribute around 3 percent to Burundi's GDP and 6 percent to national employment. Electricity production depends on the health of forests and their ability to regulate the flow of

water into hydroelectric dams, which provides 50 percent of Burundi’s electricity needs. Fuelwood allows the country to decrease the amount of hydrocarbons that it would otherwise import, with adverse effects on the national balance of payments. Burundi’s forests could also be developed for ecotourism purposes. Tourism currently accounts for 3 percent of GDP and 2.4 percent of jobs, though these numbers are likely to drop in the wake of the 2015 sociopolitical security crisis.

FIGURE 19. LAND DEGRADATION LEVELS (LOW, MEDIUM, HIGH, VERY HIGH) IN BURUNDI, 2014



123. **However, they have been significantly degraded.** Where natural forest once covered 30 to 50 percent of the country, human pressure has vastly reduced national forest cover. Deforestation and forest degradation have mainly been concentrated in the most densely populated areas. During the conflict period of the 1990s, Burundi may have experienced a deforestation rate as high as 9 percent, the highest in the world at that time, a testimony to the heavy damage that war caused on Burundi’s natural bounty. From 2000 to 2011, Burundi saw an average rate of deforestation of 1.4 percent, which is almost three times as much as the SSA average (0.5 percent) and—except for Uganda—the second highest among neighboring countries. Burundi’s forest cover today stands at 6.6 percent, considerably lower than the SSA average, which is 27.7 percent. There are approximately 152,000 to 183,700 hectares of forest remaining in the country, none of which are considered intact forest.

3.4 Economic Vulnerability

3.4.1 Employment centers around subsistence agriculture and the public sector

124. **Economic diversification remains limited and agriculture is likely to remain the main source of income and employment for years to come.** As shown in Figure 20, agriculture still provides income to about 85 percent of the country’s population. Although the share of agriculture in nominal GDP declined from 44.1 percent in 2000 to 35.7 percent in 2014, Burundi still ranks in the 98th percentile of the global distribution in terms of agriculture’s share of GDP. Since the late 1990s, employment transitions out of the low-productivity agricultural into nonfarm activities have been very slow, particularly for women. Agriculture’s employment share declined only by 7 points during 2008–2014.

125. **However, the low share in GDP of agriculture relative to its large labor force suggests that many are locked in low-productivity activities.**

This is consistent with the finding that the bulk of agricultural production continues to be food crops. The main crops include banana; roots and tubers; legumes; grains; vegetables and fruits; and oilseeds (peanut, soybean, and sunflower). Food production increased significantly between 2006 and 2014 (from 1.125 million tons of cereal equivalent [CE] to 1.836 million tons of CE) due to the important financial support given to the agricultural sector since 2009. However, cash crops represented less than 2 percent of nominal GDP during 2009–2014, down from 3 percent in 2006–2008. Nevertheless, as highlighted in Box 2, the low productivity of agriculture is limiting the prospects for growth and poverty reduction.

126. **Livelihoods in agriculture are increasingly difficult to sustain as a result of high population growth and land degradation.** Heavy reliance of Burundian households on rain-fed crops for their livelihood makes their level of consumption highly dependent on both access to quality land (which is increasingly rare) and favorable weather conditions. Rapid population growth has muted the potentially positive impact of increased food production on rates of food security and nutrition. Population growth has also increased pressure on the already scarce land,

BOX 3. LOW AGRICULTURE PRODUCTIVITY INHIBITS SUSTAINABLE GROWTH AND POVERTY REDUCTION

Heavy reliance on a low-productivity agricultural sector delayed the substantial economic rebound that many Burundians anticipated following the Arusha Agreement.

In 2000–2006, the agricultural sector was the dominant driver of economic growth. The share of the sector in nominal GDP averaged 45.8 percent against 17 percent for the secondary sector and 37 percent for the services sector.

However, the economic growth performance was highly volatile due to a widely fluctuating agricultural production (both staple food and export crops) that was weakened by underinvestment in 1993–2002. Its main export-earning crops—coffee and tea—were affected regularly by shocks in production and international prices.

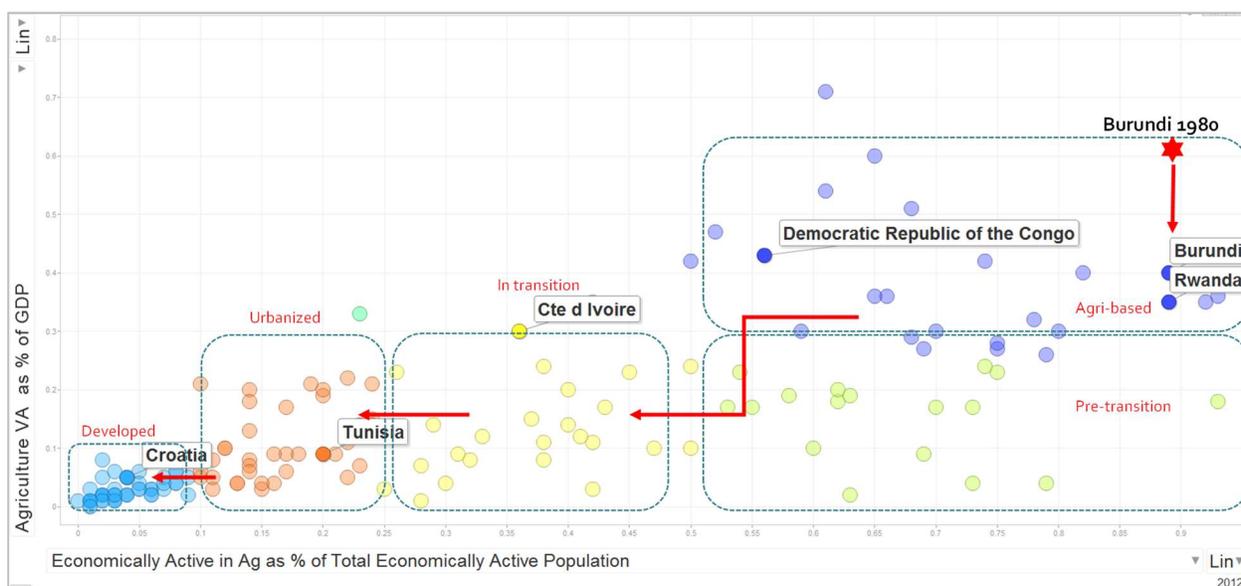
For instance, the 4.8 percent GDP growth rate achieved in 2004 was almost immediately diminished to 0.9 percent in 2005 because of a severe drought. GDP growth bounced back to 5.4 percent in 2006 owing to a remarkable performance in export crops and resumption of manufacturing activities.

As Burundi lacked, at that time, an adequate and coordinated (emergency) program to rapidly address recurrent vulnerabilities to the low productivity agricultural system, economic growth could average only 2.2 percent in 2000–2006. Though encouraging, this performance remained insufficient compared to an average growth rate of –1.8 percent in 1993–2002. Transition from agriculture to services and, to a lower extent, to industry, helped accelerate the country’s economic recovery process.

leading to excessive fragmentation of arable land, crop development in marginal areas (steep slopes), encroachment into protected areas, and abandonment of fallowing land.

127. **Production has also been negatively affected by people overexploitation of the land, thereby raising sustainability concerns.** This has led to soil degradation and sterilization and to massive deforestation. The United Nations Environment Programme (UNEP) estimates that over 75 percent of Burundi’s agricultural land is degraded. Crop losses from such degradation are estimated at US\$400 million per year (RoB 2011). For continued poverty reduction, there is a need to raise agricultural productivity, including using modern production technologies, as well as sustainable land and water management.

FIGURE 20. THE ECONOMIC TRANSFORMATION OF BURUNDI IN COMPARISON TO NEIGHBORING COUNTRIES



Source: <http://goo.gl/N9VstG>.

128. **Such occupational persistence is likely a result of poor employment opportunities and low levels of skills and education.** The labor markets offer very few job opportunities in the formal private sector. In addition, for many workers, a lack of skills and education, particularly among rural and poor populations, is an impediment to accessing the formal sector. The informal economy, which absorbs over 9 out of 10 workers, offers relatively less stable jobs and lower earnings. The institutions and regulatory framework are insufficient to integrate the informal sector to the formal sector, and factors such as access to credit and energy continue constrain the business environment. This is despite recent attempts to improve the business environment by reducing the time and financial cost of incorporating a business, and current investments in energy generation programs to address the energy shortage constraints that businesses face.

129. **Limited economic diversification also stems from several supply-side challenges, which constrain development of agribusiness.** Access to power and credit are serious challenges, especially for micro, small and medium enterprises (MSMEs). Fewer than 20 percent of the population have access to electricity and for those who do, power cuts are frequent. MSMEs

have very limited access to credit with, at best, a 7-year loan and a 20 percent interest rate, with high collateral and down-payment requirements. Also, MSMEs lack access to technical and marketing expertise, and to capital and equipment. In particular, agro-processing firms have very limited storage capacity (for example, the post-harvest loss of tomatoes is often above 50 percent and can even reach 70 percent) and must struggle with an inefficient and costly transport system.

BOX 4. ECONOMIC TRANSFORMATION IS LEAVING YOUTH AND WOMEN BEHIND

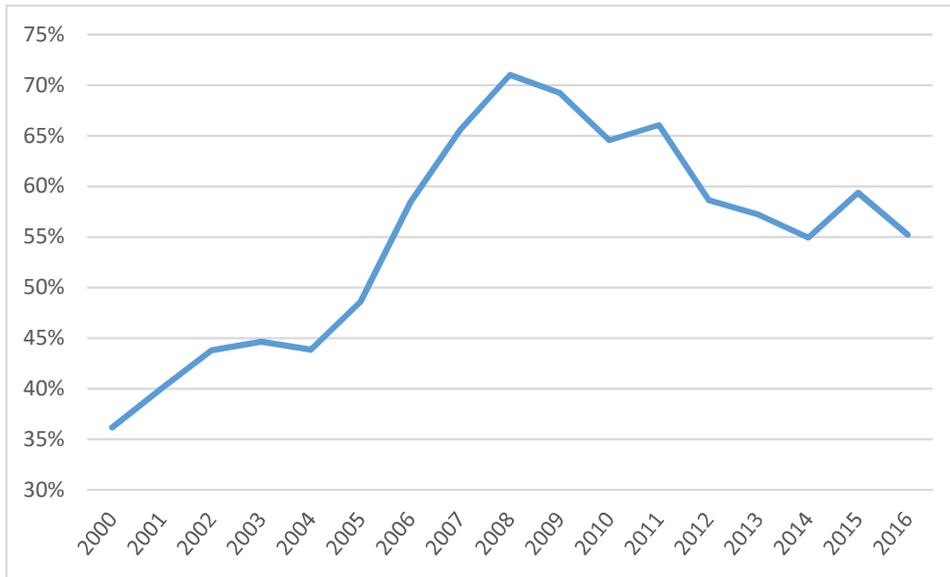
The slow speed at which the Burundian economy is moving away from agriculture is a concern as it signals the persistence of poor economic diversification. Of particular concern is the fact that even the vast young generation seems mostly unaffected by the structural change that is permeating the rest of Africa and the global economy.

The employment patterns of Burundian youth are surprisingly similar to those of their parents. The fraction of youths (15–30 years) with a main job in agriculture (83 percent) is remarkably similar to that of older workers (85 percent). Moreover, many of them work as unpaid workers on the family farm. This is a very different trend from that emerging in neighboring countries and hints at stagnation and inertia in the labor market. In Rwanda, for example, in 2004, 37 percent of youths had their main job in the nonfarm sector.

In addition, agriculture is the main occupation for an astonishing 92 percent of Burundian women, compared to 75 percent of men. Within agriculture, women are also overrepresented in the less desirable occupations. Two-thirds of them are unpaid family workers—compared to just 9 percent of men—and they are less likely than men to be independent farmers.

130. **Formal employment is concentrated in the public sector.** Public institutions employ more than 75 percent of the country’s formal workers, and they account for almost one-third of overall non-farm wage employment. Typically, public sector jobs offer considerable premiums in terms of wages, benefits, and job stability. Patronage agreements and a weak system of checks and balances give the authorities inflated discretionary power to capture considerable rents and allocate economic privileges to their immediate supporters and members of their ethnic groups. The quota system established by the Arusha Accord somewhat reduced this discretionary power, particularly in the recruitment of civil servants. Nevertheless, political patronage remains, in practice, the main engine for resource allocation within the public sector and the main criteria for selecting public sector employees. This reliance on the public sector for employment has some fiscal implications through its effects on the wage bill, which represents about 8 percent of GDP in recent years (or a peak of 71 percent of tax revenue in 2008). However, Burundi’s renewed commitment to socioeconomic reforms in the mid-2000s led to a gradual decline of the weight of the wage bill as it represented about 55 percent of tax revenue in 2016 (Figure 21).

FIGURE 21. PUBLIC WAGES AND SALARIES (PERCENTAGE OF TAX REVENUE)

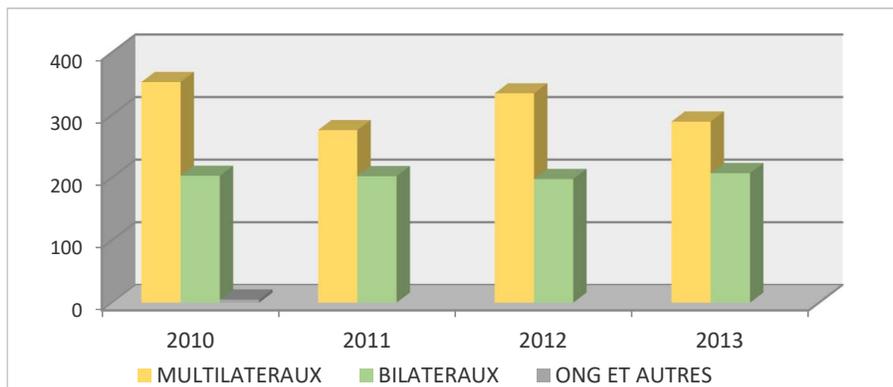


Source: World Bank, IMF.

3.4.2 High fiscal dependence on ODA

131. **Burundi depends heavily on its foreign partners for fiscal revenues, investments, and foreign reserves.** ODA funds 50 percent of the country’s annual budget (Bouka 2014). As shown in Figure 22, the majority of aid comes from multilateral sources. Assistance from NGOs and private organizations has been virtually nonexistent since 2010. In the last few years, the largest donors were the World Bank Group (US\$87 million), United Nations (UN) agencies (US\$72 million), Belgium (US\$69 million), the European Union (US\$68 million), and the African Development Bank (AfDB) (US\$35 million).

FIGURE 22. FOREIGN AID BY FUNDING SOURCE (US\$, MILLIONS)



Source: RoB 2014.

132. **However, aid flows have proven to be highly volatile.** As seen in Figure 23, ODA decreased during the war—especially in 1996—because of the sanctions placed on the country after the military coup. After the Arusha Peace Agreement, Burundi reestablished relations with

the donors and ODA increased steadily, especially after the 2005 elections. However, aid dropped again in the run-up to the 2010 elections and in the aftermath of the global financial crisis. The decline persisted after the 2010 elections due to concerns over financial scandals and governance. Overall, between 2008 and 2014, aid flows halved—from 27 percent of GDP to 14 percent of GDP. The recent political crisis has curtailed them even further (less than 10 percent of GDP) as Western countries—led by the European Union, the United States, Belgium, and the Netherlands—withheld aid to Burundi, in attempts to prompt President Pierre Nkurunziza into negotiating with the opposition.

133. **So far there has been only limited effort to establish negotiations to win back some aid.** Rather there seems to be a mix of trying to work with other partners, and raise more domestic revenue. Some theory suggests that trying to do the latter – i.e. taxing citizens and businesses more without being able to rely on windfalls such as oil – is eventually associated with greater focus on ‘growing the pie’ and with a greater focus on accountability. Moreover, whether things will work this way (i.e. towards greater accountability) in a rather extreme case such as Burundi is a big question. While the efforts towards increasing revenue eventually leading (back) to greater accountability would be a ‘best case scenario’, there are also ‘worst case scenarios’ of (i) a regime that becomes completely focused on short-term survival and oppression, and as a consequence, further deteriorates the economic base; or (ii) a regime that pursues economic benefits for some citizens through the exclusion of others, potentially on an ethnic basis.

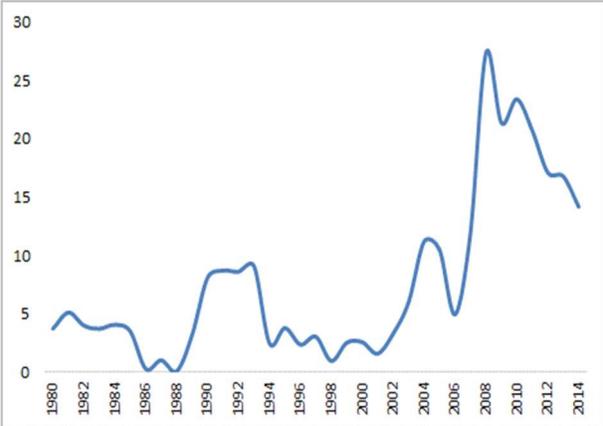
134. **Domestic revenue mobilization remains a challenge.** With the creation of the Burundian Revenue Office (OBR) in 2009, the GOB began to make significant efforts to mobilize domestic revenue and reduce aid dependency in a context where aid was on a declining trend. From 2009 to 2011, tax revenue covered 75 percent of current spending, up from only 60 percent in 2009. However, attempts to strengthen domestic fiscal revenue mobilization have faded since 2012 because of inconsistent tax policy, huge discretionary exemptions, and the narrow tax base due to weak private sector development. The Government’s tax policy and administration continue to be marked by competing objectives of using tax incentives to promote medium-term growth and mobilize revenues to finance the budget. After reaching 14.3 percent in 2011—up from 11.7 percent in 2006—the tax to GDP ratio declined to 12 percent in 2014, due mainly to generous tax exemptions granted in a discretionary manner. However, foreign aid to Burundi rapidly fell (Figure 23), forcing the authorities to rely on formal sector taxation or PKOs. In the midst of the current foreign exchange crisis facing Burundi, the European Union, a main donor for PKOs, recently threatened to not honor the payment of arrears for the PKO in Somalia which is owed to Burundi, citing limited progress on domestic political reform. It is worth noting that while PKOs provide an opportunity for foreign exchange earnings, they are also a way for participating countries to employ some of their soldiers (World Bank 2012).

135. **So far, the decline in ODA has resulted in negative spillovers between the political crisis and macroeconomic stability.** When development partners altered the composition of their ODA from budget support to project finance, there was an associated loss in quickly disbursing financing sources which increased reliance on domestic financing and arrears, ultimately leading to a drain on already low foreign reserves. As a result, there is now a distorted foreign currency market with a high parallel premium (60 percent), administrative rationing of foreign exchange, and disruptions in essential imports including petroleum products and medicine. The banking sector is facing huge non-performing loans on private sector assets, worsening now because of the

disruptive effects of the fuel shortage on private sector activity. Meanwhile, the thin banking sector is highly concentrated in treasury bills, exposing banks to the high risk of debt distress facing the government. Given already sharp cuts to the capital budget, the budget remains in deficit even with spending at a politically irreducible minimum. If these trends continue and ODA remains off the table, the prospect is for rising domestic arrears, de facto monetization of the deficit, and further episodes like the recent petrol shortage.

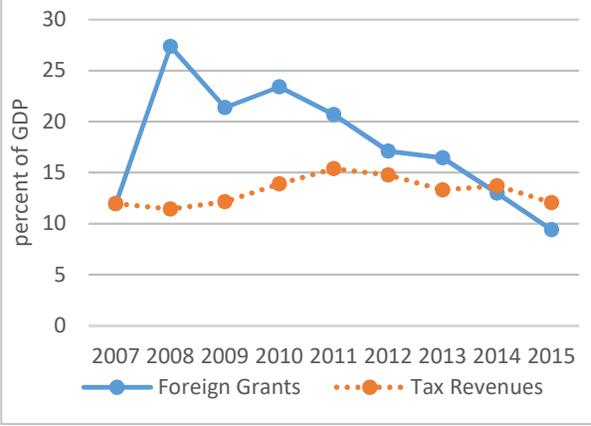
Figure 23. Evolution of aid to Burundi

A. TOTAL AID TO BURUNDI (PERCENTAGE)



Source: Data from the MFEP, IMF, and World Bank Group.

B. BURUNDI - TAX REVENUE AND EXTERNAL GRANTS (PERCENTAGE OF GDP)



Source: Data from the MFEP, IMF, and World Bank Group.

4. SETTING POLICY PRIORITIES

136. **Burundi is at a crossroads in its development path.** Two years after the political unrest that began in April 2015, a sustainable political settlement is still to be reached; the economy shows little sign of economic recovery; fiscal space is increasingly limited; and growing shortages of food, fuel, medicines, and other basic items are threatening the health and livelihood of the population. In addition, ODA has been slow to return and is mostly limited to emergency operations designed to address shortages in basic needs. These events have not only reversed the little progress made over the previous decade, they have also added an element of urgency to the country's long-term development agenda.

137. **Selecting key priority areas for intervention is key to progress but is also challenging and needs to be sensitive to different time frames.** Identifying a small number of key priority areas for intervention is critical to ensuring Burundi is set on the path to sustainable and equitable development. However, in the context of severe competing needs and a rapidly evolving political and economic context, identifying the key binding constraints to development is a challenge. In the short-run setting and implementing development priorities will need to be weighed against the need to address basic humanitarian needs and stabilize the political sphere. Sustainability requires that any medium and long-term development priorities be premised on mitigating the negative consequences of the 2015 crisis, and helping to foster a period of stabilization and recovery for the country.

138. **The constraints to, and opportunities for, change will evolve as Burundi finds new political stability and revamps its economic potential.** Thus, the framework for prioritization needs to recognize that, at any point, the required actions involve a blend of measures that can affect short-, medium-, and long-term outcomes. This calls for a multiphase approach that tailors the development strategy not only to the long-term features of the economy but also to where the country is within its transition path, to recovery first and out of fragility later. In a resource-constrained environment, such a multistage framework is essential to determine the relative urgency of a given set of measures at any point and move from the level of a strategy to that of an implementable action plan. As highlighted in Box 5, in such a fluid and rapidly evolving policy climate improving the availability of quality high-frequency data is key to effective priority setting and policy making.

BOX 5. PRIORITY 1: FILLING THE DATA GAP AND INSTALLING A MINDSET OF EVIDENCE-BASED POLICY MAKING

A sustainable and effective strategy to bring Burundi back on the road to development also needs to be inherently flexible, monitorable, and evidence based.

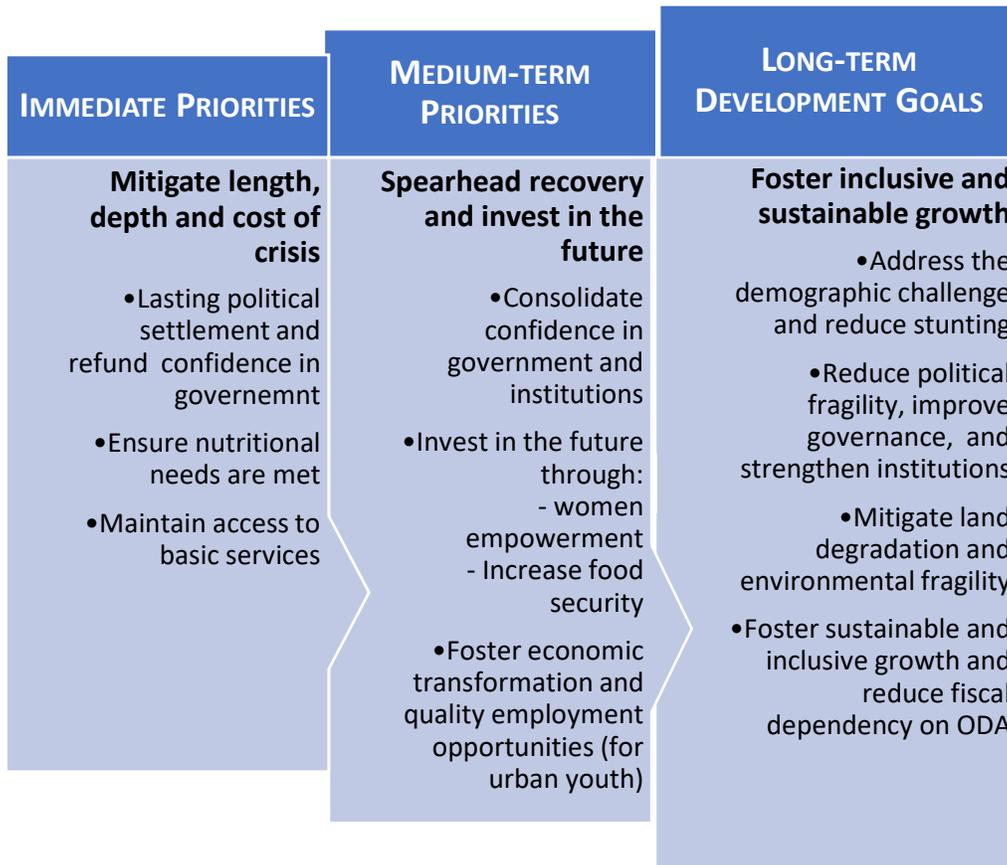
In highly volatile environments, such as Burundi, another key element of a successful development strategy is its ability to closely monitor, in real time, progress/slippages, and the extent to which it includes a reliable feedback mechanism that would allow policies and interventions to adapt quickly in response to events in the field and in the political and economic arena. Being able to do so requires the availability of reliable data that are collected frequently and regularly and that are comparable over time.

Unfortunately, such data are not available in Burundi and policy making is mostly driven by clients and vested interests rather than evidence. Changing this mindset and filling the deep data gaps is another priority to move Burundi onto a sustainable development path.

4.1 A multiphase prioritization framework

139. **Given the complex political and economic context, the prioritization framework centers around three intertwined policy agendas.** These three intertwined policy agendas are presented in Figure 24. The first and most urgent priority is to return to the relative stability of the pre-2015 period and mitigate the negative impact of the 2015 crisis on household welfare and on the country’s growth prospects. The success of this agenda is a prerequisite to the country’s economic recovery and its return to a sustainable development path. The development objective of the second medium-term agenda is to plant the seeds for economic recovery, rebuilding confidence in government institutions and investing in the future. Achieving this objective is key to bringing Burundi back on a sustainable long-term development path leading to poverty reduction and shared prosperity. Finally, once this is achieved, any further sustainable progress in this direction will entail addressing the country’s pressing demographic challenge and breaking the circle of fragility that is preventing it from reaching its full potential.

FIGURE 24 A TIME-SENSITIVE PRIORITIZATION FRAMEWORK



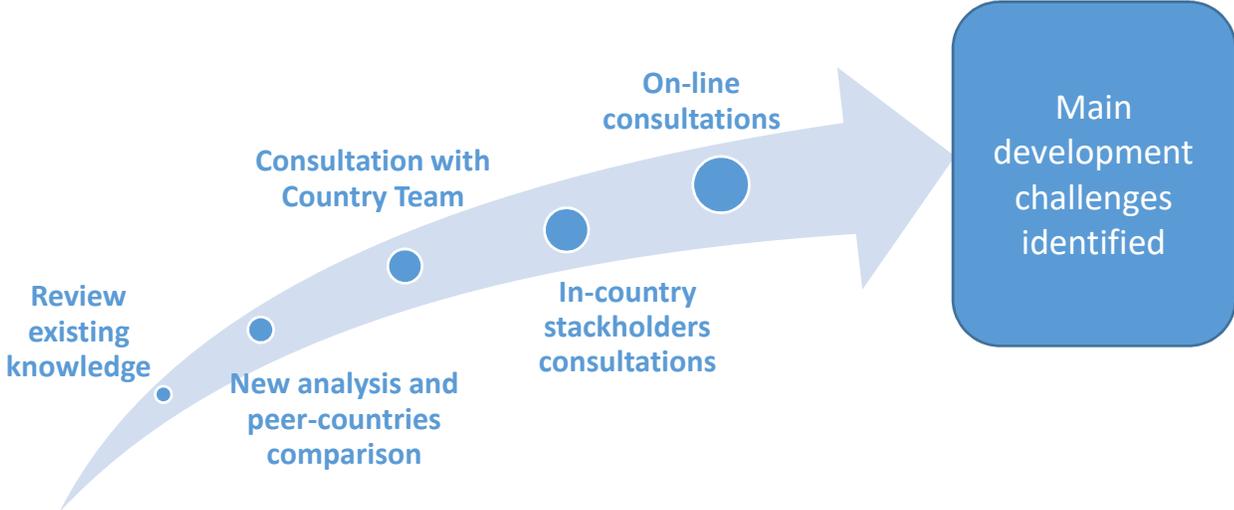
140. **However, the various stages of the analytical framework do not translate into a rigid sequence of actions.** First, travel along the path is not linear, and Burundi is likely to witness several occurrences of new crises. Second, measures that require more time to make their impact

also need to be initiated at an early stage, to achieve a sustainable progression along the path. Thus, an effective strategy to return Burundi to the route to development will need to include different components with impacts in different time horizons. This is because there are complementarities between short- and medium-term priorities that both rely on and strengthen each other. Implemented together, they will help to avoid the classic humanitarian-development divide.

141. **The challenge of the prioritization exercise in the Burundi context is to find a balance** between actions designed to achieve the short-term objective (that are consistent with or contribute to longer-term objectives) and actions aimed to foster recovery in the medium-term and to achieve higher growth and resilience in the long term. However, for this exercise, it is important to realize that realistically, even under the most optimistic scenario, the country is unlikely to move beyond the recovery stage within the time frame of the SCD (the next 4–6 years) and this realization should guide the prioritization setting.

142. **Figure 25** Error! Reference source not found. **describes the process used to arrive at the identification of main development currently challenges faced by the country.** The process of identifying short and medium-term priorities rested on a combination of review of existing literature and operational knowledge, new analysis including peers’ comparisons and intensive consultation in-country, online and with World Bank colleagues.

FIGURE 25 PROCESS TO IDENTIFY MAIN DEVELOPMENT CHALLENGES



143. **To help inform this process the World Bank Group held in-country consultations with a broad range of national stakeholders representing key sectors of society.** These included representatives from government, the private sector (banking and microcredit), civil society organizations, the media, and community residents (Gitega, Ngozi, Kirundo, Muyonga, Muramvya, Mwaro, Karusi, Cankuzo and Kayanza). On-line consultations were also held to capture the opinions of Burundians, including those living in the diaspora.

144. **Improving agricultural productivity, food security, education, youth employment, and governance emerged as important issues, as did the central issue of high fertility and demographics.** It was also clear from these consultations that making strides in these areas would be very difficult without first mitigating the negative effects of the 2015 crisis, and achieving some political and economic stability in the medium term. Likewise, reaching these aims is predicated on the government's ability to implement development priorities and deliver quality services for all – something that requires greater confidence in the government and state institutions.

145. **The priorities for poverty reduction and shared prosperity identified in the consultations were fully in line with the findings of the analysis presented in Chapter 3.** There was a remarkable degree of consistency between the key constraints to poverty reduction and shared prosperity as they emerged from the extensive consultations and both the priority areas of intervention as highlighted by the peer benchmarking and the findings of existing literature.

146. **The multiple areas of deprivation faced by the Burundian population and the multiple constraints faced by the Burundian economy lead to a broad set of key areas of policy intervention.** The combination of consultations and the extensive diagnostic exercise confirmed that Burundi faces several binding constraints to ending extreme poverty and promoting shared prosperity in a sustainable manner. Addressing each challenge individually with stand-alone interventions can contribute somewhat to speeding up process in this area. However, given the span and complexity of the issues involved, a transformational agenda requires bold, coherent, and well-targeted interventions. In the context of very limited fiscal space, highly constrained institutional capacity, and considerable need, an effective strategy to bring Burundi onto a sustainable development path needs to be focused on a small set of carefully selected policy priorities that can maximize the speed and sustainability of the development process.

147. **The selection of a small numbers of priorities out of the initial broad set of development challenges is based on two criteria.** The first of these is the level of urgency associated with the aim of the intervention, with more urgent areas addressing immediate humanitarian needs, and less urgent areas addressing medium- and longer-run priorities. This means that an intervention that works towards ensuring that the population's nutritional needs are met is ranked as more urgent than boosting the strength of the private sector, for example. The second criteria used is the degree to which interventions in each area are key to the medium-term poverty reduction agenda, and development more broadly. Applying these two criteria to the extensive list of barriers to Burundi's development that had emerged from the diagnostic exercise and the extensive consultation led to the selection of the immediate and medium-term priorities highlighted in Figure 24 above.

4.2 Urgent Priorities: Mitigate Costs of Crisis and Spearhead Recovery

148. **In the short term, acting urgently and effectively to mitigate the economic and social costs of the crisis is priority number one.** As highlighted in some detail in section 2.4, the 2015 political unrest had plunged Burundi to the verge of economic collapse. The costs in terms of economic growth and welfare of the population have been substantial and will be felt for years to come. The economic and humanitarian crisis of the last two years has only been aggravated by the recent drought and crop failures. In the context of already very high poverty, 'extremely alarming' levels of hunger and endemic malnutrition, even a small reduction in livelihoods may have long-

lasting implications for the country's future trajectory and may fuel further unrest and increase long-term fragility. At a political level, the crisis has considerably dented the progress the Government had achieved in the previous decade in gaining the confidence and support of the population. It is essential to act with urgency to ensure that the current crisis does not further reduce households' ability to meet basic needs. Evidence from past political crises suggests that the recovery can be slow to materialize unless the Government takes conscious and effective actions to accelerate the process. Alternatively, the negative impact of even short-lived crises can be long lasting.

149. **Mitigating the costs of the 2015 crisis and fostering recovery calls for two complementary and reinforcing priority areas.** Success in this area requires a strong commitment from the GOB, the Burundian diaspora, and the donor community to join forces in the effort to deliver on the two complementary and highly reinforcing priority areas highlighted in the first column of Figure 24: (a) ensuring basic needs are met and (b) renewing confidence in government and institutions.

4.2.1 Ensure basic needs are met

150. **The urgency of the situation and the withdrawal of much of the ODA mean that the basic needs of the population can only be ensured through emergency aid programs.** In the absence of a preexisting broad-based social assistance program, the Government is unlikely to have the capacity to deliver effective emergency support to the scale needed to make a considerable impact to the livelihood of the population. Moreover, avoiding clientelism in the design and implementation of these programs is paramount in such a politically fragile context. Indeed, the effective targeting of such programs to the neediest, independently of their political affiliation and ethnicity, would be an important signal of the Government's commitment to reconciliatory change, which will in turn build the population's confidence. This may be more easily achieved if the international community and civil society each play an active role in the delivery of emergency support.

151. **However, selected programs designed to foster access to livelihood can be important contributors to foster medium-term stability.** To promote stability, emergency aid programs could be combined with a few interventions that can quickly enhance perceptions of economic opportunities for key constituencies, such as the unemployed urban youth. Such programs will not radically change the medium-term economic opportunities for Burundi's disgruntled youth but they can help strengthen social cohesion, in addition to providing needed income. This can help stabilize the country and initiate the recovery process. Several interventions of this type have proven successful in the short term. However, to achieve tangible impact in a relatively short time frame, employment support programs of this type will need to be highly targeted, institutionally simple, and built as much as possible on preexisting programs with a successful track record. The absence of such policies, the urgency to provide badly needed support, the need for transparency, the extremely low government capacity pose real challenges to the successful implementation of such programs.

152. **It is important to ensure that the delivery of basic services does not fall victim to the tight fiscal space, the reduction in ODA, and the increased focus on other perceived priorities.** As highlighted earlier, over the last decade, basic indicators of access to education and

health had begun to improve in Burundi, although from very low levels compared to peer countries. However, evidence is mounting that this progress may have been reversed over recent months because of security concerns, tightening of the fiscal space, and reallocation of public funds to other priorities.

153. **Finally, meeting basic needs will require some difficult tradeoffs between short-term expediency and macroeconomic stability.** For the time being, the government is relying on increased tax effort to partially offset lost financing resources following donor aid freeze (including external budget support). But the gains from this approach are undercut by inflation, and tax fatigue in urban areas is a rising social risk. The government may also be tempted to engage in deals in the extractives sector (e.g. concessions or advance sales of minerals). However, any pressured deals here would pose huge transparency challenges and derail longer-term prospects in the extractives sector. An important area for future investigation is the question of how to mobilize donors, civil society, and the private sector in the delivery of basic services, initially in the short term but with a longer horizon in mind.

4.2.2 Renew confidence in government and institutions

154. **Renewing the confidence of the population in the Government and its institutions is essential for recovery to start.** The political violence of the last few years has considerably shaken the slowly gained confidence of the population in the Government and its institutions. For Burundi to come out of the crisis and begin the path to recovery, it is essential for politically motivated sectarian violence to stop completely, security and justice to be restored, and confidence in the Government to be rebuilt. Political conflict and unrest destroy social cohesion, harming citizens both physically and psychologically, and prevent the efficient allocation of scarce political, financial, and human resources. Coupled with a related collapse in ODA—in a country as highly dependent on ODA as Burundi—the continuation of the political crisis is likely to paralyze the capacity of the Government to deliver even the most basic services. This paralysis in turn could further escalate social and political conflict, setting the country into a downward spiral, which would be difficult to contain.

155. **A stable political settlement is essential to achieving a sustainable solution.** Emerging from the current status quo will require the emergence of a political settlement that is inclusive enough to be widely credible and to stabilize the situation, thus creating the conditions for further work on more sustainable solutions. To be credible, the newly born political accord needs to be more than a superficial compromise that leads to persistent deadlock in decision making. Only a settlement that does not depend on the allocation of rents to elite stakeholders will allow the Government to regain the confidence of the population, especially in urban areas. Without such a settlement, the uneasy truce that currently prevails in the country risks to be shattered again by the approach of the 2020 elections.

156. **The key is for institutions of governance to create incentives not to use violence.** In Burundi violence generally flares up because of a combination of bargaining failures, sectarian tensions, and the exclusion of important actors in the political process. This is particularly challenging in this fragile state, since the ongoing socio-political violence has significantly weakened institutions and increased mistrust in the government within the population. International mediation is a potentially effective tool that can be used to proactively encourage

political power sharing, and to bring various parties into government. The WDR 2017 identifies four ways in which governance can change incentives in order to reduce endemic political fragility as well as violence in the longer-run. The first of these is the creation of sanction and deterrence institutions which reduce incentives for violent behavior by increasing the cost of violence. The second is the establishment of power-sharing institutions which, by balancing, dividing and sharing power, reduce the incentives to engage in violence by increasing the benefits of security. The third is closely linked to power sharing, and is based on the creation of redistributive institutions. Finally, strengthening dispute resolution institutions is critical if incentives are to be shifted towards non-violent outcomes.

157. Reducing endemic political fragility in the longer-term means increasing the effectiveness and legitimacy of governance institutions. As discussed in the World Bank’s report on Governance, Fragility and Conflict (World Bank, 2009), boosting effectiveness necessarily entails increasing the capacity of government to work with society to assure the provision of order, and to deliver public goods and services. In a fragile country like Burundi, instead of bypassing weak or nonexistent government capacity, it is critical to build capacity in parallel to utilizing temporary arrangements that respond to the immediate needs of the population.

158. Increasing the effectiveness of governance institutions needs to take place alongside increasing the legitimacy of those institutions. This means expanding participation, reducing inequalities, creating accountability, combating corruption and introducing contestability into the political process. Legitimacy can come from either outputs or inputs (World Bank, 2009). Outputs are measured by the government’s ability to produce tangible results, such as necessary social, economic and security services, while inputs derive from the participatory process and from the consent of those who are asked to comply with the rule of law.

159. Legitimacy is enhanced by ensuring accountability, which is critical for a sustained system of good governance. Part of this means focusing on aspects such as the “demand” side of governance, which boosts the capacity of citizens to demand greater responsiveness from public officials. In practical terms, this could involve establishing mechanisms such as participatory budgeting, public-expenditure tracking, monitoring of public service delivery, and citizen advisory boards (World Bank, 2009). A consequence of this would be the increased role of civil society in the political process by establishing partnerships between community-based organizations and local government in order to foster more participatory approaches to community-level decision making. Burundi’s civil society ought to regain a stronger voice in the establishment of political pacts. This could also ensure a degree of representation across most marginalized segments of the society, including women, children, the poor, and the vulnerable.

4.3 Key Medium-term Priorities: Political stabilization, economic recovery and investments in the future

160. Beyond the urgent measures to reverse the impacts of the crisis, the focus of policy makers in the medium term should be on political stabilization, economic recovery, and investing for the future. Even under the most optimistic predictions, Burundi is entering what could be a protracted period of stabilization and recovery. Evidence from past political crises suggests that the recovery can be slow to materialize unless the Government takes conscious and effective actions. Thus, over the timeframe of this SCD the overarching priority is to strengthen

the country's political and economic resilience to ensure initially faster and more sustainable recovery and then faster progress in improving the living standards of all Burundians.

161. **Achieving this objective will require acting in a concerted and coherent fashion to exit the current crisis and begin to master the distinct but intertwined aspects of fragility that have been keeping Burundi's economic performance below its full potential.** Priorities for success can be divided into two main clusters: (a) 'win-win' policies that have the potential to increase resilience in all three main areas of vulnerability and (b) areas of interventions that are key to making progress in reducing any single dimension of fragility.

162. **The focus is on the 'win-win' priority areas.** The emergency of the situation and the tight fiscal space calls for a special focus on 'win-win' priority areas. These are policies that have the potential to increase resilience in all three main areas of vulnerability that are constraining Burundi's development potential. They can be clustered in three main areas of intervention: (a) improving governance and strengthen confidence in government and institutions (to reduce institutional/political fragility); (b) investing in people through women empowerment and improved nutrition, and (c) boost agriculture productivity and foster economic diversification.

4.3.1 Improve governance and consolidate confidence in government and institutions

163. **A cornerstone of a successful strategy for sustainable development in Burundi is improving governance and solidifying the confidence of the population, the business community, and the international partners in the Government.** Meeting this priority is essential not only to reduce political fragility but also to reduce economic vulnerability, reignite economic growth, and reduce environmental risks. However, evidence suggests that sudden improvements in institutional capacity and governance are rare among countries that have been affected by extended and recurring conflicts.

164. **To consolidate any initial political pact, the leadership will need to broaden its legitimacy by signaling change and implementing tangible confidence-building measures.** While longer-term institutional reforms take time, the leadership can identify selected measures, which can be implemented in the short to medium term. Effective short-term measures to increase transparency and promote political and ethnic inclusion will signal the ability of the new political pact to affect change and offer tangible confidence-building measures to the country's varied constituencies. However, long-lasting results would also require efforts to address the fundamental challenge of resolving the individual and societal traumas left behind by years of conflict, including the recognition by the Government and other parties that violent acts were committed.

165. **Evidence on effective actions in this direction suggests that successful mechanisms to accelerate the process are highly country specific (World Bank 2011b).** The framework of the 2011 World Development Report (WDR) suggests that the ability of the Government to gain the confidence of the population and reduce fragility depends on the six key factors presented in Box 6.

166. **The first element is given by the characteristics of the transition opportunity and the extent to which there is a real possibility of change.** The achievement of an inclusive accord in itself will offer some space for change and the opportunity of a break from the past. However, it

remains to be seen whether such a change will be sufficiently transformational to ensure the increased stability that is required to prevent Burundi from slipping back into violence. A much stronger opportunity for change could be offered by an electoral succession with the next elections.

167. **The second element is the type of stress.** The nature and severity of this factor will depend on the length and nature of the current unrest, since what began as a purely political conflict in April 2015 is increasingly acquiring the potential to escalate into revamping of the long-standing ethnic and economic tensions. This factor underscores the urgency of reaching a settlement before the stress becomes stronger and more complex.

BOX 6. UNDERSTANDING THE NATURE OF BURUNDI'S MEDIUM-TERM FRAGILITY

FACTOR ANALYSIS OF BURUNDI'S PERSISTENT POLITICAL FRAGILITY

- **TRANSITION OPPORTUNITY:** Moderate space for gradual change after political agreement reached. Larger scope electoral succession.
- **KEY STRESSES:** Mostly political division but risk of revamped ethnic tension increasing with length of conflict.
- **TYPES OF VIOLENCE:** Politically motivated violence.
- **INSTITUTIONAL CHALLENGES:** Persistent lack of capacity and inclusion + lack of transparency + confidence in Government low after conflict.
- **STAKEHOLDERS:** (1) **Agents of change:** NGOs, international donors, central and local government, diaspora, private sector, trade and professional chambers; (2) **Potential barriers to change:** Government attitude, political rivals, current vested interests.

168. **The third element is the type of violent threat.** So far, violence has been contained to targeted, politically motivated attacks. Addressing ideologically motivated violence of this type requires particular emphases on security, justice, and social inclusion.

169. **The fourth element is the type of institutional challenges.** In this respect, Burundi is an extreme case of weak institutional capacity combined with very low accountability. Under these conditions, priority should be given to making greater use of mechanisms of state-community, state-civil society, state-private sector, and state-international relations in delivering and monitoring early reform efforts. This will allow marginalized groups to be included in decision making and to share in the benefits of service delivery and welfare improvements. The fostering of such relations also has the potential to increase the Government's responsiveness to the needs of all citizens and its capacity to address adequately abuses of power.

170. **Finally, the fifth element is the stakeholders, who can be both potential barriers and agents of change.** Given Burundi's high reliance on ODA, bilateral and multilateral donors could be important agents of change, both directly and indirectly, by providing support to the numerous civil society organizations. The growing community of Burundians currently living abroad could also play a pivotal role in shaping the country's political future. By contrast, the attitude of the Government so far and the continuing political unrest threaten to jeopardize the potential for

sustainable political stability. Additionally, the political opposition will have a strong incentive to undermine any attempt by the ruling Government to gain the confidence of the population.

171. How to operationalize an effective path of institutional strengthening and governance improvement in the Burundian context requires more in depth analysis. The principles stated above set out what would be a path of institutional strengthening and governance improvements rooted in what an ‘upward’ trajectory of existing from fragility looks like. However, the situation currently prevailing in Burundi is somewhat more complex as it fragility continues and remains significantly unresolved. Thus, tailoring this conceptual framework to the Burundian reality requires more in-depth analysis. The macro-level political economy analysis planned for FY18 could fill some of the gaps in knowledge related to drivers of governance and potential (limited) opportunities to support at least selective improvements.

172. There are several identified entry points for potential interventions and policies to help Burundi consolidate progress in this area: (a) the democratic transition that had begun to create new expectations; (b) support for participatory mechanisms; (c) capability to improve social cohesion; (d) the Bashingantahe; and (e) abundant natural resources and ideal climate for agricultural activities.

173. Before the political crisis started in 2015, the country succeeded at starting its democratic transition, which began to create new expectations. A longer-term perspective shows that the setback into dictatorial rule since 2015 could be the manifestation of the difficulty for the country to evolve from a system ruled by the violent control of power to democracy. The oscillation between one man’s rule and democracy is a natural phenomenon in this context of evolution, illustrated in the 2011 WDR. The popular attachment to the Arusha Accord as a symbol of peace and democracy, the strong and immediate popular reaction against the announcement of the President running for a third term, and the resilience of people to the political ethnic propaganda of the Government are elements that indicate the country may be headed in the right direction in the long term. A potential entry point may be in Burundi’s next cycle of elections, which could possibly allow other prominent actors or new ones to come in and favor peaceful means of power competition through elections. If this happens, it could then reopen space for political opposition and freedom of speech and media.

174. There are opportunities and interest to work in local governance or in the management of basic commodities and service delivery at a community level. At the local level, people are organized in strong communities, and many activities are already managed by groups at the community level. Also, the public administration has structures at the local level that can be used for community activities. Findings from past and current World Bank projects show that community involvement in project design and management is highly effective. Before the political crisis, there was a vibrant civil society that maintained activities at the community level and this way strengthened communities themselves. Thus, working at the community level seems an effective way of mapping needs, associating the community for a better design and management of activities, and reinforcing the resilience and social cohesion of communities.

175. The recent past has shown improvements in social cohesion are possible and could happen again in improved circumstances. In general, communities in Burundi could be seen as sharing common experiences of suffering, displacements, and war fatigue. These difficulties have

led people to integrate these challenges in their lifestyle and to spontaneously manage them on a daily basis. The widespread narrative that politics had manipulated ethnicity and identity, leading to war and violence, and that the ethnic divide is not that apparent or important gives the impression that people have reflected on the past. Between 2005 and 2015, there was evidence at the community level of a move away from the stark ethnic divide, as well as an improved security situation and a reduction in violence, all of which contributed to increased social cohesion.

176. **The revitalization of the *Bashingantahe*, a traditional body of village elders elected on their virtue of integrity, could play a key role in the way forward.** The *Bashingantahe* are responsible for managing conflicts at the local level and are the first point of contact for the vast majority of the population if they face problems that cannot be resolved by the head of the family. They used to play a very important role as an informal conflict resolution mechanism and although they only offer advice, a lot of local conflicts are actually resolved at this level. In some localities, rivalry exists between the *Bashingantahe* and appointed local representatives due to a lack of clear separation of competences but nonetheless, the interaction of both exemplifies an important opportunity to improve social cohesion, conflict resolution, and service delivery. However, over the past decade they have been somewhat sidelined. Moreover, the lack of programs that would strengthen the *Bashingantahe* institutional capacity, a strong tendency toward politicization, and limited recognition of their importance by key politicians means that they are not playing the role they potentially could, which is one of reducing conflict and strengthening cohesion. Identifying effective ways of reversing this decline, in a politically charged situation and how such change could be supported is another area for further research,

177. **However, to succeed in reducing Burundi's long-term fragility, serious efforts must be made to build stronger legitimate institutions and to increase transparency of decision making.** Fragility increases when institutions (state, markets, communities, and other social arrangements) fail to provide basic security, justice, economic opportunities, and public services. Burundi's historically poor and inadequately legitimate governance make the country highly vulnerable to falling back into violence and instability. The very low capacity of the existing institutions strengthens this vulnerability. However, the development of institutions is a long-term endeavor even in countries that are not burdened by violent conflict and political fragility. In today's Burundi, visible progress in this area requires long-term sustained commitment and major efforts on the part of the Government as well as national and international partners. As the process of strengthening institutions advances, the country will also need to gradually address the deeply rooted structural weaknesses of its legal, social, and economic systems.

178. **Experiences from other countries highlight useful lessons learned regarding sequencing.** 'Best-fit' reforms discussed in the 2011 WDR address the fact that the sequencing of reforms (for example, interventions, policy changes) needs to recognize the country context and adapt to the approach that fits in the short term with an understanding that it will likely need to change in the medium to long term (World Bank 2011b). It also emphasizes the use of signals and commitment mechanisms to build confidence in citizens. Recent experiences from countries such as Liberia, Ukraine, and South Africa illustrate the importance of starting with immediate actions such as improvements in transparency, the removal of discriminatory laws, and providing short-term jobs (Berman 2015; Lamb et al. 2011; World Bank 2008b, 2015a).

179. **In discussing the way forward, it is important to note that it is challenging to have an accurate picture of what is happening in Burundi,** as international media is unable to observe and report on what is happening in the field. From what is available from online publications and other reports, Burundi has a high level of violence and human rights abuses (Labat 2017; Moncrieff 2017; Yusuf 2017). While there was a significant amount of debate regarding UN peacekeepers, African Union peacekeepers, and African Union observers, it does not appear that any of these groups have come to Burundi yet to help decrease the ongoing conflict (The Economist 2016, 2017). Further increasing global pressure to resolve the violence by following the Constitution for Election 2020, as Canada has recently done, may help dissuade President Nkurunziza from running for a fourth term, which would be a very strong signal to citizens (BBC Afrique 2017). In the medium term, Burundi should strengthen the institutional capacity of the Bashingantahe, coupled with community-level interventions to strengthen governance at the local levels and provide short-term employment on infrastructure projects. In the long term, livelihoods intervention and rural development projects and the national Government can work closely with the Bashingantahe to revise the land registration laws to decrease future conflicts.

4.3.2 Invest in the future

180. **Another medium-term priority is investing in the future.** While investing in the future can take many forms, as presented in Figure 24 above, the medium-term priority investment for Burundi are reducing malnutrition and empowering women. These objectives are important to spearhead recovery in a number of different dimensions, not only for their direct impact but also because they reinforce each other and have positive indirect effect on other drivers of growth and poverty reduction.

4.3.2.1 Empowering women to address the demographic challenge

181. **Women have increasingly gained political representation on the national stage, but gender inequalities remain pervasive in many dimensions of Burundian life.** Gender parity in primary school enrolment and youth literacy has been achieved, but disadvantages remain for girls in secondary and tertiary education. Women's employment is largely concentrated in unpaid work in a low-productivity sector such as agriculture.³⁹ Further, women's access to land—a key asset in Burundi—is limited due to customary rules based on a patriarchal regime and limited legal protection. Women also appear to have limited agency in the household. Only half of the women assert that they participate in decisions concerning their own health, major household purchases, and visiting family.⁴⁰

182. **Women's employment is largely concentrated in unpaid work in a low-productivity sector (agriculture), which is possibly a consequence of and contributor to social inequality.** The difficulty for Burundian women to improve their livelihood opportunities is partially explained by a lack of decision-making power in the household. For example, women typically have little or no control over productive assets or the use of the family income. Also, poor rural women farmers often follow archaic agricultural techniques and practices as they lack access to

³⁹ According to the 2016 Burundi Poverty Assessment, 92 percent of women are employed in agriculture and 70 percent of them work as unpaid family workers. This is compared to 75 percent and 13 percent, respectively, for men.

⁴⁰ Demographic and Health Survey 2010.

equipment and tools. While there are a growing number of associations and cooperatives to improve farmer quality and quantity of production, women are often not adequately represented. Another issue for Burundian women centers around access to land, which is limited due to customary rules that are based on a patriarchal regime, in addition to barriers from demography and limited legal protection. According to Burundi culture, only a son can inherit land from the father, and a woman lacks the right to inherit land.

183. Burundi has made considerable progress in the development of laws governing gender equality, but significant obstacles remain to their implementation. Burundian households tend to be patriarchal, with the man typically being the decision maker. The country's respected mediation mechanism, *Bashigantahe*, is also only for men, and boys are groomed to be a part of this forum early on. Gender-based violence toward women, which includes wife beating and rape, continues to be a serious concern. Gender parity in primary school enrolment and youth literacy has been achieved, but disadvantages remain for girls in secondary and tertiary education.

184. Programs which engage men and boys can lead to positive attitudinal and behavioral change, with positive impacts on women's empowerment (both economic and involvement in household decision making), sexual and reproductive health, and gender-based violence (although evidence is stronger on impacts on attitudes to violence than occurrence). These impacts may also be transmitted to future generations, with evidence, for example, that men who grow up in households with intimate partner violence are more likely to subsequently practice it themselves (Barker et al. 2011).

185. An impact evaluation in Burundi found that adding a discussion series for men and women to an economic program (Village Saving and Loan Associations) led to improved attitudes regarding violence against women and increased women's participation in household decision making (how to spend her own income, household purchases, how many children to have) and couples' negotiation skills but only a very small reduction in domestic violence (Iyengar and Ferrari 2011). In terms of impacts on men's support to their partners' economic empowerment, in Uganda, Blattman, Fiala, and Martinez (2013) find that bringing male partners into discussions on gender relations in a cash transfer and business skills training program for vulnerable women resulted in small impacts on men's support for their partners' businesses and improved communications and relations between partners.

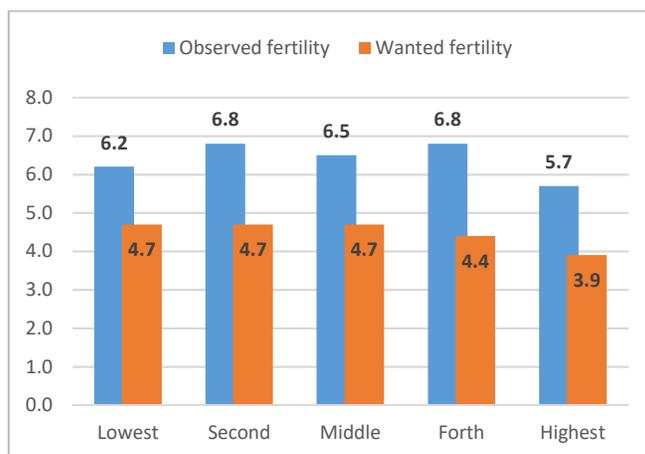
186. Burundian women have also limited agency in a number of areas which directly and indirectly affect childbearing patterns. Women's agency is defined as the ability to make effective choices or and to transform them into desired outcomes.⁴¹ These constraints include limited control over domestic resources, limited economic opportunities, limited freedom from the risk of domestic violence, and limited decision making regarding their own health care. Such constraints prevent women from being able to improve their own well-being and that of their children.

187. While observed fertility is high, wanted fertility is consistently lower across all wealth quintiles. There is a difference of about two children between the ideal family size and actual size (Figure 26). This gap partly reflects high rates of unsatisfied demand for family planning services,

⁴¹ World Development Report 2012.

especially among women of the lowest quintile. Women from the lowest wealth quintile report less than 13 percent demand satisfied in contrast to 42 percent for the highest wealth quintiles, pointing to greater need for targeted support to improve access to family planning and maternal and child health services for vulnerable and poor women (Schneidman et al. 2017).

FIGURE 26. OBSERVED AND WANTED TOTAL FERTILITY RATE BY WEALTH QUINTILES (NUMBER OF CHILDREN PER WOMAN)



Source: DHS 2010.

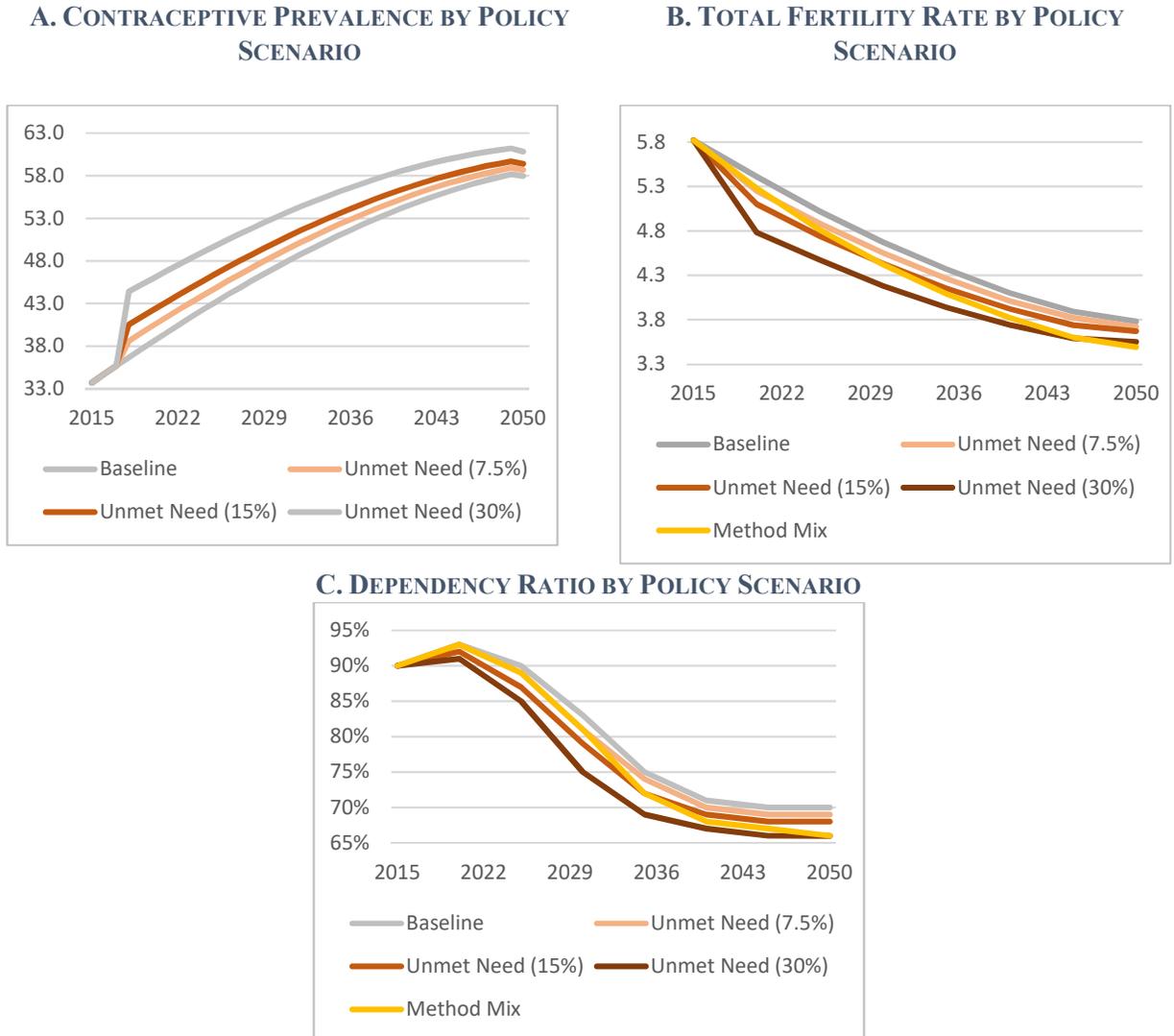
188. **An accelerated decline in fertility is critical to an accelerated demographic transition, to reap the demographic dividend sooner.** Accelerating the transition could bring about important economic and human development benefits derived from structural shifts in the age structure. With a growing share of working-age population relative to the share of dependents in the population, Burundi may generate increased per capita incomes and potentially reduce poverty, provided adequate employment is created to absorb existing and new labor market entrants.

189. **Key strategies to change the childbearing patterns may include expanding family planning and reproductive health, improving maternal health and child survival, and empowering women.** Schneidman et al. (2017) show that accelerating the uptake of contraceptive methods would substantially reduce fertility and dependency ratios, with greater effects when unmet needs in family planning are reduced (Figure 27). Continued provision and improvements in maternal and child health services can assist Burundian families to improve child survival and thus lower their demand for children and lower fertility. Expanding opportunities for women’s empowerment and education could strengthen their household bargaining power and increase the opportunity cost of children and thus lower fertility.

190. **However, it is also an important priority to engage young men to reduce fertility, empower women, and break the circle of violence.** Evidence suggests that engaging men is important because it reduces the chance that men feel their social status is being undermined by programs that promote women’s empowerment, and it enables interventions to leverage the social status of men that allows them to influence social norms and household/community decisions that have important implications for women’s reproductive health, empowerment, and the acceptability/prevalence of gender-based violence. On the other hand, evidence shows that empowering women without sufficiently involving men may lead to an increase in gender-based

violence. This has been observed in some microfinance programs (Heise 2011) and with women in Ethiopia who received job offers in the flower industry (Hjort and Villanger 2011).

FIGURE 27. REDUCING THE UNMET NEED AND CHANGING THE CONTRACEPTION METHOD MIX CAN CONSIDERABLY ACCELERATE THE DEMOGRAPHIC DIVIDEND



Source: Projections from Schneidman et al. 2017. Data sources from UN Population Division, World Population Prospects 2015 Revision; DHS 2010.

191. **The ‘*ecoles des maris*’ provides an interesting example of how men can be involved.** The *ecoles des maris* (husband schools) approach trains model husbands to disseminate information on the benefits of using maternal health services. While there is yet to be a rigorous impact evaluation, data from one district suggest that between 2008 (the start of the program) and 2011, the rate of attended childbirth increased from 15 percent to 74 percent (UNFPA 2011). In Ethiopia, Terefe and Larson (1993) found that including men in the home visits of a family planning program resulted in a higher chance of contraception use by the couple.

4.3.2.2 Boost agricultural productivity to increase food security and reduce stunting

192. **Although agriculture is the backbone of the economy, many Burundians face hunger and undernutrition.** A 2016 Emergency Food Security Assessment found that nearly 4.6 million people were food-insecure across all 18 provinces and of these, 590,000 were severely food-insecure and required emergency food aid. As a result, malnutrition and stunting are endemic and considerably higher than in peer countries and more than double the SDG target.

193. **Chronic malnutrition is estimated to cost Burundi an estimated US\$102 million per year, which is twice the annual budget of the Burundi Ministry of Health (UNICEF 2013).** Stunting begins at conception and is largely irreversible beyond the first two years of life. It has important economic costs through cognitive delays in children; compromised learning performance; and especially lower economic productivity in adults. Causes of lower economic productivity include lower physical strength, lower wages, and more days away from work due to illness among adults. As a result, there is a greater than 10 percent reduction in lifetime earnings for each malnourished individual and approximately 8 percent loss in GDP

194. **The low productivity of agriculture is the main driver of this apparent paradox.** A major, although not only, reason for this is that domestic production does not meet the country's needs despite fertile soils, a dense hydrographic network, three growing seasons and the fact that more than 86 percent of the workforce work in agriculture.

195. **Compared to the extremely high concentration of employment in agriculture, the share of agriculture in GDP was a relatively low 35.7 percent in 2014.** This large gap suggests that many agricultural workers are locked in low-productivity activities. Moreover, heavy reliance of Burundian households on rain-fed crops for their livelihood makes their level of consumption highly dependent on both access to quality land (which is increasingly rare) and favorable weather conditions. Moreover, rapid population growth has muted the potentially positive impact of increased food production on rates of food security and nutrition.

196. **However, the future in agriculture is bleak.** This is because as livelihoods in agriculture are increasingly difficult to sustain because of high population growth and land degradation. Output has declined sharply since and early estimates for the first quarter of 2017 indicate that agriculture production will remain sluggish. Food production has increased significantly between 2006 and 2014 (from 1.125 million tons of cereal equivalent (CE) to 1.836 million tons of CE), due to the important financial support given to the agricultural sector since 2009. The sugar sector, a critical supplier of agro-industries for consumption goods, has struggled to meet domestic demand.

197. **Production has been affected by people exploiting the land at its maximum capacity, thereby raising sustainability concerns.** Population growth has also increased pressure on the already scarce land, leading to excessive fragmentation of arable land, crop development in marginal areas (steep slopes), encroachment into protected areas, and abandonment of fallowing land. This has led to soil degradation and sterilization, and to massive deforestation. United Nations Environment Program (UNEP) estimates that over 75 percent of Burundi's agricultural land is degraded. Crop losses from such degradation are estimated at US\$400 million / year (RoB,

2011). For continued poverty reduction, there is a need to raise agricultural productivity, including with modern production technologies, as well as sustainable land and water management.

198. **Increasing productivity in agriculture is a key priority beyond food security as it constrains the growth prospects of the country and prevents diversification.** Enhancing the productivity of agriculture is vital for Burundi's economic future and is one of the most important tools to end extreme poverty and boost shared prosperity in the country. Boosting agricultural productivity would not only raise the incomes of farm households, which make up over half the country's population, it would also lower food costs for the nonfarm population and promote the development of agro-industry. These outcomes, in turn, would promote broader economic growth by stimulating demand for non-farm goods and services. Higher productivity would also free up resources, such as labor, for the growth of other economic sectors. Improving agricultural productivity through these mechanisms remains an important strategy for reducing poverty and enhancing inclusive growth and structural transformation Burundi.

199. **The successes of African countries such as Rwanda, Ethiopia, Tanzania, Kenya can provide lessons for Burundi's agriculture productivity growth.** Evidence shows that investments in rural public goods, combined with better policies and institutions, have driven agricultural productivity growth across the region. The dividends from investments to strengthen markets, land and water management, and develop and disseminate improved technologies, for example, can be enormous (Goyal and Nash 2017). In addition, improvement of

the policy environment through trade and regulatory policy reforms can increase incentives for producers and innovators to take advantage of public goods that crowd in private investment. Sustained productivity growth depends crucially on addressing systemic constraints to productivity through integrated investments in improved technologies, extension services, land governance, water management, and market linkages.

200. **For sustained productivity growth, Burundi needs to invest in high-return assets accumulation.** Human capital enhancing effects are associated with investments on extension, training, and information services that transfer knowledge and skills to those engaged in agricultural production. These investments create positive externalities through demonstration effects: if one farmer benefits from adopting new productivity enhancing technology, neighbors may learn from his experience. As agricultural production processes become increasingly knowledge intensive, with higher demand for precise and timely information, such extension

BOX 6. LAND POLICIES AS BARRIER TO PRODUCTIVITY INCREASES

Land is the central productive asset held by rural households in Burundi. Yet land policies and institutions are constraining investment and productivity growth.

Insecure property rights over land and other assets constrain agricultural productivity, and economic activity through expropriation risk, which could dampen incentives to invest; limited land market activity, which prevents land from being transferred (for example, through sales or rentals) to the most productive users; and restricted use of collateral for access to credit (including credit for productive investments).

Extensive experience across SSA countries shows that land titling programs increased soil conservation investments, productive on-farm investments, higher yields and profits for farmers (Deininger and Byerlee 2011).

However, the way land titling is to be implemented in a politically fragile country as Burundi requires careful consideration, as while it may be a good thing for the soil, and for those who receive titles, it can also be very problematic for those who lose access to land and can fuel further conflict.

investments are becoming increasingly important. Attention to extension services peaked in the 1980s and early 1990s, when money was poured into systems that mainly promoted the adoption of agricultural technology in a centralized, linear, one-size-fits-all method. In the late 1990s, when many of these traditional systems were shown to be deficient in quality and relevance, investments in extension declined. However, the rapid adoption of digital technologies in rural areas, especially mobile phones shows promise in reviving some aspects of extension services and consequently improving productivity. Innovative models are being implemented in Kenya, Uganda, and Nigeria. New digital tools and approaches have helped to overcome information problems that hinder market access for many small-scale farmers, promote knowledge and skill development, and stimulate opportunities for agricultural supply chain management (Aker and Mbiti 2010, Deichmann, Goyal, Mishra 2016).

4.3.3 Foster economic diversification to boost sustainable growth

201. **However, increasing agriculture productivity will not be enough to deliver sustainable growth and poverty reduction.** Economic resilience hinges on the capacity of the economy to diversify away from agriculture into higher productivity sectors. As pointed out in session 3.4, so far the process of structural that goes side-by-side with economic development and the growth of a dynamic private sector have been slow. Moreover, the recent crisis has been a serious setback for the economy's process of structural transformation that had timidly begun in the last decade.

202. **Prospects for jumpstarting economic recovery and diversification hinge on Burundi's ability to establish strong macroeconomic fundamentals.** Limited fiscal space, a narrow export base, and uncertainty about foreign aid will continue to affect Burundi's macroeconomic prospects and the country's resilience to shocks for the foreseeable future. Fiscal space has been narrowing because of (a) the low level of fiscal revenue (12 percent of GDP in 2014), which was further weakened by setbacks in tax revenue mobilization; (b) the country's already high risk of debt distress limiting its borrowing capacities; (c) the relative scarcity of concessional resources, which resulted in decline in aid as share of GDP; (d) the very small domestic banking sector and the absence of a domestic financial market; and (e) the high level of non-discretionary spending, which absorbs almost all the domestic resources, with salaries representing 60 percent of the tax revenues. Burundi's export base is low, mainly because of the country's geographic isolation and lack of international competitiveness. In the last decade, export of merchandise remained well below US\$200 million, oscillating between 5 percent and 7 percent of GDP, while imports exceeded US\$1 billion in 2013. Exports are not only low in nominal value, they are also concentrated in a few products: coffee, tea, and gold. Coffee alone represented more than 60 percent of exported goods until 2011.

203. **Because fiscal buffers are so limited, cyclical shocks such as the one due to repeated political crises become the trend if they are not quickly addressed.** As a low income post-conflict country, budget support had been the only financing source of discretionary spending or fiscal space in the budget. As Section 2.3 explains, the post-conflict growth dividend was too small to deliver shared prosperity or revenue buoyancy. As a result, the drive for increased revenue in the wake of aid decline was squeezing the already very small formal tax base. While there was significant informal trade in extractives due to proximity to DRC, this was outside official channels and was not replenishing official reserves; extractives trade was instead an enclave economy which

created elite rents and undermined governance. Thus, macroeconomic stability can only be sustained with both (1) increased trust in state institutions that can enable donor support, and (2) strengthened governance in extractives in Burundi and the Great Lakes to enhance the contribution of this trade to macroeconomic fundamentals. Without alleviation of this constraint, the government would seek to finance politically “core” spending (security sector and salaries) even if this is associated with inflation, lack of access to imports, continued buildup of arrears, and eventual balance of payments crisis.

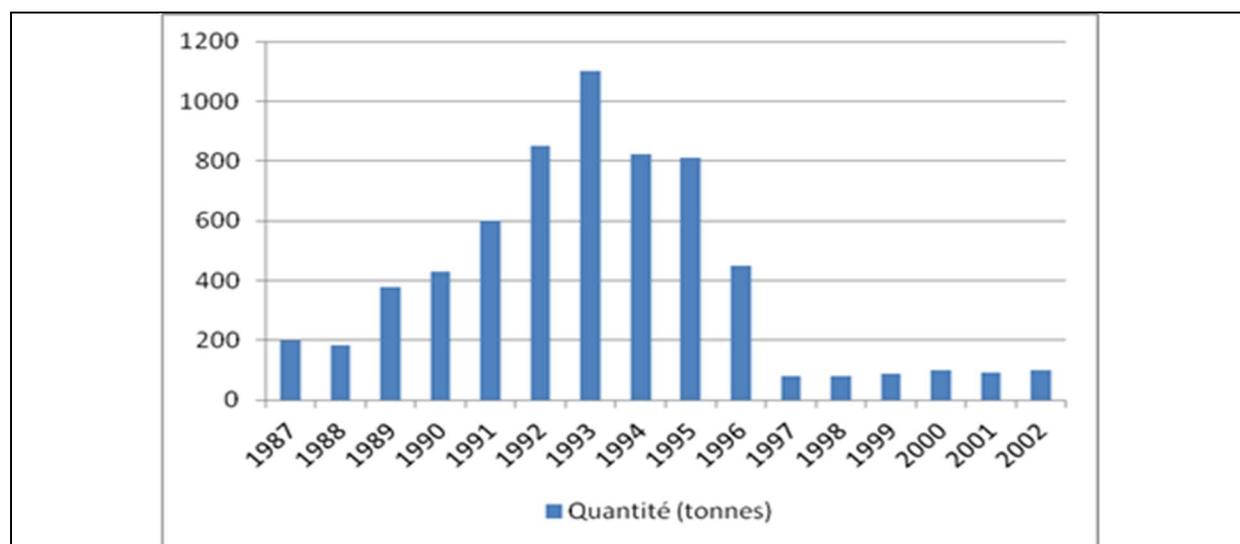
204. Revamping efforts to increase domestic resource mobilization is crucial. Since 2009, the Government has initiated a second generation of reforms to expand its fiscal space: the creation of the OBR to improve domestic revenue mobilization, the entry in the East African Community (EAC) to deepen regional integration, and the reforms of the business environment through Doing Business. These reforms have had a positive impact, particularly in the tourism and banking sectors, but the overall outcomes are below the authorities’ expectations. Private investment recently increased but FDI remained very low. Moreover, the private-public dialogue that led to positive results for the private sector was abandoned with the 2015 crisis, but needs to be re-activated. Finally, despite recent progress in terms of the modernization of the revenue mobilization, the country's revenue performance could be further increased through broadening the tax base, better collection of value added tax, reduction of tax exemptions, and improved tax administration. However, increasing substantially the tax pressure on an economy dominated by small farms and informal sector services would be difficult and risks reducing incentives for the development of more formal enterprises. Nevertheless, priorities for future action should be mainly: (i) to improve tax collection by strengthening OBR (computerization of tax and customs departments and staff training); (ii) to improve tax efficiency through the reduction of tax exemptions; and (iii) to simplify tax system including through rationalizing the number of taxes to attract more taxpayers, including SMEs.

205. Burundi should also take advantage of its natural resource windfalls to accelerate its development process. Export potentials exist in the agricultural (coffee and tea), mining (gold and nickel), and tourism sectors, but they are underdeveloped, except for the coffee sector, which nevertheless needs to be reorganized. On the one hand, mining riches can be a game-changer for Burundi’s development as the country has significant known nickel deposits: Musongati, Waga, and Nyabikere. Musongati is the most significant laterite deposit and is among the 10 largest undeveloped laterite deposits worldwide, with a reserve of 150 metric tons at 1.62 percent of nickel content. A contract was recently signed for the exploitation of the Musongati nickel. The objective of the project (Burundi Musongati Mining [BMM]) is to build and operate a vertically integrated industrial complex of mining, smelting, and refining, with minimum capacity of 5 million metric tons of ore of nickel, iron, cobalt, copper, and PGM per year. There also other metals to be used in the steel and stainless steel industry. BMM also plans to build and operate its own hydro- and solar-power stations with total installed capacity of 800 MW. The Government also recently signed a contract with Rainbow Rare Earths, a listed company on the London Stock Exchange, for the exploitation of high-grade magnetic rare earths (including neodymium and praseodymium) in the Gakara mining project, Bujumbura rural province. The production is planned to start at the end of 2017 with limited quantity (about 300 tons), with a peak of 5000 tons (average) in 2019 for the next 20 years, with a secured sales contract with the Germany's Thyssenkrupp. Preliminary estimates indicate that this mineral could generate about \$30 million per year to the economy for the next 20 years. The prospects for this mineral seem positive as experts project an increased

demand for rare earths, used in generators, wind turbines, and electric cars as global supply, mostly from China is abating.

206. **On the other hand, exports’ diversification within the agriculture sector also provides promising prospects.** The past performance of horticulture (fruits and vegetables), which was destroyed by several years of conflict in the 1990s, could be replicated in the future (Figure 29). With rich fisheries resources from Lake Tanganyika, fish products also provide a potential for export diversification. Competitive local agribusiness value chains in horticulture and fish products need to be developed in this respect. The PNIA 2012-2017 recognizes that horticulture has the potential for a renewed expansion, provided that appropriate niche markets are pursued and basic logistics – cold chain infrastructure with a refrigerating terminal in particular – are made available. Horticultural exports will help agricultural exports progress rapidly toward diversification, while contributing to extreme poverty reduction. In this regard, the development of small entrepreneurs in the horticultural sector will be vital to increase the contribution of these export crops to growth. Success will depend on increased productivity, improved investment climate, access to rural finance, and effective marketing strategies.

FIGURE 28. EXPORTS OF BURUNDIAN HORTICULTURE, 1987-2002



Source: Extracted from Burundi (2015).⁴²

207. **As a landlocked country, regional markets present unique opportunities for Burundi to diversify its exports in non-traditional goods.** So far, unlike other neighboring countries, Burundi has not managed to exploit the potential of regional and international trade to drive growth. According to the Burundi DTIS Update (World Bank, 2012) regional integration can help mitigate external vulnerability and offers opportunities for export diversification in goods and in services and also augments the size of its market and the profitability of private investments. In addition, access to regional public goods, such as infrastructure networks for transport, energy,

⁴² « Etude pour l’installation d’un terminal frigorifique à l’aéroport international de Bujumbura », October 2015, *the Federal Chamber of Commerce and Industry*, Bujumbura: Burundi.

telecommunication, not only reduce Burundi's distance from global markets, but also augment the size of its market and the profitability of private investments. Burundi can also benefit from regional standards and other regional regulatory instruments through harmonization of fiscal instruments, development of regional standards, mutual recognition of qualifications and licensing requirements, or strengthening of the business environment.

208. **However, evidence from the pre-crisis years suggests that growth by itself will not be enough to deliver adequate poverty reduction, because poverty and inequality remain high.** For growth to reduce poverty, it will need to be accompanied by an increase in agriculture productivity and by the growth of a dynamic private sector that is able to create enough job opportunities for the rapidly growing youth population. The recent crisis has been a serious setback for the economy's process of structural transformation that had timidly begun in the last decade. Economic success will depend on the Government's ability to effectively spearhead this process again.

209. **Lack of infrastructure is a major constraint to the modernization of the economy.** Poor coverage and low-quality infrastructure create costs in time and money that lower the return on capital and work, discourage domestic and foreign investment, and constrain economic growth. High transport costs, caused by absence of infrastructure, hinder internal movement of goods and people. They also reduce Burundi's trade opportunities with East Africa and the rest of the world. In the agriculture sector, transport costs represent, on average, 35 percent of import prices and 40 percent of export prices. More generally, the cost and poor quality of infrastructure limits commercial opportunities for small farmers, entrepreneurs, and businesses—both small and large.

210. **Within infrastructure, the priority is the energy sectors.** Despite abundant hydroelectric potential, Burundi displays a severe generation and transmission capacity deficit that began during the conflict period's years of underinvestment, deterioration, and damage. Domestic electrical production capacity, in per capita terms, is the lowest in the world. Currently, the electricity shortage is met, in part, through imports from the Democratic Republic of Congo, but this is not sufficient to satisfy demand at current prices. Because of the shortage of service providers, prices can be two to three times higher than prices in other countries, further undermining the competitiveness of Burundi's business in regional and global markets. About 72 percent of Burundian firms surveyed recently by the World Bank identified poor access and reliability of electricity as their most significant obstacle to new investment (World Bank 2011a).

211. **However, upgrading Burundi's infrastructure network to levels comparable to those of its peers will require a complex institutional machinery.** It takes time, capacity, and political constituency to set up a large complex national system that can handle the design, financing, construction, regulation, operation, and maintenance of national networks. These key ingredients are missing in the current Burundian context. Moreover, weak registration on state ownership of land, expropriation of private land for investments in large scale infrastructure, and compensation increase the challenge of infrastructure upgrading in Burundi. Thus, the challenge is to build the required long-term capacity while simultaneously identifying alternative approaches that can meet critical needs without relying on large national systems. Experience in other countries suggests a three-pronged approach that includes:

- An early focus on maintenance and rehabilitation of existing infrastructure;

- Rapid identification of key fast-track delivery models with relatively high unit cost, such as off-grid and private sector-driven alternatives; and
- A least-cost infrastructure master plan with a long-term strategy to build core administrative and technical capacity and with a clear sequencing of investment needs.

212. **Coordinated efforts should also be made to attenuate the impact of erosion and improve soil fertility, especially in areas susceptible to landslides.** Currently, anti-erosion programs only cover a small portion of Burundi's cultivated terrains. Good regional planning, managed urbanization, efficient management of land issues, restoration of ecosystems through afforestation and reforestation, integrated watershed management, and improved outreach and education of the public on these matters will all be crucial to restoring Burundi's natural potential.

213. **Finally, improving the delivery of public services for all should be a primary policy objective.** Achieving this objective is not only an important element in the process of building institutions and confidence in the Government, it is also essential for addressing Burundi's disadvantage on key indicators of living standards and human development. As shown in some detail earlier in this paper, Burundi scores very poorly on a number of indicators of human capital. While progress in some of these areas had been considerable before the recent crisis, efforts need to be particularly focused on reducing malnutrition.

REFERENCES

- Afrobarometer. 2015. The Online Data Analysis Tool. Afrobarometer Round 6 2014/2015. Accessed April 27, 2017, <http://afrobarometer.org>.
- Aker, J. C., and I. M. Mbiti. 2010. "Mobile Phones and Economic Development in Africa." Working Paper 211, Center for Global Development, Washington, DC.
- Alkire, S., and M. Santos. 2010. "Acute Multidimensional Poverty: A New Index for Developing Countries. Human Development Research Paper 2010/11, UNDP-HDRO, New York. Accessed November 28, 2016, <http://hdr.undp.org/en/content/acute-multidimensional-poverty>.
- Barker, G., M. Contreras, B. Heilman, A. Singh, R. Verma, and M. Nascimento. 2011. *Evolving Men: Initial Results from the International Men and Gender Equality Survey*. Washington, DC: International Centre for Research on Women.
- BBC Afrique. 2017. "Le Canada "préoccupé" par la candidature de Nkurunziza." Accessed February 1, 2017, <http://www.bbc.com/afrique/region-38529337>.
- Benitez, D., A. Estache, and D. M. Niyungeko. 2009. "Overcoming Obstacles to Growth in Burundi: The Role of Infrastructure." Unpublished manuscript, World Bank, Washington, DC.
- Berman, Daphna. 2015. *Liberia: Does Giving People the Chance to Work Reduce Conflict and Boost Peace? From Evidence to Policy*. Washington, DC: World Bank Group. Accessed January 23, 2017, <http://documents.worldbank.org/curated/en/187151468300566240/Liberia-does-giving-people-the-chance-to-work-reduce-conflict-and-boost-peace>.
- Blattman, C., N. Fiala, and S. Martinez. 2013. *The Economic and Social Returns to Cash Transfers: Evidence from a Ugandan Aid Program*. New York: Columbia University Departments of Political Science and International & Public Affairs Journal.
- Bouka, Y. 2014. *Status and Dynamics of the Political Situation in Burundi*. Central Africa Report. Pretoria: Institute for Security Studies.
- Bundervoet, T. 2010. "Assets, Activity Choices, and Civil War: Evidence from Burundi." *World Development* 38 (7): 955–965.
- Deichmann, U., A. Goyal, and D. Mishra. 2016. "Will Digital Technologies Transform Agriculture in Developing Countries?" Policy Research Working Paper 7669, World Bank, Washington, DC.
- Deininger, K., and D. Byerlee. 2011. *Rising Global Interest in Farmland: Can It Yield Sustainable and Equitable Benefits?* Washington, DC: World Bank.

- Drechsel, P., L. Gyiele, D. Kunze, and O. Cofie. 2001. "Population Density, Soil Nutrient Depletion, and Economic Growth in Sub-Saharan Africa." *Ecological Economics* 38 (2): 251–258.
- Goldewijk, K. K. 2005. "Three Centuries of Global Population Growth: A Spatial Referenced Population (Density) Database for 1700–2000." *Population and Environment* 26 (4): 343–367.
- Goyal, A., and J. Nash. 2017. "*Reaping Richer Returns: Public Spending Priorities for African Agriculture Productivity Growth*. Africa Development Forum. Washington, DC: World Bank. <http://www.worldbank.org/en/programs/agriculture-in-africa-public-spending-priorities>
- Heise, L. 2011. "What Works to Prevent Partner Violence? An Evidence Overview." Working Paper, OECD, Paris.
- Hjort, J., and E. Villanger. 2011. *Backlash: Female Employment and Domestic Violence*. Berkeley: University of California.
- ISTEEBU (*Institut de Statistiques et d'Études Économiques du Burundi*), MSPLS (*Ministère de la Santé Publique et de la Lutte contre le Sida*), et al. 2012. *Burundi Enquête Démographique et de Santé 2010*. Bujumbura, Burundi, ISTEEBU, MSPLS, and ICF International.
- IFPRI (International Food Policy Research Institute). 2014. "Global Hunger Index: The Challenge of Hidden Hunger." Accessed November 28, 2016, <https://www.ifpri.org/publication/2014-global-hunger-index>.
- International Organization for Migration. 2016. *Displacement Tracking in Burundi*.
- Iyengar, R., and G. Ferrari. 2011. "Comparing Economic and Social Interventions to Reduce Intimate Partner Violence: Evidence from Central and Southern Africa." Working Paper w16902, NBER.
- Jackson, T. 2001. "L'Egalite d'accès à l'éducation: un impératif pour la paix au Burundi." *International Alert*.
- Labat, C. 2017. "The Forgotten Conflict of Burundi." *The McGill International Review*, February 2, 2017. Accessed February 3, 2017, <http://mironline.ca/forgotten-conflict-burundi/>.
- Lamb, Guy, Nelson Alusala, Amelia Broodryk, Jean-Marie Gasana, Gregory Mthemba-Salter, and Orly Stern. 2011. *Assessing the Reintegration of Ex-combatants in the Context of Instability and Informal Economies*. Washington, DC: World Bank. Accessed January 23, 2017, <http://documents.worldbank.org/curated/en/672331468001821356/Assessing-the-reintegration-of-ex-combatants-in-the-context-of-instability-and-informal-economies>.
- Mercier, M., R. L. Ngenzebuke, and P. Verwimp. 2015. "The Long-Term Effects of Conflict on Welfare: Evidence from Burundi." Working Paper, ECARES.

- Moncrieff, R. 2017. “Three Lessons about Burundi’s Crisis from Speaking to Those Who Fled It.” *African Arguments*, January 20, 2017. Accessed January 27, 2017, <http://africanarguments.org/2017/01/20/three-lessons-about-burundis-crisis-from-speaking-to-those-who-fled-it/>.
- ND-GAIN (Notre Dame Global Adaptation Initiative). 2014. ND-GAIN Country Index. Accessed June 1, 2016, <http://index.gain.org/ranking>.
- Ndikumana, L. 1998. “Institutional Failure and Ethnic Conflicts in Burundi.” *African Studies Review* 41 (01): 29–47.
- Ngaruko, F., and J. D. Nkurunziza. 2000. “An Economic Interpretation of Conflict in Burundi.” *Journal of African Economies* 9 (3): 370–409.
- Perks, R., and K. Hayes. 2016. *Transparency in Revenues from Artisanal and Small-scale Mining of Tin, Tantalum, Tungsten and Gold in Burundi*. Washington, DC: World Bank. Accessed November 28, 2016, <http://documents.worldbank.org/curated/en/563321468184727489/pdf/103086-WP-P145997-Box394854B-PUBLIC-Burundi-English-1607197-Web.pdf>.
- Pons-Vignon, N., and H. B. S. Lecomte. 2004. *Land, Violent Conflict and Development*.
- RoB (Republic of Burundi). 2008. “Etude diagnostique sur la gouvernance et la corruption au Burundi: Résumé Exécutif.” Ministère à la Présidence Chargé de la Bonne Gouvernance, de la Privatisation, de l’Inspection Générale de l’Etat et de l’Administration Locale, May, Bujumbura.
- . 2014. *Report on Development Aid Flows 2012–2013*. Bujumbura: RoB.
- . 2015. *Plan de Réponse Catastrophe Naturelle: Inondation (El Nino 2015)*. Bujumbura: RoB.
- Republic of Burundi, Ministry for Land Management, Tourism, and Environment. 2007. *National Adaptation Plan of Action to Climate Change*. Bujumbura.
- Sabates-Wheeler, R., and P. Verwimp. 2014. “Extortion with Protection Understanding the Effect of Rebel Taxation on Civilian Welfare in Burundi.” *Journal of Conflict Resolution* 58 (8): 1474–1499.
- Schneidman, M., E. Suzuki, A. Reichert, C. Moucheraud, D. Munenzero, J. Lehman, R. Shugugu, J. K. Akuouku, A. Karibwami, and M. El-Idrissi. “Demographic Challenges and Opportunities in Burundi.” Mimeo.
- Terefe, A., and C. Larson. 1993. “Modern Contraception Use in Ethiopia: Does Involving Husbands Make a Difference?” *Am J Public Health* 83 (11): 1567–1571.

- The Economist. 2016. "Sliding Towards Anarchy." Accessed January 27, 2017, <http://www.economist.com/news/middle-east-and-africa/21697289-political-ethnic-and-economic-crises-stalk-rwandas-neighbour-sliding-towards>.
- . 2017. "One Zuma to another Zuma?" January 21, 2017. Accessed February 1, 2017, <http://www.economist.com/news/middle-east-and-africa/21715029-nkosazana-dlamini-zuma-ran-african-union-four-years-now-she-wants>.
- UNDESA (United Nations Department of Economic and Social Affairs). 2014. *World Urbanization Prospects: The 2014 Revision*. Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, New York. Accessed November 28, 2016, <https://esa.un.org/unpd/wup/Publications/Files/WUP2014-Report.pdf>.
- . 2015. "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables." Working Paper ESA/P/WP.241. Accessed November 28, 2016, https://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf.
- UNDP (United Nations Development Programme). 2015. *Human Development Report: Work for Human Development*. New York: UNDP-HDRO. Accessed November 28, 2016, http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf.
- UNECA (United Nations Economic Commission for Africa), AU (African Union), AfDB (African Development Bank), and UNDP (United Nations Development Programme). 2015. *Assessing Progress in Africa toward the Millennium Development Goals. MDG Report 2015*. Accessed December 12, 2016, <http://www.undp.org/content/undp/en/home/librarypage/mdg/mdg-reports/africa-collection.html>.
- UNFPA (United Nations Population Fund). 2011. *Making Reproductive Rights and Sexual and Reproductive Health a Reality for All*. New York: United Nations Population Fund.
- UNICEF (United Nations Children's Fund). 2013. *Annual Report for Burundi 2013*. Accessed January 20, 2016, http://www.unicef.org/about/annualreport/files/Burundi_COAR_2013.pdf.
- Urdal, H. 2005. "People vs. Malthus: Population Pressure, Environmental Degradation, and Armed Conflict Revisited." *Journal of Peace Research* 42 (4): 417–434.
- van Leeuwen, M. 2010. "Crisis or Continuity? Framing Land Disputes and Local Conflict Resolution in Burundi." *Land Use Policy* 27: 753–762.
- Wagner, R. 2010. "What is the Weakest Link for Growth and Entrepreneurial Activity in Burundi?" Mimeo.
- World Bank. 2008a. *Country Assistance Strategy for the Republic of Burundi for the Period FY09–FY12*. Report No. 44193-BI, Washington, DC: World Bank.

- . 2008b. *The Missing Link: Fostering Positive Citizen-State Relations in Postconflict Environments*. Communication for Governance and Accountability Program (CommGAP); brief for policy makers. Washington, DC: World Bank. Accessed January 23, 2017, <http://documents.worldbank.org/curated/en/887501468014335931/The-missing-link-fostering-positive-citizen-state-relations-in-post-conflict-environments>.
- . 2009. *Governance, Fragility and Conflict: Reviewing International Governance Reform Experiences in Fragile and Conflict-Affected Countries*. Washington, DC: World Bank.
- . 2011a. *Republic of Burundi - Country Economic Memorandum (CEM): The Challenge of Achieving Stable and Shared Growth*. Washington, DC: World Bank.
- . 2011b. *World Development Report 2011: Conflict, Security, and Development*. Washington, DC: World Bank.
- . 2012. *World Development Report 2011: Conflict, Security, and Development*. Washington, DC: World Bank.
- . 2013. *Republic of Burundi - Public Expenditure Review (PER): Strengthening Fiscal Resilience to Promote Government Effectiveness*. Washington, DC: World Bank.
- . 2015a. *Recovery and Peace Building Assessment: Analysis of Crisis Impacts and Needs in Eastern Ukraine: Synthesis Report*. Washington, DC: World Bank Group. Accessed January 23, 2017, <http://documents.worldbank.org/curated/en/879011468188335375/Synthesis-report>.
- . 2015b. *World Development Indicators 2015*. Washington, DC: World Bank.
- . 2016a. “Burundi: Fragility Assessment.” Mimeo.
- . 2016b. *Burundi Poverty Assessment*. Washington, DC: World Bank.
- Yusuf, Mohammed. 2017. “Burundi Authorities Claim to Have Freed 2,000 from Prison.” *Voice of America*, February 2, 2017. Accessed February 3, 2017, <http://www.voanews.com/a/burundi-prisoner-release/3703481.html>.

ANNEXES

Annex 1. Summary of in-country and on-line Consultations

To inform the SCD for Burundi, the World Bank Group held in-country consultations with a broad range of national stakeholders representing key sectors of the society. The stakeholders present for the in-country consultations included the Government, private sector (banking and microcredit sector), civil society organizations, media, community residents (Gitega, Ngozi, Kirundo, Muyonga, Muramvya, Mwaro, Karusi, Cankuzo and Kayanza).

Online consultations were also held to capture the opinions of Burundians, including those in the diaspora. The consultations captured stakeholders' perceptions on the constraints to development in Burundi; the sectors and policies that would offer the best opportunities for poverty reduction and shared prosperity; and the stakeholders who should be more engaged in the development process for the country. The in-country consultations were carried out in Bujumbura from 14 to 18 of November 2016 and were facilitated by the Poverty and Equity Global Practice.

The online consultations ran from January 8 2017 to February 16 2017.

This report reflects the insights gained from the interaction with national stakeholders and from the online consultations.

Findings

The following summarizes the key areas of concerns the stakeholders raised during the in-country consultations. The majority of stakeholders have identified the following as the main concerns: the importance to modernize agriculture in order to address the growing risk of food and nutrition security, invest in energy and infrastructure sectors to attract investors and foster job creation, facilitate access to finance to promote self-employment and private initiative, and improve country' governance and leadership standards.

A common constraint identified by all stakeholders is the development of agriculture sector. Limited access to finance was identified as a barrier preventing farmers from using quality inputs (seeds, fertilizers) as well as hindering their possibility to growth and increase production and productivity. Participants underlined that food and nutrition security are yet to be achieved and engenders a risk of stunting and hunger within the country. In addition, participants decried the absence of infrastructures (e.g. storage facilities, roads network to link farmers to markets), the issues related to land acquisition and the high vulnerability linked to climate change, erosion and drought risks. Participants stretched that the privatization of the coffee sector has further weakened already vulnerable farmers.

Infrastructure and transport. The need to improve transport connectivity across the country emerged as the main concern.

Electricity and energy. Under this section, the main concern raised by the stakeholders is that the limited access to electricity and water do not only worsen population living standards but also increases the costs of doing business and discourage potential investors.

Sociopolitical context. Stakeholders across sectors highlighted the following as majors' sociopolitical constraints: the persistent social and political instability, the predominant insecurity feeling both hampering potential investment opportunity. Many other participants highlighted several of issues related to gender inequality such as weak agency exerted by women due to lack of opportunities; women limited access to assets (land, finance). Concerns related to lagging human capital development and shortage of skills were also brought up during consultations.

Demographic and population. The rapid population growth and population density yet to be mastered and the heavy land pressure were mentioned several times as impediment to the country development.

Country untapped resources. The participants have identified the following untapped resources and sectors as opportunities to attract investment and to create job: (i) the abundant water resources (the lake holds an important touristic, hydraulic and fisheries potential); (ii) mining sector (nickel, probably gold); (iii) coffee and other industrial cultures (coffee contribute to less than US\$50 million and tea less than US\$30 million despite the potential of the sectors) and (iv) tourism.

Institutions, Governance and public service delivery. From the consultation with government the following were concerns were mentioned (i) limited coordination among ministries, (ii) widespread of rent seeking practice, (iii) limited financial resources and public investment, (iv) weak institutional capacities and lack of public accountability.

Economic growth. Stakeholders from government and banking sectors highlighted a number of constraints such as the country heavy dependence on international aid and customs revenues, the tiny contribution of the private sector to the economy (e.g. 90% of the economy is public and 80% of the credits are for consumption), the unfavorable business environment (poor regulatory framework, lack of infrastructure) as well as the poor diversification of investments portfolio (investments are mainly focused on land acquisition or real estate).

Banking and microcredit. Stakeholders from this sector stressed that the high risks associated to credit (20% of the credits are not reimbursed) and the very high interest rates (exceeding 16%) are the main factors behind the restricted access to finance. In addition, the microcredit sector was described as a network of 25 microcredit institutions spread across the country and focusing on collecting savings, allocating credits to small projects and micro-entrepreneurs that cannot have access to banking sector (particularly those in agriculture). However, microcredit institutions deplored the limited capacities within the sector especially in promoting banking service for women as well as the poor Internet connection deterring the quality and access to service.

Media. Contributions emerging from this sector state that the major role of the media is to accompany the government actions and inform on the achievements. Stakeholders also underlined the media' contribution to advance women' empowerment programs and young reporters training programs.

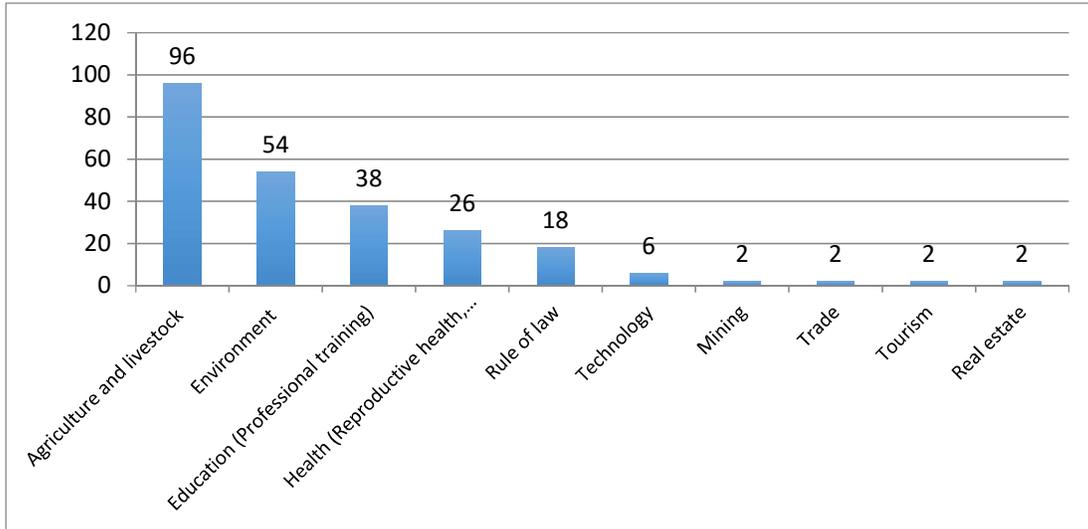
Cooperation and partnership. In addition to deploring the country heavy dependency on international aid, the stakeholders have identified a number of factors hampering aid effectiveness: (i) donors' interventions are not coordinated and are not aligned to country priorities; (ii) the lack of sustainability in interventions; and (iii) the absence of transparency and accountability in aid' management.

Quantitative analysis of stakeholders' consultations

Three questions were asked to the 50 stakeholders who attended SCD consultation workshop.

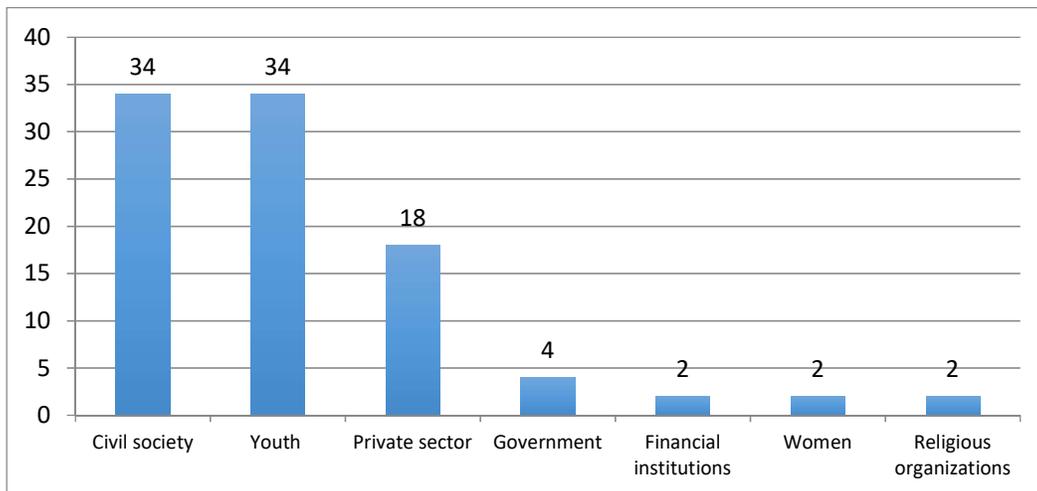
1. In which three priority areas should the World Bank focus its attention and resources in the next five years in order to reduce poverty and promote shared prosperity?

(Priority sectors in order of importance, %)

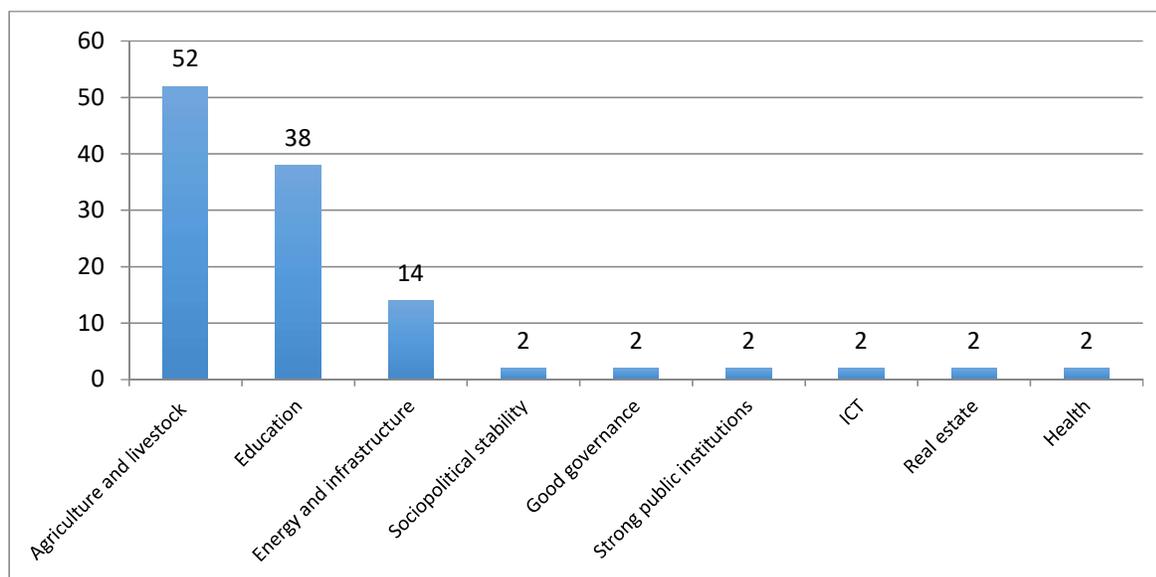


2. With which groups (for example civil society organizations, private sector, youth) should the World Bank work more closely in order to improve development outcomes in Burundi?

(Response in %)



3. Which policies or investments would best help the country create more employment opportunities and boost productivity for Burundi's poorest? (Response in %)



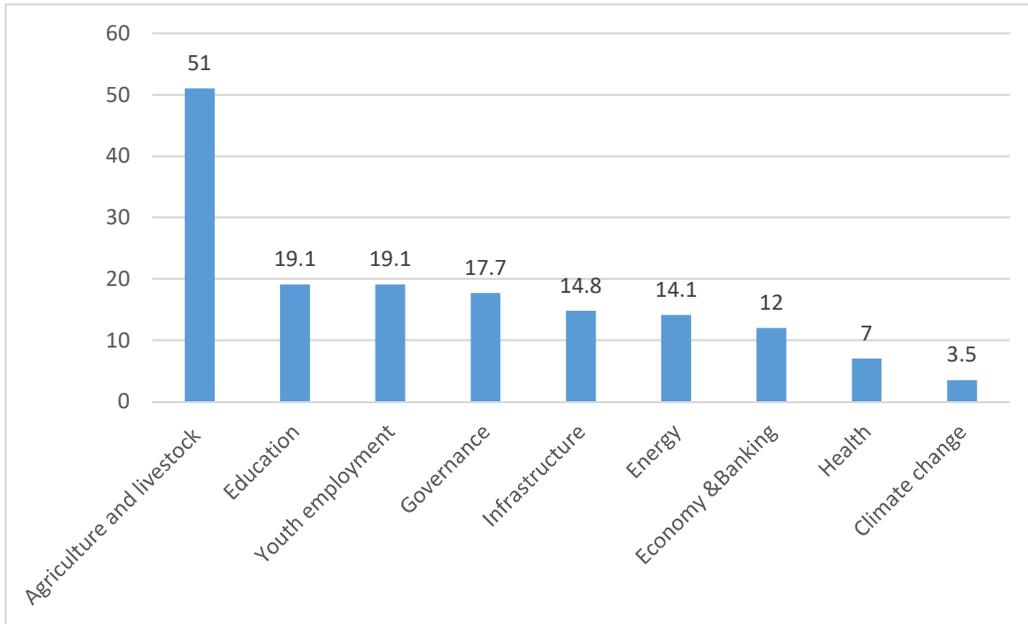
Online consultation

Approximately 141 Burundians living across the world took part to the online consultation over a three-week period. The analysis of the content of discussions echoed the concerns captured during the face-to-face consultations, however the following additional constraints were identified:

- Majority of Online participants denounced elite capture and endemic corruption as a cause to aid inefficiency, poor public service delivery and distrust between government and people.
- Participants mentioned that youth and women self-employment and entrepreneurship are restrained by limited access to finance.
- Burundi capacity to mitigate and adapt to climate change effects also appears a source of concern.

The participants shared their views on the developmental challenges faced by their country and suggested priority areas for action presented in the chart below.

The priority sectors in order of importance (in %)



Annex 2: Data Diagnostics for the Republic of Burundi

Burundi scored **37.92** out of 100 for 2016 on the World Bank's recently developed Statistical Performance Index (SPI), which measures a country's statistical performance across four dimensions.

The first dimension, Methodology, Standards and Classifications (MSC), reviews whether countries follow internationally recommended methodology and standards in collecting and producing data. Burundi scored **40.0** in this dimension. The country could improve its score by adapting the national accounts to SNA 2008, and by adopting annual chain linking method for the national accounts and CPI base year, this will allow the country to capture its national economy in a more accurate manner. Also, Burundi could further improve its score by following the international standards on employment status and by adopting the latest government finance statistics manual and non-cash recording basis for consolidated central government accounting.

The Censuses and Surveys (CS) section examines whether countries have conducted major censuses and surveys in internationally recommended form and frequency. Burundi received a score of **20.0** in this section. No information was available to confirm that an agriculture census, and business/establishment census or survey was conducted independently as recommended internationally. Information was also unavailable to confirm that a household survey on income, or labor force survey was conducted independently as recommended internationally. The score for this section can be improved by collecting the above mentioned key surveys.

In terms of Dissemination Practices and Openness (DPO) that assesses the dissemination capacity of national statistical systems, Burundi received a score of **42.86**. The Institut de Statistique et D'études Economiques du Burundi (ISTEEBU) provides an advance release calendar, list of surveys, and metadata. However, the sub-score can improve significantly if Burundi develops and provides a data portal with access to time series data in a reusable format and possibly geospatial data, and conducts a user satisfaction survey.

The fourth dimension, Availability of Key Indicators (AKI), checks the availability of selected core indicators in the international organizations and databases. We prepared the country score using World Development Indicators database as of March 2017. Burundi received a score of **43.75** with data for 2016. The score shows that Burundi has the latest available data on child immunization, primary completion rates, adult literacy rate, water and sanitation, and national accounts. More recent data on social indicators such as stunting, maternal mortality rate, skilled healthcare workers and particularly poverty, unemployment and up-to-date CRVS data are missing. There is usually a time lag between the calendar year and the data that are incorporated to the WDI database. In other words, few advanced systems can produce the latest data within first quarter of the next calendar year. For Burundi, the relatively low AKI score is likely to improve as long as the process and channels of submitting and reporting of data to the primary international organizations are configured.

The total score of **37.92** indicates that there is a need for improvement of the statistical system particularly in areas of its dissemination capacity and openness, newly-endorsed Sustainable Development Goals, and Government finance statistics, to properly inform evidence-based decision making process as well as monitoring and evaluating the development progress in the coming years.

Section 1: General Information about the Statistical System	
Legal status of NSO	Government agency of the Ministry of Planning
Statistical Legislation (latest)	Le cadre légal de la statistique au Burundi (2007)
NSDS/Statistical masterplan	Yes (2016-2020)

Section 2: Micro data						
Type of census/survey	Latest (Year)	Second Latest (Year)	Representativeness (national, regional, urban/rural)	Data Accessibility (open access/with permission/no access)	Optional Disaggregation (Y/N)	
					Sex	Regional
Censuses						
Population census	Burundi Population and Housing Census (2008/09)	n.a.	National Rural, Urban, Provinces	With permission	Y	Y
Agriculture census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Business/establishment census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Surveys						
Household Survey on income/consumption ⁴³	<i>Enquête sur les Conditions de Vie des Ménages au Burundi (ECVMB) (2013/14)</i>	n.a.	National, Rural, Urban, Provinces	With permission	Y	Y
Household survey on education (e.g. MICS)	Multiple Indicator Cluster Survey (2005)	Multiple Indicator Cluster Survey (2000)	National, Provinces, Gender, Age	Open access with registration	Y	Y
Household survey on health (e.g. DHS, MICS)	Demographic Health Survey (2015/16)	Demographic Health Survey (2010/11)	National, Urban, Rural, Provinces	Open access with registration	Y	Y
	Demographic Health Survey (1987)	Minimum Package of Health Services (PMS) (2012)				

⁴³ All HHS since 2000 listed in Country Profiles.

Section 2: Micro data						
Type of census/survey	Latest (Year)	Second Latest (Year)	Representativeness (national, regional, urban/rural)	Data Accessibility (open access/with permission/no access)	Optional Disaggregation (Y/N)	
	<i>Questionnaire des Indicateurs de Base du Bien-être (QUIBB) (2006)</i>	n.a.	National, regional, rural, urban	With permission	Y	Y
	Malaria Indicator Survey (2012)	n.a.	National, Urban-rural, regional	Open access with registration	Y	Y
Labor force Survey (LFS, household survey on labor only)	<i>Urban Labor Force Survey (2008)</i>	<i>Urban Labor Force Survey (2007)</i>	Bujumbura Mairie, Makamba, Gitega, Kirundo	With permission	Y	N
Business/establishment survey	Enterprise Survey (2014/15)	Enterprise Survey (2006)	Representative of firms in the non-agricultural formal sector	Open access with registration		
	Micro-enterprise survey (2006)	n.a.	Representative of firms in the non-agricultural formal sector	Open access with registration		
Other (specify)	Comprehensive Food Security and Vulnerability Assessment Survey (CFSVA) (2008)	n.a.	National, rural	Open access	Y	Y
	National Agricultural Survey (ENAB) (2013/14)	National Agricultural Survey (ENAB) (2012/13)	National, rural	With permission	Y	Y

Section 3: Macro data				
Does the country subscribe to the IMF SDDS or participate in the eGDDS?	SDDS			
If eGDDS - eGDDS Data Category	Periodicity		Timeliness	
	e-GDDS	Country	e-GDDS	Country
National accounts: Gross Domestic Product by Production and Expenditure at Current and Constant Prices.	Q		1Q	
Consumer price index	M		2M	
Central government operations	Q		1Q	
Balance of payments	Q		1Q	
External debt	Q		2Q	
Merchandise trade	M		12W	
Production index	M		12W	
Employment	A		3Q	
Unemployment	A		3Q	
Producer Price Index	M		2M	

Section 4: Compliance with WBGs core data standards			
	WBG Standard	Compliant (Y/N)	Actual yearly interval or %
Household survey of income or consumption	One every 3 years	N	n.a.
PPP price survey	One every three years	Y (with support from AfDB)	Y
CRVS	<ul style="list-style-type: none"> 80% of births registered 60% of deaths registered with cause of death 	unknown unknown	unknown unknown

Section 5: STATISTICAL CAPACITY INDICATORS

Method	50
Source Data	50
Periodicity	86.7
Overall (Memo: Overall Average all IDA)	62.2 (62.9)

Section 6: DATA OPENNESS INDICATORS	
Open Data Barometer Score	(n.a.)
Open Data Index Score	(n.a.)

Section 7: Data for country priorities			
Indicator name	Available (Y/N)	Latest year	Issues
Extreme and basic needs poverty headcounts to assess poverty trends	N		Availability of funding to support full-fledged Household Poverty Surveys
Labor market indicators	N		Availability of funding to support full-fledged Integrated Labor Force Surveys
Agricultural statistics, such as information on types and area of crops (including industrial and cash crops) cultivated by region; agricultural productivity etc.	N		Availability of funding to support an agricultural census

Section 8: Data Gaps Identified and Recommended Actions	
Major Data Gaps Identified	Recommended Actions
Population and Housing Census	Conduct a new census. The last census was conducted in 2008. The new one expected in 2022 due to EAC harmonization.
Agricultural Census	Create and implement an agricultural census.
Agricultural Survey that covers Industrial Products (such as coffee and tea)	Expand the National Agricultural Survey (ENAB) survey to include industrial crops, in addition to the subsistence crops covered in the survey.
Business/enterprise census	Create and implement a new census.
Business/enterprise survey	Create and implement a new business survey
Integrated Labor Force Survey	Create and implement a full-fledged labor force survey
Poverty monitoring surveys	Launch the poverty monitoring surveys
Labor monitoring surveys	Launch the labor market monitoring surveys

Update / harmonize national accounts	Conduct an assessment of the national accounts data used in the country and propose an action plan toward harmonization / unicity
Rebasing of the National Accounts	The baseline for the national accounts remained at 2006
Fishery survey	Conduct a full-fledged fishery survey from the Lake and other sources
Tourism sector survey	Conduct a full-fledged tourism sector survey
Industrial sector survey	Conduct a full-fledged industrial sector survey
Financial sector survey	Conduct an updated financial inclusion sector survey
Artisanal Mining survey	Conduct a full-fledged artisanal mining survey
Balance of payments survey	Conduct a full-fledged survey for the accounts of the BOP including services
Central Government financial accounts data	Update and make available government financial accounts
Local Government financial accounts data	Update and make available local Government financial accounts data
Governance and anti-corruption survey	The last was done in 2008
Update of civil servant census	The last was done in 2008. The need to update.
Vegetables and horticulture survey	The current agriculture survey doesn't include these commodities.
New Social Accounting Matrix based on updated Input-Output Table	Updated SAM and IO table

Annex 3: Stocktaking of Available Knowledge

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
1. Framing of the issues with respect to achieving the goals					
1	What are the current levels and trends in poverty reduction and shared prosperity over the past 5 to 10 years? Indicators include (but are not limited to) extreme poverty, using national and international poverty lines and income growth of the bottom 40 percent.	<p>Yes - levels of moderate and extreme poverty using national and international poverty lines as well as inequality.</p> <p>Yes - poverty trends were determined based on survey-to-survey imputations due to the absence of comparable surveys over time.</p> <p>No - income/consumption growth of the bottom 40 percent could not be assessed due to the absence of comparable data over time.</p>	<p>Burundi Poverty Assessment (2016) - levels of poverty and inequality; 'poverty trends'</p> <p>Burundi Vulnerability Assessment (2015) - trends of consumption deprivation in past 10 years</p>	No	Poverty
2	How does the country's performance in poverty reduction and shared prosperity compare to regional and global benchmarks?	<p>Yes - but poverty trends were based on survey-to-survey imputations due to the absence of comparable surveys over time.</p> <p>No - shared prosperity due to the absence of comparable surveys over time.</p>	<p>Burundi Poverty Assessment (2016)</p> <p>World Development Indicators/PovcalNet</p>	No	Poverty
3	How does the country's own performance vary across different time periods?	Yes - but trends were based on survey-to-survey imputations due to the absence of comparable surveys over time.	Burundi Poverty Assessment (2016)	No	Poverty
4	What are the levels and trends of aggregate growth in the country and how are they related to performance on poverty and shared prosperity?	Yes - levels and trends of aggregate growth	Burundi Poverty Assessment (2016)	No	Poverty

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
		Yes - but evidence on impact on poverty reduction is not empirical			
5	Is growth low overall, or is it the case that growth is not inclusive enough (not shared broadly)?	Yes - growth was moderate. No - inclusiveness could not be determined due to data limitations.	Burundi Poverty Assessment (2016)	No	Poverty
6	What is the distribution of growth, by sector, spatial patterns?	Yes	Burundi Poverty Assessment (2016) The Impact of the Burundian Crisis on the Private Sector (2016)	No	Poverty, Trade & Competitiveness
7	What are the characteristics of the poor and the less well-off (demographic characteristics, location, education background, type of economic activities formal/informal, and so on)?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
8	Who are the vulnerable populations at risk of being poor?	No - but it could be calculated. 50 percent of non-poor are at risk of falling into poverty but their characteristics are unknown.	Burundi Poverty Assessment (2016)	Yes	Poverty
9	What is the role of average welfare gains in relation to distributional changes in reducing poverty?	No - due to the absence of comparable surveys over time	—	No	Poverty
10	What is the role of labor versus non-labor income in explaining poverty reduction	No - due to the absence of comparable surveys over time	—	No	Poverty
11	Who are likely to experience upward or downward economic mobility (for example, in and out of extreme poverty and bottom 40 percent), during an individual's lifetime and across generations?	Yes - but lack of panel data to study poverty dynamics makes it difficult to test empirically	Burundi Poverty Assessment (2016) - Women are less likely to be upward mobile.	No	Poverty
12	What are the determinants of mobility?	No - due to the lack of panel data to study the dynamics	—	No	Poverty
13	Does the country have particular demographic trends (for example, aging, youth bulge, worsening sex ratios) that may pose substantial challenges or opportunities for poverty, employment, and shared growth?	Yes	Burundi Poverty Assessment (2016) World Development Indicators - Slowly increasing life expectancy	No	Poverty

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
			- Declining adult and child mortality - Rapid population growth - Declining but high fertility - Youth bulge		
14	What major trends and patterns in environmental, fiscal, or social sustainability may impede achievement of the development goals?	Yes	Burundi Poverty Assessment (2016) - Environmental and land degradation - Declining aid (and budgetary) support - Sociopolitical unrest	No	Poverty, Environment and Natural Resources, Social Development Macroeconomics and Fiscal Management
15	How do government capacity and governance issues support or impede a country's development goals, in terms of trends and patterns in poverty reduction, inclusion, and sustainability?	Yes	Burundi Poverty Assessment (2016)	No	Poverty, Governance
16	Is this a country where recurrent conflict and violence impede inclusive growth and development?	Yes	Burundi Poverty Assessment (2016) Burundi Vulnerability Assessment (2015)	No	Poverty
17	Are achievements of progress on peace- and state-building a necessary interim step toward progress on poverty and shared prosperity?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
2. What are the critical factors driving or constraining productivity, private sector investment, entrepreneurship, and aggregate growth?					
18	Characterize the current growth situation to understand the drivers of growth.	Yes	Burundi Poverty Assessment (2016) - Largely a tertiary and secondary sector driven growth The Impact of the Burundian Crisis on the Private Sector (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015)	No	Poverty; Trade & Competitiveness; Social, Urban, Rural & Resilience

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
19	Role of the accumulation and employment of different factors of production, technological change, and productivity growth in driving a country's overall growth; how efficient is the allocation of factor inputs (capital, labor, land, technology, and knowledge)?	Yes	Burundi Poverty Assessment (2016) <i>[For this to be comprehensive, this analysis really should be carried out at the level of firms or at the very least at sector level.]</i>	No	Poverty, Trade & Competitiveness
20	Contributions of economic sectors; which broad sectors (for example, agriculture, industry, extractive sector, services) appear underdeveloped relative to indicators of comparative advantage?	Yes	Burundi Poverty Assessment (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015)	No	Poverty; Trade & Competitiveness; Social, Urban, Rural & Resilience
21	Contributions of tradable and non-tradable sectors, given the country's size and market access, given the country's comparative advantages, including natural resource endowments; is there increasing dependence on natural resources for fiscal revenues and exports?	Yes	Burundi Poverty Assessment (2016)	No	Macroeconomics and Fiscal Management
22	Contributions of different expenditure categories (for example, the importance of government expenditure, private consumption, and savings)?	Yes	Burundi Poverty Assessment (2016)	No	Poverty, Macroeconomics and Fiscal Management
23	The relative contributions of private versus public investment overall and in key sectors and performance in attracting private and foreign direct investment?	Yes	Burundi Poverty Assessment (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015)	No	Poverty; Macroeconomics and Fiscal Management; Trade & Competitiveness; Social, Urban, Rural & Resilience
24	Identify the most constraining factors to broad-based growth, which, if addressed, would generate the largest growth impacts). This diagnosis should comprehensively consider analysis of as many candidate constraints as relevant, and their causes, including for example:	Yes	Burundi Poverty Assessment (2016) Burundi Article IV Consultation (2014) Strategies for Urbanization and Economic Competitiveness in Burundi (2015) Skills for Private Sector Development (2016)		Trade & Competitiveness; Education; Social, Urban, Rural & Resilience

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
			Skills for Urban Development (2016)		
25	Are the costs of financing investment and production too high, due to a high domestic lending rate or limited foreign borrowing, relative to demand by potential investors/entrepreneurs for financing?	Yes	Enterprise Surveys: Burundi Country Profile (2014) The Impact of the Burundian Crisis on the Private Sector (2016)		Trade & Competitiveness
26	If so, is this related to financial sector policies, a lack of savings, or other factors?	Yes	Burundi Article IV Consultation (2014)		Macroeconomics and Fiscal Management
27	Which key sectors have access to private capital, local and international? Which ones do not?	Yes	Burundi Article IV Consultation (2014) The Impact of the Burundian Crisis on the Private Sector (2016)		Trade & Competitiveness
28	Is the lack of human capital or infrastructure hindering productivity and profitability to a large extent?	Yes	Burundi Poverty Assessment (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015) Skills for Private Sector Development (2016)		Trade & Competitiveness; Education; Social, Urban, Rural & Resilience
29	Does a previous or ongoing degradation of natural resources severely constrain growth?	Yes	Burundi Poverty Assessment (2016)		Poverty, Macroeconomics and Fiscal Management
30	Do macro and fiscal policy, security and property rights (including land policy), investment climate, and market and labor regulations place a large, undue burden on doing business, competitiveness, and innovation?	Yes	Burundi Poverty Assessment (2016) Doing Business (2017)	No	Trade & Competitiveness
31	Which of these areas is most constraining, and which factors (institutional or policy) cause or perpetuate this condition?	Yes	Enterprise Surveys: Burundi Country Profile (2014) Global Competitiveness Report (2016) Doing Business (2017)		Trade & Competitiveness

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
32	Is growth hindered by governance challenges, for example, predatory behavior by government officials? The absence of enforcement of inter-firm contracts? Weak political incentives to build and maintain necessary infrastructure (including through public spending)	Yes	Burundi Poverty Assessment (2016)	No	Poverty, Governance
3. What are the critical factors determining the inclusiveness of growth, namely increase in welfare of the poor and less well-off?					
3.1 Adequate, equal opportunities and basic elements of well-being. Foundational elements such as basic education, health, sanitation, and safety not only have intrinsic value for well-being today but also affect economic mobility, long-term income growth, and future well-being, on the average and among the poor and less well-off. Important gaps in these areas suggest they should be explored carefully.					
33	What are the coverage, quality, and equality of basic opportunities?	Yes	Burundi Poverty Assessment (2016) World Development Indicators	No	Poverty
34	Do people have equal access to them regardless of the circumstances outside their control (equality of opportunities)? In some countries, there may be sufficient access and coverage but lacking quality, cost-effectiveness, and other factors constraining a particular opportunity. Governance issues in the public provision of basic services are likely, among the causes, discussed further in section 3 (iii).	Yes	Burundi Poverty Assessment (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015) Burundi: Poverty Reduction Strategy Paper II (2012)	No	Social, Urban, Rural & Resilience
3.2 Voice/Agency and social inclusion. Achieving inclusion is not just about the outcomes but also about the opportunities for and process of arriving at these outcomes. Issues of fairness and participation in the development process affect intrinsic well-being, aspirations and expectations. They may therefore also correlate with economic growth and the distribution of growth.					
35	Are all individuals and groups (for example, the poor and the bottom 40 percent, women, and ethnic or other minorities) able to make choices and transform them into actions and outcomes through their participation in social, economic, and political domains?	Yes	Burundi Poverty Assessment (2016) Burundi Demographic and Health Survey (2010)	No	Poverty; Social, Urban, Rural & Resilience
36	Are certain groups socially excluded and in which ways?	Yes	Burundi Poverty Assessment (2016) Burundi Demographic and Health Survey (2010)	No	Social, Urban, Rural & Resilience
37	What is the size of the excluded groups relative to the whole population, and how egregious is the form of exclusion?	Yes	Burundi Poverty Assessment (2016)	No	Poverty; Social, Urban, Rural & Resilience

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
38	Are there identifiable processes through which exclusion from markets, services, and spaces takes place?	Yes	Burundi Poverty Assessment (2016)	No	Poverty; Social, Urban, Rural & Resilience
39	Why are these groups excluded (considering factors internal and external to the group in question and to the country)?	Yes	Burundi Poverty Assessment (2016)	No	Poverty; Social, Urban, Rural & Resilience
40	What institutional, historical, political, legal, and social circumstances drive social exclusion?	Yes	Burundi Poverty Assessment (2016)	No	Poverty; Social, Urban, Rural & Resilience
<p>3.3 Adequate distribution of gains from growth. The focus on the poor/less well-off requires investigating how <i>assets, prices, markets, and institutions</i> affect their labor and non-labor income. Informed by the initial analysis in section 1, this section can focus on the specific groups of people identified as not receiving the shared benefits of economic growth (for example, the poor and the bottom 40 percent, women, or ethnic minority); sectors (for example, formal or informal, rural versus urban); occupations groups (farmers, self-employed compared to wage earners and employers); and regions (for example, lagging versus advanced).</p> <p>Below are more detailed questions on their assets, the prices/returns they face, access to markets and economic opportunities, and impacts of policies and institutions. The policies and institutions that influence the distribution of gains from growth include fiscal policy, institutions and provision of public goods and services, rules and regulations to support well-functioning markets, and risk management at household and economywide levels.</p>					
41	What kinds of assets or capital do these actors own (for example, unskilled labor and low levels of human capital, physical capital, financial capital, agricultural land, access to commons) and what returns can they earn on these assets?	Yes	Burundi Poverty Assessment (2016) Burundi Vulnerability Assessment (2015)	No	Poverty
42	What is their potential for productive employment, either working for others or themselves?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
43	What are the key drivers and constraints on their asset endowments, returns, and employment?		Strategies for Urbanization and Economic Competitiveness in Burundi (2015)		Trade & Competitiveness; Social, Urban, Rural & Resilience
44	How well do markets for labor and capital function to facilitate mobility and productive work for the poor and the less well-off, women, youth, and socially excluded groups?	Yes	Burundi Poverty Assessment (2016) Burundi Vulnerability Assessment (2015)		Poverty
45	What hinders cost-effective and high-quality service delivery to the specific groups that are slow to benefit from the gains from growth?	Yes	Burundi Poverty Assessment (2016) - Regionalism - Governance		Governance

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
46	Who (public and private sectors) provides basic services to whom, in urban areas and in rural areas? And are the services delivered effectively and with sufficient quality?	Yes	Burundi Poverty Assessment (2016) Strategies for Urbanization and Economic Competitiveness in Burundi (2015)		Poverty; Trade & Competitiveness; Social, Urban, Rural & Resilience
47	Does the financial market work in a way that supports financial inclusion—both for households in terms of accessing financial services and for micro, small, and medium enterprises in terms of accessing credit?	Yes	Burundi Poverty Assessment (2016) Burundi Article IV Consultation (2014)	No	Poverty
48	Do governance issues—capacity, transparency and accountability, and institutional issues—constrain critical public investment and public provision in achieving the desired outcomes?	Yes	Burundi Poverty Assessment (2016) - Regionalism - Weak governance (quality of public administration, rule of law, corruption, political instability, property rights) - Weak institutions		Poverty, Governance
49	Do government officials have weak incentives or capacity to finance or implement programs meant to assist the poor and the bottom 40 percent?	Yes	Burundi Poverty Assessment (2016)		Poverty, Governance
50	Do politicians have incentives to create and implement pro-poor expenditures?	Yes	Burundi Poverty Assessment (2016)		Poverty, Governance
51	To what extent does the government implement public policies and public investments with openness and transparency?	Yes	Burundi Country Policy and Institutional Assessment (CPIA) transparency, accountability, and corruption in the public sector rating Burundi Fiscal Decentralization and Local Governance (2014)		Poverty, Governance
52	Can citizens/citizen groups access the basic information and data required to effectively monitor public service provision (spending and performance)?	Yes	Burundi Country Policy and Institutional Assessment (CPIA) transparency, accountability, and corruption in the public sector rating Burundi Fiscal Decentralization and Local Governance (2014)		Poverty, Governance

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
53	If not, what are the key constraints to citizen engagement?	Yes	Burundi Fiscal Decentralization and Local Governance (2014)		Poverty, Governance
54	Are core government systems (public financial management, procurement, civil service laws and regulations, legal-judicial systems) at national and subnational levels sufficient to enable effective and efficient policy implementation and service delivery?	Yes	Burundi Poverty Assessment (2016) Burundi Public Expenditure Management and Financial Accountability (2008) Burundi Country Assistance Strategy (2012)		Poverty, Governance
55	Do sector-specific governance constraints (for example, procurement problems in civil works affecting the roads sector or teacher absenteeism in remote areas in the education sector) significantly affect public service delivery?	Yes	Burundi Public Expenditure Management and Financial Accountability Review (2008)		Poverty, Governance
56	Have fiscal policies in the country been effective in improving distributional outcomes significantly?	Yes	—		
57	Are there critical trade-offs or complementarities between the growth/efficiency impacts and distributional impacts of fiscal policy?		—		
58	Are public revenues adequate to support high-quality basic services for the poor/less well-off?	Yes	Assessment of Social Safety Nets in Burundi (2014) Burundi Public Expenditure Management and Financial Accountability Review (2008)		Macroeconomics and Fiscal Management
59	Is the size of the tax-transfer system efficient given what it delivers in terms of public goods, services, and social protection?	Yes	Burundi Public Expenditure Management and Financial Accountability Review (2008)	No	Macroeconomics and Fiscal Management
61	Do social protection policies help support resilience (ensuring that individuals and families are protected against shocks that are otherwise left uninsured), equity (reducing poverty and destitution) and opportunity (building human capital, promoting access to better jobs and income) in a manner consistent with the social contract between the state and citizens and consistent with growth?	Yes	Assessment of Social Safety Nets in Burundi (2014)	No	Social Protection and Labor

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
4. How sustainable is the current pattern of growth, distribution, and poverty reduction?					
The three types of risks to be assessed are environmental, macro/fiscal, and political/social.					
62	How does the country compare with similar countries?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
63	Are there serious constraints on sustainability that could compromise the achievement of the goals and need to be addressed?	Yes	Burundi Poverty Assessment (2016) - Environmental - Macro/fiscal - Political/social	No	Poverty
64	Using a wealth accounting framework, is the country's economy sustainable?	No	—	Yes	Environment and Natural Resources, Macroeconomics and Fiscal Management
65	Is the country reinvesting in its physical, human, and natural capital enough to sustain future income and welfare for future generations?	No	—	Yes	Education; Health, Nutrition and Population; Environment and Natural Resources; Transport and Information and Communication Technologies; Water
66	Is the country approaching a critical threshold for its natural resources (air, water, land, and so on) below which the welfare of future generations will be compromised?	Yes	Burundi Poverty Assessment (2016) - Land Burundi Environmental Threats and Opportunities Assessment (2010)		Agriculture, Environment and Natural Resources, Energy and Extractives
67	Does the country, or parts of it, face acute environmental issues (for example, water scarcity, dangerously high air pollution) that are current threats to growth and poverty reduction? For example, are there significant economic trade-offs that have to be made for competing demands for water between agriculture, industry, and consumption?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
68	Does the country face high natural disaster risks?	Yes	Burundi Poverty Assessment (2016)	No	Poverty

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
69	Are there specific spatial aspects to the environmental and disaster risks (for example, coastal, urban settings, migration and population concentration patterns)?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
70	Is the likelihood of risks worsening with climate change, particularly over the projected economic life of infrastructure investments?	Yes	Burundi Poverty Assessment (2016) Burundi Environmental Threats and Opportunities Assessment (2010)	No	Poverty
71	How do the private sector regulations align to the protection of these assets and the management of the risks?	No	—	Yes	Environment and Natural Resources, Trade & Competitiveness, Agriculture, Energy and Extractives
72	Are there opportunities to leverage the participation of specific industries (agribusiness, extractives, mix of renewable energy generation) in the alleviation of these risks?	No	—		Environment and Natural Resources, Trade & Competitiveness, Agriculture, Energy and Extractives
73	What are the risks to ‘social sustainability’ at the national, regional, and local levels?	Yes	Burundi Poverty Assessment (2016) - Land-based conflict	No	Poverty, Social
74	These risks can vary widely depending on the country context, including social inclusion issues to the extent they affect social stability, how groups manage social tensions and conflict among themselves or between groups and the state (for example, widespread and fraught contestation over land access and use rights, over public service delivery and governance issues), as well as risks of a breakdown of social stability in the form of fragile and conflict situations (including risks of cross-border conflicts and conflicts in neighboring countries). Are there internal ethnic, economic, and social divisions and regional	Yes	Burundi Poverty Assessment (2016)	No	Poverty; Social, Urban, Rural & Resilience

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
	imbalances across groups that increasingly cause violence?				
75	In fragile states, are there indications of incomplete political transitions and rising disregard for laws and security that have the potential to precipitate violence?	Yes	Burundi Poverty Assessment (2016)	No	Poverty, Governance
76	What are the patterns of sub-national issues-state-minority conflict?	No	—	No	
77	Is there a severe lack of opportunity for citizens to engage in the development process that might put the social contract and social stability at risk?	Yes	Burundi Fiscal Decentralization and Local Governance (2014)	No	Poverty
78	Is there sufficient institutional capacity to mitigate and address these risks, or is there an opportunity to further leverage civil society and the private sector as well?	Yes	Burundi Fiscal Decentralization and Local Governance (2014)	No	Poverty
79	Does the country have the stable and functional governance arrangements (systems and processes) necessary to sustain growth and progress in reducing poverty and supporting shared prosperity?	Yes	Burundi Poverty Assessment (2016)	No	Poverty
80	In terms of the fiscal envelope and fiscal discipline, are there important vulnerabilities in the debt structure (both total public debt and external debt) and the macro/fiscal policy framework?	Yes	Burundi Article IV Consultation (2014)	No	Macroeconomics and Fiscal Management
81	Are there serious threats of financial crisis, external shocks, or other risks to macroeconomic stability in the foreseeable future?	Yes	Burundi Poverty Assessment (2016) - External shocks because of (a) high dependence on donor aid, (b) vulnerability to imported inflation, and (c) vulnerability to adverse commodity price shock for its exports	No	Poverty, Macroeconomics and Fiscal Management
5. How does conflict and fragility affect the development of the country? Addressing the challenge of fragility, conflict, and violence is critical to achieving the World Bank Group's twin goals. If conflict and fragility are the overriding development challenges of the country, what are some of the impacts of the conflict and violence?					
82	Has the context of fragility and conflict negatively affected the provision of services in recent years? How have the outcomes associated with those services been affected?	No	—	No	Poverty
83	Has the context of fragility and conflict resulted in significant internal displacement in recent years?	Yes	Internal Displacement Monitoring Centre	No	Poverty;

No.	SCD Organizing Pillar and Question	Question Can Be Answered Now	Report Source if Question Can Be Answered Now	Question Can Only Be Answered as Part of CPF ASA Agenda	Responsible Global Practice
	Which geographic areas or countries are the largest recipients of migrants displaced by conflict and from where?		International Organization for Migration Displacement Tracking Matrix (2016)		Social, Urban, Rural & Resilience
84	Has the context of fragility and conflict resulted in significant environment impacts in recent years?	No	—	No	Poverty, Environment and Natural Resources

Annex 4: Technical Note on SDG Projections

The SDGs are a set of 17 aspirational goals and 169 targets to be achieved by 2030 in an effort to tackle a range of development issues, from poverty to climate change. The SDGs replace the MDGs that were used to shape the development agenda between 2000 and 2015. The SDGs will now shape the post-2015 development agenda for 15 years.

An attempt is made to project where Burundi will be in 2030 across some of the SDG targets. Using a selected set of official indicators for tracking progress of the MDGs and/or the SDGs, their rate of change between 1990 and 2015 is initially evaluated. The thought experiment then ventures to estimate what the levels of these indicators would be in 2030 assuming Burundi maintains the same pace of change.

Figure 1 highlights the results. The blue bars show the levels of the indicator at baseline (1990 or there about) and at the MDG deadline (2015 or there about). The blue triangle shows the level that Burundi should have achieved according to the MDG target. The projections for 2030 are represented in yellow. The yellow diamonds show the SDG target levels and the yellow bars show the projected levels in 2030.

Three areas of concern are apparent: maternal mortality, poverty, and hunger. Although maternal mortality significantly fell since 1990 (42 percent), its reduction significantly fell short of the MDG target of 75 percent. Maternal mortality remains stubbornly high, with Burundi ranking 8th worldwide. Poverty was no way near halved and the proportion of undernourished population actually increased. Prospects in reaching some of the SDG goals are poor, especially in reducing mortality, poverty, and hunger as well as improving education completion and access to water and sanitation. On a positive note, youth literacy increased markedly and further progress may result in Burundi achieving its SDG target.

Methodology, assumptions, and caveats

Mortality projections assume a constant average annual rate of reduction because the change in prevalence is assumed to have an exponential function. This reflects that lower limits are approached with greater difficulty. The average annual rate of reduction that was estimated for 1990–2015 for each mortality indicator was used to project their respective levels in 2030. All other projections assume a constant annual percentage point increase (a linear trend) from the baseline year (circa 1990).

The 2030 SDG target for maternal mortality reflects the global target rather than the country target as the value is unavailable. The global target is likely very ambitious and lower than what the country target could be; thus, the gap between the target and projected mortality reflected in the graph is likely to be overstated.

No MDG target is available for neonatal mortality as it was not an officially listed indicator for tracking the MDGs.

The poverty rates used are based on the international poverty line of US\$1.90 rather than on US\$1.25. Note that the poverty rates are likely not entirely comparable over time due to the significant time lags between survey data and possible incomparability of the surveys.

Annex 5: Selected Macroeconomic Indicators

TABLE A5.1. BURUNDI'S EPISODES OF GROWTH AND PEACE/CONFLICTS - HISTORICAL PERSPECTIVE

	1973–1991	1992–1999	2000–2006	2007–2014
National Accounts	(annual percentage change, unless otherwise indicated)			
GDP (nominal, BIF billion)	101.5	299.8	928.4	2,944.5
Real GDP (%)	4.1	–2.9	2.2	4.3
Nominal GDP per Capita (US\$)	183.4	137.5	127.4	222.3
CPI (average)	9.8	14.9	9.6	11.2
Fiscal Accounts	(percentage of GDP, unless otherwise indicated)			
Overall Balance	–12.4	–17.2	–9.9	–3.5
Total Revenues (excluding grants)	15.7	17.8	17.3	13.3
Grants	3.8	4.1	5.7	18.9
Expenditures	31.9	39.0	32.9	35.7
Recurrent expenditures	18.4	24.0	23.4	19.9
<i>Wage and compensation</i>	6.1	7.1	6.0	8.0
Development expenditures	13.5	15.0	9.5	15.8
Public debt	50.9	112.0	142.0	54.7
Selected Monetary Accounts	(annual percentage change, unless otherwise indicated)			
Broad Money (M3)	8.0	15.3	21.2	10.6
Credit to Private Sector	17.7	13.7	16.3	18.0
Interest Rate (Treasury Bill 91 days; eop, in %)				
External Accounts	(percentage of GDP, unless otherwise indicated)			
Current Account Balance	–11.1	–8.3	–9.8	–13.0
Net FDI	0.1	0.0	0.2	0.7
Gross Reserves (in US\$ million, eop)	67.2	139.7	67.5	291.7
In months of next year's imports (goods and services)	3.3	8.4	3.5	4.6
External Debt	38.9	113.0	136.3	38.5
Terms of Trade (annual change)				
Exchange Rate (BIF/US\$; eop)	112.7	361.3	988.1	1,352.5

Source: GoU, IMF, and World Bank staff estimates.

Note: CPI = Consumer Price Index.

TABLE A5.2. BURUNDI'S KEY MACROECONOMIC INDICATORS

	2010	2011	2012	2013	2014	2015	2016
Real Economy	(annual percentage change, unless otherwise indicated)						
GDP (nominal, BIF billion)	2,495	2,971	3,566	4,221	4,785	4,816	5,039
Real GDP	3.8	4.2	4.0	4.5	4.7	-3.9	-0.5
Nominal GDP per Capita (US\$)	219	229	234	270	295	277	272
Contributions: Consumption	2.8	20.3	19.4	15.9	13.2	9.9	4.8
Contributions: Investment	53.0	7.6	23.5	19.9	9.7	-40.0	5.1
Contributions: Net Exports	-2.9	11.4	20.9	11.4	8.8	-8.2	5.7
Imports (goods and services, % GDP)	39.2	37.7	37.5	34.2	33.5	29.8	30.3
Exports (goods and services, % GDP)	8.9	9.4	9.0	7.4	7.8	6.3	6.6
Unemployment Rate	—	—	—	—	—	—	—
GDP Deflator	12.3	14.3	15.4	13.3	8.3	4.7	5.2
CPI (average)	6.4	9.7	18.0	7.9	4.4	5.5	6.0
Fiscal Accounts	(percentage of GDP, unless otherwise indicated)						
Expenditures	40.9	40.0	35.6	31.4	30.1	26.7	23.6
Revenues and Grants	37.3	36.1	31.9	29.7	26.7	21.4	18.0
Overall Balance (Including Grants)	-3.6	-4.0	-3.7	-1.7	-3.4	-5.2	-5.6
Public Debt	38.4	39.7	35.2	31.5	32.3	38.0	37.7
Selected Monetary Accounts	(annual percentage change, unless otherwise indicated)						
Broad Money (M3)	—	5.70	18.00	9.70	11.30	1.50	1.10
Credit to Private Sector	16.20	33.70	16.40	7.90	10.00	-4.30	5.00
Interest Rate (Treasury Bill 91 days; eop, in %)	8.27	10.87	11.03	9.44	4.35	8.53	5.14
Balance of Payments	(percentage of GDP, unless otherwise indicated)						
Current Account Balance	-12.5	-12.8	-17.5	-19.1	-15.2	-16.0	—
Imports (goods and services)	39.2	37.7	37.5	34.2	33.5	29.8	30.3
Exports (goods and services)	8.9	9.4	9.0	7.4	7.8	6.3	6.6
Net FDI	0.0	0.2	0.0	2.5	2.3	0.8	2.6
Gross Reserves (in US\$ million, eop)	332.1	295.5	312.9	321.2	317.3	136.4	93.0
In months of next year's imports (goods and services)	4.5	3.6	3.3	3.0	3.7	1.9	1.3
External Debt	21.2	17.8	20.5	18.4	17.9	17.9	17.1
Terms of Trade (annual change)	-34.1	9.2	6.0	5.5	-6.4	15.6	2.0
Exchange Rate (BIF/US\$; eop)	1,233	1,362	1,546	1,542	1,553	1,617	1,673

Source: GoU, IMF, and World Bank staff estimates.

TABLE A5.3. FISCAL INDICATORS

	2010	2011	2012	2013	2014	2015	2016
	(percentage of GDP)						
Overall Balance	-3.60	-4.00	-3.70	-1.70	-3.40	-5.20	-5.60
Primary balance	-2.50	-3.10	-3.00	-1.00	-2.70	-4.40	-4.60
Total Revenues (excluding grants)	13.90	15.40	14.80	13.30	13.70	12.10	12.30
Tax revenues	13.90	14.30	13.80	12.40	12.00	11.20	11.00
<i>Taxes on goods and services (VAT, Excise)</i>	<i>7.80</i>	<i>8.40</i>	<i>8.00</i>	<i>7.70</i>	<i>8.00</i>	<i>7.60</i>	<i>7.30</i>
<i>Import duties</i>	<i>1.50</i>	<i>1.50</i>	<i>1.40</i>	<i>1.20</i>	<i>1.10</i>	<i>1.10</i>	<i>0.90</i>
<i>Income tax</i>	<i>4.60</i>	<i>4.40</i>	<i>4.40</i>	<i>3.50</i>	<i>2.80</i>	<i>2.50</i>	<i>2.90</i>
Non-tax revenues	0.00	1.10	1.00	0.90	1.70	0.90	1.20
Grants	23.40	20.70	17.10	16.40	13.00	9.40	5.70
Expenditures	40.90	40.00	35.60	31.40	30.10	26.70	23.60
Recurrent expenditures	18.90	24.40	22.20	18.60	18.80	18.80	16.10
Wages and compensation	9.00	9.40	8.10	7.00	6.60	6.70	7.20
Other current	8.80	14.20	13.40	10.90	11.50	11.30	7.80
Interest payments	1.10	0.90	0.70	0.70	0.70	0.80	1.00
Development expenditures	22.10	15.60	13.40	12.80	11.40	7.80	7.40
Other spending	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Government Financing	3.64	3.21	3.56	1.66	3.45	5.21	5.60
External (net)	0.00	0.96	1.63	0.17	0.93	0.13	-0.03
Domestic (net)	0.00	1.66	2.11	1.12	2.15	6.33	2.14
Errors and omissions/financing gap	0.00	0.60	-0.18	0.37	0.37	0.00	3.49

Source: GoU, IMF, and World Bank staff estimates.

Annex 6: Map of Burundi

FIGURE 29 MAP OF BURUNDI

IBRD 33380R1

