Since the on-set of a socio-political turbulence in April 2015 resulting in limited donor support and economic isolation, the well-being of children and families in the country is being impacted. In 2016, access to social services has increasingly become more difficult for households, resulting in increased food insecurity of an already vulnerable population and critical severe acute malnutrition rates amongst children (WFP 2016/UNICEF 2016). Pressure on public service delivery systems as well as massive displacement of the population (for security, vulnerability or climate reasons) further enables epidemics such as cholera or malaria. Furthermore, a depreciating national currency and limited availability of foreign currency make imports expensive, with additional pressure on already vulnerable communities.

However, while the Burundian economy contracted by 4.0% in 2015 according to data from the International Monetary Fund (World Economic Outlook, October 2016), real GDP growth was negative at “only” -0.5% in 2016 and is estimated at 2.0% for 2017 (see Fig. 1).

However, despite positive economic growth rates before 2015, child poverty rates remain very high. Based on the most recent data available (ECVMB 2013-2014), 69% of children live under the national poverty line, meaning in households that have not sufficient means to cater for their most basic needs. The rate of child poverty is higher than the average rate for the total population (64.6%), highlighting the fact that children in Burundi are more vulnerable (see Table 1). The results of the Multiple Overlapping Deprivation Analysis (MODA) further show that a great majority of children (78.2% at national level) are deprived in three or more dimensions, suggesting that their rights in the essential areas for child development (education, health, nutrition, etc.) are not respected. Nonetheless, despite this current socio-economic context and chronic levels of poverty, which expectedly challenges mobilization of internal resources, the Government of Burundi’s credited budget increased by 5.4% from 2016 to 2017 to a total of 1,366 billion Burundian Francs (approx. 816 million US Dollars\(^1\)). However, the 2017 budget remains 13.7% lower compared to 2015’s pre-crisis allocations (see Fig. 2 & 3).

The slight increase of the State budget is entirely due to increased allocations of national resources. According to the Financial Law 2017, 8% more national resources than in 2016 (additional 72.7 billion BIF) will be allocated to the Ministries this year. This increase in national resources is mostly attributed to a sharp increase in taxes on external trade and international transaction (39.5%), but also increased taxation on services and goods (2.6%) and income and capital gains (1.3%). These additional taxes may increase pressure on already vulnerable communities (e.g. higher costs for mobile telephony).

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\(^1\) Rate of 1 USD = 1673.7 BIF (UN Operational Rates of Exchange, 1 January 2017).

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**Table 1: Poverty Rates Burundi (ECVMB 2013-2014)**

<table>
<thead>
<tr>
<th></th>
<th>Poverty Rate</th>
<th>Child Pov. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Poverty Line</td>
<td>65%</td>
<td>69%</td>
</tr>
<tr>
<td>Internat. Poverty Line (1.25 USD)</td>
<td>70%</td>
<td>74%</td>
</tr>
<tr>
<td>Internat. Poverty Line (1.90 USD)</td>
<td>86%</td>
<td>89%</td>
</tr>
</tbody>
</table>
However, the probability that not all external resources are captured in the Financial Law prevails, since many donors might have sought alternative mechanisms to continue their financial support to the Burundian population (e.g. via UN agencies, NGOs, etc.). Furthermore, while the trend in absolute numbers has been an increase in budget allocations since 2008 – with the exception of the “crisis” year 2016 – the increase is mostly cancelled out by high levels of inflation (see Fig. 4). If, in addition, constant population growth over the past years is taken into account, budget allocations adjusted to inflation per capita since 2008 have decreased (see Fig. 5).

(2) 2017 Allocations

According to the 2017 Financial Law, the Government estimates to have a total of 682 billion BIF in tax revenues available, compared to 631 billion BIF in the 2016 Financial Law, representing an increase of 8.1%. Additionally, approximately 104 billion BIF are expected to be raised as part of non-fiscal revenues (such as dividends), financial revenues (such as foreign exchange gains) and exceptional revenues (such as income made due to the participation of Burundian troops in the African Union’s peacekeeping missions in Somalia and the Central African Republic). In total, 977.5 billion BIF in credits of national resources for 2017 (including those planned for the reimbursement of debt) have been allocated to the Government’s Ministries, compared to 904.7 billion BIF in 2016 (see Fig. 6). However – again – if inflation rates and population growth are considered, national resources are stagnating: both the depreciation of the local currency as well as high levels of money devaluation risk diminishing the real value of national resources; due to demographic pressures, per capita allocations have decreased since 2008 (see Fig. 7).

Moreover, it remains questionable whether the Government, and most notably the State’s Tax Authority (Office Burundais des Recettes, OBR) will be able to raise the anticipated amount of taxes. The biggest share is expected to come from taxation on goods and services (2.6% more than in 2016). Notably, according to the Financial Laws, taxes on external trade and international transaction increase by 39.5% from 2016 to 2017. The different sources of revenues are represented in Fig. 8.

Fig. 4: Trend Inflation-adjusted State Budget (in billion BIF)

Fig. 5: Trend Inflation-adjusted State Budget (allocations per capita, in BIF)

Fig. 6: Trends in National Resource Allocation since 2008 (in billion BIF)

Fig. 7: Trend 2008-2017: Inflation-adjusted allocations per capita (National Resources)

Fig. 8: Sources of Revenue 2017


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2 Population estimates are based on the projections of UNFPA/ISTEEBU (2013).
3 Expenditures data is not available for 2015 and 2016 at the moment of writing; thus, the analysis is based on allocations of resources only.
4 Resources of approximately 3 billion BIF are expected to be mobilized due to the Burundian participation in these missions.
5 Population growth rate: 3.29% (World Bank Data 2015)
(3) Donor Support remains limited in 2017

After the on-set of the on-going socio-political crisis in April 2015, several donors suspended their funding to the Government of Burundi. While in 2015 nearly half of credited resources (49.5%) came from external sources, less than a third of allocated resources are expected from foreign sources in 2017 (28.4%). As illustrated in Fig. 9, direct budget support was reduced from 5.2% in 2015 to zero in 2016 and 2017, and credited project aid was reduced from 44.3% in 2015 to 30.2% in 2016 to 28.4% in 2016.

However, it may be likely that not all support is adequately captured in the document, and donors provide support to the Burundian people via different channels.

(4) Are social sectors are priority in 2017?

Within national policies, most notably the country’s Poverty Reduction Strategy Paper (CSLP II), access to social services has been prioritized to a certain extent. However, security and defense allocations combined are still higher than health allocations (see Fig. 10).

Additionally, the country has experienced constant positive economic growth over the past years after the end of violent conflict in 2005. Furthermore, since 2006, pregnant women and children under the age of 5 years can access healthcare for free, coupled with a Performance-based financing (PBF) mechanism. The integration of these two policies has allowed to record remarkable progress, particularly with regards to vaccination coverage, malaria management and decreased under-5 mortality rates. Moreover, thanks to a policy assuring free primary education, significant advances have been made in the education sector, with nearly all school-aged children enrolled in primary school (7% of out-of-school children, RESEN 2016, Ministry of Education).

Unfortunately, in 2016 many of the social sector Ministries, in charge for the provision of essential social services for children and women, were subject to a reduction in their budget, threatening to void already achieved results from past years. However, in 2017, allocations to most of the ‘social’ Ministries increased again (see Fig. 11), but still remain lower compare to their level in 2015, before the crisis.

Health and Nutrition sector. The allocated budget to the Ministry of Public Health is subject to a 64.7% increase in 2017. According to the Financial Law this increase is mostly attributable to strengthened donor support. Belgium, the US, the EU and UNICEF increased their resources to the sector compared to 2016 by 371.5%. At the same time, national resources increased by 1.9% compared to 2016: in absolute numbers, more national resources were allocated to the Performance-based Financing system as well as the functioning of the Carte d’Assurance Maladie (CAM); however, relatively, allocations remain stable at 1.42% and 0.71% of resources respectively of the total budget. At the same time, national allocations for the purchase of Vitamin A increased considerably from 47.6 million BIF in 2016 to 100 million BIF in 2017. On the contrary, the Ministry of Agriculture, which is highly nutrition-relevant for children has less resources available in 2017 compared to 2016 (due to dropped foreign support according to the Financial Law).

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6 Project aid includes project grants and loans.
Education sector. Also the Ministry of Education received a higher amount of allocations in 2017 compared to 2016. 13% more resources - entirely national resources – were allocated to the Ministry of Education. The Government put in place a new funding mechanism for the education sector; a Fund in support of Education worth 7.2 billion BIF was established. On the other hand, foreign allocations decreased by 64.2%.

Water, sanitation and hygiene sector. Resources allocated to both Ministries in charge of water, sanitation and hygiene increased from 2016 to 2017 (Ministry of Energy by +239.4% and Ministry of Water/Environment by +240.8%) and an extra budget line for sanitation and hygiene was introduced. While national allocations to both Ministries increased, these high rises are mostly due to higher levels of donor support. According to the Financial Law, the main foreign donors to the sector are the following: the African Development Bank, the US, Belgium, the European Commission and India.

Child Protection sector. While the Ministry of Justice was subject to a budget increase (+4.1%), the Ministry of Human Rights and Social Affairs, which is very relevant for children protection services, received less (national) resources in 2017 compared to 2016 (-2.6%). Despite some positive development, it needs to be noted that compared to the 2015 ‘pre-crisis’ allocations, all “social sector“ Ministries except for the Ministry of Energy and Mines have less resources available, even regardless the inflation (see Table 2).

Nonetheless, like in the previous year, it may be expected that donors will continue to support the Burundian population through alternative transitory funding modalities. The Humanitarian Response Plan 2017, which was launched in January 2017 by the Ministry of Foreign Affairs in collaboration with the United Nations system, calls for an amount of USD 73.4 million to address the most urgent needs of vulnerable people.
<table>
<thead>
<tr>
<th>Ministries</th>
<th>2017 (BIF)</th>
<th>% Change 2016-2017</th>
<th>% Change 2015-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National Resources</td>
<td>External Resources</td>
<td>Total Resources</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>270,157,394,397</td>
<td>4,600,000,000</td>
<td>274,757,394,397</td>
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<td>Ministry of Public Health</td>
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<td>Ministry of Human Rights</td>
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<td>7,759,684,470</td>
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<td>Ministry of Justice</td>
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<td>17,909,358,543</td>
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<td>Ministry of Energy</td>
<td>28,197,908,336</td>
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<td>Ministry of Water</td>
<td>5,492,996,242</td>
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<td>17,138,296,242</td>
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</tbody>
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