

# BURUNDI

UNITARY COUNTRY

## BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: LOW INCOME

LOCAL CURRENCY: BURUNDI FRANC (BIF)

### POPULATION AND GEOGRAPHY

**Area:** 27 830 km<sup>2</sup>**Population:** 10.8 million inhabitants (2017), an increase of 3.0% per year (2010-2015)**Density:** 390 inhabitants / km<sup>2</sup>**Urban population:** 13% of national population**Urban population growth:** 5.7% (2017 vs 2016)**Capital city:** Gitega – political capital (1.5% of national population); Bujumbura – economic capital (8.27% of national population)

### ECONOMIC DATA

**GDP:** 7.973 billion (current PPP international dollars), i.e. 733.9 dollars per inhabitant (2017)**Real GDP growth:** 0.5% (2017 vs 2016)**Unemployment rate:** 1.6% (2017)**Foreign direct investment, net inflows (FDI):** -306.5 (BoP, current USD millions, 2017)**Gross Fixed Capital Formation (GFCF):** 9.4% of GDP (2017)**HDI:** 0.417 (low), rank 185 (2017)**Poverty rate:** 78.1% (2013)

## MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

According to the new Constitution of 7 June 2018, Burundi is an independent, unitary, sovereign, secular and democratic republic. The Burundian political system is a multi-party presidential system characterized by the mutual separation and independence of powers. The President of the Republic is the head of the state, and he is elected by direct universal suffrage for a renewable seven-year term (Article 97). The President is currently assisted by two Vice-Presidents, pending the application of the constitutional provision stipulating the appointment of a Prime Minister as Head of Government by the President. Legislative power is vested in a bicameral parliament, the National Assembly and the Senate.

The peculiarity of democracy in Burundi, resulting from the 2000 Arusha agreements, is the introduction of a system for distributing seats among the various powers, on the basis of ethnic and gender quotas. Each power must be composed of 60% Hutus and 40% Tutsis, with a minimum of 30% women.

The country is divided into provinces, municipalities, areas and hills (Article 3 of the Constitution). The law defines the organization and functioning of the various territorial subdivisions and may modify their boundaries and number. Title XII of the Constitution on local governments acknowledges the municipality as a decentralized administrative entity. In addition, Law No. 1/016 of 20 April 2005 on the organization of municipal administration, revised in 2010 and subsequently in 2014 with Law No. 1/33, stipulates that the municipality is a decentralized local authority with legal powers, institutional and financial autonomy. The municipality is managed by the municipal administrator under the supervision of the municipal council. The municipal councillors are elected for a 5-year term by direct universal suffrage based on a list proportional representation system. The municipal council elects from among its members a president and vice-president, as well as the municipal administrator. This administrator acts as a mayor and he is responsible for implementing the decisions of the municipal council. The last local elections were held in August 2015.

The central government recently adopted Law No. 1/18 of 8 December 2016, which ratified the African Charter on the Values and Principles of Decentralization, Local Governance and Local Development.

## TERRITORIAL ORGANISATION

2017	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	116 rural municipalities ( <i>ikomine</i> ) 3 urban municipalities of Bujumbura			
	Average municipal size: 91 296 inhabitants			
	<b>119</b>			<b>119</b>

**OVERALL DESCRIPTION.** Burundi has 119 municipalities, each consisting of at least 15 municipal councillors, of which at least 30% are women. Municipalities can be either urban or rural. The 116 rural municipalities are subdivided into zones and census hills (*collines*) and the 3 urban municipalities into zones and neighbourhoods. The zone is a deconcentrated administrative unit of the municipality and is located between the municipality and the census hill or neighbourhood. The zone head is appointed by the municipal council. The hill, along with the neighbourhood, is administered by a hill (or neighbourhood) council, made up of five members elected by direct universal suffrage for five years. The councillor with the largest number of votes is appointed as the hill or neighbourhood head. From all these administrative divisions, only the municipalities are decentralized local governments with management and budgetary autonomy.

In addition to these territorial sub-divisions, the country has a deconcentrated entity, the province, which is responsible for the supervision of the municipalities and for ensuring the coherence of municipal community development plans, particularly in their intercommunal aspect. There are 18 provinces in total, which are administered by a governor appointed by the central government, in charge of coordinating the deconcentrated services of the central administration located in the province. The urban area of Bujumbura constitutes a province called "Mairie de Bujumbura" (municipal law, art. 123). The Mairie de Bujumbura is administered by a mayor assisted by a cabinet whose composition is the same as that of the other provincial governorates (Municipal Law, art. 126).

Law No. 1/33 of 28 November 2014 provides that municipalities may also cooperate through a system of inter-municipal cooperation in order to promote the economic and social development of their territory.

## SUBNATIONAL GOVERNMENT RESPONSIBILITIES

Law No. 1/33 states that the municipality is responsible for the management of local interests of its people. The municipality provides and manages public services that are not under the direct responsibility of the central government. The government may also delegate the management or implementation of certain tasks to municipalities, such as security (municipal police).

In addition, Law No. 1/016 of 25 May 2015 on the procedures for the transfer of competences – for which implementing decrees have not yet been issued – stipulates that the municipality contributes with the central government, to the administration and planning of the territory, to economic, educational, social, health, cultural and scientific development, to the protection and enhancement of the environment and to the improvement of the living environment of the population.

The provision of basic education and health services are carried out by deconcentrated offices of the Ministries of Education and Health with contributions from the municipalities for the construction and maintenance of infrastructure. Responsibility for road maintenance is shared by municipalities and central government. The provision of electricity and tap water is managed by a national agency (Regideso).

### MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

MUNICIPAL LEVEL	
1. General public services	Administrative services (civil status); Real estate
2. Public order and safety	Municipal police
3. Economic affairs/transport	Urban roads; Urban transport; Local tourism (as a general competence pending the implementing decrees of the law on the transfer of competences)
4. Environmental protection	Parks and green spaces; Waste management; Street cleaning (Idem)
5. Housing and community amenities	Construction/renovation; Drinking water supply; Public lighting; Urban planning (Idem)
6. Health	Primary health care (health centres); Preventive health (Idem)
7. Recreation, culture & religion	Sports; Libraries; Municipal museum (Idem)
8. Education	Pre-school and primary education (Idem)
9. Social protection	Social protection of children and youth; Family support services (Idem)

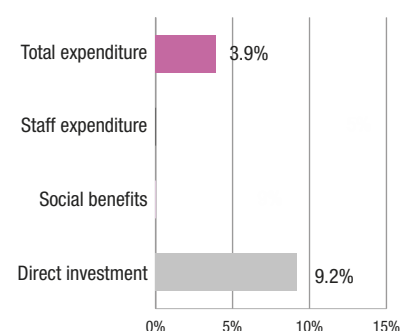
## SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: municipalities.	Bank of the Republic of Burundi (for national data) and Ministry of the Interior, Patriotic Formation and Local Development (for local data)	Availability of fiscal data: <b>Low</b>	Quality/reliability of fiscal data : <b>Low</b>
---------------------------------------	--	--	--

**GENERAL INTRODUCTION.** Progress is slow on fiscal decentralization in Burundi. Fiscal data on municipal expenditure are partial. Municipal own revenues are estimated on average at around 100 million UBF, i.e. PPP\$ 0.02 per capita. To address this issue, the government created the National Municipal Investment Fund (FONIC) in 2007, through which it is stipulated that 15% of the national budget should be transferred to the municipal level. To date, these transfers are still below the target of 15% of the national budget, and the municipalities' capacity to deliver on their mandate remains limited.

### SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2016	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
<b>Total expenditure</b>	<b>6</b>	<b>0.8%</b>	<b>100%</b>	
<b>Inc. current expenditure</b>	<b>3</b>	<b>0.3%</b>	<b>41.4%</b>	
Staff expenditure				
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
<b>Incl. capital expenditure</b>	<b>4</b>	<b>0.5%</b>	<b>58.6%</b>	
Capital transfers				
Direct investment (or GFCF)	<b>4</b>	<b>0.5%</b>	<b>58.6%</b>	



**EXPENDITURE.** Article 89 of Law 1/33 on the organisation of municipal administration provides a list of expenditure items at the municipal level, including staff compensation; community development plans; maintenance costs of municipal infrastructure; operating costs of municipal services; annual loan repayments; and expenditure relating to the transfer of competences. In 2016, total local government expenditure represented only \$6 per capita and less than 4% of total public expenditure.

# BURUNDI

UNITARY COUNTRY

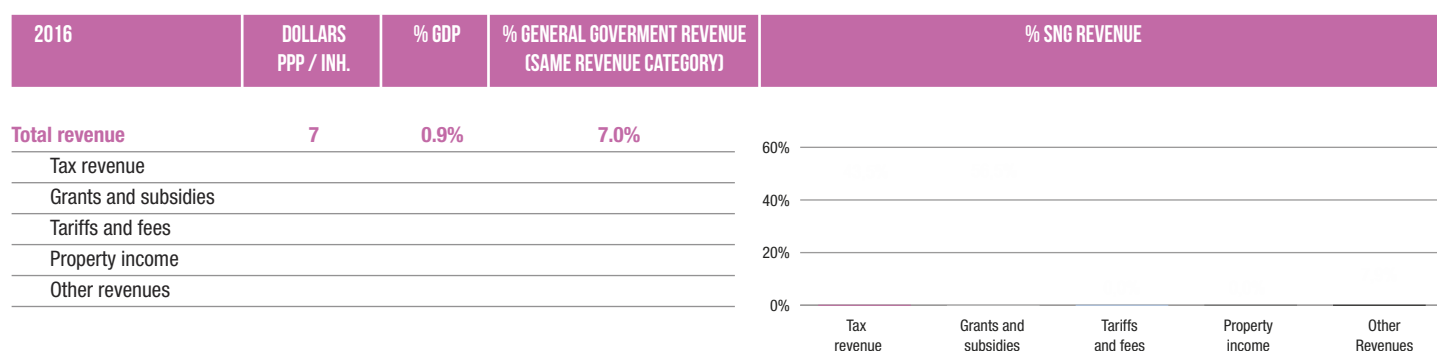
**DIRECT INVESTMENT.** In 2016, municipal capital expenditure accounted for 0.5% of GDP and 9.2% of general government capital expenditure. In this context, financing municipal community development plans relies almost entirely on international technical and financial partners. In addition, the maintenance and operation costs of basic social infrastructure (health clinics, primary and secondary schools, water distribution points) are also limited, which further reduces the ability of local governments to improve citizens' access to social services.

## SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

On the basis of the compulsory expenditure listed in Article 89 of Law No 1/33 and the competences assigned to municipalities, the key sectors of intervention of Burundian municipalities are as follows: economic development (maintenance of socio-economic infrastructure and municipal roads); environmental protection (waste and wastewater treatment); and health and social protection (providing care for sick pupils and indigent people).



## SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



**OVERALL DESCRIPTION.** The main sources for municipal revenues are taxes levied by municipalities; loans; subsidies granted by the government (through FONIC mechanism); donations (with donor-funded projects); property tax and tax on rental income.

In 2016, municipal revenues amounted to \$PPP 7 per capita, i.e. 7% of total public revenue. There are large disparities in the potential for revenue collection across municipalities. A study carried out by the World Bank in 2014 indicates that the municipalities located in the northeast of the country seem to be the most efficient in terms of revenue collection per inhabitant. Nonetheless, this study also points out the weakness of the municipal tax system in Burundi combined with very limited transfers from the central government.

**TAX REVENUE.** The sub-national tax system is mainly regulated by Law 1/02 of 3 March 2016 on municipal tax reform, which is currently under revision. This law specifies the taxes, duties and contributions levied for the benefit of the municipalities' budgets. Article 3 of the law stipulates that "municipalities establish, collect, administer and account for the taxes and duties paid to them with the same obligations and prerogatives as the central government's tax administrations". However, this provision does not apply to the contribution of VAT and more recently to the tax on rental income, which are both collected at central level by the Burundian Revenue Office (OBR).

Ten taxes and duties for the benefit of municipalities are provided for by law: the tax on large livestock, the tax on the sale of livestock, the slaughter tax, the tax on cycles and motorcycles, the property tax, the tax on pylons, the fixed tax on activities, the tax on industrial crops, the tax on rental income and the contribution of the VAT to municipal development. Most rural municipalities face difficulties in defining the tax base and collecting these taxes (particularly the last six).

**GRANTS AND SUBSIDIES.** A system of appropriate transfers for current expenditure is yet to be defined: To date, there is no mechanism in place to ensure that municipalities receive equitable and transparent transfers to cover their recurrent expenditure.

With regard to capital transfers, Law No. 1/33 introduced a financial transfer from the central government to the local governments as budgetary support. This capital grant amounts to five hundred million FBI per municipality per year (i.e. 0.08 PPP dollars per inhabitant), accounting for nearly 5% of the national budget (article 85). This grant, channelled through the National Municipal Investment Fund (FONIC), seeks to promote balanced development among all municipalities by

enabling them to develop basic socioeconomic infrastructure. However, the weakness of this subsidy, which does not reach the target of 15% of the national budget to be transferred to municipalities, coupled with the absence of current transfers, threatens the financial viability of the municipalities.

**OTHER REVENUES.** No data available.

#### ■ SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
--	------------------	-------	---------------------------	------------

#### Total outstanding debt

Financial debt\*

\* Currency and deposits, loans and bonds

**FISCAL RULES.** The draft budget adopted by the municipal council must be submitted to the provincial governor for approval. Legislation also provides for regular audits of financial accounts for local governments to be carried out. The administrative and municipal accounts are reviewed and validated by the Court of Audit. However, these audits are carried out irregularly.

**DEBT.** Law No. 1/33 stipulates that "the municipality may, within the limits of its financial capacity to service the debt, contract loans under the conditions laid down by law and financial regulations" (article 83). However, these loans can only be used to finance capital investments.



Lead responsible: UNCDF  
Last update: 02/ 2019

[www.sng-wofi.org](http://www.sng-wofi.org)

**Socio-economic indicators:** World Bank // UNDP // UN Desa // ILO.

Fiscal data: World Bank // Burundian Institute of Statistics and Economic studies – ISTEEDU (2017) Annuaire statistique du Burundi 2016 // Bank of the Republic of Burundi (2016) Rapport annuel de la Banque de la République du Burundi.

Other sources of information: World Bank (2014) Burundi - Fiscal decentralization and local governance: managing trade-offs to promote sustainable reforms // Nicaise, Guillaume (2015) Évaluation de la performance des collectivités décentralisées : une étude comparée entre le Rwanda et le Burundi // UCLGA and Cities Alliance (2018) Assessing the Institutional Environment of Local Governments in Africa // Weneger, Alexander (2018) Les finances locales dans l'Afrique francophone subsaharienne : une étude comparative sur dix-huit pays et leurs systèmes des finances locales.