BURUNDI

Burundi’s economic freedom score is 39.4, making its economy the 172nd freest in the 2022 Index. Burundi is ranked 45th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Burundi’s economy has grown by an average of less than 1 percent annually. A five-year trend of deteriorating economic freedom has accelerated. With score decreases in fiscal health and monetary freedom, Burundi has recorded a catastrophic 13.8-point overall loss of economic freedom since 2017 and, formerly ranked “Mostly Unfree,” is now considered one of the world’s most seriously “Repressed” countries. Scores for the three rule of law indicators (property rights, judicial effectiveness, and government integrity) and business freedom are among the 10 lowest in the Index.

IMPACT OF COVID-19: As of December 1, 2021, 38 deaths had been attributed to the pandemic in Burundi, and the government’s response to the crisis ranked 169th among the countries included in this Index in terms of its stringency. The economy contracted by 1.3 percent in 2020.

BACKGROUND: Burundi has had a turbulent history since gaining independence from Belgium in 1962: Its first democratically elected president, for example, was assassinated in 1993 after only 100 days in office. Sidestepping the two-term constitutional limit, President Pierre Nkurunziza was elected to a third term in 2015, and hundreds of Burundians were killed in the resulting unrest. The government used violence and intimidation to win approval of a 2018 referendum that further centralized presidential power. In 2020, Nkurunziza’s hand-picked successor, Evariste Ndayishimiye, won the presidency in elections that the opposition denounced as fraudulent. He was sworn in two months early, shortly after Nkurunziza died of COVID-19. Subsistence agriculture dominates the economy, and well over half of the population lives below the poverty line.

ECONOMIC FREEDOM SCORE

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RECENT FREEDOM TREND

- Economic freedom has deteriorated over the past five years.
- Fiscal health and monetary freedom have decreased significantly.
- The economy has contracted by 1.3 percent in 2020.

QUICK FACTS

- Population: 11.9 million
- GDP (PPP): $9.0 billion, -1.3% growth in 2020
- 5-year compound annual growth rate: 0.4%
- $760 per capita
- Unemployment: 0.8%
- Inflation (CPI): 7.3%
- FDI inflow: $6.0 million
- Public debt: 69.5% of GDP

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HISTORICAL INDEX SCORE CHANGE (SINCE 1997): -6.0

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Private property is vulnerable to government expropriation and armed banditry, and property registration is difficult. Historically, land titling involves a lengthy, opaque, and centralized process. The judiciary is nominally independent but lacks capacity. Judges are subject to political pressure. Burundi remains one of sub-Saharan Africa's most corrupt countries. Cabinet members, members of the bicameral parliament, and presidential appointees are immune from prosecution for corruption.

The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 12.9 percent of total domestic income. Government spending has amounted to 28.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.3 percent of GDP. Public debt is equivalent to 69.5 percent of GDP.

Poor Internet connectivity, electricity outages, rolling blackouts, unreliable economic statistics, and a low-skilled workforce hamper business development. Tax or related exemptions by presidential decree or ministerial order hurt less-favored competitors. Reliable labor market data do not exist. Subsidies and rationing of fuel and electricity persist, and state-owned enterprises and agriculture-support programs influence other prices.

Burundi has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.5 percent, and three nontariff measures are in effect. Foreign and domestic investments generally receive equal treatment but remain hampered by institutional shortcomings. The underdeveloped financial sector provides a very limited range of services. The public sector dominates commercial banking, and many people rely on microcredit or informal lending.