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Economic Committee Papers - Burundi - Country Economic Brief - Qualitative Evaluation

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APR 18 1968

BURUNDI

COUNTRY ECONOMIC BRIEF

I. QUALITATIVE EVALUATION

A. Summary

1. Performance: Satisfactory under difficult circumstances.
2. Poverty: Burundi is one of the poorest African countries. GDP per capita: \$53 (1964).
3. Creditworthiness: Eligible for borrowing only on concessional terms.
4. Bank/IDA eligibility: IDA only.

B. General Evaluation

1. Burundi is a small landlocked country with one of the highest population densities in Africa. About 95% of its population are engaged in agriculture which accounts for about 65% of GDP. Coffee, cotton, and, more recently, tea are the principal cash crops; among these, coffee is the most important, producing about 80% of the country's export earnings. Burundi has practically no known mineral resources, and its manufacturing industry is insignificant.

2. Annual economic growth in recent years is estimated to be about 3 to 4% in real terms. Growth of subsistence agriculture has been the most dynamic factor whereas cash crops have fluctuated both in price and volume. With a high population growth rate, per capita income has remained more or less stationary.

3. Burundi's balance of payments situation has remained difficult with persistent deficits in its current account and overall balance of payments in recent years. The Burundi franc was devalued by 75% in 1965 in agreement with the International Monetary Fund. Since Burundi's foreign exchange receipts, which mainly depend on coffee exports, show wide seasonal fluctuations, annual standby agreements with the IMF have been necessary since 1965. The last standby arrangement of \$6 million was agreed upon in March 1968.

4. In consultation with the IMF, the Government has made a considerable effort to improve its financial performance which had been relatively unsatisfactory in the first years following independence. Both tax and expenditure control measures have been taken to reduce the persistent budget deficits. However, Burundi continues to receive budget assistance in addition to project aid from Belgium. The modest development program has been financed by external assistance on concessionary or grant terms.

5. Burundi's economic prospects are, on the whole, not unfavorable. But in order to sustain a moderate growth rate in the future, great efforts are necessary to develop the country's basic infrastructure and to diversify and increase its agricultural production, both for export and for the domestic market. Substantial amounts of foreign financial and technical assistance will be needed for an extensive period of time to reach this objective.

6. The Economic Committee in January 1965 concluded that Burundi should be considered eligible for a modest amount of IDA assistance.

Africa Department
April 1, 1968

Burundi

Economic Committee

March 1968

BURUNDI

Conclusions of Economic Committee:

April, 1965 meeting: Following an adjustment to the exchange rate, it was agreed that Burundi should be considered eligible for a modest amount of IDA assistance.

II. BASIC DATA

| | <u>1950</u> | <u>1955</u> | <u>1960</u> | <u>1965</u> | <u>1966</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| AREA (1000 sq. km.) | | | | | 27.8 |
| EXCHANGE RATE (francs per US\$) | .. | .. | 50.00 | 87.50 | 87.50 |
| POPULATION | | | | | |
| Total (millions) | 2.4 | 2.6 | 2.9 | 3.2 | 3.3 |
| Density (inhabitants per sq. km.) | 86 | 94 | 104 | 115 | 118 |
| Urban population (% of total pop.) | .. | .. | .. | .. | .. |
| Literacy rate (% of adult pop.) | .. | .. | .. | .. | .. |
| GROSS NATIONAL PRODUCT (at current f.c.) | | | | | |
| Total (mil. US\$) | .. | .. | .. | 151 | .. |
| Per capita (US\$) | .. | .. | .. | 47 | .. |
| TOTAL RESOURCES (mil. current francs) | .. | .. | .. | .. | .. |
| By source: | | | | | |
| gross domestic product (%) | .. | .. | .. | .. | .. |
| net imports of goods & services (%) | .. | .. | .. | .. | .. |
| By use: | | | | | |
| consumption (total) (%) | .. | .. | .. | .. | .. |
| gross domestic investment (%) | .. | .. | .. | .. | .. |
| GROSS NATIONAL SAVING (as % of GNP at market prices) | .. | .. | .. | .. | .. |
| TAX REVENUE (as % of National Income) | .. | .. | .. | 9.2 | .. |
| GROSS DOMESTIC PRODUCT at current f.c. (%) | | | | | |
| Agriculture | .. | .. | .. | 60.0/a | .. |
| Mining | .. | .. | .. | 7.0/a | .. |
| Manufacturing | .. | .. | .. | .. | .. |
| Construction | .. | .. | .. | .. | .. |
| Transport & communication | .. | .. | .. | .. | .. |
| Public administration & defense | .. | .. | .. | .. | .. |
| Other branches | .. | .. | .. | .. | .. |
| EXTERNAL PUBLIC DEBT | | | | | |
| Total debt outstanding (US\$ mil.) | .. | .. | .. | .. | .. |
| of which: undisbursed | .. | .. | .. | .. | .. |
| Total annual debt service (US\$ mil.) | .. | .. | .. | .. | .. |
| Debt service ratio (%) | .. | .. | .. | .. | .. |

/a 1964.

II. BASIC DATA (cont.)

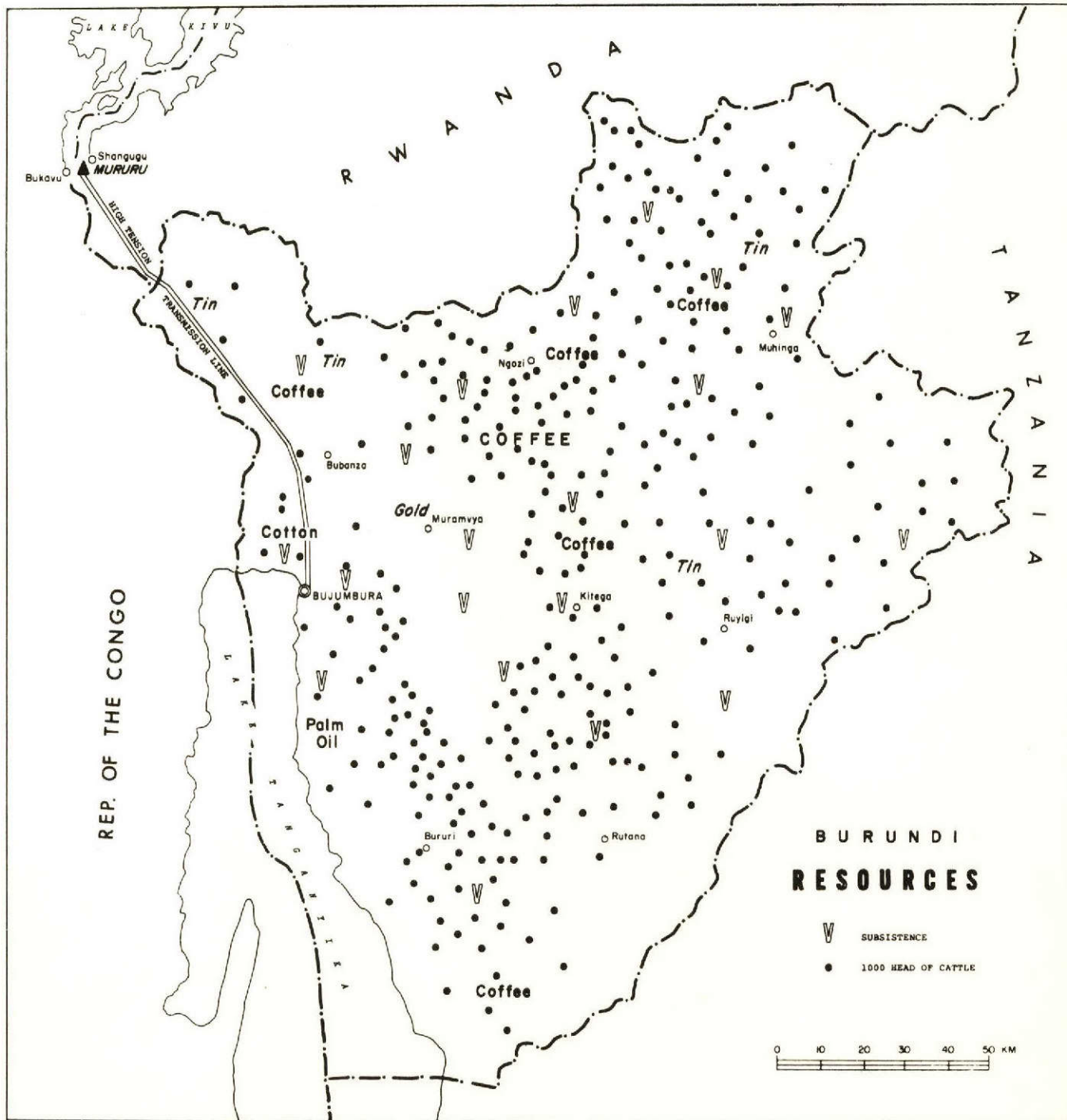
| | <u>1950</u> | <u>1955</u> | <u>1960</u> | <u>1965</u> | <u>1966</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| BALANCE OF PAYMENTS (US\$ mil.) | | | | | |
| Merchandise exports (f.o.b.) | .. | .. | .. | 13.9 | .. |
| Merchandise imports (f.o.b.) | .. | .. | .. | 14.7 | .. |
| Net merchandise (f.o.b.) | .. | .. | .. | -0.8 | .. |
| Service receipts (excl. invest. income) | .. | .. | .. | .. | .. |
| Service payments (excl. invest. income) | .. | .. | .. | .. | .. |
| Net services | .. | .. | .. | .. | .. |
| Net investment income receipts | .. | .. | .. | .. | .. |
| Surplus on Current A/C (excl. transfers) | .. | .. | .. | .. | .. |
| CONCENTRATION OF MERCHANDISE EXPORTS (%) | | | | | |
| FOREIGN TRAVEL RECEIPTS (as % of total exports of goods and services) | | | | | |
| | .. | .. | .. | .. | .. |
| EXTERNAL TRADE INDEXES (1959 = 100) | | | | | |
| Export price index | .. | .. | .. | .. | .. |
| Import price index | .. | .. | .. | .. | .. |
| Terms of trade | | .. | .. | .. | .. |
| INTERNATIONAL RESERVES | | | | | |
| Total gross reserves (US\$ mil.) | .. | .. | .. | .. | .. |
| of which: commercial bank holdings | .. | .. | .. | .. | .. |
| Months' imports of goods and services | .. | .. | .. | .. | .. |
| IMF POSITION (US\$ mil.) | | | | | |
| Quota | | | | | |
| Drawings outstanding | | | | | |

III. ANNUAL AVERAGE RATES OF CHANGE (%)

| | <u>1951-59</u> | <u>1960-65</u> | <u>1964</u> | <u>1965</u> | <u>1966</u> |
|---|----------------|----------------|-------------|-------------|-------------|
| POPULATION (total) | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 |
| GROSS DOMESTIC PRODUCT (real) | | | | | |
| Total | .. | .. | .. | .. | .. |
| Per Capita | .. | .. | .. | .. | .. |
| TOTAL MEANS OF PAYMENT | | | | | |
| Money | .. | .. | .. | .. | .. |
| Quasi-money | .. | .. | .. | .. | .. |
| BANK CREDIT OUTSTANDING | | | | | |
| To central government (net) | .. | .. | .. | .. | .. |
| To private sector | .. | .. | .. | .. | .. |
| PRICES | | | | | |
| Cost of living index | .. | .. | .. | .. | .. |
| Wholesale price index | .. | .. | .. | .. | .. |
| GDP implicit deflator | .. | .. | .. | .. | .. |
| EXPORTS AND IMPORTS (based on current US\$) | | | | | |
| Exports of goods and services | .. | .. | .. | .. | .. |
| Imports of goods and services | .. | .. | .. | .. | .. |

IV. SELECTED RELATIONSHIPS - PERCENT OF GROSS DOMESTIC PRODUCT
(based on values at current market prices)

| | <u>1950-59</u> | <u>1960-65</u> | <u>1955</u> | <u>1960</u> | <u>1966</u> |
|---------------------------------------|----------------|----------------|-------------|-------------|-------------|
| EXPORTS AND IMPORTS | | | | | |
| Exports of goods and services | .. | .. | .. | .. | .. |
| Imports of goods and services | .. | .. | .. | .. | .. |
| INVESTMENT AND SAVING | | | | | |
| Gross domestic investment | .. | .. | .. | .. | .. |
| private fixed investment | .. | .. | .. | .. | .. |
| public fixed investment | .. | .. | .. | .. | .. |
| increase in stocks | .. | .. | .. | .. | .. |
| Deficit on current account | .. | .. | .. | .. | .. |
| net imports of goods and services | .. | .. | .. | .. | .. |
| net factor payments to abroad | .. | .. | .. | .. | .. |
| Gross national saving | .. | .. | .. | .. | .. |
| CENTRAL GOVERNMENT OPERATIONS | | | | | |
| Current receipts | | | | | |
| Current expenditure | | | | | |
| Saving | | | | | |
| Capital receipts | | | | | |
| Capital expenditure | | | | | |
| of which: central government | | | | | |
| capital formation | | | | | |
| Overall Budget Surplus | | | | | |
| External loans and net grants and | | | | | |
| transfers received | | | | | |
| of which: on current account | | | | | |
| Domestic borrowing (net) | | | | | |
| Cash balance: increase(-) decrease(+) | | | | | |



BURUNDIVI IBRD AND IDA OPERATIONS
(In millions of \$)

| A) <u>Past operations</u> to March 31, 1968 | <u>Amount committed</u> /1 | <u>Amount disbursed</u> |
|--|----------------------------|-------------------------|
| IBRD | 4.8 | 4.8 |
| IDA | 1.1 | 0.1 |
| Total | 5.9 | 4.9 |

/1 Net of cancellations

| B) <u>Terms of IBRD/IDA operations</u> (January 1, 1961 - March 31, 1968) | <u>Rate of interest</u> (p.a.) | <u>Weighted average</u> Grace period (years) | <u>Repayment period</u> (years) |
|---|-----------------------------------|--|------------------------------------|
| | .75% | 10.5 | 50.0 |

| C) <u>Record of IDA commitments</u> to March 31, 1968 | <u>Project</u> | <u>Date</u> | <u>Amount</u> |
|--|----------------|-------------|---------------|
| Credit 85 | Water supply | 3/31/66 | 1.1 |

| D) <u>Record of Bank commitments</u> to March 31, 1968 | <u>Project</u> | <u>Date</u> | <u>Amount</u> |
|---|----------------|-------------|---------------|
| Loan 165 /2 | Road and port | 6/26/57 | 4.8 |

/2 This loan was to the former Ruanda - Urundi

Statistical Services Division
Economics Department
April 17, 1968