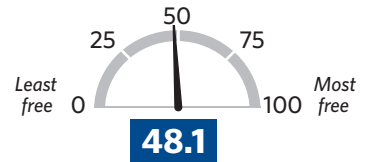


BURUNDI

Economic Freedom Score



World Rank: **157**

Regional Rank: **37**

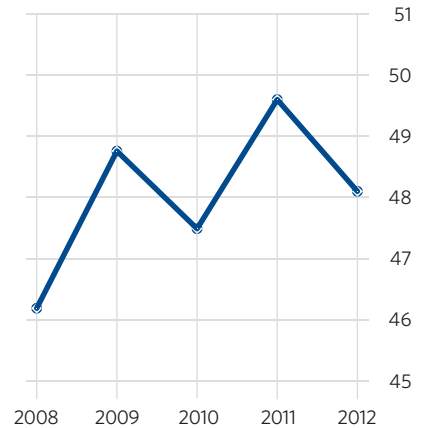
Burundi's economic freedom score is 48.1, making its economy the 157th freest in the 2011 *Index*. Its overall score is 1.5 points worse than last year, mainly because of deterioration in the management of public finance. Burundi is ranked 37th out of 46 countries in the Sub-Saharan Africa region, and its score is worse than the world average.

Continuing its status as a "repressed" economy, Burundi performs worse than world averages in many of the 10 economic freedoms. The fragility of the country's foundations of economic freedom is reflected in very low scores for property rights and corruption that undermine the rule of law.

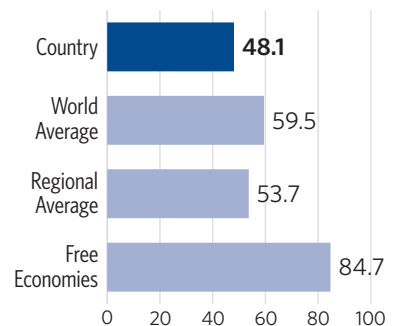
Many aspects of the entrepreneurial framework that are critical to sustaining regulatory efficiency and open markets are subject to intrusive and inefficient state action. The private sector operates in such a repressive policy environment that it is difficult to generate employment opportunities and lasting economic growth. Burundi continues to be excessively dependent on a widely fluctuating agricultural sector, the principal source of jobs for more than 80 percent of the population.

BACKGROUND: The 1993 assassination of Burundi's first Hutu president, Melchior Ndadaye, sparked a civil war, and the violence following the death of his successor, Cyprien Ntayamira, and Rwandan President Juvenal Habyarimana in a 1994 plane crash led to an estimated 300,000 deaths and the beginnings of the Rwandan genocide. Negotiations mediated by South Africa resulted in a power-sharing government in 2001, and the last active rebel group signed a cease-fire in 2008. A new constitution was adopted by referendum in 2005, and the National Assembly elected Pierre Nkurunziza president. Nkurunziza ran unopposed in 2010. Together with Uganda, Burundi is active in the African Union's AMISOM peacekeeping mission in Somalia. Burundi's primary exports are tea and coffee. Agriculture accounts for over 30 percent of GDP.

Freedom Trend



Country Comparisons



Quick Facts

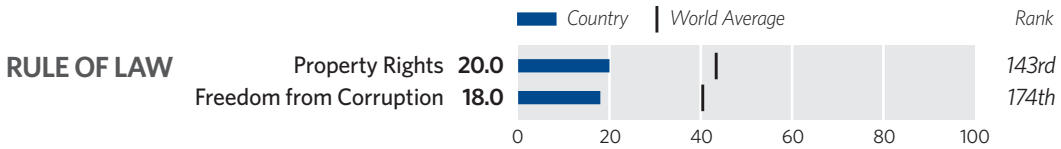
Population: 8.3 million
GDP (PPP): \$3.4 billion
 3.9% growth in 2010
 5-year compound annual growth 4.1%
 \$411 per capita
Unemployment: n/a
Inflation (CPI): 6.4%
FDI Inflow: \$14.1 million
Public Debt: 49.9% of GDP

How Do We Measure Economic Freedom?

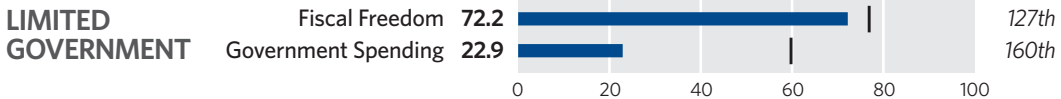
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

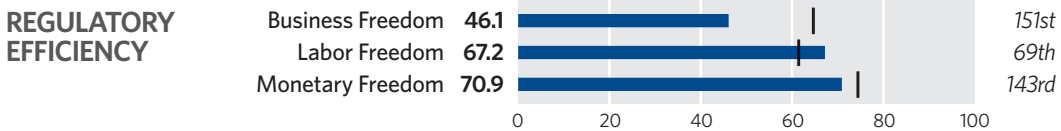
THE TEN ECONOMIC FREEDOMS



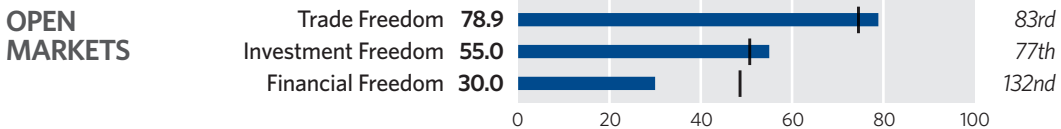
Private property is subject to government expropriation and armed banditry. The constitution guarantees the independence of the judiciary, but judges are appointed by the executive branch and subject to political pressure. Corruption is present in every area of life. It is most pervasive in government procurement, where the purchase and sale of government property frequently lead to allegations of bribery and cronyism.



The top income and corporate tax rates are 35 percent. Other taxes include a value-added tax (VAT) that recently replaced the general sales tax, with the overall tax burden amounting to 18.1 percent of total domestic income. Government spending has risen to 50.7 percent of total domestic output, resulting in a deficit of around 5 percent of GDP. Public debt has also increased to about half the size of the economy.



Despite steps taken to enhance regulatory efficiency, the overall business environment remains severely constrained by burdensome bureaucracy and the lack of transparency. Rigid employment regulations and an underdeveloped labor market hinder productivity growth and job creation. The government influences prices through state-owned enterprises, subsidies, and agriculture-support programs.



The trade regime is relatively open, but inadequate administrative capacity and poor infrastructure add to the cost of trade. Foreign and domestic investments receive equal treatment, and foreign investment generally is not subject to government screening. 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.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.1	Business Freedom	+9.3	Trade Freedom	+0.1
Freedom from Corruption	0	Government Spending	-29.1	Labor Freedom	+0.1	Investment Freedom	0
				Monetary Freedom	+4.8	Financial Freedom	0