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Program Assessment  
for an AEPRP in Burundi

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## I. Executive Summary

Small, land-locked Burundi faces a familiar array of development problems. Despite virtual self-sufficiency in food production, per capita income and purchasing power remain low, soaring fertility rates erode productivity gains, the nascent industrial base is fragile, and serious social problems threaten political stability.

Within the last three years, Burundi's national leadership has moved toward a style of governance that is radically different from the past. These changes are strongly reflected in the provisions of the macro-economic and sectoral reforms adopted since 1986 within the framework of the structural adjustment program. Virtually every one of these policy changes favors rural over urban dwellers, producers over consumers, and farmers over the salaried and educated classes. Over time, the inevitable consequence will be an increase in the wealth and power of Burundi's historically disadvantaged rural population. Hence the structural adjustment program carries a political message that is more far-reaching in its implications than the technical economic changes.

The principal development problem in Burundi is increasing the rate of per capita income growth in ways which are sustainable, market-based and broadly involve the whole Burundian population. The Assessment Team believes there is a chance for substantial progress in resolving this development problem if (1) the public sector improves policy implementation performance, (2) further constraints inhibiting the private sector are identified and removed and (3) larger and more efficient markets for Burundi's production are developed.

The USAID/Burundi portfolio could be refocused to directly contribute to resolution of Burundi's development problem. The proposed \$10.0 million AEPRP would provide a central, unifying concept to the program. That concept, or goal, is to increase and diversify sources of employment and real per capita income. The purpose of the AEPRP would be the promotion of sustainable and broad-based growth deriving from more efficient and expanded markets for Burundian production. Specifically, AEPRP activities would (1) deepen policy reform, (2) implement announced policy reform and (3) support market development. Special concentration on the critical but over-looked SME sector of the economy would represent the unique contribution of the proposed AEPRP to Burundian development. No other donors are significantly involved in this sector.

The report details a calendar of activities leading to AID/W AEPRP approval by end 1st quarter FY 1990. The GRB has expressed satisfaction with the proposed program and USAID/Burundi appears eager to begin. Additional staff and careful management are required to meet this approval target and provide for satisfactory program implementation. A PSC should be hired immediately and serious consideration given to the USAID request for a Project Development Officer and a Comptroller.

A disappointed Embassy has reluctantly agreed to this timetable but will monitor progress closely.

## II. Assessment Objectives

The team accomplished each of its three assigned objectives:

### 1. Expand AID/W knowledge base on Burundi

AID/W team members met numerous senior public and private sector Burundian officials and officials from other donor missions (many of them listed in Annex E). A two-day field visit focussed on agricultural research, rural markets, and interviews with small traders and farmers.

### 2. Identify AEPRP topic

The team identified an AEPRP topic which would promote sustainable broad-based growth derived from more efficient and expanded markets for Burundian products.

### 3. Establish AEPRP design resources and timetable

Resources needed and timetable leading to completion of the AEPRP were established. The estimated AID/W approval date is December, 1989. Preparatory work began prior to team departure.

## III. Burundi's Development Situation

### A. Overview

There was no growth in per capita income in Burundi in the 1984-87 period, although this holding status represented an improvement over the slightly negative growth rate of 1981-84. The growth rate for 1988 is expected to be slightly positive. Increased financial support by both multilateral and bilateral donors has played an important role in maintaining overall levels of investment and expenditures. Stabilization measures launched with IMF support in 1986 and the structural adjustment program initiated in 1986 have not yet had a strong, direct effect on overall growth rates although the most recent report on the economy for 1987 indicates positive impacts on key indicators.

### B. Structural Adjustment Programs

A combination of deteriorating terms of trade (45 percent between 1978 and 1981), expansionary monetary and fiscal policy and the introduction of pervasive administrative controls from the late 1970s to the early 1980s led the Government of the

Republic of Burundi (GRB) in late 1984 to request help from the World Bank and the Fund to formulate a coherent reform program which would lay the foundations for balanced economic growth. The collaboration produced SAL I and a First-Year SAF in 1986.

The SAF contained the familiar package of financial stabilization program requirements, and the SAL was likewise concerned with the public expenditure and parastatal problems. It also included elements to develop agricultural, trade and industrial policies which would rationalize the pricing system that had become so distorted as a result of administered prices. The GRB's commitment and subsequent actions to free up the market and allow it to allocate resources were most impressive. Although not all the targets were met under the first SAL/SAF programs, the Bank and the Fund were sufficiently satisfied with the results to agree to a SAL II and a Second-Year SAF in 1988, to reinforce the earlier programs' reforms.

Specific policy reforms put in place include removal of the restrictions on internal population movements which have historically resulted in a very small urban population (less than 6 percent), liberalization of import and export trade, the definition of an increasing role for individual private enterprise in the economy, and measures to increase fiscal and monetary stability.

#### C. Economic and Program Performance in 1988

Preliminary economic data indicate that the robust increase in coffee prices in 1988 will help raise Burundi's real GDP growth rate at market prices from 1.7 percent in 1987 to about 3.7 percent in 1988 -- about 26 percent below the program target of 5 percent. With an annual population growth rate of 3 percent, per capita income grew only slightly. Inflation reached a manageable 6-7 percent level and foreign exchange reserves were sufficient to cover 7 months of imports.

The overall positive performance of the economy was overshadowed by a large unprogrammed increase in government expenditures occurring as a result of the internal difficulties which began in August 1988. Though precise figures are not available, government officials acknowledged that unplanned expenditures produced a budget deficit of about 16 percent, exceeding by a rather large margin the targeted 9.7 percent figure agreed to with the Fund under the current SAF program. Likewise, the agreement with the Bank to take various actions with regard to parastatals was not implemented.

Although the GRB's fiscal performance over the past year violates some of the targets of the SAL and the SAF agreements and would likely jeopardize most other countries' agreements with the Bank and the Fund, the Team believes that agreements will be reached within the next 4-8 weeks. The two multilateral donors recognize the special circumstances surrounding the unscheduled expenditures and the failure to move as rapidly as originally agreed to on parastatal and budget management. They also believe that the government is sincere in its desire to adopt the market-oriented policies needed to obtain balanced economic growth and that it is a young, inexperienced government which has undergone many difficult changes since 1986.

Based on discussions with various officials on both sides of the negotiations, we are confident that agreements will be reached and that the programs will continue.

#### IV. The Development Problem

The current production base for economic growth is narrow. The production and export of a single crop -- coffee -- account for 80 to 85 percent of the total value of exports, about 30 percent of farm cash incomes, and a substantial portion of government revenues. Further income generation in the coffee sector is felt to be limited by international market quotas and relatively small quality premiums available. Expansion of tea production will diversify the agricultural export picture over the coming years. Industrial diversification efforts (glass bottles and textiles) have so far proved unprofitable.

The Burundian population is growing rapidly, at more than 3 percent per year, increasing pressure on limited land resources and jeopardizing the maintenance of current levels of incomes and productivity.

The principal development problem in Burundi is increasing the rate of per capita economic growth in ways which are sustainable, market-based, and broadly involve the whole Burundian population.

This problem implies that Burundi needs to diversify its productive base, to increase the efficiency of its investment and consumption by relying more on market signals and less on administrative decision, and to pay attention to the distributional implications of measures taken to accomplish these objectives to ensure broad access to jobs and markets.

The Government has articulated macropolicies which address this development problem, both in its recent Five Year Plan and in its agreement to the terms of the SAL. These policy reforms have already broadly set the stage for structural changes in the economy and the society which are preconditions for the successful resolution of the development problem.

U. Assessment Findings

A. Conditions for Growth

In our view, there is a chance of further substantial progress toward resolving the development problem by the year 2000 if three additional conditions are met:

1. The public sector improves its performance in implementing its policies.
2. Constraints inhibiting the private sector from taking advantage of the improved policy environment are identified and removed.
3. Markets which are both larger and more efficient are developed, facilitating growth involving a larger number of commodities than is currently the case.

The identification and definition of these conditions, which go beyond those already implicit or explicit in the Stand-By and Structural Adjustment programs, emerged from our reading of documents, interviewing Burundian officials in both policymaking and technical direction roles, conversations with Burundian industrialists, and a range of brief contacts in rural markets made during a swing through the center of the country.

Key observations and the conclusions which we drew from these sources are discussed below.

1. Effective implementation of policy reforms already articulated

In its Fifth Five-Year Development Plan (1988 - 1992), the Third Republic of the Government of Burundi articulates its general objectives as:

- . Economic growth -- a rate of 5 percent per year;
- . Maintaining a stable balance of payments, including the accumulation of foreign exchange reserves to cover three months worth of imports;
- . Public finance -- increasing revenues and decreasing public expenditures;
- . Money and credit, managing them to limit inflation;
- . Stabilizing prices, allowing domestic prices to rise by five percent;
- . Parastatal reform;
- . Giving a larger place in the economy to the private sector and to individual initiative; and
- . Increasing employment.

The formulation of the objectives themselves indicates that the Government has built many of the elements of a standard stabilization and structural adjustment program into its own policy framework. Since the World Bank is already Burundi's largest external creditor and continues to mount the most ambitious assistance programs, it might be concluded that a certain amount of puppetry is involved. Interviews with officials in the GRB indicate, however, that these objectives are taken seriously and technical divisions have been given their marching orders to look for ways to address them. What is less clear from both interviews and documents is whether the GRB has the strength of political will, the technical capacity, and the depth and quality of support from donors other than the Bank needed to implement successfully the policy reforms which are implicit in its objectives.

Even the toughest Bank staff, however, judge the overall GRB commitment to reform to be solid. The World Bank's emphasis over the coming year of the SAL is likely to be on addressing the outstanding technical issues involved in reform of industrial and transport parastatals and in budget management. An important Bank-supported complement to the Structural Adjustment activity is that of several large sectoral projects (roads, the reform of regional development companies (SRDs), an agricultural services project due to be negotiated shortly, and the soon-to-be-prepared coffee sector program).

In our own interviews, top-level policy makers appeared to be particularly serious and enthusiastic about promoting expanded private sector participation in the market economy -- an area not directly being addressed by the SAL and only indirectly through some of the sectoral projects. But the public sector is short on experience, and has little analytical information

to assist in determining appropriate actions to promote private sector development. Recognizing this, technical directors in various organizations repeatedly noted that they were taking a phased approach to moving ahead on plans to put new policy guidelines into action: studies first and the formation of a commission, often interministerial, to consider the results and to guide the next steps.

In short, it appears that:

- . Institutional reform has not yet caught up with the pace of macropolicy reform.
- . 'Technical' or sectoral policies are not yet completely thought through or articulated.
- . The public sector is concerned about certain risks and is therefore unlikely to move very rapidly into areas where these risks will arise, without having very thoroughly tested the waters first. Notable risks include social unrest from upper-income people who are being squeezed by the reforms and from the growing expectations of the rural population, the social dislocations associated with more rapid urbanization, the role of expatriates in the economy etc.

## 2. Constraints inhibiting the private sector

The Burundian success in expanding high-quality coffee and tea production demonstrates convincingly that rural producers respond to market incentives and that increasing rural production can provide a sound basis for overall economic growth. The feeling that the coffee and tea success can be replicated with other crops, therefore, lies behind many of the export promotion measures being debated. Initial successes with private sector efforts to export passionfruit (FRUITO) and flowers (ADER) to Europe reinforce this feeling. More instructive, however, might be the VERRUNDI (glass bottles) and COTEBU (textiles) experiences in trying to expand their markets and become profitable. Further, there seem to be few models for private sector growth based upon small to medium enterprise production of nonfood goods and services for domestic markets.

Yet many of the policy reforms already noted are intended to have the effect of broadly promoting private enterprise and employment and diversifying exports. An April, 1988, decree, for example, provides the legal basis for a set of measures to promote private sector exports, e.g., providing substantial tax

incentives for companies producing for export. Although no mention is made of size, the incentives are clearly more attractive for a medium or large scale agroprocessing firm which wishes to reduce its tax rate on imported capital equipment than it is for a one- or two-person trading company exporting bananas to Rwanda which would like to import a pick-up.

More policy implementation actions to promote private enterprise are clearly foreseen but, without some adjustments to mental models, are unlikely, in our view, to be broad enough to address problems of small as well as large producers. An interministerial commission is being set up to play a more active role in diffusing the information about the legal changes already promulgated and removing 'second generation' policy roadblocks for increasing and diversifying exports. The establishment of an autonomous, quasi-private company (an 'agence mixte') is also envisioned as a means for promoting private sector exports. This company is to develop and diffuse business information, particularly about export markets, and to serve as an intermediary for both Burundian and expatriate entrepreneurs wishing to get into or to expand local production for export.

A number of regulatory and institutional constraints appear to limit the prospects for small and medium scale entrepreneurs benefitting fully from these actions. Consultants on the Nathan study team and Lucie Phillips' analyses, for example, suggest several constraints which appeared to be important in facilitating the transmittal of market signals to would-be traders and producers and in reducing the transactions costs of both internal and external trade.

Our own interviews and those of Mission staff who followed up on the Nathan reports with the GRB indicated that there is little agreement on the real and/or relative importance of the suggested constraints. Our respondents indicated a whole range of new ones -- difficulties with financing, unresponsive input suppliers, insufficient understanding of the new policy environment, and limited airfreight capacity, for example.

Beyond this, and without trying to be exhaustive, it is possible to conclude that the private sector, particularly the small and medium enterprises in that sector, continues to face a number of constraints:

- . Sectoral policies in commerce and industry (which have recently been articulated in the new macropolicy context) are weighted toward measures which would increase the regulation and taxation of small traders and market-oriented producers of goods and services while providing liberal incentives for larger-scale enterprises.
- . Private sector financial risk is substantial. Devaluation has increased the competitive position of Burundian enterprises in the European market and, to some extent, in the regional market, but it has seriously increased debt burdens for loans received in foreign currency. Pricing policies, however, do not pose a major constraint to increasing production of commodities for agroindustrial processing and/or export benefit.
- . Labor market rigidities have been somewhat relaxed in recent years but regulations regarding temporary employees, important for seasonal enterprises and small enterprises still exploring their limits to expansion, apparently still could be improved.
- . The financial infrastructure in Burundi seems to be relatively well-established at the top end (private and public banks in Bujumbura) and is beginning to emerge at the provincial level through the CCOPEC program. Neither structure, however, apparently responds adequately to the needs of first-time entrepreneurs and to the working capital needs of small to medium sized enterprises. Credit guarantee programs are often suggested as a way to overcome the constraint as loan funds seem to be available.
- . While Burundi has made great strides in extending its road network, and has succeeded in paving major stretches between secondary towns, farm to market roads are still inadequate. Vehicles are limited, and minimal transport services in rural areas in general constrain both rural-rural and rural-urban exchange. Removal of legal limitations on urban growth, however, will provide new incentives to produce for markets.
- . Road taxes at entry points into neighboring countries, local roadblocks which permit municipalities to cover their revenues by taxing passer traders, and export regulations which are ill-adapted to cross-border trade on a small scale are all felt to be constraints to trade and market development.

Perhaps the single constraint on which all analysts and respondents agree is that the development and diffusion of commercial information is currently inadequate. The Chamber of Commerce is judged to be useful in filling the gap but not to be up to the task of meeting all information needs.

### 3. Larger and more efficient markets

Domestic markets for both goods and services appear to be relatively limited in terms of volumes traded as well as in the number of buyers and sellers. This hinders growth in both employment and incomes for potential providers of goods and services. Among the factors which appear to be limiting expansion and efficiency of internal markets are:

Regulations restricting market days. In most of rural Burundi, markets are held on Wednesday and Sunday. While, in theory, local governments can decide on other days, there are few which do. The most important impact is probably on traders who cannot make full use of time and transport by serving a sequence of rural markets held on successive days but must instead choose their target markets and limit their activities to a few days a week.

Taxation of trade for municipal revenues. Traders' transactions costs are probably raised by time spent at roadblocks and neither producer nor consumer benefit.

The lack of transportation and information infrastructure between rural population centers is apparent, and would, on the face of it, restrict the efficient operation of markets. The extent to which the infrastructure inadequacies actually result in higher trading or consumer costs, however, is not known.

External markets are of two types: Europe and neighboring countries (Rwanda, Zaire, Tanzania, Zambia). Low income levels in these countries as well as protectionist tariffs restrain Burundian exploitation of these markets.

Technical and policy constraints also appear to impede the growth of these export markets:

The development and diffusion of both commercial and technological information appears to be an important constraint. Assuring product quality, for example, is often cited but laboratory facilities, processing equipment, and storage facilities are limited. As already noted, while export promotion policies are extremely supportive of medium to large scale export trade development (through tax relief, simplified licensing procedures) they provide little or no incentives for small commercial operations to expand.

Inadequate market integration with neighboring countries often results in empty backhauls. This raises the costs of trade and decreases market efficiency.

The lack of short-term financing for operating capital, especially for regional trade, may also be a constraint to further expansion and improved efficiency of markets.

## B. Proposed AEPRP Description

The proposed AEPRP would provide a central, unifying concept for the USAID/Burundi program. That concept, or goal, is to increase and diversify sources of employment and real per capita income. Current USAID human resource and family planning projects already conform to this goal. The redesigned Small Farming Systems Research will contribute to this goal as well.

### 1. Objectives

The purpose of the AEPRP would be the promotion of sustainable and broad-based growth deriving from more efficient and expanded markets for Burundian products. This objective is directly supportive of top priority GRB efforts to promote private sector enterprise and to increase trade. The Team has tentatively identified three categories of output activities aimed at achieving the AEPRP purpose (see the draft logframe in Annex A for more details).

#### a. Deepening policy reform

The GRB has already adopted a broad series of policy measures aimed at promoting formal export trade. The AEPRP would assist the GRB to push beyond these initial measures and to identify and resolve operational level constraints in such areas as credit availability and transport.

The GRB has failed to match its formal export-oriented accomplishments with effective measures designed to promote the interests of SMEs in production and trade, especially for domestic markets. The restrictive impact of the artisan and labor codes on SME productivity must be assessed; most importantly, a structure must be created to ensure that policy makers are seized with the needs of SME producers and respond to them. Concentration on this overlooked but critical sector of the economy represents the unique contribution of the AEPRP to Burundián development. No other donors are significantly involved in this sector.

Finally, there are likely to be complementary policy initiatives needed to expand and improve the efficiency of commodity markets including liberalization of market day restrictions, reduction of road taxes, and development of alternative means for municipal financing.

b. Implementation of policy directions

The Office of Domestic Trade, Ministry of the Interior, charged with promotion of internal trade, lacks the experience and wherewithal to carry out its mandate. Emerging from years of neglect, this Office requires assistance to define priority objectives and concentrate its resources. The AEPRP would assist in strengthening and operationalizing this Office.

The GRB intends to create a new organization ('agence mixte'), grouping public and private representatives, to identify marketing constraints and provide technical support to export-oriented firms. The AEPRP could assist in the establishment of this key new organization.

Much about what is needed to stimulate increased marketing activity remains unknown. AEPRP-financed studies focussed on operational matters would help to identify on-going policy and technical issues.

c. Support for market development

Burundi has recorded modest but notable success in tapping export markets in neighboring countries and in Europe. However, businessmen lack the foreign exchange financing to expand their contacts in overseas markets or initiate test marketing activities. AEPRP dollar resources would facilitate Burundi penetration of foreign markets.

Increased efficiency in domestic markets is hindered by such problems as poor road maintenance and inadequate diffusion of market information. AEPRP-generated local currency will be utilized to overcome marketing impediments of this type.

## 2. Program resources

Preliminary discussion indicates that the \$10.0 million AEPRP would finance a sector assistance grant, a trust fund, long and short term technical assistance, studies, training and a foreign exchange fund for expanding private sector overseas operations. A PSC program manager would also be funded.

## 3. AEPRP Management

The Mission already intends to hire immediately a PSC qualified in market development with specialization in agriculture to (1) deepen the marketing dialogue with key GRB and private sector officials, (2) broaden Mission understanding of the constraints to greater domestic and export marketing and (3) coordinate the AEPRP design process. AFR/MDI has indicated interest in partially funding such a PSC, the remainder from PD+S.

The approved AEPRP would finance a PSC program manager under the direction of a USDH. (See Annex B for draft terms of reference.) Serious consideration should also be given to USAID requests to add a USDH Project Development Officer and a Comptroller.

## C. Social-Institutional Feasibility

In discussions leading up to preparation of the AEPRP in Burundi, three questions have come to light which bear on the social and institutional feasibility of the proposed program: (1) Do rural Burundians have the capacity, interest, and will to respond to emerging market opportunities? (2) What will be the distributional impact of the program? (3) Can key Burundian institutions effectively implement the new policies in support of market and enterprise development?

### 1. Responding to Market Opportunities

Many outside observers and a number of senior government officials doubt that rural Burundians will respond quickly, if at all, to the opportunities created by a program of market and enterprise development. This doubt is fueled by a perception that the rural populace is subsistence-oriented, inward-looking, and unaccustomed to dealing with matters outside the narrow bounds of farm and family. Are these

serious constraints? The answer to this question requires consideration of Burundi's political and economic history, as well as an assessment of recent developments.

Like a number of other countries in East Africa (Somalia, Sudan, Uganda, Zimbabwe), Burundi has a lengthy history of ethnic conflict and political oppression, reinforced by discriminatory policies during the colonial period. In Burundi, the conflict, the oppression, and the discrimination have been extraordinarily deep and persistent. One result has been a stifling of growth, diversification, and change. Despite this, Burundi's farmers have responded effectively to the commercial opportunities presented by crop production for regional, national, and international markets.

Apart from coffee and tea, two recent examples include rice and passion fruit. Rice production through intensive cultivation of valley swamps called *marais* has expanded rapidly during the past five years, primarily for export to Zaire. A local entrepreneur encountered no difficulty in stimulating passion fruit production among small-scale farmers, and was able last year to export 60-70 tons of fruit to European markets. Burundi's rural people may under some circumstances appear reluctant to grasp new ideas, but this should be seen not as an inherent quality of mind, but rather as a cultural expression of Burundi's difficult history. When the technologies and the markets are available, the production response has been sharp.

Within the last three years, Burundi's national leadership has moved toward a style of governance that is radically different from the past. These changes are strongly reflected in the provisions of the macro-economic and sectoral reforms adopted since 1986 within the framework of the structural adjustment program. Virtually every one of these policy changes favors rural over urban dwellers, producers over consumers, and farmers over the salaried and educated classes. Over time, the inevitable consequence will be an increase in the wealth and power of Burundi's historically disadvantaged rural population. Hence the structural adjustment program carries a political message that is more far-reaching in its implications than the technical economic changes. This willingness to encourage broad-based economic development reflects fundamental political developments; and these political changes are also embodied in the process of consultation, participation, and consensus-building which the current government has set in place to guide implementation of the structural adjustment program and to define the second-generation reform agenda. A stultifying framework of political and economic controls is being slowly dismantled. Over time, this will lead to growth,

diversification and change as Burundi's rural people -- who have already demonstrated their readiness to participate in the modern economy -- gain confidence in and familiarity with a new alignment of political and economic opportunities.

## 2. Distributional Effect of the AEPRP

The proposed AEPRP would deepen Burundi's reform program by supporting agricultural market development (internal and external), and by supporting expansion of medium and small scale private enterprise. Hence the main benefits of A.I.D.'s program will flow to the rural, agricultural population that is already gaining through the political developments and economic changes emerging within the structural adjustment program. From a distributional perspective this is plainly a desirable result, but there are other matters to be considered as well.

Burundi's national leadership has yet to attain a stable political consensus, and the program of political and economic development can easily be pushed too far too fast. One clear reflection of the difficulty with which the government is maintaining political balance is the resistance encountered by the World Bank in dismantling an unproductive network of parastatals which provide employment and income for a considerable fraction of the salaried, educated elite. From this perspective it is not unreasonable to design an AEPRP which -- while furthering the process of rural empowerment and economic development -- will nevertheless allow the government to provide concrete support to its power base among the privileged classes. Accordingly, the AEPRP would provide substantial assistance directly to the export sector, and to the educated, salaried Burundi professionals who are increasingly moving into the formal private sector. Over time, improved export marketing and a stronger formal sector will lead to broad-based economic growth, but the immediate impact will be much narrower. Hence the distributional effect of the AEPRP would make the program attractive to the government and would increase the likelihood of attaining A.I.D.'s overall program objectives.

## 3. Institutional Response

An enormous effort has gone into defining and promulgating policy adjustments over the past two years, but most policies require concrete follow-through to become effective. Although Burundi's national leadership is open, energetic, and committed to change, much depends on the performance of key institutions in transforming policies into action. Unfortunately, the

people who are being asked to implement the reform agenda are precisely those who are most threatened by it; and so the process of change will be slow. Moreover, Burundian institutions are thinly staffed at professional and technical levels, and -- given Burundi's history -- many of these people have little familiarity with or sympathy for the ideas of entrepreneurship and choice which are essential to market-oriented economic growth. It can be expected that the AEPRP will make little progress simply by supporting policy debate and policy formulation. It is essential to directly and actively engage relevant institutions in the process of policy implementation. Accordingly, the AEPRP makes provision for a considerable amount of long and short term technical assistance, training, and other resources which will allow A.I.D. to promote not only the ideas which go into policy development, but also the actions which go into policy implementation. This approach will speed the rate at which key Burundi institutions respond to the possibilities emerging in the structural adjustment program and related sectoral policy reforms.

#### D. Economic Feasibility

Although no data are yet available regarding the changes that are expected to occur as a result of the general policy program tentatively identified as meriting further examination, it is possible to obtain a rough, "order of magnitude" estimate of the income change that, at an identified minimum internal rate of return, will be required to just justify a specific level of expenditure for the aid assistance.

If we assume that the policy changes occur in the very first year, that there is a lag of 3 years before the policy changes have an impact on farm households (the poorest group in Burundi), that the income change reaches its maximum in that third year and is constant for the next 15 years, and that only 15 percent of farm households, about 100,000, will benefit from the policy changes, an expenditure of \$10 million will require an annual increase of approximately \$18 in net rural household revenue to produce an internal rate of return of 10 percent.

If the policy changes were to affect only 50,000 farm households, the income change would have to be \$36 to attain the IRR of 10 percent. For the average farm household of a family of 5 earning about \$590, the \$18 increase represents 3 percent of current annual income.

Although at this time it is not possible to quantify the net change in benefits that the policy changes will evoke, one can be fairly confident that it would take only a small increase in agricultural production to obtain the \$18 income increase. Furthermore, since the program policy package will contain other policy changes that will affect other sectors of the economy, the above analysis understates the total amount of benefits that should accrue as a result of the program, and thereby forces the farm household income change in the above analysis to be higher than would be required if the income changes to all the various beneficiaries were included.

VI. Next Steps

A preliminary AEPRP preparation schedule is presented below, followed by a brief discussion of key actions.

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*   Tasks           FEB MAR APR MAY JUN JUL  AUG  SEP  OCT  NOV  DEC  *
*
*   Recruit PSC      x   x   x   x   x   x   x   x   x   x   x   *
*   Prepare TORs     x   x                   *
*   Contracting      x   x                   *
*   Consultancies                    x   x   x                   *
*   PAIP Preparation                x                   *
*   AID/W Review                                x                   *
*   PAAD Preparation                                x   x                   *
*   AID/W Approval                                x                   *
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A. Recruit PSC

USAID/Burundi is thinly staffed, and will require a highly-qualified PSC to support the AEPRP preparation process as well as to implement and monitor the program when approved. Recruitment of a PD&S-funded PSC to support program development should begin immediately, with the expectation that the same individual would stay on under program funding once the AEPRP is set in place. This step will be a concrete reflection of USAID/Burundi's commitment to support policy reform in Burundi. [Action: USAID/Burundi, supported by REDSO/ESA and AID/W.]

B. Prepare TORs

Terms of Reference must be prepared for three pre-PAIP consultancies on financial infrastructure, policies relating to small-scale trade and commerce, and marketing. [Action: REDSO/ESA.]

### C. Contracting

Contracts with firms and/or universities to undertake the required consultancies must be executed as quickly as possible. With regard to the marketing study, there is a presumption in favor of a buy-in to S&T's AMIS project, which provides a wide range of expertise in the marketing area, and which would be able to provide useful support to USAID/Burundi not only during design but throughout the implementation period. [Action: USAID/Burundi, supported by REDSO/ESA and AID/W.]

### D. Consultancies

Each of the three pre-PAIP consultancies is described briefly below. In addition there is a description of a tightly-focused household survey which USAID/Burundi will undertake to help analyze and monitor the distributional and economic impact of the AEPRP. These consultancies have three complementary objectives: to follow up on promising lines of enquiry developed by USAID/Burundi and/or the Nathan reports; to clarify issues that need to be brought into focus prior to PAIP preparation; and to provide the empirical data required for PAIP-level analysis. Most importantly, these consultancies will continue and deepen the process of policy dialogue which has already been initiated between USAID/Burundi and the government of Burundi.

#### 1. Financial Infrastructure

This consultancy is designed to provide the following: a description of the availability and price of credit to the private sector by both source and use of credit, addressing especially the question of differential access by small, medium and large-scale enterprises; a description of the financial regulatory environment, addressing especially aspects that may inhibit the entry of new firms, small firms, and labor-intensive firms; a description and performance assessment of the financial sector, including the assets and type and level of operations of private and public banks (domestic and foreign); non-bank financial institutions; any other formal or informal sources of credit to the private sector; and the role these institutions have played in facilitating or inhibiting the expansion of internal and external trade.

With this information, it will be possible to identify and assess the relative significance of financial factors favoring or inhibiting private sector development with respect to internal and external marketing and with respect to large, medium, and small-scale enterprises.

2. Emerging Policies: Small-Scale Trade, Commerce Artisanry

The GRB has promulgated a sectoral policy with respect to trade and commerce, and a supplemental Code de l'Artisanat is under preparation. Some of these policies appear to support the development of small-scale trade, commerce, and artisanry, while the potential impact of others appears ambiguous. This consultancy is designed to examine this set of policies in detail, discuss the potential impacts with the government and with representatives of the private sector, and formulate a set of recommendations for A.I.D. regarding which of these emerging policies should be endorsed, amplified, or eliminated.

3. Marketing

This consultancy will respond to a specific request by the Burundi government. The consultancy should be designed to provide the following information: What is the range of agricultural commodities, consumer goods, and services sold at rural markets? What are price differentials for key commodities across markets? What are the characteristics of sellers and of buyers in socio-economic terms (age, gender, residence, occupation, education, and so forth)? This should take into account not only market vendors but also shopkeepers, restaurant operators, butchers, millers, and other similar commercial enterprises. What is the source or origin of each marketed commodity (local, national, regional, international)? What are the institutional structures within which marketing of these commodities takes place? What is the destination of each marketed commodity (local, national, regional, international)? For each category of vendor or trader, what is the cost of market access in terms of fees, taxes, licenses, and other official or unofficial requirements?

This will allow USAID/Burundi to (a) understand the structure and functions of rural markets in Burundi; (b) identify policies and practices which inhibit market growth and development; and (c) develop concrete proposals in support of rural market development.

4. Rural-Urban Household Survey

This survey, which will be implemented through the SFSR project, is designed to provide answers to these questions: what are the sources and levels of income in rural and urban areas? What are patterns and levels of expenditure and consumption in rural and urban areas? How do these vary in different agro-ecological zones? In areas of

high and low population density? In areas near and far from urban areas? In areas near and far from the borders? Among different socio-economic groups?

With answers to these questions, it will be possible to analyze and monitor the distributional and economic effects of national policy changes influencing incomes, employment, and commodity pricing.

E. PAIP Preparation

Some preliminary analysis required for the PAIP can be done while the consultancies described above are being carried out. Final PAIP preparation will begin as soon as the consultancies are finished. [Action: USAID/Burundi and REDSO/ESA.]

F. PAAD Preparation

Two months are scheduled for PAAD preparation to allow time to follow up on questions and issues raised in the AID/W PAIP review. [Action: USAID/Burundi and REDSO/ESA.]

Annex A

Draft Outline Logical HEPRE Framework

GOAL: Increased and diversified sources of employment and real per capita income

OBJECTIVE: Sustainable and broad-based growth deriving from more efficient and expanded markets for Burundian *Produce*

OUTPUT:

Regarding.....

Domestic Markets    Export Markets

Constraints Addressed:

1. Deepening of policy reforms

---

A. Promote SME sector in production and trade

Revise artisan code

Examine credit constraint

1. Labor market rigidities
2. Inadequate financial structure
3. Policy/regulatory bias against broad base of producers/traders
4. Inadequate information development and diffusion

Examine labor code

Create an SME "voice"

Examine info/transport access issues

B. Expand and improve the efficiency of commodity markets

Rotation of market days

Reduction of road taxes

1. Cross-border trade difficulties
2. Inadequate financial structure
3. Alternative sources of municipal revenue
4. Policy/regulatory bias against broad base of traders
5. Inadequate information development and diffusion
6. Labor market rigidities

Examine municipal financing

2. Implementation of policy directions

---

A. Strengthened/shaped public structure regulating and promoting domestic trade

One LT TA in Direction de Commerce Interieur

1. Policy/regulatory bias against broad base of producers/traders

Available SE TA

Training

B. Establishment of the Agency

One LT TA in the agency

Available SE TA

all constraints

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C. Case-oriented studies

3. Support for market development

A. Expanded contacts with foreign markets

Business travel  
Test marketing  
operations to  
reduce risk

1. Inadequate information and diffusion of information
2. Inadequate financial structure

B. Increased internal market efficiency

Road maintenance  
Seminars

1. Inadequate information and diffusion of information
2. Inadequate financial structure

## Annex B

The following is a position description/1989 work plan for a PSC, hereafter designated the 'Private Sector Promotion (PSP) Coordinator, who will (a) coordinate AEPRP development activities and (b) provide continuity for the policy dialogue which will necessarily be a part of the development process. As is described in more detail below, this Coordinator will be an integral staff member of the USAID Mission and will work under the supervision of the Agricultural Development and Private Sector Officer.

### Background

In the past two years, AID has been restructuring its assistance program to Burundi to make it directly responsive to the economic reform program Burundi is undertaking in collaboration with the World Bank and the IMF. As a part of this economic reform program, Burundi is participating in Structural Adjustment Program which, to date, has led to significant reforms in the area of public expenditures, in liberalizing import/export regulations, and in the promotion of an expanded role for the private sector in the country's economy. AID has decided to focus its support the economic reform program in the areas of market development and the promotion of small and medium scale enterprise. AID believes that deepening and supporting the implementation of policy reforms related to these areas will contribute significantly to achieving the program purpose of sustained and broad-based growth deriving from more efficient and expanded markets for Burundian products.

During calendar 1989, AID will be developing an AEPRP which will be the departure point for anticipated long-term AID assistance in economic reform. Since private sector and market development will be AID's major concentration in Burundi for the next several years, USAID/Burundi will recruit the services of an experienced private sector development expert to work with the Mission to both develop and implement its private sector program. The initial contract with the expert will be for one year, renewable based upon the Mission's successful development of AEPRP activities during this period.

### Scope of Work

1. Establish a routine and daily relationship with the Ministry of Commerce and Industry, serving as the Mission's principal contact and coordinator of the policy dialogue related to trade and enterprise development. Specifically, in CY 1989, accomplish the following:
  - a. Commerce Interieur (CI):
    - Examine TOR for their proposed study of domestic markets; recommend whether (i) it should be funded through PD and S or (ii) subsumed into the market study proposed for the AEPRP design. Depending on decision, liaise with or coordinate study effort. This will require travel to population centers and markets throughout the country to develop an intimate knowledge of Burundi's private sector and marketing systems outside of as well as in Bujumbura. Prepare succinct summary of findings and implications for AEPRP project manager.

- Participate to extent possible in regional dialogues carried out by CI, summarize observations and AEPRP-relevant issues for Mission
- . Commerce Extérieur (CE):
  - Follow up on implementation of Law and Decree of export promotion.
  - Follow up on establishment of the 'agence mixte'. As the process of defining this agency proceeds, prepare short analytical pieces suggesting how AID support might assist in making this agency as effective as possible.
  - Develop list of possible actions to extend export promotion measures to small and medium-sized firms (SMEs)
- b. Develop regular contacts with Chamber of Commerce, Burundian Association of Employers (AEB), the Workers Union (UTD), the Transporters' Union and other private or quasi-private groups having a potential interest in the shape and direction of reforms. Prepare for AEPRP project manager a summary description of each group's structure, membership, objectives, and agenda.
- c. Serve as the principal technical staff officer in the Mission overseeing the development of the FY 90 AEPRP. Among other tasks, this will include in CY 89:
  - Keeping in touch with the conduct of the Rural-Urban Household Survey by the SFSR project.
  - Supervising the financial infrastructure and 'emerging policies: small scale trade/commerce/artisanry' consultancies.
  - While these studies will be contracted, the PSP Coordinator will be the Mission representative responsible for the overall organization, implementation, and management of the studies. Specifically, this will include coordinating preparation of fieldwork schedules, assuring appropriate appointments are made, and working with teams to ensure results which are useful in the AEPRP design.
  - Serving as the primary technical officer from USAID in the development of the PAIP and PAAD for the AEPRP.
- d. Develop list of possible progress indicators for monitoring, evaluation, and reporting on (i) the growth of the private sector involvement in economic activity in Burundi, and, within that, the extent of SME participation in/contribution to that growth; and (ii) the coverage and efficiency of commodity markets. Test the feasibility of monitoring these indicators on a regular basis and estimate costs which will be involved.
- e. Liaise with other donors regarding their actions to promote exports, particularly the EEC's COLEACP and tea efforts and the French regarding rice. Prepare regular reporting to USAID on actions pending as well as being implemented.

## Annex C.

### Observations on Agricultural Production and Marketing

1. Within the commerce and industry establishment, the overriding concern is to promote production of crops other than coffee for both domestic and international markets. Within the agricultural establishment, the concerns are more complex: keep coffee production up, develop new crops for export, and, in last place, keep food production up.
2. Total volumes of coffee produced are not expected to increase. The search is for higher-quality coffee which can command a premium on the world markets, perhaps with name-brand recognition. The World Bank is the donor in the coffee sector although the research establishment supported by the Belgians conducts the necessary research.
3. Increasing tea production for export seems to be in the cards and the technologies are available. The means for developing the tea subsector mimic those employed with coffee and should be relatively successful. The EEC is behind the growth in the tea sector; expectations are for substantial increases in tea hectareage. The figure of 5000 ha. over the next five years has been mentioned somewhere.
4. Increasing cotton production is technically feasible (along the same lines) although the economics look less good, given the competitive nature of international cotton markets, regional textile markets, and the high cost of imported inputs into production and processing. The French are supporting the cotton production sector.
5. Increasing traditional foodcrop production for both internal and external markets encounters the chicken and egg dilemma: (a) farmers' incentives to increase production more rapidly than population growth are minimal when the great majority of the population has access to resources to produce the same traditional foodcrops; and (b) the risks of decreasing production of one or more traditional foodcrops is high when it is uncertain that others will increase and market the traditional foodstuffs needed to meet the shortfall.

There is no apparent way to resolve this dilemma directly (through exhortation, managed intervention with guaranteed markets, subsidized consumption, etc.).

Three factors will, however, gradually lead to the blurring of this dilemma: (a) increased production of crops other than traditional foodcrops for cash sales will gradually lead farm households to look to markets for some part of their food consumption bundle; (b) increased population pressure on land will force people to weigh monetary value of alternative production choices more explicitly than they now appear to do -- assuming they continue to desire

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money for essential cash payments for school fees, clothing, and certain food items which are not produced locally and/or in sufficient quantity (salt, vegetable oil); and (c) urban growth which will increase the local market for traditional foodcrops. It is unclear whether reduced restrictions on border trade would result in increased market demand for Burundi's traditional foodcrops as the level of differentiation with the cropping patterns of neighboring countries is not great. The role of research and extension in supporting the development of traditional foodcrop production for markets is also unclear. It is only recently that the research system has begun to examine seriously the technological constraints to increased traditional foodcrop production. It may well be that development of markets for traditional foodcrops will be a precondition for farmers' adoption of technologies to increase production unless these technologies require no cash inputs.

7. For nontraditional foodcrops (rice, soybeans, potatoes, vegetables), farmer innovation seems to be directly linked, first, to perceived market opportunities and, in second place, to availability of inputs and production advice. Our inquiry has been insufficient to determine how farmers learn about and gauge such nontraditional foodcrop market opportunities. Anecdotal information (on passion fruit and on rice) indicates, however, that once a market has been identified by someone, generally external to the production context, farmers do respond with some alacrity. Increasing nontraditional foodcrop production both for internal markets and for export, therefore, seems to hold a great deal of promise.
8. Increasing animal production would seem to be an obvious need in nutritional and agronomic terms but experience to date indicates two huge obstacles to boosting animal numbers: the intensity of crop cultivation leaves little room for roaming animals (especially small ruminants) in most areas and disease problems cause significant mortality among stabled cattle.

While the research and extension community makes the argument that a highly productive, integrated farming system in Burundi should include animals (to produce manure, to make productive use of the forage plants normally planted as soil conservation measures), there are no numbers to demonstrate feasibility in the various zones. It would appear that space is more of a fundamental constraint than disease. Increased use of the valley swamps (marais) for foodcrop production seems directly related to decreases in animal numbers. Further, domestic markets for relatively expensive meat seem to be limited. On the positive side, religion does not restrict the production of pork as it does in much of Africa, so one wonders about the production of pork products for export in the subregion.

9. In sum, the thinking on agricultural production is still clearly top-down: an external agency (up to now largely parastatal) identifying opportunities for production and then looking for farmers to participate. The dynamic of farmers' own initiatives is poorly observed and, therefore, assumed to be nonexistent. Given farmers' limited opportunities to interface with each other in markets and with commodity traders from distant areas, the general fonctionnaire view that farmers do not take market-oriented initiatives without external guarantees may be true.

TERMES DE REFERENCE POUR UNE ETUDE SUR LES CIRCUITS DE COMMERCIALISATION  
DES PRODUITS AU BURUNDI.

1. Contexte et Justification.

Sur le plan général, le commerce intérieur s'est très peu développé depuis plus d'une décennie.

Le déséquilibre est par ailleurs important entre la capitale et le reste du pays. Les centres de commerce et de négoce ont perdu de leur importance au fil des années à tel point que certains sont même tombés en ruine, d'autres ne connaissant que des activités saisonnières.

Cette situation s'explique essentiellement par l'absence de circuits de distribution structurés, aggravés par un faible pouvoir d'achat dans le milieu rural.

Dans son discours programme, le Président du Comité Militaire pour le Salut National et Président de la République constate que :  
"malgré l'engagement pris par la IIème République de développer le commerce intérieur, ce secteur accuse toujours un retard considérable, en particulier en ce qui concerne l'émergence des commerçants nationaux et le développement des centres de négoce et de commerce de l'intérieur du pays".

C'est pour redresser cette situation que la politique en matière du commerce intérieur est centrée sur les objectifs suivants :

1. La réhabilitation, la redynamisation des centres de commerce et de négoce,
2. L'émergence des commerçants nationaux,
3. La stabilisation des prix.

Pour pouvoir atteindre ces objectifs, il faut appréhender tous les problèmes qui se posent dans le système commercial actuel.

En effet, comprendre la distribution des produits à l'intérieur du pays est un préalable à la réhabilitation des centres de commerce et de négoce qui ont périclité à la suite de l'insuffisance de l'approvisionnement en produits commercialisables.

Par ailleurs, l'objectif de promouvoir le commerce des nationaux, suppose une connaissance exacte des commerçants burundais déjà impliqués et à <sup>les</sup> intéresser dans le commerce à l'intérieur du pays par exemple. En outre, la stabilisation des prix est liée à la maîtrise des mécanismes de distribution des produits.

L'étude sollicitée cadre donc avec les objectifs du Département du Commerce Intérieur et sera d'une grande utilité dans la recherche des voies et moyens pour atteindre les buts visés.

Jusqu'à présent les études menées sur quelques aspects du sujet sont notamment les suivantes :

- une étude du CURDES sur la Province de NGOZI : REHABILITATION DES CENTRES DE NEGOCE AU BURUNDI" réalisée en mai 1988
- une étude du CURDES sur la Province de RUYIGI : "Bilan socio-économique des Communes de RUYIGI et BWERU, juin 1988".
- "Plan Directeur Mosso-Buyogoma" Projet C.T.A 1983.
- une étude de l'ISABU, Département de Socio-Economie Rurale "Contribution à l'étude sur la Commercialisation de produits agricoles dans les périmètres du projet Imbo-Nord et de ses extensions prévues", réalisée en octobre 1983 par D.BERGEN
- un séminaire national tenu à Bujumbura du 18 au 22 mai 1983 par l'ISABU ayant comme thème : "Perspectives de la spécialisation régionale comme stratégie de développement".
- Ministère à la Présidence chargé du Plan, SNES, décembre 1983 "Evaluation de la production vivrière au Burundi, année 1983"

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D'une manière générale, ces études ne suffisent pas pour comprendre la distribution des produits dans le pays, il faut donc une étude globale.

De cette étude, les résultats attendus sont la connaissance approfondie des circuits de commercialisation des produits et les propositions d'amélioration des structures existantes de commercialisation afin de favoriser le développement harmonieux du secteur. L'étude va couvrir tout le pays qui sera subdivisé en 5 zones géographiques :

1. Zone Ouest couvrant les provinces de Bujumbura, Muramvya, Cibitoke et Bubanza.
2. Zone Sud couvrant les Provinces de Bururi, Makamba et Rutana
3. Zone centre-Est couvrant les provinces de Cankuzo, Ruyigi, Gitega et Karuzi.
4. Zone Nord couvrant les provinces de Kirundo, Muyinga, Kayanza et Ngozi.
5. En raison des caractéristiques particulières, la mairie de Bujumbura constituera la cinquième zone.

Enfin, comme chaque zone a des frontières communes avec les pays limitrophes, il faudra prévoir un chapitre spécial reprenant les données spécifiques aux zones frontalières.

Il faudra systématiquement inventorier commune par commune les centres de commerce, les centres de négoce, les centres de ramassage et les marchés. L'analyse détaillée devra porter sur :

- l'environnement de ces centres,
- les commerçants,
- les produits,
- les problèmes de commercialisation et les recommandations.

## CHAP. I : L'environnement des centres commerciaux

Dans ce chapitre, on devra d'abord décrire le centre et sa position géographique par rapport aux centres environnants. La description devra porter essentiellement sur l'environnement physico-économico-administratif.

L'étude de l'environnement physique devra cerner les infrastructures existantes, comme les routes, les écoles, les hôpitaux, les magasins, les moyens de transport et de communication, les installations d'eau et d'électricité et d'autres équipements ayant un intérêt pour le commerce.

L'environnement économique portera surtout sur les principales productions des régions et les échanges inter-régionaux. Une attention particulière portera sur les surplus commercialisables dégagés par les différentes régions.

L'environnement administratif s'intéressera surtout sur la réglementation de l'activité commerciale par les différentes administrations :

- Ministère du Commerce et de l'Industrie : Réglementations.
- Autorités locales : règlements établis par les gouverneurs et les administrateurs.
- Impôts et Taxes qui incombent aux commerçants : Ministère des Finances et Ministère de l'Intérieur.
- Systèmes de crédit- Octroi des crédits bancaires et fournisseurs

## CHAP.II. : LES COMMERCANTS

Un recensement général des Commerçants sera effectué commune par commune en donnant les précisions suivantes :

- identification complète des Commerçants (âge, sexe, nationalité, Etat Civil, niveau de formation, etc...),
- les activités du Commerçant (la nature de ces activités, les produits commercialisés, les sources d'approvisionnement, l'écoulement des produits, les moyens matériels et financiers dont il dispose),
- le nombre de commerçants par nationalité,
- le début de l'exercice de ces activités commerciales,
- la distinction des commerçants ambulants de ceux qui sont établis,
- distinguer les commerçants résidants dans la commune des non résidents (Distributeurs, succursales) qui y exercent les activités commerciales,
- mode d'implantation : magasins, boutiques, dépôts individuels et collectifs,
- estimer le nombre de commerçants qui travaillent à base d'un contrat de fournitures.

## CHAP.III. PRODUITS

Il faudra prendre en considération les catégories générales suivantes et faire une liste exhaustive :

- les produits industriels locaux,
  - les produits importés,
  - les produits artisanaux
  - les produits échangés au niveau du commerce frontalier.
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Ce travail sera orienté sur l'aspect quantitatif de la production afin de permettre de voir les possibilités des échanges inter-régionaux. L'abondance, la pénurie des produits seront notées et les effets engendrés par le développement des échanges seront relevés pour les produits agricoles.

- Une approche du marché permettra de dégager les produits disponibles, les caractéristiques des marchés de ces produits, les possibilités éventuelles d'augmentation de la production.

- Les variations des prix des différents produits seront indiqués par localité.

#### CHAPITRE IV.

#### LES PROBLEMES DE LA COMMERCIALISATION ET LES RECOMMANDATIONS

L'étude devra identifier toutes les entraves liées à la commercialisation par zone et par centre .

Quant aux recommandations, elle dégagera des propositions concrètes en vue d'améliorer la distribution et la commercialisation des produits dans les différentes zones étudiées.

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ANNEXE I.

DEROULEMENT DE L'ETUDE

- Elaboration et mise en forme du questionnaire	:	1,5 mois
- Collecte des informations sur le terrain	:	7 mois
- Dépouillement et analyse des résultats	:	1,5 mois
- Critique et élaboration de l'avant projet de rapport	:	1 mois
- Examen de l'avant projet par les services intéressés:	:	1 mois
- Finition du rapport final	:	1 mois
		<hr/>
		13 mois
		*****

ANNEXE II

EVALUATION FINANCIERE

A. HYPOTHESE 1 : L'étude sera réalisée par le Département du Commerce Intérieur en collaboration avec les consultants à rechercher.

LES COUTS

1. Frais de mission

1 Coordonateur	: 12.000 FBU/mois x 12	=	144.000
4 Chefs d'équipes	45.000 FBU/mois x 12	=	2.160.000
16 Enquêteurs	60.000 FBU/mois x 8	=	7.680.000
5 Chauffeurs	20.000 FBU/mois x 12	=	1.200.000
			<hr/>
			11.184.000

Consultants : Recherche assistance extérieure P.M.

2. Véhicules : 5 véhicules : Jeep Toyota  
Land Cruiser L.C.

Coût d'achat	: 3.600.000 x 5	=	18.000.000
Assurance Omnium + 15% valeur		=	2.700.000
Carburant 20 l par jour et par véhicule			
20 l x 5 x 300 jours	: 30.000 l x 100 F	=	3.000.000
Entretien 3.500 F x 5 x 20 fois		=	350.000
			<hr/>
			35.234.000

3. Personnel et matériel d'appui : Forfait 500.000  
(Dactylo, papier, bics et crayons, etc...)

4. Imprévis (10%) 3.573.400  
TOTAL GENERAL 39.307.400

Ces véhicules appartiendraient au Département du Commerce Intérieur après l'étude.

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B. HYPOTHESE 2:

L'étude est confiée sur appel d'offre à un bureau d'étude local. Au regard du cout de l'étude, il sera déterminé par l'appel d'offre, a titre indicatif, il convient de noter que l'étude "Bilan socio-économique du Mosso Buyogoma" qui portait sur 2 communes a été prestée par le Curdes pour un montant de 1.200.000 FBU, soit 600.000 FBU par communes. En employant cet indicateur, il ne faudrait pas moins de 68.400.000 F pour les 114 communes couvertes par l'étude.

C. EVALUATION DES DEUX HYPOTHESES

1. Dans l'hypothèse 1, les avantages sont les suivants:

- Un travail au moindre coût
- Possibilité offerte aux agents du département de connaître à fonds les centres à encadrer et leurs problèmes spécifique
- Récupération du charroi affecté à cette étude par le département. Les véhicules continueraient à servir pour la mise en application des recommandations de l'étude.

Inconvénient

- Insuffisance du personnel pour l'étude et pour le reste des travaux permanents du département.

2. L'hypothèse 2 a un avantage :

- Le Département peut se consacrer entièrement à ses travaux habituels.

Inconvénients

- Coût élevé
- Le Département du Commerce Intérieur n'est pas associé
- L'étude risque d'être faite rapidement en omettant certains comportements des marchés liés aux périodes d'acquisition ou de carence des revenus de la population rurale.

### 3. Conclusion

Etant donné l'évaluation ci-dessus, il est plus intéressant de privilégier l'hypothèse 1 qui permet la participation du Département du Commerce Intérieur dans un domaine qui lui est propre. En ce qui concerne l'insuffisance du personnel de ce département, cette lacune serait surmontée par la sous traitance de certaines parties de l'étude, d'où la prévision des consultants et des enquêteurs à rechercher.

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Annex E

**SCHEDULE OF MEETINGS WITH BURUNDIANS AND  
INTERNATIONAL ORGANIZATIONS**

WEDNESDAY, FEBRUARY 1, 1989

5:00 pm Mrs. Lucie Phillips

THURSDAY, FEBRUARY 2, 1989

7:30 am World Bank  
9:00 am FAO - Mr. Grossman  
10:00 am Director of Interior Commerce, Mr. Leopold Bizindavyi  
11:15 am Chamber of Commerce, Mr. Prime Nyamoya  
2:00 pm ISABU - Mr. Edouard Niyongabo, Director General  
3:00 pm Director of Exterior Commerce, Mrs. Victoire Ndikumana  
4:00 pm President of the AEB (Association des Employeurs du Burundi)  
Mr. André Muyumbu

FRIDAY, FEBRUARY 3, 1989

10:00 am Director of Artisanat, Mr. Pascal Gahungu  
11:00 am Minister of Commerce and Industry, Mr. Bonaventure Kidwingira  
2:30 pm World Bank - Mr. Maurice Gervais, RESREP  
4:00 pm Minister of Agriculture and Livestock, Mr. Jumaine Hussein

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Con't.

MONDAY, FEBRUARY 6, 1989

08:45 am VERRUNDI - Mr. Lazare Nzorubara, Director General,  
10:00 am Conseiller Economique du Président de la République,  
Mr. Astère Girukwigomà.  
11:00 am COOPEC - Mr. Péran - Directeur des Programmes.  
2:30 pm E.E.C. - Mr. Huaux, Program Officer  
3:00 pm PTA Bank - Mr. Njolwa, Chief of Operations  
4:00 pm FRUITO - Mr. Joseph Kigoma, Owner.

TUESDAY, FEBRUARY 7, 1989

10:00 am World Bank - Mr. Maurice Gervais, RESREP.  
5:45 pm Mrs. Christine Ntamagiro, Director of Plan.  
Mr. Tharcisse Ntakibirora, Director General for Europe,  
North America and International Organizations.  
Mr. Anicet Ndayisaba, Marketing Director of COTEBU(Textile  
Mr. Justin Murara, Advisor, Ministry of Planning.

WEDNESDAY, FEBRUARY 8, 1989

9:30 am AIDREP - Mr. Donald F. Miller  
1:30 pm AIDREP - Mr. Donald F. Miller  
4:00 pm Secretary of State for Cooperation, Mr. Fridolin Hatungimana

THURSDAY, FEBRUARY 9, 1989

12:30 Lunch at US Ambassador's.