

**Burundi Enterprise Support and Training (BEST)  
Program Performance Report  
May-August 1995**

September 12, 1995

by  
Chemonics  
USAID Contract No. 623-0124-C-00-1016-00

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**PROGRAM PERFORMANCE REPORT**

**Project:** Burundi BEST - Phase II  
**Contractor:** Chemonics International  
**Contract Number:** 623-0124-C-00-1016-00  
**Reporting Period:** May - August 1995

**A. NARRATIVE**

**1. Background**

The goal of the Burundi Enterprise Support and Training (BEST) Project is to bring about the development of rural micro and small-scale enterprises (M&SSE) owned by businessmen representing all ethnic groups in Burundi in order to promote economic recovery and foster a peaceful, democratic environment.

The first phase of the BEST Project implemented a series of economic and legal reforms to establish a framework favorable for private-sector growth.

The second phase places emphasis on technical assistance, lending and the training of individuals and associations in order to strengthen businesses, agencies and institutions involved in entrepreneurial activities in rural areas of the country. In view of the current crisis in Burundi, the Project will also support activities to promote micro-enterprises and small businesses that encourage young people in Bujumbura to take up entrepreneurial careers that will benefit and develop the rural areas of the country.

The USAID contract with Chemonics to implement the second phase of the BEST Project includes the following:

- \* **XX person months of long term TA**
- \* **YY person-months of short term TA**
- \* **Counterpart funds provided as a result of budgetary support amounting to \$31 million US since 1991, the local currency proceeds from which have been used to provide the following:**
  - **office expenses and the salaries of Burundian BEST staff members;**
  - **a local hire USAID accountant;**
  - **rent, guard service and utilities for Project-related expatriate housing;**
  - **fuel/maintenance for project vehicles;**

## **2. Overview of the Quarter's Activities**

**The new Chief of Party, Mr. Stephen Hirsch, began work on the Project on May 8 and visited Burundi during the periods May 17 - June 14 and from July 31 - August 31, 1995.**

**During his initial visit, the COP, together with BEST Project staff members, met with approximately 36 Burundian and expatriate officials from both the public and private sectors and developed a workplan through September 1996, the end of the present Chemonics contract. During this visit, it was decided that the COP would be based at the Chemonics home office in Washington D.C. and make quarterly TDY visits to Burundi until the security situation improved and he could relocate to Bujumbura with his family.**

**During the same period, Chemonics Humanitarian Aid Specialist, Mr. Graham White, resigned from the Project for personal and security-related reasons and returned to the UK. USAID/Burundi requested that Chemonics maintain the Humanitarian Aid Specialist position within the present contract but await further instructions from USAID before refilling it.**

**During the COP's second visit, a number of project activities were initiated. The progress of these activities was particularly rapid as a result of the enthusiasm of the BEST Project staff as well as the support received from both the Burundian public and private sectors. Of particular note were:**

- the initiation of a study which will review the current economic situation in the country and identify readily available economic indicators to evaluate the performance of the economy on an ongoing basis;**
- the initiation of a study to establish a credit system for M&SSE's operating in the interior of the country;**
- the transmission on Burundi national television of a USAID-financed film showing a private sector-based approach to rural electrification using solar energy in the Dominican Republic. Subsequent to the showing of the film, the COP received written requests from both the REGIDESO and the Ministry of Energy and Mines to develop a similar project in Burundi within the framework of BEST.**
- the organization of study tour visits to M&SSE projects in Kenya and to a business incubator project in Zambia for BEST Project staff.**
- the initiation of planning for (a) a seminar on the role of women in enterprise development in Burundi and (b) short term training in the U.S. for BEST Project staff.**

### **B. CURRENT PROGRAM ACTIVITIES (MAY - AUGUST 1995)**

**Actions taken and progress toward achieving the goals of the Project during the reporting period include the following:**

## **1. Study of the Current Economic Situation in Burundi**

- **Information was collected on the status of the Burundian economy from the World Bank and other sources.**
- **Draft terms of reference for the Study were prepared by Chemonics and finalized in collaboration with BEST and Burundi Structural Adjustment Program (PAS) personnel.**
- **It was agreed between BEST Project Personnel, USAID and Chemonics that the Study would be carried out by a Burundian consulting firm to be selected on a competitive basis with support from the CS/PAS and BEST Project personnel. Copies of the terms of reference were distributed to 4 local consulting firms and responses were received from three.**

## **2. Establishment of a Credit System for Micro and Small-Scale Enterprises**

- **Draft terms of reference for the Credit Study were prepared by the COP and finalized in collaboration with BEST and PAS Project personnel.**
- **Copies of a number of background reports, including the "Etude sur l'Assistance d'Urgence aux Entreprises Privées Situées à L'Intérieur du Pays" and two additional World Bank studies were provided to Chemonics Credit Specialist Mr. Peter Parr in preparation for his participation in the Study.**
- **Following discussions between the BEST Project Director, USAID and the Chemonics COP, it was decided that the study would be carried out by the Burundian consulting firm Futura Concept with the support of the CS/PAS, BEST Project personnel and Mr. Peter Parr. Due to security concerns, Mr. Parr could not come to Burundi but assisted Futura by phone, fax and mail.**

**The selection of Futura Concept was made as a result of their having successfully carried out the initial Gitega study. The Futura consultant who will be heading the study, Mme. Immacule Ndabaneze, was one of the key people who participated in the original study.**

- **A contract was negotiated and signed with Futura Concept in August and the credit consultancy was initiated. An in-depth phone conversation was arranged between Mme. Immacule and Peter Parr at the outset of the consultancy which proved extremely useful.**

## **3. Pilot Programs for Enterprise Promotion in Rural Areas**

- a. **The feasibility of establishing small-scale businesses to promote rural electrification through the use of solar energy systems was considered. This included discussions with the Ministry of Energy and Mines, REGIDESO, the Chamber of Commerce and a number of NGOs. Also included was the broadcast on Burundi national television of a USAID-financed film on private-sector promotion of rural electrification in the Dominican Republic.**

**Reactions were extremely positive to the market-oriented rural electrification concept and letters of request were received for a pilot program within the framework of the BEST Project from the Minister of Energy and Mines and the REGIDESO (local electric utility company). A request was also received from the Minister of Elementary Education (Education de Base) to include the purchase of solar installations by teachers throughout the country using the teacher's existing credit union ("Fonds de Solidarite des Travailleurs de l'Enseignement (FSTE)") to provide credit. The FSTE has approximately 14,000 members throughout the country.**

**As a result, a strategy was developed in collaboration with the Ministry of Energy's "Direction de l'Energie Rurale" for the design of a pilot project under BEST. The pilot project will, in all likelihood, (a) be based in Gitega region, (b) make use of the credit system being developed by the BEST Project and (c) involve one or more Burundian NGOs being assisted by AFRICARE under their recently established, AID-funded project.**

- b. **Contact was established with the "Association de Femmes d'Affaires de Burundi (AFAB)" and tentative plans made for the BEST Project to organize a seminar in the near future with AFAB to (a) better understand the problems and needs of female entrepreneurs in Burundi and (b) identify potential pilot projects to promote the establishment/strengthening of women-owned enterprises.**

#### **4. Training**

- a. **The Chief of Party made a two-day stopover in Nairobi, Kenya to identify potential M&SSE projects and organizations for a study tour visit by Burundi BEST personnel. Meetings were held with representatives of four micro enterprise projects as well as with USAID/Kenya Director George Jones and USAID Microenterprise Officer Zachoria Ratoma. Study tour visits invitations were confirmed from Kenya Rural Enterprise Project (KREP), Faulu Credit Program/Kenya, Pride/Kenya, and the Christian Industrial Training Centers (CITCs). Additional visits to organizations such as Kenya Management Assistance Program (KMAP), Kenya Women's Finance Trust, the Kisumu Innovation Center Kibuye (KICK), the Jua Kali (Sun Workers) Associations and Kenya Industrial Estates (KIE) will be planned as time permits. The study tour visit to Kenya will take place from October 29 - November 9, 1995. The BEST Project personnel who will**

participate in the study tour are M. Stanislas Niyonzima, Chargé des Etudes Economiques, and Mme. Godelive Nibayubahe, Chargé de l'Administration et de la Gestion. The trip will be coordinated by Kenyan Micro enterprise Specialist Mr. Harun Baiya under a short term contract with Chemonics International.

The purposes of the study tour to Kenya are for the BEST Project staff to:

- identify microenterprise projects in Kenya which have objectives that are similar to those of the Burundi BEST Project and have established enterprise support mechanisms which could be replicated in Burundi.
  - gain first-hand knowledge from the credit, training, information management and evaluation components of selected micro enterprise projects in Kenya.
  - obtain access to training materials developed in Kenya which can be used upgrade the skills of Burundian entrepreneurs.
- b. In view of the interest of the BEST Project staff and the Burundi Chamber of Commerce in the establishment of a pilot business incubator in Burundi, Chemonics International carried out research in the U.S. and in Africa in relation to the experience of similar installations elsewhere. The UNDP Fund for Science and Technology for Development (based in UNDP/NY) has done considerable work in this area. As a result of their assistance, Chemonics was able to obtain resource information and identify a UNDP-funded business incubator project in Zambia. As a result of the assistance of a local NGO and USAID/Zambia, a study tour to that country has been arranged from November 17-26, 1995.

The COP and BEST Project staff met with the UNDP Resident Representative in Burundi, Mr. Mbaya Kankwenda, to inform him of the information the BEST Project received from UNDP/New York and of the intended study tour visit to the UNDP-funded incubator in Zambia.

The objectives of the study tour visit to Zambia are to develop a clear understanding of both the theoretical and practical aspects of business incubators, in general, and the Zambia business incubator program, in particular. This includes:

- the structure, services provided and evolution of the Zambia program since its inception, including project successes as well as improvements that could have been made during its design and implementation, and its impact on the micro and small-scale enterprise sectors.
- the policy and economic frameworks within which the Zambia business incubator project has developed and their effect on the project.

- **the role(s) outside agencies (i.e. the private commercial and banking sectors, UNDP and other donors, technical training schools, NGOs, etc.) have played in the design and implementation of the program.**
- **the identification of other experience-sharing and/or technical assistance mechanisms that might be used by the BEST Project to help establish a similar technology incubator in Burundi.**

**The BEST Project personnel who will participate in the Zambia study tour are M. Nestor Ntungwanayo, Director, and M. Eugene Ndarro, Training Administrator.**

- c. **It was decided with BEST Project staff that Chemonics would organize a consultancy in Burundi in the near future in order to evaluate the feasibility of establishing a business incubator as part of the BEST Project. Contact has been established with the National Business Incubator Association as well as other U.S.-based organizations active in this field.**
- d. **The micro enterprise training needs of BEST staff members were reviewed and a tentative plan developed for US-based, short-term training at either the University of Pittsburgh, Atlanta Management Institute or Clark-Atlanta University. This training, which will be organized by Chemonics International, will begin in early 1996 and will be financed directly by USAID/Burundi.**

## **5. Project Administration**

- a. **Following submission and discussion with USAID/Burundi on a draft workplan, a final version was submitted to USAID for approval.**
- b. **Previously, the USAID-financed Project Support Office (PSO) had responsibility for logistical and financial support for a number of USAID projects. During the past year, however, due to insecurity in Burundi, the number of operational projects being supported by the PSO has been greatly reduced. Recently, this support was limited to vehicle and housing maintenance payments for the BEST Project. Following the termination of the lease on the Estimé house and the completion of Humanitarian Advisor Graham White's tour of duty, the role of the PSO consisted of providing payments for the maintenance of two BEST Project vehicles. As a result, Chemonics International, with USAID/Burundi approval, terminated the employment of the last remaining PSO staff member, Accountant Emmanuel Ndezako, effective September 30, 1995. As luck would have it, however, Chemonics was able to arrange employment for the PSO Accountant with the newly established AFRICARE Project.**
- c. **Arrangements were made for BEST Project Director Nestor Ntungwanayo to spend one day at Chemonics and one day visiting a business incubator in the**

Washington D.C. area when he comes to Washington D.C. in early October for a World Bank meeting.

- d. Additional computer hardware was obtained by Chemonics International from the PSO to enable the BEST Project Office in Bujumbura to respond to the expanded needs of the Project.
- e. A text for a brochure describing the BEST Project was prepared. The brochure will be printed in Bujumbura in both French and Kirundi.

**C. PROJECTED ACTIVITIES FOR THE PERIOD SEPTEMBER - DECEMBER 1995**

- a. Followup on the credit and economic studies including the involvement of Chemonics Credit Specialist Peter Parr in the credit study.
- b. Work together with USAID/Burundi to carry out the study tour visits for BEST Project staff members to Kenya and Zambia. Negotiate/sign a contract with Harun Baiya to coordinate the study tour in Kenya.
- c. Prepare terms of reference, identify a consultant, and request USAID approval for a business incubator consultancy in December. Continue liaison with UNDP offices in Bujumbura and New York.
- d. Prepare media spots which emphasize the role of entrepreneurial development in the peace process.
- e. Prepare a draft document describing the proposed solar energy enterprise development project. Send literature from U.S. photovoltaic equipment supply firms to BEST staff, the Ministry of Energy and Mines, and Chamber of Commerce. Continue liaison with the World Bank Industry and Energy Division.
- f. Prepare a draft outline of a training syllabus to be used by the BEST Project to train rural entrepreneurs in various business management techniques.
- g. Continue planning for the short-term (one month) training for BEST Project personnel in the U.S. beginning in early 1996. The training will be arranged by Chemonics International but will be financed directly by USAID/Burundi.
- h. Followup and provide support to the Burundian women's organization "AFAB" to organize a seminar on enterprise development for women in the near future.

**D. OUTSTANDING PROGRAM AND ADMINISTRATIVE ISSUES**

- a. **In view of the increasing level of activity and momentum of the project and the ongoing restriction on contractor families residing in Burundi, Chemonics International and the COP are considering options which can build on the initiatives already undertaken and accelerate the achievement of the Project goals. This could include Chemonics proposing to USAID/Burundi the use of one or two consultants who could alternate with the COP in Bujumbura on a short-term basis.**