

PJ-ABD-058

AGRICULTURAL MARKETING IMPROVEMENT STRATEGIES PROJECT

Sponsored by the

U.S. Agency for International Development

Assisting AID Missions and Developing Country Governments
to Improve Agricultural Marketing Systems

Prime Contractor: Abt Associates Inc.

Subcontractors: Postharvest Institute for Perishables, University of Idaho,
Deloitte Haskins & Sells,

AID Contract No. DHR-5417-Z-00-7074 AID Project No. 936-547Z

5147

AGENCY FOR INTERNATIONAL DEVELOPMENT PPC/CDIE/DI REPORT PROCESSING FORM

ENTER INFORMATION ONLY IF NOT INCLUDED ON COVER OR TITLE PAGE OF DOCUMENT

1. Project/Subproject Number 936-5477	2. Contract/Grant Number DHR 5447-Z-00-7074	3. Publication Date August 1989
--	--	------------------------------------

4. Document Title/Translated Title
Burundi: Rapid Appraisal of the Agricultural Marketing System

5. Author(s)
1. Michael Brown
2. Patricia Kristjanson
3. Rudolph Brandeis

6. Contributing Organization(s)
Deloitte Haskins & Sells
Abt Associates, Inc.

7. Pagination 57p+22annexes	8. Report Number	9. Sponsoring A.I.D. Office S&T/RD
--------------------------------	------------------	---------------------------------------

10. Abstract (optional - 250 word limit)
This study analyzes the structure and function of rural markets in Burundi. The objective of the study was to determine to what extent policy reforms could improve the performance of commerce in rural Burundian markets.

11. Subject Keywords (optional)

1.	4.
2.	5.
3.	6.

12. Supplementary Notes

13. Submitting Official Gerard Martin/Project	14. Telephone Number (202) 362-2800	15. Today's Date August 18, 1989
--	--	-------------------------------------

16. DOCID

17. Document Disposition
DOCRD [] INV [] DUPLICATE []

.....DO NOT write below this line.....

AGRICULTURAL MARKETING IMPROVEMENT STRATEGIES PROJECT

Under contract to the Agency for International Development, Bureau for Science and Technology, Office of Rural Development
Project Office 4250 Connecticut Avenue, N.W., Suite 500, Washington, D.C. 20008 • Telephone: (202) 362-2800 • Telex: 312636

BURUNDI

RAPID APPRAISAL OF THE AGRICULTURAL MARKETING SYSTEM

AUGUST, 1989

Prepared by:

Michael Brown
Patricia Kristjanson
Rudolph Brandeis

of Deloitte Haskins & Sells

In Consortium with:

ABT Associates
The Post Harvest Institute for Perishables

Bujumbura, Burundi

Prime Contractor: **Abt Associates Inc.**, 4250 Connecticut Avenue, N.W., Suite 500, Washington, DC 20008 • (202) 362-2800

Subcontractor: **Postharvest Institute for Perishables**, University of Idaho, Moscow, Idaho 83843 • (208) 885-6791

Deloitte Haskins & Sells, 1001 Pennsylvania Avenue, N.W., Suite 350, Washington, DC 20004 • (202) 879-5600

W

EXECUTIVE SUMMARY

Deloitte Haskins & Sells, in consortium with Abt Associates and the Post Harvest Institute for Perishables, of the Agriculture Marketing Improvement Strategy (AMIS) Project (ST/RD), were requested by USAID/Burundi to analyze the structure and function of rural markets in Burundi. The objective of the study was to determine to what extent policy reforms could improve the performance of commerce in rural Burundian markets.

The results of the study have shown that:

- (1) The distributional performance of rural markets in Burundi is, in general, sufficient to meet consumers needs for agricultural and industrial products;
- (2) The key constraints to improving the efficiency of rural markets in Burundi relate primarily to two factors. One is improved linkages between the importer/wholesaler sector and the rural retail sector so as to reduce high gross margins earned by the former. Two, the need to achieve diversification in rural commercial enterprises, particularly at the small to medium enterprise level, so as to avoid redundancy and the potential for class conflict between very small and medium sized traders.

It is generally perceived that commerce in Burundi is relatively stagnant with little sign of entrepreneurialism displayed among actors in the commercial sector. The study found that entrepreneurialism in Burundi, as defined by the willingness and ability to take risk in commercial ventures, is stifled at several levels because of a combination of institutional, cultural, and socio-political factors. Yet it is the opinion of the AMIS team that there is no inherent lack of entrepreneurial ethic among Burundi, particularly in the "informal sector". The informal sector here is defined as including those traders operating in open-air public markets and/or hill boutiques, neither of which are subject to the rigorous taxation which traders in boutiques and storefronts in market centers face. This dynamism was evidenced by the vibrancy of trade at the lowest levels of organized commercial activity in rural Burundi markets.

The study concluded that a significant transformation has and is occurring in Burundi society, in that commerce has increasingly become an active domain for many members of the Burundi peasantry. This process is manifested in:

- . the absolute numbers of traders of both agricultural and industrial products in major and minor markets;
- . the apparently significant volumes of agricultural and commercial products traded in these markets;
- . the increasingly important phenomenon of decentralized commerce occurring in hill boutiques across the country for a range of industrial products;
- . the absolute number, and in places frenetic activity, of ambulant traders in high demand products servicing both major and minor rural markets.

There is in fact ample reason for observers of the commercial scene in Burundi to assume that trade and commerce is stagnant. This conclusion is drawn due to the often decrepit appearance of rural market centers, with their closed boutiques, often empty shelves, and crumbling facades. In speaking with long time participants in rural markets, one quickly learns that in days gone by, many of Burundi's rural market centers were in fact apparently far more vibrant than they are today. What seems to have changed is not so much the volume of trade which takes place in rural Burundi markets, but rather, the locus of trade and the distribution of benefits accruing to such trade.

Where formerly trade was the exclusive domain of foreigners, particularly of Asian and Middle Eastern extraction operating out of rural market boutiques and large stores, today's commercial sector in Burundi is characterized by a melange of actors. Many of today's actors, unlike those of yesteryear, trade merchandise off rickety open-air market stalls, or directly off the ground.

Numerous foreigners still remain in Burundi, yet the proportion working in rural market centers has significantly decreased over the years. They are most predominant today in the import sector concentrated in Bujumbura.

Formal rural markets at present tend to be dominated by rural elites. These may be composed of people from either of Burundi's several social categories or ethnic groups.

The informal rural market sector on the other hand, is very much the domain of the Burundi peasantry, with many peasants now either specializing in commerce over agriculture or, diversifying their farming systems to include commercial activities. The increasing participation on the part of the Burundian peasantry in commerce is of enormous importance, as stated, in the distribution of economic benefits in the country. Thus, while commerce often appears to onlookers to be either chaotic or in disarray due to the fact that much of the retail trade is conducted on shaky wooden stands or on the ground, today's commerce in fact has important socioeconomic and sociopolitical implications.

This report's recommendations point to the need to promote diversification of opportunity in commerce for small- and medium-scale commercial enterprises in rural areas so as to avoid excessive and unrewarding competition between traders in different socioeconomic classes. The severe disaffection which now exists on the part of formal sector traders towards informal sector traders (including ambulant traders) could, if not checked, form the basis of conflict between what in fact are two key categories of actors in rural Burundian commerce.

The African Economic Policy Reform Program's (AEPRP) promotion of marketing system diversification and specialization as part of the AEPRP will need to be directed to two issues as follows:

- a) formal commercial sector participants who lack sufficient training and institutional support to undertake the kinds of commercial risk-taking which the government would like to promote and which the commercial sector needs in order to grow;
- b) informal sector traders who with minimal support may be able to improve services rendered to the consumer sector through even further decentralization of commerce into rural areas, consistent with settlement patterns and consumer preferences.

The study presents policy recommendations which can be incorporated in an AEPRP in Burundi in a manner which is hopefully equitable to all social categories and actors involved in rural commerce. Recommendation is made that careful consideration be given to the necessity to promote policy reform over a long-term timeframe, and that proposed reforms be designed and implemented so as not to be perceived as representing overly rapid and/or threatening change by any sociopolitical group.

Consideration is given in the recommendations to the role which the Chamber of Commerce, in concert with the Ministry of Commerce, could play in promoting diversified commercial enterprises in rural Burundi.

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND TERMS

ACKNOWLEDGEMENTS	i
I. INTRODUCTION	1
II. THE EVOLUTION OF RURAL MARKETS AND COMMERCE IN BURUNDI ...	2
III. METHODOLOGY EMPLOYED IN THE STUDY	5
3.1 Key Assumption About Rural Markets and Marketing Behaviour in Burundi	6
3.1.1 Study Terms of Reference	6
3.1.2 Program Assessment Document	6
3.1.3 Studies on Rural Markets	7
3.2 Hypothesis Tested During the Course of the Field Survey	8
3.2.1 The Overarching Hypothesis Guiding the Study	8
3.3 Typology of Markets Selected as Units of Analysis for Hypothesis Testing During AMIS/Burundi Rapid Appraisal	10
3.3.1 Typology of Market Characteristics and Related Hypotheses	10
IV. THE EXISTING STRUCTURE AND FUNCTION OF THE MARKETING SYSTEM	12
4.1 Introduction	12
4.2 Formal and Informal Markets	12
4.3 The Structural Position of Bujumbura Importers and Semi-Wholesalers in the Rural Marketing System	13
4.4 Rural Market Actors and Their Functions	15
4.5 Credit	18
4.6 Cultural Factors	19
4.7 Competition and Margins in Rural Markets	20
V. FIELDWORK FINDINGS	27
5.1 Kirundo/Giteranyi	27
5.1.1 Giteranyi	29
5.1.2 Kirundo	31
5.2 Kayanza/Muhanga/Ruhororo	33
5.2.1 Kayanza/Muruta	35
5.2.2 Ngozi/Muhanga	40
5.3 Gitega/Buhiga	43
5.4 Rugombo/Nyeshenza	45
5.5 Makamba/Mabanda/Vugizo	46
VI. CONCLUSIONS AND RECOMMENDATIONS	48
6.1 Conclusions Relating to the Structure and Functions of Commerce in Rural Burundian Markets	48
6.2 Factors External to Rural Burundian Markets Per Se Which Impinge on Rural Commerce	50
6.3 Conclusions Regarding the AEPRP Project Assessment Document Assumptions	50
6.4 Recommendations	55
6.4.1 No Controls on Informal Trade	55
6.4.2 Promote Small/Medium Enterprise Diversification	55
6.5 Establishing Import Capability in Key Provincial Market Centers	56
6.6 Regional Market Integration Considerations	57
6.7 Infrastructural Considerations	57
6.8 Import Policy Biases	58
6.9 Controls on the Number of Market Days	58

2

LIST OF TABLES

TABLE 1:	PRICE MARGINS
TABLE 2:	RETAIL PRICE MARGINS
TABLE 3:	RETAIL MARGINS: GITERANYI
TABLE 4:	PRICE MARGINS FOR THREE INFORMAL TRADERS
TABLE 5:	PRICE VARIATION AND MARGINS FOR FORMAL MARKET SELLERS
TABLE 6:	RETAIL PRICE VARIATION FOR PUBLIC MARKET SELLERS
TABLE 7:	RETAIL PRICE VARIATION IN THE FORMAL MARKET
TABLE 8:	TAX RECEIPTS FOR AGRICULTURAL EXPORTS IN FBU
TABLE 9:	TAX REVENUE FROM BEER 1988/89
TABLE 10:	INDICATIVE PRICES OF AGRICULTURAL COMMODITIES IN THE PUBLIC MARKET
TABLE 11:	COMMERCIAL ACTIVITY IN NGOZI AND MUHANGA NON-FORMAL AND FORMAL MARKETS

LIST OF FIGURES

FIGURE 1:	SCHEMATIC FOR THE STRONG INFLUENCE OF BUJUMBURA ON IMPORT/MFG PRODUCT FLOWS TO RURAL MARKETS
FIGURE 2:	WHOLESALE PROFIT MARGINS

K

GLOSSARY OF ACRONYMS AND TERMS

AEPRP	Africa Economic Policy Reform Program
ISABU	Institute des Sciences Agronomiques du Burundi
FY	Financial Year
Centre de Commerce	Major market town
Centre de Négoce	Minor market town/village
Hill Market	Small, local market
Hill Boutique	Individual, rural shop
Evanescent Markets	Sporadic, temporary rural markets
Ambulant Traders	Peddlers
Formal Traders	Traders with shops
Informal Traders	Traders selling in open marketplace
Natural regions	Ecological zones

ACKNOWLEDGEMENTS

The AMIS team wishes to thank the Government of Burundi officials, USAID/Burundi staff, and all the rural marketing system participants we came in contact with for making this study a pleasure to conduct. Any success that we have managed to achieve has been due to the forthright participation and cooperation of all the individuals we have dealt with.

Specifically, we wish to thank Don Miller, Larry Dominessy, and Cam Wickham of USAID/Burundi for providing us with all the logistical and administrative support we required to make this project successful. The hiring of Wendy Bromley as Logistical Coordinator, and Yanick Lasica as a Resource Coordinator and liaison with experts on Burundi's rural marketing system, helped us enormously. The role which Samson Ntunguka played during the three to four weeks of fieldwork in facilitating contacts with rural government officials and marketing system participants at all levels can not be underestimated. Samson's input on the study's analysis was also critical, though any shortcomings in conclusions and recommendations remain entirely our own.

The role which the Ministry of Commerce played in this study was fundamentally important and supportive at every step along the way as well. Our thanks go here to the Minister of Commerce, Mr. Bonaventure Kidwingira, for providing us, through the support of the Director General Mr. Prosper Nindorera and Director for Internal Commerce, Mr. Leopold Bizindavyi, with the secondment of two stellar young Ministry cadres -- Leance Baransharitse and Pierre Ndikuriyo. These two individuals participated in all aspects of the planning and execution of the fieldwork, and proved themselves wholly eager to provide whatever assistance the team required. Their prior knowledge of rural commerce in Burundi was most helpful to us in the organization of our study methodology.

We wish to thank Oscar Sindayigaya, Claude Nzigamasabo and Deo Ntahonsigaye for providing us with the fieldwork expertise we required to make the rapid appraisal a success.

In the rural markets, we wish to categorically thank the many formal and informal sector traders we met throughout the country. We were consistently struck by the willingness of traders be they major wholesalers in the larger rural markets or ambulant traders on bicycles to take the time we requested to discuss in depth the structure and function of the rural marketing system and the constraints which they feel they are facing. This study is hopefully a testament to this frankness and collaboration. Moreover, our experience with rural market participants has revealed to us just how open and willing to avail themselves to foreigners Burundians can be.

Thanks also go to Mr. Flooraizon of Makamba who provided insight into his experience in rural commerce in Burundi over the last 40 years, and to Mr. Mathias Nikobamye of Hatton and Cookson in Bujumbura who provided similar insight on the evolution of rural commerce in Burundi.

Finally, thanks go to the Governors of Cibitoke, Gitega, Karuzi, Kayanza, Makamba, Muyinga and Ngozi respectively. Messieurs Nzojibwami Fabien, Minani Yves, Kobako Cymak, Nimubona Gervais, Birizamye Louis, Bayaga Deograties and Sindayihebura Joseph. The Governors provided hospitality in their provinces which greatly facilitated our work. They also spent considerable time in frank discussion with us, illustrating the Government of Burundi's desire to put the policy of "transparency" into practice. The Governors' input was both helpful and much appreciated.

I. INTRODUCTION

The objective of this study is to strengthen the base of knowledge about rural trade in Burundi so as to facilitate the preparation of USAID/Burundi program planning documents leading to a policy based assistance activity in Financial Year, (FY), 1990.

This report specifically describes the structure and functions of rural markets in Burundi, identifies policies and practices which inhibit market growth and development, and recommends actions for USAID/Burundi to consider in support of rural market development.

The Draft Report presented includes:

- (1) an Executive Summary;
- (2) introduction, outlining the objective of the Study;
- (3) an overview of the evolution of Burundi's rural marketing system, focusing on the structure of the system and the role and functions which different actors have played and/or now play in the system, particularly the Burundian peasantry;
- (4) the methodology employed in the study and justification for extension of the original scope of work beyond a study centered on seven markets with only minimal collection of primary data, to one ultimately encompassing data collection in twenty markets. An examination of key assumptions about markets and marketing behaviour in Burundi based on existing USAID documents and other pertinent literature. The development and reformulation of hypotheses tested during the study.
- (5) a review of the existing structure and functions of the marketing system in Burundi based on rapid appraisal techniques and primary data collection analysis.
- (6) fieldwork and study findings compared with other pre-existing data sets and analysis on Burundi markets;
- (7) AMIS recommendations given AEPRP objectives and study results based on primary data analysis and constraint/opportunity identification;
- (7) Tables in the report body and the figures, graphs and annexes are located at the end of the report including:
 - . tabulation of data sets on comparative prices for agricultural and industrial products in different markets;
 - . comparative gross margins for industrial products in different size markets within and between regions, and at different structural levels;
 - . price margins traced from importer Freight on Board (FOB) price to ultimate retail market price for selected imported goods;
 - . price trends of agricultural and industrial products over time in Bujumbura and selected markets where data is available; schematic figures for commodity and industrial product flows between regions in Burundi, and at the micro level at one intersection point between two natural regions and provinces for selected marketed agricultural commodities; and
 - . comparative taxation data for different kinds of commercial activity within and between communes in provinces and natural regions.

II. THE EVOLUTION OF RURAL MARKETS AND COMMERCE IN BURUNDI

Rural marketing in Burundi has evolved tremendously since the colonial era. Rural markets are no longer the exclusive domain of foreign traders. Nor are the markets themselves functioning in the same way they did heretofore; commerce of manufactured goods as transacted through formal markets in the centres de commerce and centres de négoce accounts for less turnover today than buying and selling activities in the informal public markets in the same centers together with informal marketing activities in hill boutiques (see Annex IV, Figures 1 & 2). Commerce is an activity which more and more rural Burundians have seized upon, both because of the income earning opportunities which rural commerce offers, and because of the growing need felt by households to diversify their economies to include ancillary activities apart from agriculture.

During the colonial period, trade was relegated to centres de commerce and subsequently to centres de négoce by the Belgian administration. These centers were theoretically planned to be spaced at 7.5 km distances radiating out from the major regional centres de commerce. The centres de négoce were in theory to be accessible only to National traders; in practice however, Greeks, Asians, Belgians, etc. used Burundian nationals as their sales agents in the centers.

The key characteristics of colonial period trade were:

- . trade was kept localized and controlled in the centers;
- . major import houses and foreign businesses had representation at the centre de commerce level in rural areas;
- . the phenomenon of credit fournisseur, or 60-90 day suppliers' credit to buyers, was a ubiquitous phenomenon which facilitated trade at every level;
- . enormous currency disparity between shilling-strong Tanzania-based traders and traders from Burundi kept the arbitrage market in products originating in both countries very vibrant, with several informal hill markets for currency exchange and contraband trade (Malagarazi along the then Tanganyika border in the region of Makamba) being allowed to function.

In those times, 2 customs agents worked 6 days a week in Makamba, for instance, to tax the Tanganyika trade. Once however Mabanda became a centre de négoce, Tanzanian trade moved there, becoming an important currency exchange market for virtually any European or sought-after African currency. Much of this currency trade was fuelled by Asian merchants from Tanzania, particularly in the 1970s when many were attempting to leave Tanzania in the aftermath of the Asian expulsion in Uganda.

The most significant changes in the overall system relate to what may best be termed as the "democratization" of trade in rural Burundi. This democratization has taken place on two levels. First, trade of both primary products and imported manufactured goods is now taking place at the level of Bujumbura all the way down to tiny hill markets where boutiques and/or public market stalls predominate. At an even lower level, many individual farmers are now farmer/traders selling products out of household hill boutiques.

Directly related to the first, trade is no longer the exclusive domain of a trading elite; even the most impoverished Burundian can now enter into commercial activities. Often it is the most impoverished Burundians from the perspective of available land resources and family consumption needs who enter into rural commerce, particularly true in the Kayanza and Ngozi areas.

One factor which has facilitated this democratization process is technological in origin. The availability of bicycles and spare parts, most readily through parallel market sources, has permitted those willing to earn very small margins to compete with traders utilizing vehicular transportation. The phenomenon of ambulatory trade as practised by traders on bicycle, or those utilizing public or private transportation over long distances, is a striking and impressive phenomenon. The result has been that many rural Burundians have entered into commerce on a part-time basis as a supplement to agriculture, or have selected appropriate family members to enter on a full-time basis. Here bicycles have played a democratizing role in facilitating the entry of the peasantry into rural trade.

This overall democratization phenomenon of rural commerce is at the root of the demise of many of the centres de négoce, though is not the only reason for their demise. The phenomenon is also responsible for the growth of a class-based resentment emanating from formal sector traders in both centres de commerce and centres de négoce, towards their informal sector counterparts.

Across a broad range of products, one is now able to find traders selling the same products out of both storefront shops or from open-air market stalls. Almost invariably, prices will either be the same or marginally lower in the public market stalls versus the formal sector storefronts for the same products.

Lower prices where they exist are a function of lower taxes, lower overhead costs, and competitive access of formal sector traders to similar product lines for comparable prices. Where the same prices exist, it is clear that informal sector traders are either calculating that:

- (a) consumers' cultural preference for shopping in informal, public, open air markets versus boutiques will lead them to buy in the informal market, or that
- (b) consumers' assumption that informal market prices will be cheaper than formal market prices will lead them to the informal market regardless of the actual difference in retail price.

Consumers have benefited from this because products which were only available in a few market centres during and after the colonial period are now available in all rural areas. Consumers no longer have to travel long distances to find the most basic products. The democratization of the rural marketing system therefore has been of enormous benefit to the average citizen of Burundi.

Another factor which has influenced rural marketing behaviour relates to purchasing power as a function of inflation. After numerous currency devaluations, the Burundi Franc has a much lower buying power. Inflation of food prices appears to be particularly sharp in the last six months. A price index for all food items shows that nominal food prices have increased 50% from 1982 to the end of 1988 (see Bergen/ISABU: Annex III, Figure 1). Annex III, Figure 8 shows the evolution of real prices (deflated by a consumer price index) for four agricultural commodities over a 4 year period from 1985 - 1988. These indicate that real prices of these commodities did not, however, increase. In Annex III, Figures 2 - 7 illustrate the rate of inflation for 5 agricultural commodities from January to April, 1989 in four rural markets of Karuzi (source: SFSR project). These graphs indicate that food prices have increased sharply since January 1989.

While market turnover of high cost manufactured items is still largely concentrated during the coffee, bean, sorghum summer dry season, there is reported to be a somewhat better sales distribution across the year than during the colonial period. For instance in the colonial time, sale of cloth, blankets (used as clothing), shorts, hoes, etc. occurred almost exclusively during the coffee season, whereas today these items are purchased throughout the year. In that sense rural peoples' purchasing power may actually have increased over time despite inflation and currency devaluation.

Indicators associated with the increase in rural purchasing power are the ubiquitous wearing of manufactured clothing in all parts of Burundi today versus 25 years ago; the widespread adoption of either aluminum roofing or ceramic roof tiles versus the straw roofing of 25 years ago; the widespread ownership of bicycles across class or ethnic lines compared with 25 years ago, etc. The recent growth of rural credit unions -- the COOPECS -- functioning on the basis of 2 Fbu loaned for every 1 Fbu deposited by a particular client, also indicates the relative strength of rural savings coupled to increased purchasing power.

III. METHODOLOGY EMPLOYED IN THE STUDY

The methodology employed in the Burundi Rural Markets Study was designed to satisfy the Terms of Reference as indicated in Annex I, and was based on Rapid Appraisal techniques developed by the AMIS Project. Annex II describes modifications to the original Statement of Work (SOW) which the AMIS team incorporated into the study design.

It was anticipated by AMIS prior to the start-up of study activities that selection of seven rural markets, preferably located in different agro-ecological zones or natural regions, would be an appropriate sample size given time and personnel constraints. It was envisioned that the variables to be considered would be correspondingly limited, yet broad enough at the same time to permit meaningful conclusions to be drawn. The key parameters to be considered were to include the following components:

- . inter-market commodity/consumer goods availability,
- . price differentials,
- . relevant transport costs, and
- . logistical considerations such as presence or absence of institutional buyers, processing facilities, schools, and road access.

The diagnostic focus would be aimed at identifying key marketing system constraints and opportunities for where, if, and how policy reform could improve the performance of commercial activities in rural markets.

The study proceeded in five phases:

- Phase I** - Two weeks of secondary data collection and analysis and development of preliminary study hypothesis.
- Phase II** - One week survey of several markets to determine specific markets for subsequent fieldwork.
- Phase III** - One week reformulating study hypotheses and final selection of fieldwork sites.
- Phase IV** - Two and one half weeks of fieldwork covering 20 markets of various sizes and geographical distribution.
- Phase V** - Three and one half weeks of data analysis and report preparation.

Burundi's small size and good road network and a Rapid Appraisal team composed of eight professionals (two AMIS marketing specialists, two counterparts from the Ministry of Commerce and Industry and four Burundian consultants) allowed extensive coverage of Burundi's rural market system.

The AMIS field team found after its first week of field work, during which time markets were selected for two subsequent weeks of in-depth study, that:

- (a) given market size and periodicity between markets, more primary data could be collected than was first envisioned;

- (b) with the anticipated addition of a marketing economist to the team, this data if focused and coherent, could provide the basis for interesting quantitative analysis;
- (c) qualitative information on commodity flows, systemic structure and function, as well as perceived and real constraints and opportunities could be obtained without compromise at the same time that a primary data collection exercise was being undertaken;
- (d) considerably more markets than initially envisioned could actually be surveyed in the time allotted, and that this would in fact be necessary so as to keep the ambitious and formal-survey-oriented Burundian field staff on their toes;
- (e) enumeration of products and types of traders was actually a good means of getting a feel for markets and relative orders of magnitude of interest to study objectives, as a function particularly of the broad scope of marketed goods to be examined.

3.1 Key Assumptions About Rural Markets And Marketing Behaviour in Burundi

In preparation for the fieldwork, the AMIS team examined numerous assumptions about Burundi's rural marketing system. These assumptions included:

- (a) those underlying the study Terms of Reference;
- (b) those pertinent to the Program Assessment Document for an AEPRP in Burundi which set the stage for the AMIS Rural Markets Study;
- (c) those found in earlier studies on rural markets.

3.1.1 Study Terms of Reference

The original Terms of Reference for the AMIS Rural Markets Study in Burundi indicated that throughout Burundi "rural markets and trading points are significant centers of private sector functions...[yet] little is known about the size, structure, functions, and relationships among these market centers".

The AMIS team found, largely as a result of an extensive literature search undertaken by USAID/Burundi prior to its arrival, that a significant body of literature already existed on commerce in rural Burundi and its market centers. Much of the literature appeared to be quality work, and was in fact descriptive of the size, structure and function of numerous market centers. Efforts to integrate the best of the available data and analysis on rural marketing was therefore made a priority by the AMIS team. The goal here was to avoid unnecessary duplication of effort on the one hand, and to serve as points of reference or comparison for our own analysis on the other hand.

3.1.2 Program Assessment Document

The Program Assessment Document for an AEPRP in Burundi correctly identifies a key "perception" [read "assumption"] on the part of outside observers and senior government officials that the rural Burundian populace is "subsistence-oriented, inward looking, and unaccustomed to dealing with matters outside the narrow bounds of farm and family". This perception cum assumption leads to the further assumption that rural Burundians will not respond quickly to opportunities created by a program of market and enterprise development.

While aspects of these assumptions were found by the study team to be true subsistence orientation and family matters take precedence among the rural populace the degree of market activity and nascent commercial enterprising in rural Burundi is a striking phenomenon that will be discussed in greater depth below.

On a more specific level vis a vis internal assumptions relevant to the present study, the Project Assessment Document noted the following:

- (1) the success in the coffee and tea sectors could be replicated for other crops and sectors;
- (2) the lack of information and/or "mental models" constrains private enterprise in Burundi;
- (3) lack of sufficient farm to market roads inhibits exchange;
- (4) road taxes at checkpoints and border posts constrain trade and market development;
- (5) the development and diffusion of technological and commercial information is inadequate;
- (6) volumes of agricultural commodities and industrial products are relatively limited, as are numbers of buyers and sellers, hindering employment growth and income increases for providers of goods and services;
- (7) regulation in the number of market days constrains traders from making full use of time and transport by serving a sequence of rural markets;
- (8) transaction costs are raised for traders through commune barrier inefficiencies;
- (9) lack of transportation and information infrastructure probably restricts the efficient operation of markets, though the extent of higher trading or consumer costs is not known.
- (10) inadequate market integration with neighbouring countries results in increased trade costs and decreased market efficiency;
- (11) lack of short-term financing for operating capital, especially regional trade, may constrain expansion and improved market efficiency.

Trade was surprisingly brisk and somewhat uniform throughout the country, contrary to the somewhat pessimistic tenor of most of the above 12 assumptions. At even the smallest hill markets, significant volumes of many agricultural products could be found, while a surprising variety and modest margin mark-ups for industrial and/or imported products was the norm. Entrepreneurialism, moreover, was also most visible at the lowest structural levels of market activity, among those with the least amount of risk capital to spare (i.e. ambulant traders in used clothing, groundnuts, dried fish, palm oil, etc.).

Conclusions and Recommendations in Section 6, presents the team's findings regarding each of these assumptions.

3.1.3 Studies on Rural Markets

The studies on Contribution a la Connaissance des Regions Naturelles du Burundi: Flux des Produits Agricoles et de leurs Facteurs Influent, and Perspectives de la Specialisation Regionale Comme Strategie de Developpement presented by the Institut des Sciences Agronomiques du Burundi (ISABU), was the source of several of the initial hypotheses which the AMIS team developed.

The ISABU studies reinforce the assumptions that:

- . the self-sufficiency of most Burundian households constrains marketing behaviour;
- . farmer "mentality" and behaviour is seen as being conditioned by the rural milieu, with no market orientation exhibited except for production of small surpluses to meet household needs;
- . atomistic competition among producers of the same primary products was underlined and considered to be constraining;
- . the production of poor quality non-standardized products which are difficult to transport and are of little interest to urban traders constrains the marketing system;
- . surplus production is not encouraged given the lack of guaranteed minimum prices;
- . farmers are exploited easily by traders due to the structural deficiencies of the commercial system and lack of economies of scale in their production systems.

The validity of these assumptions will be discussed in-depth below. Once again it is clear that some aspects of these assumptions appeared true to the team, while other aspects seem misleading. To dichotomize the rural milieu into a traditionalist/non-market-integrated-self contained subsistence oriented peasant sector on the one hand, versus a desired, market-driven specialized, modern economy where regional specialization is the norm on the other hand, underestimates the actual role which commerce plays in influencing rural household production and consumption strategies. Rural producers are already avid consumers of imported industrial products, as evidenced by the availability in virtually any market center of any size of a wide variety of low-ticket products; i.e. soaps, beauty creams, toothpastes, new and used and clothing.

3.2 Hypothesis Tested During The Course Of The Field Survey

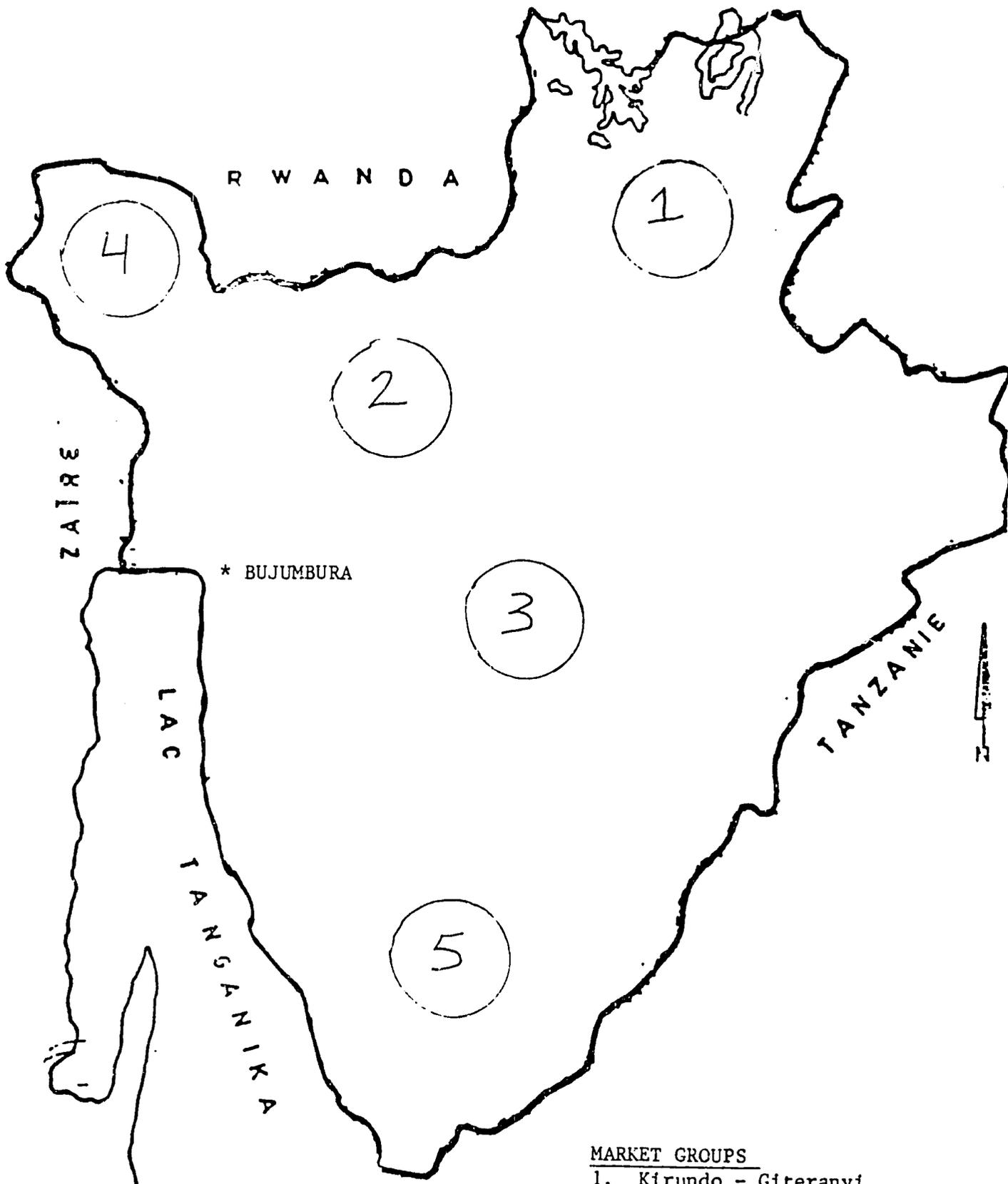
Prior to departure on the initial diagnostic phase of the field survey, a set of six hypotheses were developed. These hypotheses were highly general and somewhat all-inclusive. They were meant to guide the diagnostic phase and serve as a springboard for formulation of more specific hypotheses subsequent to selection of the markets to be included in the study.

3.2.1 The Overarching Hypothesis Guiding the Study

Subsequent to the first week of fieldwork, the AMIS team reexamined its original hypotheses. The result was a typology of Burundian rural markets which attempted to capture the diversity of the rural marketing system while providing a basis for generalizing about common characteristics. Map 1 shows the five market areas selected for the typology. The remainder of this chapter presents the typology.

The main hypothesis is that strong competition within and between rural markets and different categories of traders at the mid and low levels allows the marketing system in Burundi to function relatively efficiently despite bulk wholesaling of manufactured and imported goods being concentrated in Bujumbura.

MAP NO. 1
RURAL MARKETS SURVEYED IN BURUNDI



R W A N D A

Z A I R E

* B U J U M B U R A

L A C

T A N G A N I K A

T A N Z A N I E

MARKET GROUPS

1. Kirundo - Giteranyi
2. Kayanza - Muhanga - Ruhororo
3. Gitega - Buhiga
4. Rugombo - Nyeshenza
5. Makamba - Mabanda-Vugizo

3.3 Typology of Markets Selected as Units of Analysis For Hypothesis Testing During AMIS/Burundi Rapid Appraisal

A total of 12 markets were selected in 6 natural regions and 8 provinces. Six to seven person days were to be spent in each market.

3.3.1 Typology of Market Characteristics and Related Hypotheses:

1. **Markets:** Kirundo/Giteranyi

Type of Markets: Food crop export centers coupled to cross-border trade

Hypothesis: Food crop exports throughout country coupled with illicit cross border trade are together responsible for each market center thriving.

Salient factors: Northeast part of country; Bugesera natural region; bean/sorghum/coffee production and sale in both centers; last year much of Giteranyi food crop production siphoned off by Kirundo hinterlands due to social upheaval; interesting case to determine the relation, if any, between the major centre de commerce in a natural region and a major centre de négoce in the same region.

2. **Markets:** Kayanza/Muhanga/Ruhororo

Type of Markets: Large and small markets in densely populated, complementary production zones which are linked through exchange of cash and food crops.

Hypothesis: A strong trading mutuality exists between the centers at three levels due to different local crop production systems and geopolitical factors.

Salient factors: North-central part of country; Kayanzais major entry and exit point for northern corridor land routes to Indian Ocean ports; natural region of Buyenzi; coffee uniformly important as cash crop; two market centers visibly rising while other center failing in commercial terms; located in Kayanza and Ngozi provinces.

3. **Markets:** Gitega/Buhiga

Type of Markets: Major supply centers for respective rural hinterlands with absence of commercial relations between the centers (which logically could be expected).

- Hypothesis:** The absence of significant trading mutuality between Buhiga and Gitega despite Buhiga's dependence on Gitega as a transit point to Bujumbura, and despite Buhiga's strong demand for manufactured products, illustrates the often inefficient structural relationship between centre de commerce and proximate centres de négoce.
- Salient Factors:** Central region of country; Bwero and Kirimiro natural regions; Gitega and Karuzi provinces; major internal centre de commerce in an area with strong urban and peri-urban consumption demand.
4. **Markets:** Rogombô/Nyeshenza
- Type of Markets:** Major supply centers for Bujumbura of processed food products coupled with brisk cross border trade.
- Hypothesis:** Flourishing commercial activities result from both production and artisanal activities, and licit and illicit cross border trade similar to market centers in Bugusera.
- Salient factors:** Northwestern Burundi; Imbo natural region; close proximity to capital; simultaneously straddles two borders.
5. **Markets:** Makamba/Vugizo/Mabanda
- Type of Markets:** Major supply centers for Bujumbura in food crops with little downward flow of commercial goods to lower level centers.
- Hypothesis:** Makamba is a major consumption center and staging point for food products originating in centres de négoce and/or Tanzania, but is of limited importance (similar to other centres de commerce) as a point of supply for centres de négoce and their hinterlands in the zone.
- Salient factors:** Southern Burundi; existence of development projects; Buragane natural region; comparable functional and geographical position apparently between major market centers in this zone and other productive border zones.

IV. THE EXISTING STRUCTURE AND FUNCTION OF THE MARKETING SYSTEM

4.1 Introduction

While markets in Burundi can be readily typologized by size and predominant product availability, survey results indicate that the scope and scale of commercial activity for both primary and industrial products in a **particular** market is most related to the following:

- a. strategic location as an assembly point for cash crops or transformed products such as coffee, tea, beans, manioc, banana beer, etc.
- b. strategic location as an entry point or distribution point for contraband goods emanating from Tanzania, Rwanda, or Zaire, in that order of importance.
- c. population density coupled to consumer demand for food and industrial products.
- d. strategic location as a straddling point between two or more natural regions with respective primary product specializations.
- e. proximity to other marketing centers with relatively poorer access to primary roads.
- f. demand from respective hinterlands for industrial goods on either semi-wholesale or retail terms.
- g. synchronization with satellite or higher level markets as to market day.

4.2 Formal and Informal Markets

There is a basic dichotomy between what can be termed as the "formal" and "informal" market structure within single rural markets. This parallel structure, as it were, which exists similarly in both centres de commerce and centres de négoce -- the former large market centers located in the administrative center of a province; the latter, major satellite markets in theory for the centres de commerce -- is perhaps the single most important structural feature of the rural marketing system.

The term formal refers here to the storefronts in a market, consisting of small boutiques and larger stores, or magasins. The traders occupying niches in the formal structure pay an annual market tax, along with transaction taxes based on specific sales.

The informal market is comprised of traders in the public market space in any rural marketplace, who buy and sell food and manufactured industrial products. Informal market traders of industrial products, or those who have bought agricultural commodities for resale in market, pay a daily head tax. Peasant producers selling their own products pay no market tax. Several tax grades exist, depending on the category of products sold.

Informal markets also exist at the hill or colline level. These markets are smaller, less diversified versions of public markets in the centres de négoce and centres de commerce. At even a lower structural level, "markets" may be said to exist in the form of single boutiques scattered across collines in the hinterlands of hill markets, centres de négoce, or centres de commerce. Finally, informal markets also occur sporadically in space and evanescently in time. These bush and/or hill markets occur at the lowest structural levels as both bulking points for primary commodities and distribution points for traders of industrial goods from Bujumbura, or contraband goods from cross-border points.

Evanescence markets may occur once a week in the dry season. This is the time that the sale of coffee, beans, and occasionally domesticated animal skins provide peasants' liquidity for the purchase of industrial goods.

Much of the apparent degeneration that many ascribe to rural markets in Burundi is often visible at the centre de négoce level, though this is by no means universally the case across the country. Degeneration is best exemplified by empty or closed down stores, crumbling market facades, and sparsely provisioned shelves in many boutiques. Taken together these are reminders to Burundians of a formal marketing system which functioned more smoothly in the colonial era when trade activities were totally concentrated in commercial centers, with hinterlands dependent on the centers.

Markets are organized differently depending on the criteria indicated in the typology presented above. In general, larger market centers will have from 1 - 6 semi-wholesalers of products of "first necessity" beer, salt, sugar, cement, soap, matches, textiles, etc. Smaller market centers may have a few semi-wholesalers with lower sales volumes than in the larger centers, but will be predominated, as in the larger centers, by retailers. These storefront retailers will be selling by and large the same imported items from one store to the next, with the exception of imported textile sellers who are most often "foreigners" and who often specialize. Many of these "foreigners" of Arab or sub-continental extraction may have been born in Burundi, but are not considered to be indigenous Burundians by Burundians with generations of African ancestry.

4.3 The Structural Position of Bujumbura Importers and Semi-Wholesalers in the Rural Marketing System

Bujumbura importers are often wholesalers, retailers, and parties to speculation in scarce commodities at the same time. The multiple functions which Bujumbura traders engage in is both constraining or encouraging to commercial activity, depending on one's vantage point.

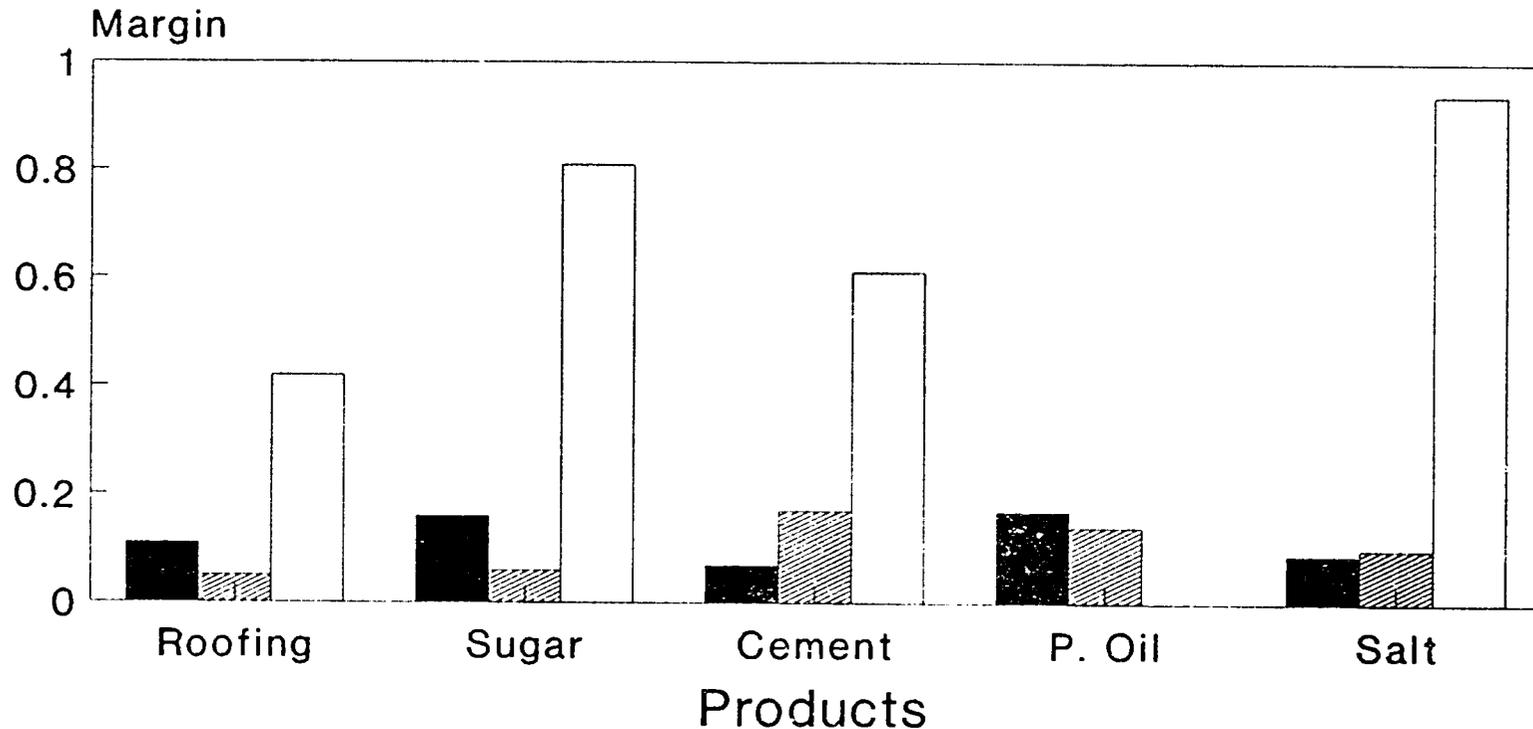
For rural market would-be wholesalers, the oft-complained application by Bujumbura importers of uniform pricing of products to all buyers, regardless of the buyers scale of enterprise and quantities purchased, is particularly constraining. This phenomenon encourages rural market retailers to purchase products directly in Bujumbura versus in rural market centers since wholesale prices in rural markets including transport and handling costs will inevitably exceed Bujumbura prices plus transport for retailers able to purchase products from Bujumbura suppliers.

For commodities most amenable historically to speculation, i.e. sugar, flour, salt, sometimes cement, etc. the ready transfer or sale by Bujumbura importers to Bujumbura speculator/semi-wholesalers, creates the same pricing structure constraint for rural market-based wholesalers purchasing at the semi-wholesaler level in Bujumbura. This phenomenon furthermore inflates prices for all rural consumers. The speculative function or *raison d'être* of many semi-wholesalers is itself due in part to importers' perennial cash flow constraints. Semi-wholesalers and urban speculators function as ready "financiers" of highly sought-after commodities for importer/wholesalers. They provide importers with liquidity constraints the means to quickly obtain their imported goods, which otherwise may remain stuck at the port of entry due to importers' inability to cover the 15% transaction tax which the government levies upon import of merchandise prior to its sale.

Rural-based retailers have several incentives to descend directly to Bujumbura to purchase imported and certain locally manufactured products. According to rural based semi-wholesaler/retailers, prices offered by importers' - either directly or through semi-wholesalers - are an encouragement to rural market retailers to purchase directly in Bujumbura. Secondly, the existence of a vibrant parallel market in cheap contraband goods available at either the Jabe market, the Central market, or the Quartier Asiatique in Bujumbura, offers an incentive

Table 1.

Price Margins Giteranyu



■ Wh/Semi-Wh Margins

▨ Semi-Wh/Ret Margins

□ Importer Margins

Import Margin = Wholesale purchase price - import price / wholesale purchase price

Wh/Semi-Wh Margin = Semi-Wholesale selling price - wholesale purchase price / selling price

Semi-Wh/Ret Margin = Retail selling price - purchase price / selling price

W

for traders of all stature to organize buying trips to Bujumbura. The structure and operation of the wholesale Bujumbura sector has thus permitted, if not unwittingly encouraged, a kind of democratization of commercial activities nationwide for entrants of all socioeconomic and ethnic backgrounds. At the same time this wholesale system has undercut the competitive edge previously enjoyed by rural semi-wholesaler/retailers, and has resulted in a system where margins for these products generally do not exceed 20% between Bujumbura suppliers and rural market retailers (see Table 2).

In general, the marketing structure can be described metaphorically as that of a multi-tentacled octopus, with the body located in Bujumbura, and the tentacles fanning radically out throughout the country. The principal rural markets themselves can be seen as nodes along the tentacles, with some larger than others, but with all highly dependent on the body, Bujumbura, for the bulk of sustenance. Surrounding the nodes emanating out from the tentacles are webs of tinier nodes, representing thousands of tiny, scattered hillside boutiques. The advantage of the organic metaphor over the bicycle wheel/spoke metaphor (see L. Phillips, 1988) relates to the drawing power of the center upon rural market traders, which the mechanical metaphor does not convey. This drawing power also affects trader/speculators from neighbouring countries, particularly Zaire.

Bujumbura is described here as playing an overly dominating role in the commercial system. In fact, all imported manufactured goods now must first clear through Bujumbura, even if passing through any of the rural border posts prior to reaching the capital, before being sold to semi-wholesalers or retailers from the same provinces, who will transport the goods for themselves or for other retailers back to the provinces. Figure 1 presents this marketing structure graphically.

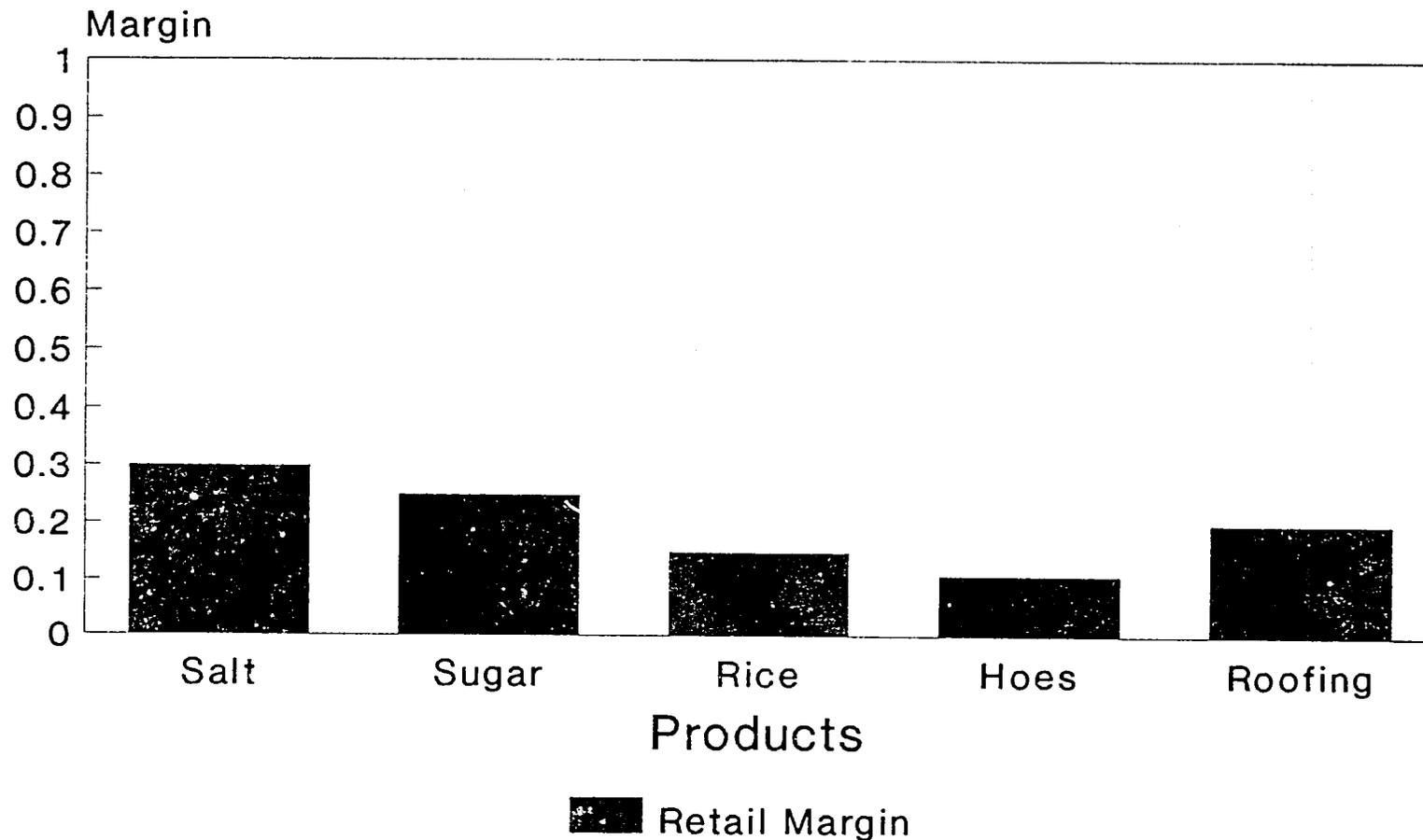
4.4 Rural Market Actors and Their Functions

Much (but not all) of the entrepreneurialism and nascent dynamism which the AMIS team observed during the course of the study is found at the lowest levels in the informal market structure, notably among "ambulant traders" working multiple markets. Ambulant traders travel long distances, via public transportation, private transport, or bicycle, often to purchase (among other things) industrial products in Bujumbura, palm oil in Rumonge, sugar in Rutana, or attractively priced contraband products along the Tanzanian or Rwandan borders, (or in the latter countries themselves), which are in demand in Burundi.

By travelling to either the primary source of production or importation to purchase bulk quantities of high demand products at lowest prices, both ambulant traders and many public market stall owners who diversify between commerce and agriculture earn marginally higher profits than they would otherwise were products purchased at the centre de commerce level from semi-wholesalers. This is because of the structural position which **Bujumbura importer/wholesalers and semi-wholesalers** play in the rural marketing system; since importer wholesalers are now free to sell products as retailers, rural market-based traders' pricing structures are squeezed by the fact that many Bujumbura wholesalers sell high-demand products in either bulk or in retail quantities at the same price. Thus rural-based semi-wholesalers may be forced to sell most of their products retail as opposed to wholesale, since many potential local purchasers prefer to purchase directly in Bujumbura at the same prices that provincial wholesalers pay. Thus the structure of rural markets is directly influenced by the multiple functions which Bujumbura importers undertake.

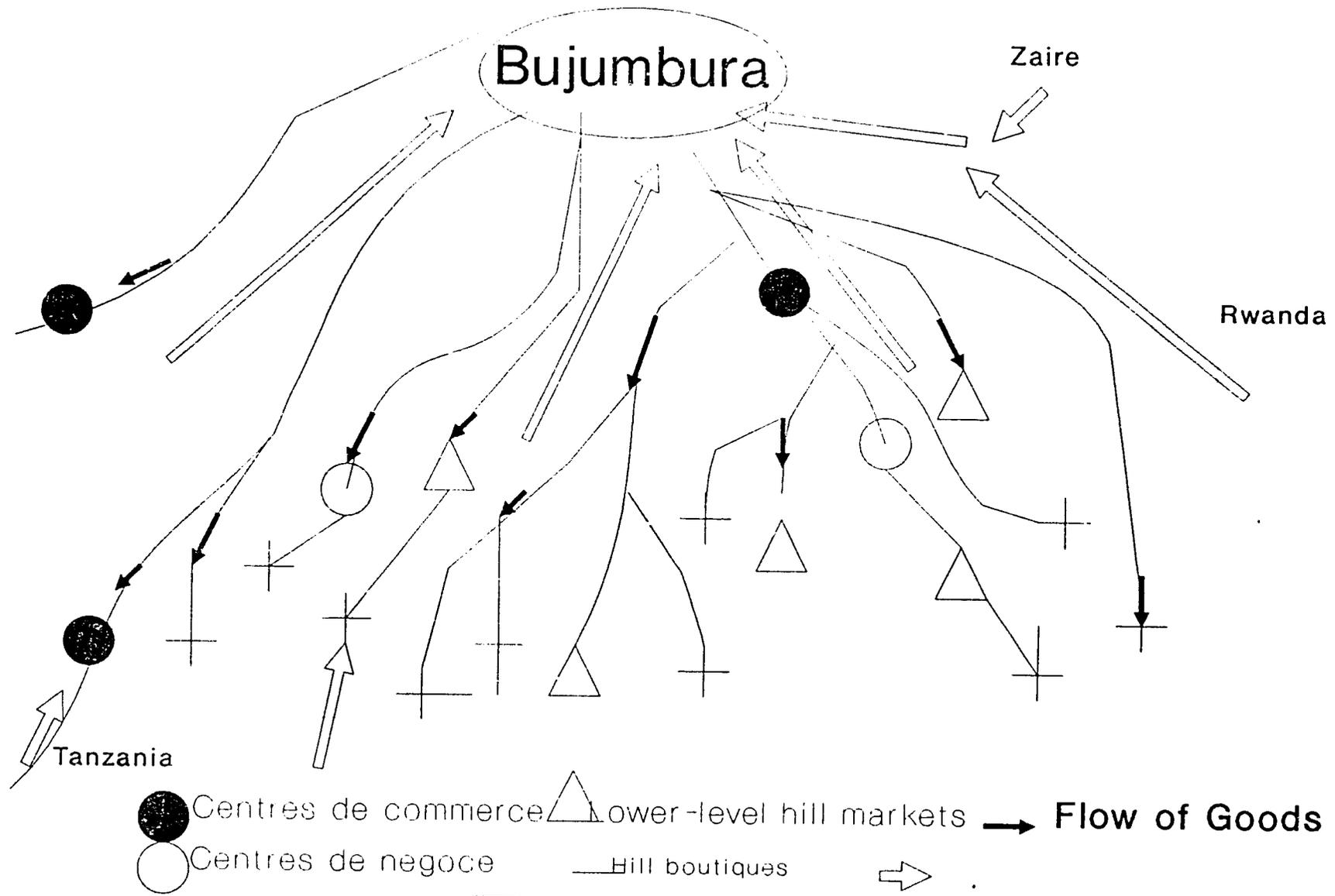
The key point is that across many products, particularly those sought out by the peasantry, both informal market traders and formal market traders are competing for **the same clientele**. The structure of rural markets and commercial activity in Burundi is therefore **highly competitive** at the middle and lowest levels. This is reflected in the relatively low price margins for rural semi-wholesaler/retailers versus importers (see Table 1).

Table 2. **Retail Price Margins**
Formal Market: Ngozi



Margin = $\frac{\text{Selling Price} - \text{Buying Price}}{\text{Selling Price}}$

Figure 1. Schematic for the Strong Influence of Bujumbura on Import/Mfg Product Flows to Rural Markets



The vast majority of actors in Burundian rural markets are small traders of either agricultural commodities or low-value basic necessity items soap, salt, and matches. These informal traders (or micro-traders) often function as lower cost providers of the most basic commodities to rural consumers compared with the majority of formal sector traders. The reason for their competitive advantage has been explained earlier.

In some instances there may be little to no advantage for rural consumers in buying from informal sector traders. However, servicing advantages, perception, informal credit arrangements, and perhaps cultural factors become important in explaining why most peasant consumers prefer to purchase goods from informal sector traders versus formal sector traders. Table 3 presents an example of similar retail price margins for four basic necessity products in both the formal and non-formal market sector of Giteranyi.

A frequently stated rationale presented by formal sector traders for the success of informal market micro-traders at their expense is the Burundian preference for direct contact with products. Unlike in boutiques or magasins where a barrier exists between trader and consumer, with merchandise shelved behind the trader, merchandise in the informal sector is arranged between seller and buyer, so that consumers have easy access to handling and inspecting merchandise before purchase. This servicing advantage in the sale of imported industrial products allows public market consumers to buy these goods in the same market space and under the same market conditions as for the purchase of taro, manioc, or ndagala fish.

The perception on the part of consumers meanwhile that prices are lower in the informal public market compared with the formal market structure also plays a role in preference for the former. This perception/assumption appears based on the formality of the transaction process affected in magasins or boutiques compared with the public market. The consumer's inclination here, given the haggling nature of business transactions in the informal market, is to assume that price for manufactured products will necessarily be lower in the informal market compared with formal market establishments.

4.5 Credit

The role which informal credit mechanisms play in the structural relation between traders and producers is important. As will be discussed below in the section on marketing and evolving production systems, credit, that is, advances on future production, has long been a prominent feature in the commercial relations between traders and producers in the rural milieu.

Short-term consumer credit is an infrequent phenomenon between formal sector traders and consumers, particularly peasant consumers. What credit does exist appears primarily in Primus beer bistros, and is a partial explanation given by some as to why bistros are perceived by many as not being profitable over the long-term (in addition to bottle breakage expenses).

Similarly, at the lowest informal levels, short-term informal credit plays a minor role in facilitating commercial transactions in banana beer bistros. It should be noted however, that transactions between micro-traders and consumers witnessed in more than 20 rural markets visited by the team appeared to be based entirely on cash exchanges for manufactured products.

4.6 Cultural Factors

Cultural factors which play a role in commercial transactions in the formal and informal market sectors appear to be class and category/ethnicity related. It was noted that informal sector traders enjoy both pricing and servicing advantages vis a vis consumers over formal sector traders. The servicing advantages relate largely to the nature of doing business in the informal market. As peasant farmer/consumers over 90% of the Burundian population both sell and buy primary products in the informal public market, cultural advantages appear to adhere to those willing to trade under informal conditions.

Conversely, the formal market sector was entirely the domain of foreigners until independence. These traders conducted business through a network of relatives and friends working in the same or complementary businesses in other countries, which afforded them easy access to informal credit on merchandise purchase. Many of the products they sold originated in the Middle East or the Indian sub-continent; much was reportedly smuggled into the country.

After independence, most formal sector traders (though not all) either resettled in Bujumbura or left Burundi entirely. Those who moved to Bujumbura focused on importing and wholesaling of first necessity products or textiles. Many of their former shops in the rural market formal sector passed into the hands of ex-employees, or other indigenous rural elites.

Given the sudden departure of many of the main actors in rural marketing activities between the late 1950s and early 1980s, Burundi quite naturally experienced a major restructuring of its rural markets. This restructuring is still ongoing today, as one can not yet speak of an "evolved" or "mature" market structure.

The elite group which has taken over most of the rural formal market activities is apparently composed of both principal indigenous social categories (or ethnic groups), the Batutsi and Bahutu, though the relative proportions of each in commercial sector activities remains conjectural. Regardless of the social identity of the formal sector trader however, a definite class distinction between semi-literate or literate formal traders and a largely illiterate consumer class undeniably exists in rural markets. This poses obvious implications for consumer preferences regarding where they buy goods.

From the standpoint of social group participation in formal sector commercial activities, the only policy constraint to entry is at the highest level for imports and wholesaler activity. Here the requirement for foreigners to deposit a guarantee (or caution) of 10 million FBu with a bank (versus zero for nationals) prior to obtaining foreign currency exchange permits and necessary customs clearances, has obvious political and equity implications.

The proportional representation of Burundi's principal social categories in rural market activities, or conversely, their systematic exclusion is an important consideration. As indicated above, commercial activity in rural markets in Burundi appears to be inclusive of all social categories, with limited-capital informal traders occupying an important structural and functional position in the marketplace. Since formal market traders often complain vehemently against the existence of these informal sector traders, the following conclusions may be guardedly drawn:

- a distinction in identity is perceived between formal and informal sector traders based as much on business methods and class diacritical factors as on social category/ethnicity.
- given that up to 90% of the population is presumed to be from the Hutu category it is safe to assume that the majority of informal market sector traders are from this category.

formal sector trade is neither the exclusive domain of foreigners or Batutsi, but is a tenuous mix between these two categories and significant numbers of aspiring upwardly mobile Hutu.

4.7 Competition and Margins in Rural Markets

The study substantiated the original overarching hypothesis that strong competition exists between rural markets and different categories of traders at the mid- and low levels, and that this competition allows markets to function relatively efficiently despite the concentration of bulk wholesaling of manufactured and imported goods in Bujumbura. This hypothesis was substantiated by virtue of tight price margins within the same market between formal and informal market sellers of similar products on the one hand (see Table 3), and; even tighter price margins within:

- (a) the same market among informal sector traders of a manufactured product or agricultural commodity, and
- (b) among formal sector traders of the same manufactured products (see Table 4 and 5).

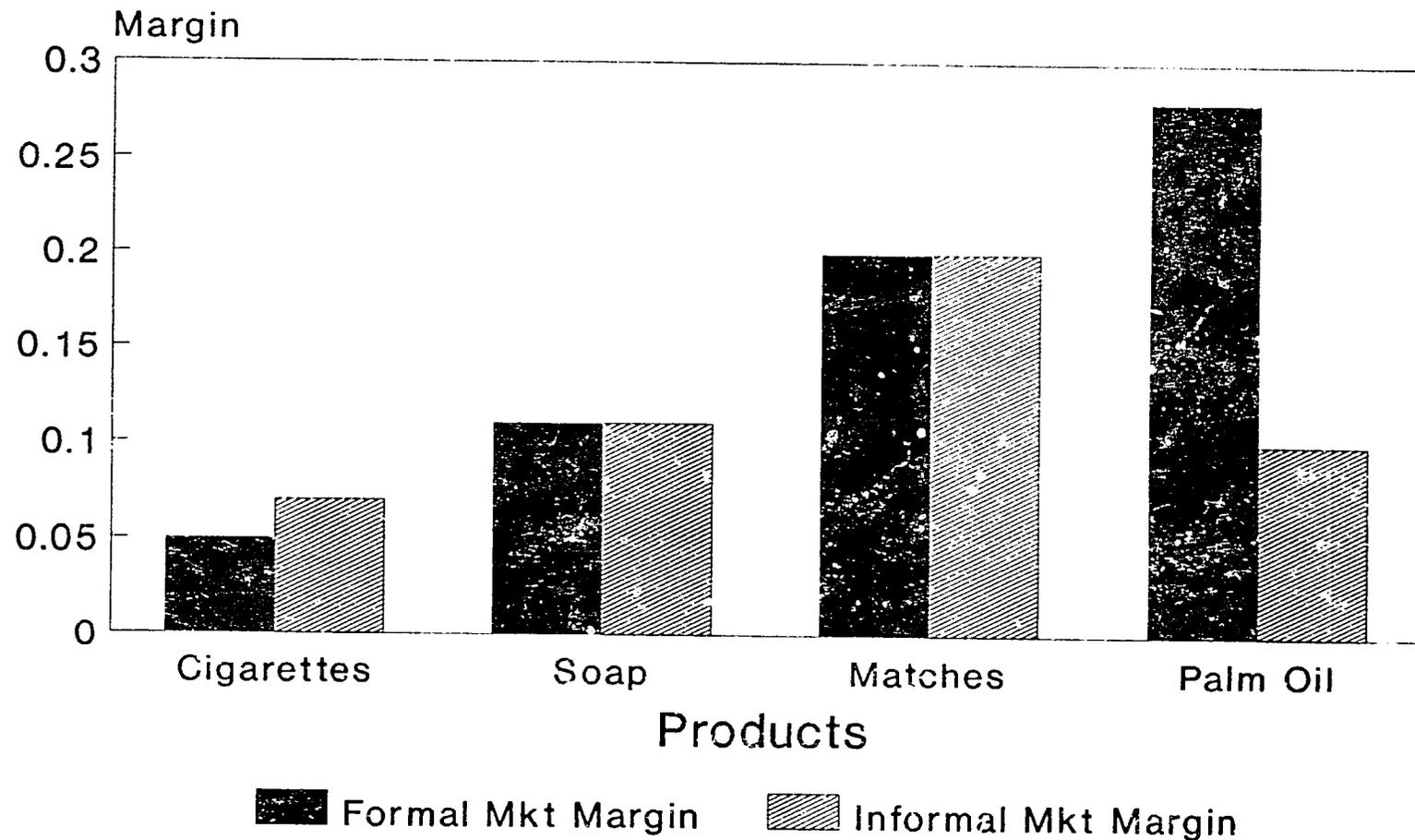
Strong competition between formal and informal sector traders very often for the same consumers is a key functional (and structural) problem in the rural Burundian commercial sector, and is perpetuated by the perceived absence of investment opportunities for business diversification among potentially qualified formal sector traders.

Based on research from the Small to Medium Enterprise Study just completed, a mark-up from \$1.50 (236 FBU) at the importer level to 600 FBU at the retail level was identified for hoes. This margin of 254% implies either of the following:

- (a) high transaction costs for hoes from importer through to retailer or
- (b) profit taking, most likely at the importer level. The importers' gross margins (difference in the wholesaler or semi-wholesaler purchase price in Bujumbura and the import price) or price mark-ups are 81% for sugar and 94% for salt (this is of course excluding any transport and transaction costs).

The average retail percent price variation for 10 public market sellers of manioc, beans, palm oil, and ndagala fish across 5 rural markets were found to be 61%, 41%, 25%, and 78% respectively (see Table 6), demonstrating extreme variability in agricultural commodity prices across markets. Prices of manufactured goods were found to be less variable. The retail percent price variability over 5 markets for formal market sellers of salt, sugar, cement, washing soap, matches and roofing meanwhile was found to be 10%, 0%, 7%, 23%, 50% and 9% respectively (see Table 7).

Table 3. **Retail Margins: Giteranyi**
Formal Market vs. Informal Mkt Sellers



Margin = $\frac{\text{Selling Price} - \text{Buying Price}}{\text{Selling Price}}$

21

Table 4.

Price Margins for 3 Informal Traders in Marengo, Kirundo & Giteranyi
Selected Industrial Products

Market: Marengo (Centre de Negoce in Natural Region of Bugesera)

Product Seller #1	Sell- ing Price	Buy- ing Price	Margin	Purchased in:	Sell in other Markets?	Source of Finance	Based on Units:
Shirts	33,000	30,000	0.09	Buj/Rwanda	yes-Kirun	sorghum	ballon
Matches	10	5	0.50	Kirundo	no	coffee	piece
Soap	30	26	0.13	Kirundo	no	coffee	piece
Lady Gay	120	102	0.15	Ngozi	no	beans	piece
Plastic shoes	450	400	0.11	Kirundo	no	beans	pair
Seller #2							
Pants	12,000	9,000	0.25	Rwanda	yes-Kirun	loan	ballon
Matches	7	6	0.16	Kirundo	yes-Ruja	loan	piece
Soap	30	27	0.10	Ngozi	yes-Ruja	sorghum	piece
Lady Gay	120	102	0.15	Kirundo	yes-Ruja	sorghum	piece
Plastic shoes	600	500	0.17	Kirundo	yes-Ruja	sorghum	pair
Seller #3							
Shirts	250	200	0.20	Rwanda	yes-Kirun	loan	ballon
Matches	10	6	0.40	Bujumbura	no	sorghum	piece
Soap	30	26	0.13	Kirundo	no	sorghum	piece
Lady Gay	120	102	0.15	Kirundo	no	sorghum	piece
Plastic shoes	550	500	0.09	Kirundo	no	sorghum	pair

Market: Kirundo (Centre de Commerce in Natural Region of Bugesera)

Product Seller #1	Sell- ing Price	Buy- ing Price	Margin	Purchased in:	Sell in other Markets?	Source of Finance	Based on Units:
Soap	30	27	0.10	-	no	ag.products	piece
Matches	10	7	0.30	-	no	ag.products	piece
Lady Gay	120	100	0.17	-	no	ag.products	piece
Seller #2							
Soap	30	27	0.11	-	no	ag.products	piece
Matches	10	6	0.40	-	no	ag.products	piece
Lady Gay	120	100	0.17	-	no	ag.products	piece
Seller #3							
Soap	30	27	0.11	-	no	coffee	piece
Matches	10	5	0.52	-	no	coffee	piece
Lady Gay	120	100	0.17	-	no	coffee	piece

22

Table 4 cont'd.

Market:Giteranyi (Centre de Negoce in Natural Region of Bugusera)

Produit Seller #1	Sell- ing Price	Buy- ing Price	Margin	Purchased in:	Sell in other Markets?	Source of Finance	Based on Units:	Average Margins		
								Marembo	Kirundo	Giteranyi
Pants	500	450	0.10	Bujumbura	no	ag.products	yard			
Shirts	220	200	0.09	Bujumbura	no	ag.products	yard	0.25	-	0.10
Soap	30	27	0.11	Giteranyi	yes	ag.products	piece	0.14	-	0.09
Cigarettes	70	65	0.07	Giteranyi	no	ag.products	pack	0.12	0.10	0.10
Matches	8	6	0.20	Giteranyi	no	ag.products	piece	0.15	0.16	-
								0.40	0.40	0.20
								0.12	-	-
Seller #2										
Pants	500	450	0.10	Bujumbura	no	ag.products	yard			
Shirts	220	200	0.09	Bujumbura	no	ag.products	yard			
Soap	30	27	0.11	Rwanda	yes	ag.products	piece			
Cigarettes	70	65	0.07	Giteranyi	no	ag.products	pack			
Matches	8	6	0.20	Giteranyi	no	ag.products	piece			
Seller #3										
Pants	500	450	0.10	Bujumbura	no	ag.products	yard			
Shirts	220	200	0.09	Bujumbura	no	ag.products	yard			
Soap	30	27	0.11	Giteranyi	yes	ag.products	piece			
Cigarettes	70	65	0.07	Giteranyi	no	ag.products	pack			
Matches	8	6	0.20	Giteranyi	no	ag.products	piece			

Table 5. Price Variation and Margins for Formal Market Sellers

Market: Ngozi

Product	Purchase Price		Units	Retail Selling Price			Percent Selling Price Variation Between Sellers	Average Margin (Percent Markup)
	Magasin #1	Magasin #2		Magasin #1	Magasin #2	Magasin #3		
Salt	70	-	kg	100	100	100	0	0.3
Cement	-	-	50 kg	1,600	1,600	1,700	0.06	-
Beer	1,152	-	case	1,320	1,260	-	0.04	0.11
Sugar	4,500	-	50 kg	120	-	-	-	-
Rice	85	-	kg	100	-	-	-	0.15
Hoes	-	-	houe	300	550	550	0.45	-
Soap	26.6	-	piece	30	30	30	0	0.11
Roofing	800	-	tole	1,000	-	-	-	0.2
Matches	-	-	piece	7	6	-	0.21	-
Palm Oil	165	-	kg	-	-	-	-	-
Cigarette	14,750	-	ct-25	-	-	-	-	-
Batteries	-	-	12	600	-	-	-	-

24

Table 6.

Retail Price Variation
for Public Market Sellers

Product

Average Selling Prices (FBu/kg)

%
Price
Var-
iation
between
markets

	Kir- undo	Mar- embo	Giter- anyi	Rug- ombo	Nyesh- enza	Kay- anza	Mur- ambi	Ngozi	Muh- anga	Mak amba	% Price Var- iation between markets
Manioc	11	8	9.5	-	-	11.5	-	-	20.5	18	61%
Beans	80	-	50	75	62.5	68	85.5	70	70	70	41%
PalmOil	-	240	210	250	222	220	210	200	220	220	25%
Ndagala	100	610	135	355	225	500	466	300	266	200	78%

45

Table 7.

Retail Price Variation
in the Formal Market

Product	Average Selling Prices (FBu/kg)					% Price Var- iation between markets
	Kir- undo	Ngozi	Gitega	Kay- anza	Mab- anda	
Salt	100	100	90	95	100	10%
Sugar	-	120	-	-	120	0%
Cement (50 kg)	1,725	1,633	1,600	1,650	1,700	7%
Washing soap (piece)	30	30	32	42	33	23%
Matches (pack)	7.5	6.2	5	5.6	10	50%
Roofing (tole)	1,100	1,000	1,100	-	-	9%

V. FIELDWORK - FINDINGS

This chapter presents the findings from fieldwork in the 5 market clusters selected for study. The following descriptions of the five market clusters highlights the complexity of rural markets in Burundi, the common characteristics which the markets share, and the perceptions and attitudes of participants at different stages in the marketing system. In each case, the validity of the hypotheses described in section 3 above is evaluated. Finally, in each instance, specific examples of key aspects of rural markets are presented.

5.1 Kirundo/Giteranyi

Type: Food crop export centers coupled to cross-border trade

Hypothesis: Food crop exports throughout Burundi coupled with illicit cross-border trade are together responsible for each market center thriving.

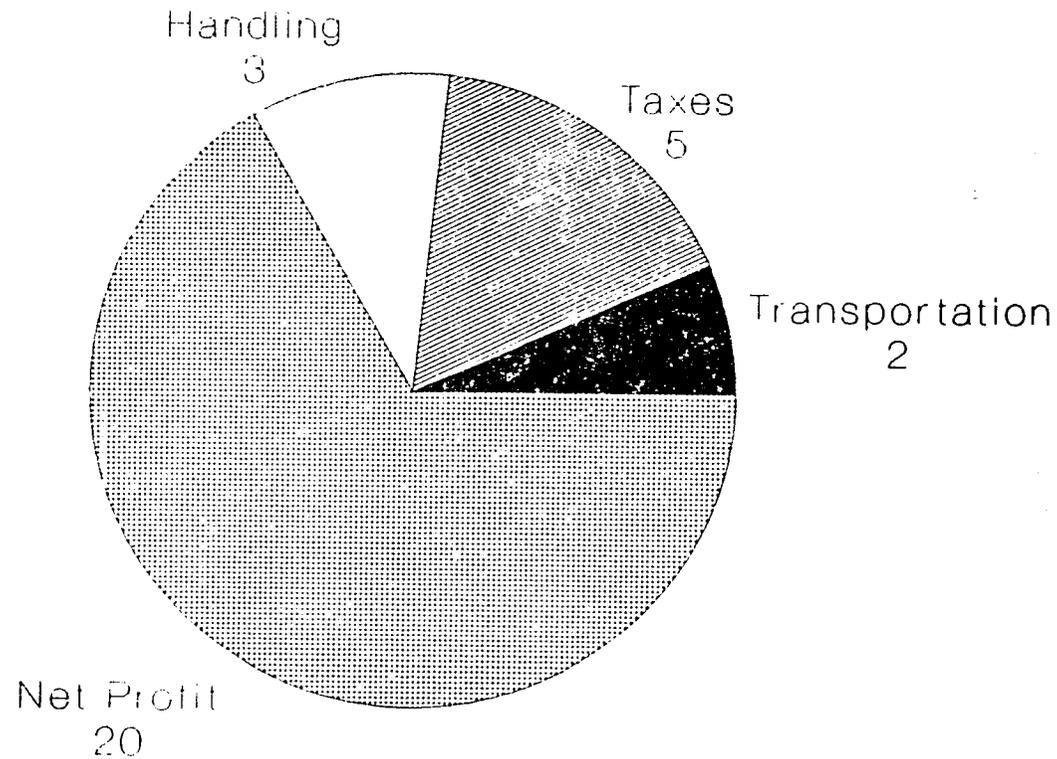
The study essentially confirmed the original hypothesis. Both Kirundo and Giteranyi are bulking points par excellence for beans, with coffee and sorghum playing a major role in commercial activities in both centers as well. Cross border trade is visibly crucial for both centers; Giteranyi this year bulked most of its early bean crop directly from Tanzanian producers, generating 3,000 tons of bean sales by late May, while Kirundo was in the process of selling many of its beans to Rwandan traders who had helped bid up the bean price 10 FBU over that offered in Giteranyi. That Rwandan traders can easily afford bidding up bean prices is explained by the sale price and potential margin for bean trade between Burundi and Rwanda; at a 60 FBU/kg purchase price and a 53 FRw/kg sale price in Rwanda (equivalent to a 106 FBU/kg sale price in FBU) 77% margins minus transport and handling costs can be realized. Thus gross profits on the order of 50-60% for Rwandan bean traders can be expected. This is largely due to the downside cost of the structural adjustment program in Burundi. An example of Burundi wholesaler profit margins for beans purchased in Giteranyi and sold in Ngozi is presented in Figure 2.

At the same time Giteranyi continues to sell considerable quantities of manufactured goods to Tanzanians particularly soap, used clothing, alcoholic beverages, etc. Trade flows from Burundi to Rwanda of manufactured goods meanwhile is not nearly as important as with Tanzania.

Some observers estimate that as much as 50% of annual sales volumes of manufactured goods is transacted in both centers during the dry season months of May - September. This is the time when beans, sorghum and coffee are arriving on the market. It is thus during the dry season that peasant purchasing power is greatest in Giteranyi and Kirundo and each center's respective hinterlands, including in Giteranyi's case Tanzania. This same purchasing power phenomenon is true throughout Burundi's coffee producing regions during the dry season.

Inter-regional sorghum sales meanwhile provide important cash crop earnings for both centers, particularly in Kirundo. Both the sorghum and the main bean crop are planted in January - February, offering farmers substantial earnings in the dry season. Sorghum harvest comes right after beans in the dry season.

Figure 2. **Wholesale Profit Margins**
Beans in Ngozi: in FBu/kg



Wholesale Purch Price - Giteranyi:50F/kg
Retail Sale Price - Ngozi:80 F/kg

One significant difference in the marketing of agricultural crops in each of the centers involves purchasing arrangements for sorghum versus beans. The sorghum system in Kirundo appears to be more free enterprise oriented than the bean network in Giteranyi. Kirundo hill traders are price setters at the farmgate because they are independent of institutional traders who purchase from them. Bean traders in Giteranyi meanwhile are dependent on their institutional bean trading patrons who advance monies for the purchase of very significant quantities of beans. Unlike beans, for which prices have increased over the two last years, sorghum prices have remained fairly stable as the institutional buyers, the two main beer breweries in Burundi, have not raised their purchase prices for sorghum while their beer prices have increased by 10% in the meantime.

5.1.1 Giteranyi

Through May 26, 1989 the commune of Giteranyi had already collected 6 million FBu in commune taxes on bean exports of 3,000 tons. This is the equivalent of 2,000 FBu tax per ton of beans commercialized and was felt by some to represent between 50% -67% of the likely inter-regional bean sales from the commune for this year.

On the June 11, 1989 market day in Giteranyi, 27 privately owned scales were busily at work weighing beans which individual farmers had hauled that day into market. The purchase price ranged from 50-53 FBu/kg. Several major institutional bean purchasers for the military and schools were present, with one major trader hauling out 9 tons of beans to Muyinga for temporary storage, and returning the same day for another 9 tons which would be driven directly to Bujumbura the same day. The next day he was planning a direct turnaround to Giteranyi for purchase of further tonnage and transport of the stored beans in Muyinga.

Giteranyi traders and administrators observed that this year's bean harvest was falling significantly short of expectations and was thus impinging on commercialization. It was anticipated that bean prices would rise in the weeks ahead to draw in a greater proportion of the remaining beans in the hinterland. Thus despite complaints from local missionaries that bean purchasers were reaping windfall profits at the expense of peasant farmers, competition between traders for beans appeared to offer farmers sale options; i.e. though there were several major buyers, pricing was neither fixed nor uniform, and price varied in line with supply and demand offers.

What was not known was the net margins which the institutional buyers were realizing. Assuming that sale prices for delivery orders to schools and the military for last year were estimated to be in the 90 FBu/kg range, and assuming furthermore an average 50 FBu/kg purchase price, with 4 FBu/kg transport cost to Bujumbura and 2 FBu/kg handling costs gross margins of 61% by institutional bean traders could be realized.

However according to an estimation by one Giteranyi trader, up to 2/3 of the 1989 seasonal bean production had already been purchased from Tanzanian peasant suppliers for average prices in the 30 FBu/kg range. At 3 FBu/kg and 6 FBu/kg transport and handling costs, gross margins of 150% for beans (not including vehicle amortization and all related costs) could be projected for the institutional traders. Thus the institutional bean suppliers appear to be making the lion's share of profits from the bean business (refer to Figure 2 for profit margins in bean trade).

At the commune level in Giteranyi, considerable variation in price offered to farmers was manifest on June 12th across several bean assembly point markets. Price differentials appeared directly correlated to increased transport costs between the various assembly points. For instance, the offer in Ruzo 12 km north of Giteranyi was 45 FBU/kg, or 5 FBU less than in Giteranyi. In Rumandari further away from the commune center near the Tanzanian border it was 40 FBU/kg, and in Ngumo 12 km west of Ruzo near Lake Rweru it was 35 FBU/kg. This pattern was the same as noted by traders and the Societe Regionale de Developpement Rurale (SRD) staff for agricultural commodities in southern Burundi in Makamba commune and its hinterlands; purchaser offer prices for agricultural crops are generally higher in centers with road access than in less accessible centers.

Giteranyi's growth as a burgeoning centre de négoce can be linked first and foremost to its strategic position as the central assembly point for both beans and coffee. In the case of beans, eight local agents representing larger purchasing houses in Bujumbura, or smaller buyers from Kayanza, Ngozi, and Muyinga ply the hinterlands of Giteranyi in Toyota camionettes to purchase beans with advances secured from their patrons, assemble those beans in the five major commune assembly points (including Giteranyi) and arrange for shipment by signalling their employers when purchases exceeding 9 tons have been executed. These purchasing agents (along with other independent purchasers) will most often buy beans at their boutiques, and fix prices based on information received from their employers. The competitive edge that certain purchasing agents enjoy is thus a function of their employers' purchase orders. With institutions such as the military or schools, it is also a function of how much speculative risk individual bean traders are willing to take to sell beans either on the open market in Giteranyi, or in one of the major centres de commerce or Bujumbura after arranging for transport of the beans if respective private transport is unavailable.

The commission schedule which purchasing agents receive is inversely correlated with price; on an agreed purchase price of 45 FBU/kg (i.e. the price at which the institutional trader and his purchasing agent agree will be their basis), up to a 7 FBU/kg commission will be made; on 50 FBU/kg up to a 5 FBU commission will be made; and on 70 FBU/kg up to a 4 FBU commission will be made. Thus commissions range from 15.5% in the first case to 5.7% in the latter. This however does not include any arbitrage earnings (or losses) which purchasing agents are able to secure for themselves, enabling them to ratchet prices up or down depending on their competitors' positions.

It is estimated that purchasing agents are extended credit of around 100,000 FBU by their patrons, though clearly at a bean purchase price of 50 FBU/kg this would permit securing of only 2 tons of beans, or 4 tons at 25 FBU/kg.

Generally beans are shipped out immediately in response to perpetual urban demand for this most basic Burundian staple. The phytosanitary use of Malathion, however, as a food preservative -- despite contraindications against its safe usage -- appears to be a known, if not overwhelmingly practised phenomenon among bean traders. Malathion is reported to keep beans for as long as six months in storage. Actellic, the recommended treatment, is good for only 2 months, with obvious cost disadvantages.

During the 3-4 month bean and coffee season, assembly point boutique owners report retail monthly sales volumes as high as 500,000 FBU, with possible trips from Giteranyi to Bujumbura effected as often as twice a week for purchase of fast moving products. The sale of bottled beer and banana beer reaches particularly spectacular levels during this period, as will be described below for bottled beer in Kirundo.

Giteranyi formal sector traders follow various marketing strategies during this period, but in general all traders follow a pattern set by the availability of the two predominant cash crops, beans and coffee. Through either advances or personal financing, Giteranyi formal sector traders will purchase beans and expect a return of around 10%. This profit will then be used to purchase manufactured goods in Bujumbura, or spent on interesting speculations from the Tanzania border market in Giteranyi such as ndagala fish, salt, or palm oil. These latter can be purchased for up to 50% discount at times over prevailing Bujumbura prices.

When coffee begins to be dried and delivered, most traders begin abandoning beans to rush after coffee, as profits from coffee may be double those from beans. This leaves a minor window of opportunity for those traders wishing to focus on beans and retail trade.

In general one can find everything in Giteranyi's boutiques that one finds in Bujumbura, for similar prices. As the growth of Giteranyi and Ruzo attest, in even the furthest removed points from Bujumbura within the national boundaries, commerce is thriving due to the strength of the local production systems coupled to interesting two-way flow arbitrage possibilities between Tanzania and Burundi, and Rwanda and Burundi for products perennially either in demand or in shortage.

5.1.2 Kirundo

An obvious differentiating factor between Kirundo and Giteranyi is size; the former is a centre de commerce which is functioning as such, while the latter is a centre de négoce. That is, market public traders from lower level rural markets do use Kirundo as a provisioning source particularly for the purchase of low-ticket retail merchandise. Higher value public market or formal sector items are generally purchased in Bujumbura; i.e. used clothing (fripseries), textiles, construction materials, etc.

Kirundo serves as a major source of beans, sorghum and coffee for export outside the province similar to Giteranyi. Some feel that sorghum is actually the first cash crop in Kirundo, followed by beans and then coffee. According to the commune tax receipts, tax revenues from sorghum are less than those of beans, with coffee not listed in commune tax revenues. Most sorghum is sold to the Primus and Amstel Breweries in Bujumbura and Gitega respectively. Next in importance is the sorghum trade to Mwaro commune, a high demand area for sorghum used in the manufacture of sorghum beer. This trade is largely in the hands of people originating in Mwaro, who reportedly moved to Kirundo to assure a production flow of both beans and sorghum into the densely populated Mwaro region. This same trading family with a major branch representation in Kirundo also has two fuel tankers which operate the northern corridor route, 3 international transport vehicles, and 3-4 20-ton in-country vehicles.

Kirundo presents an interesting case study of a rural market center which is doing well on one level and slightly less so on another. During the coffee season three tractor trailer trucks haul Primus and Amstel beer to Kirundo three times per week. Primus is sold for 1,275 FBu/case, or 106.25 FBu/bottle. The main watering whole in Kirundo during the dry season sells 4 cases of Amstel beer/day versus 2 cases/ day in the remainder of the year, and 10 cases of Primus/day versus 6 cases the rest of the year. Based on a retail sale price of 150 FBu/bottle in Kirundo, and a reported levying by local authorities of 18 FBu/bottle local tax, despite the impropriety of this since only importers are to be taxed on beer sales which are officially controlled otherwise, pre-tax profits of 3,720 FBu/day can be realized at this bar for **Primus sales only**. This beer consumption level, similar to other areas of the country, is indicative of the cyclical health of Kirundo's local economy.

Table 8.

Tax Receipts for Agricultural Exports in FBU

	Giteranyi	Kirundo	Busoni
Market Maintenance tax	3,817,000	2,200,000	3,000,000
Export tax - beans & sorghu	6,900,000		2,720,000
Export tax - other commodit	250,000		49,944
Export tax - total		600,000	
Population	42,339	62,849	

where: market maintenance tax = total receipts from sellers of ag.
 commodities within the commune
 export tax = total receipts on good exported out of the
 commune

1987-88 Tax Revenues from Beer

	Beer Sales	Market Taxes	Boutique Establishment Taxes
Ntega	5,300,000	720,000	
Murwi	211,640	489,500	45,342
Rugombo	2,860,000	150,000	37,318

Next door to the major bar in Kirundo stands another face of rural Burundian marketplaces - the now vacant Hatton & Cookson import/wholesaling enterprise. This company is still very active in Bujumbura in the construction and household appliance sector, and reported to the team from Bujumbura that it closed down its Kirundo operations because its monthly sales receipts were not exceeding 50,000 FBU, while its building rent was 80,000 FBU/month and manager's salary 70,000 FBU/month. The explanation given for the business slowdown was the gradual erosion of rural purchasing power in general, coupled to lack of internal demand for anything but the basic necessities such as beer, sugar, palm oil, and salt. Coupled to this was a loss of institutional contracts with mission and school clients in Kirundo, and the erosion over time of commercial contacts with foreign nationals in the centres de négoce of Kirundo. This erosion was a function of the virtual abandonment of the centres de négoce by foreign nationals after Burundian independence.

The inability for a major importing/wholesaling enterprise to maintain sufficient sales volume in the chief market center in a natural region of Burundi which is thriving on the basis of sorghum, bean and coffee production raises important questions about the future viability of major wholesaling enterprises in rural markets. The blame here is put by both importers and semi-wholesalers on inflation due to currency devaluation, directly correlated to drop in demand. For instance, in Kirundo 3 meters of aluminum roofing has recently retailed for 1,100 FBU where last year at the same time it was selling for 700 FBU. This 57% price increase is correlated with a ballpark estimate of 50% drop in demand this year for roofing. Another factor is the cost of transport which in Kirundo is valued at 7-8 FBU/kg for products leaving Kirundo, and 5 FBU/kg for incoming products.

Table 8 provides comparative commune based tax figures for agricultural outflows out of Giteranyi, Kirundo, and Busoni communes (the latter being the principal sorghum producing area in the Kirundo hinterland). These figures together with tax data from these communes on beer sales, market taxes, and boutique establishment taxes provide an order of magnitude for the levels of communal commercial activity.

5.2 Kayanza/Muhanga/Ruhororo

Type: Large and small markets in high population, complementary production zones.

Hypothesis: A strong trading pattern exists between the centers due to differences in their production modes and geopolitical factors.

This hypothesis was found to be largely true, save that the ascendancy of Muhanga as a centre de négoce has more to do with its complementarity with small hill level boutiques in its hinterland with Ngozi, than with its complementarity with Kayanza per se. Its growth vis a vis Ruhororo is also a function of the following:

- (a) its receiving commune status in 1983 subsequent to a nationwide reorganization of provinces and communes as administrative units;
- (b) the internal dynamism of its traders and their ability to realize capital formation through assuming a kind of semi-wholesaler status with informal sector traders in their hills (collines) of origin, while Ruhororo traders were unable to seize on similar opportunities; (c) their geographical location was preferential to tap into the Kayanza/Ngozi trade axis than was Ruhororo.

In addition to studying the links between these three centers, the team visited three other markets in the Buyenzi natural region: Ngozi, Kibiza, and Muruta. Here the functional relationship between two pairs of centers at different structural levels in the same natural region -- Kayanza/Muruta and Ngozi/Muhanga was seen to offer more interesting comparative study possibilities for the northern corridor, high population density area of the country than the original hypothesis for research in the zone. The remainder of this section will describe these newly introduced paired relations, which illustrate other interesting aspects of structural relations and the articulation between different rural markets in Burundi's most densely populated region.

It is necessary first to establish general parameters for both economic and commercial activities at both the macro- and micro-levels in the market areas to be presented. Data from studies focusing on the natural region of Buyenzi which incorporates most of Ngozi and Kayanza provinces will be used, along with commune level tax data, and provincial level exchange flow data. The first and last of these data sets originated from the first phase of the 1986 World Bank second project on urban development in Burundi.

The following discussion is based on World Bank flow charts and tables from the Phase I report on *The Second projet de Developpement Urbain du Burundi*, along with Commune level tax data from the Government of Burundi. Charts and tables are presented in Annex IV. Starting first with micro-level parameters, Annex IV, Table 1 presents a balance sheet of revenues and expenditures for agricultural households in the natural region of Buyenzi. This region subsumes both the communes of Kayanza and Muruta on the one hand, and Ngozi, Muhanga, and Ruhororo on the other. The table illustrates that agricultural households generate 17,405 FBU of 26,731 FBU (65%) of their revenues from selling agricultural products - chiefly coffee (28%), banana beer (20%), other agricultural products (17%) -- with 12% of their revenues coming from non-agriculturally based commercial activities. In balance, household's annual revenues exceed expenditures by 2,016 FBU (\$15 US).

On the macro-level, Tables 8 and 9 present significant commune-level parameters which are indicative of the orders of magnitude of commerce in each of the four market centers. Annex IV, Figures 1 and 2 present schematics of provincial level exchanges in both Kayanza and Ngozi (including of course Muruta, Muhanga, and Ruhororo). Annex IV, Figure 1 shows that in Kayanza, coffee (700M FBU), banana beer (500M FBU), subsistence crops (400M FBU), formal commerce (300M FBU), salaried labour (250M FBU), and miscellaneous (350M FBU) are the principal revenue generating activities. The 700 Million FBU in coffee revenues are generated entirely in exports. 300 Million FBU from banana beer exports outside the province are generated, with 200 Million FBU consumed internally.

Provincial farmers meanwhile consume 880 Million FBU worth of agricultural products flowing through the provincial rural markets, originating both within and outside the province. At the same time, they are selling 600 Million FBU of agricultural products through the provincial markets. Of this latter flow, 33% of agricultural products are sold in the Kayanza commune markets (principally in Kayanza itself), 64% is sold in other commune level centres de négoce, with the remaining 3% sold in hill markets (see Annex IV, Figure 1).

Annex IV, Figure 2 for Ngozi paints a very similar exchange structure to that of Kayanza, with the only advantage on the export revenue side for Ngozi coming from an additional 50M FBU in coffee revenues. Revenues generated from sale of agricultural commodities within Ngozi's provincial markets exceeds those of Kayanza province by 50M FBU as well, though this is only a difference of 8.3%. Internal consumption figures of agricultural commodities marketed through each respective provincial marketing system are also similar.

A major divergence between the function of the Kayanza and Ngozi markets relates to the commercialization of products originating in Bujumbura or elsewhere. Here 91% more revenues from non-agricultural commercial activity -- 325M FBu vs. 170M FBu -- is noted for Ngozi versus Kayanza. Thus with the exception of revenues generated from reselling Bujumbura-origin manufactured products, commercial activity in both Ngozi and Kayanza provincial markets are similarly structured.

Commercial activities in both the market centers of Kayanza and Ngozi on the one hand, and rural markets in their hinterland on the other, represent the most dynamic commerce in rural Burundi.

5.2.1 Kayanza/Muruta (Campazi)

Kayanza is the dominant commercial center on the northern corridor access route to East Africa via either Rwanda or Tanzania, though its importance as a commercial center is quite similar to that of nearby Ngozi 50 km to the east.

59% of the urban population in Kayanza practice agriculture, with 39% involved in tertiary sector activities as in Ngozi (41%), with slightly more involved in the formal commercial sector on a full time basis (World Bank, 1986:1). As throughout all commercial centers in the country however, the number of full-time wholesale traders is limited. The dominant characteristic of Kayanza province and its constituent communes vis a vis other provinces and communes is the high population density -- 312 people/km². The overall average for the natural region of Buyenzi which includes each of the four markets discussed here is 363 people/km², well ahead of Kirimiro natural region which has 276 people/km² and Mugamba with 223 people/km².

Kayanza's provincial population represents 9% of the national population, with this proportion projected as falling over time due to the 4.7% emigration rate from the province. This emigration rate is itself a direct function of land use in the province and the region; in Kayanza province 45% of all available land is under continuous usage, compared with 50% of the land in use for the entire Buyenzi natural region. In both Kayanza and Ngozi the average farm size under cultivation is .61 hectares. Land occupation is calculated at 82% for Kayanza province and 93% for Buyenzi region (World Bank, Ibid.).

In Buyenzi as a whole, 77% of all cultivated land is relegated to subsistence crops which are sold in public markets. In general, beans are in constant shortage, manioc less so, and potatoes are in seasonal excess due to surplus production in Mugamba and Rwanda. Average yields per hectare for beans and maize are at around 750 kg/ha., sweet potatoes at 5,300 kg/ha., potatoes at 4,000 kg/ha., manioc at 6,200 kg/ha., and bananas at 6,000 kg/ha. Both coffee and tea are key cash crop earners in Kayanza, with 2,560 tons of coffee received at the local Societes Rurale du Developpement (SRDs) from Kayanza (World Bank, Ibid.).

As in the Cibitoke and Makamba regions in particular, the importance of banana beer as the key "cash crop" is underlined in both the ISABU study and agricultural product flows, and the aforementioned World Bank study. Table 10 shows comparative tax receipts for local bistro sales of banana beer and banana beer export in Kayanza, Mugina/Nyeshenza (Cibitoke province), and Makamba communes. These data provide an indicative order of magnitude for how important banana beer actually is in Burundian rural markets. Based on the opinion of many Burundi, it is likely that these revenues in fact represent but a fraction of the actual amount of local beer consumed.

Table 9. 1988/89 Tax Revenues from Beer

Tax Revenues - Banana Beer (in FBU)

Commune	Local Beer Tax Revenue	Unit tax	Cabaret tax (local beer)	Unit tax	Export Beer Tax Revenue	Unit tax	Pop-ulation	Quantity Consumed	Quantity per cap
Mugina	1,140,620	12	478,000	3,000	13,520,000	-	37,875	95,211	3
Buganda	1,500,000	5	150,000	3,000	1,500,000	350	41,466	300,050	7
Kirundo	5,151,250	5	657,000	3,000			62,849	1,030,469	16
Bugabira	2,500,000	5	120,000	3,000				500,040	
Kayanza	678,200	5	260,500	3,000			59,260	135,727	2
Nyeshenza									
Makamba	5,500,000	5					66,418	1,100,000	17

Of 2.5 Billion Fbu in provincial revenues, 2/3 of these are derived from agriculture. 200 Million Fbu are estimated as saved each year in the province; 930 Million Fbu meanwhile are estimated as being spent in public markets, 640 Million Fbu are estimated as spent in the formal market and in hill boutiques (World Bank, Ibid:vol.II-171). Of this, 400 Million Fbu are estimated as purchases effected in Kayanza's public market, with 280 Million Fbu spent in its formal market. An estimated 580 Million Fbu is spent in secondary public markets, 100 Million Fbu in secondary formal markets, and 280 Million Fbu in informal hill level boutiques or less formal house or ambulant traders.

Approximately 58% of commerce in the Kayanza market therefore takes place in the public market with 42% in the formal "permanent" market. 41% of overall public market trade in the province takes place in Kayanza. Only 26% of provincial formal market trade is estimated as occurring outside Kayanza; at the same time, commerce transpiring in hill boutiques in the province is estimated as the equivalent of 72% of all formal market sector trade in the province. This estimate highlights the importance which informal sector trade at the hill level has on rural commerce in Burundi.

Annex IV, Table 2 indicates the 1983 turnover for different commercial activities in Kayanza province, with the data broken down and presented at the level of Kayanza commune itself, other communes, hill boutiques, and cooperatives. The categories of commercial activity examined include: agricultural products, beer, store bought groceries, clothing, and diverse enterprises. 565 Million Fbu out of a global turnover of 1,748 Million Fbu per year (32%) is generated on subsistence food crop sales, with 36% of these sales taking place in the Kayanza market itself, and the remaining 74% in centres de négoce and lower level public markets. The next most important category grocery purchases represents a turnover of 405 Million Fbu of the global total, or 23%. 28% of grocery turnover meanwhile is generated in hill boutiques, which is just inferior to the combined turnover in the informal and formal markets of the commune of Kayanza.

Beer sales always an important revenue generator occupy 11% of the estimated global turnover, and clothing sales 15% of the global turnover. It is interesting to note that banana beer is equally important as a revenue generator at the hillside level as is grocery sales.

To appreciate how commercial exchange of agricultural sector products operates through rural markets in Kayanza province, three flow charts are presented in Annex V - for trade in beans, taro, and tobacco with the hill market of Campazi in the commune of Muruta (natural region of Mugamba) as the focal point of exchange activity. These are among the most important transacted products in this particular market from the point of view of exchange value and/or volumes exchanged (with the exception of banana beer).

It should be noted that ambulant traders play a major role in the sale of manioc flour, tobacco, beans, wheat, and potatoes between these markets, with other products brought to market by either household producers or processors (as with manioc flour and banana beer).

For Campazi the primary agricultural commodity traded by volume is tobacco (Ruberintwari/Projet SYSTRA, 1989: personal comm.), originating primarily in Gatara and the surrounding hills of Campazi. The combined sales of tobacco, tea, and coffee provide peasants with the necessary capital to purchase pigs, a crucial source of manure input so necessary now on the ever-intensifying fields of Kayanza farmers.

Table 10. Indicative Prices of Agricultural Commodities
in the Public Market

Product	Marche: Kayanza		Marche: Murambi (Campazi)		% Price Variation Between mkts
	Price per kg		Price per kg		
	Seller		Seller		
	#1	#2	#1	#2	
Manioc	11	12	-	-	-
Banana Beer (72 cl)	19	18	20	-	7%
Potatoes	-	-	-	-	-
Sweet Potatoes	16	15	14	14	9%
Beans	65	71	85	86	20%
Palm Oil	220	220	200	220	4%
Ndagala	500	500	466	466	7%
Salt	100	100	150	150	33%
Sorghum	55	65	52	52	13%
Colocase	20	19	21	21	7%

There are reportedly about 50 total hectares of tobacco in the Campazi area, with farmers cultivating tobacco farming an average of .25 - .5 hectare per farmer. At a planting density of 12,000 plants per hectare and a value of 70 FBU/plant, the total value of tobacco planted in the Campazi hills is estimated at 42 Million FBU, or \$267,500. Half of the tobacco commercialized is sold directly by producers, the other half by ambulant trader specialists. Ambulant traders from Imbo purchase tobacco in Remera for sale back in Imbo; Remera in turn is supplied by ambulant traders of tobacco who are supplied from the Campazi hills, who sell first in the Campazi market, and then proceed to either Kayanza or Remera if the tobacco is moving too slowly. It is estimated that tobacco is valued as the second most important agricultural commodity traded in the Campazi market and surrounding hills, with people coming from as far away as Bubanza (in the natural region of Imbo) to purchase tobacco. In fact, Imbo purchasers reportedly exceed Kayanza market purchasers themselves.

The most important agricultural commodity traded in Campazi by value (and estimated as only perhaps the sixth most important commodity traded by volume) is beans. The source of beans in Campazi is nearly entirely from Muyinga, Ngozi, and Kirundo via Kayanza. These beans reach Kayanza by either 10 ton or two ton pickup trucks. From Kayanza about 5-6 ambulant traders work beans on nearly a full-time basis. To reach Remera on the Zaire-Nil Crete, ambulant traders stage the commodity transfer at the level of the Campazi hills. Both ambulant traders and individual consumers purchase beans in either Kayanza directly, or Campazi as a secondary source.

The third most important agricultural product exchanged in Campazi is manioc flour. Dry manioc originating principally in Makamba, Muyinga, Kirundo, and Ngozi is shipped to Kayanza and sold to semi-wholesalers (demi-grossistes). Once there, ambulant traders or processors purchase the manioc and transform it either by mill or stone mortar and pestle in the greater Kayanza market center area. As many as 15 ambulant traders specialize in flour trade, with the majority in manioc flour and lesser numbers in sorghum flour.

In Campazi on market day, an estimated 15 ambulant traders are present with up to 30 kg/trader, or 450 kg manioc flour in total. Hill people from Campazi themselves purchase flour from Campazi collines and transform the manioc for sale in the Campazi market. Flour also enters the Remera market on the Zaire-Nile Ridge via Imbo, with more actually arriving in this side of the Campazi hinterland from Imbo than from the Campazi market itself.

The fourth most important cash crop traded in the Campazi market is taro. Most taro originates in the Matongo or Gatara hills before arriving in Campazi. Taro sales are made primarily to purchasers from Mugamba natural region, which is an ecological transition zone for taro. A considerable amount of taro also enters the Kayanza market directly from the Campazi hills, without necessarily passing first through Campazi. As for sweet potatoes, whatever marketed quantities of taro are not successfully commercialized on a particular market day are re-transported home for consumption.

The agricultural commodity flows illustrate first and foremost that the concept of self-sufficiency is a relative term in Kayanza province and Buyenzi natural region; commodity flows for agricultural sector products is an essential feature of the rural milieu, and is transacted by both producer/traders, ambulant traders, and transformation/artisanal specialists.

Table 10 illustrates comparative prices for the agricultural commodities mentioned in the flow charts above for the two public markets. For 8 different agricultural commodities (including salt), an average price difference of 12.5% is noted for agricultural products between markets. In the case of beans and salt in which price variation reaches 20% and 33% respectively, this variation reflects the speculative nature of the commodities in question. For locally grown commodities such as taro or sweet potatoes, price variation between Campazi and Kayanza is virtually nil.

5.2.2 Ngozi/Muhanga

Ngozi and Muhanga are dynamic commercial centers similar to Kayanza and Muruta/Campazi, with each centre de commerce clearly occupying a strategic position in the commercial activities of the province, but by no means an exclusively dominant one.

Ngozi is the capital of the most densely populated region in Burundi, with a belt of gorges and wetlands surrounding the rural market center. It was one of the first regional administrative centers established by the Belgians, which at that time included the provinces of both Ngozi and Kayanza. As in Kayanza, much of the actual center can not be extended beyond its current limits. Ngozi center is most noted for its institutional dominance in northern Burundi; national level institutions whose prerogatives transcend Ngozi's communal limits into Kayanza, Muyinga, and Kirundo are housed in Ngozi (Buyenzi SRD, the Burundi military, etc.). As in Kayanza, the physical market infrastructure is barely sufficient to meet the needs of market sellers/customers on an average market day.

The population density of Ngozi province was estimated at 267 people/km² in 1985 and 314p/km² in 1989, with considerable variation across the various communes and constituent collines. Since 1967, the population density in the natural region of Buyenzi which includes most of the province of Ngozi, has risen from 230p/km² to 283p/km², a difference of 23% in 18 years, or 1.27% per year (World Bank, 1986:vol.II-84).

Table !! illustrates commercial activity taking place in Ngozi and Muhanga markets on June 14, 1989.

Importer-wholesaler-retailer gross price margins for salt and sugar in Ngozi indicate that at the importer level up to the Ngozi semi-wholesalers, profit taking is highest. This does not however indicate the proportion of margins taken by intermediaries between importers and semi-retailers, so that the bulk of profit-taking can not be imputed to importers alone.

The most interesting results of the research in Ngozi and Muhanga point to the function of Ngozi as a wholesaling center for a fairly widespread hinterland, particularly at the centre de négoce level and for other centre de commerce such as Muyinga and Kirundo. Beer provisioning is particularly important, with wholesaling of salt, sugar, roofing materials etc. following.

At a lower level, the success of Muhanga is indicative of the function which centre de négoce can still have in rural areas. Instead of relying on revenues generated from inside the centre de négoce market itself, Muhanga's traders earn most of their revenues from either semi-wholesaling to hill boutiques, or retailing through their own hill boutiques. Both wholesale and retail trade at the hill boutique level have the distinctive advantage of falling outside price and taxation controls which existed for many products until the recent structural adjustment. The technique explained by Muhanga merchants for squeezing maximum profits from hill trade is one of maintaining consistent pricing for key products such as palm oil, salt, sugar, etc. between the centre de négoce and colline level, while at the same time reducing the quantity of product offered in hill boutiques, or even perhaps misrepresenting quantities sold to unassuming consumers. This marketing strategy has apparently worked so well in Muhanga, that over the last five years the number of retail establishments in the centre de négoce have increased from 5 to over 40.

Table 11. Commercial Activity in Ngozi and Muhanga
Non-Formal and Formal Markets

Product	Non-Formal Markets Market: Ngozi		Market: Muhanga		% Price Variation between markets
	Price per kg		Price per kg		
	Seller #1	#2	Seller #1	#2	
Manioc	-	-	25	16	-
Banana Beer (72 cl)	-	-	30	30	-
Potatoes	120	100	-	-	-
Sweet Potatoes	8	9	10	12	22%
Beans	70	70	70	70	0%
Palm Oil	200	200	220	220	9%
Ndagala	300	300	200	333	11%
Salt	200	200	160	160	20%
Sorghum	-	-	-	-	-
Colocase	-	-	13	11	-

According to Muhanga traders, the pricing of products in hill boutiques works as follows: 1 kg of sugar or salt selling in Muhanga for 120 FBU sells in the hills for 140-160 FBU; 12 packets of solidified palm oil comprising 1 kg in Muhanga selling for 220 FBU/kg sells in the hills for 240-260 FBU, in 13 packets instead of twelve; tobacco selling for 65 FBU/packet in Muhanga sells for 80 FBU in the hills; tea selling for Muhanga in 50 FBU sells for 80 FBU in the hills, etc.

Another technique which Muhanga traders use to their advantage vis a vis traders in other market centers is "limited cooperation". In virtually all the market centers the AMIS team visited during the course of the study, the appearance of competition between traders at the same structural level or between structural levels was clear. This phenomenon was more restrained in Muhanga than elsewhere, as traders mainly originating from the same collines appeared to cooperate as much as compete amongst themselves.

Cooperation in Muhanga's commercial sector takes two forms:

- (1) facilitation by trader/organizers of joint purchasing expeditions for particular commodities or products, and for which no single trader could organize an economically feasible procurement trip on his/her own, but which together permit each purchaser to benefit from unit price discounts and transport economies;
- (2) the obtaining of short-term supplier credit or advances towards quantities purchased in bulk for others as well as for oneself as part of the purchasing expedition.

Muhanga traders procure products in the centers of Ngozi, Gitega, and Kayanza in that order of importance. The procurement tendency towards Ngozi is largely a function of Muhanga's traders maintaining more personal contacts with semi-wholesaling suppliers in Ngozi than elsewhere, and is also a function of the road network facilitating trips to Ngozi over Kayanza. Ngozi and Gitega are the major beer suppliers for Muhanga. Ngozi distributors reportedly provide credit for beer bottles provided to Muhanga traders, though purchases directly from Bujumbura are also made weekly by one Muhanga trader with his own 10 ton vehicle. It is estimated that up to 25% of Muhanga traders' purchase value of quantities (in excess of 1 million FBU) may be financed through Ngozi and Gitega beer merchants.

The cooperation in procurement works for palm oil expeditions to Rumonge, diverse article expeditions to Bujumbura, beer to Ngozi, etc. Normally 60 - 70% of the transported freight's value is paid by Muhanga traders FOB, with the remainder usually paid COD, or else within 2 weeks of delivery.

The reach and awareness of Muhanga traders of price variability is witnessed by the fact that the Ndagala fish consumed in Muhanga is mostly from Tanzania via Giteranyi, with sack purchase prices ranging from 2,700 FBU - 3,500 FBU in Giteranyi, to up to 12,000 FBU for Burundi-fished ndagala.

Muhanga traders estimate that hill boutiques may have 300,000 FBU annual turnover, with as much as 60,000 FBU profits per boutique. Annex IV, Figure 1 shows that hill commerce revenues in Kayanza province is estimated at 280M FBU annually over a 660M FBU annual total (41%). Based on projected population figures, Muhanga's population represented roughly 7% of Kayanza province. Assuming that 7% of the hill commerce in the province takes place in Muhanga, 19.6M FBU could be generated in Muhanga's hinterland boutiques annually. Assuming furthermore that each boutique has an annual turnover of 300,000 FBU based on Muhanga traders' estimates, Muhanga's hinterland would contain 65 boutiques.

As 74 boutiques in Muhanga commune were actually accounted for by the communal authorities, with 41 being in Muhanga proper, it is clear that the majority of hill boutiques fall beyond the purvey of communal tax collecting authorities, which was further confirmed by traders in Muhanga. Thus the estimate for 65 hill boutiques in Muhanga is likely to underestimate the reality of hill commerce considering Muhanga's internal dynamism.

Given the rapid growth of the Muhanga market center over the last five years, with the affirmation from traders that other hill traders expect to follow the entrepreneurial model set by their predecessors now working out of Muhanga. This includes making money in the hills, open a boutique in Muhanga, and then sell semi-wholesale or retail from Muhanga to the hill boutiques. Also the possibility of finding another 65 boutiques in Muhanga's hinterland in rapid order seems very high.

Within 1 -2 years, Muhanga traders estimate that hill boutique owners are able to buy parcels in Muhanga ranging from 150,000 Fbu to 300,000 Fbu in value. This must represent the profits and savings, together with coffee production profits perhaps, of the average formal sector trader in Muhanga.

5.3 Gitega/Buhiga

Type: Major supply centers for respective rural hinterlands with absence of commercial relations between the centers which could be expected due to proximity and Gitega's size.

Hypothesis: The absence of significant trading links despite Buhiga's dependence on Gitega as a transit point to Bujumbura, and its demand for manufactured products. This illustrates the often weak structural and functional relation between centre de commerce and centre de négoce.

The following comparisons of Gitega with Kayanza and Ngozi are informative. For beans, sweet potatoes, taro, and manioc, Gitega's provincial production is estimated to be 195%, 113%, 19%, and 83% more than in Kayanza. On the other hand, coffee revenues are only 53% of those in Kayanza, beer revenues only 62% of Kayanza, while overall agricultural revenues are 40% more than in Kayanza.

Both commerce and salaried labour are significantly more important in Gitega than in Kayanza -- 146% and 52% more revenues are generated in Gitega for formal sector commercial activities and salaried activities respectively. Commercial activity is considerably higher in Gitega province than in Kayanza as well.

Compared with Ngozi however, Gitega's formal market center enjoys "only" 55% more commercial activity. Interestingly, in both Gitega and Ngozi the proportion of grocery commerce and clothing revenues are approximately the same. The difference in revenue is due to a more diverse range of activities undertaken in Gitega compared to Kayanza.

In terms of commercialization by farmers of provincial agricultural production, Gitega's excess is more modest than for other commercial sub-sectors -- the value of revenues generated from marketing agricultural products is 39% higher in Gitega than in Kayanza, while the value of what Gitega farmers is only 7% more than that of Ngozi farmers.

Since Gitega has a higher population that is spread over a wider area than in either Kayanza or Ngozi, its meagre numerical superiority over Kayanza and Ngozi in terms of commercialization of agricultural products illustrates that it is relatively less important in terms of involvement in commerce than either Ngozi or Kayanza. And ironically, commercial activity in hill collines is actually less vibrant in Gitega than in either Kayanza or Ngozi: by 9% and 17% respectively. This may be explained by the fact the caloric value of Gitega's total food production exceeds that of Kayanza by 98%, or by 91% in Ngozi; i.e., Gitega's farmers have less need to be commercially oriented compared with farmers in Kayanza or Ngozi. These data considerably weaken our original typology for the Gitega market: Gitega is in fact relatively less important a center for its rural hinterland than is either Ngozi or Kayanza. Conversely, the market center of Gitega itself is a more diversified center than Kayanza, and slightly more so than Ngozi.

As for our hypothesis, Gitega does not seem to play a predominantly important role in its relation to other centers outside the province, such as Buhiga. Commerce does occur between traders in both centers, though according to sources in Buhiga, Bujumbura is, as is the case elsewhere, the predominant pole of attraction for wholesale provisioning. This was confirmed by Gitega merchants who, led by the former President and newly elected President of the Chamber of Commerce, stated that the root of commercial problems in Gitega are twofold: (1) no local importers currently exist in Gitega and; (2) importer/wholesalers in Bujumbura are currently not assuming their appropriate roles. That is, Bujumbura importers are playing the role of wholesaler and retailer at the same time, thus preventing provincial level traders from acting as wholesalers since their prices after purchase in Bujumbura are often unattractive to provincial or hinterland retail traders. These latter prefer to purchase directly in Bujumbura themselves.

Thus Gitega merchants must primarily content themselves with generating retail price margin revenues, with some wholesaling. For seven manufactured goods, the minimum margins range from 2-10%, and the maximum margins are from 12%-36%. These are all considerably lower than importer margins for salt and sugar as shown in Annex III, Figure 7.

The cases of one Buhiga formal sector merchant and two public market merchants are illustrative of the relatively weak functional relation between Gitega and Buhiga.

The merchant in question, an Omani, has been trading coffee and skins in Burundi for over 40 years. His business involves the assembly of skins primarily during the rainy season in Buhiga and in hinterland assembly points which have become in recent years, evanescent or sporadic bush markets.

At least once or twice a week in the dry season -- the high season for livestock sales-- this Omani trader brings a 2 ton truck load of skins to Bujumbura. The average profit from this trip is 40,000 FBu- 50,000 FBu. On return, the trader buys 2 tons of salt, most recently from a supplier selling for 4000 FBu/50kg in Bujumbura. This salt is sold in Buhiga for 4800 FBu/50kg, for a pre-tax gross profit of 20%. The latest prices for salt in Gitega meanwhile recorded by the Ministry of Commerce as of March 1, 1989 ranged from 4,600 FBu to 5,000 FBu/50 kg, or 92 FBu/kg to 100 FBu/kg. Thus Bujumbura prices for this most highly speculated commodity are more interesting for the Omani semi-wholesaler than in Gitega, with benefits passed on ultimately in this case to the consumer.

Both plastic shoes sold in the Buhiga public market and used clothing originate in Bujumbura, at either the Jabe market or the Central market, and are bought by traders by the ballon, or bundle. Despite the transport cost of 600 FBU per trip to Bujumbura versus 200 FBU to Gitega, these medium-value items are primarily bought in Bujumbura versus in Gitega. The reason for this, again, is that Gitega is unable to offer competitive wholesale prices for its hinterland market traders compared with Bujumbura. Thus the basic premise in the hypothesis of the relationship between Buhiga and Gitega appears to be true.

5.4 Rugombo/Nyeshenza

Type: Major supplier of processed food of Bujumbura, with brisk cross border trade.

Hypothesis: Production and food processing activities coupled to cross-border trade similar to Bugusera natural region markets results in flourishing commercial activities.

The market type and hypothesis were both found to be largely true. The whole province of Cibitoke appears to be undergoing a renaissance, due largely to its strategic location near Bujumbura. The province benefits from annual outflows of banana beer to the tune of 12.7 Million FBU in 1988 commune tax earnings on the sale of 4.32 million litres, or 6 million 72 cl bottles. Cibitoke's location astride the Zairean and Rwandan borders is also enormously favourable as arbitrage possibilities for commodities in shortage perennially exists. Some of the trade which Lucie Phillips refers to in her Interim Report on "Trade Between Burundi and Zaire" (1989), especially in bottled beer, scarce manufactured goods and ndagala fish originates in either Rugombo or Nyeshenza, though bulk quantities are purchased in Bujumbura.

Food crops meanwhile are an important revenue source for Nyeshenza and Rugombo traders vis a vis Zaireans and Rwandans (particularly this year for the latter). Here beans, manioc and maize are particularly important cross border trade items, though perhaps less so overall in Cibitoke province as a whole than in Ngozi or Kayanza. On the other hand, Rwandan tomatoes in Nyeshenza and Rugombo, and Rwandan potatoes in Kayanza are eminently visible in the marketplace. Many feel that this year's market prices have risen considerably because of Rwandans bidding up the prices for available quantities due to excessive rainfall in Rwanda.

The Zaireans on the other hand often bring manioc to market in Rugombo or Buganda on the Imbo plain, and leave with ndagala fish, and COTEBU cloth, which is 1/8th to 1/12th the cost of Dutch wax cloth often sold in Zaire.

Three factors make these two Cibitoke markets somewhat unique. The first is, again, the overwhelming importance which banana beer production and commercialization have on the local economy and second, the fact that the province is developing through a combination of immigration, gold and other precious metal prospecting in the Mabayi area, and responsive soils for expanding agricultural production. The third factor relates to the impact of culture on trade -- with the heavy Seventh Day Adventist influence in Cibitoke Province, beer consumption is considerably lower per capita than in other regions. And where Cibitoke banana beer brewers could take their beer to Bujumbura to sell directly, they prefer instead to sell their beer to intermediaries or Bujumbura retailers directly. This allows them to remain in Cibitoke versus the necessity of lodging in Bujumbura, storing the banana beer in Bujumbura, and attempting to sell the beer in large quantities in Bujumbura.

Finally, producer/processors selling to intermediaries at assembly points in Cibitoke avoid the following: communal taxes, transport costs, storage costs, city taxes, and Bujumbura handling costs. The principal decision facing a Cibitoke producer of beer bananas concerns the issue of working for the value-added profits which transformation brings versus direct sale of bananas. This requires labour in turn for purchasing bananas in the hills, hauling the bananas to the artisanal transformation point, and transforming. It is estimated that 1 barrel of banana beer includes 15 regimes of bananas which range in price from 50 FBU - 100 FBU -- i.e. 750 - 1,500 FBU of bananas per barrel. A barrel ranges in price from 2,200 - 3,000 FBU. After labour and material costs, a 1,000 FBU profit per barrel can be made. As beer makers are able to produce 2 barrels of beer per day, the processing business can be quite profitable.

As elsewhere in Burundi, boutique trade has followed assembly point establishment for both banana beer and beans. The boutique merchants we visited had very diversified product stocks which originated principally in Bujumbura. To appreciate the product diversity in Burundian rural boutiques, in one beer assembly point boutique outside of Nyeshenza ten different luxury soaps were on sale.

In Nyeshenza alone, one new boutique has been built since last year and three more are under construction. Most start-ups are for groups of 2-3 entrepreneurs who pool at least 50,000 FBU to get a small boutique operation off the ground. This points up the important function which the paved road from Rugombo to Nyeshenza has had on facilitating trade in Nyeshenza through to Mabayi near the Rwandan border.

The producer/processor sale price for banana beer in Nyeshenza is 12 FBU/72cl bottle; local bistros sell the beer at 20 FBU/bottle; in Bujumbura the sale price is 35-40 FBU/bottle. In June-August banana beer prices rise parallel with cash availability and demand. Consumption tails off in October as school costs and planting costs constrain consumers. The lowest consumption throughout the year occurs in January.

In addition to bananas and beans, sorghum is produced in quantities for sale, either to the BRARUDI brewery in Bujumbura, or to traders from Mwaro, the capital of sorghum beer transformation and consumption in Burundi. Other locally produced crops for sale beyond Cibitoke include cotton, manioc, maize, tobacco and soja, the latter of which is commercialized through cooperatives of the Imbo plain.

Commerce in Cibitoke province has blossomed in recent years with the establishment of 50km of peasant constructed access roads within the province, together with the highway stretching to Mabayi. This has permitted the outward looking peasantry of Cibitoke province to capitalize on marketing opportunities in both processed and unprocessed agricultural products. It appears that increased commercialization possibilities, however, are still relatively underexploited in much of the province due to lack of feeder roads.

5.5 Makamba/Mabanda/Vugizo

Type: Major supply centers for Bujumbura in food crops with little flow of commercial goods to lower level centers.

Hypothesis: Makamba is a major consumption center and staging point for products originating in centres de négoce and/or Tanzania but conversely is not an important supply point for manufactured products in reverse flow to the centres de négoce.

The typology and hypothesis regarding the function of Makamba was found to be basically true. Maize and beans are delivered in significant quantities to Bujumbura from assembly point centers near the Tanzanian border, along with hinterlands for the centres de négoce such as Mabanda, Vugizo and most recently Kayagoro and other centers located east and north-east in the direction of Cankuzo.

In Makamba, many small feeder roads head to the Tanzanian border and abruptly stop there. On the other side of the border, tracks converge with the feeder roads. This points up the historically important relation of Tanzania as a source of supply for Burundi of such crops as beans and maize.

This year with food shortages in Rwanda, much of the local maize produced was bought by Gitega traders for sale ultimately in Rwanda. This is explained by the fact that when bean prices are as high as they are this year, maize is increasingly used as a substitute for beans. The volatility in the local commodities market is illustrated by the fact that within a ten day period in Makamba, the price of maize dropped 43% from 30 FBU/kg to 17 FBU/kg while bean prices remained steady at 60 FBU/kg. This implied a deluge of Tanzanian maize on the provincial market.

The procurement system for beans in Makamba works more like in Giteranyi than in Kirundo. That is, traders advance money to local agents or assemblers who have weighing scales at bush assembly points/boutiques. Considerable competition exists for the beans as evidenced by local price variation, particularly between markets with good feeder road communications versus those with access problems. Traders' purchasing agents will attempt to purchase at the lowest prices possible so that their margins based on the purchase price agreed upon with the traders financing the purchase are as wide as possible.

Despite the evident decline of Makamba as a major commercial center, over 15 Arab traders still remain in Makamba, mostly selling textiles and retail supplies. Most of these traders also engage in bean trade. Compared with other provinces, communal taxes for public market turnover of beans was relatively high in 1988, totalling over 3 Million FBU.

Many of the Arab traders remaining also purchase and sell coffee, though as commercial credit for coffee purchases for foreigners has become more difficult to obtain over the years, according to their accounts, fewer traders are engaging in self-financed coffee purchasing activities, as a minimum of 3 Million FBU is required for commercialization of 15 tons of coffee.

Where Makamba has clearly diminished in importance over the years as a commercial center, Mabanda on the other hand appears to be rising. This is best explained by its more strategic position vis a vis Tanzania trade, being located much closer to the border than Makamba. Mabanda now serves as a staging point for Makamba in palm oil and ndagala trade.

VI. CONCLUSIONS AND RECOMMENDATIONS

The conclusions focus on three levels: (1) those relating to the structure and function of commerce in rural Burundian markets today; (2) those relating to factors external to rural commerce per se which directly impinge on the performance of rural commerce; (3) conclusions regarding the AEPRP Project Assessment Document assumptions.

From this discussion, recommendations for program level policy reform per the objectives of the AEPRP are presented.

6.1 Conclusions Relating to the Structure and Function of Commerce in Rural Burundian Markets

- (1) The structure of rural markets in Burundi has evolved considerably over time from one in which foreign nationals dominated all aspects of trade concentrated in few commercial centers, to one now in which rural based Burundians play an increasingly important role at all levels in the procurement and distribution of manufactured goods, with equitable margins earned by retailers for goods sold in rural markets.
- (2) Farm families, particularly in the most densely populated regions of Burundi, are increasingly turning to micro-trade activities as a diversification strategy to keep pace with either increased household population pressure on the land and/or decreased agricultural productivity as a function of household consumption needs.
- (3) There is very little functional diversification among retail traders in rural markets, with only slightly more specialization at the semi-wholesaler level in these markets. This creates an environment of extreme competition between informal sector (public market) traders on the one hand, and formal sector (boutique and store owner) traders on the other, both of which often sell many of the same products.
- (4) The availability of manufactured goods of first necessity is good throughout rural markets, though the retail price for products compared to the actual import price for these products reflects very high profits at the import level.
- (5) Retail prices for manufactured goods are very similar in rural markets regardless of their size and location in the country, further reflecting the efficient and competitive movement of products through rural markets at the retailer level.
- (6) From a rural consumer standpoint, the rural marketing system functions more efficiently today than twenty years ago, as consumers are able to buy a wide range of basic low- and medium-cost products at closer proximity to their residences than ever before, with price markups at the lowest retail level reflecting transaction costs and services rendered.
- (7) The availability and pricing of agricultural products in rural markets is only partially a reflection of local agricultural production capacity, local demand for agricultural products, and regional complementarity and trade. Cross-border supply and demand of basic commodities such as beans, manioc, palm oil, and ndagala fish have direct bearing on local supply and product pricing.
- (8) The absence of diversified rural enterprises at the medium level, or of perceived opportunities for diversifying commercial (or other) activities at the medium enterprise level, accentuates the basis for potential class conflict in rural Burundian markets between formal and informal sector traders.

- (9) Rural commercial institutions exist in many centres de commerce but have very limited function and impact on trade save for the wealthiest and/or best connected traders who have succeeded in amassing the necessary bank guarantees and formal documentation to obtain commercial credit. The three factors associated with credit limitations are: risk aversion on the part of potential clientele, lack of information on credit availability, and heavy documentation requirements for obtaining credit.

The documentation process is particularly constraining in regard to simple procedures; i.e. obtaining architectural plans for real estate to be used as collateral in any loan applications, valuation of real property, and the time taken to process loan requests once documentation has been submitted to commercial institutions.

- (10) Rural traders, even the most successful, have rudimentary understanding of basic skills such as cash flow projections, market research, financial planning, inventorying, double entry accounting, etc. so that entrepreneurialism in rural Burundi is constrained.
- (11) Ambulant traders function as efficient arbitrageurs for key products such as palm oil, groundnuts, tobacco, banana beer, ndagala fish, used clothing etc. and keep supply relatively steady and prices fair due to their competitiveness with formal sector traders and amongst themselves.
- (12) Prices offered for agricultural commodities such as beans or sorghum are a function of (a) major market buyers contract prices struck with national institutions such as the military, hospitals, schools, breweries, etc; (b) competition between the former and local traders from product deficient zones who ironically, will underprice the remaining product obtainable based on the price set by the institutional traders; (c) demand from Zaire and Rwanda (generally) for agricultural products and conversely, excess supply available (generally) from Tanzania (d) location of assembly points vis a vis access roads, with clear offer price differentiation for increased transportation/handling costs over short distances.
- (13) The Chamber of Commerce has to date provided little substantive support to rural based traders, but is apparently gearing up its program to participate more effectively in promoting rural commerce. The capacity of the Chamber of Commerce to carry out technical assistance needs to be assessed carefully.
- (14) The major constraints to increasing the efficiency of rural commerce in Burundi relate to the following:
- (a) more equitable wholesaling of products to rural based semi-wholesalers and retailers in terms of pricing and availability;
 - (b) the predominant role which urban speculator/arbitrageurs **periodically** play in distorting pricing and availability of products of primary necessity;
 - (c) better feeder/access roads penetrating major production areas to render more uniform offer prices for major commodities such as beans, sorghum, or even manioc, with even lower price disparities for imported manufactured goods flowing into these assembly point markets;
 - (d) providing qualified formal sector traders with the capital, consulting advice, and training, necessary to identify enterprise opportunities in commerce or elsewhere, and to capitalize on, rather than forego these opportunities.

6.2 Factors External To Rural Burundian Markets Per Se Which Impinge on Rural Commerce

- (1) While a nominal food price index shows food prices increasing 50% in Burundi over the 1982-88 period (see Annex III, Figure 1), real prices (i.e. deflated to take account of general inflation) of rice, beans, potatoes and manioc have not increased over the last four years (see Annex III, Figure 8). However, a uniform leap of prices in Bujumbura in the last six months for manioc, beans, sorghum, and rice indicates that systematic inflation of food commodities at the farmgate is presently occurring nation wide. This is reinforced furthermore by the SFSR market price data base for four rural markets in Karuzi province. There a striking 18% to 28% inflation for 5 agricultural commodities is evidenced over a 5 month period beginning in January 1989 (see Annex III, Figures 2-6).
- (2) The structural adjustment and currency devaluation program implemented in concert with the World Bank and IMF has spurred an increase in the number of importers applying for licences, thereby increasing the competition between importers which hopefully will ultimately lead to lower importer/rural semi-wholesaler margins and reduced speculation on high demand consumer products.
- (3) The eroding strength of the Tanzanian shilling to the Burundian Franc as evidenced by the current parallel market parity of the shilling to the Burundian Franc (versus .8 shillings to 1 Franc several months ago) assists Burundi in luring beans and ndagala fish from Tanzania where they are significantly lower priced than in Burundi.
- (4) The 1.5 - 2 : 1 parallel market superiority of the Rwandan Franc to the Burundian Franc due to Rwanda's apparent unwillingness to adjust their own currency in any restructuration effort similar to Burundi is having an indisputable impact on the lure of Burundian imports and primary products to Rwanda. Salt and sugar are still selling for speculative prices in Bujumbura despite the freeing up months ago by the BNB of sufficient foreign exchange to reportedly purchase (according to one inside account) 10 times the national needs in sugar and salt so as to stabilize supply and prices. Many feel that the strength of the Rwandan currency is permitting Rwandan traders to descend en masse to Bujumbura and other cross-border centers such as Kayanza and Ngozi and profit off with speculated commodities such as sugar and salt.
- (5) This same phenomenon appears true for coffee; the Buyenzi SRD is 3,000 tons short of its anticipated coffee purchases this year despite higher producer prices offered, with many claiming that Burundian traders are finding ways to circumvent government border patrols to receive the equivalent of 228 Fbu in Rwandan currency per kilo of parchment delivered in Rwanda. As for beans, part of the price rise this year is due to Rwandan traders bidding the bean price up due to their own shortfalls. Thus the currency devaluation may actually be having somewhat unintended repercussions on Burundi's commerce due to the aberration in Rwanda's currency, with Burundi in effect financing certain key Rwandan imports without gaining from the exchange.

6.3 Conclusions Regarding the AEPRP Project Assessment Document Assumptions

- (1) So long as Burundi continues to offer relatively high farmgate prices for coffee -- the equivalent of 170-180 Fbu/kg or \$1.13 -\$1.20/kg (51-54 cents/lb.) or the equivalent of 45-48% of current world market prices for Arabica coffee -- and so long as Rwanda offers about 36% higher prices than Burundi for coffee delivered in Rwanda, farmers may be disinclined to undertake new cash crop earning enterprises entailing significant risk.

On the other hand, if Burundi's farmgate price for coffee is adjusted downward to reflect the recent fall in international prices, farmers may find other cash crop opportunities to be rewarding. The rapid appraisal has shown, however, that in many rural areas of Burundi farmers appear to be expanding coffee cultivation at the expense of other crops, and that at the same time, farmers already have highly diversified cropping systems which permit virtually every crop cultivated to serve as a cash crop. Thus it would appear that farmers are willing to experiment with different crops on the one hand, though will require sufficient demonstration that any newly introduced crop is worth substituting for those already proven.

- (2) The lack of information does not appear to be constraining for the trade of agricultural products within and between regions, as traders from Bujumbura, Kayanza, and Ngozi may be found in all corners of the country purchasing beans, manioc, banana beer, sorghum, etc. for transport to other centers of demand. These traders are very aware of local price differences; for example, in Giteranyi on June 11th, traders were aware that farmgate prices for beans would vary from 53 FBU/kg to 35 FBU/kg by 5 FBU increments over a 25 km radius, depending on the precise location of the assembly point in question. Thus bean traders have the opportunity to weigh farmgate prices versus transportation and handling costs in deciding where to purchase their beans. This same phenomenon was true for beans at the other side of the country in Makamba province.

On the other hand the lack of information at all levels in Burundi regarding identification of new business opportunities is constraining. Rural traders with private capital for investment, or with the means to procure investment capital from commercial institutions, appear to be reticent to do so. This reticence is a function of imperfect information regarding business opportunities and procedures for obtaining the necessary information and technical support services to develop new enterprises. It is not however solely information dependent; the current system for obtaining commercial credit puts very high risk on the loan recipient. To obtain 800,000 FBU of commercial credit for example at 15% interest, 1 Million FBU of personal guarantee in the form of registered, titled and appraised property and/or other creditworthy instruments must be proffered.

The Chamber of Commerce has until recently failed to play a pivotal role in disseminating information as it could do. Improving its role in support of rural enterprises of all sizes -- through technical support in helping rural entrepreneurs obtain commercial credit to identifying export opportunities for locally produced goods -- will be a key feature in any program effort to advance Burundi out of its current impasse of low investment in potentially promising enterprises. Other institutions such as the Ministry of Commerce and Industry must have a significant supportive role.

- (3) The lack of sufficient farm to market roads inhibits exchange in parts of the country, but does not appear to be constraining overall. This is a localized phenomenon; the road network which does exist appears relatively suited to deal with the peak periods of commercialized production and exchange during the dry season summer months. Project level support for construction of access roads in certain zones -- notably Karuzi province, parts of Cibitoke province, parts of Makamba province -- would increase exchange and improve regional income distribution as trade is now discouraged in certain areas.

- (4) Road taxes at checkpoints do not appear on the surface to be as constraining as they once were. The team witnessed numerous vehicles with loaded roof racks stopped at checkpoints where documents were being verified for proof of payment of communal taxes at the source of origin for taxable products such as banana beer, palm oil, ndagala fish, etc. Rural market traders did not, however, mention this issue to be a major constraint, as the display of proof of payment documents appears in general to be working satisfactorily. Only one woman transporter of ndagala fish complained about the checkpoint system, stating that the six checkpoints between Rumonge and Bujumbura discouraged her from travelling to Rumonge to purchase fish. As much of the ndagala fish in Ngozi is discounted contraband fish crossing the Tanzanian border at Giteranyi, and as the price of ndagala fish is particularly volatile, no doubt the periodically higher purchase price of ndagala fish in Rumonge may also constrain this woman trader from travelling to Rumonge to purchase fish. This may be as important as any possible checkpoint shakedowns.
- (5) The question over the lack of "mental models" constraining private enterprise in Burundi was found to be incorrect in the sense that tens of thousands of Burundians are involved in private commerce. The World Bank estimated last year that as many as 80,000 traders exist in Burundi (Senkow: 1989, personal communication); the EEC estimates that another 22,000-34,000 ambulant traders (or "travelling country vendors") work in Burundi. As almost every Burundian family meanwhile engages in rural market level trade of primary products, the assumption that mental models as such are lacking appears to be faulty.

What may be suggested however, is that mental models for entrepreneurialism involving significant risk are lacking. Here however issues involving sociopolitical factors and cultural factors are likely to be more relevant constraints than the lack of mental models involving entrepreneurialism per se.

Social factors have and continue to play an important role in Burundi. Underestimation of the implications of any programmatic efforts to rapidly adjust lingering structural inequalities between different Burundian social groups, with implementation of high profile interventions, could lead to unintended outcomes if not carefully implemented.

In the effort to assist Burundian institutions develop more inclusive and equitable participatory structures in the realm of business and commerce, equal opportunity and access to scarce resources should be made available to all socioeconomic groups and categories. A program which is gradualist and modest in short-term objectives and timeframe should therefore be designed and implemented.

Encouragement should be given to the current evolution of entrepreneurial mental models at the lowest levels of Burundian commerce in the public market and ambulant trader sectors. More and more Burundians at the lowest socioeconomic strata of society are participating in commerce than ever before. The standards of living of significant portions of the peasantry are rising as a result of this participation in commerce.

Encouraging the current evolution of entrepreneurship at the lowest levels can be achieved by helping the lowest level traders' chief competitors -- formal sector retail traders in similar products -- diversify into other artisanal and business enterprises to avoid unnecessary class confrontation. Specific recommendations from J. Berezin's report on Small and Medium Enterprise Development should provide guidance on selecting the most promising candidates for assistance.

- (6) The volumes of agricultural commodities traded in retail markets are fairly uniform across the country, with the larger market centers doing greater turnover than the smaller centers. In no market center visited however were food shortages either visible or referred to by traders or consumers. Volumes on the whole were seen to be impressive for many products at this time of year, particularly beans, banana beer, green bananas, manioc and manioc flour, ndagala fish, taro, and sweet potatoes.

So too, the numbers of traders competing for market share was also impressive in both large and small markets. Market space on market day in virtually all markets was filled to capacity. For products such as taro, sweet potatoes, and manioc over 40 traders in each were counted in five markets. Thus employment growth per se does not appear to be hindered by low volumes of agricultural products.

The widespread availability of an improved range of industrial products from the smallest to largest commercial centers is also impressive, with tight retail price margins between traders evidence of significant competition.

In many ways, rural commerce in Burundi functions on the Mom and Pop corner store model so common in the United States; consumers are willing to pay slightly higher prices for the ease of purchasing products closer to home, with the twist that in Burundi, profit margins appear to be driven down at the "corner store" level due to atomistic competition.

- (7) The issue over the regulation in the number of market days being constraining to commerce appears to be slightly overblown. On non-public market days, the formal market in these centers often remains open, though business is anything but brisk. Since consumers are now able to effect purchase of many products of first necessity in hill boutiques near their homes, there is actually little rationale to visit public markets on a daily basis. Moreover as most families are largely self-sufficient in food products, the market serves to adjust local household shortfalls of a minor order as opposed to major needs.

It appears that the social function of markets remains a key consideration for supporting maintenance of several market days per week versus daily markets. Since many market needs are now met at the local hill level for industrial products while agricultural products are in large measure self-sufficient at the household level, maintaining the current system for the time being with the existing range of products and services available seems reasonable, especially since neither traders nor consumers seem to feel that the number of market days per se is what is constraining to rural commerce.

To this it should be added that the network of local markets with complementary market days is also an important factor for ambulant traders wishing to conduct business. As an example, a trader we met selling ndagala fish one day in the Nyeshenza we met by chance the next day in his hill boutique 5 kilometres away. There he informed us of his plan to sell the remaining ndagala fish he had failed to sell the previously day in the following day's market in Rubirizi. The next day in Rubirizi he was there selling his ndagala fish. On non-market days therefore he has his hill boutique and he makes two trips per week to either rumonge or bujumbura to purchase ndagala fish. This same model was also observed for sales people of used clothing.

- (8) The issue of barrier inefficiencies and transaction costs was indicated as apparently being overstated.

- (9) The issue of lack of transportation and information infrastructure restricting efficient market operation is probably also overstated. Burundi is a small country with a relatively efficient road infrastructure. As indicated above, where the infrastructure is lacking, farmgate prices for goods do tend to be lower, though no lack of distribution of industrial products or major differences in price margins was correspondingly noted. So too, the outlet for agricultural products is also restricted in the most remote mountainous areas.

Nevertheless, traders without vehicles in rural markets are able to find either public or private transport to major wholesaling points to procure trade merchandise. The percentage markup meanwhile of transportation in sale margins does not appear to exceed 10% for agricultural commodities either wholesaled or retailed, or 5-7% for industrial commodities transported from Bujumbura and retailed in rural markets (see Figure 2).

- (10) The issue of inadequate market integration with neighbouring countries resulting in increased trade costs appears slightly misleading; trade flows for speculated high demand products such as beans, coffee, palm oil, beer, sugar, salt, cosmetic products, alcoholic beverages, ndagala fish, etc. work to Burundi's advantage or disadvantage depending on the product and time.

For instance, considerable foreign exchange has been lost through the Burundi government's provision of import licenses to traders bringing salt and sugar into Burundi. These commodities have then been speculated on by both Burundian and Zairean traders. Recently Zairean traders have reportedly been purchasing 50 kg sacks of sugar for 5,900 FBU, or 118 FBU/kg in Bujumbura. Since the import price for sugar is 17 FBU/kg, clearly Zairean demand has served to maintain speculation and high profit margins for importers.

This same phenomenon is possibly also at play with illegal coffee trade (national losses) to Rwanda. Rwandan purchasers offer the equivalent of 228 FBU/kg versus the 172-175 FBU/kg which the Burundian SRDs have paid this year, with the net result that Burundi has a probable 3,000 ton shortfall in exportable coffee this year, with potential hard currency shortfalls of 168 Million FBU, or about \$1,000,000. Most of the benefits meanwhile accruing to this illicit trade are rumoured to be going to trader/transporters as opposed to individual producers walking 50 kg sacks over the border, though precise information is not known.

On the other hand, it is Burundi which has benefited from Tanzanian bean and palm oil trade in one direction, and the export of industrial products and beer in the other direction.

In conclusion, it may be said that inadequate official market integration between neighbouring countries in the region increases official trade costs with decreased formal market efficiency. On the other hand, it can not be said that regional market integration is poor; products flow from high supply to high demand areas with little difficulty.

- (12) The lack of short-term financing for operating capital definitely is constraining, particularly for formal sector traders in centres de négoce. Here the burdensome application procedures first for having one's rural property surveyed and appraised prior to registration and titling, second for obtaining bank approval for loan requests based on property collateral, is a disincentive and constraint to expanded commerce in rural markets across the country.

- (13) The role which women play in rural markets is primarily relegated to the production of high value products for ultimate sale through male family members in rural markets (i.e. tobacco, beans, and even coffee) and the direct sale of low value agricultural commodities in those markets. Women are however beginning to play a role in trade of higher value products in both the formal and informal sectors of rural Burundian markets.

Furthermore, women play a key role as consumers and purchasers of agricultural and manufactured products. Detailed information on womens' consumption behaviour will likely be forthcoming from the household consumption study now being undertaken by USAID/Burundi.

6.4 Recommendations

6.4.1 No Controls on Informal Trade

The natural evolution of commerce in Burundi is tending towards increased participation of rural households in the marketing of both agricultural and industrial products at what is often a very small scale. The common outlet for this commercial activity is in the public markets (informal) in both the centres de commerce and centres de négoce, along with hill-level boutiques and/or evanescent markets at assembly points. Special attention should be given in AEPRP activities to assure that this type of market activity is allowed to evolve as at present, without the imposition of controls on when, where, and how informal sector traders operate in the centres de commerce and centres de négoce on accepted market days.

Attention should be given to assure that no controls are placed on the occurrence and functioning of smaller satellite hill markets in the hinterlands of major market centers, along with lower-level hill boutiques. These lower-level markets and hill boutiques are decentralizing commercial activities away from major rural market centers, and are better satisfying the needs of the extremely decentralized Burundian rural population. At the same time, this activity is succeeding in redistributing commercially generated revenues across a broader base of the population.

6.4.2 Promote Small/Medium Enterprise Diversification

In view of the trend towards increasing class disaffection in rural market centers pitting wealthier formal market center boutique traders against informal, open-air market stall vendors often competing for the same niche and clientele, policy efforts should be geared to assist formal sector traders diversify the products and services they provide clients, while helping informal sector traders increase the range of their operations at lower structural levels. The goal here is minimization of excessive and inefficient competition between traders of the same products where consumer demand is only so elastic, and profit margins in the major market centers are decreasing due to ever-increasing atomistic competition.

Support for diversification should focus on the strengthening of Chamber of Commerce and other appropriate institutions' capabilities for rendering technical assistance to small and medium entrepreneurs in rural market centers in:

- (a) identifying investment opportunities in either expanded or diversified commercial activities in a rural market center or in a cluster of rural markets, particularly in the lowest level hill markets where demand for first necessity products and services is greatest, and hence expansion opportunities are the best;

- (b) identifying local investment opportunities in artisanal food transformation of potentially high demand products for either national or international (regional) markets such as manioc or maize flour, or possibly multi-ingredient baby food similar to Musalac composed principally of soja;
- (c) preparing the necessary documentation for the submission of short- to medium-term credit applications at commercial banks and/or COOPECS;
- (d) providing group training sessions and punctual consulting services on demand, for basic business functions such as:
 - (1) preparation of a business plan;
 - (2) cash flow projections;
 - (3) identifying financing needs and sources with execution of application submissions;
 - (4) inventorying and cost-accounting methods, etc.

The Ministry of Commerce should play a coordinating role in linking rural traders with the Chamber of Commerce where appropriate, and should assist the Chamber of Commerce wherever feasible in launching its program to support rural commerce. A short consultancy analyzing existing and potential institutional linkages between the Ministry of Commerce and the Chamber of Commerce in promotion of rural commerce in Burundi would be recommended.

A synthesis of previous studies indicating highest potential for artisanal activities in rural areas and their principal market centers should be made. The study should indicate priority investment opportunities from both the standpoint of commercial credit institutions and small and medium artisan/entrepreneurs. Consideration should be given to involving the Ministry of Labour, whose mandate is to coordinate such studies.

6.5 Establishing Import Capability in Key Provincial Market Centers

Support should be given for the establishment of importing capabilities in the hands of five or six business people in several major centres de commerce as the Ministry of Commerce now hopes to undertake, with the proviso that this first be attempted in selected areas of the country as opposed to every major provincial center due to the risk of abrupt business failure provoked by:

- (a) poor procurement planning;
- (b) sudden market saturation in excess of local demand;
- (c) underestimation of finance burdens as a function of supply delays and/or constraints in turnover at anticipated prices, etc.

As part of the program to promote the establishment of regional import capability (so as to by-pass the Bujumbura import bottleneck and hence decrease the proportion of importer margins embedded in the final sale price in rural markets for many products commonly speculated upon), **careful monitoring** of newly to-be-established regional importers' commercial activities, including their gross margins and retail sale prices for first necessity products, should be made to determine whether product distribution improves.

To avoid any subsequent concentration of importer capabilities in rural centers analogous to what now exists in Bujumbura, there should be a first phase decentralization of customs facilities in priority centers in proximity to major border crossings: Muyinga, Kirundo, Kayanza, Cankuzo, Mabanda, Rumonge/Cibitoke appearing to be worthy priority centers. This in turn will facilitate the functioning of rural based importers, while decreasing the monopoly which Bujumbura importers now enjoy as evidenced by high profit margins for the most traded commodities.

6.6 Regional Market Integration Considerations

At the national level, support should be given to accelerating the establishment of a regional currency which will facilitate the expansion of formal trade between Burundi and CEPGL countries, along with Tanzania. This should diminish skewed trade advantages now enjoyed by traders in the CEPGL countries in the range of speculated commodities, with more efficient use of foreign exchange coupled to reduced rural market retail prices (particularly in Burundi) for these speculated products. It is recognized that such a policy reform is multinational in scope, and may be impractical in the short-term.

To encourage increased regional commerce, exchange of information regarding commercial opportunities between traders in the CEPGL member countries should be promoted. The Ministry of Commerce should take the lead in helping link the potential member Chambers of Commerce.

6.7 Infrastructural Considerations

The promotion of rural road infrastructure development projects by the Government of Burundi in concert with bilateral donors should be encouraged by the AEPRP but not made conditional for funding. While lack of transportation outlets constrains producers from receiving the highest prices for primary products such as beans or maize, this phenomenon is very localized. The existence of a significant ambulant trading sector meanwhile assures that industrial products in high demand are increasingly reaching the lowest structural levels of consumption.

The provision of water and public facilities in major rural market centers is a worthy priority, but should not be part of any proposed plan to eliminate those informal public market traders whose operating space and methods are believed by many Burundian officials to encourage chaotic trading practices to the detriment of the public good.

Similarly, efforts to relocate these informal sector traders to separate market areas removed from the formal market centers has been tried in places (Makamba most notably) and failed. Any efforts to physically restructure the informal market space should be discouraged, as both consumers and informal sector traders would suffer from such controls.

On the other hand, redirecting vehicle traffic flows during market days may be a cost-effective way to increase the actual market area available to informal traders to include roads in addition to the existing public market space.

6.8 Import Policy Biases

Import formalities which now favour Burundian importers over foreign importers may represent a possible source of rural market inefficiency, if in fact otherwise qualified foreign business people willing to import are discouraged from doing so. As it now stands, foreigners must put up 10 Million FBu (approximately \$63,500) in a commercial bank deposit prior to receipt of an import license. Burundian importers now face no official minimum deposit.

Analysis should be done of the potential role which foreign importers may play in improving performance in rural markets. If it is determined that import policies which are discriminatory against foreign business people are also negatively impacting on trade flows and hence rural consumers in rural markets, consideration may be given in the AEPRP to policy reform on this level.

6.9 Controls on the Number of Market Days

Consideration should be given to the addition of one additional public market day in the major centres de commerce and centres de négoce (aside from Gitega which is already a six day per week market) to cope with the overflow of traders in the public market spaces on market day.

ANNEX I

ATTACHMENT NO. 1
PIO/T 695-0510-3-90003

RURAL MARKETS IN BURUNDI TERMS OF REFERENCE

I. Cojective

To obtain a report of 50-60 pages which (a) describes the structure and functions of rural markets in Burundi; (b) identifies policies and practices which inhibit market growth and development; and (c) recommends actions for the GRB and USAID to consider in support of rural market development.

II. Background

USAID/Burundi is developing a policy-based program of assistance which focuses on promotion and development of the private sector. Throughout the country, rural markets and trading points are significant centers of private sector activity. However, little is known about the size, structure, functions, and relationships among these market centers. This lack of information inhibits the development of policies and programs to support and expand the role of the private sector in commerce and trade. By strengthening the base of knowledge about rural trade in Burundi, this study will provide information essential for A.I.D. to work with the GRB in preparing program planning documents leading to a policy-based USAID assistance activity in FY 1990.

III. Terms of Reference

This Terms of Reference covers the following topics:
sample design, main survey questions, and implementing the survey.

A. Sample Design

Burundi has been divided into 11 agro-ecological zones for agricultural zone. For agricultural planning. For the purposes of this survey, these 11 zones can be grouped into seven zones, an expansion of the four-zones can be grouped into seven zones, an expansion of the four-zone scheme used for the National Demographic and Health survey. This will keep costs down while preserving sensitivity to the most important agro-ecological variations.

This seven zones are the Bean Zone (Kirimiro, Bweru, Bugesera); the Coffee Zone (Buyenzi); the Tea Zone (Mugamba); the Southern Plateau (Bututsi); the Eastern Plains (Mosc, Buyogoma, and Buragane); the Lake Zone (Imbo); and Transitional Zone (Mumirwa).

In each of these zones, one market will be selected from lists of markets maintained at provincial level. The survey will not capture seasonal variation.

B. Survey Questions

The survey will be designed to provide answers to these questions:

1. What is the range of agricultural commodities, consumer goods, and services sold at each market? For key commodities, what are price differentials across markets?
2. What are the characteristics of sellers and of buyers in socio-economic terms (age, gender, residence, occupation, only market vendors but also shopkeepers, restaurant operators, butchers, millers, and other similar commercial enterprises.
3. What is the source of origin of each marketed commodity? For local agricultural commodities this will be straightforward, but consumer goods and commodities such as salt and cooking oil follow a more complex supply chain which needs to be mapped out, as well as costs in terms of transport, quality loss, wastage, and time.
4. What is the destination of each marketed commodity? As above, this will be straightforward for most commodities, which are consumed locally, but will be more complex for others (cooking bananas, beans) which are assembled at rural markets and sold elsewhere. As above, analyze costs in terms of transport, quality loss, wastage, and time.
5. There are at least four categories of vendors at most rural markets: shopkeepers who own or rent a permanent structure and are open for business on all or most days of the week; shopkeepers who own or rent a permanent structure and are open for business primarily on market days; itinerant vendors who rent stalls or spaces in market areas on market days; and farmers (chiefly women) who sell small quantities of produce on market days. In addition there may be traders who have come to purchase commodities for resale elsewhere. 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?
6. For each market, what is the geographical catchment area? This will vary across major commodity types.
7. With regard to transportation, what is the length of time required to transport various commodities to markets? What forms of transport are used for different commodities at different market levels? What is the range of transport costs? How many transporters are available to serve various destinations? Is transport reliable, convenient? Does transport cost explain all the price differential across markets? If not, what explains the remainder?

61

C. Implementing the Survey

A preliminary implementation schedule is outlined below:

- Week 1: Arrival, initial meetings, background reading.
- Week 2: Selection of sample markets, preparation of interview schedules.
- Week 3: Recruitment and training of research assistants.
- Week 4: Survey markets no. 1-3.
- Week 5: Survey markets no. 4-6.
- Week 6: Survey market no. 7, begin preliminary analysis.
- Week 7: Complete preliminary analysis.
- Week 8: Prepare final report.
- Week 9: Prepare final report.
- Week 10: Debriefing and departure.

IV. Personnel requirements

The survey will require two consultants as follows:

- Agricultural Economist (marketing specialist), PhD, 10 weeks.
- Rural Sociologist/Anthropologist (background in analysis of rural market systems), PhD, 10 weeks.
- Local Research Assistants (two people, background in economics/sociology), BA/MA, four weeks each.

The consultants must be fluent in French (speaking and reading at the FS3+ level and absolute requirement). Previous work experience in Francophone Africa highly desirable.

V. Relationships and Responsibilities

The contract team will work as an integral part of the appropriate ministries of the GRB in collaboration with USAID/Burundi. The contract team will be managed by the USAID Agricultural Development Office.

VI. Reports

The contractor will prepare a final report in both French and English. A draft copy of the final report in English will be available to USAID/Burundi during the final week of the consultancy in Burundi. Twenty copies each in French and English of the final report will be sent to USAID/Burundi within four weeks following the completion of field work in Burundi.

63

ANNEX II

id/

MODIFIED STATEMENT OF WORK

Through utilization of AMIS's Rapid Appraisal Approach. The latter is based on structured informal interviews with participants such as producers, assemblers, shop keepers, and truckers, and observers including researchers, government officials, missionaries, etc. The Rapid Appraisal Approach to be used was meant to be iterative in that hypotheses concerning the operation of markets and their constraints would be developed, tested, reformulated, and again tested as a function of the data collection and analysis process. Considerable attention in design of the fieldwork plan and development of hypotheses to be tested was to be a function of already available data and analysis on the rural marketing system (if any), and apparent gaps in the knowledge base.

The methodology actually employed by the AMIS team followed that outlined above, while extending considerably beyond that. The terms of reference outlined in Annex I was felt at the outset by AMIS to place undue emphasis on the collection of primary data through the enumeration of types of shop-keepers and goods found in each market. Hence the revised approach proposed by AMIS (see Annex II) sought to avoid amassing primary data which would ultimately be awkward if not impossible to meaningfully interpret, while highlighting the necessity to focus on constraint identification and opportunities for policy intervention.

65

DATE: May 18, 1989

REPLY TO
ATTN OF: Jerry Martin, AMIS Project Manager JM

SUBJECT: Comments on Rural Markets SOW

TO: Larry Dominessy, USAID/BURUNDI and Ben Severn, REDSO/EA

The purpose of this memo is to specify the AMIS Rural Markets Study team's understanding of our scope of work. This understanding reflects discussions with Larry Dominessy, Don Miller and Ben Severn. Two cables, one from AMIS and one from REDSO, regarding the original SOW are attached.

1. Sample size- AMIS agrees with the concept of surveying 7 rural markets based on different agro-ecological zones. However, the AMIS team would prefer to select the target markets after a one-week overview of rural markets in the field. Such considerations as size and geographical placement of the markets should also be critical factors in the final selection.

2. Study Approach- The AMIS team is seriously concerned that the original SOW places too much emphasis on the collection of primary data which are principally an enumeration of types and kinds of shop keepers and goods found in each market. This is a time consuming activity which may result in a mass of data which is difficult to interpret. The AMIS team recognize the need to collect specific types of data and we propose the following for each market:

- * Prices of principal agriculture commodities, eg. beans, fish, bananas, manioc, potatoes, and corn.
- * Prices of principal consumer goods, eg. sugar, oil (peanut and palm), Milled cereals, clothing.
- * Transport costs for each of these commodities between production and marketing centers.
- * Number of vehicles.
- * Number of shops, processing facilities and institutional buyers, eg. schools, churches.

A small (1-2 page) checklist for this data will be filled out by team members at each market.

Diagnostic Focus- The Rapid Appraisal approach is aimed at identifying key marketing system constraints. As such it is based on structured, informal interviews with participants (producers, assemblers, shop keepers, truckers) and observers (researchers, government officials, missionaries) of the rural marketing system. The AMIS team intends to focus on eliciting information on perceived constraints and opportunities from each of these categories of informants.

16

In each market and market area the following informants will be interviewed:

*Producers	*Assemblers
*Wholesalers	*Shopkeepers
*Processers (Millers etc)	*Transporters
*Institutional Buyers	*Parastatal Managers (if any)
*Extension Agents(SRD)	*Donor Project Staff
*Missionaries	

Methodology- The Rapid Appraisal approach is an iterative process of developing increasingly focused hypotheses concerning the operation of markets and their constraints. Our proposed reorientation of the SOW places greater emphasis on identifying market system constraints (if any). For this reason we intend to follow the following work program:

WEEK 1-2	Literature Review and Development of Initial Fieldwork Plan (May 10-22)
WEEK 3	Overview of rural markets in each region (May 22-27)
WEEK 4	Develop hypotheses on Marketing System Performance and Design Informal Interview Guidelines (May 29- June 3)
WEEK 5-6	Survey of 7 Rural Markets (May 5-18)
WEEK 7-8	Report Writing (May 19- July 3)

The final report will cover the following topics:

- I. Description of the Organization and Operation of the 7 Rural Markets; including principal commodity flows, transport costs, prices and price differentials between markets.
- II. Identification of the Principal Marketing Constraints (if any) for agricultural and consumer goods. Assessment regarding the likelihood that policy reform could relieve certain constraints.
- III. Recommendations for USAID in preparation of the Economic Policy Reform Program.

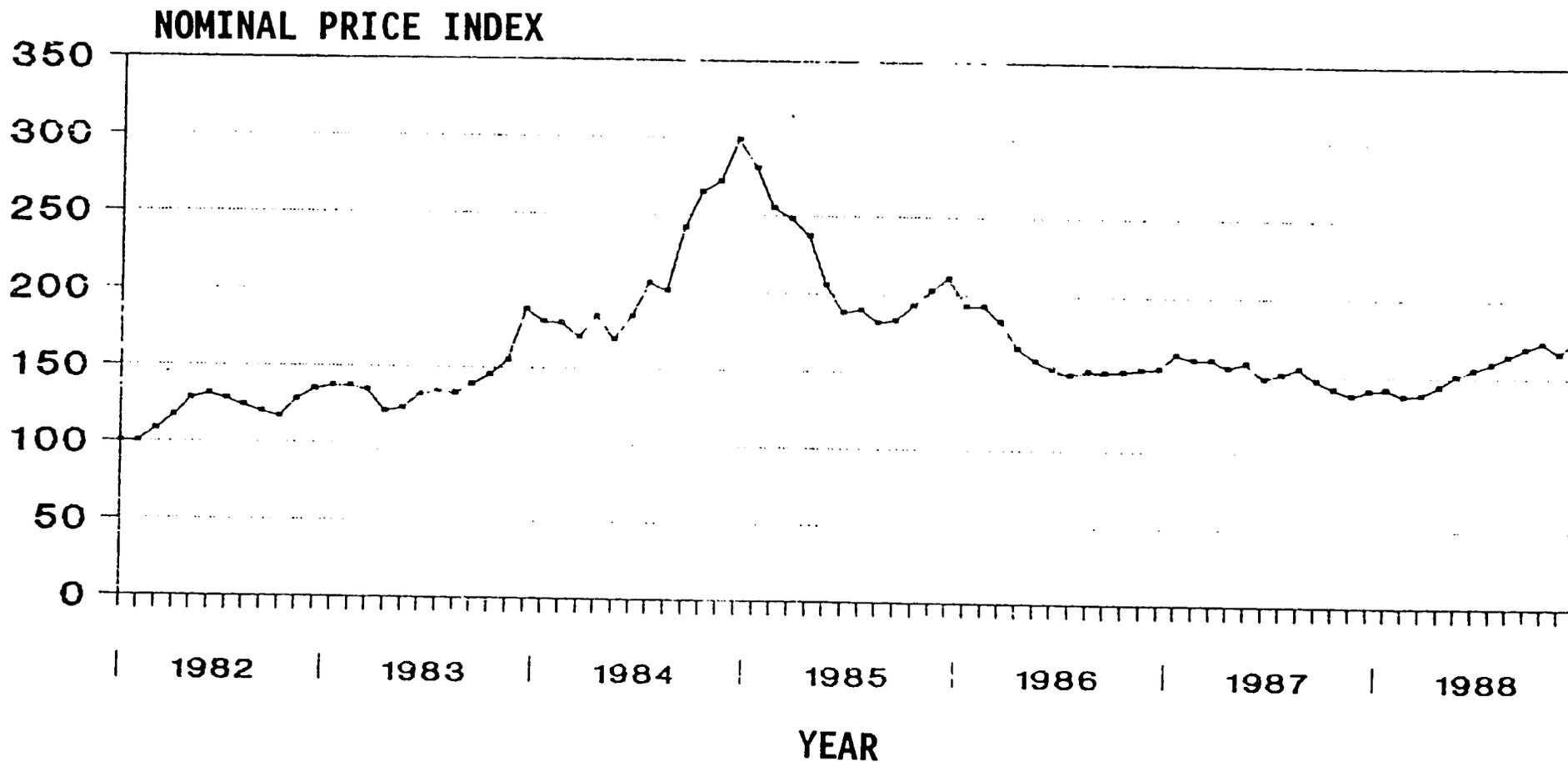
REPORTS

A draft final report in English will be submitted to USAID/Burundi prior to departure. Twenty copies each in French and English of the final report will be sent to USAID/Burundi within four weeks following completion of fieldwork.

ANNEX III

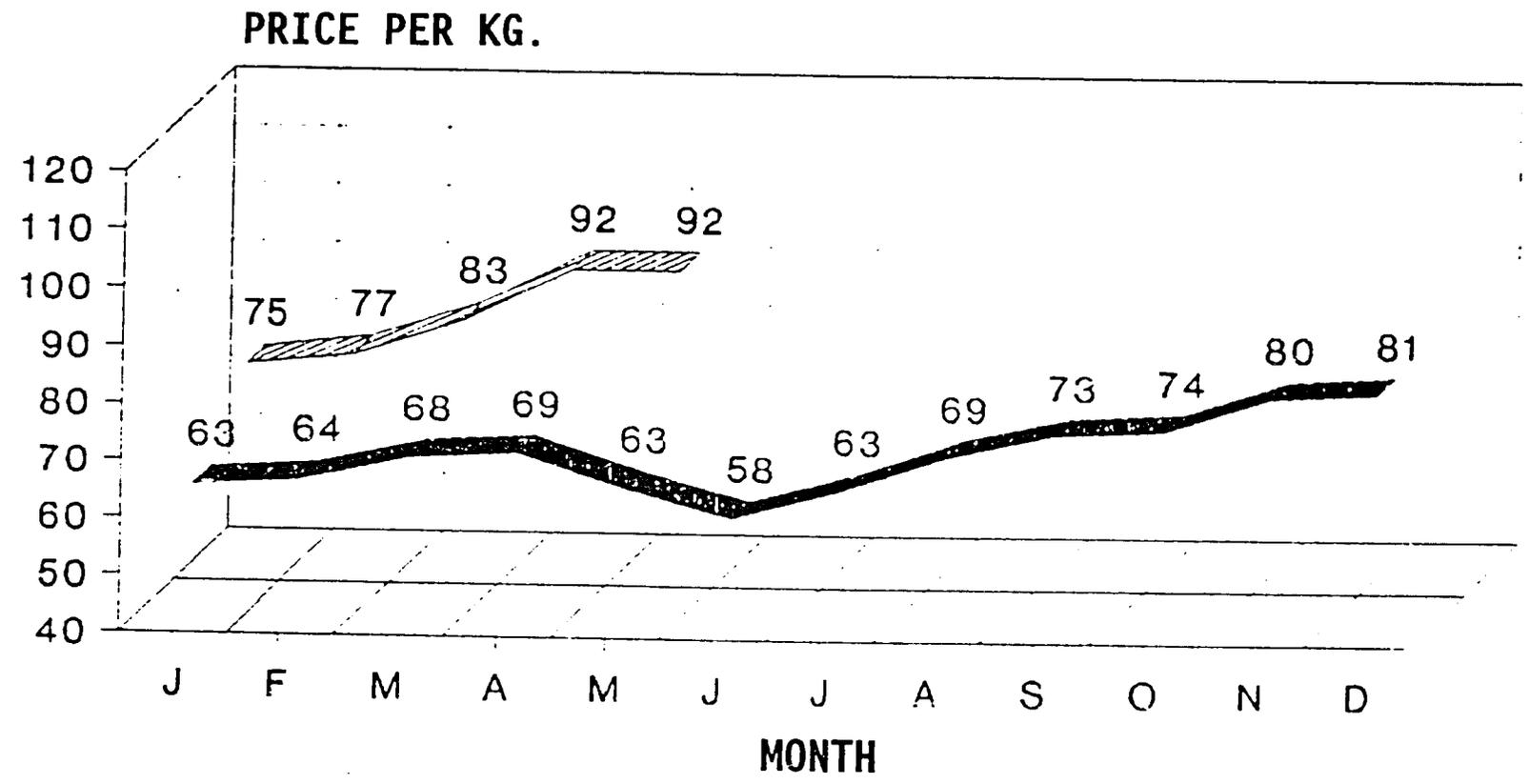
ANNEX III - FIGURE 1:

PRICE INDEX FOR ALL FOOD ITEMS (JANUARY 1982=100)



69
(SOURCE: BERGEN/ISABU: 1989)

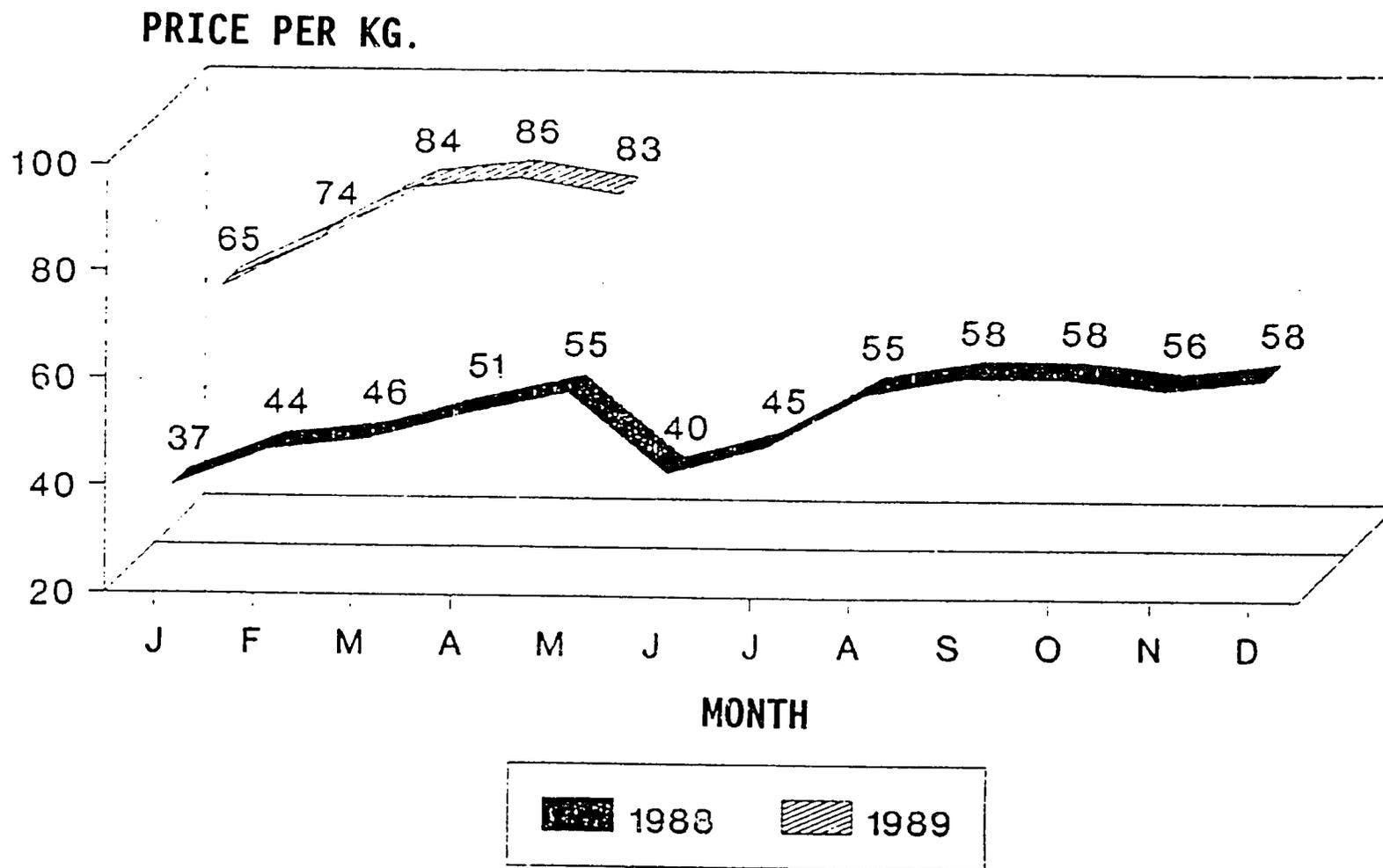
MONTHLY RICE PRICES - AVERAGE IN FOUR MARKETS



1988 1989

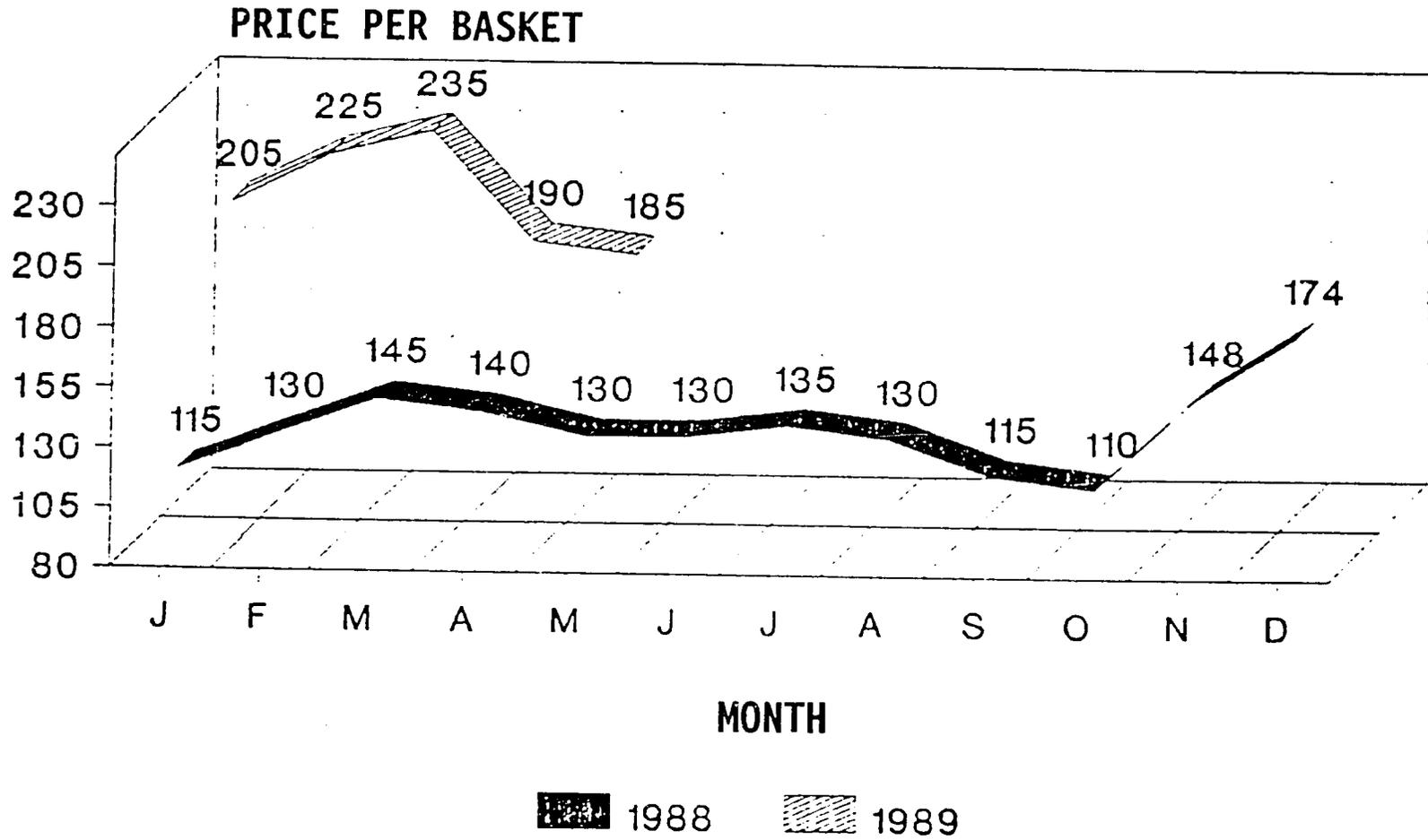
10

MONTHLY BEAN PRICES - AVERAGE IN FOUR MARKETS



7/1

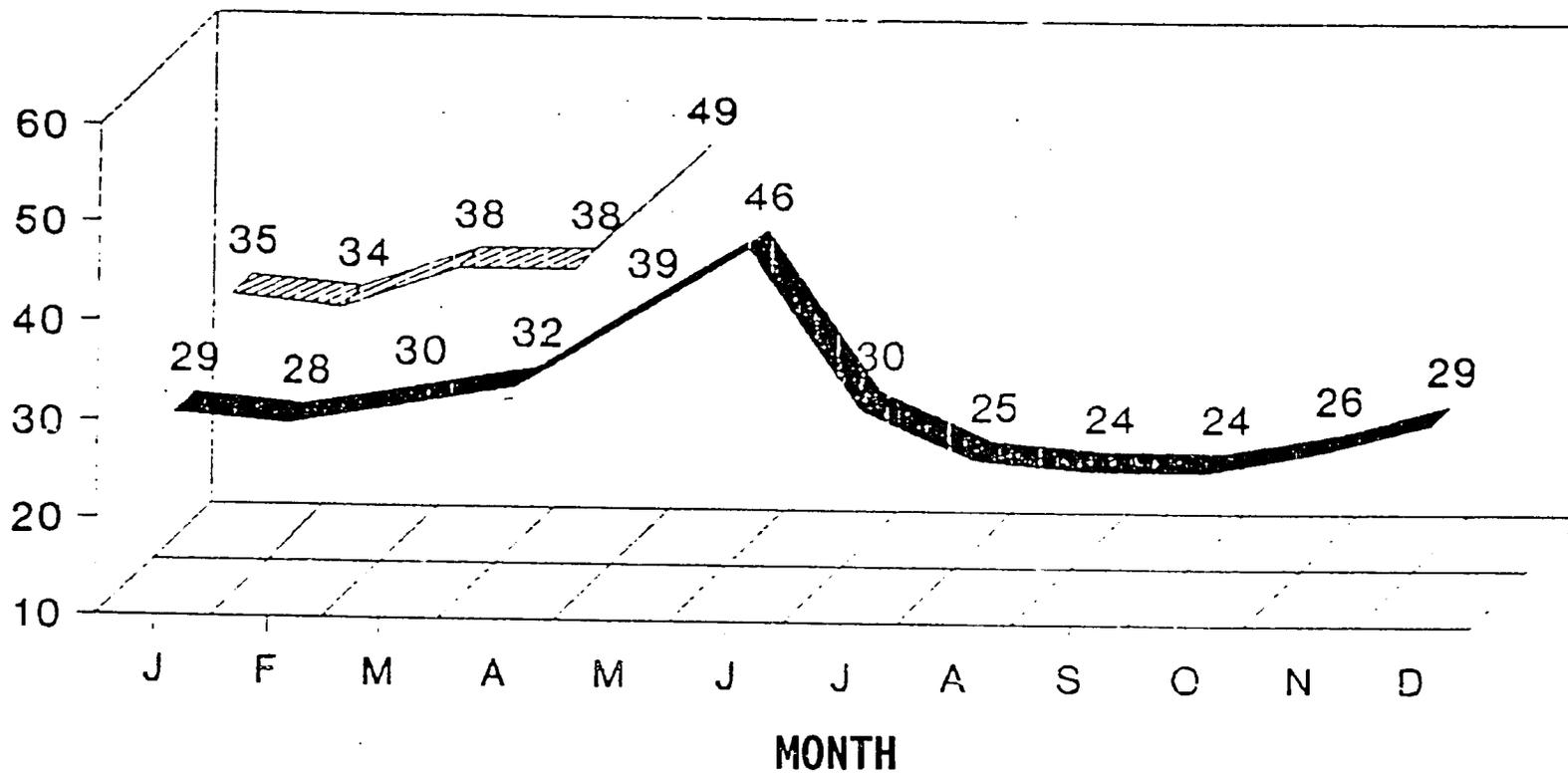
MONTHLY COLOCASE PRICES - AVERAGE IN FOUR MARKETS



72

MONTHLY SORGHUM PRICES - AVERAGE IN FOUR MARKETS

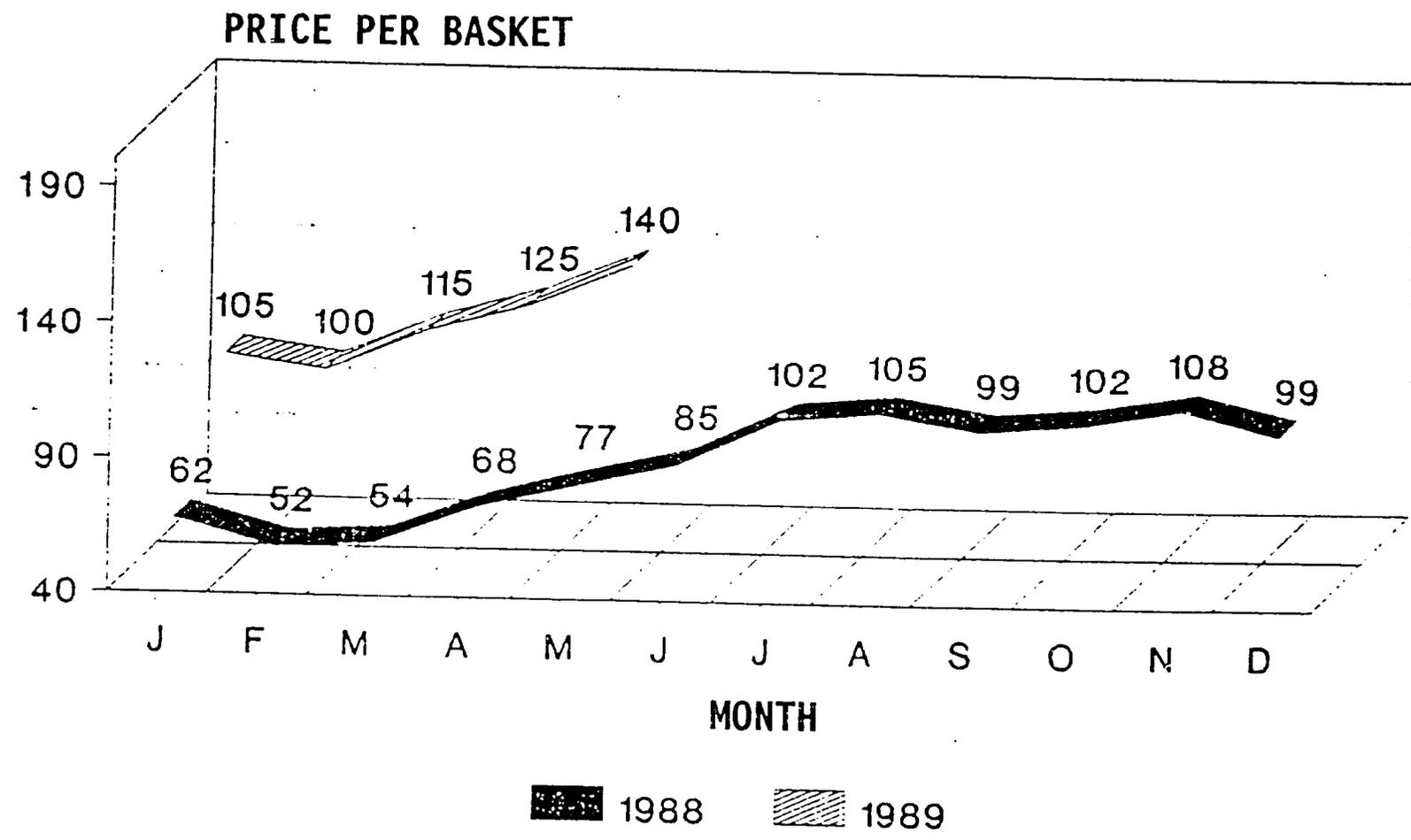
PRICE PER KG.



1988 1989

7/23

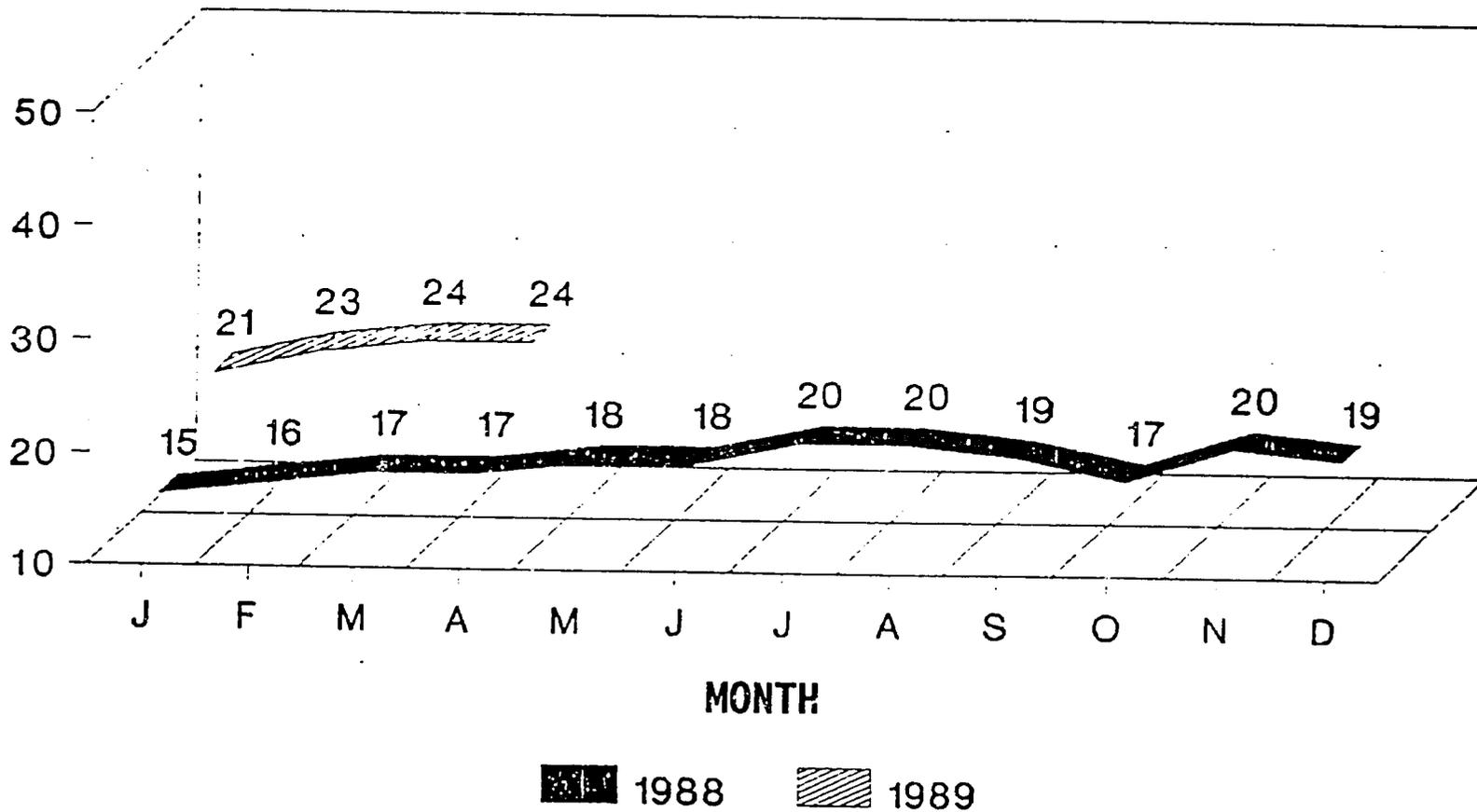
MONTHLY SWEET POTATO PRICES - AVERAGE IN FOUR MARKETS



74

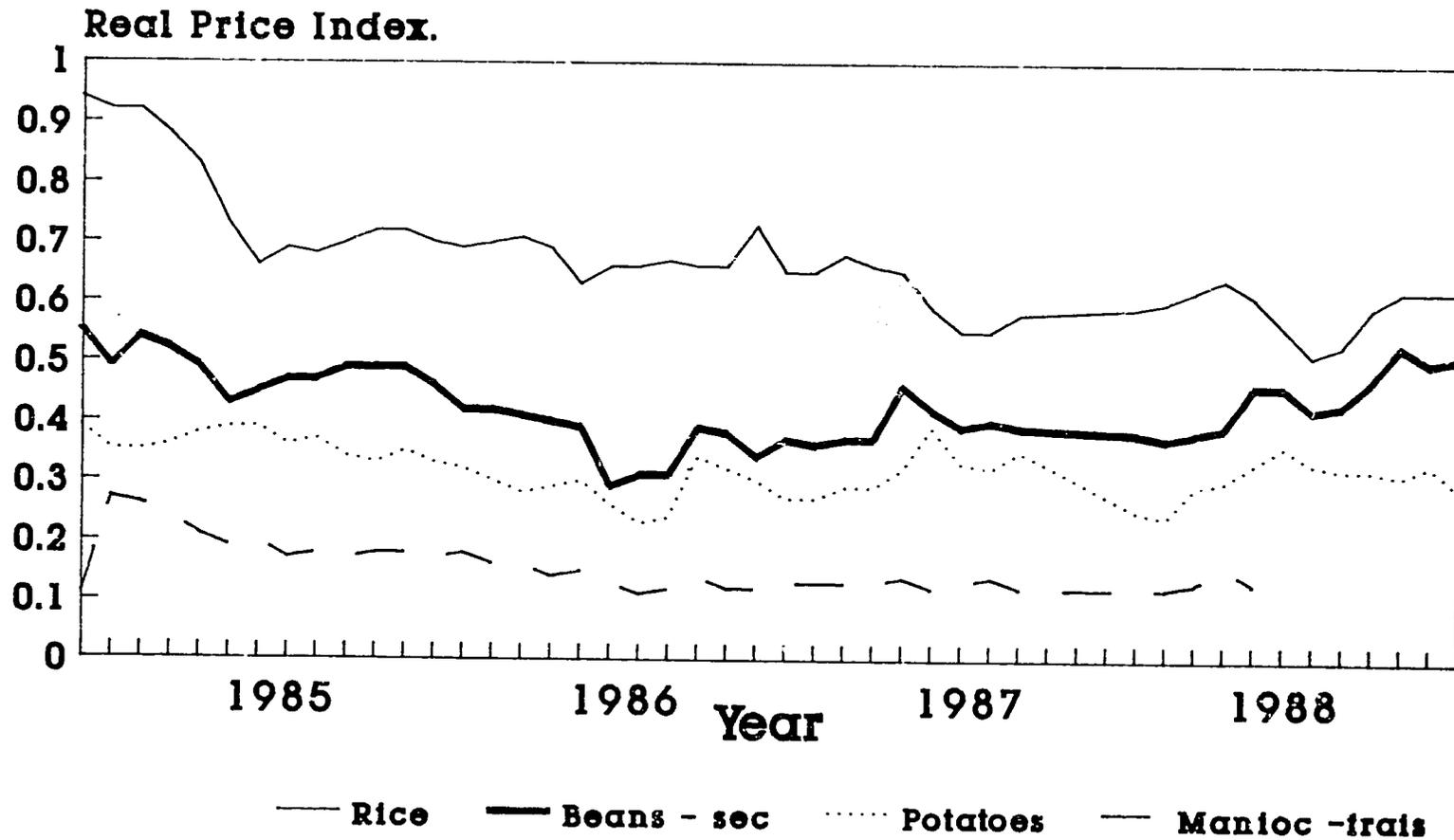
MONTHLY CASSAVA PRICES - AVERAGE IN FOUR MARKETS

PRICE PER HEAP



2

Figure 8 Monthly Consumer Prices Selected Ag. Commodities - Bujumbura



Prices deflated by CPI

9/1

ANNEX IV

TABLE 1:

**BILAN DES REVENUS ET DEPENSES MONETAIRES
DES MENAGES AGRICULTEURS DE BUYENZI
(KATANDA et MOZI)
(montants moyens par ménage F bu)**

REVENUS		DEPENSES		BILAN
Nature	Montant	Nature	Montant	
REVENUS LIES A L'AGRICULTURE		DEPENSES LIES A L'AGRICULTURE		
-Ets à l'exploitation		-intrants agro.	4 469	
-café	7 429	-bilwa	2 042	
-bilwa	5 118	-Autres produits agricoles	5 406	
-autres produits agricoles	4 312			
Sous Total	17 405	Sous Total	11 917	5 488
REVENUS NON LIES A L'AGRICULTURE		DEPENSES NON LIES A L'AGRICULTURE		
-Commerces	3 064	-Commerces	9 096	
-Salaires	2 700	-Salaires	797	
-Artisanat	939	-Scolarisation	473	
-Dot	310	-Dot	551	
-Dons ou prêts	2 313	-Dons ou prêts	1 000	
		-Dépenses exceptionnelles	460	
		-Autres	431	
Sous Total	9 326	Sous Total	12 798	-3 472
TOTAL	26 731	TOTAL	24 715	2 016

Source : SNES (données communiquées verbalement)
Enquête budget - consommation sur 189 ménages agriculteurs du Buyenzi

ANNEX IV

TABLE 2:

ESTIMATION DES CHIFFRES D'AFFAIRES ANNUELS DES DIFFERENTES CATEGORIES
D'ACTIVITES COMMERCIALES PAR GROUPE DE PRODUITS PROVINCE : KAYANZA

Unité : millions F bu 1983

PRODUITS	MENAGES		DEPENSES par an	CHIFFRE D'AFFAIRES					
	Type (1)	Nombre		CENTRE		COMMUNES		COLLINES Comun.	C.S.O.P.
				Comun.	Marchés	Comun.	Marchés		
VIVRES	Communes	82 200	450		90		360		
	Centre: agrico.	13 200	65		65				
	Centre : non agrico.	900	50		50				
	Sous total	95 300	565		205		360		
BIERE	Communes		170			35	35	100	
	Centre: agrico.		25		10			15	
	Centre : non agrico.								
	Sous total		195		10	35	35	115	
EPICERIE ALIMENTAIRE	Communes		335	35	45	35	80	100	40
	Centre: agrico.		50	11	18			15	6
	Centre : non agrico.		20	20					
	Sous total		405	66	63	35	80	115	46
EPICERIE DIVERS	Communes		120	11	18	11	38	31	11
	Centre: agrico.		20	4	9			5	2
	Centre : non agrico.		10	10					
	Sous total		150	25	27	11	38	36	13
HABILLEMENT	Communes		220	53	65	18	60	2	22
	Centre: agrico.		30	10	17				
	Centre : non agrico.		17	17					
	Sous total		267	80	82	18	60	2	22
DIVERS	Communes		80	33	7	6	8	10	16
	Centre: agrico.		10	5	2			1	2
	Centre : non agrico.		75	76					
	Sous total		165	114	9	6	8	11	18
TOTAL	Communes		1375	132	225	105	581	246	89
	Centre: agrico.		200	30	121			36	13
	Centre : non agrico.		173	123	50				
	Sous total		1748	285	396	105	581	279	102

(1) Communes : ménages des communes autres que la commune chef lieu de province

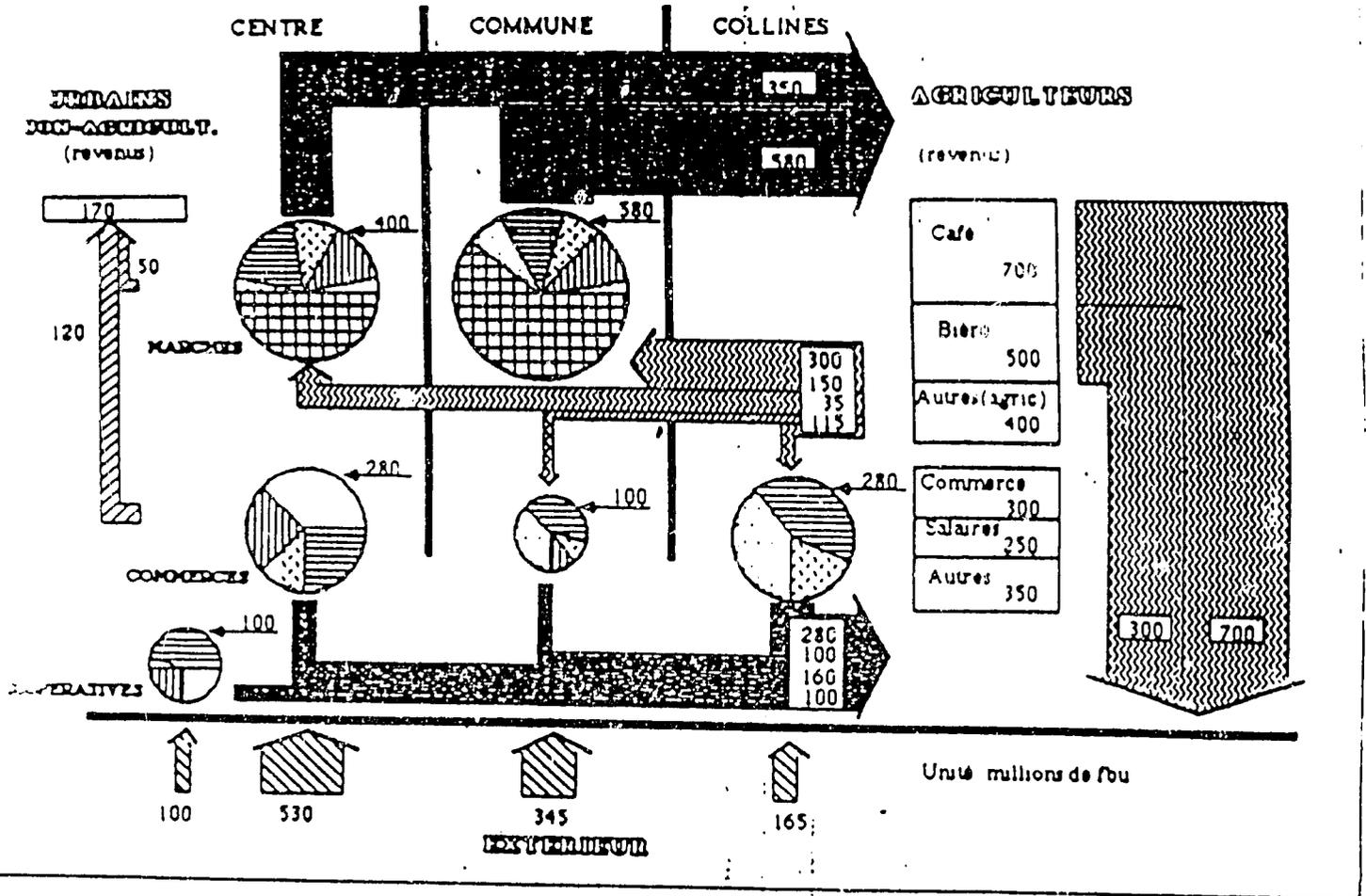
Centre : commune chef lieu de province

a) agrico. ménage dont le chef de ménage est agriculteur

b) non agrico. ménage dont le chef de ménage n'est pas agriculteur

FIGURE 1:

SCHEMA DES ECHANGES DE LA PROVINCE DE KAYANZA



LEGENDE

- Vente de produits des agriculteurs de la province
- Achats des agriculteurs de la province
- Achats des urbains non-agriculteurs du chef-lieu de province
- Produits venant d'autres provinces ou de Bujumbura

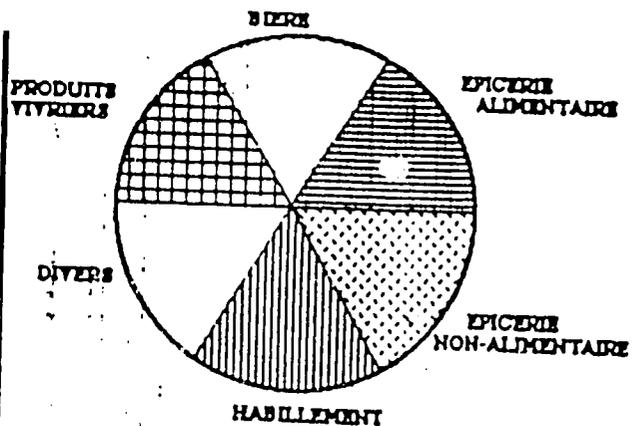
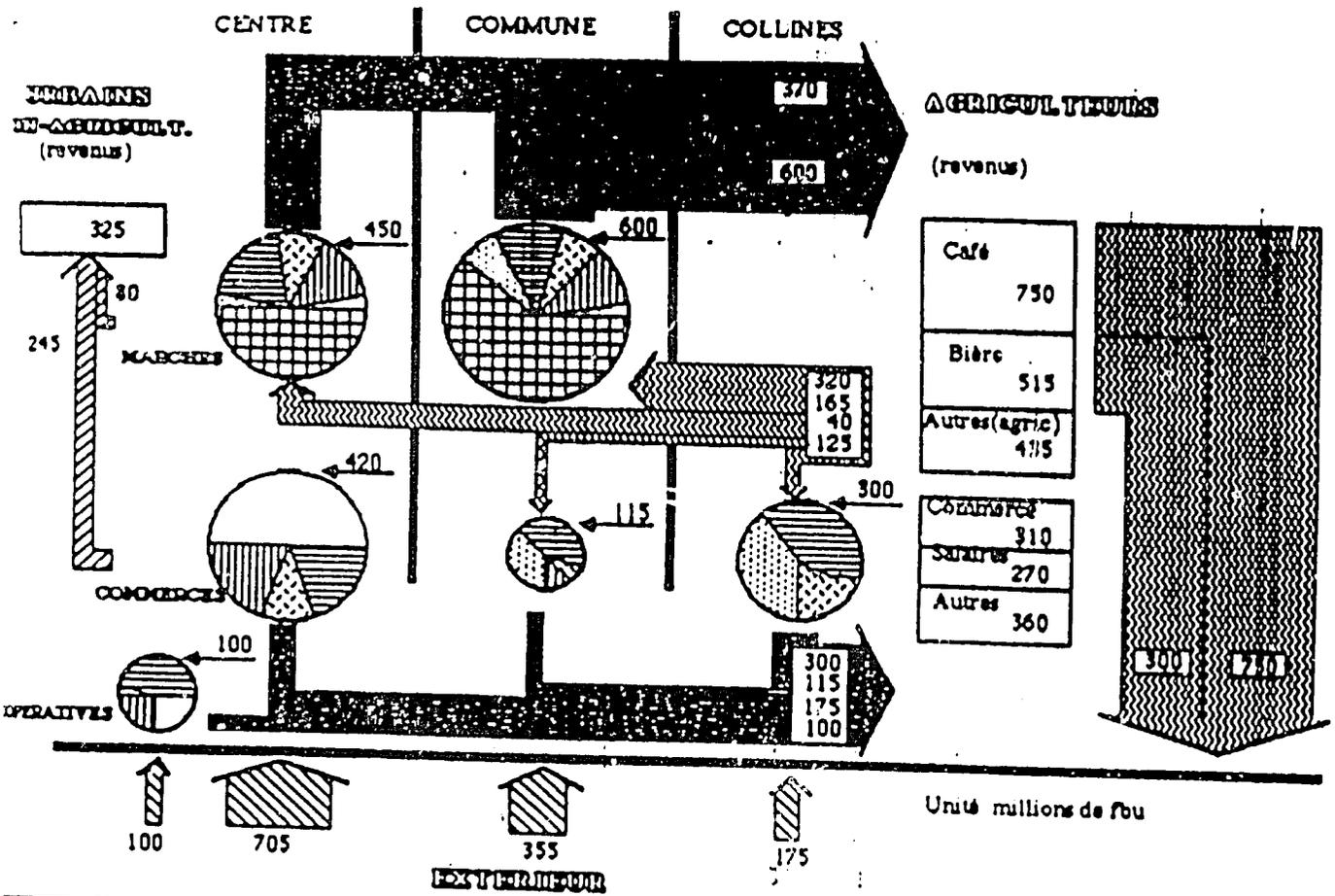


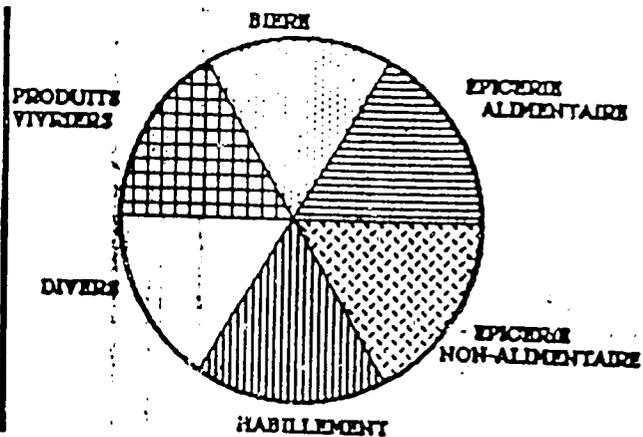
FIGURE 2:

SCHEMA DES ECHANGES DE LA PROVINCE DE NGOZI



LEGENDE

- Vente de produits des agriculteurs de la province
- Achats des agriculteurs de la province
- Achats des urbains non-agriculteurs du chef-lieu de province
- Produits venant d'autres provinces ou de Bujumbura



81

ANNEX V

FIGURE 1: FLOW CHART FOR BEAN TRADE IN THE HILL MARKETS OF CAMPAZI

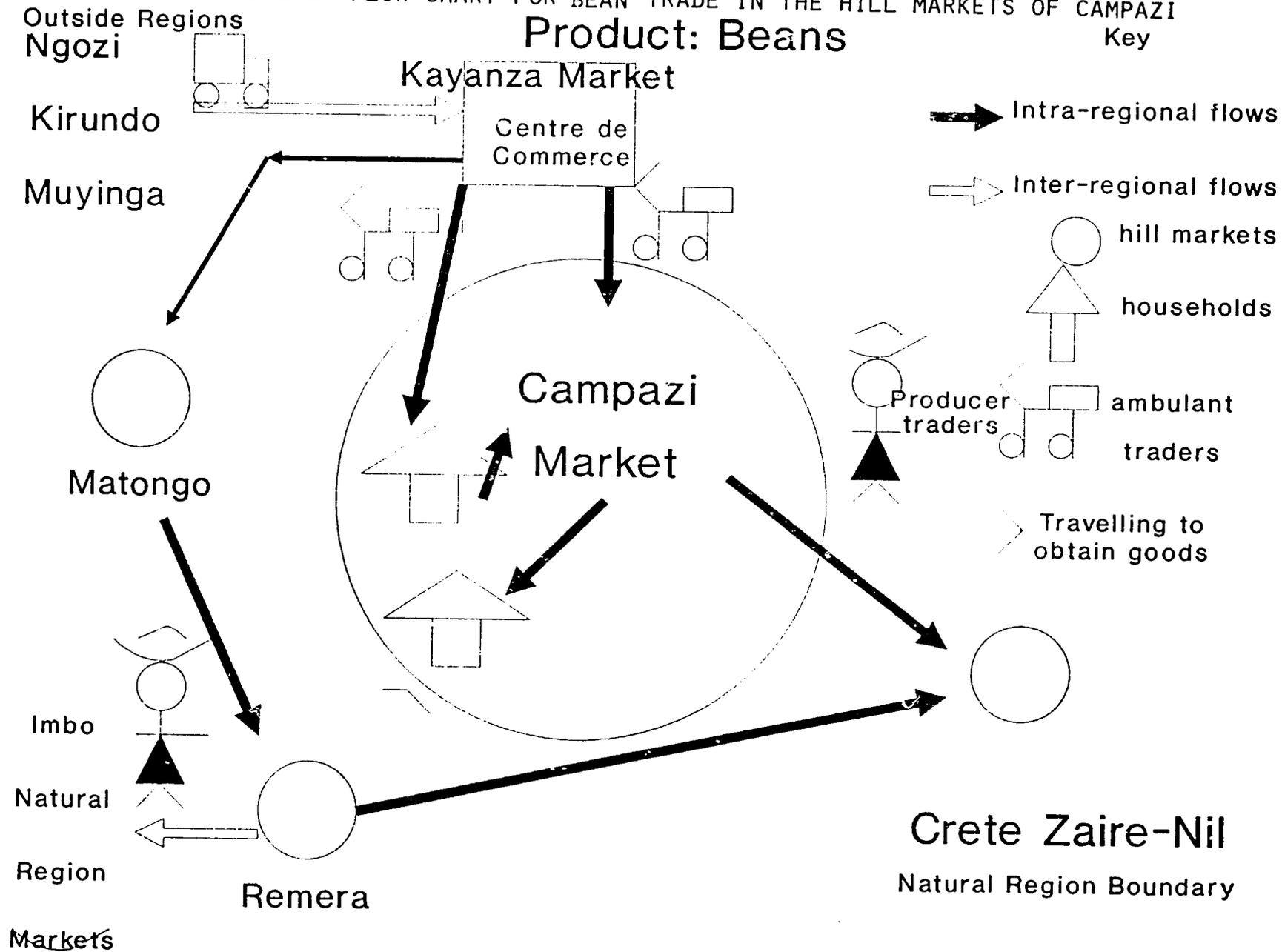
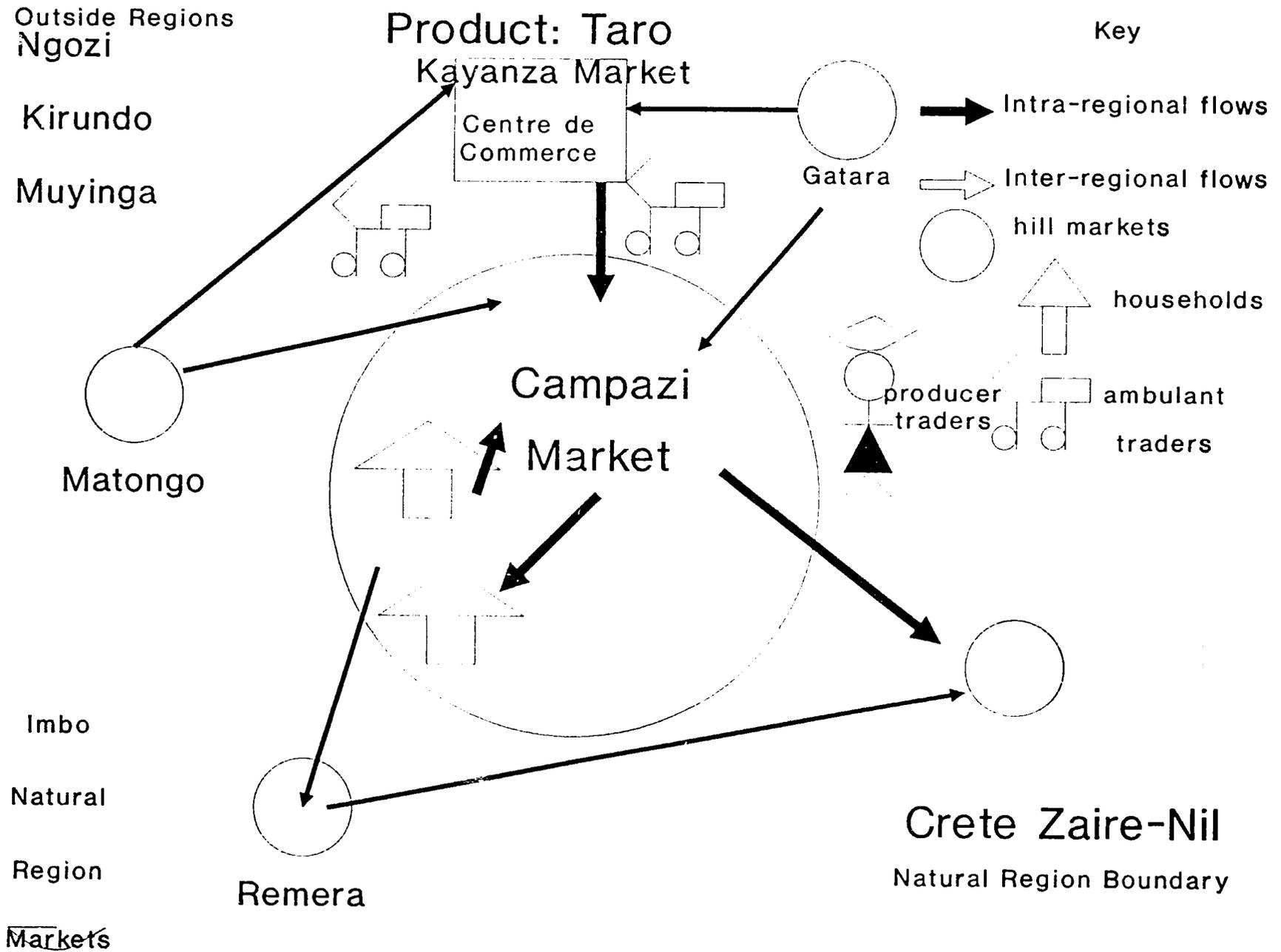


FIGURE 2: FLOW CHART FOR TARO TRADE IN THE HILL MARKETS OF CAMPAZI



Handwritten initials or mark.

FIGURE 3: FLOW CHART FOR TOBACCO TRADE IN THE HILL MARKETS OF CAMPAZI

Outside Regions
Ngozi

Kirundo

Muyinga

Imbo

Natural

Region

Markets

Product: Tobacco

Key

Kayanza Market

Centre de
Commerce

Gatara

Campazi
Market

Remera

→ Intra-regional flows

⇨ Inter-regional flows

○ hill markets

▲ households

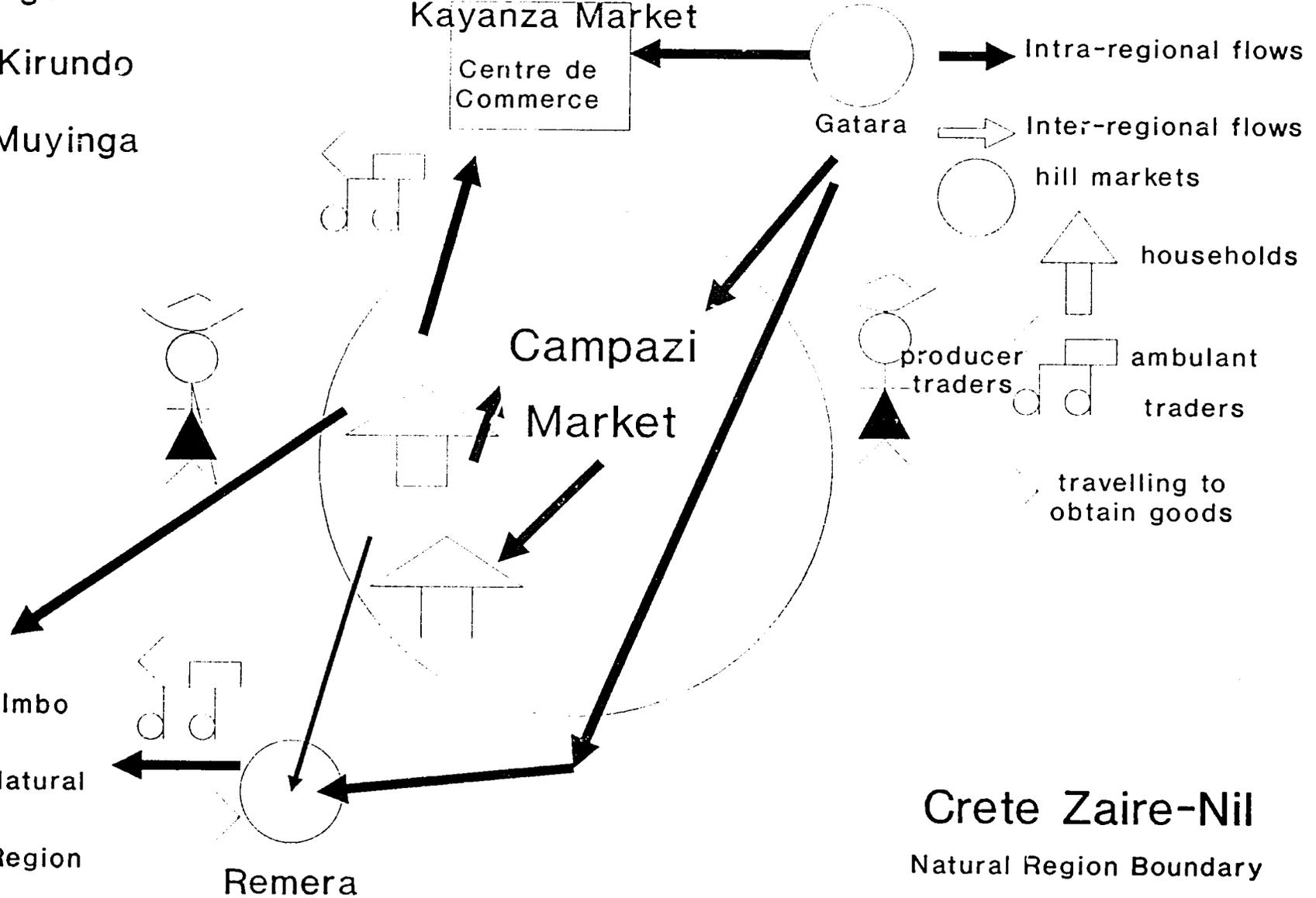
○ producer
traders

▲ ambulant
traders

⇨ travelling to
obtain goods

Crete Zaire-Nil

Natural Region Boundary



45