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# **Reconstruction for Development in Burundi**

Guiding Criteria and Selected Key Issues

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# Reconstruction for Development in Burundi

Guiding Criteria and Selected Key Issues

## **DISCLAIMER**

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

This is one of a series of working papers produced by Nathan Associates Inc. on behalf of the Regional Economic Development Services Office for East and Southern Africa (USAID/REDSO) under contract no. GEG-I-00-04-00002-00, task order 2, the Burundi Economic Reform and Financial Transparency Assessment Program, 2005–2006.

The objective of the program is to help USAID/REDSO establish an agenda for promoting economic reform and growth as well as financial transparency in the government of Burundi. The Nathan team has investigated—and developed recommendations to address—major economic issues and opportunities that Burundi is facing, emphasizing the appropriate role of the government in the national economy and anticorruption and transparency initiatives. The assessments and recommendations will be presented to government, civil society, and business actors in Burundi, as well as donor representatives, at a conference in Bujumbura in May 2006, and through related information programs.

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Final reports for the Burundi Economic Reform and Financial Transparency Assessment Program will be made available in both English and French at [www.nathaninc.com](http://www.nathaninc.com). For further information or printed copies of these publications, please contact

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# Preface

This paper is part of a series prepared for the U.S. Agency for International Development. The purpose of the series is to investigate issues and opportunities facing Burundi's post-transition government, especially with regard to the role of government in the national economy and anticorruption and transparency initiatives. The papers will be presented and serve as a basis for discussion at the May 22-24 conference in Bujumbura on "Burundi's Recovery and Reconstruction: Learning from the Past, Looking to the Future."

This paper provides an overview of major problems and possible solutions, and suggests criteria and policy directions for reconstruction and development. It also expands on major policy areas deserving special priority, on which five separate issues papers have been prepared. These are the development of trading relationship of Burundi with the outside world—especially Central and East Africa; the nexus between land, environment, and conflict; opportunities for and constraints on private sector development; further reform of the public financial management apparatus; and the struggle against official corruption. The sessions of the conference are structured accordingly.

This paper was formulated in light of earlier analyses and documents, but draws largely on direct communication with a large number of knowledgeable interlocutors—Burundian and expatriate, government and nongovernment—carried out in Burundi over several months.<sup>1</sup>

This overview and the issue papers emphasize macroeconomic concerns, public sector management, and private sector development, and do not cover other critical issues such as gender and development, HIV/AIDS, or social priorities, such as education. Keeping in mind this important limitation, a number of recommendations are advanced to strengthen or complement progress made since the Arusha Agreement of 2000 and the package of reform measures agreed with the donor community.

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<sup>1</sup> Previous analyses include the Government's Interim Poverty Reduction Strategy Paper of July 2003, various documents available from the websites of the World Bank and IMF ([worldbank.org](http://worldbank.org) and [imf.org](http://imf.org)), and "Burundi Economic Performance Assessment by Nathan Associates Inc. for USAID, July 2005. A chronology of major political events in Burundi is appended.

# Summary

After almost a decade of internecine violence, and 40 years of ethnic antagonism and reciprocal fears, the Arusha Agreement of 2000, setting in motion a peace process that led to a new constitution approved overwhelmingly in February 2005 and rounds of free elections culminating in August 2005 with the election of a new President and the installation of a new government. The new government has inherited an economy characterized by endemic poverty, overwhelming debt, widespread corruption, diminished soil productivity and other environmental problems, and degraded public sector institutions. It has also inherited, however, a strong consensus—for the first time in post-independence Burundi—in favor of peace, ethnic reconciliation, and good governance, and the restoration of security throughout the country.

A gradual improvement in Burundi's economic conditions is evident. After a dip in 2003, partly from renewed security problems, annual GDP growth has recovered to about 5 percent and is projected at the same rate in the next few years. Inflation, net of transitional factors, has dropped below double digits. The external accounts are about in equilibrium (aided by external assistance) — although a small balance-of-payments deficit is projected for 2006–2008. The exchange rate has stabilized, with exports recovering to some extent. And the fiscal deficit has been kept under control, despite severe pressures from the security situation and the need to rebuild basic social services. Despite the many years of conflict, many of the ingredients for recovery and development are in place.

On the positive side, in August 2005 Burundi reached the “decision point” for the Highly Indebted Poor Countries (HIPC) debt relief initiative, when the Bretton Woods institutions found that Burundi had pursued economic reforms and macroeconomic stabilization satisfactorily. Burundi was commended for staying the course in 2004 and 2005 despite security and political difficulties. The policy conditions to be met for the HIPC “completion point” are many but achievable. However, beyond HIPC, growth and poverty reduction will also require including Burundi in the list of countries for which such cancellation was agreed at the 2005 G-8 meeting.

## THE CROSS-CUTTING THEMES

In addition to debt cancellation and, of course, internal security, Burundi needs a coherent program of policy reforms and institutional improvements, supported by appropriate aid and grounded on be grounded on four cross-cutting themes:

- *The role of the state.* To be effective, the state will have to focus resolutely on a few critical functions—assuring security and the rule of law; maintaining economic stability

with sound development expenditure; providing basic social services; and creating an enabling environment for the private sector. Even the most streamlined and limited role of the state, however, requires an honest and effective public administration

- ***Reconciling the urgent needs of post-conflict reconstruction with the requirements of long-term economic development.*** This challenge may lead to postponing structural reform in certain areas; in other areas, instead, the urgency of needs may create a unique window of opportunity for rapid reform.
- ***Reducing economic distance within the country and with neighboring countries.*** To reduce the costs of transfer of goods and inputs, externally, an open trade regime is a must; internally, improvements in communications systems, information flows, and market-supporting institutions are needed.
- ***Rebuilding social capital.*** The formulation of reforms and the design of projects and assistance should be guided by the need to rebuild the fabric of reciprocal trust and positive expectations destroyed by the long conflict and the troubled history before it. For this, the role of ethnicity must be debated openly and confronted – in forward-looking manner without remaining imprisoned in old schemes.

A broad policy framework was provided by the Interim PRSP, which was assembled in 2003 under difficult conditions: the conflict was still raging, the government was a transitional one, and consultations had to be limited to areas where security could be guaranteed. Nevertheless, such consultations as did take place were the first in Burundi and constituted the initial step toward an eventual systematic process of government-civil society interaction. The I-PRSP consultations identified a long catalogue of areas and associated reforms and actions. However, with some exceptions, indications of the relative importance of sequencing of their implementation are missing. It is clear, in any case, that most of the reforms are inherently long-gestating, complex, and dependent on steady and capable management.

## MAJOR POLICY AREAS

Among all the policy areas listed in the I-PRSP and elsewhere, five are especially important in Burundi and need greater analytical attention than they have heretofore received. Each of these is discussed in the separate issue papers, with recommendations for improvement, but the main points can be summarized as follows.

### Fighting Corruption and Restoring Accountability

Official corruption, in any form, carries severe costs in terms of resource efficiency, administrative integrity, and development, and is especially damaging to the poor and vulnerable groups. In Burundi, which is perceived as one of the 24 most corrupt countries in the world, corruption also risks re-igniting the social conflict that has characterized so much of the country's history. Petty bribery is widespread, and corruption problems are most acute in public procurement, taxation, and customs. Specific measures can be taken to begin redressing the situation in these three areas, but a sustained rebuilding of public integrity requires a strategy grounded on six components:

- Fact-finding, mainly through a detailed corruption survey, regularly updated;

- Dissemination and awareness, including by strengthening the capacity of the media, and improving coordination of aid to NGOs;
- Prevention, through regulatory streamlining, at first focused on rules for employment and starting a business;
- Strengthening of enforcement, through various reforms such as an anticorruption law that penalizes both bribe-giver and bribe-receiver, asset declaration for political leaders and high government officials, protection of “whistleblowers,” etc.
- Building the accountability institutions, by expanding the duties of the Inspectorate General of Finance, giving it the independence, mandate, authority and resources to function as the country’s lead agency for anticorruption, and making it directly responsible to the highest appropriate level of government – in this case, the Vice-President charged with economic and social affairs; and
- Improving public management. Little progress can be made against corruption without a lasting improvement in public accountability and concrete reforms in the various aspects of public administration.

## **Strengthening Public Financial Management**

There is reason to hope for a gradual return to the reasonably good public financial management standards of the late 1980s. A number of budgeting innovations are being introduced or contemplated in Burundi, including a detailed medium-term expenditure framework, elements of program budgeting, and integrated financial management systems. While these are all worthwhile in the long term, the current institutional realities of the country mandate a resolute focus on the basics. The expenditure management priorities in Burundi should be to ensure that the basic budgeting mechanisms are in place and functioning; expenditure control is consolidated; budget execution is relatively free of fraud and misallocations; public investment efficiency is raised; and external financial accountability becomes strong enough to change the current culture of impunity. This is a vast agenda in itself, with three core goals:

- Improve investment efficiency through better project selection and coherent investment programming;
- Consolidate the initial improvements in the budgeting process, including a tightening the scrutiny of budget proposals by the Ministry of Finance;
- Strengthen public financial accountability, mainly by building the capacity and independence of the audit court.

To implement this agenda, budgeting capacity needs to be gradually rebuilt in the line ministries, and an outreach effort to this end should be made by the ministries of finance and planning. In turn, however, these ministries should themselves refocus on their core competencies. Most important, while the Ministry of Planning carries responsibility for investment programming and aid management, it has lost the capacity to do either. At the same time, the Ministry of Finance, where aid management is normally located, does not have the authority to do so. Therefore, the main recommendation is to allow the Ministry of Planning to concentrate on its core competence of investment programming, and to move aid management to the Ministry of Finance, which is

responsible for budgeting all resources, foreign and domestic. To preserve policy-financing coherence, the two ministries should jointly constitute an aid and investment policy group, chaired by the Vice-President.

## **Enabling Private Sector Development**

Sustainable growth in Burundi will depend mainly on revitalizing private enterprise activity on a more inclusive basis than the past. The country's private sector is facing, however, daunting challenges:

- Structural constraints, mainly unfavorable location and corresponding high transport costs, lack of market linkages, and high population density with low rural productivity.
- Policy-induced and regulatory constraints, aggravated by widespread official corruption.
- Supply-side constraints, including low skills, obsolete equipment, limited availability and high cost of imported inputs, and limited access to and high cost of credit.

These constraints have challenged other countries, however, and Burundi can profit by examining these international experiences to learn of both the good practices and the mistakes made by other countries in encouraging private sector development.

A major obstacle to efficient private sector development is the monopolistic nature of much of Burundi's formal private sector. There is a need to strengthen competition in the private sector by removing barriers to entry—including those arising from social factors—and providing an enabling environment for small and microenterprises. In particular, encouraging enterprise in the rural areas, both farm and nonfarm, is key to economic growth in Burundi. Producer associations, for example, can help small enterprises obtain better access to finance, information, and other inputs, and provide an opportunity to build management capacities.

## **External Trade Expansion**

Openness to the outside world is necessary for Burundi's growth and recovery as well as to foster genuine internal competition in a small economy, and thus the efficient development of the private sector. Before the civil conflict, Burundi's economic performance compared well with most African countries, partly owing to the contribution of its main exports, coffee, tea, and cotton. A recovery of coffee, tea and cotton exports can sustain growth, but possibilities also exist for selective diversification and increased processing, in areas such as fruit and vegetables, cut flowers, mineral products, and others.

Steps to rehabilitate the main export crops include, among others, further withdrawal of the state from these sectors; mechanisms to facilitate participation of small farmers in decision making and in the processing chain, thus improving the distribution of export proceeds; greater care of the productive structures; and creating employment opportunities for displaced labor. It is also critical to ensure the timely and cost-effective delivery of goods to and from domestic and overseas markets. This requires long-term investment in transportation and communications, better financial intermediation; and sufficient provision of energy. It also requires a major improvement in customs administration, also needed to reduce corruption. An important

contribution in this direction would be made by harmonization of policies and practices as part of the regional integration strategy.

Regional trade integration is a cornerstone of Burundi's trade and investment policy. The development of successful trade and investment strategies requires a significant strengthening of public sector institutional capacity. An entity for the facilitation of investment and trade could provide exporters with information on foreign markets, requirements and practices, and health and safety norms, and provide potential investors with information on laws, regulations, and incentives.

## **Land, Conflict, Employment, and the Environment**

In Burundi, subsistence crops have grown more slowly than population, while production of export crops has actually fallen. The obvious immediate cause is the impact of the civil conflict, but the main structural constraint on agricultural production is high density of rural population, leading to low productivity, environmental degradation, high unemployment, and persistent conflict. Clear recognition by decision-makers and rural populations of the reciprocal links between these four factors is a prerequisite for designing and implementing realistic actions to protect the environment while raising productivity.

Currently, this vicious circle has led to a stalemate across the entire economic, social, and physical spectrum. The challenges are interlocking and daunting: manage conflict, increase agricultural productivity, develop income-generating activities in agriculture and elsewhere, find ways to reduce population pressure on the land, protect the environment, and accommodate the returning refugees and displaced persons. To begin to break this stalemate, four directions of improvement can be defined:

- ***Job and income generation.*** The need here is twofold: job creation programs for the rural unemployed, and provision of basic infrastructure. Workable examples of such programs exist, in various countries and Burundi itself.
- ***Manage conflicts over land.*** This topic calls for mediation and judicial measures, including revitalizing the *abashingantahe* (village councils of elders) by restoring their independence. Conflict can also be alleviated in practical ways (i.e., by giving priority in the job-creation programs mentioned above to those who lose land as a result of the return of the original owners, and to original owners who do not succeed in re-acquiring their land).
- ***Reduce inequalities of access to land and income.*** State-owned land should be distributed to the Batwa (who are landless), to returning refugees, and to the displaced who do not succeed in relocating to their original lands. It is essential to review the distribution of the proceeds from the main export crops. Most importantly, liberalization of the coffee sector without explicit attention to the interests of coffee farmers in a less inequitable distribution of assets and income would be a grave mistake with lasting consequences.

- ***Protect the environment to the benefit of agriculture.*** Reforestation and low-cost soil protection should entail the most labor-intensive methods, thereby having maximum impact on employment while beginning to reverse environmental degradation.
- ***Encourage intensive agriculture and livestock, and improve market access.*** Although this is a very long-term effort, a beginning may be made in various ways. Market access is not primarily constrained by rural road infrastructure, which is comparatively better than in other countries, but by lack of communications, information, and rural market sites.

Widespread corruption, however, will hamper any measure, especially those entailing resource allocation and government implementation. Thus, in the multi-pronged struggle against official corruption, intervention to break closed circles of patronage, exclusion, and favoritism in agriculture would be a key priority and could carry major leverage for improving public integrity in other sectors.

## **THE MISSING LINK: PUBLIC ADMINISTRATION REFORM**

The current package of policy reforms for Burundi's recovery and development will remain incomplete without adequate attention to the most important single question: *How and by whom* will these reforms be implemented? The question is relevant to macroeconomic reforms as well as sectoral reforms, and emerges clearly from the discussion of the five major policy areas just summarized. Without a substantial improvement in public administration, prospects for effective reform are dim and so is the future of the country. Several donors have supported strengthening public financial management – the first major component of administrative capacity—but none has offered a coherent program of assistance to streamline and reform the other two components: the organizational architecture of central government, and the dilapidated state civil service.

Before 1993, Burundi's public administration was deservedly known as one of the best in Africa. The civil service was small and disciplined; public services were provided in reasonably efficient manner; administrative accountability (as contrasted with political accountability) was satisfactory; and, as a result, corruption was low and predictable. The contrast with today's situation could not be sharper. While the size of government employment, at around 0.6 percent of the population, has remained modest, the severe erosion of salaries, inoperative accountability mechanisms, and the importation of a culture of impunity from the political and military domain into the public administration, have spread corruption throughout the system and effectively eliminated most public service provision.

Concerning the organizational structure of central government, in light of the need for a limited role of the state, a fresh review is needed of the number of ministries and their division of labor, and the internal organization of each ministry. A full-fledged functional and organization review is not necessary for every ministry, however. A small working group, with external support and working under the direction of the Vice-President, can conduct a reasonable assessment in a few weeks, beginning with the ministries that absorb a large part of the budget and are especially important for poverty reduction. (Already mentioned are the important recommendations of shifting responsibility for aid management from the Ministry of Planning to the Ministry of

Finance, and of expanding the Inspectorate General of Finance into an independent and robust anticorruption office.)

Concerning civil service reform, the best organization has little effect if the individuals in it are demotivated and non-performing. Just as a functioning government that provides an enabling environment is a must for private sector activity, a reasonably honest and well-performing government workforce is a must for a functioning government. Unfortunately, the current situation is dismal. The number of government employees remains modest, but partly because, most of the better-skilled personnel have left, except for a few committed and experienced higher-level officials.

Government salaries, once more than adequate, have become insufficient to cover even a portion of living expenses, and their inadequacy is most glaring at higher levels. A vast and sustained effort to revitalize and regenerate Burundi's civil service must begin very soon. That effort should focus on attracting a new generation of energetic and motivated persons, and strengthening the incentive and accountability framework. The first steps are standard for any civil service reform program: a detailed civil service census, and a review of payments through the payroll—to identify “ghost” employees and correct payroll irregularities. Beyond this, a review of the salary structure is critical, both to raise the official average compensation and to decompress the structure to provide adequate incentives to higher-level personnel.

The argument is made that, even though salary increases are clearly justified, they cannot be afforded until the economic and fiscal situation improves. The argument is fallacious because the causation is precisely the reverse. Not until a competent and honest government workforce is rebuilt can one expect a sustained increase in domestic revenue and a decline in official corruption, and rebuilding the leadership of such a workforce on the basis of the current salary structure is manifestly impossible. Also, because the total number of employees is small the fiscal impact of an adequate increase in government wages will be limited. The appropriate conditions for increasing salaries of civil servants are different, and are on the governance side, not the fiscal side. A salary increase without a prior or at least concurrent strengthening of accountability and the role of merit will have no impact either on labor productivity or on reducing corruption. The upshot is that, while a salary review in Burundi is overdue and should be carried out as soon as possible, its results should be held in abeyance and not be implemented until the complementary measures are in place and have been tested. This approach would also set in motion positive incentives within government administration to denounce corruption and non-performance.

It is also urgent that concrete measures be identified for improving the integrity and efficiency of government personnel immediately without compromising long-term goals. In particular, because the incentive problem is mainly at the higher levels of officialdom, serious consideration should be given to the creation of a “senior executive service,” whereby designated higher-level posts would be held on a contractual basis, assigned competitively *mainly* on merit and qualifications, be easy to terminate, and carry market-related compensation as well as specific performance requirements.

## EXTERNAL ASSISTANCE AND PROSPECTS FOR THE FUTURE

The major official donors at this time are the World Bank, the EU, France, Belgium, and DFID. Since the election and the inauguration of the new government, aid has accelerated. Comparing the current aid inventory with the priorities identified earlier results in identifying three areas where targeted assistance can be of significant help and without duplicating existing or envisaged aid efforts. . These are

- Facilitating new private borrowers' access to credit;
- Capacity-building for the lowest level of government;
- Assistance to provide quick employment in the rural areas, in a manner that addresses the interrelated problems of soil degradation, environmental damage, and conflict over land.

Despite Burundi's substantial progress under very difficult circumstances, optimism remains premature, as the country's economic and financial apparatus and institutional infrastructure remain fragile. Even if Burundi consolidates its advances in security and legitimate governance, it will still need to address the extreme weakness of public accountability and government administration, and the widespread corruption that such weakness engenders. As the Preamble to the Arusha Peace Agreement states, "*... a legal, institutional and social environment based on good governance, the rule of law and the efficiency of public management, ... constitutes an essential element of the strategy for national reconstruction and reconciliation.*" Setting and enforcing clear standards of transparency, integrity, and accountability is the key to reestablishing such an environment. External assistance in grant form and for the right priorities will be a major factor of success, provided that donors make sure that their aid, and its modalities, reinforces progress rather than undermining it.

# 1. Introduction: Major Economic Developments Since 2000

After almost a decade of internecine violence, and 40 years of ethnic antagonism and reciprocal fears, Burundi signed the Arusha Agreement of 2000, setting in motion a peace process that led to a new constitution in February 2005 and rounds of free elections culminating in the election of a new President and the installation of a new government in August 2005. The new government has inherited an economy characterized by endemic poverty, overwhelming debt, widespread corruption, diminished soil productivity and other environmental problems, and degraded public sector institutions. It has also inherited, however, a strong consensus—for the first time in post-independence Burundi—in favor of peace, ethnic reconciliation, and good governance, and the restoration of security throughout the country.

Economic and financial outturns since 2000 have been every year somewhat below expectations and targets. Nevertheless, a gradual improvement in Burundi's condition is evident. After a dip in 2003, annual GDP growth has recovered to about 5 percent and is projected at the same rate in the next few years. Inflation, net of transitional factors, has dropped below double digits. The external accounts are about in equilibrium (aided by external assistance) – although a small balance-of-payments deficit is projected for 2006–2008. The exchange rate has stabilized, with exports recovering to some extent. And the fiscal deficit has been kept under control, despite continuing security problems and the need to rebuild basic social services (Table 1-1). Many of the ingredients for sustained recovery and development are now in place.

Among the key assumptions is a substantial lightening of Burundi's external debt burden at end-2004 US\$1,384 million, of which more than 85 percent was owed to multilateral organizations (Table 1-2). Debt projections under alternative scenarios are shown in Table 1-3. With external debt equivalent to more than twice the GDP, and scheduled debt service greater than all export earnings, Burundi's debt would not be sustainable under *any* growth scenario. Significant relief from bilateral debt was granted in 2004. However, with the bulk of the debt owed to multilateral organizations (Table 1-2), neither the debt relief granted so far nor any other conventional form of debt rescheduling will resolve the problem.

**Table 1-1***Selected Macroeconomic and Fiscal Aggregates, 2000-2008*

Item	2000	2001	2002	2003	2004	Est	Projected		
						2005	2006	2008	2009
<b>ANNUAL PERCENT CHANGE</b>									
GDP growth	-0.9	2.1	4.6	-1.2	4.8	5.0	5.0	5.0	5.0
Inflation (yearly avg.)	24.3	9.3	-1.4	10.7	8.0	16.0	8.0	5.0	5.0
Export volume	5.5	4.9	-20.7	28.8	-10.9	17.0	—	23.0	5.0
Import volume	1.7	4.3	-1.2	25.6	-0.7	32.0	-3.0	3.0	3.0
<b>AS PERCENT OF GDP</b>									
Fiscal balance (incl. grants)	1.8	5.2	1.4	-5.9	-4.3	0.2	1.0	—	—
Domestic revenue	19.2	20.0	20.4	21.1	20.1	18.0	18.6	19.0	19.0
Current expenditure	18.8	21.6	20.6	22.0	22.3	22.3	22.0	20.0	20.0
(o/w, civilian salaries)	3.5	3.9	4.1	4.8	4.8	4.5	4.3	4.5	4.5
Capital project expenditure	6.1	6.4	5.2	13.2	17.0	12.0	11.5	11.5	11.0
(o/w, domestic funded)	1.7	3.4	1.1	4.1	4.9	3.4	3.5	3.5	3.5

*Note: Projections include an additional 1% of GDP as a gross initial assumption of the impact of civil service reform.*

*SOURCES: Compiled and adapted for this report from Ministry of Finance, World Bank and IMF data.*

**Table 1-2***External Debt Stock and Its Composition, as of End-2004*

	US\$ million	Percent of total
Multilateral	1,176	85
IDA	795	57
AfDB	224	16
IMF	41	3
Other multilaterals	110	9
Bilateral	207	14.5
o/w, Paris Club members	145	10.5
Commercial	7	0.5
Total	1,384	100.0

*SOURCE: IMF, World Bank, Ministry of Finance.*

**Table 1-3***External Debt Projections, 2004-2024, US\$ million at net present value*

<b>Scenario</b>	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2024</b>	<b>Average</b>
Before debt relief	895	930	833	715	845
After traditional debt relief	902	973	910	810	918
After enhanced HPIC relief	889	196	232	336	300
Exports	82	126	198	420	215

*SOURCE: Compiled from IMF and World Bank data.*

On the positive side, in August 2005 Burundi reached the “decision point” for the Highly Indebted Poor Countries (HIPC) debt relief initiative, with the favorable finding by the IMF and World Bank Boards. The Bretton Woods institutions found that Burundi had pursued economic reforms and macroeconomic stabilization satisfactorily, and commended the country for staying the course in 2004 and 2005 despite security and political difficulties. The policy conditions to be met for the HIPC “completion point” are many but achievable, and include measures to improve public expenditure management, governance, and delivery of priority social services. The government has reiterated its commitment to dedicate the HIPC-related savings to reducing poverty in areas identified in the I-PRSP.<sup>2</sup>

Owing to the peaceful inauguration of the new President at the end of August, subsequent selection of his government, and, most recently, the agreement in March 2006 by the lone holdout rebel group to enter negotiations with the new government, external goodwill toward Burundi has increased. Along with that goodwill, so have the likelihood of achieving the HIPC completion point—possibly as early as end-2006—assuming further consolidation of peace and security, continued macroeconomic stability, and progress toward good governance and poverty-friendly resource allocation. However, even enhanced HIPC relief would only allow the country’s recovery to begin limping along. According to current projections Burundi’s external debt will not fall below export earnings until after 2015, even with enhanced HIPC debt relief. HIPC would not suffice to underpin the faster economic recovery and poverty reduction that could be easily achieved in light of the sharp economic decline of the past decade. Growth and poverty reduction will require near full cancellation of multilateral debt, by including Burundi in the list of countries for which such cancellation was agreed at the 2005 G-8 meeting in Scotland.

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<sup>2</sup> The HIPC process works as follows. After potential eligibility is determined, mainly on basis of the country’s income and debt, the country implements an IMF-supported program and begins formulating a strategy to reduce poverty— for which the HIPC resources are intended—which is then embodied in a Poverty Reduction Strategy Paper. A country’s satisfactory progress during this observation period leads to a “decision point,” at which the country becomes eligible for HIPC relief and receives debt-service relief. The country then enters a probationary period during which it implements policies for macroeconomic stability, structural reform, and poverty reduction. Once this period is satisfactorily completed, the country reaches the “completion point” and its debt stock may be cancelled.. See the World Bank or IMF websites for details on the HIPC initiative.

## 2. Criteria and Policies for Recovery, Reconstruction, and Poverty Reduction

### **CROSS-CUTTING THEMES**

In addition to debt cancellation (and the imperative of internal security), most important will be a coherent and realistically sequenced program of policy reforms and institutional improvements, supported by appropriate technical and financial assistance. Such a policy reform program should be grounded on four cross-cutting themes, clearly interrelated:

***The role of the state.*** This theme is particularly central in post-conflict Burundi owing to the degraded capacity of public sector institutions, the newness of the government, the private sector needs, and the diversity and severity of the problems. To be effective, the state will have to focus resolutely on a few critical functions: assuring security and physical protection of citizens; fostering the rule of law; maintaining a stable macroeconomic framework, with sufficient fiscal space for sound development expenditure; providing basic social services; and creating an enabling environment for the private sector to set the bases for sustained growth. Even the most streamlined and limited role of the state, however, requires an honest and effective public administration apparatus—which will not come into existence without deliberate efforts and sustained assistance.

***Reconciling the urgent needs of post-conflict reconstruction with the requirements of long-term economic development.*** This challenge, typical of post-conflict situations, calls for defining an outline of the long-term possibilities and constraints, as well as careful handling of short-term interventions to ensure that they are consistent with the long-term goals.<sup>3</sup> The complexity of the current situation may lead to postponing structural reform in certain areas; in other areas, instead, the urgency of needs may create a unique window of opportunity for rapid reform. Realistic recognition of the difference will be critical.

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<sup>3</sup> For example, topping up low civil service salaries with ad hoc and haphazard bonuses to facilitate urgent government activities may well conflict with the long-term need to revise the compensation structure in a transparent, equitable, and efficient manner.

***Reducing economic distance within the country and between Burundi and neighboring***

***countries.*** The cost of geographic transfer of goods and services (economic distance) is affected not only by physical factors and transport costs, but also by tariff, taxes, and corruption.

Externally, an open trade regime is a must for Burundi—although the actual outcomes will depend in part on the evolution political relations with neighboring countries and on internal developments therein—especially in DRC. (COMESA will be an important partner in facilitating regional trade.) Internally, improvements in communications systems, information flows, and market-supporting institutions, could combine with a decline in corruption and the reasonably good road network to revitalize commercial agriculture, enhance the productivity of subsistence farming, and stimulate nonfarm rural activities, particularly in areas reduced to subsistence production by the war.

***Rebuilding social capital.*** Finally, the formulation of policy reforms and the design of projects and assistance activities should be guided by the need to rebuild the fabric of reciprocal trust and positive expectations destroyed by the long conflict and the troubled history before it. For this, the future role of ethnicity must be debated openly and confronted—albeit in a prudent and forward-looking manner without remaining imprisoned in old schemes. A half century of mutual fear and suspicion will not be dispelled by a few years of silence.

## **CONFLICT, POVERTY, LAND, AND ETHNICITY**

A case study of the interaction between conflict and poverty in Burundi<sup>4</sup> found that the underlying sources of conflict are to be found in extreme poverty, land scarcity, and marginalization. The conflict-poverty causality is two-ways. Conflict causes poverty directly by destroying physical and social capital; poverty contributes to conflict indirectly by increasing the risk and the duration of conflict.<sup>5</sup> As in many other conflict countries (e.g., the former Yugoslavia), elites in Burundi have deliberately fostered ethnic polarization and fear to suit their own agendas. In the absence of a minimally responsive state, safety nets had to be woven around family; in the absence of judicial protection, the only security was found in ethnic and regional loyalties; and a conflict rooted in poverty, exclusion, and conflicting land rights expressed itself in ethnic hostilities. In the long term, only equitable and inclusive economic development can alleviate and eventually eliminate ethnic hostility and suspicion. After a sufficiently long time, every effect becomes a cause and every cause an effect. It would be naïve to discount the heavy ethnic component of the conflict in Burundi. It would also be naïve not to recognize other causes of conflict—and act on them.

In the medium term, Rwanda and Burundi are confronting the challenge of rebuilding relationships and mutual trust among ethnic groups in different ways. The strategy in Burundi is based on a consensus to recognize ethnic differences and the reality of past discrimination, and build a multiethnic plural society, including through affirmative action measures for the Hutu

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<sup>4</sup> This is one of several informal case studies prepared as background to the World Bank's research project on *Poverty Reduction Strategies in Conflict-Affected Countries: Lessons and the Way Forward*, July 2005.

<sup>5</sup> Paul Collier, *et al.* "On the economic causes of civil war," *Oxford Economic Papers*, No 50 (1998).

majority. Rwanda, on the other hand, aims at developing a common national identity and any recognition of ethnicity is banned from the top as “divisionist”—with criticism of the ban on divisionism being itself forbidden. The fundamental reason for the different approach in the two countries is, of course, demographic. After the horrors of 1994, the Tutsi minority in Rwanda is far smaller than even before; moreover, the conflict ceased as the result of a clear victory by one side. In Burundi, by contrast, the conflict ceased as a result of a slow negotiated settlement of an essentially stalemated situation; moreover, the impact of the decades of discrimination against the Hutu majority cannot be erased overnight. Whether or not the Rwandan government strategy is right for Rwanda, the Burundi government approach to ethnic differences is certainly right for Burundi.

The disastrous impact of the conflict in Burundi is illustrated in Table 2-1, but the repercussions can be expected to last long after the conflict has ended, mainly because trust will not be rebuilt overnight. This is because severe conflict destroys much more than buildings and power plants. It short-circuits the rules that keep human interaction constructive and predictable, targets primarily the organizations and individuals who administer those rules, and wipes out most positive forms of social capital: “Post-conflict reconstruction is first and foremost an institutional challenge. Hence, the first lesson of experience for aid in every post-conflict situation is the need for assuring robust linkages between the aid and the rebuilding of local institutions, and the core challenge is in all cases the balancing of immediate reconstruction priorities with long-term institutional development.”<sup>6</sup> Even more basic is the need to ensure that aid does not inadvertently exacerbate social conflict—which can be the case when new money and benefits are inserted into the system without due consideration of the social landscape, and without listening to informed local interlocutors about the probable distributional impact of the assistance. It is not clear that the policy reform program in Burundi and the profile of external assistance so far is yet fully consistent with this challenge.

**Table 2-1**

*Selected Economic and Social Indicators, Before and After the Civil War*

Indicator	Early 1990s	Circa 2001
GDP per capita	\$200	\$100
Poverty rate (headcount)	34%	68%
Military expenditure, as percent of GDP	3.3%	10.0 %
Health and education	5.7% of GDP	4.6% of GDP
Military expenditure as percentage of health and education	33%	211%
Exports	\$79 m.	\$31 m.
Annual aid	\$300 m.	\$100 m.
Refugees/IDPs	<100,000	> one million
Primary school enrolment rate	54 %	48 %

<sup>6</sup> S. Schiavo-Campo, “Financing and aid management arrangements in post-conflict situations,” *Social Development Papers*, No.6, June 2003.

Indicator	Early 1990s	Circa 2001
Life expectancy (years)	54	48
HIV/AIDS incidence (percent of population)	2 %	13 %

SOURCE: World Bank research project, *op.cit.*, adapted from data in the Burundi I-PRSP.

“When the elephants fight, the grass gets trampled,” an African proverb says. Although civil conflict has affected adversely most of the population (a select few have prospered, as in every war), the poor and vulnerable have suffered the most. The Poverty Reduction Strategy process, led by the World Bank, has recognized the need for balance between urgent reconstruction priorities and long-term development, as well as the connection between the post-conflict situation and the poverty-reduction emphasis of the reconstruction and recovery program. However, neither this balance nor this connection is sufficiently reflected among the priority areas and policy actions listed in the Interim PRSP (see Appendix A.)

The difficult circumstances under which the I-PRSP was developed must be recognized. The conflict was still raging when the I-PRSP was being developed, alongside efforts to negotiate cease-fire agreements; the government at that time was a transitional government that did not include all warring parties; reliable statistics were few; and consultations had to be limited to areas where security could be guaranteed. Nevertheless, such consultations that did take place were the first in Burundi. Aside from any limitations of the I-PRSP, this was a very important contribution. Some of the most effective components of past reconstruction programs relied on empowering local communities. Moreover, capacity-building at local level is a necessary condition for the evolution of the rule of law, accountability, and transparency, and local structures can be essential to underpin the gradual rebuilding of the social capital destroyed by the conflict. Thus, the limited consultations under the I-PRSP constituted the initial step toward an eventual systematic process of government-civil society interaction.

## PRSP AGENDA

The I-PRSP consultations identified a long catalogue of priority areas and associated reforms and actions under six major themes (see Appendix A):

- Peace and good governance
- Macroeconomic stability and economic growth
- Basic social services
- Reintegrating war victims and disadvantaged groups
- Combating HIV/AIDS/STDs
- Women in development.

Any such catalog has a certain utility as a checklist. However, not unlike PRSPs in other countries, the list contains virtually every item of importance to reconstruction, development and social justice—but conspicuous by its absence is an indication of relative importance of these items, let alone sequencing of their implementation. If everything is a priority, nothing is a priority. Moreover, most of the “priority actions” are mere wishes without operational substance (e.g., in HIV/AIDS, “Strengthening the capacity of players at all levels”), or generic directions of improvement whose timetable is “ongoing.” Some actions, however, were both important and

concrete (e.g., the re-establishment of external audit, the preparation of a national employment policy, or the coffee sector reforms.)

Without entering into a blow-by-blow assessment of whether each reform has been started or implemented on schedule (and, if so, whether it appears to have been successful), it is clear that most of the reforms are inherently long-gestating, complex, and dependent on steady and capable management. Unfortunately, also missing from the I-PRSP policy agenda is the link to implementation capacity—*how* are these reforms to be implemented and *who* is supposed to implement them. Without attention to the implementation dimension, any policy prescription is by definition incomplete. The I-PRSP, and subsequent documents by both the Bretton Woods institutions and major donors, do include an occasional wave-of-the-hand reference to the need for rebuilding public administration, but no suggestion on the how and the when of such rebuilding. Yet, it is inconceivable that the present denuded and demoralized public management apparatus can successfully implement the vast policy reform agenda required for reconstruction and sustainable development. While only the private sector can act as the source of employment and economic growth in Burundi's future, only a lean and reasonably efficient government can provide the proverbial enabling environment without which the private sector cannot function. The “missing link” of implementation is discussed in section 4. The next section addresses the need for deepening reforms in selected policy areas.

# 3. Deepening the Analysis in Selected Major Policy Areas

This section summarizes issues and opportunities in five major policy areas: anticorruption, public financial management reform, private sector development, external trade and exchange, and the link between land, conflict, and the environment. (A full discussion and recommendations are contained in the separate issue papers on each subject.) These policy areas were not chosen on the basis of any overarching criterion, but because of their importance and need for more analytical attention than they have heretofore received. Nevertheless, three broad themes emerge: the complementarity between public sector efficiency and private sector profitability; the importance of external and internal openness for domestic competition and inclusiveness; and the need to take into account various factors of conflict in the design of policy reforms.

## **FIGHTING CORRUPTION AND RESTORING ACCOUNTABILITY**

Defined as “abuse of public power for private gain”, official corruption takes a variety of forms, including “grand corruption” (mainly in large public procurement or investment projects) and “petty corruption” (i.e., small bribes to government employees to facilitate a service or issue permits). In any form, corruption always carries severe costs in terms of resource efficiency, administrative integrity, and development, and is especially damaging to the poor and vulnerable. In Burundi’s post-conflict situation, therefore, corruption not only harms recovery and reconstruction, but risks re-igniting the social conflict that has characterized so much of the country’s history.

Although there are no firm quantitative data on the extent and locus of corruption in Burundi, there is abundant evidence that corruption is pervasive and acute in certain areas. In general, Burundi is perceived as among the 25 most corrupt countries in the world. Petty corruption is widespread, with informal payments required to obtain most services, permits, or licenses. This issue cannot be successfully addressed except in the context of comprehensive civil service reform, to produce more adequate salaries while strengthening individual accountability and penalizing illicit behavior. However, it is possible to take effective measures to begin to address corruption in areas where it is most acute in Burundi —public procurement, taxation, and customs.

Public procurement is riddled with inflated contract prices and gross procedural violations; tax collection is clearly lower than its potential; and customs duties are routinely evaded by deliberate misclassification and abuse of exemptions. In procurement, the problem would be reduced by

introducing a special scrutiny procedure by the Ministry of Finance of large expenditure proposals, before inclusion in the budget, and by issuing an annual report on questionable bulk purchases made during the previous financial year (including names of suppliers). On taxation, following the introduction of a single taxpayer identification number, it is time to carry out a comprehensive census of all taxpayers, with severe penalties for non-response or misleading response. On customs, the most effective measure would be to drastically reduce the exemptions regime and make the tariff rate structure more uniform.

In general, effective approaches to anticorruption follow the Hong Kong example of concurrent activities in awareness, prevention, and enforcement—all of which are necessary in the long run to foster a culture of integrity. In Burundi, this model can be articulated in six areas: (1) fact-finding; (2) dissemination and awareness; (3) prevention through regulatory streamlining; (4) strengthening of enforcement; (5) building accountability institutions; and (6) improving public management. Concerning the last area, little progress can be made against corruption without a lasting improvement in public accountability and concrete reforms in the various aspects of public administration. Among other things, major improvements are needed in tax administration and expenditure management, as well as civil service.

An assessment of the situation in the first five areas leads to the following recommendations:

- On *fact-finding*, because an effective anticorruption strategy requires information to pinpoint the specific sources of irregularities, it is urgent to carry out a detailed corruption survey.
- On *dissemination* and awareness, libel laws should be reviewed to ensure that they do not serve to shield official malfeasance; external aid should be provided to strengthen the capacity of the media; and a special effort is needed to improve coordination of aid to NGOs.
- On *prevention*, a review of economic regulation should be conducted, with private sector participation, focusing at first on the regulatory framework for employment and on procedures for starting a business.

On *enforcement*, which is by far the weakest point in Burundi, one may consider

- Adopting an anticorruption law that penalizes both bribe-giver and bribe-receiver;
- Introducing the legal obligation of declaration of assets for all political leaders and government officials above a certain level;
- Identifying the government jobs “at risk,” and implementing a special procedure for assessing regularly the living standards of the incumbents;
- Adopting measures for protection of “whistleblowers” and their easy access to the public;
- Exploring the possibility to offer a time-bound amnesty for corruption and bribery, general but excluding the most egregious cases of corruption.

On *building accountability institutions*, effective anticorruption enforcement requires effective anticorruption enforcers. The prerequisite in this respect is to take anticorruption responsibility out of the police force. On the other hand, separate anticorruption entities around the world have a

mixed record. However, the failures are usually attributable to the absence of one or another of the five requirements for their effectiveness: (1) support from the highest political level; (2) genuine independence; (3) clear mandate and appropriate authority, including investigative powers; (4) adequate financial and other resources; and (5) competent and honest leadership.

In Burundi, given the existence of a strong Inspectorate General of Finance, instead of creating a new separate anticorruption commission it may be easier and better to expand the duties of the Inspectorate and give it the independence, mandate, authority, and resources it would need to function as the country's lead agency for anticorruption. The new office should be made directly responsible to and report to the highest appropriate level of government—in this case, the Vice-President charged with economic and social affairs. Administrative integrity, however, cannot come entirely from the top. From the bottom, too, there is a need for mechanisms of transparency and accountability. In this respect, although the *abashingantahe* (village councils of elders) have suffered a loss of independence and credibility in the past, in the current new governance climate they merit a fresh look as a potentially robust mechanism to foster integrity at the lowest levels of government.

Finally, the *role of donors* can be part of the solution as part of the problem. External aid has often provided openings for corruption, and has eventually weakened the fabric of local governance and responsibility. Occasionally, collusion has been deliberate. More often, donors' sins have been sins of omission—failures to exercise due diligence or closing one's eyes to certain realities for the sake of a “successful” project. Whatever support donors may provide for anticorruption efforts in Burundi, the least that can be expected is not to inadvertently compound the problem through the modalities of their other assistance.

## **REFORMING PUBLIC FINANCIAL MANAGEMENT**

Remarkable progress has been made in national and interethnic reconciliation, and in political governance. There is some reason to hope that the same will be true of a gradual return to the reasonably good public financial management standards of the late 1980s. A first core issue in this area is to achieve an improvement in investment efficiency to accompany the modest recovery of public investment expenditure programmed for the medium term. Better project selection and closer monitoring will be necessary, as well as the formulation of a public investment program consistent with macroeconomic objectives and administrative capacity.

A second core issue is the consolidation of the initial improvements in the budgeting process, including the preparation of budget proposals and a tightening of their *ex ante* scrutiny by the Ministry of Finance, also needed to reduce corruption in public procurement.

Third, stronger mechanisms for public financial accountability, which is currently very loose, are essential for both the efficiency of resources and the fight against corruption. The focus must be to provide all necessary assistance to the audit court, while fostering its genuine independence from the executive and autonomy in both management and audit operations. Also important will be assistance to raise the level of understanding of the budget process among legislative assembly members. However, a beginning must also be made in outward accountability *vis-à-vis* the

public, by enlisting the cooperation of NGOs and civil society in the monitoring of expenditure and eventually in appropriate participation in budget preparation.

A number of budgeting innovations are being introduced or contemplated in Burundi, including a detailed medium-term expenditure framework, elements of program budgeting, and integrated financial management systems. While these are all worthwhile for the long-term, the current institutional realities of the country mandate a resolute focus on the basics. The expenditure management priorities in Burundi should be to assure that the basic budgeting mechanisms are in place and functioning; expenditure control is consolidated; budget execution is relatively free of fraud and misallocations; and external financial accountability becomes strong enough to change the current culture of impunity. This is a vast agenda in itself.

To implement this agenda, budgeting capacity and responsibility need to be gradually rebuilt in the line ministries, and some outreach effort to this end made by the ministries of finance and planning. In turn, however, these ministries should themselves refocus on their core competencies. Most important, while the Ministry of Planning has statutory responsibility for both investment programming and aid management, it has lost the capacity to do either. At the same time, the Ministry of Finance, where aid management is normally located, does not have the authority to do so.

The main recommendation is therefore to allow the Ministry of Planning to concentrate on its core competence investment programming by relieving it of responsibility for aid management, which should be moved to the Ministry of Finance, which is responsible for budgeting all resources, foreign and domestic. Such a move should be accompanied and supported by major external assistance to the Ministry of Planning for investment programming issues and to the Ministry of Finance to build a small but effective aid management capability. Doing so would allow both ministries to focus on what they can do best. However, it would also present risks in Burundi's context of weak coordination. Therefore, the two ministries should jointly constitute an aid and investment policy group, chaired by the Vice-President in charge of economic and social matters, to provide guidance and ensure highest-level political support for coherent investment choices and financing decisions.

Other recommendations, consistent with ongoing donor interventions to improve public financial management, are as follows:

- Begin preparing a medium-term rolling program of all sizeable investment projects of demonstrated economic validity, fully consistent with resource availabilities within the macroeconomic framework.
- Convene an ad hoc interministerial group, chaired by the Vice-President, to identify the main problems in line ministries' budgeting capacity and define an action plan to address them, including incentives for better coordination.
- Conduct a series of workshops on public financial management for members of the assembly, starting with the basics and progressing to more in-depth treatment of certain topics (e.g., external audit).

- Establish a small cell in the MoF, to give special scrutiny to all purchasing proposals of a cost higher than a threshold to be determined and to give formal clearance for their inclusion in the budget, beginning with the budget for 2007.

Implementing these recommendations will require sustained technical and material donor assistance that should be carefully coordinated with the ongoing efforts. A “partnership framework” for such coordination in public financial management was agreed in mid-2005, with EC facilitation and comprising the Government, the EC, Belgium, France, the World Bank, the AfDB and the IMF. The Government would welcome the expansion of the group to include other donors contributing to reforms in this area.

## ENABLING PRIVATE SECTOR DEVELOPMENT

The years of civil strife have had an inevitable impact on business activity. The prospects for sustainable growth in Burundi will depend on revitalizing private enterprise activity on an inclusive basis. The country’s economic future will be determined by the willingness of Burundians and foreigners to invest in Burundi, and by their ability to identify and achieve productive opportunities.

The private sector faces severe constraints and challenges:

- **Structural Constraints** include the unfavorable, landlocked location of the country and corresponding high transport costs, lack of infrastructure and related services, lack of market linkages, and high population density in tandem with low rural productivity.
- **Policy-induced and Regulatory Constraints** can be relieved by more supportive policies, a reduction in corruption, and improvements in the fiscal regime and public administration.
- **Supply-side Constraints** include low skills, obsolete equipment, limited availability and high cost of imported inputs, lack of financial services, limited access to and high cost of credit, lack of economies of scale, and need for improved administrative and program capacities.

These constraints have challenged other countries, and there are best practices and lessons learned from around the world in overcoming them. Burundi needs to understand and examine these international experiences, and adapt them to Burundi’s special needs and situation. For example, despite the unfavorable location, Burundi can exploit regional linkages and make platform investments in services and skills, to export and provide services to the region.

The monopoly and monopolistic nature of much of Burundi’s formal enterprise restricts entry and competition, and provides little incentive for productivity and quality enhancement by upstream producers. There is need to foster competition in the private sector by reducing state ownership and monopolies, removing barriers to entry—including those arising from social factors — and encouraging investment.

Rural enterprise, including nonfarm enterprise, and productive value and market chain linkages are key to economic growth in Burundi. Rural enterprises, and producer associations and organizations offer potential for economies of scale and ability to access finance, information,

extension, inputs and other factors at reasonable cost. They also offer the opportunity to build professional business management capacities. There is currently little business formation in Burundi, very restricted access to services and resources, and little experience with business formation and entrepreneurship. Technical and management skills are sorely needed.

Burundi can also move towards facilitating investment as part of its strategy, by focusing on reducing risks and lowering costs to investors. The public sector should play a role through efficient public investment in economic and social infrastructure. Appropriately designed and carefully monitored public–private partnerships can also reduce risks of investment and encourage follow-on private investment. In any such partnership, the opportunities for private investment must be clearly identified and emphasized.

Several directions of improvement should be followed in the short and medium terms:

- Improving services and infrastructure
- Entering into regional agreements
- Removing monopolies and opening Burundi’s economy to competition
- Legal, regulatory and procedural improvement
- Improving rural productivity
- Ensuring access to finance
- Defining sector strategies and building exports
- Attracting investment
- Building the capacities of appropriate public and private institutions
- Establishing the business “habit”—encouraging enterprise formation
- Building skills needed for business
- Fostering dialogue to develop widespread stake in private sector growth
- Establishing a sound data base on the private sector and business-related issues

From within the above broad areas, the Government must identify clear priorities and targets—and follow-through on its promises, with transparent monitoring, accountability and communication. Investment and improvement will necessarily be incremental because of capacity constraints; so Burundi should focus on priorities and not try to do everything at once. Burundi needs to send a clear message: Open for business, investment is welcome.

## **EXPANSION OF EXTERNAL TRADE**

One major factor in Burundi’s relatively good economic performance before the conflict was the contribution of coffee, the principal export, and the increasing importance of tea and cotton exports. In today’s post-conflict situation, a recovery of external trade will be essential for resumed growth. Expanded coffee, tea, and cotton output can provide a basis for increased exports, with positive effects on economic management, macroeconomic performance, and incomes of the poor, especially given the dominant role of the agricultural sector in the economy. But, to progress, Burundi will have to pursue export diversification and (increased) processing to benefit from higher valued added. Well-known areas of export diversification include tropical fruit, vegetables, cut flowers, exotic plants, essential oils, mineral products, and services (e.g., tourism). Improved functioning of public structures will be important in this respect

The existing key export sectors must be rehabilitated and reformed. . This will require further withdrawal of the state from economic activities in these sectors through privatization; establishing mechanisms to facilitate participation of small farmers in decision making and in the processing chain; promoting greater care of the productive structures; ensuring timely delivery and effective use of inputs (such as fertilizers and pesticides); ensuring output of quality products; and creating employment opportunities for displaced labor. Accordingly, there is a need to take into account the link between developments in the export sector and the creation of rural employment, as discussed in the paper on land, conflict, and the environment.

The timely and cost-effective delivery of commodities and goods to and from domestic and overseas markets must be ensured. This will require improving transportation capacity and networks; enlarging communication structures; increasing financial intermediation to provide credit on a cost-effective basis; and improving the provision of energy.

Regional trade integration is a cornerstone of Burundi's trade and investment policy. Pursuing integration by harmonizing trade policy and its application and by promoting investment and competition, as well as principles on the movement of labor and capital, could make Burundi a more attractive investment destination for regional and, in due course, international investors. The development of successful trade and investment strategies requires a significant strengthening of institutional capacity, not only in the Ministry of Trade and Industry, but also throughout the administration and the private sector. An institution for the promotion of investment and trade is needed to provide existing and potential exporters with information on markets, marketing requirements and practices, and health and safety norms and standards. It is also needed to provide potential investors with information on laws, regulations, and business practices, and on investment incentives.

Trade facilitation measures should complement export rehabilitation and promotion and institutional reform. Improving the customs administration would lead to a smoother flow of goods into and out of Burundi, with implications for cost-effective imports on inputs and of consumer goods. Improved customs administration could be achieved through computerization and computer linkages with other units and bodies involved in trade, training of personnel, and reforming the administrative structure. Harmonizing policies and practices as part of the regional integration strategy would strengthen customs administration. All of these measures would, among other things, help reduce official corruption.

The potential for strengthening trade and investment is evident; the steps required to eliminate barriers, ease constraints, and reshape policy have generated a broad consensus. The challenge is to mobilize and sustain policy commitment and determination, and to generate effective support from national and international partners.

## **LAND-ENVIRONMENT-CONFLICT NEXUS**

In Burundi, subsistence crops have grown more slowly than population, while production of export crops has actually fallen. The obvious immediate cause is the impact of the civil conflict, but the main structural constraint on agricultural production is low productivity stemming from high density of rural population.

The environment has seriously deteriorated, especially during the past decade. Decision-makers must recognize the link between degradation of the environment and low agricultural productivity if they are to design and implement realistic actions to protect the environment while raising productivity.

Because of the lack of cultivable land, rural unemployment and underemployment are high. Those affected are thus vulnerable to manipulation by outsiders with a vested interest in generating and prolonging civil conflict. As noted earlier, conflict in Burundi is typically presented as purely ethnic. However, the underlying reality is scarcity and maldistribution of resources, which leads to appropriation of public resources and cash crops by a tiny elite, and a struggle among the rural population for subsistence land. Here, too, recognition of the link between conflict and land is essential if efficient and equitable policies are to be developed.

The vicious circle of land scarcity-environmental degradation-conflict has led to a stalemate across the entire economic, social, and physical spectrum. The challenges are interlocking and daunting: manage conflict, increase agricultural productivity, develop income-generating activities in agriculture and elsewhere, find ways to reduce population pressure on the land, protect the environment, and accommodate returning refugees and displaced persons.

Breaking this stalemate will be difficult but not impossible. Although the complexity of the situation precludes specific and concrete recommendations, five directions of improvement can be defined. Although these are presented separately, the close relationship among them suggests the need for a comprehensive strategy that addresses the environment, employment, productivity and conflict.

***Job and income generation.*** Job creation programs for the rural unemployed should be combined with provision of basic infrastructure. The example of ABUTIP (*Agence Burundaise de Travaux d'Intérêt Public*) is instructive, with its creation of 3.6 million workdays between 2001-2005 at a cost of \$5.5 million – or just \$1.50 per workday. Similar initiatives can be taken by the government, but require donor financial support.

***Manage conflicts over land.*** This area calls for a variety of measures. The *abashingantahe* (village councils of elders) should be revitalized and their independence restored. Clear rural land titles should be provided. Practical ways to manage the conflicts between current occupants of the land and the returnees must be found, in a cooperative manner. Generally, there is also a need to rebuild the integrity of the formal judicial and law enforcement system. For all of these measures, political will, government resolve, sensitivity, and dialogue will be more important than money. However, conflict over land could be alleviated by giving priority in the job programs to those who lose access to land as a result of the return of the original owners, as well as to original owners who do not succeed in reacquiring their land.

***Reduce inequalities of access to land and income.*** State-owned land should be distributed to the Batwa<sup>7</sup> (who are landless), to the returning refugees, and to the displaced who do not succeed in

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<sup>7</sup> The Batwa, originally nomadic, are now localized.

relocating to their original lands. Moreover, it is essential to review the distribution of the proceeds from the main export crops. Burundi's coffee farmers, for example, receive a far lower proportion of the sale price than in any neighboring country, and one of the lowest in the world. Liberalization of the coffee sector without explicit attention to producing a less inequitable distribution of assets and income would be a grave mistake with lasting consequences.

***Protect the environment to the benefit of agriculture.*** Reforestation and reintroducing soil protection methods are urgent as well as low-cost (e.g., simple retaining walls, planting of vetiver or other grasses, etc.). This should be accomplished with the most labor-intensive methods available and the barest minimum of equipment, in order to provide the maximum impact on employment while beginning to reverse environmental degradation. Financing requirements would not be large, but unusual institutional flexibility and imagination will be required for a successful program.

***Encourage more intensive agriculture and livestock methods, and improve market access.*** Although this is a very long-term effort, a beginning may be made by appropriate encouragement of the use of selected seeds, fertilizers, tools, and competent extension services that benefit from the result of relevant research such as that by the ISABU (Institut de Recherche Agronomique du Burundi). Market access is not primarily constrained by rural road infrastructure, which is comparatively better than in other countries, but by lack of communications, relevant commercial information, and well-located rural market sites.

The implementation of any measure within the five major directions suggested will be seriously hampered by the corruption currently widespread in Burundi. This is especially true of all recommendations that entail resource allocation and a central role of government institutions. For example, sugar contracts are currently awarded to personal acquaintances, and the coffee producers' association is formed on an exclusionary basis. Thus, in the multi-pronged struggle against official corruption, intervention to break closed circles of patronage, exclusion, and favoritism in agriculture would be a key priority and could carry major leverage for improving public integrity in other sectors.

## 4. The Missing Link—Public Administration Reform

The current package of policy reforms for Burundi's recovery and development will remain incomplete without adequate attention to the most important single question: *How and by whom* will these reforms be implemented? The question is relevant across the board, for macroeconomic reforms as well as sectoral reforms, and emerges clearly from the discussion of the five major policy areas summarized in Section 3. Without substantial improvement in public administration, prospects for effective implementation of reform are dim, and so is the future of the country. As noted, several donors have supported strengthening public financial management – the first major component of administrative capacity—but none has offered or plans to offer a coherent program of assistance to streamline and reform the other two components: the organizational architecture of central government and the dilapidated state of the civil service.

### **A RETROSPECTIVE LOOK**

Before 1993, notwithstanding political repression and ethnic hostility, Burundi's public administration was deservedly known as one of the best in Africa. Certainly, this was not the case for the country's policy framework. The parastatal sector was a drag on the economy because it absorbed large subsidies and wasted investment funds, causing a structural weakness in the state of public finances. Much of the country's economy, like its politics, was in the hands of a small elite. And the social and political pressures that erupted in spasmodic bouts of massacres and repression eventually led to the years of persistent conflict and economic crisis of the 1990s. Yet, understood in its instrumental aspects, the government was well administered. The civil service was small and disciplined. Public services were performed in a reasonably efficient and effective manner. Administrative accountability (as contrasted with political accountability) was satisfactory. The rule of law was applied more or less uniformly. And, as a result, corruption was low and predictable. (In procurement and public works, anecdotal but reliable information places the "commissions" margin in those years at about 3-6 percent.)

The major problems at that time were (1) the proliferation of administrative units—essentially shells composed of one head and one secretary – created to obtain more budgetary resources; and (2) deficiencies in civil service recruitment and promotion process (and not only from ethnic discrimination.) The main issue identified by the Ministry of Civil Service was how to “develop

an overall strategy and definition of alternatives and their short-, medium-, and long-term implications to replace the current situation of isolated decisions.”<sup>8</sup>

The contrast with the situation in 2005 could not be sharper. While the size of government employment—about 0.6 percent of the population—has remained modest, the severe erosion of salaries, the loss of transparency, inoperative accountability mechanisms, and the importation of a culture of impunity from the political and military domain into public administration, have spread corruption throughout the system and effectively ended the provision of most public services. The large projects that are a source of rent-seeking in most countries have been largely absent from Burundi because foreign aid was suspended, and projects that are being executed are under the direct supervision of donors. The parastatal sector—deprived of its subsidies by the fiscal situation—is a shadow of its former self, and no longer provides many opportunities for theft and misallocation. Accordingly, corruption in the public sector is now largely on the government revenue side (customs and direct taxes); in public procurement (with 85 percent of contracts on a sole-source basis and informal “mark-ups” well over 100 percent); in the judicial system and law enforcement; and, in the variety of petty bribes and informal payments now demanded by any civil servant in a position to render services or to block needed actions.

## **ORGANIZATIONAL STRUCTURE OF CENTRAL GOVERNMENT**

Under these circumstances, the basic capacity of government can only be rebuilt if government is limited to its essential functions, (i.e., ensuring security and physical protection of citizens; fostering the rule of law; maintaining a stable macroeconomic framework, with sufficient fiscal space for sound development expenditure; providing basic social services; and creating an enabling environment for the private sector to repair the economic damage from the conflict and set the bases for sustained growth). At present, the capacity of the new state to perform these basic functions is extremely limited. Building that capacity will require, among other things, reviewing the organizational architecture of central government—both the number of ministries and their division of labor—and the internal organization of each ministry.<sup>9</sup> A full-fledged functional and organizational review of each ministry is not necessary, however. A small working group with external participation under the direction and with the support of the Vice-President could make a reasonable assessment in a few weeks. Such an assessment would in addition yield an outline of the modalities for a full functional and organizational review of the individual ministries—beginning with those that absorb a large part of the budget and are more directly related to the poverty reduction agenda.

Concerning the division of labor between ministries, two critical issues are clear. First, the Ministry of Planning has formal responsibility for aid management and investment programming, but has lost the capacity to do either. The Ministry of Finance, where the capacity for aid management would be best placed, does not have the mandate to do so. Reassigning the aid management function to the Ministry of Finance would permit to strengthen this crucial function

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<sup>8</sup> Ministry of the Civil Service, *Politique sectorielle*. 1988

<sup>9</sup> Some organizational reviews were carried out in 2002, including for the Ministry of Finance.

in the right institutional location, and would allow the Ministry of Planning to focus on its essential role in project preparation and monitoring, and overall investment programming. <sup>10</sup> Second, the Ministry of Good Governance is an anomaly, created during the transition partly to accommodate a particular person who now carries much greater public responsibilities. If a robust and independent anticorruption agency is established,<sup>11</sup> there may no longer be a need for such a ministry. Moreover, if an independent anticorruption agency is created, it will have implications for the internal structure of most ministries, reinforcing the need for the organizational review recommended above

## CIVIL SERVICE REFORM

The best organization has little effect if the individuals in it are unmotivated and not performing. Just as a functioning government apparatus that provides an enabling and secure environment is a must for private sector activity, a reasonably honest and well-performing government workforce is a must for a functioning government. Unfortunately, the current situation is dismal. The government personnel reforms identified by the World Bank in 1992 look quaint when compared to the dilapidated state of the civil service: "...beginning with the 1993 budget, each ministry should also be encouraged to identify specific, short-term tasks that require specialized expertise and would be more effectively undertaken by local consultants...The reform process should also ensure closer matching between job descriptions and the qualifications of civil servants..."<sup>12</sup> The priorities today are far more basic.

As Table 4-1 shows, the current number of government employees is modest, partly because a number of persons have left government employment in the last 12 years, with the exception of a small number of committed and experienced higher-level officials. The employees who left were naturally those with better options outside government service—hence the ones with greater skills and motivation. Worse still, most of them were lost to Burundi's economy altogether, being attracted to the much higher salaries prevailing in Rwanda. At under 0.6 percent of population, including teachers and health personnel, Burundi's civil service is far smaller than the African average and comparable—in terms of relative size—to some of the leanest government administrations in the world.<sup>13</sup> However, "overstaffing," like "capacity," is a relative notion. Expansion of a large civil service can still be justified if it isn't sufficient to perform the roles that the citizenry assigns to the state. Conversely, even a very small civil service can be overstaffed if it isn't performing in a minimally adequate manner. Regrettably, this is Burundi's situation.

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<sup>10</sup> See the paper on public financial management for elaboration of this point.

<sup>11</sup> As recommended in the anticorruption paper.

<sup>12</sup> *Burundi Public Expenditure Review*, Report No.8590-BU, pp. viii-ix

<sup>13</sup> For comparative statistics on government employment and wages, see S. Schiavo-Campo, "Government employment and pay: The global and regional evidence," *Public Administration and Development*, December 1998.

**Table 4-1***Number of Government Employees, February 2006*

Sector	Number
Teachers	30,000
Medical personnel	3,000
Local government	3,800
Other (including general administration)	2,900

*SOURCE: Ministry of Public Service. Numbers are rounded.*

Government salaries, once more than adequate, have become insufficient to cover even a portion of living expenses. Salaries range from a low of FBu 8,000 per month (about \$7) to FBu 38,000 for civil engineers, pharmacists, and dentists; FBu 44,000 for Director-General in a ministry; and a high of FBu 53,000 (about \$50) for medical doctors. To these base salaries are added 25 percent as housing allowance, and a family allowance of FBu 300 for spouse and FBu 150 per dependent child. Engineers and doctors receive a special incentive bonus of FBu 7,000.<sup>14</sup> Thus, the highest possible total compensation in Burundi's civil service does not exceed FBu 75,000 per month all-inclusive, or about \$65. The situation is reminiscent of the old Soviet joke that state employees pretended to work and the state pretended to pay them.

The reality, as always, is more complex. First, a number of employees have plots of land and housing outside Bujumbura, and can easily supplement their salary—especially when attendance is no longer rigorously monitored. The hardship falls most heavily on employees who have to reside in the capital. Second, there is a question on the figures themselves. The 2005 fiscal accounts show a total civilian wage bill of about FBu 40 billion. With some 40,000 total government employees, the average compensation would be about FBu 80,000 per month, much higher than the highest possible official compensation. (If this were indeed the average, Burundi's level of compensation would be better than is common in African countries or the sub region—when measured as a multiple of per capita income.) Assuming the budget numbers to be correct, either the number of government employees is higher than the official estimate, or unofficial compensation was paid to a significant number of civil servants—or both.

This ambiguity reinforces the otherwise standard recommendation for the first steps in any civil service reform program: a detailed civil service census, and a review of payroll payments.

This paper is not the place for outlining the other elements of a civil service reform program in Burundi. It is evident, however, that a vast and sustained effort must begin very soon to revitalize and regenerate Burundi's civil service, by attracting to it a new generation of energetic and motivated persons, and strengthening the incentive and accountability framework. The first priority in this effort is to review the structure of salaries, both to raise the official average compensation and to decompress the structure to provide adequate incentives to higher-level personnel.

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<sup>14</sup> Data are from Ministry of Public Service sources.

The argument is made that, even though salary increases are clearly justified, they cannot be afforded until the economic and fiscal situation improves. The argument is fallacious because the causation is precisely the reverse. Not until a competent and honest government workforce is rebuilt can one expect a sustained increase in domestic revenue and a decline in official corruption. Rebuilding the leadership of such a workforce on the basis of the current salary structure is manifestly impossible. Also, because the total number of employees is small, the fiscal impact of an adequate increase in government wages will be limited. Moreover, if the figures on both the wage bill and government employment are accurate, it is obvious that actual compensation has already been raised substantially but unofficially compared to the official scale. If so, a detailed salary review would improve fiscal transparency and integrity in government at a trivial fiscal cost.

The appropriate conditions for increasing salaries of civil servants are instead very different, and are on the governance side, not the fiscal side. A salary increase without a prior or at least concurrent strengthening of accountability and of the role of merit will have no impact either on employee productivity or reducing corruption. The upshot is that, while a salary review in Burundi is overdue and should be carried out as soon as possible, its results should be held in abeyance and not be implemented until the complementary measures are tested and in place. This approach would also set in motion positive incentives for civil servants to denounce corruption and non-performance.

Finally, it is also urgent to identify concrete measures to improve the integrity and efficiency of government personnel in the immediate future without compromising long-term goals. In particular, because the incentive problem is mainly at the higher levels of officialdom, serious consideration should be given to the creation of a “senior executive service”, whereby designated higher-level posts would be on contract, easier to terminate, carry market-related compensation, and be assigned competitively and *mainly* on merit and qualifications.<sup>15</sup> This practice has had advantages and disadvantages in different countries, but in Burundi it offers the opportunity to revitalize the top levels of government relatively quickly and at a cost that the small number of such posts is bound to keep very limited. (Again, doing so would require clear provisions for swift and tough penalties for malfeasance in those higher-level posts, and flexible management rules permitting easier dismissal and non-renewal of contracts.)

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<sup>15</sup> Because the number of such posts would be very limited, filling them on merit would not conflict with the imperative of consolidating social peace by appropriate affirmative action for the Hutu majority, previously discriminated against, as a sufficient number of qualified Hutus is available.

# 5. External Assistance

## **CURRENT SITUATION**

Appendix B summarizes official assistance to Burundi other than from the United States; Appendix C summarizes USAID assistance. Major official donors are the World Bank, the EU, France, Belgium, and DFID. Aid is accelerating, with projects started in 2005 and scheduled to start in 2006 larger in both number and amount of assistance than during the previous four years.

The most recent large project, approved in late 2005, is a World Bank grant of \$30 million for public works and employment activities identified by municipalities. This grant supplements a World Bank soft loan of about \$40 million approved in mid-2001, and that was nearly fully disbursed by December 2005. This project is worth summarizing, as it may provide a useful example for other donor activities.

The grant is consistent with the objectives of the 2001 loan: generate productive employment through labor-intensive public works carried out by small and medium enterprises, and enhance the institutional capacity of municipalities to identify subprojects and operate the resulting assets. After the successful local elections of 2005, it is possible to finance medium-scale infrastructure and services in urban areas responding to the demands of newly elected representatives. Implementation is delegated to a semi-private public works entity, while a technical secretariat in the Ministry of Public Works assists municipalities in setting priorities and formulating requests. Because all activities are to be completed by mid-2007, careful oversight will ensure both the integrity and the efficiency of these projects at the local level. Implementing the projects through the semi-private entity, which has performed well in the first phase of the project, reduces risks—which in any event are far lower than they were when the project was approved in 2001.

## **ADDITIONAL ASSISTANCE POSSIBILITIES**

In addition to the key priority of public administration reform and capacity building, three areas of assistance emerge from a comparison of the current aid inventory with the priorities identified earlier:

- Facilitating new private borrowers' access to credit;
- Capacity building for the lowest level of government;
- Assistance to provide quick employment in rural areas, in a manner that addresses the interrelated problems of soil degradation, environmental damage, and conflict over land.

## Access to Credit

Limited access to and the high cost of bank credit are a major constraint on recovery and expansion of private economic activity. Potential new borrowers face special difficulties in getting credit—which discourages the emergence of new small and medium enterprises in the capital and in other towns. This problem arises from (1) the uncompetitive structure of Burundi's formal banking sector, which is to be expected in a small economy; (2) borrowers' inadequate preparation of loan applications; and (3) the absence of a privately based guarantee mechanism or collateral provision. The spread between deposit and lending rates, which until late 2005 was a very high 15 percent, has begun to be reduced in recent months, but remains wholly disproportionate to any realistic risk assessment. Even if the interest spread shrinks to a more moderate level, moderate, potential borrowers' unfamiliarity with loan applications would remain a constraint. Technical assistance to potential borrowers, and/or advisory and seed-money support for a private mutual guarantee facility, could help to expand private sector activity and enlarge the small and non-inclusive private sector. Possibilities for expanding assistance for microcredit and microfinancing should also be considered, given the encouraging experience of certain NGOs in this area.

## Assistance to *Collines*

While the World Bank project assists municipalities, no donor provides or envisages providing sizeable assistance to the *collines*—the lowest level of government. Yet, it is at that level—now equipped with infant but legitimate leadership—that poverty can begin to be addressed and quick-impact activities take place. To assist collines effectively will require, among other things, three elements:

- Devise flexible administrative arrangements that minimize transaction costs and do not directly involve the donor into retail assistance;
- Piggyback simple capacity building onto the provision of modest resources suitable to local needs and realities, because training for local management without any resources to manage would be a waste of time, money, and expectations. .
- Revitalize the traditional *abashingantahe* mechanisms of consensus-building and conflict resolution to buttress and complement the elected *colline* leadership.

## Quick-impact Rural Employment

In Burundi's rural areas, as discussed in the issue paper on agriculture, three problems are evident, all arising mainly from the scarcity of land and decreasing soil fertility:

- Lack of employment opportunities;
- Severe environmental degradation; and
- Conflict over land (especially vis-à-vis returnees).

However, these problems have been viewed in isolation, and solutions that link them together have not been explored. For example, a program of assistance at the *colline* level could begin to help reverse years of neglect of land, depletion of livestock and environmental degradation, while providing immediate employment in a manner that rebuilds social capital and empowers the

*collines* vis-à-vis higher levels of public administration. The new representative village leadership offers a clear opportunity for a demand-driven program of employment-intensive micro activities. Modalities of assistance would be analogous to those of quick employment-generation infrastructure projects executed in many other post-conflict situations (e.g., West Bank and Gaza, Afghanistan). Among other things, appropriate arrangements would be needed to enlist experienced NGOs to administer the program at retail level.

## **Aid Management**

Understandably, donors shouldered much of the burden of managing aid in the immediate post-conflict period. They must now begin helping the Government of Burundi to establish structures to manage external aid and ensure its consistency with the government's development policy and priorities.<sup>16</sup> A dedicated aid management unit (preferably in the Ministry of Finance<sup>17</sup>) would be the necessary bridge from donors to government and the main source of local ownership. As noted, the fundamental strategic challenge of post-conflict reconstruction lies in reconciling immediate urgencies with sustainability. Only the government can meet this challenge, and aid management capacity is an essential requirement for doing so.

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<sup>16</sup> Among other many other needs, improving the aid database and its linkage to broader economic programming and the budget will be important for implementing agreed priorities for aid allocation.

<sup>17</sup> See the paper on public financial management.

## 6. Conclusion

The benevolent posture of the Bretton Woods institutions and the donor community's a whole is abundantly justified by the progress made in Burundi under such difficult circumstances. Optimism, however, remains premature, as the fragility of the country's institutional infrastructure is yet to be addressed. . Even if the major advances in peace and reconciliation are consolidated, and the political dimension of governance is strengthened, prospects for sustainable development still depend on addressing the extreme weakness of public accountability and government administration, and the widespread corruption that such weakness engenders.

As the Preamble to the Arusha Peace Agreement states, "...a legal, institutional and social environment based on good governance, the rule of law *and the efficiency of public management*, ...constitutes an essential element of the strategy for national reconstruction and reconciliation" [emphasis added]. Setting clear standards for governance and public management is key to reestablishing such an environment, and insistence on clear standards and enforcement of transparency, integrity, accountability, and the rule of law, must not be frustrated by pressures to keep the aid money flowing—as has happened in some other post-conflict situations.

The best policies amount to nothing if they are not effectively implemented. This requires a streamlined organization of government; an agile civil service with the right skills, competence, and incentives; strong accountability mechanisms; and encouragement of a private sector more inclusive and competitive than in the past. How to navigate between these requirements and the social and ethnic realities will be the underlying challenge facing Burundi's government and society for years to come.

If Burundi meets this challenge, rapid recovery and reconstruction will be a realistic possibility, provided that good governance is consolidated and the still-simmering social conflict is not rekindled by the inevitable few with a vested interest in doing so. In addition to the overriding importance of internal security, a critical factor of success will be external assistance in grant form and for the right priorities.

# Appendix A. Priority Areas and Policies Identified in the I-PRSP for 2003-2006

Objectives	Actions	Indicative Schedule
<b>STRATEGIC THEME 1—PROMOTING PEACE AND GOOD GOVERNANCE</b>		
Strengthening efforts to restore peace and security	Eradicating remaining pockets of insecurity.	Ongoing
	Completing the installation of transitional political institutions.	2003
	Establishing and enforcing a permanent cease-fire.	As soon as possible
	Socioeconomic reintegration of war victims and demobilized combatants.	As soon as possible
	Establishing a legal framework supportive of individual rights and freedoms.	2003-2004
	Institutionalizing a promotion system based on objective criteria of competence and personal merit.	Ongoing
Promoting sound economic governance	Creating the Office of the Inspector General (still called the Audit Office).	2004-2006
	Reinforcing the transparency of government management and combating corruption and fraud.	Ongoing
	Introducing mechanisms for informing and advising taxpayers of their rights and duties.	Ongoing
	Finalizing the reform of public procurement.	2003-2004
	Creating an Audit Office independent of the Executive.	2003
	Fostering an independent watchdog against corruption and fraud.	2003-2004
	Reforming laws and regulations governing tax and customs privileges and incentives to eliminate economic distortions and encourage production.	During the program
	Completing reforms for promotion of the private sector, in particular those initiated before the crisis with support from the World Bank and USAID.	2003-2004
	Establishing a permanent coordination body between the Government, the private sector, and consumers.	2004-2006
Promoting decentralization and participation	Introducing viable mechanisms of planning and control by and for the community to improve the management of public affairs.	2004-2006
	Promoting local leadership and empowering grassroots communities.	Ongoing
	Strengthening the institutional capacities of the Community Development Committees.	Ongoing
	Preparing a national decentralization policy.	2003-2005

<b>Objectives</b>	<b>Actions</b>	<b>Indicative Schedule</b>
	Decentralizing tax administration to the communes, and preparing communal development plans	2002-2006
	Establishing the Community Development Committees as decentralized development hubs.	2003-2004
<b>STRATEGIC THEME 2—REFORMING THE MACROECONOMIC FRAMEWORK AND PROMOTING ECONOMIC GROWTH</b>		
Strengthening macroeconomic stability	Strengthening the government's finances by rationalizing public spending and increasing government revenues.	Ongoing
	A rigorous and efficient monetary policy based on indirect instruments.	Since 2003
	Strengthening the capacity of the central bank to supervise and control banks.	Ongoing
	Adopting a realistic exchange rate policy and liberalizing trade and payments.	Since 2003
Developing the rural economy by reviving farming and livestock activities	An active rural development policy that will provide access to factors of production.	Since 2003
	Encouragement and support for modern farming methods.	2003-2006
	Enhancing productivity and promoting research.	2003-2006
	Promoting irrigated farming through the exploitation of wetlands.	2003-2006
	Organizing marketing channels and food preservation and processing techniques.	2004-2006
	Reconstituting cattle and sheep stocks decimated during the crisis by spreading knowledge of artificial insemination techniques.	2002-2006
	Encouraging rural microcredit and microenterprises.	2002-2006
Rationalizing natural resource management and protecting the environment	A continuous awareness and education campaign for environmental protection (IEC strategy).	2002-2006
	Preparing environmental protection legislation.	2003-2006
Reviving the private sector and gradually disengaging the state from the production system	Support for operators disadvantaged through reconstruction efforts.	2003-2006
	Rehabilitating business centers, productive infrastructure and communications that were damaged during the crisis.	2003-2004
	Preparing legislation and reforms for modernizing business law.	2003-2005
	Reinforcing incentives for private investment.	2004-2006
<b>STRATEGIC THEME 3—MAKING BASIC SOCIAL SERVICES AVAILABLE FOR THE DEVELOPMENT OF HUMAN CAPITAL</b>		
Improving the availability and quality of education services	Rehabilitating and constructing new school facilities.	2002-2006
	Applying the draft statute for the teaching profession to upgrade this sector.	2003
	Providing suitable teaching materials to public and private education establishments.	Ongoing
	Expanding the enrollment capacity of the University of Burundi.	Since 2003
	Encouraging private initiatives.	Ongoing
Improving the availability and quality of health services	Rehabilitating and constructing health facilities to improve nationwide coverage.	Since 2002
	Implementing an aggressive drugs supply policy.	Since 2002
	Redeploying health personnel to areas most in need.	Since 2003

<b>Objectives</b>	<b>Actions</b>	<b>Indicative Schedule</b>
Making drinking water and hygiene and sanitation services more available	Rehabilitating and upgrading water sources and supply systems.	Since 2002
	Strengthening education in and awareness of hygiene and sanitation standards.	Since 2002
	Promoting community management of standpipes and wells.	Since 2002
Promoting employment and social security	Preparing a national employment policy.	2004-2006
	Encouraging private investments that create jobs.	Since 2002
	Promoting labor-intensive activities.	Since 2002
	Integrating the employment variable into macroeconomic planning.	2004-2006
	Preparing a social security policy covering hitherto excluded categories (informal sector, farmers, etc.).	2004-2006
Providing decent housing for all	Encouraging the production of local construction materials.	Since 2002
	Improving access to housing credit.	Since 2002
Reaffirming the national culture and improving educational opportunities for youth	Reaffirming the institution of <i>abashingantahe</i> .	Since 2003
	Expanding vocational training centers and the teaching of trades to young people.	Since 2002
	Promoting youth associations for the pursuit of income-generating activities.	Since 2002
<b>STRATEGIC THEME 4—REINTEGRATING WAR VICTIMS AND DISADVANTAGED GROUPS INTO THE ECONOMY</b>		
Rehabilitating war victims	Humanitarian assistance for displaced persons and returning refugees.	As long as necessary
	Strengthening socioeconomic reintegration of displaced persons and returning refugees.	Since 2002
	Providing land and farming inputs to war victims.	Since 2002
	Establishing a minimum social fund for the socioeconomic reintegration of refugees.	Since 2002
	Helping war victims to organize for self-development.	Since 2002
	Assisting people disabled by the war.	Ongoing
	Putting the CNRS in place.	Since February 2003
Assisting and reintegrating disadvantaged and vulnerable groups into the economy	A program for the reintegration and education of orphans and disabled persons.	Since 2003
	Social and cultural integration of the <i>Batwa</i> .	Ongoing
<b>STRATEGIC THEME 5—COMBATING HIV/AIDS/STDS</b>		
Strengthening prevention programs	Extending mother-child HIV prevention centers to all parts of the country	Since 2003
	Conducting prevention awareness and education campaigns.	Since 2003
	Popularizing the WHO-endorsed syndrome approach.	Since 2003
	Involving political and social duties in awareness activities.	Since 2003
	Producing and distributing medical and psychological care guidance and teaching materials about HIV infection.	Since 2003
Promoting care and supporting self-help initiatives for HIV and AIDS patients	Making antiretroviral drugs more accessible and monitoring patients taking those drugs.	Since 2002
	Reinforcing care for AIDS orphans.	Since 2003
	Distributing condoms and publicizing their use.	Ongoing
	Putting out a consistent message about condoms.	Ongoing

<b>Objectives</b>	<b>Actions</b>	<b>Indicative Schedule</b>
	Stressing targeted rather than mass information campaigns.	Since 2003
	Supporting the "stop AIDS" clubs in the schools.	Since 2003
	Encouraging homecare for AIDS patients to relieve the burden on hospitals (with the support of the WHO, Belgium and Italy).	Since 2003
Strengthening institutional capacities for combating HIV/AIDS	Reinforcing cooperation with NGOs in combating AIDS.	Since 2003
	Reinforcing the system for collecting and managing information on HIV/AIDS/STDs infections.	Since 2003
	Strengthening the capacities of players at all levels.	Since 2003
<b>STRATEGIC THEME 6—ADVANCING THE ROLE OF WOMEN IN DEVELOPMENT</b>		
Promoting women's access to education and decision-making	Improve women's access to formal education.	Ongoing
	Disseminate and enforce laws promoting gender equity (CPF, CDF, etc.).	Ongoing
Promoting the health of mothers and children	Promote family planning.	Ongoing
	Organize education campaigns in nutrition, hygiene, and reproductive health.	Ongoing
	Promote maternal and child health.	Ongoing
Promoting women's access to the factors of production	Developing a credit system suited to women's needs.	Ongoing

# Appendix B. Major Official Donor Assistance to Burundi

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
<b>FRANCE</b>								
L'éducation la culture et les médias	Les bourses d'études et stage.  Coopération en matière linguistique, éducation et culturelle (CELEC)		600 000 Euro  2 000 000 Euro	NA	Assistance technique/don	3 years		Améliorer l'enseignement du français et l'enseignement en français par la formation des enseignants, à développer l'usage du français dans le monde de l'éducation et dans la population par le renforcement des activités périscolaires et de la lecture ainsi que par le développement de l'environnement francophone, à promouvoir, par la mise en place d'un fonds ad hoc, les productions en français et des produits de qualité dans les médias
Secteur social : Réinsertion	Fonds social de développement (FSD)		2 500 000 Euro					Donner au poste les moyens d'accompagner et de participer, en collaboration avec le gouvernement, les organisations internationales et la société civile, aux différentes actions relatives au retour et à la réinsertion socioéconomique des sinistrés de toute nature
Sécurité : Renforcement des capacités	Appui au Développement de la municipalité de Bujumbura  Projet d'appui à la formation des nouvelles forces de police burundaises	La Belgique Les Pays Bas	610 000 Euro  2 000 000 Euro					Renforcer les capacités institutionnelles de la Mairie et des acteurs de la société civile  Trois composantes : La première composante souhaite apporter un appui institutionnel au Ministère chargé de la sécurité publique pour élever ses capacités en matière de définition et de suivi des politiques de formation.  La composante II concerne l'amélioration de l'offre et de la qualité de la formation initiale, continue et de recyclage, des officiers de police  La composante III est destiné à accompagner l'équipement d'une unité pilote d'intervention et à renforcer les capacités et compétences en matière de gestion des mouvements des foules et événements de masse.

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
Finances publiques : Renforcement de capacités	Réhabilitation des administrations financières et économiques (PARAFE)		1 520 000 Euro					Renforcer les capacités nationales dans le domaines des impôts, des douanes et de la statistique.
<b>WORLD BANK</b>								
Education/ Santé	Projet de réhabilitation des services d'éducation /Santé		\$ 30 M	NA	Loan	en 2007	NA	Renforcement de la sécurité, stabilité sociale et prestation de service
Social	Projet de réhabilitation communautaire		\$ 30 M	NA	Loan	en 2006	NA	Renforcement de la sécurité, stabilité sociale et prestation de service
Travaux publics/Emploi	Projet travaux publiques et création d'emploi-financement supplémentaire		\$ 30 M	NA	Loan	en 2006	NA	Renforcement de la sécurité, stabilité sociale et prestation de service
	Projet d'appui à la transition et à la réhabilitation de l'économie après conflit (appui budgétaire)		\$ 50 M	NA	Loan	en 2006	NA	Allègement de la dette, croissance économique et diversification de l'économie
	Projet multisectoriel d'appui à la réhabilitation des infrastructures		\$ 30 M	NA	Loan	en 2007	NA	
Services de conseils et analyses	Evaluation de la pauvreté		NA	NA	Loan	en 2007	NA	Renforcement de la sécurité, stabilité sociale et prestation de service
	Note de politique du secteur de la santé		NA	NA	Loan	en 2006	NA	
	Rapport sur la situation du pays dans le secteur de l'éducation		NA	NA		en 2006	NA	
	Etude sur les sources de croissance/examen du secteur agricole		NA	NA		en 2006	NA	Allègement de la dette, croissance économique et diversification de l'économie
	Analyse de la soutenabilité de la dette		NA	NA		en 2006	NA	

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
<b>DFID</b>								
Education	Free education in primary school	UNICEF	£ 2 millions	£ 2 m	Unicef TRUST FUND (contributions)	6 months Sept 05 to March 06	Country-wide	Support back to school program so more children can attend primary school
Emergency humanitarian	Food security	WFP under "programme d'urgence"	£ 3 millions	£ 3m	WFP PRRO 10062-2 contribution	Feb 06 to Dec 06	Provinces affected by food insecurity	To meet food needs for 2006
Wealth	Malaria	P.S.I	£ 950,000	£ 0	PSI Partner Smips - Grant	Nov 05 to March 07		Provision of malaria "BEINETS"
Orphans and vulnerable children	HIV-affected orphans	Care Catholic Relief Security	£5 m	£ 0	GRANT	March 2006 Dec 2008	Ngozi , Bubanza, Gitega, Kirundo, Muyinga, Ruyigi, Bujumbura, Bujumbura rural	Support for HIV orphans
<b>PNUD</b>								
Reintegration /Rehabilitation	Amélioration de l'accès des populations sinistrées et vulnérables aux ressources et moyens de production	US\$ 1 000 000	US\$2 200 000					
	Renforcement des capacités nationales pour une gestion des terres visant la sécurité alimentaire	1000 000	2 050 000					
	Développement des programmes intégrés de réinsertion/ réhabilitation et de développement d'économies locales	8 000 000	9 000 000					
	Renforcement des capacités communautaires	3 000 000	4 000 000					
Governance	Capacité de l'institution parlementaire accrue	700 000	1 100 000					

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
	Système et processus électoraux modernisés	10 000 000	10 400 000					
	Promotion de l'Etat de droit et appui au système judiciaire	400 000	600 000					
	Mécanismes de prévention des conflits opérationnels	400 000	600 000					
	Processus de décentralisation et de gouvernance locale engagée	500 000	900 000					
	Capacité de la société civile renforcée	100 000	400 000					
	Système de planification rénové/coordination	500 000	1 300 000					
	Cadre juridique et légal favorable au secteur privé	500 000	700 000					
	Mécanisme de contrôle et de reddition opérationnels	500 000	600 000					
	Programme TICAD_ TOK TEN opérationnel	400 000	500 000					
	Problématique genre intégrée dans les politiques et stratégies	600 000	1 000 000					
Santé: VIH/ SIDA	Leadership et capacités de coordination renforcés	300 000	900 000					
	Capacités de planification et de suivi-évaluation renforcées	200 000	500 000					

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
<b>EUROPEAN COMMUNITY</b>								
Economy and good governance	Appui macroéconomique		31,5 M euro			2004-2006	RN 12 Gitega, Karuzi, Muyinga	
	Développement rural (activités en voie d'identification)		66,75 M euro			dès 2006		
	Infrastructures routières		39 ,5 M euro			Dès 2006		
	Bonne gouvernance (activités en cours d'identification)		17,25 M euro					
	Appui à l'ordonnateur national		3,4 ME					
Export products	Le STABEX (Fonds de stabilisation des exportations)							L'objectif est de renforcer le processus de réhabilitation d'urgence sociale et économique du Burundi dans le domaine agricole
	Action d'assistance technique		4 M euro			En cours		
	Appui à la production vivrière (3,25 M euro) des pistes rurales (3,25 M euro)		6,5 M euro			En cours		
	Réhabilitation et restructuration des filières café, thé, coton		<b>12 ,5 M euro</b>			Futur		
	Poursuite de la mise en œuvre de la réhabilitation des filières		6 M euro			Futur		
	Appui à la réinsertion dans la vie productive des sinistrés de guerre		4,5 M euro			Futur		
	Investissement de première urgence dans la filière café		2,4 M euro			En cours		
	Investissement de première urgence dans les filières thé et coton		1,5 M euro			En cours		

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
	Appui à la création d'un observatoire des filières agricoles		0,3 M euro			En cours		
	Réhabilitation de la filière fruiticole		2 M euro			Encours		
Divers	Appui aux acteurs non étatiques :							
	Voluntario Internazionale per lo sviluppo : Promotion économique et sociale des groupes vulnérables		1,3 M euro			2003-2006		Développement de l'école primaire, la formation professionnelle, la mise en oeuvre des activités productives, et la formation des enseignants techniques locaux à Buterere (Bujumbura)
	Association for Cultural, Technical and Educational Cooperation (infrastructures scolaires)		0,34 M euro			2004-2007		Equipement et agrandissement de l'école technique secondaire de Kiyama
	Fundacion Alboan : Réduction de la pauvreté		0,63 M euro					Programme intégral de réduction de la pauvreté des populations déplacées par la guerre en zonz de Buterere et Kiyange
<b>COOPERATION BELGE</b>								
Développement Communal	Habitat rural et matériaux locaux de construction	BTC Belgian Technical Cooperation ("private" managed organisation / Mini Développement Communal	493 900 euro	ND	ND	ND	ND	ND
Santé	Appui quinquennal au programme national de lutte contre la lèpre et la tuberculose phase 2-PNLT	BTC-Santé	350 000 euro			En cours d'exécution		

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
	Action de première nécessité é dans la zone de santé de Mwaro Kibumbu	BTC-Santé	670 000 euro					
	Appui aux provinces sanitaires	BTC	3 000 000 euro	ND		En cours	Kirundo-Mwaro-Makamba et Bururi	ND
	Appui à l ' unité nationale de lutte contre le SIDA et MST	BTC	1 500 000 euro	ND		En cours		ND
	Appui à la lutte contre la malnutrition et la bilharziose	BTC	1 000 000 euro	ND		En cours		ND
	Appui à la formation des paramédicaux et des sages-femmes	BTC	1 700 000 euro	ND		En cours d'exécution		ND
	Improving access to basic drugs for home and community care in Burundi, Mozambique and Tanzania within the framework of the international partnership against HIV/AIDS in Africa	ONUSIDA	1 239 467 euro (part du Burundi non spécifiée)	ND		En cours d ' exécution	Burundi, Mozambique, Tanzanie	ND
	Mise à disposition d ' un expert habilité chargé de promouvoir un partenariat entre la société civile et le secteur privé dans le cadre de la prévention ainsi que le traitement du sida ( part des Ressources générales et renforcement des capacités dans la région des Grands Lacs)	ONUSIDA	540 000 euro (part du Burundi non spécifiée)	ND		En cours d ' exécution	RDC, Rwanda, Burundi, Mozambique, Tanzanie	ND
Justice	Appui à la deuxième édition des codes et lois du Burundi	BTC Mini Justice	200 000 euro			En cours d'exécution		

Sector	Emphasis of Assistance	Partners	Total Cost	Disbursed to Date	Financing Mechanism	Length	Geographical Areas	Summary
	Appui à la création d'une Cour de Comptes	Cours des Comptes	1 000 000 euro	ND		En cours		ND
	Centre de formation judiciaire	ND	1 500 000 euro	ND		En cours		ND
Agriculture	Appui à l'Institut Supérieur Agronomique du Burundi	BTC MinAgri	1450 000 euro			En cours d'exécution		
	Appui à la relance de la production agricole	BTC Minagri	3 500 000 euro	ND		En cours	Kirundo, Mwaro, Makamba et Bururi	ND
	Programme semencier	BTC Minagri	3 000 000 euro	ND		En cours		ND
Finance	Appui au fonctionnement et à la gestion de la Banque Nationale pour le développement Economique (BNDE)	BTC- BNDE- Mini Finance	2 250 000 euro	ND		En cours		ND
Education	Appui à l'enseignement primaire	BTC- MinEduc	1 000 000 euro	ND		En cours		ND
Artisanat	Appui aux centres d'enseignement des métiers (CEM) et centres de formation artisanales (CFA)	BTC- Min .Artisanat	4 500 000 euro	ND		En cours		ND
Eau	Gestion de l'eau et adductions d'eau	BTC	2 800 000 euro	ND		En cours		ND
Pistes rurales	Gestion des pistes rurales	BTC	2 500 000 euro	ND				
AN-Sénat	Appui ponctuel à l'Assemblée Nationale et au Sénat de transition	BTC	1 000 000 euro	ND		En cours		ND
Genre	Appui à la promotion de la femme	ND	1 000 000 euro	ND		En cours		ND
Social	Lutte contre la pauvreté	Louvain-Développement	1 294 610 euro	ND		En cours d'exécution	Ngozi- Kayanza- Muyinga et Kirundo	ND

<b>Sector</b>	<b>Emphasis of Assistance</b>	<b>Partners</b>	<b>Total Cost</b>	<b>Disbursed to Date</b>	<b>Financing Mechanism</b>	<b>Length</b>	<b>Geographical Areas</b>	<b>Summary</b>
Sécurité alimentaire	Projet intégré d' amélioration durable de sécurité alimentaire via l' autopromotion des populations dans les communes Mwakiro et Buhinyuza en province de Muyinga	CST	2 302 293 euro	ND		En cours d' exécution	Mwakiro et Buhinyuza en province de Muyinga	ND
Politiques commerciales	Cadre d' intégration des politiques commerciales dans le plan de développement	PNUD gestion du fonds , exécution BM, FMI, CCI ; CNUCED et OMC	743 681 euro	ND		En cours d' exécution	ND	ND
Lutte contre la pauvreté	Belgian Poverty Reduction Partnership program ( BPRP) - financement des PRSP au Burundi , Mali, Mozambique , Niger, RDC et Rwanda )	Banque mondiale	6 000 000 (part du Burundi non spécifiée)	ND		En cours d' exécution	Burundi, Mali, Mozambique, Niger, RDC et Rwanda	ND
Social : Rapatriement	Aide aux réfugiés	HCR	3 000 000 euro	ND		En cours d' exécution	Ouganda , Tanzanie , RDC, Burundi	
Renforcement de capacités	Initiative Africaine-renforcement des capacités en matière commerciale ( négociations OMC)	PNUD	2 000 000 euro	ND		En cours d' exécution	ND	ND
Social/ personnes vulnérables	Programme de protection CICR au RDC , RWA, BUR (familles dispersées , mineurs, conditions de détention, enfants, soldats ...)	CICR	8 900 000 euro (part du Burundi non spécifiée)	ND		En cours d' exécution		ND

# Appendix C. USAID Assistance Programs in Burundi

Project Name	Partner	Mechanism	Length	Geographical Areas	Summary
Supporting Burundi's Transition to Peace by Facilitating Reconciliation and Dialogue	Search for Common Ground	Grant	1 year	Bujumbura, Makamba, Ngozi and Ruyigi; radio broadcasts provide nationwide reach	Fostering reconciliation and knowledge of post-election transition through support for independent media; building capacity of women's and youth groups; sponsoring solidarity-building cultural events, joint action projects, and interethnic exchanges; and workshops on common ground journalism. This activity is included in REDSO's Conflict Management and Post-Conflict Assistance (COMPOCA) program.
Victims of Torture	Search for Common Ground	Grant	2 years, 2005-2007	Bujumbura, Cankuzo, Gitega, Karuzi, Makamba, Muramvya, Mwaro, Ngozi, Rutana, Ruyigi	Partnering with NGO and media to provide psychological, medical, legal, and logistical support to victims of torture; facilitating reintegration of victims through dialogue and cultural events; and working with media and local human rights NGO partners to raise awareness about torture. This activity is included in the COMPOCA program.
Strengthening Civil Society to Manage and Mitigate Land Conflict in Burundi	Global Rights	Grant	1 year	Bujumbura, Ngozi; other provinces to be included based on nature and importance of land conflicts in that location	Training human rights monitors and journalists in rapid alert and response to land conflicts, production and broadcast of a documentary on land issues; sponsoring consultative forums on land policy reform; improving service provision and mobility of legal clinics adjudicating land disputes. This activity is included in the COMPOCA program.
Burundi Electoral Support for the Transition	IFES	Coop-erative Agree-ment	1 year, 2004-2005 (currently under no-cost extension)	Nationwide	Technical assistance to the Independent National Electoral Commission (CENI); targeted training and commodities support for electoral process, and post-election initiatives, including technical support to electoral and judicial bodies in addressing electoral disputes and post-election reviews of the conduct of the elections.
Inclusive Economic Development and Peace-building	Inter-national Alert	Coop-erative Agree-ment	2 years, 2005-2007	Bujumbura, activities likely to involve other provinces	Building capacity of local business and producer networks; funding the production and dissemination of research studies on key business topics; supporting media programming on issues affecting the economy and the coffee sector; supporting local NGOs in their efforts to form a local chapter of Transparency International; capacity building for community-level anticorruption watchdogs.
Economic Reform and Financial Transparency Assessment	Nathan Associates	Contract	8 months, 2005-2006	Bujumbura, with research likely elsewhere in the country	Assessment of the macroeconomy and sectors and workshops for key government, civil society, and private sector actors on priorities for economic and anticorruption reform.

<b>Project Name</b>	<b>Partner</b>	<b>Mechanism</b>	<b>Length</b>	<b>Geographical Areas</b>	<b>Summary</b>
Post -Conflict Transitional Assistance	DAI	Contract	2 years, 2005-2007	TBD	Building the capacity of the government and civil society to manage and mitigate political, economic, and social tensions; supporting civil society initiatives and government institutions such as the TRC to identify and prosecute perpetrators of crimes and increase access to justice; providing technical assistance to build links between communities and government service providers; supporting dialogue and reconciliation programs with a high number of returnees; strengthening civil society capacity to advocate reforms; training new government officials on roles and responsibilities, oversight, and administrative priorities and reforms. This activity is included in REDSO's COMPOCA program.
Livelihood Security Initiative	Livelihood Security Initiative Consortium (consisting of CARE, Africare, Catholic Relief Services and World Vision)	Cooperative Agree-ment	3 years, 2004-2007	Gitega, Karuzi, Kirundo, Muyinga, Ngozi	Promoting better soil and water resource management; improving access to agricultural inputs; promoting agricultural practices and crop diversification and agro-enterprise along with peace, reconciliation, and conflict management in areas with high numbers of returnees; managing a research grant mechanism with the University of Ngozi to research land use and conflict.
Child Survival and Malaria Control	UNICEF	Grant	3 years, 2003-2006	Karuzi, Kirundo Makamba, Muyinga; sensitization and social marketing programs carried out countrywide	Training nurses in emergency obstetric care; providing nurses with midwife kits; conducting nationwide sensitization campaign on ACT malaria treatment and use of insecticide-treated nets (ITNs) and better maternal and child health practices; social marketing of ITNs.
Strengthening Community and Health Center Services	IMC (with subgrant to GVC)	Grant	3 years, 2004-2007	Kirundo, Muyinga (with potential expansion in year three)	Providing training on integrated management of childhood illnesses (IMCI), the expanded program on immunization (EPI), malaria management and antenatal, delivery, and postnatal care in 44 health centers; limited commodity support to targeted health centers; coordinating with the Ministry of Health and UNICEF to supply vaccines.
Polio—OYB Transfer to GH	WHO	Grant	One year, 2005-2006		
Strengthening REDSO Response to the HIV/AIDS Epidemic in East and Central Africa	FHI	Cooperative Agreement	One year, 2005-2006	TBD	TBD; to include prevention, care, and support services, as well as programs that build capacity through technical assistance, strengthening surveillance systems, and training health personnel.
Targeted Social Marketing for AIDS Prevention in Burundi	PSI	Cooperative Agreement	Four years, 2001-2005 (under no-cost extension)	Nationwide	Social marketing of condoms; community-based peer education and distribution of condoms through partner NGOs; behavior change communication programs; and education and sensitization activities.

# Appendix D. Chronology of Political Events in Burundi

## PRE-INDEPENDENCE

**1890**—The Ganwa (largely Tutsi) kingdom of Urundi and neighboring Rwanda colonized and incorporated into German East Africa as Rwanda-Urundi.

**1916**—Belgian occupation.

**1923**—Belgium granted League of Nations mandate to administer Rwanda-Urundi. Belgium administers Burundi as part of its Congo colony.

**1959**—Influx of Tutsi refugees from Rwanda following the “Toussaint Rwandais,” a Hutu insurgency against Tutsi domination in Rwanda.

**1961**—September: Parliamentary elections, with nationalist and ethnically-mixed party UPRONA winning 82 percent of the vote

**1961**—October: Assassination of Prince Louis Rwagasore, leader of UPRONA, who was to become the first Prime Minister of independent Burundi

## POST-INDEPENDENCE

**1962**—Burundi becomes independent as a monarchy under King Mwambutsa IV.

**1963**—Tens of thousands of Hutus flee to Rwanda following ethnic violence.

**1965**—King Mwambutsa refuses to appoint a Hutu prime minister even though Hutus win a majority in parliamentary elections; attempted coup led by Michel Micombero, Army Chief of Staff, violently suppressed.

**1966**—July: King Mwambutsa deposed by his son, Ntare V.

November: Micombero stages a successful coup, abolishes the monarchy, and becomes president.

**1969**—Attempted coup by Hutu elements in the military

**1972**—100,000–300,000 Hutu are massacred after Ntare V is killed, in a military camp in Gitega, supposedly by Hutus but in reality by persons in Micombero's circles.

**1974**—New constitution centralize power to UPRONA.

**1976**—Military coup deposes Micombero, and installs Jean-Baptiste Bagaza as president.

**1981**—A new constitution makes Burundi a one-party state.

**1987**—Military coup deposes Bagaza and installs Pierre Buyoya as president.

**1988**—Hutu peasants kill Tutsis in two communes; the army massacres 5,000–20,000 Hutu in indiscriminate retaliation, and 60,000 more flee to Rwanda.

## **OVERT CIVIL WAR**

**1992**—New constitution providing for a multiparty system is adopted in a referendum.

**1993**—June: Melchior Ndadaye, a Hutu, wins the country's first free presidential election to become Burundi's first Hutu president.

October: Ndadaye is assassinated, triggering the massacre of 100,000 Tutsi and moderate Hutus, internal displacement of one million, and the flight of 600,000 refugees. Widespread civil war begins, between successive governments in Bujumbura and various Hutu-majority rebel groups.

**1994**—February: Parliament appoints Cyprien Ntaryamira—a Hutu—as president.

April: Ntaryamira is killed in an unexplained plane crash along with his Rwandan counterpart President Habyarimana. Rwandan genocide follows until stopped by victory of Tutsi refugee army from Uganda. In Burundi, Ntaryamira's death is followed by intensification of the civil war. Parliament speaker Sylvestre Ntibantunganya appointed president.

**1996**—Pierre Buyoya stages a second coup, deposing Ntibantunganya and suspending the constitution. OAU and UN appoint former Tanzanian President Julius Nyerere as peace mediator.

**1998**—Buyoya and parliament agree on a transitional constitution under which Buyoya is formally sworn in as president.

**1999**—Julius Nyerere dies and former South African president Nelson Mandela takes over as peace mediator.

## **TRANSITION TO PEACE**

**2000**—Arusha Peace Agreement signed by 19 parties including main Hutu rebel groups. Major conflict subsides, but does not cease.

**2001**—January: Buyoya agrees to ceasefire talks with leader of main ethnic Hutu rebel group, Forces for Defense of Democracy (FDD).

October: Installation of transitional government with power-sharing between Hutu and Tutsi leaders (as per Arusha Agreement). FDD and other groups refuse to sign ceasefire and intense fighting resumes.

**2002**—December: Government and FDD sign ceasefire at talks in Tanzania, in agreement under which the rebels will join new national army. Renewed fighting breaks out in January 2003, and sporadic conflict occurs in other areas, mainly the immediate Bujumbura hinterland.

**2003**—30 April: Domitien Ndayizeye—a Hutu—succeeds Pierre Buyoya as president, under the terms of the 2001 power-sharing agreement.

November: President Ndayizeye and FDD leader Pierre Nkurunziza sign agreement to end civil war at summit of African leaders in Tanzania. Ministerial posts given to Nkurunziza and other FDD members. Smaller Hutu rebel group, Forces for National Liberation (FNL), continues to attack government targets.

**2004**—The remaining active rebel group FNL, declares unilateral ceasefire.

**2005**—February: national referendum approves the new multi-party constitution by an overwhelming margin.

June: peaceful elections for communal councils (which, in turn, elect the Senate in accordance with the new constitution)

July: peaceful elections of the new parliament (which, in turn, elects the President in accordance with the new constitution)

August 29: Pierre Nkurunziza elected President of Burundi. New government installed in early September.