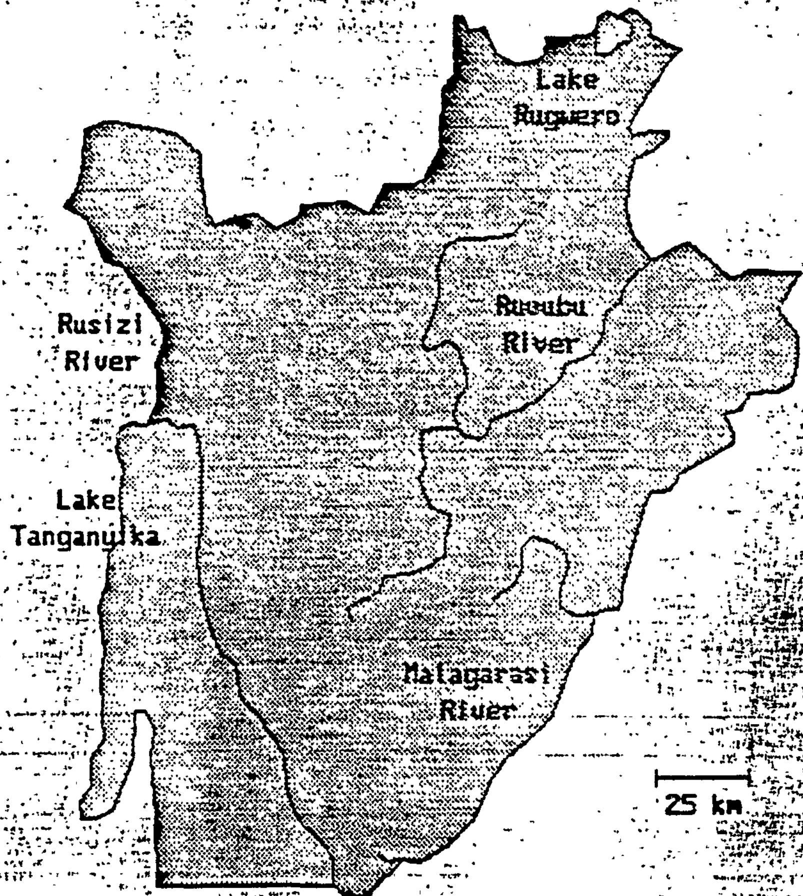
**United States Agency for International Development**
**Bureau for Africa**




# USAID/Burundi
# Country Program Strategic Plan
# 1993-2000

**November 1992**

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# EXECUTIVE SUMMARY

USAID/Burundi presents herein its Country Program Strategic Plan (CPSP) for the period 1993-2000. In keeping with Development Fund for Africa and Africa Bureau guidance, this plan aims to achieve broad-based economic growth and people-level impact in Burundi.

## CPSP STRATEGIC OBJECTIVES

The Mission's Strategic Objectives are two:

No. 1: to increase the contraceptive-prevalence rate in order to lower the population-growth rate; and

No. 2: to increase private-sector growth in order to increase incomes.

## STRATEGIC OBJECTIVE NO. 1: HEALTH/FAMILY PLANNING

To help Burundi raise its modern contraceptive prevalence rate (CPR) from the present level of three percent to ten percent by the year 2000 USAID will support improved access to family-planning and maternal/child-health services, activities to increase demand for modern family-planning methods, and an improved health-care-delivery system that is fundamental to both.

## STRATEGIC OBJECTIVE NO. 2: PRIVATE-SECTOR/RURAL-ENTERPRISE DEVELOPMENT

Building on USAID's three-year experience of support to the country's structural adjustment, we will continue to foster the evolution of an improved policy environment favorable to enterprise creation and development. Our involvement has revealed, however, that the impact to date of this policy-oriented program is limited to that tiny percentage of Burundi's population which: is urbanized and already active in the small formal private sector; already has some access to credit; and is largely confined to Bujumbura, the capital.

In the CPSP time period, a more balanced approach between the urban and rural population is proposed. It lays the groundwork for broad-based growth by stimulating private-sector input and output markets in agriculture. Development of these markets is being made possible by one important target: the adjustment efforts aimed at reducing the Government's involvement in the productive sectors of the economy and enhancing policy incentives and an improved competitive environment. Another important target is to raise the value of production for both export and domestic markets.

## DEMOCRATIC GOVERNANCE

A.I.D. funding will support Burundi's transition to democracy through assistance to electoral and judicial systems, and other small-scale human rights and democratization activities managed by the Embassy and USIS.

## AIDS

Our support to Burundi's National AIDS Prevention Program through technical assistance in improved data analysis and management, media publicity, condom social marketing, and research will result in lowering the rates of HIV in Bujumbura and preventing its spread to the countryside.

## THE CRITICAL ELEMENTS FOR BURUNDI'S GROWTH

This CPSP lays out a growth path for Burundi that will be implemented by a combination of GRB, USAID and other-donor efforts. It has the following critical elements:

1. a gradual reduction in the population's rate of growth

2. adoption of the appropriate macro-economic and sectoral policy reforms

3. reduction of the role of the public sector in the economy and privatization of State-owned enterprises, especially agro-industries

4. stimulation of agricultural production through greater input use where Burundi has a comparative advantage

5. strengthening of rural-based private enterprises

6. assisting urban private enterprises in their pursuit of domestic and export marketing opportunities

7. supporting the establishment of export-oriented manufacturing firms.

These achievements, combined with greater participation in political and economic life by the majority of Burundians, are expected to lead Burundi's economy--beyond the CPSP period--to expansion of the industrial base, diversification, and structural transformation. They pave the way for increased productive activity in the economy, leading eventually to higher incomes and purchasing power, opening up the domestic market and attracting foreign investors.

## STRUCTURAL ADJUSTMENT AND TRANSFORMATION OF BURUNDI'S ECONOMY

Our analysis shows that Burundi's economy will continue to be in an adjustment phase for at least the rest of the decade. Donor aid remains crucial--despite inherent risks and distortions--to get Burundi's economy to a point where public financing is more closely related to fiscal receipts, public-investment decisions work in favor of private-sector-led growth, and agriculture is put on a solid footing.

It is unlikely that real **sustainable** growth as measured in terms of much higher levels of private investment and formal-private-sector employment, **together with declining foreign-assistance levels**, can be achieved within the timeframe of this CPSP. However, the beginnings of a real, market-based economy will emerge.

## OWNERSHIP

The strategy places crucial emphasis and focus on **strengthening the Burundians' ability to manage their own development** by helping the country make informed and reasoned choices and by raising the overall skills level of its population through an array of training opportunities in business administration, marketing and technology utilization.

## BACKGROUND

Burundi is a small, overpopulated and predominantly rural country whose options for growth are limited. Ninety-four percent of the country's population lives outside urban centers. Analyses of the productive sectors of the economy fail to point to an easy solution which will put Burundi on a self-sustaining course. The economy is kept afloat by large volumes of donor aid, without which the country could not achieve its structural adjustment goals. We expect, however, that the long-term adjustment measures will begin to elicit a supply response in the fragile economy's markets within the five-to-seven-year timeframe of this CPSP.

Because of its population density, the natural resource base is declining. The economy is characterized by low rates of domestic investment and savings, and Burundians have very low purchasing power, weak domestic and regional markets, and limited access to credit. Historically unmonetized, its essentially rural economy has not acquired sophisticated technical and management skills or knowledge of outside markets for which to produce. Training across the board in marketing, technology and business skills is inadequate for the economy's needs.

The economy is fundamentally unsound for these and other reasons. It is too dependent on coffee for export earnings (over 80 percent). The volume of foreign aid, which funds 80 percent of the public investment budget and even a substantial proportion of the GRB's operational budget, is over 200 percent of export earnings. Sustainable real growth requires identification of much greater--and diversified--export opportunities. To date, heavy investment in inefficient State-owned enterprises has resulted in very low levels of private domestic and foreign investment (less than one percent of GDP).

Burundi can feed its growing population for the rest of the decade, barring a natural or human catastrophe. But the combination of a runaway population-growth rate with declining soil fertility means that the country will lose its food self-sufficiency early in the next century--just eight years away--unless these trends are turned around. In any case, in order for Burundi to achieve the more appropriate objective of maintaining its food security, as well as allocate its resources efficiently, it will need to improve its agricultural product markets and simultaneously increase agricultural productivity.

Economic power is concentrated in the hands of a very small proportion of the population, which has close links to commerce, the political system, civil-service and military leaders.

## RESOURCE LEVELS

Obviously, with finite resources no single strategy can directly address all these problems but with projected resource and management levels, we believe we can significantly lower the rate of population growth and increase the rate of sustainable economic growth, especially as related to agriculture.

DFA resource levels of $112 million are projected for the seven-year outside timeframe of this CPSP. Approximately one-half of this will be devoted to family planning and maternal/child health and other Congressional interest targets. The other half will be devoted to private-sector development, especially that which has strong commercial linkages between urban and rural areas. About 75% of this total is for project assistance, and the rest is for non-project assistance, divided between the sector-grant mode and possibly a Commodity Import Program if further analysis of Burundi's needs renders this option desirable.

## MANAGEMENT

At projected levels of eight USDHs and three USPSCs to manage the proposed program, the current Mission organization and structure will be maintained, but with one addition: the creation of a separate health/population division if an experienced HPN Officer is assigned. We have carefully analyzed the number of management activities for which the Mission is currently responsible and concluded that their number had to be cut back to bring them to within our manageable interest. From a strictly numbers viewpoint, this has been relatively easy because only two strategic objectives have been chosen and because they can be achieved within the context of two major program/project activities--Burundi Health Systems Support (BHSS) and the Burundi Agricultural Enterprise Support Program/Project (BAESP/P). Overall, this strategy reduces the number of activities from over 20 presently to about 14 by 1995.

What has been less easy to satisfy is the need to accommodate Congressional and State interests. However, we believe our analysis justifies the choice of two targets of opportunity (one of which is a Congressional-interest target):

Democratic governance: Discrete activities will be undertaken to support free elections, an independent press, and improved civil and political rights. These will be managed by the Embassy and USIS, with financial management and control exercised through the USAID Controller's office.

AIDS: The proposed AIDS prevention program will require in-house management expertise. The TAACS adviser proposed for BHSS will be responsible for the technical backstopping required for the AIDS program. (AIDS is a Congressional earmark.)

## BURUNDI'S DEVELOPMENT PLAN

This CPSP is consistent with the precepts and major themes of Burundi's sixth Five-Year Plan for 1993-1997, just released. The principal elements of the Plan are:

- bring the high population-growth rate under control;
- promote socio-economic development of the rural sectors;
- intensify food-crop production and increase agricultural value added;
- improve internal and regional transportation systems;
- increase growth in the industrial sector; and
- promote local development and decentralization.

## CONFORMITY WITH DFA MANDATE AND ACTION PLAN

This proposal specifically aims at broad-based growth and people-level impact. It is consistent with the four strategic objectives of the DFA Action Plan:

- through structural adjustment support (policy reforms) it promotes better economic management by reducing the role of the government in productive sectors of the economy;
- it strengthens competitive markets by privatizing agricultural input and output markets;

- it supports greater productivity through wider access to inputs and development of skills; and

- it assures continuing food security by reducing the population-growth rate and by increasing the value of production for the domestic market.

# BURUNDI STATISTICS

| INDICATOR | BURUNDI | LOW INCOME COUNTRIES |
|---|---|---|
| GDP per capita (1989) | $208 | $300 |
| Average annual real growth rate (1965-89) | 3.7% (1971-90) | 1.4% |
| (1980-89) | 3.9% | 3.4% |
| Average inflation rate (1980-89) | 7.2% | 14.9% |
| Life expectancy at birth | 48.5 | 55 |
| Adult literacy | 34% | 49% |
| Fertilizer consumption (100 grams/ha of arable land)* | | |
| 1970/71 | 70 | 72 |
| 1987/88 | 80 | 310 |
| 1990/91 | 110 | |
| Average index of food production per capita for 1987-89 | 142.5 | 103 |
| Private consumption, average annual growth rate, 1980-89 | 10.8 | 2.2% |
| Gross domestic investment, average annual growth rate, 1980 | 11.5 | 1.5% |
| Official development assistance, as percentage of GNP, 1989 | 15% (of GDP '90) | 5.6% |
| Total debt service as a percentage of exports, 1989 | 45% (1990) | 27% |
| Population, average annual growth rate, 1980-89 | 2.8% | 2.7% |
| Percentage of population, 0-14 years, 1989 | 43% | 43.3% |
| Total fertility rate, 1989 | 6.8% (1987) | 5.5 |
| Infant mortality rate, 1989 | 110 (1987) | 94 |
| Under-5 mortality rate, 1989 | | |
| female | 152 (1987) | 134 |
| male | 152 (1987) | 145 |
| Primary school enrollment rate, 1988 | 76% (1991) | 75% |
| female | 45% (1991) | 68% |
| Secondary school enrollment, 1988 | 8% (1991) | 25% |
| female | 38% (1991) | 20% |
| Urban population as a percentage of total population, 1989 | 6% | 25% |

Source: USAID/Burundi, UNICEF, World Development Report 1991

* Burundi figures concern cultivated land

## Acronyms

| | |
|---|---|
| AAPL | Approved Assistance Planning Levels |
| ABS | Annual Budget Submission |
| AFRENA | Agroforestry Research Networks for Africa |
| A.I.D. | Agency for International Development |
| A.I.D./W | Agency for International Development, Washington, D.C. |
| ADO | Agricultural Development Officer |
| ADS | African Development Support |
| AfDF | African Development Fund |
| AIDS | Acquired Immunodeficiency Syndrome |
| AIDSCAP | AIDS Prevention and Control |
| AIDSCOM | AIDS Communication Project |
| AIDSTECH | AIDS Technical Assistance Project |
| APED | Agriculture and Private Enterprise Development Office |
| APEE | *l'Agence de Promotion des Echanges Extérieurs* (Burundian Export Promotion Agency) |
| APEF | Africa Private Enterprise Fund Project |
| API | Assessment of Program Impact |
| AREAF | Africa Regional Electoral Assistance Fund |
| BAESP/P | Burundi Agricultural Enterprise Support Program/Project |
| BEPP | Burundi Enterprise Promotion Program |
| BEST | Burundi Enterprise Support and Training Project |
| BHSS | Burundi Health System Support |
| BUHRD | Burundi Human Resources Development Project |
| CCCD | Combatting Childhood Communicable Diseases |
| CCIB | *Chambre de Commerce, d'Industrie, d'Agriculture et d'Artisanat du Burundi* (Chamber of Commerce and Industry of Burundi) |
| CDC | Centers for Disease Control |
| CIAT | Centro Internacional de Agricultura Tropical |
| CIP | Commodity Import Program |
| CONT | Controller |
| CP | Congressional Presentation |
| CPF | *Centre de Formation et de Perfectionnement Professionel* (Public Sector Management Training Center) |
| CPSP | Country Program Strategic Plan |
| CPR | Contraceptive Prevalence Rate |
| CRS | Catholic Relief Services |
| CRSP | Collaborative Research Support Program |
| CSM | Condom Social Marketing |
| CY | Calender Year |

| | |
|---|---|
| DAP | Diammonium Phosphate |
| DFA | Development Fund for Africa |
| DFI | Direct Foreign Investment |
| DHS | Demographic Health Survey |
| DHRF | Democracy and Human Rights Fund |
| DHRPP | Democracy and Human Rights Program Plan |
| DIR | Director |
| EC | European Community |
| EMB | Embassy |
| EPI | Expanded Program on Immunization |
| EXO | Executive Officer |
| FBu | Burundian Franc |
| FED | European Development Fund |
| FHI | Family Health International |
| FSN | Foreign Service National |
| FY | Fiscal Year |
| GDP | Gross Domestic Product |
| GPA | Global Program on AIDS |
| GRB | Government of the Republic of Burundi |
| HAPA | HIV/AIDS Prevention in Africa |
| HIS | Health Information System |
| HIV | Human Immunodeficiency Virus |
| HPNO | Health, Population & Nutrition Officer |
| IARC | International Agricultural Research Center |
| IBRD | International Bank for Reconstruction and Development (World Bank) |
| ICA | International Coffee Agreement |
| ICRAF | International Center for Research in Agroforestry |
| IDA | International Development Association |
| IEC | Information, Education and Communication |
| IESC | International Executive Service Corps |
| IFFLP | International Federation for Family Life Promotion |
| IMF | International Monetary Fund |
| ISABU | *Institut des Sciences Agronomiques du Burundi* (Agricultural Research Institute of Burundi) |
| IV | International Visitor |
| ME&R | Monitoring, Evaluation and Reporting |
| MOAL | Ministry of Agriculture and Livestock |
| MOH | Ministry of Health |
| MPFPS | *Ministère de la Promotion Féminine et de la Protection Sociale* (Ministry of Women and Social Welfare) |
| MT | Metric Ton |
| NCBA | National Cooperative Business Association |
| NGO | Non-Governmental Organization |

| | |
|---|---|
| NPA | Non-Project Assistance |
| NRMS | Natural Resource Management Support |
| NSDD | National Security Decision Directive |
| OE | Operating Expense |
| OGL | Open General Licensing |
| OYB | Operational Year Budget |
| PACD | Project Assistance Completion Date |
| PASA | Participating Agency Services Agreement |
| PDO | Project Development Officer |
| PD&S | Project Development & Support |
| PEO | Private Enterprise Officer |
| PFP | Policy Framework Paper |
| PNLS/MST | *Programme National de Lutte Contre le SIDA et les Maladies Sexuellement Transmissibles* (National AIDS and STD Prevention and Control Program) |
| PIP | Public Investment Program |
| PRAPACE | Programme Régional d'Amélioration de la Culture de la Pomme de Terre et la Patate Douce en Afrique Central et de l'Est |
| PRAHRGL | Programme Régional pour l'Amélioration du Haricot dans la Région des Grands Lacs |
| PROG | Program Officer |
| PSC | Personal Services Contract |
| PSI | Population Services International |
| PSO | Project Support Office |
| PTA | Preferential Trade Area |
| PVO | Private Voluntary Organization |
| RAPID | Resource for Awareness of Population Impact on Development |
| REDSO | Regional Economic Development Service Office |
| SAF | Structural Adjustment Facility |
| SAL | Structural Adjustment Loan |
| SAP | Structural Adjustment Program |
| SCEP | *Service Chargé des Entreprises Publique* (Office in Charge of Public Enterprises) |
| SEP | Special Embassy Program |
| SFSR | Small Farming Systems Research Project |
| SIDA | *Syndrome Immuno-Deficitaire Acquis* |
| SME | Small and Medium Enterprise |
| SO | Strategic Objective |
| SOE | State-Owned Enterprises |
| SRD | *Sociétés Régionales de Développement* (Regional Development Agencies) |
| STD | Sexually Transmitted Diseases |
| TA | Technical Assistance |
| TAACS | Technical Advisor in AIDS & Child Survival |
| TB | Tuberculosis |
| TRNG | Training Office |

| | |
|---|---|
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNFPA | United Nations Fund for Population |
| UNICEF | United Nations Children's Emergency Fund |
| UPRONA | *Union pour le Progrès National* |
| US | United States |
| USAID/Burundi | United States Agency for International Development/Burundi |
| USDH | United States Direct Hire |
| USIA | United States Information Agency |
| USIS | United States Information Service |
| USPSC | United States Personal Services Contractor |
| WHO | World Health Organization |
| WID | Women in Development |

# I. THE ECONOMIC AND POLITICAL ENVIRONMENT

## A. Introduction: At The Crossroads

Burundi is emerging from centuries of social and economic isolation and more recently, a thirty-year period of severe ethnic strife. Both have consequences that will affect--and last far beyond the period of--this strategic plan. Nevertheless, Burundi now appears ready to put the past behind it and embark on a direction of national unity and social and economic engagement with the world. There are, certainly, those who caution against moving too far, too fast; but Burundi, with limited natural resources, a population that soon will outgrow its capacity to feed itself, yet enjoying, for the present, exceptional political leadership and abundant donor support, cannot afford to tarry long at the crossroads.

Burundi is most often described as small, landlocked, and lacking in resources. These words denote very real limitations, but they fail to convey the entire story: Burundi possesses both a manageable land area and economy, a central location in Africa with port facilities on Lake Tanganyika, and natural resources that include an excellent climate with ample rainfall, relatively productive soils, and deposits of lime and phosphates for agricultural use. Burundi is still largely self-sufficient in food production.

The country is, nonetheless, very poor. Its per capita income is approximately $208, and even this low figure does not reflect the striking inequity that exists in the distribution of cash incomes. The potential of Burundi's manufacturing sector is extremely limited due to a paucity of exploitable natural resources, a largely uneducated workforce, its dependence on surrounding countries which are in turmoil, a small domestic market, and the high cost of importing and exporting goods. In agricultural terms, nearly all productive land in Burundi is currently in use for either crop, livestock, or fuelwood production.

Burundi has a population of 5.3 million people in a total area of 27,834 square kilometers (about the size of Maryland). With an average population density of 207 people per square kilometer, it is the second most densely populated country in Africa. In terms of the ratio of people to cultivated land, the density is considerably higher: 536 people, on average, per square kilometer. These figures point to serious problems in the future, given the combination of limited arable land in Burundi, a rapidly increasing population, and the fact that over 93 percent of the population is rural and agricultural.

On the macroeconomic front, Burundi is under its third Structural Adjustment Program (SAP) since 1986. Parallel annual Structural Adjustment Facility agreements (SAFs) with the International Monetary Fund (IMF) also were established during this period. As a result, significant progress has been made toward rationalizing Burundi's budget allocation process and reducing an overvalued exchange rate. This, and the strides the government is making toward multi-party democracy and social unity, make Burundi a magnet for donors' contributions. However, major deficiencies remain. Less progress has been seen in the government's program to privatize its inefficient public enterprises.

The value of exports has lagged far behind the level of imports. The savings rate, excluding donor grants and concessional loans, is extremely low. The trade balance and budget deficits (excluding donor assistance) still must be cut, and private savings for productive investments remain unmobilized. The enabling framework is taking shape, but additional stimuli at the sectoral and micro levels are required.

"*Enclavé*" (locked-in/landlocked) is a French term often used in describing Burundi's historic isolation, both physical and intellectual. Now, however, largely due to the courage and vision of the current President, Burundi is a more open society than it has ever been. More Burundians are educated than ever before, and more are travelling abroad for school or business. Ideas, hope, and a sense of change are palpable in this country where the 20th century arrived only as recently as 30 years ago. This is not to say that all Burundians desire change or that all imagine they will profit from it. Change can be confusing, and not a little risky for those who thrive on the status quo.

But Burundi has a number of opportunities and thus, decisions, facing it now: it can move to arrest its population-growth rate, it can open up its economy to foreign investment, it can increase its agricultural and industrial productivity, it can aggressively market its quality produce and introduce new items for sale, it can encourage the participation of all its citizens in the political and economic ferment. It can also revert to former policies or simply fail to act at all, but such a choice would ultimately constrain Burundi's choices--and chances--in the future. Burundi's challenge right now is to balance the conflicting pressures for and against change, and to choose the path which ultimately promises greater economic and political freedom for all its people.

### B. Burundi Society: Stability and Change

Traditional Burundian society was stratified and strongly hierarchical. Ethnic group, patrilineal clan, age, and sex divided the population into different social classes. These social stratifications, however, were not fixed: economic interdependence and intermarriage between the different classes integrated Burundi society. Burundians of different social and ethnic groups traditionally lived together in *collines* (hills/hillside communities) that functioned as villages. People from the same *collines* shared a significant social relationship, even if they were from different groups. Strong social and economic links thus existed between the two major ethnic groups, the Tutsi and the Hutu. Colonial rule altered these social relationships and made ethnic status a group phenomenon rather than an aspect of individual identity. The divisive sense of group identity and rivalry that has plagued Burundi's recent history developed as a result of differential access to education, economic resources, employment, and political power during colonization. Ethnic divisions are very real today. The Hutu are estimated to constitute about 85 percent of the total population, the Tutsi 14 percent, and the Twa one percent, but due to political sensitivities, no census has asked the ethnic question since independence.

Modern-day Burundi remains a rural, agricultural society. Over ninety percent of the population is involved in agricultural production, and the country's small urban population maintains strong links to its rural origins. Rural families with relatives in towns send them foodstuffs and the urban relatives' earnings help fund farm production upcountry. Agriculture is oriented toward foodcrops for household consumption, and women, who are mainly responsible for the production, still use traditional tools and techniques. Rural households consume about 75 percent of the crops they produce.

Rural life is hard. It still means living in small adobe houses with dirt floors, without electricity or running water: less than half of rural households have access to potable water, and far fewer have electricity. Modern consumer goods are scarce--about one-quarter of the households have radios; only a tiny minority has bicycles. More than half of rural household heads have no education at all, and parents can expect that one-fifth of their children will die before reaching the age of five. Yet this population is growing rapidly while its primary economic resource--farmland--is disappearing: in 1987 the average farm consisted of less than one hectare that supported a family of five people. As Burundi's economy offers little off-farm employment, the result is increasingly severe population pressure on agricultural resources.

Only six percent of Burundi's population is urban. Three-quarters of all urbanites, about 250,000 people, live in the country's capital and only major urban center, Bujumbura. The next two principal cities upcountry actually are towns, with populations of only 20-25,000. Reasons for Burundi's low urbanization rates include a lack of employment prospects outside the agricultural sector, fear of being targets of ethnic strife, the land requirements for Burundi's traditional agriculture and animal husbandry, and colonial and post-colonial restrictions on rural migration to cities.

However small at present, a rural exodus and quest for off-farm employment is gathering momentum in Burundi. Political and economic change, including the government's interest in developing the manufacturing and trade sectors, now allows more travel, trade, and urbanization. More than half of the workers in the informal urban sector previously were farmers; they left because of insufficient arable land and low incomes. This is highly indicative of the larger problem: during the period of 1988-93 an average of 63,000 new entrants per year will enter the labor force.[1] Eighty percent of them will be from rural areas. It is estimated that the agricultural sector can absorb only 35 percent of that number annually, mostly due to the growing shortage of arable land. Unfortunately, the formal and informal private sectors can absorb only a small fraction of the remaining 65 percent.

### 1. Women in Burundi

Indicative of the changes that are occurring in Burundian society today, women's traditional roles are evolving, if slowly. The Government of Burundi plans to revise its legal codes in order to give women equal legal status with men. The fact that women head the two Ministries responsible for labor, and for women and social welfare, supports this movement. For the present, however, Burundian women are legally disadvantaged in terms of inheritance rights, division of joint property (including forfeiture of children in the event of divorce), household spending, and freedom to work outside the home. And what is not legally proscribed is often effectively so by force of tradition and cultural values. These continue to have ramifications for a woman's ability to obtain credit (no property rights = no collateral), and earn her own livelihood, and by extension, her personal and economic options.

Another basic factor that limits women's options is their lack of education: According to the 1990 census, only 16 percent of Burundian women 15 years of age and older have a primary-school education. Girls currently constitute 45 percent of the primary-school population, but only 38 percent of secondary school students, and 29 percent of those in post-secondary education.[2]

Ninety-eight percent of Burundian women are engaged in agricultural production, mainly that of food crops. Cash salaries are virtually non-existent for this work. Women do earn income from selling food crops in local markets, up to 25 percent of the family's total food crop production. This being said, it is not correct to assume that food crops are solely a woman's domain and cash crops are exclusively those of a man. In Burundi, men help women cultivate food crops just as the women help produce export crops such as coffee; and, as previously stated, food crops are often sold for cash (as well as bartered). Whatever the source of the revenue though--be it export crop or food crop--once it is brought into a household women lose control of how it is spent.

Given their major economic role as food producers, few women are employed outside the agricultural sector. They constitute 32 percent of all public-sector employees and 12 percent of private/parastatal sector employees (as of 1989).

## C. The Physical Environment

Burundi is a small mountainous country, with a land area of about 26,000 square kilometers. It consists of three principal geographic zones: (1) the low coastal plain along the eastern shore of Lake Tanganyika and the Central Rusizi River Valley north of the lake; (2) the high, cool central plateau containing the Zaire-Nile Divide, with peaks rising over 2,200 meters; and (3) the eastern lowlands sloping down from the central plateau to Tanzania.

### 1. Agriculture

These zones support at least four generalized farming systems. In these systems, the relative importance of individual crop/livestock enterprises varies largely as a function of altitude and differences in soil fertility. All farming systems in Burundi are subsistence-based. While each system produces one or more export crop to generate cash returns, farmers in all systems still devote the majority of their land and family resources to production of food crops. In this regard, there is little specialization in agricultural production among regions, other than that brought about by natural conditions of altitude, soils and rainfall distribution.

In northern areas of the central plateau, where population densities are highest, farmers routinely plant crops--both perennial and annual--on hillsides with slopes exceeding 30 percent. Under less crowded conditions, such slopes would normally not be cultivated at all but left in natural forest growth to protect watershed areas. This area, however, is the most important food and cash crop production region in Burundi: the majority of coffee and tea produced is grown here, as well as a wide variety of vegetables for the Bujumbura market.

Farther south in the plateau, population densities are lower, but the quality of the resource base also declines dramatically as a result of poorer soil conditions and the fact that there are fewer and narrower marsh areas in the mountain valleys. For these reasons, livestock are a more important component of the farming system of this region as households exploit marginal land through extensive grazing of cattle, goats, and sheep.

In the lowland plains, traditional food crops--bananas, cassava, sweet potatoes, dry beans, sorghum, maize, etc.--are still present in the farming system, but major cash crops change from coffee and tea to cotton, sugarcane, tobacco, and oil crops. The Imbo plain in the west also has been the site of recent innovations in dairy farming and production of higher-value, non-traditional export crops such as off-season vegetables, fruit, cut flowers, and foliage plants.

Although there are significant regional differences, the average amount of land cultivated by farming households decreased from .88 hectares in 1982 to .84 hectares in 1987.[3] Three factors contribute to the fragmentation of agricultural land: population pressure, Burundi's predominantly agricultural economy, which offers little employment in other sectors, and the patrilineal custom of each son receiving a piece of his father's land upon marriage.

## 2. Natural Resources

Seven percent of Burundi's land area is in forest. Half of the country's wood supply is harvested from tree farms and half from the forests. The current annual wood supply meets about 75 percent of national demand; meeting the remaining 25 percent of demand increases the probability of a wood deficit in the future, and the potential for further soil erosion.

Erosion is a serious problem for Burundi. There are two types here, progressive and dramatic. The latter is caused by landslides and flooding; it destroys roads and river beds, and damages rural and urban infrastructure. The former is caused by population pressure that pushes agriculture onto marginal or fragile lands such as very steep hillsides or marshlands and encourages overgrazing and deforestation.

More than half of Burundi's agricultural land is marginal/fragile; deforestation and continuous cropping contribute to a reduction in soil fertility, with negative implications for nutrition and cash-crop production. As an example, it is becoming apparent that Burundi's farmers are increasingly planting tubers and root crops because these produce greater output per unit-area and they yield well in poor soils.

Lake Tanganyika (20,438 sq. km.) is not a significant resource for Burundi, which has rights over only eight percent of the lake. More importantly, fish catches for the country have declined precipitously in recent years, from 14,884 tons in 1980 to 6,677 in 1988, due mostly to over-fishing and to some degree, industrial pollution and sedimentation caused by erosion inflows.[4] Industrial fish catches declined by two-thirds during 1969-89, from 600 tons per boat per year to 200.[5] The great bulk of these catches are the small, sardine-like fish (*ndagala*) that are a dietary staple and protein source in Burundi. Potential for exports or processing of fish, however, is severely limited because of the decline of the fish population.

Burundi has both rock phosphate and limestone mineral deposits. At present, economically efficient means to exploit the rock phosphate do not exist, but mining and processing of the limestone deposits has been going on since the early 1980s. Most of the lime is sold to projects and individuals who use it to neutralize the acidity and reduce the aluminum toxicity of highland soils.

Burundi also possesses significant deposits of alluvial gold, nickel, vanadium, cassiterite, bastnaesite, rare earths, and other minerals. Insufficient infrastructure and low world prices made exploitation economically unfeasible in the past; now, however, the GRB is actively encouraging foreign investment in this sector.

### 3. Transport/Communications

Geographically, Burundi is relatively more isolated than its neighbors to the east and south with respect to both surface and air transport. This problem has been accentuated in recent years by the closing of the main surface route to an ocean port in Kenya due to the war in Rwanda. The need to use longer, and less-developed transport routes through Tanzania and other countries to the south has had serious consequences for the costs of Burundi's imports and the competitiveness of its exports. Similarly, air freight rates on the two European carriers servicing Burundi are high enough to make many export commodities non-competitive in the European Community (EC) markets.

Lake Tanganyika is the primary transport artery for Burundi's imports and exports, accounting for over 94 percent of total import and export tonnage in 1991. The primary destinations for cargo leaving Bujumbura's modern, containerized port are Kigoma, Tanzania, which connects with the rail link to Dar Es Salaam, and Mpulungu, Zambia, which links up with the road and rail network to southern Africa. A third port located in Kambimbi, Zaire, is of only minor significance.

At present, only four transport companies operate out of Burundi. Total tonnage transported on the lake amounted to 223,000 metric tons (MT) in 1991 (imports (188,000 MT) and exports (35,000 MT)).[6] Major imports are cement, sugar, salt, fertilizer, construction and road-building materials, flour, and petroleum products; major exports are coffee and tobacco. Problems facing the lake transport operators include transport cost ceilings (imposed to keep costs of imported goods affordable), the high cost of spare parts, and the cost of fuel (due to a high fuel tax).

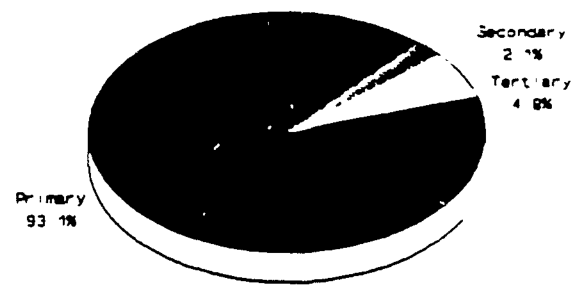
Within Burundi, the road infrastructure--at least at the primary level--is well developed: hard-surface all-weather roads reach most parts of the country. Beyond the primary road system, however, the transport infrastructure is considerably less developed, and its expansion will continue to be hampered by the mountainous terrain in the interior. The existing residential pattern of widely separated rural households makes their access to roads very difficult as well. Provision of other public infrastructure and services--electricity, water, communications--is generally limited to Bujumbura, a few small towns, and strips bordering the main roads.

## D. Macroeconomic Context and Outlook

### 1. Overview

Burundi's economy, reflecting the society as a whole, is predominantly agricultural. The primary sector contributes over 56 percent of GDP, and employs **over 93 percent** of the economically-active population either directly as labor in on-farm crop and livestock activities, or indirectly through agro-processing, commodity marketing, and related support enterprises, e.g., transport, agricultural-input supply, etc. The secondary sector, which is dominated by the public sector, contributes only 15 percent of GDP, and employs two percent of the labor force.

Percent Labor Force by Sector
1990




Source: 1990 Census; GRB

Additional striking features of Burundi's economic structure in 1990 were: (a) the size of the subsistence sector (estimated at 33 percent of GDP); (b) the large share of food crops in GDP, 44 percent (a USAID survey confirmed that about 25 percent of food crops were marketed[7]); (c) the very large trade deficit and the overwhelming dependence on a single agricultural export crop, coffee, for foreign-exchange earnings (more than 80 percent of foreign-exchange earnings); and (d) the very small size of mining and manufacturing, which held only a six percent share of GDP and contributed four percent of export earnings.

Although the private sector plays a major role in the production of both export and food crops, as well as in their transportation, it is the public sector that enjoys a dominant, quasi-monopolistic position in the processing and export of primary commodities, manufacturing, energy, and infrastructure. The public sector also generates one-third of the country's formal employment.

Direct foreign investment (DFI) does not play a role in the economy: with an annual GDP of $1.1 billion in 1990, DFI amounted to $1.2 million.

A newer feature of the economy is the mounting dependence on donor assistance. The total annual foreign-aid flow just about doubled from 1983 to 1990 to stand at over $169 million (.5 percent of GDP) and amounting to about 80 percent of the public investment program.

## 2. Historical Context

From independence in the early 1960s until 1985, the combination of an economy extremely dependent on the international price of coffee for foreign-exchange earnings and an approach to economic management that encouraged inefficient public investment and discouraged private investment resulted in a pattern of erratic growth.

While Burundi's annual average GDP growth rate reached 5.1 percent during the 1978-1981 period, the economic situation took a turn for the worse from 1982-1984, exacerbated by a sharp decline in the country's terms of trade and adverse weather conditions which affected the coffee crop. The annual average GDP growth rate declined to less than one percent during this period. In 1983, the current-account deficit (excluding official transfers) rose to over 16 percent of GDP. In 1984, the overall budget deficit (on a cash basis) rose to 15 percent of GDP. Annual inflation reached 14 percent in 1984. This high inflation, combined with the fixed exchange-rate regime then in place, resulted in an unwarranted appreciation of the Burundian franc (FBu).

The Government reacted to the crisis by stepping up its borrowing abroad, mostly from official creditors, and by increasing administrative controls aimed at containing the external deficit and protecting domestic industry. External borrowing, especially on non-concessional terms, caused the debt-service ratio to increase to 25 percent in 1986. The distortions caused by the controls reinforced structural problems, namely, excessive dependence on coffee exports for foreign-exchange earnings, the increased role of the public sector, and inadequate incentives for savings and investment that would stimulate sustained growth in agriculture and industry.

## 3. Performance in Structural Adjustment

In 1986, recognizing its failure to correct economic and financial imbalances by enhanced administrative controls, the GRB undertook a comprehensive reform program supported by the World Bank and the IMF. Since then, the Government has implemented some important--and politically difficult--reform measures. These included:

- Three successive exchange-rate devaluations, leading to a cumulative 38 percent depreciation of the real effective exchange rate;
- Elimination of most price controls, except for certain strategic products and key agricultural exports;
- Substitution of quantitative import restrictions by import duties;

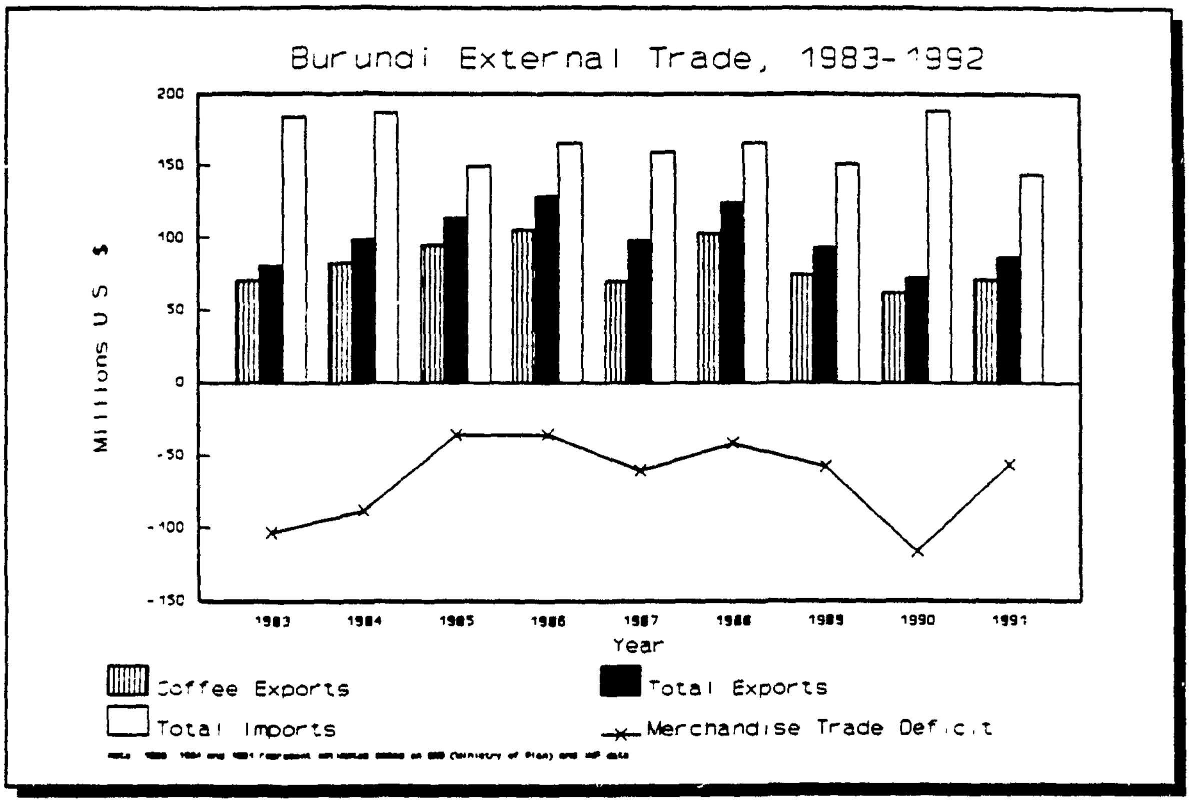
- Reduction of the tariff rates from 57 percent to five percent, and of the tariff range for non-luxury goods from 0 to 280 percent to 15 to 50 percent;
- Introduction of a Public Investment Program (PIP) to improve public-resource management;
- Initiation of public-enterprise reform and creation of an independent unit to monitor its performance;
- Deregulation of interest rates and introduction of a treasury-certificate auction and reserve requirement for commercial banks;
- Liberalization of the import-licensing process whereby commercial banks can grant import licenses up to a ceiling of FBu 25 million (previously it had been FBu one million) without prior central-bank authorization;
- Elimination of the requirement for prior approval from the Labor Ministry to hire new employees and the obligation to register all new vacancies with the Manpower Department;
- Formulation of a social-action program for the most vulnerable segments of the population.

The above list of reforms put in place by the GRB in the 1986-1991 period is impressive. And, on the surface, the economy appears to have performed reasonably well. Annual GDP growth averaged 3.7 percent in real terms from 1986-1990, exceeding the population-growth rate, and inflation was moderate at 6.5 percent.

The above said, the underlying economic structure did not improve. Domestic savings remained exceedingly low, averaging 2.1 percent of GDP over the 1986-1990 period. The overall annual budget deficit excluding grants increased to 11.7 percent of GDP in 1990, and the external current-account deficit excluding transfers averaged some 18 percent per year between 1986-1990 (compared with 13 percent during the period 1983-1985). Although the Government was able to reduce its net indebtedness to the domestic banking system by over 50 percent between 1985-1990 by auctioning treasury certificates, the build-up of foreign-exchange reserves (covering over four months of imports) was attributable solely to substantial inflows of foreign loans and grants from the donors. The donor-supported structural adjustment contributed significantly to the stabilization of the economy.

This stabilization, however, appears fragile and heavily dependent on continued heavy donor support, at least for the medium term. Burundi's external debt nearly doubled between 1985 and 1990 to over $900 million. As a percentage of GDP, outstanding debt went from 45 percent to 80 percent in these years, and the debt-service ratio amounted to over 40 percent at the end of 1990; this, despite France's cancellation of $105 million of official debt. Belgium also cancelled about $12 million of official debt in 1991. Although these debt-forgiving measures on the part of foreign creditors are bound to spell some relief for the balance of payments, particularly in 1992, the debt-service ratio is still projected to exceed 35 percent in the years ahead. Much of the debt cannot be rescheduled because it is owed to multilateral organizations which, in 1990, accounted for

48 percent of the debt service. At this time, any significant withdrawal of official assistance would likely precipitate a rapid deterioration of the formal economy.




The principal stumbling block to further progress in structural adjustment is the dominant role of the SOEs (State-owned enterprises) in the formal economy. With the exception of certain reforms in the coffee sector, progress in reducing the role of the public sector and enhancing that of the private sector has been slow. In 1989, SOEs cost the GRB 35 percent of total government expenditures. In 1990 total medium- and long-term debt reached 38 percent of all outstanding public debt. In 1990, before France's debt forgiveness, SOEs accounted for 72 percent of external debt service. In effect, the priority given to SOEs on financial resources of the GRB and the banking system has blocked the private sector from access to credit.

Not surprisingly, the structure of the economy has barely changed from the period prior to structural adjustment to the present. In 1983, the primary sector's share of GDP in nominal terms was 57.3 percent; the secondary sector's share was 15.5 percent, and the tertiary sector's was 27.2 percent. In 1990, the shares were respectively 56.0 percent, 15.0 percent and 28.9 percent. And the economy remains as dependent as ever on coffee for foreign-exchange earnings (86.2 percent in 1990).

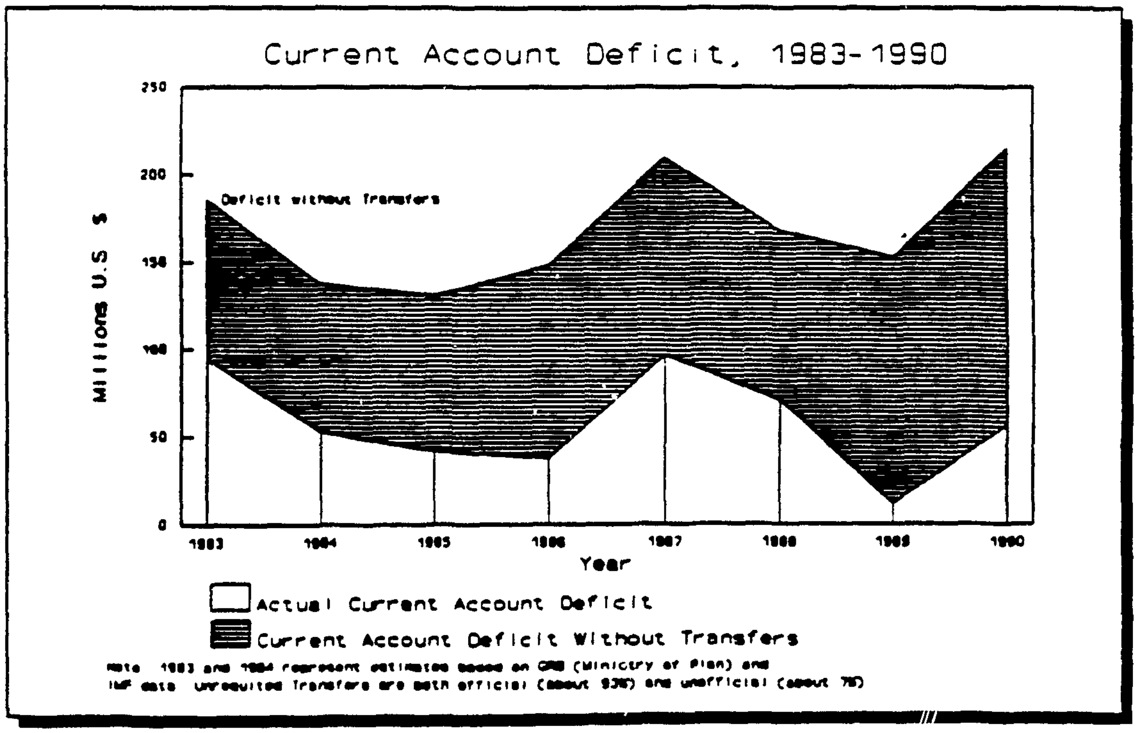
A recent evaluation of the impact of the first two SALs by the World Bank lists some important "lessons learned" from the minimal response of the real economy to the structural adjustment program.

- First, while appropriate macroeconomic policies are essential for growth, Burundi's micro and sectoral policies must also be on track in order to generate a supply response.
- Second, the share of non-developmental expenditures such as indirect subsidies to unprofitable SOEs and expenditures for military and security purposes has increased substantially since 1986.
- Third, public-sector investment, which accounts for approximately 80 percent of total investment, has largely focussed on traditional productive sectors instead of aiming at diversification.

## 4. Recent Economic Performance

For 1991, USAID estimates a good economic performance, boosted by foreign-aid inflows, of around five percent in real growth. Favorable weather enhanced tea and food-crop production, even as coffee production declined somewhat. (Preliminary figures on coffee exports, however, show an increase of approximately 19 percent to some $74.3 million, owing to a combination of production from recent-year plantings and volume increases from the sale of stocks left over from the previous year.) Inflation rose to over nine percent as a result of the delayed impact of erratic monetary policies and a 15 percent devaluation of the exchange rate in August 1991.

The current-account balance will show an estimated deficit entry of $10 million. The overall balance of payments is estimated to have registered a surplus equivalent to over three percent of GDP, aided by $261 million in external assistance (grants and loans).



Thus, although any improvement is good news, the essential elements of the economy remain unchanged. The chronic budget deficits and trade- and services-account shortfalls continue to be offset entirely by large foreign-aid inflows. In 1990, the most recent year for which official data are available, exports of goods and services amounted to only approximately 30 percent of the total import bill, and total financial assistance from abroad amounted to over 200 percent of the exports, or 15 percent of GDP.

### 5. The Role of Foreign Aid

Burundi's dependence on foreign aid for economic stabilization, as noted earlier, will continue at a high level for the foreseeable future. Presently, foreign aid finances about 80 percent of the public investment program. Improved donor coordination is important to the success of the ongoing structural adjustment program. The donors need to work closely together to implement plans to reduce the role of SOEs in the economy and enhance the role of the private sector.

Finally, it is important to note that the vast majority of Burundians, who work privately in agriculture outside the formal economy, have not been much affected by the structural adjustment program; and further, that the bulk of donor resources to the GRB have been committed to that program. At issue is identification of the changes and the timeframe for results in macroeconomic, sectoral and micro policies that will have an impact on the lives of more than 90 percent of Burundi's population who live in rural areas and are employed in agriculture.

## E. Formal and Informal Private Business

Formal private business in Burundi is estimated to contribute 16 percent, or approximately $125 million, to the GDP. Private-sector investment in 1990 amounted to $16.5 million, or eight percent of all investment. (Half of the value-added is from small-scale industry, with the remainder from commerce and services.) Salaried employment in formal private business is estimated at 30,000, with over half that number concentrated in Bujumbura. Direct foreign investment averages $1 million per year. Exports from the formal private sector are less than $0.5 million per year, about half of one percent of total exports. Most of these exports go to Burundi's regional neighbors; a small amount of fruits, vegetables, garments, and craft products are exported to Europe.

The regulatory environment for private investment and business, both domestic and international, has improved significantly during the period of structural adjustment. Within the next two years, Burundi will have created a modern legal and administrative system that should prove very attractive to domestic investors as well as foreign business interests in search of competitive offshore opportunities. In addition, privatization of State-owned industries is beginning in Burundi, and this should help remove the last policy impediments to growth and diversification of the manufacturing sector, particularly in the agro-industries.

Informal businesses generally consist of cottage industries and microenterprises providing basic goods and services. There is no single definition for "informal" in Burundi, but by and large these businesses employ fewer than ten people, they pay municipal taxes but not income tax, they are registered only in their urban district and not with the Ministry of Labor, and they do not adhere to official labor regulations. They operate within a relatively benign legal environment, and do not consider harassment by the authorities to be a problem. These enterprises, however, are growing slowly, and productive output remains very low, limited mainly by the low purchasing power of most Burundian households.

## F. Burundi's Development Priorities

The sixth Five-Year Development Plan for Burundi is currently in draft form, and will be the subject of discussion at an upcoming donor Round Table scheduled for December 1992 in Geneva. The Plan details the GRB's economic and social objectives for the period 1993-97. The principal themes are the following:

- reduction of the high population growth rate;
- protection of Burundi's natural resources and development of non-agricultural sources of employment;
- intensification of food-crop production and increasing agricultural value added;
- improvement of domestic and regional transport systems and telecommunications in rural areas;
- growth of the industrial sector;
- promotion of local development and decentralization.

***The GRB's fifth 5-year plan covering the period 1988-92 emphasized the following objectives:***

- ***food self-sufficiency;***
- ***diversification of export crops;***
- ***creation of non-agricultural employment; and***
- ***growth of the industrial sector through export promotion and import substitution.***

***A comparison with the sixth 5-year plan reveals a shift in emphasis from food self-sufficiency and export promotion to control of population growth, protection of the resource base, and more attention to infrastructure. However, agricultural production and creation of non-agricultural employment remain important objectives.***

## G. Demographics

As an agricultural country, Burundi's primary natural resource is its land. The impact of Burundi's population-growth rate on this resource varies from region to region, as population densities vary significantly among the regions. In the northern areas of the central plateau where soils are most fertile and rainfall is the highest, the population density is correspondingly high--from 207 to 360 inhabitants per square kilometer.[8] This area represents 42 percent of Burundi's total land surface, but supports 60 percent of the population.

In the southern central plateau, population densities are considerably lower, ranging from 123 to 160 inhabitants per square kilometer, reflecting poorer agricultural soils (high acidity and aluminum toxicity) and rainfall distribution. In the lowland plains, population densities range from 73-109 inhabitants per square kilometer east of the central plateau, and 173-208 inhabitants per square kilometer to the west, including the capital Bujumbura. Both of these lowland regions were traditionally less populated due to variable rainfall and the prevalence of human and livestock diseases.

Differences in population density have not motivated large numbers of people to migrate to the less densely-populated areas of Burundi (such as the southern Mosso plains). Few people migrate, and when they do, they move to adjacent areas. Burundians themselves explain that they are not travelers or adventurers, and that they prefer to remain on their original lands, even when conditions are difficult: most of the 60 families that have settled in the less-populated southern Mosso in the past two years were refugees involved in a resettlement program. These areas are relatively isolated from commercial activity, and they have a bad reputation in Burundi: they are said to be unhealthy (full of mosquitoes and malaria) and lacking water because the river water is not potable and the piped water is insufficient.

***Burundi's population is growing at approximately 2.8 percent per year.***[9] The country's leaders talk increasingly about the necessity of containing the population-growth rate, usually described as "galloping" in official documents. But it will take much more than talk to arrest a rate of demographic growth that threatens--in less than a decade--to make Burundi's self-sufficiency in food production a thing of the past. Worse, it threatens Burundi's ability to make any progress towards economic self-reliance. Birth control is needed, yet in 1987, the Demographic and Health Survey (DHS) reported that only 1.2 percent of reproductive-age women were using modern contraceptive methods; the percentage is now estimated to be 3.0. This is far from the 25 percent necessary to positively affect the population-growth rate.

The fecundity rate in Burundi is seven children per woman, which compromises maternal health, child health, and women's economic productivity. Nevertheless, an under-five child mortality rate of about 20 percent underlies people's perceived need to produce extra children: rural women in particular are realistic in assuming that some of their children will die, so they must produce enough to ensure an acceptable number of survivors. An "acceptable number" is determined by a traditional cultural preference for large families. Studies conducted in the past five years report that men still prefer to have five or more children; women's preferences are naturally linked to their husbands', and colored by traditional social values that respected women for the children they produced.

### H. Health and Education

To the outsider, Burundi's poor economic status is a figure on a statistical table; to most Burundians, it is a way of life. The UNDP 1991 Index of Human Development ranks Burundi at 139 (out of 160), reflecting the low literacy, life expectancy, and per capita income rates among the population.

#### 1. Health

Health has always been fragile here, due to endemic disease and unhealthful living conditions. Life expectancy is, on average, 49 years. Respiratory and intestinal diseases, malaria, childhood diseases, and increasingly, nutritional deficiencies take their toll. Chronic malnutrition affects 40-50 percent of children 0-3 years old; six percent are acutely malnourished. Incidence of water-related diseases is high in Burundi: in 1990, diarrhea and dysentery were the leading causes of death for all children, accounting for 21 percent of deaths. Among these, 46 percent were children under five years of age. This is no doubt related to the fact that as of 1990, only 52 percent of Burundi's population had access to potable water sources.[10]

AIDS has recently emerged as a major threat. New data suggest that among sexually active 15-44 year olds, the rate of HIV infection is 15.2 percent in Bujumbura, 14.7 percent in the semi-urban provincial areas, and 0.7 percent in rural areas. The age and gender distribution is similar to other African countries--women are infected at younger ages and higher levels than men.

Medical care in Burundi is inadequate, particularly for the rural population. More than half of the country's doctors and pharmacists are in Bujumbura, where only 4.4 percent of the entire population lives, and 70 percent of the government's health budget is currently for hospitals serving the urban population. Health centers, including government and private/missionary, are fairly well-distributed (80 percent of the population lives within a one-to-three hour walk, approximately six kilometers from a center); most facilities are staffed by health technicians. Many Burundians appear reluctant to use the government clinics, however, and the reasons most often cited are that the clinics lack medicines or they do not provide good service.

### 2. Education

Burundi's literacy rate is very low, reflecting the fact that 70 percent of the adult population (15+) has no education: half of all adult men and two-thirds of adult women cannot read printed Kirundi, the national language.[11]

Burundi adopted a policy of universal compulsory primary education in 1981, and the number of primary school students has increased by an average of seven percent per year to a gross enrollment ratio of 76 percent of the primary school age population by 1991. Unfortunately, due to overcrowding and lack of qualified teachers, the quality of primary education is not high, with the result that literacy is not necessarily achieved through primary-school education. Furthermore, because the secondary education system is severely restricted, less than ten percent of 6th-year students go on to secondary school. And only a tiny fraction of these eventually receive college diplomas.[12]

The larger problem is the consequent lack of employment skills among the burgeoning youth population. Technical and vocational schools--with a few exceptions--are generally inadequate in transferring practical skills, and the university system tends to produce graduates whose training is not relevant to the needs of the labor market. For example, in 1989 only 10.7 percent of university students were in the agronomy department--this in a country where over 90 percent of effective employment is agriculturally based.

## I. Political Development

In March 1992, Burundian voters approved a new multi-party democratic constitution, which went into effect immediately. Given the delicate ethnic situation that has existed since independence (1962), and the correspondent authoritarian rule exercised by three military Presidents since 1965, this was a step of no small significance.

Equally important as the Constitution is the Charter of National Unity, which was approved in a national referendum in February 1991. The Charter is the document to which even the Constitution defers; it defines and prohibits a variety of discriminatory and divisive behaviors, and invokes the unity and harmony of a precolonial Burundi. Its aim is to unite Burundians on the basis of their nationality, not ethnicity. The Charter's impact cannot be overstated, as it initiated a national discussion on the long-simmering ethnicity issue: for the first time, Burundians were encouraged by their government to openly acknowledge the tragic events of the past three decades, and collectively commit themselves to a pacific future. While it is true that in November 1991 there was a week of violence set off by the invasion of Hutu extremists from Tanzania and Rwanda, many Burundians feel strongly that without the Charter, events would have escalated far beyond what they in fact did. In short, the Charter has set the parameters for acceptable dissent for the foreseeable future.

It should be said that democracy is not a foregone conclusion in Burundi, nor will it necessarily bring equity to what has traditionally been a very hierarchical society. Also, it is still an open question whether Burundi's military, if forced to choose, would ultimately act to reverse the democratic process in order to protect its own interests. It would not be the first in Africa to do so, and it has the means. Increasingly, however, it seems that Burundians--even many in the military--want to give democracy a chance, because they believe it is the key to achieving harmonious ethnic relations. Without those, it is questionable whether Burundi can ever achieve its development objectives.

Burundi's President Buyoya has affirmed in words and deeds his commitment to the establishment of democratic pluralism in his country. He installed a new cabinet in April 1992 to govern the country through the period leading to legislative and presidential elections, now scheduled for March 1993. Seven new political parties have been established, and will compete with UPRONA, the former single party, for the right of political leadership. Some of the opposition parties charge that the new cabinet is not enough, that a true multiparty transitional government must be installed prior to the holding of elections. If the parties are successful in marshalling sufficient popular support for this cause, the result may be delayed elections, although probably not by more than a few months.

The March 1992 constitution restores a multi-party system (which had previously existed for approximately six years, before and after independence in the 1962) and allows for election of local administrators. It also provides for equal treatment and protection of individuals under the law, as embodied in the Universal Declaration on the Rights of Man, the International Agreement on Human Rights of December 1966, and the Organization of African Unity's Human Rights Declaration. It guarantees a variety of basic freedoms, including freedom of conscience, association, expression, movement, and religion. Freedom of the press is recognized, as is the independence of the judiciary, and the presumption of innocence. Property rights are guaranteed, as are equal pay for equal work, and equitable access to educational opportunities.

The Constitution also calls for equal access to the country's social, and economic resources, which, in a country with per-capita incomes of $208, and a very small but well-entrenched elite (approximately 25 percent of the population controls 80 percent of the country's income), may be the most difficult guarantee of all. Yet, it is <u>this</u> issue--equity--upon which the ultimate success of Burundi's democratic experiment may depend.

# II. OPPORTUNITIES AND CONSTRAINTS TO DEVELOPMENT

## A. General

Burundi is poised to develop itself economically and politically: opportunities are presenting themselves and the good will (and funding) of donors is plentiful. There is still room to maneuver at this point, and Burundi needs to move quickly to exploit the situation. Having recently diversified its political options, Burundi must now also diversify its economic options. This means capitalizing on any and all possibilities, in all sectors--because while there are new opportunities available to Burundi, there are also plenty of constraints. Some of these are within Burundi's capacity to change, others are beyond it. A brief discussion follows.

### 1. External Constraints

***Like many countries that rely on one crop for their foreign-exchange earnings, Burundi is extremely dependent on the vagaries of weather and commodity prices on the international markets.*** Agriculture generates nearly all the foreign exchange that Burundi earns; of this, over 80 percent is generated by coffee sales.

Since the collapse of the International Coffee Agreement (ICA) in 1989, coffee prices have fallen to a 22-year low. Although Burundian coffee is perceived in international commodities markets as a premium product--the effective price equals the New York base price plus 7-8 U.S. cents per pound--its share of the world market is very small due to the limited quantities it can produce. This means that the country is a price taker, with no control over the determination of price other than the quality of the coffee. Thus, Burundian coffee prices, notwithstanding the premium, rise or fall in tandem with international coffee prices, resulting in large fluctuations in the country's foreign-exchange earnings. As world coffee prices fell an average of 15 percent each year during 1986-90, Burundi's corresponding foreign-exchange losses for the same period amounted to an estimated $186 million.

While diversification of export crops is clearly needed, ***viable options for adding significantly to coffee's foreign-exchange revenues are limited in the medium term.*** While production of a few of Burundi's other export crops, notably tea and tobacco, is rising, their increased exports will not fill the foreign-exchange void that coffee can leave. As for non-traditional export crops, Burundi does produce high-quality vegetables, tropical fruits and floral products. But it is starting from a very small base, and faces stiff competition from other African countries who export the same crops in larger quantities and who have longer experience in the business. Furthermore, because of low demand and few flights, air-freight rates for landlocked Burundi on the two intercontinental carriers servicing the country from Europe are expensive enough to render exports of all but the highest-value commodities uncompetitive in the European Community (EC) markets.

***Industrial growth is similarly constrained by transportation costs both for imports needed for fabrication of products and for their eventual export.***

***Regional trade is hampered by unstable conditions in surrounding countries, and their lack of purchasing power.*** The war in Rwanda, which occasioned the closure of the Rwanda-Uganda border, has caused severe disruption of the transportation links betwe . Burundi and its primary ocean port in Mombasa, Kenya, adding significantly to the cost of transporting basic commodities and petroleum products to Burundi. Although the Presidents of Burundi, Rwanda and Uganda signed an agreement last August to keep the borders open, the threat of violence in the vicinity of the Northern Corridor route still persists.

## 2. Internal Constraints

***The majority of Burundi's population lacks sufficient technical and managerial skills to participate fully in a modern economy.*** Not only is the bulk of the labor force uneducated, but among college graduates there is a very limited spectrum of skills available: liberal arts predominate while scientific and technical skills and business/management expertise are sorely lacking. In addition, Burundi's capacity for strategic planning and policy formulation is handicapped by a paucity of trained analysts and public administrators.

***Low consumer demand in Burundi, the result of low levels of production and disposable income, effectively limits domestic production.*** A rural household spends approximately $1,000 per year to maintain its five members. USAID estimates that rural households spend only about $66 per year on consumer goods such as furniture, radios, and watches, indicating that purchasing power is extremely limited.[13]

***While the impact of AIDS in Burundi may be less than in countries like Uganda and Malawi, it will nonetheless cause the loss of productive workers and the consumption of scarce GRB resources.*** The sero-prevalence rate in Bujumbura is about 15 percent for people ages 15-44; it is almost one percent in rural areas. The latter low figure is not reassuring, however, since about 96 percent of the population is rural--thus, while the percentage of infection may be low, the number of people at risk is significant (about five million). Between 50,000 and 109,000 adults are expected to die from AIDS between 1992 and 2005. The number of tuberculosis (TB) cases linked to AIDS in urban areas is expected to double by the year 2000.

***Cultural conservatism is another constraint on development.*** Burundi is still a conservative, traditional society. The country was one of the last areas of Africa that Arab traders and European missionaries reached due to its remoteness and fierce resistance to outsiders. Even after years of colonial control by first the Germans and then the Belgians, Burundi remained an outpost until fairly recently. The country's inward-looking tendencies were reinforced during the latter years of the Bagaza regime (1976--1987) when the then-President evicted many of the foreign missionaries and residents. For much of its history then, Burundi has regarded foreigners and foreign ideas with suspicion: that Burundi is now beginning to court foreign investment is a significant step.

Nonetheless, many of the old sentiments rer-ain, and with them, resistance to change. It should not be surprising then that moderni n, whether it is reforming the economic system, adopting new agricultural methods, or increasing womens' options, comes slowly.

***Although the ethnic issue that exists today is a relatively recent phenomenon, it, too, colors the way many Burundians view change.*** Privatizing state-owned enterprises, changing the education system, even reducing the population-growth rate--each can mean gains or losses for one side or the other when viewed through the ethnic prism--and this adds resistance to change.

***Finally, traditional values inhibit the participation of more than half of Burundi's population in its economic development:*** women are key actors in Burundi's agricultural production, but because of their secondary social and legal status, their access to economic resources and opportunities is limited. Because women do not have equal access to property and credit or training and employment opportunities, the overwhelming majority are effectively precluded from owning a formal private enterprise as well. This represents a very real constraint to Burundi's development.

## B. Economic Development Prospects

***Burundi's development prospects in the short-to-medium term are inextricably tied to agriculture.*** Primary agricultural production currently constitutes over 56 percent of the GDP and employs more than 90 percent of the labor force. Agro-industries and support services contribute another 24 percent of the GDP.

While efforts should be and are being made to increase the country's industrial capacity, the vast majority of private enterprise existing now in Burundi involves producing, processing and/or marketing agricultural products, or providing services and goods to those who do. The prospects for medium-term growth, then, are highest if agriculture ***and*** private enterprise can become more productive ***in tandem***.

Agricultural production can be broken down into two rough categories: food crops (notwithstanding the fact that surplus food crops are sold for cash), and cash crops. Food-crop production in aggregate has so far kept up with population growth, but population pressure on the land, erosion, and declining soil fertility threaten its long-term prospects. Most of the growth to date in food-crop production has come about through increases in cultivated area rather than increases in productivity, but this is no longer possible, nor is it sustainable.

Burundi's production of its "traditional" cash crops (coffee, tea and cotton) is good and their quality is high. However, Burundi can produce these only in limited quantities, and it has little control over the price they command on the world markets. In the case of coffee, the farmers are protected from the swings of the market due to government subsidies, at least for the time being. Burundi's growing deficits as a result of its subsidization of the farmers, however, may not permit this over the long term.

Other crops which are exported in significant quantities are: tobacco, rice, foliage plants, cut flowers, passion fruit, green beans, and quinine. The total contribution of these to the value of Burundi's exports, however, is less than five percent. Population growth rates weigh heavily in Burundi's development equation, since at least 63,000 young people will enter the job market each year. Unlike years past, the public sector will be unable to absorb but a tiny fraction of these (structural adjustment allows only 1,000 new employees to be hired each year). What remains are the formal/informal private sector and the agricultural sector, whose absorptive capacities are presently quite low.

*Burundi's agricultural development can be typified as being midway between Stages 1 and 2 of the Africa Bureau's Strategic Frameworks for:*

- *agricultural marketing and agribusiness development; and*
- *technology development and transfer.*

*The primary characteristics are:*

- *the country is overwhelmingly rural;*
- *a low percentage of food-crop production is marketed and processed (from 10-25 percent of production);*
- *there is little specialization in production among farms and regions;*
- *farm produce is stored on-farm using traditional methods; and*
- *cash crops and farm inputs have been exclusively marketed by government parastatals.*

The problem is this: there are few off-farm alternatives for the vast majority of Burundi's population. Not surprisingly, the first priority for those on the farm is adequate production of food for the household. With limited options for raising cash (and therefore buying food), farmers must increase their food-crop production. Since they likely cannot do this through cultivation of new land, the risk is that they will devote more of their land to food crops at the expense of the cash crops they currently produce. Burundi, however, not only needs to retain the levels of cash-crop production it presently has, it needs to increase them in order to compensate for coffee's decreasing returns and to cover growing foreign-exchange needs. ***Burundi needs to increase and diversify its cash-crop production; farmers need to intensify their food-crop production.***

If farmers can be assured of sufficient food-crop production through higher yields, they will be better able to allocate land and other resources to cash-crop production. Selling their cash crops (which may include food crops) will increase farmers' incomes, which will contribute to a heightening of consumer demand for services and products. This can serve to fuel Burundi's private sector, but it, in turn, must be capable of responding by processing and selling what the farmers produce and by developing both domestic and export markets. To accomplish all the above requires technology and inputs for farmers, a favorable business climate, and improved technical, entrepreneurial, marketing, and managerial skills on the part of Burundi's business community.

How can Burundi increase its productivity in both its primary and secondary sectors at the same time? There are a number of constraints to its achieving this, but there are also opportunities to be capitalized on--the following section discusses the most important of each.

### 1. Constraints to Increasing the Value of Agricultural Production

#### a. Land

As discussed above, virtually all land in Burundi suitable for traditional agriculture is currently being utilized; therefore, ***any significant expansion of farming area is not an option.***

***Soil fertility, while relatively good by African standards, is declining in the more heavily populated areas due in large part to continuous cultivation.*** In certain regions of Burundi, the soils suffer from high acidity/aluminum toxicity. The result is that yields cannot be expected to grow significantly without interventions such as fertilizers, soil amendments and improved seeds.

#### b. Marketing

***The GRB has until recently controlled the production of certain crops and the marketing of agricultural inputs and produce.*** Through parastatal organizations (SRDs: *Sociétés Régionales de Développement*) and other donor-supported projects the Government has designated certain regions of the country as cultivation areas for export crops such as coffee and cotton, and it has required farmers to follow specified guidelines on cropping patterns and use of inputs for these crops. These same SRDs and projects have generally controlled the distribution of fertilizers and improved seeds, to the point where there is very little private distribution of these inputs. Recently, two of the major SRD distributors of agricultural inputs have been shut down, leaving a void that the private sector has yet to fill adequately.

### c. Access to Improved Technology and Inputs

***Access to higher-yielding food-crop varieties, fertilizers and information on modern production techniques is limited.*** Unlike in other African countries, Burundi's farmers do not have a tradition of forming cooperatives or similar agricultural groupings, so they lack the clout to induce the few importers there are to extend their distribution channels into the interior of the country or offer competitive prices. For women, the problem is compounded by the fact that credit is difficult to obtain due to their lack of collateral.

The Government extension service has until recently been the major conduit for enforcement of SRD and project requirements concerning planting of export crops and use of inputs. Its agents, therefore, are perceived more as police officers than helpers and trainers, and farmers are accustomed to being passive reactors rather than active participants in the extension process. Just as seriously, Government agents have traditionally interacted primarily with male farmers, even though women are also very involved in agricultural production. This has effectively constrained the dissemination of information on modern production techniques.

The fact that the extension agents deal predominantly with export crop production reflects the Ministry of Agriculture's emphasis on cash crops as opposed to food crops. This emphasis is in large part a result of donor support that tilts heavily towards the traditional export crops of coffee, tea and cotton. ***Of the roughly 20 percent of the GRB's investment budget allocated for agricultural development, only one percent is specifically directed to food crop production.***

***Funding for agricultural research is similarly directed toward traditional export crops,*** and this, too, reflects donor preferences. A consequence is that the Ministry of Agriculture's research institute (*l'Institut des Sciences Agronomique du Burundi,* ISABU) has, with a few notable exceptions, not been capable of supplying farmers with a stream of improved food crop varieties and production techniques.

## 2. Opportunities for Increasing the Value of Agricultural Production

### a. Agricultural Productivity

***Food crop production in Burundi is remarkably productive even on small plots and with very minimal use of high-yielding technologies and inputs.*** This is in part due to Burundi's favorable climate that, with two rainy seasons, allows for three cropping seasons per year (two during the rainy seasons, one during the dry season in the valley bottoms). Also, Burundi's farmers are knowledgeable agriculturalists who understand how to get the most out of their plots. Proof of this is the number of strategies they presently employ to maintain production levels, such as increasing use of mulch and manure, planting bananas or perennial grasses on contour bunds to prevent erosion and conserve nutrients and moisture, planting crops more densely (particularly coffee), and switching to roots and tubers which are more efficient than grains and grain legumes at mining the soil. It is reasonable to expect, therefore, that if farmers have better access to information and modern inputs, they will get higher yields.

***An antidote for the problem of acidic soils in certain regions is lime. Burundi is fortunate to have large limestone deposits which can be exploited to produce lime for agricultural use***, and indeed, this is already occurring. As a necessary component in most crop production packages, lime is applied either as a soil amendment or as a fertilizer, and it is cheap. If present lime production can be increased, and information as to its use passed more effectively to the farmers, areas where soil acidity is a problem can be rendered more productive.

### b. Government Support Structures

***The GRB is moving to restructure its agricultural institutions and extension services.*** On May 29, 1992, the Government passed two decrees: the first creates Provincial and Communal Offices to replace the SRDs in order to promote private-sector involvement in distributing agricultural and livestock inputs, certifying seeds, and training farmers. In order to implement a policy of encouraging grass-roots development, each Provincial and Communal Office must establish a Development Committee with representatives from rural families and the Ministry of Agriculture and Livestock (MOAL) to define and prioritize the support services of the MOAL.

The second decree specifically charges the Extension Service to train farm households to better manage their resources, to promote farmer associations and organizations, to better take into account the role of women in agricultural production, and to research methods to better serve rural households. This restructuring of the Extension Service is clearly intended to remove its agents from commercial and enforcement activities and to encourage a more equal--and thus productive--relationship between them and the rural households they serve.

***Burundi currently participates in several regional networks supported by cooperating International Agricultural Research Centers (IARCs).*** Three of the most important networks are: 1) PRAPACE (potatoes and sweet potatoes), assisted by the International Potato Center (CIP), 2) PRAHRGL (beans), assisted by the International Center for Tropical Agriculture (CIAT), and 3) AFRENA (agroforestry), assisted by the International Center for Research in Agroforestry (ICRAF). These networks constitute a significant potential for increasing Burundi's food-crop yields. They provide varieties for adaptive testing and other genetic materials for plant breeding purposes. They also conduct adaptive testing of agronomic practices which can contribute to the environmental sustainability of cropping systems. Furthermore, they allow Burundi to benefit from research done in other countries, including disease testing, and they sponsor regional workshops and training sessions for scientists and technicians from member countries.

### c. Rural Enterprise

***The SRDs have established a market and demand for agricultural inputs.*** Fertilizer imports averaged about 5,800 tons during the years 1984-88, and jumped to 11,623 in 1989.[14] The Ministry of Agriculture estimates that market demand will be at least 25,000 tons by the year 2000, and likewise projects that the average quantity used will increase from 8 kgs. to 27.5 kgs. per hectare of cultivated land. Imports of diammonium phosphate (DAP), a fertilizer used for food crop production, have been growing at an average rate of 18 percent per year, although there are large fluctuations in annual import levels. Coffee and tea producers are a guaranteed market for fertilizers, and a low-risk point of entry into a larger market.

Preliminary calculations by USAID indicate that marketing margins in Burundi are as high as anywhere in Africa, which should attract private sellers. With rising demand on the part of farmers and an improved policy environment for private sector distribution systems, the opportunity now exists to promote modern agricultural-input (including fertilizer and seeds) use among small farmers, and thereby increase the potential for productivity gains.

Complementary to the above is the recent emergence of groups around the country whose *raison d'être* is economic gain. Many of them consist of farmers who are coming together to produce, process, and/or market a variety of crops and livestock products. Such groups will constitute organized markets for agricultural inputs and other goods, and should be able to command more competitive prices for them.

## 3. Constraints to Private Enterprise Growth

Constraints to the expansion and diversification of private enterprise in Burundi fall into several categories. These are: social/political; administrative/regulatory; financial, and human resource.

### a. Social/Political

***Burundian culture traditionally has not accorded high status to commerçants (merchants/entrepreneurs)***; in fact, until quite recently, commercial activity was looked down upon by this pastoral/agricultural people as something only foreigners engaged in. The result is that there are few examples of successful Burundian enterprises for a would-be entrepreneur to emulate, and few Burundians have grown up learning how to run a business. There is certainly growing interest now, particularly since it is becoming very clear that the government can no longer be the employer of first resort, *but business, marketing, and management skills are still in short supply.* In addition, Burundi lacks the essential support services for a dynamic private-enterprise sector, such as public and private accountants, notaries and legal professionals, and savvy trade brokers.

Until recently, government policy reflected the perception that private enterprise was something less than savory: policy dictated complex registration procedures for SME incorporation; the government retained the right to revoke any business permits for whatever reason; businesses had to maintain fixed premises from which to operate; customs procedures were obtuse; foreign exchange was almost impossible to procure. Most of these procedural barriers have been lightened or eliminated--many through USAID's efforts--but vestiges of bureaucratic impediments remain. These take the form of inadequate dissemination of information and improper implementation of new laws; they also appear as unnecessary regimentation and over-zealous requirements for documentation. ***Ultimately what is needed is for the GRB to become not only neutral, but actively facilitative in order to encourage more enterprise and investment.***

***Excessive public investment in the productive sectors is a major constraint.*** Government and public-sector enterprises absorbed $174 million, or 85 percent of total investment outlays in 1990. Burundi's 86 parastatals alone, representing assets estimated at $130 million, took 34 percent of investment. They dominate the agribusiness sector, and are responsible for about 95 percent of total exports. These largely inefficient SOEs effectively discourage private enterprise, which cannot compete with them, and they usurp the greater share of available credit.

Finally, as is the case with much of Africa, ***the perception of--and real potential for--political instability constrains investment, both domestic and foreign.*** And while corruption is not a major cause for concern, clear, predictable contract law is still lacking, and arbitrary arrest and detention on grounds of security--though rare--are still potential hazards.

### b. Administrative/Regulatory

***An outdated Commercial Code and other legislation governing investment and tax policies exert a negative impact on business development.*** So do excessively restrictive labor laws which make it extremely difficult to fire unproductive workers and which add significantly to employer costs. Foreign-exchange controls for exporters have been considerably liberalized in recent years, but they still restrict foreign-exchange access for other activities. Consequently, the parallel market still thrives and capital flight has not abated.

***The tax system is cited as a disincentive to enterprise by many in the private sector.*** Burundi's corporate tax rate is very high, there is a plethora of indirect cascading taxes, and tax assessment is irregular and frequently inequitable.

### c. Financial

***Credit is also constrained by the noncompetitive nature of Burundi's banks, which tend to finance sure-profit commodities such as coffee and tea, but which have little appetite for riskier ventures.*** This is understandable and, to a certain extent, appropriate, but it nonetheless constitutes a constraint to SME creation. Part of the problem may lie with a shortage of competent credit analysts, as well as the inability of would-be entrepreneurs to present strong proposals.

Further financial obstacles include historically low levels of private savings, very high interest rates, and the small size of the commercial banking community in Burundi which encourages a collusive approach to lending.

### d. Human Resources

***Another constraint to development of the commercial sector is Burundi's labor force, which is largely undereducated and untrained.*** Burundi will need to devote considerably more resources to the education and technical training of its workers if it is to increase its competitiveness.

## 4. Opportunities for Private Enterprise Growth

Significant progress has been made in the Government's attitude toward the private sector and that of Burundians themselves who, increasingly, evince interest in private enterprise.

***Policy reforms and procedural changes encouraged by the World Bank and USAID have improved the business climate for exporters, itinerant traders and domestic and foreign investors.*** USAID is currently working with the GRB to modernize its Commercial and Corporate Codes and specific labor regulations, which will further facilitate business operations. ***In addition, the GRB recently liberalized marketing of fertilizer throughout the country, opening up new commercial opportunities for the private sector.*** USAID is working with the Government to define similar legislation for all agricultural inputs.

***The GRB has pledged, as part of its agreement with the World Bank for SAL III, to privatize 33 percent of all publicly-held assets in state-owned enterprises (SOEs) by the end of 1993.*** Such divestiture will probably not translate into real growth in the short term, but it is critical for attraction of foreign investment, promotion of competition and de-monopolization, and availability of credit to the private sector. Privatization of agro-industries is particularly important because it will increase marketing efficiencies of export crops that will lead to higher producer prices and incomes.

***The Government has agreed to promulgate a law permitting the privatization or creation of legal professions important to the conduct of business such as notaries public, process servers, auctioneers, and surveyors.***

An Open General Licensing (OGL) system went into effect in May 1992, and will provide hard currency on a first-come, first-served basis to exporters and importers, and there are more significant improvements in the making. ***The GRB has just promulgated a new law establishing a free-trade regime.*** Its benefits include: duty-free importation of inputs and exportation of goods, income-tax exemption for ten years, unrestrained access to hard-currency accounts, full repatriation of profits and wages, and ease of hiring and firing workers. The legislation is similar to the successful Mauritian model, and permits free-zone activity anywhere in the territory of Burundi. It also allows for commercial as well as industrial enterprises to qualify for free-zone status, as long as the enterprises export 100 percent of their goods or services. By all indications, this legislation is among the most modern and liberal in the world, certainly on the continent of Africa.

A perhaps mixed blessing from the view of Burundians is the fact that public-sector employment will be reduced as part of the Structural Adjustment Program. Though obviously negative in the short run, it may prove to be an impetus to private-sector growth, as ***fewer educated Burundians look to the public sector for employment and apply their abilities instead to the private sector.*** Of those who do, many will have access to business and technical training now being offered by USAID and other donors.

Although access to credit is still difficult in some respects, ***credit funds are not lacking.*** In fact, there a number of funds that exist in both development and commercial banks that are currently undersubscribed. With training and technical assistance, these should be increasingly availed of.

***Finally, Burundi's government is relatively stable.*** Its leadership is taking bold steps toward democracy and improved governance, and Burundians are gaining confidence in the future of their country.

While the above reforms and changes are not, in and of themselves, likely to produce major increases in incomes and employment, they do set the stage within which Burundi's private sector can grow and prosper. Were the country rich in natural resources like Zaire or Gabon, or blessed with a vast domestic market like Brazil, these measures might already be yielding major results. Given Burundi's constraints, however, it is clear that it can afford nothing less than an exceptional business environment if investment is to increase.

### C. High Rate of Population Growth

Obviously, Burundi has no "silver bullet" in its immediate future, no development panacea which, if only tapped, will result in the economic-growth rates needed to provide for the country's growing population.

At the current population-growth rate, the number of Burundi's inhabitants will double in size in just 23 to 26 years. During the past five years the government has become keenly aware of the dire consequences of this: reducing population growth has been pronounced the GRB's second national priority, after national unity. Momentum appears to be gathering to back up the words with action, but time is of the essence.

Burundi has certainly seemed ambivalent. While the government has quietly put in place much of the infrastructure--both logistical and human--for a national family-planning program, a crucial element has been missing, i.e., a high-visibility, far-reaching information and education campaign to attract people's attention and convey the urgency of Burundi's situation. ***The current contraceptive prevalence rate (CPR) in Burundi is estimated to be approximately 3.0 percent. In order to reduce the growth rate appreciably, it is necessary that the CPR be at least 25 percent.***

Given that the majority of Burundi's people are still largely traditional in their outlook and lifestyles, it will take an attitudinal transformation of major proportions to achieve such a contraceptive prevalence rate. Yet it must be done.

#### 1. Constraints to Demand for and Supply of Contraception

***There is a lack of awareness among many Burundians that population growth is a problem.*** A recent survey by the Ministry of Women and Social Welfare (*Ministère de la Promotion Feminine et de la Protection Social*, MPFPS) of 500 people in ten communes reports that about 64 percent are aware of a population problem in Burundi. Asked to define it, 44 percent replied that the problem lay in the small size of landholdings, and 33 percent were undecided. Only 18 percent believed the problem was "rapid population growth". A factor in this is surely a shortage of communications: only a quarter of the rural population owns radios, and newspapers are very scarce in the interior of Burundi.

***Burundians still prefer large families.*** According to a Demographic Health Survey (DHS) conducted in 1987, 50 percent of women wanted five children; their husbands, however, wanted more. In a society where cultural mores require that women defer to men in decision-making, it is not surprising that in 1990, the average number of children born per woman was 6.9.

***Burundian women are largely illiterate (over 60 percent).*** They are also often ignorant of their fertility cycle and of the causes and effects of ill health[15]. And, like many traditional people, they are reticent about discussing sex and reproduction, so "straight talk" about family planning (and AIDS) is difficult to engender.

***Access to contraception is limited.*** Modern contraceptives are distributed only in the health clinics, which are either part of the Ministry of Health (MOH) system or are missionary-run (the latter comprise 30 percent of all service-delivery centers). So far, neither pharmacies nor other types of outlets have been allowed to sell or distribute contraceptives other than condoms.

***There is a perception on the part of Burundians that MOH-administered health services are of poor quality, so people don't avail themselves of what services there are, including family-planning services.*** Family planning services are deficient, due in large part to the following:

- The number and range of professional staff required to provide leadership to an emerging national family planning program are inadequate;
- MOH clinical personnel are often insufficiently trained in family planning service procedure, they lack skills in proactive service delivery, and there is little follow-up and supervision of these personnel to ensure that they are providing services effectively;
- The health centers provide a limited range of contraceptive choice, which may be the reason for a high user drop-out rate.

***Most of these constraints to effective family planning service delivery are directly linked to deficiencies in the Ministry of Health system which, for lack of funding, technical expertise, and trained personnel, cannot manage the necessary logistical, supply and information systems to support a national family-planning program.*** As long as the family-planning program is a part of the MOH overall service-delivery system (and it will be for the foreseeable future), the latter's weaknesses will impact negatively on the family-planning effort.

### 2. Opportunities for Increasing Demand and Supply

While demand for contraceptives is not yet assured on a large scale, ***Burundians are aware that childbearing can be limited if desired, and it seems the desire is there for some.*** The 1987 DHS report revealed that contraception was accepted in principle by the majority of women interviewed, and 12 percent of married women not using a contraceptive method at the time intended to use one within the next 12 months. An additional 20 percent intended to use one sometime in the future.

*Improvements in the educational system, the Code de la Famille (Family Code), and MOH IEC efforts should enhance women's capacity to become more educated about the need for family planning and their options for using it.*

*Burundi's family-planning program is beginning to move toward the stage of "critical mass" on the supply side.* Many family planning functions and activities are coalescing : responsibility for family-planning is institutionalized within the government, and there is a national pool of trainers, a growing number of trained health providers, a stable supply of contraceptives, proposals for alternative distribution channels, and the makings of an appropriate IEC program. Also, an increasing number of organizations are participating in the national family planning effort such as newly-formed local NGOs and other Government ministries and donors (including USAID).

*Coordination among donors and the Ministry of Health has markedly improved, creating a conducive environment for eventual improvements in the Ministry's family planning and overall service-delivery programs.* As a result of intensive donor-ministry coordination in the past year and a growing recognition that the MOH needs to improve its management, the Ministry of Health intends to decentralize its primary-health-care system and strengthen its capacity for cost-recovery.

Plans are to devolve more responsibility to the sub-provincial level for decision-making, supervision, provision of essential drugs and clinical supplies (including contraceptives), and transportation. *By strengthening the institutional capacity of the ministry which administers--and will for the foreseeable future--the country's family-planning program, prospects for sustainability will be enhanced.*

*This institutional strengthening approach also addresses significant health determinants of fertility, such as child mortality.* Burundi's high infant-mortality rate cannot be discounted when tackling the problem of low demand for contraceptives (see Section I, Demography). Further, as the health status of mothers and children improves, mothers should be more inclined to seek out family planning.

*The Catholic Church is supportive of efforts to reduce fertility* (over 60 percent of Burundians are Catholic). As early as 1969, the Church expressed concern about the diminishing availability of cultivable land in the face of demographic growth. In 1979, the Church introduced natural family-planning services into its health facilities, and the International Federation for Family Life Promotion (IFFLP) awarded a five-year, $100,000 grant to CARITAS, the organization that operates Catholic-sponsored health centers, to strengthen these services. In 1985 it created Action Familiale with the explicit purpose of contributing to the government's efforts to expand family planning and reduce the population growth rate. The organization's proposed five-year plan (1993-97) emphasizes the urgency of balancing population-growth with resources, and officials are actively seeking to collaborate with all population and family-planning efforts. Significantly, when the Pope visited Burundi in 1991, none of his speeches discussed the issue of contraceptives as they did when he addressed other populations in Africa during the same visit, seemingly a recognition of the fact that Burundi must do all it can to contain its population growth.

## III. OTHER DONORS/ORGANIZATIONS

### A. The Role of Foreign Aid in Burundi's Economy

Foreign aid has become an increasingly important and indispensable part of Burundi's economy. During the period of 1983-1986, foreign aid to Burundi averaged 7.5 percent of GDP; in 1987 it increased to 9.3 percent, and by 1990 it was 15.3 percent of GDP, a total of $277.3 million, counting grants and loans. From 1983 to 1990 Burundi's GDP remained stable at about $1.2 billion; donors thus are subsidizing a growing part of Burundi's economy. Foreign aid in 1991 increased to $280.8 million, the highest ever.[16]

### B. Major Donors

Multilateral agencies provided half of Burundi's foreign aid in 1991, about $142 million. United Nations agencies provided one-fifth of all foreign aid, mainly through the International Development Association (IDA) of the World Bank and UNDP.

*Table 1*
*Foreign Aid by Type of Donor, 1991*

| Source of Aid | Amount ($000) | Percent of All Aid |
|---|---|---|
| Multilateral Donors | 142,420 | 51% |
| IBRD/IDA | 36,803 | |
| UNDP | 13,006 | |
| EC | 30,902 | |
| EDF | 31,307 | |
| AfDF | 17,747 | |
| Other | 12,655 | |
| Bilateral Donors | 128,075 | 46% |
| Germany | 38,560 | |
| France | 31,066 | |
| Belgium | 22,912 | |
| U.S.A. | 14,775 | |
| Other | 20,762 | |
| Other | 10,260 | 3% |
| NGOs | 10,260 | |
| TOTAL | $280,755 | 100% |

*Source: UNDP 1992*

World Bank/IDA alone accounted for 13 percent of all aid. The European Community (EC) provided another fifth of all aid through the FED (European Development Fund); the African Development Fund (AfDF) was the other major multilateral donor.

Bilateral donors provided the other half (46 percent) of foreign aid in 1991, and NGOs accounted for 3 percent. Of the bilateral donors, Germany, France, Belgium and the U.S. provided 38 percent of all foreign aid, or a total of $107.3 million, in 1991. Altogether, the nine major bilateral and multilateral donors were responsible for 84 percent of all aid that year, $237 million.

### C. Sectoral Distribution and Impact of Foreign Aid

Seventy-five percent of 1991 donor funds were concentrated in five sectors: macroeconomic management and the administration of development; agriculture, forestry and fisheries; education and technical training (human resource development); integrated rural development; and transportation. Health care received only five percent of donor aid, according to official statistics. While these same sources show that natural resource management received less than one percent of all donor funds, it is important to note that most agricultural, forestry and regional rural-development activities include significant environmental components. Also, the World Bank plans a major intervention in the natural resource sector within the next one-to-two years.

*Table 2*
*Distribution of Most Foreign Aid, by Sector, 1991*

| *Sector* | *Amount ($000)* | *Percent of All Aid* |
|---|---|---|
| *Macroeconomic Management* | *83,472* | *30%* |
| *Agriculture, Forestry, and Fishing* | *44,881* | *16%* |
| *Education/Human Resource Development* | *32,686* | *12%* |
| *Regional/Rural Development* | *30,963* | *11%* |
| *Transportation/Infrastructure* | *23,594* | *8%* |
| *Total* | *215,596* | *77%* |

*Source: UNDP 1992*

***Donors' agendas definitely drive the agricultural-sector investments, vitiating the Government's role in this important sector.*** Donors--predominantly Belgium, the World Bank and France--are funding 79 percent of the Ministry of Agriculture and Livestock's investment and operational budget in 1992.[17] The agricultural research institute, ISABU, receives approximately 80 percent of its budget from donors, including 90 percent of its funds for crop research. As a result, research is largely focussed on traditional export crops--coffee, tea, cotton--at the expense of food crop research. Forty-three percent of donor funds are invested in research on those three export crops; only 28 percent is for research on staple food crops, fruits and vegetables. The GRB thus is nearly totally dependent on donor funding for research and planning in the agricultural sector, and agricultural research is determined by donor priorities.

***The donors involved with private-enterprise development are USAID, the World Bank, France, Belgium, Germany, and the FED.*** The World Bank and USAID are the major players in this sector and have coherent, large-scale programs. Because of the importance of private-enterprise development to Burundi's growth prospects, other donors are considering re-orienting their programs to concentrate more on the private sector, whereas up to now their efforts have been limited to sporadic, small activities. Thus, their net effect on private-sector development, while historically insignificant, is expected to increase substantially. It should be noted, however, that Belgium and France tend to promote trade favorable to their countries; France's favorable balance of trade with Burundi has quadrupled during the past two years. Belgium, France and the FED all plan to launch rural-based, small-enterprise projects in 1993, though they will be limited in scope. The World Bank's SAP is the major force shaping fundamental changes in Burundi's economic structure; complementary donor support to the private sector may be gathering momentum, but it does not yet drive the government's agenda in the sector.

***The major donors in the health sector are the World Bank, UNICEF, USAID, and the FED***, which expanded its program this year. France and Belgium provide significant levels of technical assistance and some commodity support: France to the University of Burundi Medical School, and Belgium to the National Malaria Program. Donor projects and funding constitute 56 percent of the MOH's estimated expenditures (of this, NGOs contributed one percent), and thus exert a powerful pull on the Ministry and its programs. Donors provided 99 percent of the funds for technical assistance, 80 percent of the funds for capital investment, and 22 percent of operational costs. The MOH's severe lack of manpower and training inhibits it from developing its own agenda and effectively coordinating donor support. This may be changing, however, since in the past year two donor/GRB retreats were held to ensure donor input on the progress and evaluation of the adaptation of the Bamako initiative in Burundi (a UNICEF/MOH pilot program). In addition, both the Belgians and the EDF are making a formalized MOH/donor coordination committee a prerequisite to the implementation of their new projects.

***Several multilateral and bilateral donors are involved in AIDS prevention and control.*** Both the World Health Organization/Global Program on AIDS (WHO/GPA) and UNDP, in addition to USAID, provide technical assistance to Burundi's national AIDS prevention program. The EC has provided funds for office construction and blood transfusion screening; UNICEF and Belgian assistance have focussed on control and prevention of sexually-transmitted diseases (STDs). The Canadians are nearly alone in offering psycho-social support to AIDS patients and their families. Finally, two NGOs, CARITAS and ACTIONAid support AIDS-related IEC efforts in selected health centers.

***In the area of democracy/governance, other donors have evinced strong interest in providing assistance.*** The Belgians and Germans are considering support for political party development provided appropriate impartial mechanisms can be found, and, along with the French, have indicated their interest in financing observers for the elections. In addition, Catholic Relief Services (CRS) has expressed its interest in undertaking a civic education project aimed at informing voters on the fundamentals of elections.

### D. Donor Aid to Women

Donor funds and programs targeted directly at women have been limited. However, Burundi's government has become much more aware of women's issues of late, due in part to the influence of donors, and the existence of greater numbers of activist women in positions of authority. Still, discussion prevails over action. UNICEF and the MPFPS are encouraging GRB/donor coordination on a host of women's issues, and in June 1991 the MPFPS organized an effort to define a government-wide WID action plan, supported by UNDP. The results of the latter are still unpublished. At this time neither donors nor the GRB have a coherent, well-funded strategy to support women's development as an essential part of Burundi's national development. Funding for projects targeting women during the period of 1988-1991 totaled approximately $4.2 million, about 1.6 percent of all foreign aid. The GRB's 1992 budget allocated only $576,000 for the MPFPS, plus $179,000 for specific projects for women. The donors' and the GRB's projects are similar: they define and assess rural women's needs, support women's groups, facilitate credit for women's groups, and improve rural living conditions. Improving the capability of the MPFPS is also a joint objective.

### E. Donor Coordination

Dialogue among donors and between donors and the GRB is quite good at the policy-dialogue level; however, coordination at the sectoral planning and project implementation levels could be improved. Among the nine major donors, formal meetings are not institutionalized and therefore not held on a regular basis; rather, they are typically scheduled on an ad-hoc basis, usually at the conclusion of a World Bank mission, and hosted by the Bank's representative. Informal discussions among donors are the usual method for routine coordination and are an effective means of exchanging information. Donors make a genuine effort, but closer coordination at both the working and planning levels is still needed.

There is also room for improvement in the communication between donors and the GRB. Donors collaborate with the Government on an individual basis, but the GRB is too thinly staffed to coordinate its agenda with the numerous donor programs. By the nature of things, donors also tend to follow primarily their own agendas, giving secondary attention to the GRB's own priorities. This makes the Government's coordination task even more difficult, and the economy even more donor-driven.

Under UN auspices, Round Tables with the GRB and all the donors are held every few years to coordinate donor aid with the Government's five-year plans. Round Tables focussed on specific sectors are organized in Burundi every few months for the purposes of information exchange and program coordination. Though well-intentioned, their usefulness is typically reduced by poor preparation and the overly-rigid nature of their organization, which inhibits the free flow of ideas and debate. We believe more routinized dialogue with the Government is needed. Other donors are also aware of the shortcomings of the current approaches, and are endeavoring to hold more carefully-prepared meetings, perhaps organized around specific themes. New leadership at the local World Bank and UNDP offices promises to enhance the quality of coordination, and USAID fully supports this.

Fortunately, dialogue with and access to senior policy makers in the GRB are excellent, and this contributes to the coordination effort. At lower "working" levels of the Government, however, the shortage of skilled staff limits the practical work of collaboration on sectoral programs; this is especially true for the long-term planning process. This situation should improve over the long run, as better-trained Burundians fill these positions.

## F. The Role of Foreign and Indigenous NGOs

Foreign NGOs contributed three percent of Burundi's foreign aid in 1991, or $10.3 million. Four NGOs account for 67 percent of all NGO funding: the Flemish Agency for Cooperation and Technical Assistance; CARITAS (Italy); Association for the Promotion of Overseas Education (Belgium); and ActionAid (United Kingdom).[18] NGOs' work is concentrated in two sectors--integrated rural development and human resource development (education and technical training)--that account for about three-quarters of their aid.

There are very few established--that is to say, experienced--indigenous NGOs or PVOs in Burundi. People were not allowed to organize themselves into nongovernmental associations under the previous government, and legislation permitting non-profit organizations was passed only last year. Now, Burundians' interest in forming non-profit associations is burgeoning, so there are a number of fledgling groups that consider themselves NGOs or PVOs. Burundians tend to refer to any nongovernmental group--church groups, community associations, cooperatives, the Burundi Red Cross, the local Boy Scouts--as an NGO, although a legal definition has yet to be articulated by the GRB. Currently there are about 40 indigenous groups that are oriented toward public service, many of them having been formed just in the past year. Most of these are legally registered as non-profit associations, and receive support from foreign NGOs, UN agencies, foreign churches, and even the Government.

## IV. LESSONS LEARNED

### A. Agriculture and Private Enterprise

Our experience gained over three years working in the realm of the private sector and ten years in the agriculture sector has taught us the following:

- **Structural Problems in the Economy Will Persist**

***Structural transformation is long term:*** Like most other countries, Burundi's experience with structural adjustment since 1986 demonstrates that positive, supply-side responsiveness to adjustment measures is elusive. The present focus on policy reforms to create a proper enabling environment remains appropriate: such policy changes are necessary--but never sufficient--conditions for investment response. Thus, it is reasonable to assume that ***Burundi's economy will continue to be in an adjustment phase for at least the five-to-seven-year timeframe of this CPSP.*** Along with completion of the policy-reform agenda, the following conditions must be achieved: the government must cede its dominant role in the productive sectors of the economy; agricultural production needs to increase and rural-based private enterprises must be encouraged; new domestic and export markets need to be sought by the private sector in addition to higher levels of domestic and foreign investment; political stability has to be assured. Combined, all these conditions should lead to diversification and ultimately, the structural transformation of the economy that Burundi needs. But this will take time.

***Adjustment measures work better when the Burundians responsible for their implementation are convinced of their importance:*** Not enough attention has been paid to "ownership" of the reforms. Donors need to put more emphasis on having the Burundians take responsibility not just for implementation of the reforms but for conducting the analyses leading to identification of the necessary measures. The BEPP/BEST program aims at this, but the capacity-building process will be long because of the overriding need for training at all levels.

***Implementation of policy reforms must be accompanied by more direct forms of intervention:*** Burundi requires direct assistance and training in a number of areas to make the reforms work, such as economic planning and privatization. In addition, reforms must be published and the private sector made aware of them; those responsible for implementing reforms must be trained in their meaning and application. Promotion of the private sector means that policy dialogue must be accompanied by targeted technical assistance and even public-relations measures; trade enhancement measures must be actively promoted abroad, and training in all areas from business skills to credit proposals is needed.

- **Broad-based Impact Will be Linked to Agriculture**

From our experience thus far with the formal private sector in Burundi, we know that: 1) it is very small, contributing only eight percent of total investment (1990); 2) it is overwhelmingly located in the capital city Bujumbura; and 3) its major actors are primarily members of Burundi's elite. ***While the long-term benefits of a successful free-trade-regime program and a favorable business climate merit GRB and donor support, our conclusion is that sustainable, broad-based, people-level impact will not be achieved through concentration on the formal private sector alone. If this is what we seek from our aid to Burundi--and it is--then more emphasis must be placed on interventions that stimulate agricultural productivity and maximize the linkages between the rural sector upcountry and the industrial/entrepreneurial sector in Bujumbura.*** Free domestic markets, which promise more rational allocation of resources, private provision of goods and inputs to farmers, and the development of private agro-industries, are some of the means to do this.

- **Sources of Long-term Growth Lie Beyond Burundi**

Economic research since 1989 shows clearly that the feebleness of the local and regional economies and the lack of industrial and managerial experience are not conducive to growth. Investors are not attracted by the small markets of Burundi. But investment can be stimulated by an attractive environment for offshore production and secure foreign-exchange deposits. ***Burundi must court foreign investment.***

- **Production Increases Must Come from Increased Productivity**

***As expanding agricultural land is not a sustainable option in Burundi, increases in production of both export and food crops can only come as a result of improved productivity.*** This will require a significant change in the way Burundi farms, particularly where food crops are concerned: modern agricultural inputs, which are used very little on non-export crops, must be made available at reasonable cost and used. As the GRB will not have the resources to provide such inputs or the expertise required to guide all the farmers that need them, private-sector distribution systems must be encouraged and supported, and farmers themselves must come together to furnish a viable market for the goods.

## B. Family Planning and Health

Burundi's social and economic isolation has also had an impact on the development of its health system. In some respects, health delivery seems 20 years behind those of other African countries. However, given its history, the Ministry of Health has made immense progress in the last five to ten years since its restructuring to make primary-health-care delivery its main priority. The changes have resulted in greater access to health-care delivery, a decline in childhood-related diseases and mortality, and the foundations for a national family-planning program. Most importantly, MOH personnel have come to recognize the necessity of defining policies and strategies based on the needs of its population (as conveyed through health-information systems).

USAID has played a key role in bringing about many of these changes during its 10-year involvement in Burundi's health sector. In its seven years of existence, the Combatting Childhood Communicable Diseases (CCCD) project has helped improve the health of Burundi's children. Dramatic increases in vaccination coverage (Burundi has one of the highest rates in Africa) and corresponding reduction of vaccine-preventable disease incidence through the Expanded Program of Immunization (EPI) is CCCD's most obvious accomplishment. Diarrheal disease and malaria activities, plus the development of a national health-information system (HIS), have also contributed to child survival and the establishment of a public-health-system infrastructure.

This experience, plus three years of direct participation in the national family planning program (Population Project) have provided the Mission with a keen understanding of the programmatic conditions necessary to increase contraceptive prevalence. Some of the lessons learned include:

- ***Contraceptive prevalence will not increase appreciably as long as the MOH, which is the predominant source of family-planning services in Burundi, suffers from organizational weaknesses and a lack of clear policies.*** Since there are at present no viable alternatives to the MOH health-care-delivery system for distribution of contraceptives, these weaknesses prevent the country from attaining its national family-planning goals. Yet we believe that potential does exist for strengthening the overall delivery system and thereby improving the Government's ability to promote contraceptive use.

- ***The majority of Burundians who work in the MOH are clearly dedicated to building a solid health-service infrastructure for the country.*** They lack, however, adequate skills and training to accomplish the immense tasks before them.

- ***The Ministry is faced with allocating scarce resources among competing programs.*** Although family planning has been articulated as a national priority, this does not always mean that the necessary human and material resources are available for a particular program.

- MOH officials are often reluctant to embrace new ideas, an example being social marketing of contraceptives. With time and patience, however, acceptance usually follows. ***The "lesson learned" for family planning in Burundi is that while certain problems are indeed pressing, the slow and steady approach is usually the one that succeeds.***

- Donor coordination is essential to the success of most ministry programs, including CCCD/EPI. The ability of ministry staff to plan and manage programs is often hindered by competing or concurrent demands placed upon them by external agencies. ***Emphasis must be placed on improving donor coordination in family planning and other health-care-delivery programs.***

- ***Management principles and techniques that contributed to making the CCCD/EPI project a success can also be applied to our future efforts in strengthening the MOH and increasing contraceptive prevalence rates:***

    - the availability of a very effective intervention (in the case of CCCD, vaccines);
    - strong MOH leadership and its allocation of appropriate resources to the project;
    - effective integration of CCCD training, supervision and health-education activities into health center service delivery; and
    - the existence of a Health Information System (HIS) that allowed ongoing monitoring and evaluation of the intervention centrally, and positive reinforcement through continuous feedback of information to the health centers themselves.

## V. PROGRAM STRATEGY

The Mission's strategy reflects a concerted effort on the part of the Mission's staff and contractors to reach consensus on the most urgent needs of Burundi and the management capacity of USAID to address them. The Mission began analyzing the opportunities and constraints facing Burundi more than one and a half years before the submission of this CPSP, by means of studies, assessments, staff retreats, consultations with the GRB and other donors, and discussions with individual Burundians.

This document attempts to summarize the major problems and opportunities we have identified which pertain to Burundi's prospects for development. Many of them are issues USAID will not directly address in its program, either because they are beyond our manageable interest, other donors and the GRB are addressing them adequately, or their resolution will not result in broad-based, people-level impact. Nonetheless, they are relevant when assessing Burundi's ability to reach the development objectives it has set for itself, as well as the potential for the Mission's program to achieve impact by the end of this CPSP period.

For example, education is a serious problem in Burundi, but the Mission will not directly intervene for the following reasons: 1) the education sector already receives a substantial proportion of donor aid; 2) the Mission does not possess experience or a comparative advantage in francophone education; and 3) the problems of the sector are so large, that to address them adequately would be beyond our manageable interest. These are valid reasons for not involving the Mission in educating Burundi's youth, but it is nevertheless important that we be realistic and recognize that the pervasive shortage of educated or literate adults may constrain our other development efforts in a variety of ways. A partial solution that we have adopted is to continue addressing the related need for management, business and technical skills through our human resource development/training programs.

Likewise, the Mission has elected not to become directly involved in natural resource management even though it is a concern in Burundi. Other donors are addressing it in a variety of regional development projects, and the World Bank, in addition to planning a multi-million dollar environmental project, is assisting the GRB with development of a national natural resource management strategy and a restructuring of the public sector extension service. USAID intends to capitalize on our experience and comparative advantage by, specifically, promoting provision *by the private sector* of agricultural inputs to farmers. We believe this intervention, which will increase agricultural productivity on already cultivated land, will contribute to proper land management practices. At the same time, it is within our manageable interest.

The strategic decisions taken by the Mission represent our serious consideration of the problems we have identified, Burundi's comparative advantages, the lessons we've learned as a result of USAID's experience here, and changing guidance from Washington. They also reflect the Mission's firm conviction that:

- Little economic progress can be made if Burundi's population-growth rate remains the same. Therefore, increases in both CPR and incomes should be the Mission's objective.

- If Burundi is to truly develop, it must extend economic and political opportunity to all its people. USAID must ensure that its programs increase opportunity for all Burundians, which means reaching beyond the capital city and into the rural areas, across ethnic, class, and gender lines. This requires that we make an explicit attempt to reach those who have not benefited from our efforts to date to improve the business climate.

Finally, this strategy reflects our perception of an economic growth path for Burundi. Burundi is in a transition phase from a subsistence to a market economy, from an agrarian to a modern industrial society, from economic and political isolation to engagement with the world. Because it is one of the most rural countries in the world, transformation of the economy will likely take longer than the period of this CPSP, and thus, will require patience from the Burundian people and Burundi's aid donors. From our analysis, we believe that for Burundi to achieve broad-based, private sector-led growth it must, with donor assistance, do the following:

- put in place the necessary macroeconomic and sectoral policy reforms;
- reduce the role of the public sector in productive areas of the economy, especially agro-industries;
- stimulate agricultural production through greater input use where Burundi has a comparative advantage;
- strengthen and enable rural-based private enterprises to carry out economic activities of their own design;
- assist urban private enterprises in their pursuit of domestic and export marketing opportunities; and
- support the establishment of export-oriented manufacturing firms.

The Mission's intent is to support Burundi in these efforts through policy dialogue and targeted interventions designed to increase the country's capacity for sustainable economic self-reliance.

### A. Program Goal: Improved Quality of Life for All Burundi's People

Burundi is an extremely poor country, and life is hard for a majority of its people. They need improvements in their living standards, in their health and education, and in their capacity to participate fully in the social and economic development of their country.

Progress towards this goal will be predicated on the condition that the economy expands at a rate faster than that of the population. Burundi's economy is presently equal to that of a town of 50,000 people in the U.S. It simply cannot support a population of 5.3 million growing at nearly 3 percent a year for very long. And with Burundi's small size and meager resources, a single "silver bullet" solution is unlikely. We believe, however, that the GRB is ready--and increasingly able--to tackle the hard issues involved in bringing down the birth rate and opening up the economy. ***Critical to this effort, and two of the Mission's basic assumptions for success, are continued peace and ethnic harmony, and generous donor support for at least the medium term.*** As long as the latter two conditions prevail, Burundi will have the breathing space to consider alternatives for action, try them out, and make the appropriate corrections. USAID believes that, with our focussed and concentrated support, Burundi will seize the opportunity that presently exists and make the right choices to assure a better life for all its people.

### B. Sub-Goals: Decrease Population Growth Rate and Increase Incomes

Given the small size of Burundi's economic "pie", the rising number of partakers is cause for concern. Without prospects for a quick economic fix, Burundi must address both sides of the equation simultaneously: increase incomes ***and*** curb the population-growth rate, lest gains on the economic side be cancelled out by increasing numbers of mouths to feed. Therefore, improving the quality of life for Burundians means targeted aid interventions that help the GRB and the private sector develop the necessary infrastructure and capacities that will assure sustainable family planning programs and economic growth.

### C. Strategic Objective #1: Increase Modern Contraceptive Prevalence Rate (CPR)

A prerequisite for decreasing Burundi's population-growth rate is increasing the use of modern birth-control methods, as measured by the CPR. We project that the CPR will rise from 3.0 percent in 1992 to 10 percent in 2000. This will not be easy given Burundians' traditional outlook and current deficiencies in the Ministry of Health's service-delivery systems. Still, the GRB has included a goal of lowering the population growth rate in its sixth Five Year Plan, and the MOH is poised to dramatically improve its family-planning services if it receives the funding, technical assistance and training USAID can provide. In addition, by encouraging the GRB to allow distribution through non-governmental outlets, USAID can assure that access to contraceptives is available to all who want them.

Our approach is three-pronged: we believe that to achieve marked increases in the CPR, we must address both the demand and supply aspects of the problem, ***and*** the delivery system which is fundamental to both. The targets listed below describe this in more detail.

Other donors support the Ministry of Health, but they do so with vertical or regionally-based programs. We have satisfied ourselves that no other donor is prepared to become involved in the horizontal fashion and at the level that we propose. We have had considerable success in our EPI (CCCD) intervention, and our present Population Project, now just two and one-half years old, is beginning to show impact where it has targeted its activities. We believe that the Mission's collaborative experience and credibility with the GRB, combined with additional technical expertise, will result in significant improvement in Burundi's contraceptive prevalence rate over the period of this CPSP.

### 1. Target 1-1: Increase Demand for Modern Contraceptive Methods

While the GRB has made clear that limiting births is among its highest priorities, Burundi's fertility rate of seven children per woman indicates that the population is not yet convinced of the need to do so. Some of this can be attributed to the relative isolation and low literacy/education of the rural population, but it is nonetheless true that a much greater effort can be made to bring the issue to the attention of the people: a key factor in increasing demand for contraceptives is information, education and communication (IEC), and USAID will direct significant resources toward strengthening the family planning IEC program of the Ministry of Health. In addition, the Mission will use policy dialogue to press for private-sector and NGO distribution of contraceptives, and the resulting promotion of the items will contribute to people's awareness. Finally, through its continuing support for MOH child-survival interventions (EPI, control of diarrheal diseases and malaria policy), USAID will ensure that more children live beyond their fifth birthday. As this becomes the norm, more couples should feel comfortable having fewer children, knowing they stand a better chance of surviving, and this, too, should increase demand.

### 2. Target 1-2: Strengthen MOH Capacity to Manage Sustainable Health Care Delivery System

Because much of the hesitancy among the population to use MOH clinics (which will continue to be the principal purveyors of contraceptives) is due to a lack of confidence in the clinics' abilities to provide drugs and quality services, USAID will invest heavily in strengthening the capacity of the MOH to manage its health-care system. We have carefully analyzed how the MOH operates and where the deficiencies lie in its system. We have also identified where, among the many other donor interventions, there are critical gaps in assistance to the MOH. The needs are many, and only a concerted effort over time will result in their resolution. Still, we believe the capacity and the will to significantly improve the MOH's delivery of health-care services are present within the Ministry. With our help, primarily targeted at the central level of the Ministry, the MOH can:

- Improve its Health Information System so that it can identify problems, plan, and monitor implementation of solutions;
- Develop and implement a national health-care-financing system;
- Improve its supply and distribution of drugs and contraceptives;
- Upgrade specific technical skills of health-center staff and the management skills of central-level MOH personnel; and

- Develop and implement a policy of decentralizing authority to the regional and provincial levels in order to increase MOH responsiveness to problems in the rural areas.

### 3. Target 1-3: Improve/Increase Access to Quality Family Planning Services

By upgrading the skills of MOH personnel at both the central and local levels and refining the supply and distribution systems for drugs and contraceptives, USAID will qualitatively and quantitatively improve access to family-planning services at government clinics. We will also increase access by assisting the GRB to develop new policy and guidelines for increased non-public delivery of family-planning services, and by providing support to private family-planning-delivery channels.

## D. Strategic Objective #2: Increase Private Sector Growth

Burundi's experience since independence has demonstrated that: 1) government predominance in the productive sectors, and 2) dependence on a single export crop for foreign exchange revenues, ***do not lead to sustainable growth.*** Structural adjustment of the economy and diversification of the export base are both necessary to engender the income, production, and investment increases that will lead to sustainable economic growth. Equally important, the private sector must be the vehicle by which these occur.

When we propose to assist the private sector in Burundi, we mean more than the small enclave of private businesses found in Bujumbura. We include any enterprise that is non-public, and all of Burundi's small farmholders. This is because agriculture and business are inextricably linked to one another in Burundi: what most of Burundi's entrepreneurs sell is, by and large, agricultural produce (processed or not) or agriculture-related products. To attempt to increase growth in one sector without attending to the other would preclude the possibility of any measurable or sustainable impact.

In brief, Burundi needs more markets so its agricultural producers (farmers) have more incentive to produce. The farmers must increase their productivity in order to ensure the surpluses needed to maintain and increase the markets, and the entrepreneurs must become more proficient at finding and developing markets. An important condition for meeting these objectives is that the Government will reduce its own participation in the productive economy and, at the same time, actively facilitate the work of the producers, processors, and sellers. The Mission intends to focus its attention and one-half of its total resources on this complex, but by no means unsolvable, set of interrelated problems. In this way, private-sector growth--in the broadest sense--can be achieved.

### 1. Target 2-1: Increase Value of Production by Private Sector for Domestic and Export Markets

Given the interdependency of the agricultural and entrepreneurial sectors, the Mission will direct its efforts to developing markets for both agricultural inputs and produce, and at the same time provide much-needed assistance to entrepreneurs (including farmers' groups) who may be expected to develop economically viable enterprises in response to market opportunities.

USAID is already a major player in promotion of private enterprise. Through our BEPP, BEST, and BUHRD projects, we have been: 1) assisting the GRB effect policy reforms aimed at improving the enabling environment for private enterprise; 2) providing targeted technical assistance and training to entrepreneurs; 3) training Government officials to facilitate development of the private sector and promote Burundi's products; and 4) assisting the GRB in its privatization of parastatals. Combined, these efforts are improving the ability of the private sector to operate efficiently and compete effectively in regional and international markets. Through our Small Farming Systems Research (SFSR) project, we have also supported development and transfer of improved agricultural technologies to the farming "private sector".

During the CPSP period, we will continue to focus our private-sector interventions on developing and strengthening markets and increasing agricultural productivity. We will do this through support to farmer groups and cooperatives, enabling them to produce and process crops destined for both domestic and export markets. This support will consist of training, technical assistance, and access to credit and modern, higher-yielding agricultural inputs.

### 2. Target 2-2: Improve Competitive Environment for Private Sector Development

As stated previously, USAID is involved in sectoral policy reform aimed at improving the enabling environment for the private sector. Complementary to those enacted under the Structural Adjustment Program, reforms adopted under USAID's program have succeeded in reducing administrative and policy constraints to private investment. We intend to continue and refine our policy dialogue with the GRB, based on continued monitoring and assessment of the impact of the reforms. The Mission has ensured a feedback loop through periodic surveys on the formal private sector and household income (these also provided baseline data for the reform program), as well as our informal contacts with members of the private sector.

Increasingly, we will incorporate into the reform agenda consideration for the obstacles the rural sector faces in obtaining and/or supplying agricultural inputs such as fertilizers, soil amendments and improved seeds. This means taking the Government out of the distribution system, and helping the private sector fill the subsequent void by providing more direct assistance to private enterprises that engage input supply and distribution. We believe it is vital that Burundi's farmers have significantly better access to such products if they are to increase productivity; likewise, it is essential that a private sector develop that can efficiently handle the distribution of these items.

A major element in improving the competitive environment for private enterprise is reducing the role of the State in the productive sector. This is a principal objective of Burundi's Structural Adjustment Program. The problem to date has been that the GRB lacked, perhaps the will, but most importantly, the technical expertise to carry out a successful privatization. USAID has recently begun addressing this problem, by providing technical assistance to the office (*Service Chargé des Entreprises Publiques*, SCEP) charged with implementing the privatization program. This assistance is not generalized, but rather consists of helping SCEP actually privatize one specific parastatal, step by step. It is hoped that with a successful effort to its credit, the GRB will have more confidence and expertise, and less trouble convincing Burundians that a privatization can be conducted fairly and transparently.

### E. Target of Opportunity #1: Improving Democratic Governance

The Mission recognizes that unless a political and social equilibrium becomes better-established in Burundi, prospects for sustained economic development are limited. It is important that Burundi's people feel they have a stake in their country's future, and one way of assuring that is to increase their options for meaningful participation in the political process. The Mission's strategy addresses key democratic governance issues on many levels:

In the most general sense, the Mission's choice of Strategic Objectives (S.O.) and targets reflects our concern that our interventions result in impact on the less-advantaged members of Burundi's population. To reach the vast majority of Burundians beyond the elite of Bujumbura requires that we increase our attention to the rural sector and its linkages with the private enterprise sector. Helping Burundians achieve increased economic power will also help them gain political power.

Strategic Objective #1 contributes to improvements in governance through 1) increasing management effectiveness at the central level of the MOH; 2) emphasis on policy reforms by the MOH aimed at decentralizing decision-making to the regional and provincial levels and increasing budget transparency through cost-recovery financing; and 3) encouragement of increased participation by NGOs/PVOs and the private sector in the health and family planning sector.

Strategic Objective #2 enhances the degree to which Burundians can participate in and have access to their economic and governance systems through its emphasis on the creation of an enabling environment for private investment by 1) removing administrative and policy constraints; 2) strengthening transparency and accountability; 3) diminuition of the public sector's role in the productive economy; and 4) encouraging the Government to act as a facilitator rather than a limiter of private initiative. In addition, S.O.#2 aims to empower rural groups to organize themselves around economic activities and to demand--rather than passively accept--government services. These developments will contribute to more balanced relations between the State and society, and help to enhance the degree of confidence Burundians have in their Government.

In addition to the above, USAID, the Embassy and USIS will continue to support targets of opportunity through small, short-term assistance activities. In the past, Burundi's transition to democracy has been supported through seminars on constitutional law and human rights, consultancies on the judicial system, the production of a Human Rights Calendar by a students' group at the University of Burundi, as well as by a pre-electoral assessment by the International Foundation for Electoral Systems. We propose to continue such support, utilizing centrally-funded mechanisms such as the *Democracy and Human Rights Fund* (otherwise known as 116(e)) and *The Africa Regional Electoral Assistance Fund (AREAF)*. Finally, to encourage the independence and professionalism of the press in Burundi and to facilitate continued exposure of Burundians to the institutions and processes of democratic governance elsewhere, the Mission proposes to transfer a portion of its OYB via a PASA to USIA for a limited set of activities, such as regional seminars on journalism, and study visits to the United States and other relevant countries.

### F. Target of Opportunity #2: Decrease HIV Transmission Rates

Existing sentinel and cohort surveillance studies reveal an HIV seropositivity rate of roughly 15.2 percent in Bujumbura, and less than one percent in rural areas. Because of Burundi's demographic characteristics - primarily that it is a predominantly rural country-AIDS in Burundi is currently not as serious a problem as it is in neighboring Rwanda and Uganda to the north. Nevertheless, the statistics are disquieting, particularly considering that the low HIV seropositivity rates in rural areas may not be sustained as increasing land pressures will force greater numbers of men into the higher-risk urban areas to seek employment while retaining links (e.g., marriage) to the rural areas, thereby increasing the odds that HIV will be transmitted. Also, there is a risk in becoming complacent with the present figures: the statistics for the rural areas are based on questionable data compiled in 1990. Thus, there is a risk that the rural seropositivity rates may be underestimated.

In order to address this potentially volatile situation, USAID expects to continue with assistance in two key areas: condom social marketing for AIDS prevention; and technical assistance and funding to the National AIDS and STD Prevention Program (*Programme National de Lutte Contre le SIDA et les Maladies Sexuellement Transmissibles*--PNLS/MST) in order to continue needed research, analysis, and implementation of a national AIDS prevention strategy. The condom social marketing (CSM) activity will be an expansion of existing CSM activities being implemented by Population Services International. Since its beginnings in 1990, the CSM activity has made tremendous strides in breaking down the traditional taboos associated with publicly discussing condoms and STDs. This will continue, and activities which already have been extended to the rural areas will be further intensified.

During the past four years, USAID has provided assistance, through buy-ins to the regional/central HAPA and AIDSTECH/AIDSCOM and later the AIDSCAP projects, to the PNLS to fund cohort surveillance studies, training, and research. The organization, however, is still overwhelmed by the sheer number of cases being seen. We anticipate that our assistance will intensify over the CPSP timeframe. As USAID is concerned that our, and other donor, assistance not overwhelm the PNLS, special attention will be paid to ensure that assistance is of the type that will not strain the PNLS's absorptive capacity.

Depending upon staffing, the Mission will implement its AIDS prevention activities either through buy-ins/OYB transfers to regional activities, or through a bilateral AIDS prevention project, under which the CSM and technical assistance will be funded.

## VI. PLANS FOR IMPLEMENTATION

### A. Program Management

#### 1. Overview

The Mission has developed a strategy which, while responsive to Burundi's needs and comparative advantages, is within our manageable interest and takes account of planned resource levels, A.I.D.'s legislative mandate, and staffing limitations. The strategy builds upon past successes and focuses on areas where A.I.D. has a distinct comparative advantage.

The strategy is structured around two Strategic Objectives:

- ***Increase the Modern Contraceptive Prevalence Rate***; and
- ***Increase Private Sector Growth***;

and two Targets of Opportunity:

- ***Improve Democratic Governance***; and
- ***Decrease HIV Transmission Rates***.

In developing the strategy, USAID assumes that dollar resource levels required to achieve these objectives will remain at the straight-lined AAPL levels of $16 million/year. USAID also assumes that staffing will remain at a stable level of eight USDH employees, and that one of these USDH staff will include a Health/Population/Nutrition Officer (HPNO), for which there is a position but which is unfilled at the present time. Lack of an HPNO will seriously jeopardize the Mission's ability to meet congressional interest targets (i.e., earmark targets). Reductions in OYB levels or staffing will require a scaling back or delayed phasing of planned activities, although the core activities planned will remain essentially unchanged.

There are several key features of our future program of activities:

- There will be increased emphasis on *family planning*, including those *child-survival* activities needed to underpin the family planning program;
- There will be a *reduction in current levels of support to public-sector agricultural research/extension* activities;
- There will be a *balance between strict urban-based private-sector development* (project and non-project support) *and rural-based private-sector development* (project and non-project support);
- *Policy dialogue and reform* will continue to be a key element of USAID's activities; this will, however, be expanded to embrace other sectors (e.g., health, family planning, agricultural marketing, etc.) as well as to use mechanisms beyond non-project assistance to leverage policy reforms;
- *Human resource development* activities will continue under existing projects;
- Through limited buy-ins/OYB transfers, or other appropriate mechanisms, we also plan to increase activities in *democratic governance* (Embassy or USIS managed), and continue support to *AIDS prevention*.

To implement the proposed strategy, USAID is already well staffed in the areas of agriculture/private-sector development. The proposed gradual shift of our strategy from intense sectoral policy-reform dialogue and primarily urban-based private-sector development to rural-based private-sector growth (S.O. #2) can be managed with existing staff (and their successors). However, fulfillment of the Strategic Objective #1--increasing Burundi's contraceptive prevalence rate--will demand technical management beyond that which the Mission currently has. It is, therefore, our highest priority to identify and place a qualified health/population officer to manage an independent HPN division. (Currently HPN activities are managed by the PDO division.)

### 2. Reduction in Management Activities

Analysis of the current and projected workload shows a significant reduction in "management activities" over the next two years, reaching a level which can be realistically managed within a ceiling of eight USDH after FY 94. This has been accomplished by focusing the program, decreasing the number of management activities, and concentrating resources. A major operating assumption is that a significant portion of project implementation/management responsibilities can be assumed by PSC and FSN staff. Since 1990, USAID has recruited four highly qualified Burundian professionals; we expect to recruit additional professional-level FSNs in the next year. As the USAID program matures and these individuals gain experience working for A.I.D. (and receive the appropriate training), they will be able to carry out more routine functions and relie... the workload on the USDH staff.

Table 3 below shows how existing USAID divisions would be tasked with implementation of activities addressing the Strategic Objectives/Targets of Opportunity. Although there currently is a heavy workload, there will be a gradual but significant reduction in management activities over the next two fiscal years. The reductions and out-year projections can be summarized as follows:

- The SFSR Project will be phased out at the end of FY 1993 (at the PACD).
- BEPP/BEST will terminate at their PACD of December 31, 1994. Project support currently provided through the Project Support Office (PSO) will be built into the BEST project and design of the Burundi Agricultural Enterprise Support Project/Program (BAESP/P).
- The ACSI-CCCD Project will be phased out at the end of FY 1993 (at the PACD); appropriate child-survival activities will be folded into the BHSS Project.
- The Population Project ends in FY 94; appropriate family-planning activities will be folded into the BHSS Project.
- The ADS Economist position will terminate at the end of CY 93.
- Primary responsibility for conceiving and managing the democratic governance activities will fall mainly on the U.S. Embassy or USIS.

| USAID/BURUNDI CPSP ACTIVITY PLAN by USAID Division | 1993 Quarter 1 2 3 4 | 1994 Quarter 1 2 3 4 | 1995 Quarter 1 2 3 4 | 1996 Quarter 1 2 3 4 | 1997 Quarter 1 2 3 4 | 1998 Quarter 1 2 3 4 | 1999 Quarter 1 2 3 4 | 2000 Quarter 1 2 3 4 | Mgt. Intensity (H, M, L) | Primary Action Office |
|---|---|---|---|---|---|---|---|---|---|---|
| PROJECT TITLE (Project Number) | | | | | | | | | | |
| Population (695-0123) | SO 1 | | | | | | | | M | PDO/HPN |
| ACSI-CCCD (698-0421) | SO 1 | | | | | | | | M | PDO/HPN |
| Health Systems Support (695-0128) | SO 1 | | | | | | | | H | PDO/HPN |
| RAPID IV | SO 1 | | | | | | | | L | PDO/HPN |
| AIDSCAP (Cohort Surveillance) | TOO 2 | | | | | | | | L | PDO/HPN |
| AIDSCAP (Education/Training) | TOO 2 | | | | | | | | L | PDO/HPN |
| Other AIDS Buy-Ins (AIDSCAP or CDC/Atlanta) | TOO 2 | | | | | | | | L | PDO/HPN |
| Condom Social Marketing (PSI) | TOO 2 | | | | | | | | L | PDO/HPN |
| Small Farming Systems Research (695-0106) | SO 2 | | | | | | | | M | APED |
| Enterprise Support and Training (695-0124) | SO 2 | | | | | | | | H | APED |
| Enterprise Promotion Program (695-0125) | SO 2 | | | | | | | | H | APED |
| Ag Enterprise Support Project (695-0129) | | SO 2 | | | | | | | H | APED |
| Ag Enterprise Support Program (695-0130) | | SO 2 | | | | | | | H | APED |
| Human Resources Development (695-0121) | SO 2 | | | | | | | | H | TRNG |
| Human Resources Development II (695-0131) | | | | | SO 2 | | | | H | TRNG |
| Miscellaneous D/G Activities (DHRF, 698-0541) | TOO 1 | | | | | | | | M | PROG |
| Program Development and Support (695-0510) | Other | | | | | | | | M | PROG/PDO |
| Special Self Help | Other | | | | | | | | L | PROG |

| Summary: USDH/Division/Year | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|---|---|
| DIR | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| PROG | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| PDO/HPN (May be split once HPNO assigned) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| APED (ADO, PEO) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| TRNG (PSC) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| EXO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total USDH | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |

## B. Implementation Strategy

USAID intends to use the full range of mechanisms available to implement its proposed strategy (e.g., institutional contracts, cooperative agreements, buy-ins, OYB transfers, etc.). Decisions on which to use will depend on the degree of management intensity required to successfully implement activities while maintaining proper management and financial oversight. Until now, indigenous PVOs/NGOs have had only minor significance in Burundi, but this appears to be rapidly changing: several have emerged within the past few years and as they mature, we may be able to increasingly rely on them for implementation of "grass roots" types of activities. U.S. PVOs are already being used for some project implementation activities, and we expect to expand use of U.S. PVOs where appropriate.

Through the provision of technical assistance (long-term, short-term, specialized (e.g., IESC, buy-ins to APEF/other regional activities, etc.), commodity support, and training, USAID intends to concentrate its activities in two areas:

### 1. Family Planning/Health Care Delivery

USAID will address Strategic Objective #1 using a three-pronged approach: *improving the demand for modern contraceptive methods* through continuation of our activities in child survival and improvement of family planning Information, Education, and Communication (IEC)--essentially, the major underpinnings for a successful family planning program; *improving access and availability of modern family planning methods* through improved family planning clinical services and expanded delivery systems to include public and private channels; and *strengthening of GRB's public health system* to manage and implement a sustainable health care delivery system. Work in these areas presently is being undertaken by several ongoing projects in USAID's portfolio. However, we foresee that all activities will eventually be folded into the new Burundi Health Systems Support project, scheduled to begin in mid-FY 93.

This strategy will be implemented through an institutional contractor, which will have primary responsibility for implementing the project and managing the various resources flowing through the BHSS project. This will include managing long- and short-term technical assistance, overseeing ongoing research activities and training, and managing sub-grants/sub-agreements with U.S. and indigenous institutions (PVOs/NGOs, contractors, consortiums, regional and centrally-funded activities) tapped to implement discrete project activities. Project funds will also be used to hire one or two U.S. personal services contractors (PSCs) to assist the Mission in the daily management of the project and to assure proper management/financial oversight.

## 2. Private Sector Growth

USAID's approach to Strategic Objective #2 will be to continue work on *increasing the value of production by the private sector for domestic and export markets*, and on *improving the competitive environment for private sector development*. Our intent is to have a limited number of project/non-project activities which will free managers to concentrate on specific policy reforms and implementation. The shift in USAID's focus from urban-based private sector development to a balanced urban/rural-based private sector development--a subtle, but major change in development philosophy from our existing package of assistance--will be signaled when three major activities (SFSR, BEST, and BEPP) terminate at their PACDs. In their place will be the (BAESP/P), scheduled for early FY 94 obligation. At our present stage of thinking, BAESP's components will include:

- *Policy Dialogue, Reform, and Monitoring of Impacts:* Similar to the mechanism used under BEPP/BEST, an institutional contractor will provide technical assistance to assist the GRB and USAID to identify and research sectoral policy constraints and develop appropriate reforms to foster development of the rural-based private sector. Reform areas include the privatization of input supply/distribution, agricultural marketing, market expansion, and investment promotion. The NPA component of BAESP will then support adoption and implementation of these reforms. (Depending upon evolving AID/W guidance on this issue, a decision will be made on whether the NPA support will be in the form of a sector grant, a Commodity Import Program (CIP), or support to the GRB's Open General Licensing (OGL) system.) USAID anticipates that the institutional contractor will also be charged with follow-up work on BEPP/BEST reforms, to ensure that reforms supported under that activity stay on track and continue to be implemented.

- *Agricultural-enterprise support:* This will consist of assistance to development and expansion of marketing activities (of both inputs and production) undertaken by both urban and rural enterprises. The activity will most likely be implemented in part through a cooperative agreement with National Cooperative Business Association (NCBA), which has been successful in implementing such activities elsewhere in francophone Africa. In addition to rural enterprises, the Mission will deliver assistance to urban-based businesses that will be instrumental in importing modern agricultural inputs and marketing and processing produce from the interior.

- *Support to IARCs:* Limited support to ISABU's food-crop research program and provision of technology transfer will be provided through a consortium of Collaborative Research Support Programs (CRSP), and an OYB transfer or buy-in to key IARC networks operating in the East Africa region, provided an easy transfer mechanism can be availed of.

- *Biodiversity Support Project:* USAID will continue to support the highly successful Peace Corps conservation and eco-tourism activity. This is simply a transfer of funds to the Peace Corps and requires no USAID management oversight.

- *Project Management and ME&R:* A PSC will be responsible for day-to-day project management and supervising monitoring, evaluation and reporting.

### 3. Democratic Governance

Current aspects of USAID's country program already focus on establishing and strengthening governance in Burundi. USAID's efforts to create the appropriate enabling environment for a dynamic private sector in support of the structural adjustment program, including privatization, serve to strengthen the transparency and accountability of the system, as well as to broaden the policy dialogue process in general. The Mission's prospective health project, BHSS, will improve the management capacity of the Ministry of Health, and encourage decentralization and private/NGO participation in the health care delivery system.

Discrete activities will also be undertaken to support free elections, an independent press, and improved civil and political rights. These will be managed by the Embassy and USIS, with financial management and control exercised through the USAID Controller Office. The specific nature of our assistance in this area will change from year to year, but an illustrative list of activities includes:

- *Support to Electoral Systems:* Through the new regional AREAF project, we will request technical assistance to help Burundi prepare for and conduct the 1993 elections. The GRB requires assistance in developing an electoral code, determining how to administer the elections, and educating its population about its role and participation in the elections.

- *Democracy and Human Rights Fund (116e):* Assistance will be provided over the life of the CPSP for a broad range of activities to support civil and political rights in Burundi. For example, in FY 93, funds will be requested for 1) a conference on the role of the military in a democratic society, and 2) training seminars for magistrates and prosecutors in the Ministry of Justice.

- *Free Press:* A portion of USAID's annual OYB will be transferred to USIA through a PASA to cover costs of holding workshops and seminars on the political process, political reporting, and campaign journalism and issues related to financial management of a newspaper. Funds will also be used to support expanded International Visitor (IV) Grants for journalists, magistrates and civil servants from the Ministry of Justice and the Ministry of Education.

### 4. AIDS

USAID has funded AIDS prevention activities since 1989, through buy-ins/OYB transfers to the Africa HIV/AIDS Prevention in Africa (HAPA) project, with subsequent implementation activities being carried out under the AIDSCOM, AIDSTECH, and AIDSCAP cooperative agreements (as well as a separate cooperative agreement with Population Services International for a condom social marketing project). Our experiences have been mixed, largely due to the fact that lack of technical expertise in AIDS on USAID's staff has left the Mission only marginally able to manage the myriad activities. To address this management shortcoming, USAID intends to recruit a USPSC technically competent to deal with HIV/AIDS, or a TAACS (Technical Assistance in AIDS and Child Survival) advisor. This person, placed in the USAID Health/Population/Nutrition Office (currently under the direction of the Project Development Office), would then be responsible for managing all Mission-funded AIDS prevention activities.

Because of the staffing implications, USAID is still reviewing the question of how it will implement its AIDS prevention activities. It could be accomplished under continued buy-ins to the AIDS Technical Support Project (with subsequent buy-ins to the AIDSCAP cooperative agreement or with CDC/Atlanta), or through a bilateral AIDS prevention project. Another possible construct would be to provide initial "bridge" funding under BHSS to handle AIDS activities and management until such time as a bilateral AIDS prevention project could be developed.

## C. Staffing Requirements

### 1. Internal Workload Distribution

USAID is well-organized and, with the exception of a HPN Officer, well-staffed to manage the proposed strategy (see text box next page for assumptions). The internal workload distribution is as follows:

- *Strategic Objective #1:* Increase the Modern Contraceptive Prevalence Rate

The Burundi Health Systems Support (BHSS) Project will be, after FY 94, the single project activity addressing this Strategic Objective. It will be managed by the USAID HPN Office (which may be created as an independent office if a senior HPNO is assigned). Currently, all HPN activities are being managed by the USAID Project Development Office, which, in addition to directly managing all health activities, has functional responsibilities for implementation of the entire USAID project/non-project portfolio. PDO is staffed with two USDH PDOs, one USPSC Project Manager, two FSN-PSC professionals, and two FSN-PSC secretaries.

- *Strategic Objective #2:* Increase Private Sector Growth

Mission responsibilities to achieve this Strategic Objective are divided among two divisions: the Agriculture/Private Enterprise Development Office (APED); and the Training Office (TRNG).

APED is currently responsible for implementation of two projects (SFSR and BEST) and one non-project activity (BEPP). These projects will terminate at their respective PACDs: SFSR in August 1993; and BEST/BEPP in December 1994. Replacing these three activities will be the BAESP/P activities, which, upon their obligation in FY 94, will represent the core of APED's activities. APED is staffed with two USDH employees (ADO, Private Enterprise Officer), one USPSC Private Enterprise Advisor, two FSN PSC professionals, and two FSN PSC secretaries.

The TRNG office is responsible for implementation of the Burundi Human Resources Development (BUHRD) Project (recently amended to increase funding and to extend PACD to 1997). TRNG is the locus of all mission training activities, though the current project portfolio means that it works primarily on private sector-oriented training. It is currently staffed by a USPSC, two FSN PSC training professionals, and one FSN PSC training clerk. Overall TRNG office operations are supervised by the USAID Program Office.

*Undertaking the proposed CPSP strategy is dependent upon several major assumptions:*

- *Resource levels will continue at projected levels of approximately $16 million/year;*
- *Staffing cuts will not be below 8 USDH employees. This implies a staffing mix as follows:*

  *Director*
  *Program Officer*
  *Project Development Officer*
  *Agricultural Officer*
  *Private Enterprise Officer*
  *Health/Population Officer (or GDO with health background)*
  *Controller*
  *Executive Officer*

- *There will be no food aid.*
- *USAID will be able to hire project-funded PSCs and TAACS advisors as necessary to implement its program.*
- *There will be no major capital projects (other than regional).*
- *USAID will continue to receive REDSO support as required.*
- *ADS (or ADS-like) mechanisms will be available to procure specialized services, e.g., a macroeconomist and/or MR&E specialist, if needed.*

- *Target of Opportunity #1:* Enhance Democratic Governance

Because USAID, the U.S. Embassy, and USIS have limited staff capacity, the range of activities undertaken to address this Target of Opportunity will necessarily be limited. The Embassy will manage Democracy and Human Rights Fund (116(e)) and AREAF activities to support judicial reform and elections. USAID will also provide program funds up to $150,000/year to USIS to support journalism seminars and additional single-country IV programs. To simplify the financial management, USAID proposes to transfer the funds via a PASA between the two agencies' headquarters. Overall coordination of democratic governance activities in USAID will be exercised by the USAID Program (PROG) Office, which is staffed with one USDH employee, one ADS-funded Program Economist, and one FSN PSC professional, and one FSN PSC secretary. Financial management and oversight of A.I.D. funds for support of this target of opportunity will be the responsibility of the USAID Controller's Office.

- *Target of Opportunity #2:* Decrease HIV Transmission Rates

All AIDS prevention activities will be managed out of the USAID HPN Office, or in the absence of a USDH HPNO, out of the USAID PDO (see Strategic Objective #1 above). In order to augment the technical backstopping requirements, USAID intends to recruit a TAACS adviser who will manage the design and implementation of these activities.

### 2. Local Currency Programming

Local currency resulting from the BEPP program has not proven problematic, partly due to the fact that only a limited amount of local-currency "generations" are required (since the NPA funds are used for debt servicing and local currency is not "generated"). This could change, however, if local-currency generations are increased substantially, e.g., if the NPA component under BAESP/P calls for a Commodity Import Program. Local currency is programmed under ongoing projects, but management responsibility rests primarily with the individual projects.

USAID also has a local-currency OE Trust Fund which augments its dollar OE resources. These are managed by the Controller's (CONT) office, which is staffed with one USDH Controller, one USPSC professional, three FSN PSC professionals, and one FSN secretary.

### 3. FSN Staff

Since 1990, USAID has recruited:

- a project-development assistant, a U.S.-trained MBA, working in the Project Development Office;
- a private-enterprise specialist and an agricultural economist, both working in the Agriculture and Private-Enterprise Division;
- a General Services Officer working in the Executive Office.

Future plans call for recruitment of a Program Office assistant to work on MR&E and routine reports (CP, ABS, API) and two accountants (project and OE) for the Controller's Office.

### 4. U.S. Embassy Position

This strategy can be managed within the constraints of the State Department's Special Embassy Program (SEP) status applying to Burundi. The U.S. Ambassador has concurred with this plan.

## D. Monitoring, Evaluation, and Reporting

As USAID's program expands and matures, increasing emphasis will be put on establishing systems and procedures for an effective Monitoring, Evaluation and Reporting system (ME&R). As a first phase (after CPSP approval), an AID/W ME&R team will visit Burundi to help define/refine impact indicators. As a second phase, the ME&R plan will be implemented, primarily by project-funded long-term TA supported by FSN-PSC support (who will eventually be expected to take over the system).

To ensure coordination and feedback between USAID and project/non-project activities, strong institutional linkages will be built between USAID's ME&R system and the new project/non-project activities: BHSS and BAESP/P.

## E. Donor Coordination

This paper discusses the dominant role donor aid plays in Burundi's economy. The analysis underlying this strategy points to the critical need to promote more effective coordination of donor programs. We believe that the implementation plan presented here will allow senior USAID management to devote enough time to the coordination process to reduce the potential for contradictory policies among the donors. Recent changes in the leadership of other donor missions, including the World Bank and UNDP, encourage renewed commitment to this goal. The USAID Director, with the assistance of the Program Office, will be principally responsible for senior-level policy dialogue and donor coordination.

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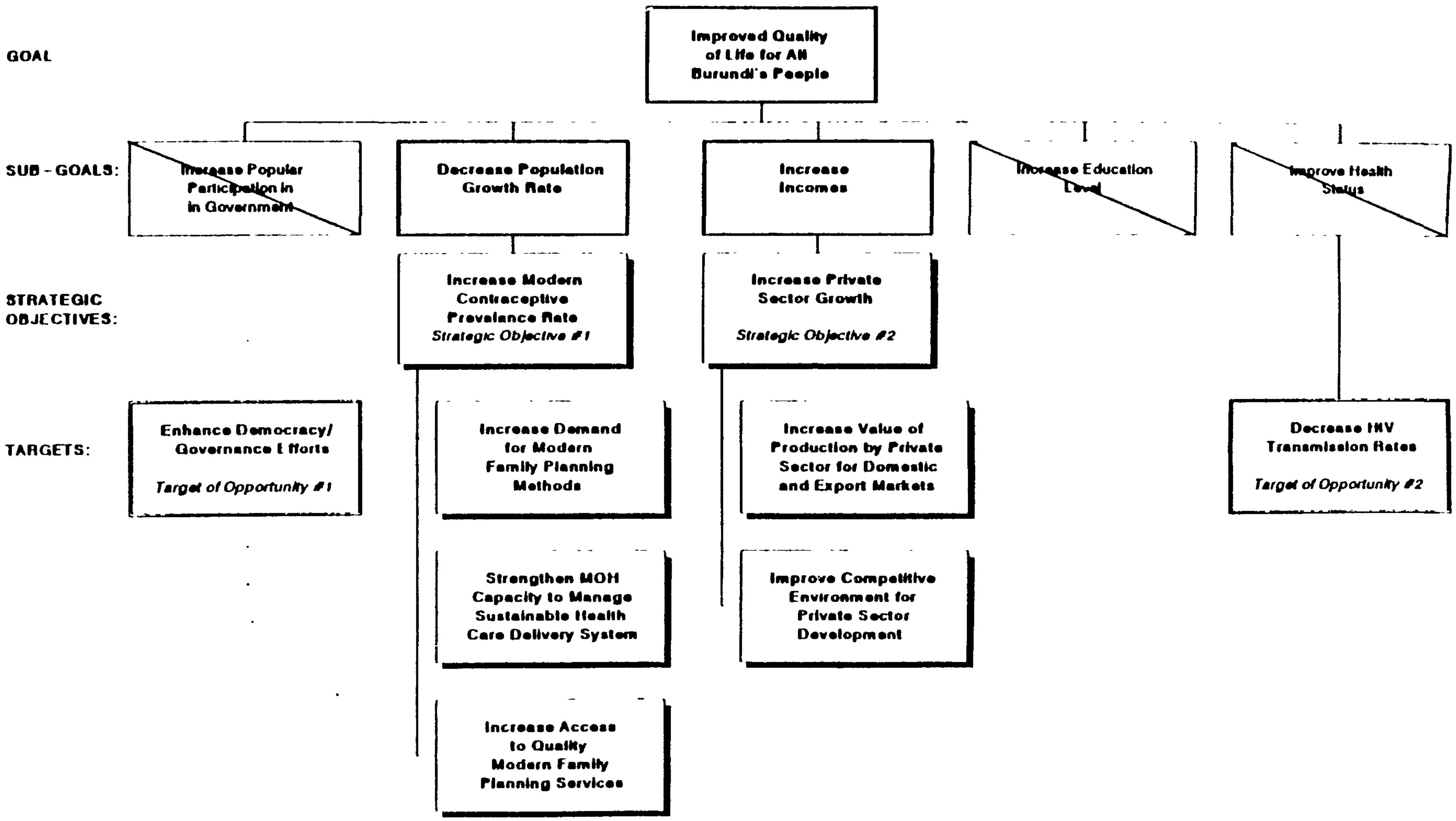
## USAID/BURUNDI COUNTRY PROGRAM STRATEGIC PLAN



## USAID/BURUNDI COUNTRY PROGRAM STRATEGIC PLAN
## STRATEGIC OBJECTIVE #1

**STRATEGIC OBJECTIVE:**

- *Increase Modern Contraceptive Prevalence Rate*

**TARGETS:**

- *Increase Demand for Modern Family Planning Methods*
- *Strengthen MOH Capacity to Manage Sustainable Health Care Delivery System*
- *Increase Access to Quality Modern Family Planning Services*

**SUBTARGETS**

*Increase Demand for Modern Family Planning Methods*

- *Improve Child Survival (EPI, CDD, Malaria)*
  - UNICEF
  - USAID
  - WHO
  - Belgium/AGCD
  - IBRD
  - Germany*
  - France/FAC/AFVP*
  - FAFD*
  - Sweden/DPE*
  - Denmark/DANIDA*
  - Canada/CIDA*
  - * = primarily water/sanitation
- *Improve Family Planning IEC*
  - USAID
  - UNFPA

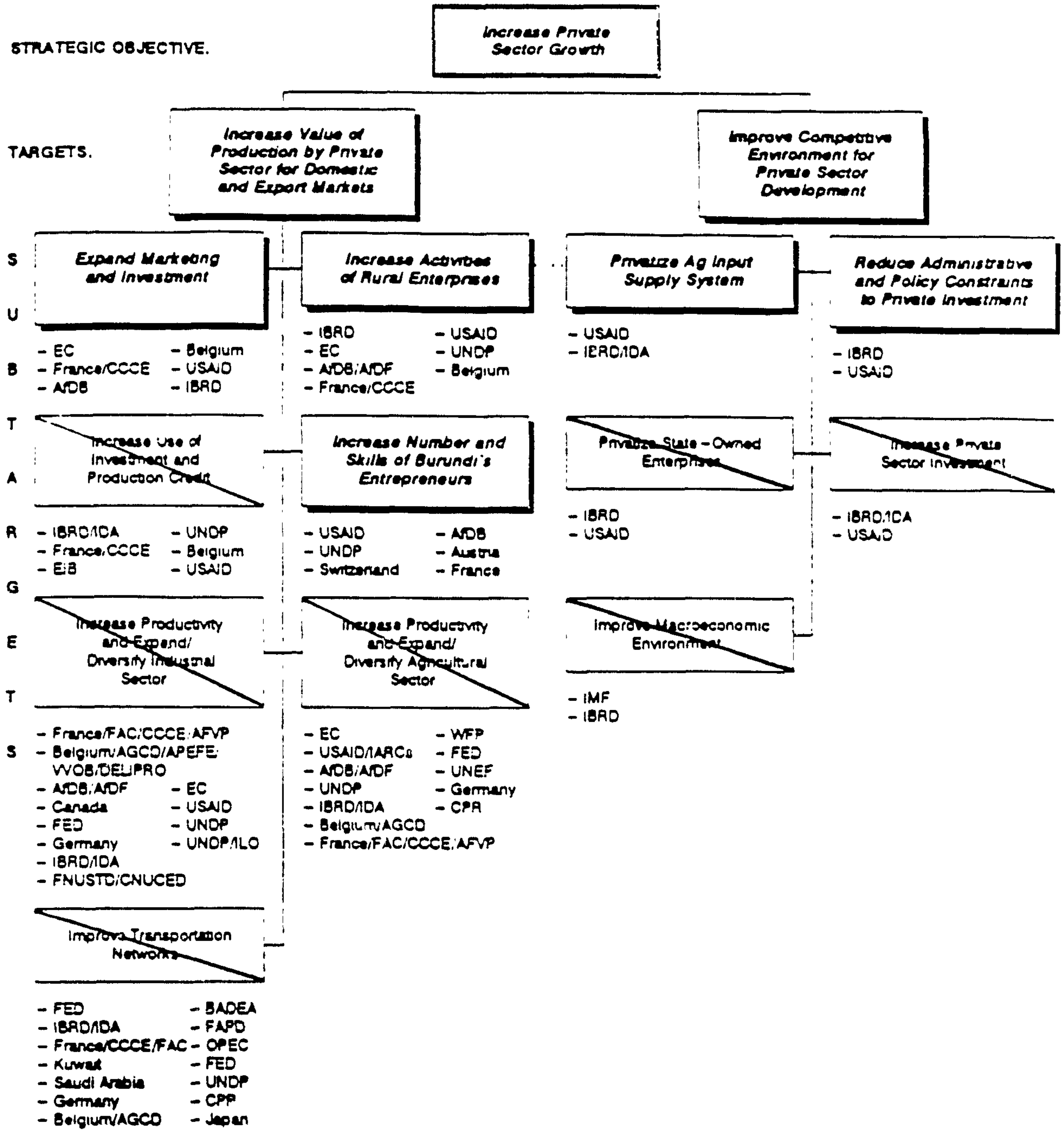
*Strengthen MOH Capacity to Manage Sustainable Health Care Delivery System*

- *Improve Supervision*
  - USAID
  - FED
  - Belgium
  - UNFPA
- *Improve Pre-Service and In-Service Training for CS and FP*
  - USAID
  - UNFPA
  - UNICEF
- *Improve HIS/MIS*
  - USAID
  - IBRD
  - UNICEF
- *Improve Family Planning/Health Policy Management*
  - USAID
  - FED
  - UNICEF
  - Belgium
  - IBRD
- *Decentralize Management of Service Delivery*
  - FED
  - USAID
  - Belgium
  - UNICEF
- *Develop and Implement Financing/Cost Recovery Programs*
  - USAID
  - UNICEF
  - IBRD
- *Improve Logistics Systems*
  - USAID
  - UNICEF
  - IBRD

*Increase Access to Quality Modern Family Planning Services*

- *Improve Family Planning Clinical Services*
  - USAID
  - UNFPA
  - IBRD
- *Expand Alternative (non-Gov't) Family Planning Services (CSM, NGOs)*
  - USAID
  - UNFPA

USAID/BURUNDI COUNTRY PROGRAM STRATEGIC PLAN
STRATEGIC OBJECTIVE #2



# USAID/Burundi CPSP
## Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| ***Goal:*** | | | | |
| Improved quality of life for all Burundi's people. | Per capita GDP | $210 in 1990 | $342 in 2000 | Economie Burundaise, IBRD, UN stats |
| | Average life expectancy. | ____ years in 1990 | ____ years in 2000 | IBRD, UN stats |
| | Infant Mortality Rate (<1). | IMR = 75/1000 in 1987 | IMR = 55/1000 in 2000 | DHS, MOH |
| | Child Mortality Rate (<5). | CMR = 157/1000 in 1987 | CMR = 110/1000 in 2000 | DHS, MOH |
| | Average Education Level. | ____ years in 1990 (men)<br>____ years in 1990 (women) | ____ years in 2000 (men)<br>____ years in 2000 (women) | IBRD, UN stats, BETNA |
| ***Sub-Goal No 1:*** | | | | |
| Decrease Population Growth Rate. | Population Growth Rate. | 2.8% in 1990 | 2.8% in 2000 | UN statistics, GRB Census Department, MinPlan Population |
| ***Sub Goal No. 2:*** | | | | |
| Increase Incomes. | Per capita GDP | $210 in 1990 | $342 in 2000 | Economie Burundaise, IBRD, UN statistics |
| | Average annual household income (rural/urban). | $875 in 1989 (rural)<br>$3,696 in 1989 (urban) | $____ in 2000 (rural)<br>$____ in 2000 (urban) | RUHS Survey/Updates |
| | Average annual household expenditures (rural/urban). | $1,233 in 1989 (rural)<br>$4,750 in 1989 (urban) | $____ in 2000 (rural)<br>$____ in 2000 (urban) | RUHS Survey/Updates |

APPENDIX B-1

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Strategic Objective No. 1:* | | | | |
| Increase Modern Contraceptive Prevalence Rate (CPR). | Contraceptive Prevalence Rate (CPR). | CPR = 1 2% in 1987<br>CPR = 3 0% in 1992 | CPR = 10% in 2000 | DHS, MOH |
| | Couple-Years of Protection (CYP). | CYP = 20,542 in 1992 | CYP = 100,000 in 2000 | DHS, MOH |
| *Target 1-1:* | | | | |
| Increase Demand for Modern Family Planning Methods. | Desired family size | 5 5 in 1987 | 4 in 2000 | DHS, MOH, KAP Studies |
| | Percentage of men and women who desire no more children | ___% in 1987 (men)<br>___% in 1987 (women) | __% in 2000 (men)<br>__% in 2000 (women) | DHS, MOH, KAP Studies |
| | Percentage of men and women who plan to use modern contraception. | ___% in 1987 (men)<br>___% in 1987 (women) | __% in 2000 (men)<br>__% in 2000 (women) | DHS, MOH, KAP Studies |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Subtarget 1 - 1 - 1:* | | | | |
| Improve Child Survival (EPI, CDD, Malaria). | Vaccine coverage rates (VCR) for major childhood diseases. | VCR: DPT 83%<br>VCR: Polio 89%<br>VCR: Measles 74% | VCR: DPT 95%<br>VCR. Polio 95%<br>VCR: Measles 90% | MOH/EPISTAT |
| | Morbidity due to neonatal tetanus, measles, and polio. | ___/1000 due to neonatal tetanus<br>___/1000 due to measles<br>___/1000 due to polio | ___/1000 due to neonatal tetanus<br>___/1000 due to measles<br>___/1000 due to polio | MOH/EPISTAT |
| | Mortality due to neonatal tetanus, measles, polio, and diarrhea in children under 5 years of age. | ___/1000 due to neonatal tetanus<br>___/1000 due to measles<br>___/1000 due to polio<br>___/1000 due to diarrhea | ___/1000 due to neonatal tetanus<br>___/1000 due to measles<br>___/1000 due to polio<br>___/1000 due to diarrhea | MOH/EPISTAT |
| | Morbidity/mortality due to malaria. | ___ cases/1000 individuals.<br>___ deaths/1000 individuals | ___ cases/1000 individuals<br>___ deaths/1000 individuals | MOH/EPISTAT |
| *Subtarget 1 - 1 - 2:* | | | | |
| | | 1992 | 2000 | |
| Improve Family Planning Information, Education, and Communication (IEC). | Percentage of men and women who know where to obtain modern family planning methods. | ___% (men)<br>___% (women) | ___% (men)<br>___% (women) | MOH, DHS |
| | Percentage of men and women citing lack of knowledge as constraint to use of modern family planning methods. | ___% (men)<br>___% (women) | ___% (men)<br>___% (women) | MOH, DHS |

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# USAID/Burundi CPSP
## Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| ***Target 1-2:*** | | | | |
| Strengthen MOH Capacity to Manage Sustainable Health Care Delivery System. | Percentage of health center visits for curative services. | 25% in 1992 | 70% in 2000 | MOH |
| ***Subtarget 1-2-1:*** | | | | |
| Decentralize Management of Service Delivery | Percentage of provincial and sectoral managers developing annual plans with family planning and other health targets and monitoring implementation | __% in 1992 | 80% in 2000 | MOH |
| ***Subtarget 1-2-2:*** | | | | |
| Improve Supervisory Protocols. | Percentage of health centers where supervision protocols implemented at least twice annually. | 0% in 1987<br>0% in 1992 | 80% in 2000 | MOH |
| ***Subtarget 1-2-3:*** | | | | |
| Improve Pre-Service and In-Service Training for Family Planning and Child Survival | Percentage of health centers where technical staffs' training needs for child survival and family planning are assessed and addressed each year | __% in 1992 | 25% in 2000 | MOH |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| ***Subtarget 1-2-4:*** | | | | |
| Develop and Implement Financing/Cost Recovery Programs. | National health financing policy promulgated. | No such policy in 1992 | Policy promulgated in 199_. | MOH |
| | Plan for implementation of national health financing policy developed. | No such plan in 1992 | Plan developed in 199_. | MOH |
| | Implementation of national health financing policy according to plan. | No national health financing policy implementation plan developed in 1992. | Health financing policy implemented according to plan beginning in 199_. | MOH |
| | Percentage of costs recovered. | ___% in 1992 | ___% in 2000 | MOH |
| ***Subtarget 1-2-5:*** | | | | |
| Improve Health Information Systems/Management Information Systems (HIS/MIS). | HIS data are used for planning, to identify problems, and to monitor implementation of solutions. | HIS system generating quarterly reports in 1992 | Quarterly reports are regularly used at provincial levels for planning, problem identification, and monitoring of solutions in 2000. | MOH, EPISTAT |
| ***Subtarget 1-2-6:*** | | 1992 | 2000 | |
| Improve Logistics Systems. | Percentage of health centers where 90% of essential drugs are available. | ___% in 1992 | 90% in 2000 | MOH |
| | Percentage of health centers where two months supply of condoms, pills, injectibles, and IUDs are available | ___% in 1992 | 90% in 2000 | MOH |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Subtarget 1-2-7:* | | | | |
| Strengthen and Implement Family Planning/Health Policies. | Number of program-specific FP policies implemented | 0 in 1987<br>__ in 1992 | __ in 2000 | DHS, MOH, CPPF<br>DHS, MOH, CPPF |
| | Existence of structure at central ministry level to review, ensure implementation of, and evaluate MOH policies. | No structure exists to review policies in 1992.<br>No structure exists to ensure implementation of policies in 1992<br>No structure exists to ensure evaluation of policy implementation in 1992 | Structure exists to review policies in 1992<br>Structure exists to ensure implementation of policies in 1992<br>Structure exists to ensure evaluation of policy implementation in 1992 | MOH |
| | National Population Policy formally adopted | None in 1992 | Adopted by 1993 | |
| | National Population Policy implementation plan developed and implemented | None in 1992 | Implementation plan developed by 1993<br>National Population Policy implementation begun by 1993. | |
| | Numbers of GRB ministries other than MOH with explicit family planning policies. | __ in 1992 | __ in 2000 | DHS, MOH, CPPF |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| ***Target 1-3:*** | | | | |
| Increase Access to Quality Modern Family Planning Services. | Number of governmental and non-governmental service sites offering modern family planning services, by range of methods. | 1992<br>Governmental<br>Condoms:__/(# of possible sites)<br>IUDs:__/(# of possible sites)<br>Pills:__/(# of possible sites)<br>Injectables:__/(# of possible sites)<br>Norplant:__/(# of possible sites)<br>Other:__/(# of possible sites)<br><br>Non-Governmental<br>Condoms:__<br>IUDs:__<br>Pills:__<br>Injectables:__<br>Norplant:__<br>Other:__ | 2000<br>Governmental<br>Condoms:__/(# of possible sites)<br>IUDs:__/(# of possible sites)<br>Pills:__/(# of possible sites)<br>Injectables:__/(# of possible sites)<br>Norplant:__/(# of possible sites)<br>Other:__/(# of possible sites)<br><br>Non-Governmental<br>Condoms __<br>IUDs:__<br>Pills:__<br>Injectables:__<br>Norplant:__<br>Other __ | <br><br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br><br><br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF |
| ***Subtarget 1-3-1:*** | | | | |
| Improve Family Planning Clinical Services. | Percentage clinics offering family planning services, by type. | 1992<br>Condoms 100%<br>IUDs. <5%<br>Pills: 90%<br>Injectables: 90%<br>Norplant: 0%<br>Other. <5% | 2000<br>Condoms: 100%<br>IUDs: 100%<br>Pills: 100%<br>Injectables. 100%<br>Norplant. 25%<br>Other:50% | <br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF<br>DHS, MOH, CPPF |
| | Number of new acceptors of modern contraception. | __ in 1992 | __ in 2000 | DHS, MOH, CPPF |
| | Number of drop-outs. | __ in 1992 | __ in 2000 | DHS, MOH, CPPF |
| | Number of re-entries | __ in 1992 | __ in 2000 | DHS, MOH, CPPF |

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# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Subtarget 1-3-2:* | | | | |
| | | 1992 | 2000 | |
| Expand Alternative (non-governmental) Family Planning Services (Condom Social Marketing, NGOs). | Percentage of public health clinics providing modern contraception, by type | Condoms: 80%<br>IUDs: <5%<br>Pills 80%<br>Injectables: 80%<br>Norplant 0%<br>Other. 0% | Condoms 100%<br>IUDs 50%<br>Pills 100%<br>Injectables 100%<br>Norplant 25%<br>Other. 100% | DHS, MOH, CPPF |
| | Percentage of private health clinics providing modern contraception, by type. | Condoms 50%<br>IUDs 0%<br>Pills. 0%<br>Injectables: 0%<br>Norplant. 0%<br>Other. 0% | Condoms 100%<br>IUDs. 15%<br>Pills 50%<br>Injectables: 25%<br>Norplant 15%<br>Other. 50% | DHS, MOH, CPPF |
| | Percentage of modern contraceptives sold through private sector | _ % in 1992 | __% in 2000 | DHS, MOH, CPPF |
| *Strategic Objective No. 2* | | | | |
| | | 1990 | 2000 | |
| Increase Private Sector Growth. | Private sector share of GDP, by Primary, Secondary, and Tertiary sectors | 95% in Primary Sector<br>61% in Secondary Sector<br>39% in Tertiary Sector | __ % in Primary Sector<br>__ % in Secondary Sector<br>__ % in Tertiary Sector | MinPlan, Economie Burundaise, USAID analyses |
| | Number of formal/informal private entrepreneurs in Bujumbura and other commercial centers, by gender | 906 in formal sector (men)<br>234 in formal sector (women)<br><br>1,919 in informal sector (men)<br>421 in informal sector (women) | ____ in formal sector (men)<br>____ in formal sector (women)<br><br>____ in informal sector (men)<br>____ in informal sector (women) | Economie Burundaise, USAID FSS/updates<br><br>Economie Burundaise, USAID ISS/updates |
| | Number of persons working with rural enterprises, by gender | ____ (men)<br>____ (women) | ____ (men)<br>____ (women) | USAID Project reports, USAID Surveys/updates |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Target 2-1:* | | | | |
| | | 1990 | 2000 | |
| Increase Value of Production by Private Sector for Domestic and Export Markets. | Value and percent of of GDP marketed. | FBu 125.4 BN (73 7% of GDP) | FBu ___ BN (____% of GDP) | Economie Burundaise, USAID analyses |
| | Value of merchandise exports. | $72.5 Million | $ ____ Million | MinPlan, IMF, IBRD, USAID analyses |
| | Tax revenues from market sales for Bujumbura and selected commercial centers, disaggregated by gender. | Bujumbura $____(m),$____(w)<br>Gitega $____(m),$____(w)<br>Ngozi $____(m),$____(w)<br>Rumonge $____(m),$____(w) | Bujumbura $____(m),$____(w)<br>Gitega $____(m),$____(w)<br>Ngozi $____(m),$____(w)<br>Rumonge $____(m),$____(w) | Economie Burundaise, USAID Surveys/updates |
| | Value of private sector agricultural production and percentage of GDP. | FBu 90 8 BN (53% of GDP) | FBu____BN (_% of GDP) | MinPlan, IMF, IBRD, USAID analyses |
| | --of which, food crops. | FBu 75 2 BN (44% of GDP) | FBu____BN (_% of GDP) | MinPlan, IMF, IBRD, USAID analyses |
| | Off-farm private sector value added and percentage of GDP. | FBu 34 5 BN (20% of GDP) | FBu____BN (_% of GDP) | MinPlan, IMF, IBRD, USAID analyses |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Subarget 2 1-1* | | | | |
| | | 1990 | 2000 | |
| Expand Marketing and Investment. | M2 as percentage of GDP | 21 20% | _ % | Economie Burundaise, USAID analyses |
| | Percentage of SMEs and large enterprises using radio, TV, and published market information | 11% for Bujumbura (SMEs)<br>0% for Interior (SMEs) | _% for Bujumbura (SMEs)<br>_% for Interior (SMEs) | ISS, FSS Updates |
| | | _% for Bujumbura (large)<br>_% for interior (large) | _% for Bujumbura (large)<br>_% for Interior (large) | FSS Updates |
| | Value of exports by category.<br>--Traditional.<br>--Other primary.<br>--Manufactures: | <br>FBu 11,024 Million (89%)<br>FBu 581 Million (5%)<br>FBu 711 Million (6%) | <br>FBu___ Million (_%)<br>FBu__ Million (_%)<br>FBu___ Million (_%) | <br>IMF, Economie Burundaise, ISTEEBU/SARGIA, BRB, USAID analyses |
| | Coffee exports as percentage of total exports. | 86% | _% | IMF, IBRD, MinPlan, USAID analyses |
| | Value of food crops marketed and as percent of value of production | FBu 9,230 Million (12%) | FBu___Million (_%) | ISTEEBU/SARGIA |
| | Domestic private enterprise investment by sector:<br>--Rural:<br>--Industry, energy/mines, infrastructure:<br>--services | <br><br>FBU 24 2 Million<br>FBu 1390 1 Million<br>FBu 1390 6 Million | <br><br>FBu____Million<br>FBu____Million<br>FBu____Million | <br><br>MinPlan, IMF, Economie Burundaise, USAID analyses |
| | Direct foreign investment. | $1.2 Million | $_____ Million | MinPlan, BRB, IBRD, USAID analyses |

# USAID/Burundi CPSP
## Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| ***Subtarget 2-1-2:*** | | | | |
| | | 1992 | 2000 | |
| Increase Activities of Rural Enterprises. | Number of farmer groups/ enterprises/cooperatives | #___ | #___ | BRB, MCI, Mininterior, IBRD, COOPECs, USAID Surveys/updates |
| | Number of commercial loans/ amount of credit used by farmer groups/enterprises/ cooperatives. | #_____ Loans (men)<br>$__________ (men) | #_____ Loans (men)<br>$__________ (men) | BRB, MCI, IBRD, COOPECs, USAID Surveys/updates |
| | | #_____ Loans (women)<br>$__________ (women) | #_____ Loans (women)<br>$__________ (women) | BRB, MCI, IBRD, COOPECs, USAID Surveys/updates |
| | Percent of rural residents making loan repayments | 30% in 1989 | __% | USAID RUHS/updates |
| | Formal credit to private sector agriculture. | FBu 973 6 Million in 1990 | FBu____Million | BRB, Economie Burundaise |
| ***Subtarget 2-1-3:*** | | | | |
| | | 1990 | 2000 | |
| Increase Number and Skills of Burundi's Entrepreneurs. | Number of formal, private businesses in Bujumbura and in other commercial centers. | Bujumbura: 712 (m); 189 (w) in 1990<br>Other, 194 (m); 45 (w) in 1990 | Bujumbura: ____ (m); ____ (w)<br>Other. _____ (m); ____ (w) | USAID Surveys/updates (FSS) |
| | Bank credit to pvt. enterprises. | FBu 16 068 BN in 1990 | FBu____BN | BRB, Economie Burundaise |
| | Amount of short-term credit to SMEs, disaggregated by gender. | $_______ (men)<br>$_______ (women) | $_______ (men)<br>$_______ (women) | BNDE, BRB |
| | Number of market vendors in Bujumbura and other commercial centers, by gender | Bujumbura:____(m),____(w)<br>Other:____(m), ____(w) | Bujumbura:____(m);____(w)<br>Other ____(m),____(w) | Economie Burundaise, USAID Surveys/updates, MCI |
| | Entrepreneurs trained<br>-- of which, for rural enterprises | 50 (men), 28 (women), 1987-1990<br>____(men), ____(women) | ____(men), ____(women)<br>____(men), ____(women) | USAID project reports |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| Target 2 - 2 | | 1992 | 2000 | |
| Improve Competitive Environment for Private Sector Development | Number/value of production of private industries in Bujumbura. | Number ___<br>Value $ ______ | Number ___<br>Value $ ______ | Economie Burundaise, MCI reports |
| | Number/value of production of private industries in other urban centers | Number ___<br>Value $ ______ | Number ___<br>Value $ ______ | Economie Burundaise, MCI reports |
| | Number/value of production of private industries in rural areas. | Number ___<br>Value $ ______ | Number ___<br>Value $ ______ | Economie Burundaise, MCI reports, USAID Surveys |
| | Change in number of private entrepreneurs in key sectors, disaggregated by gender | ___(m)/___(w) firms importing/ distributing fertilizer<br>___(m)/___(w) firms marketing agricultural products<br>___(m)/___(w) firms processing agricultural products<br>___(m)/___(w) firms producing improved seeds<br>___(m)/___(w) firms involved with manufacturing | ___(m)/___(w) firms importing/ distributing fertilizer<br>___(m)/___(w) firms marketing agricultural products<br>___(m)/___(w) firms processing agricultural products<br>___(m)/___(w) firms producing improved seeds<br>___(m)/___(w) firms involved with manufacturing | Economie Burundaise, MCI reports, CCIB reports, USAID surveys/ updates |
| | Ratio of public to private production of goods and services | 2 39 1 in 1988 | ___:1 in 2000 | IBRD, USAID analyses |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| *Subtarget 2-2-1* | | 1990 | 2000 | |
| Privatize Ag Input Supply System | Percentage/value of fertilizers sold by private sector | ___%<br>Value $_______ | 100%<br>Value $ _______ | MCI, MinAg, IBRD, FAO |
| | Percentage/value of improved seeds sold by private sector | ___%<br>Value $_______ | 100%<br>Value $_______ | MCI, MinAg, IBRD, FAO |
| | Percentage/value of soil amendments sold by private sector. | ___%<br>Value $_______ | 100%<br>Value $_______ | MCI, MinAg, IBRD, FAO |
| | Number of cooperatives/ farmer groups/enterprises that distribute ag inputs | ___ in 1992 | ___ in 2000 | MCI, MinAg, IBRD, FAO, USAID Surveys |
| | Value of ag inputs distributed by cooperatives/farmer groups/enterprises | $_____ in 1992 | $_____ in 2000 | MCI, MinAg, IBRD, FAO, USAID Surveys |
| | | 1990 | 2000 | |
| | Quantity/percentage of ag inputs sold by private sector entrepreneurs | Fertilizer ____ MT ( __%)<br>Lime ____ MT (___%)<br>Imp Seeds ___ MT (___%) | Fertilizer ___ MT (100%)<br>Lime _____ MT (100%)<br>Imp Seeds ___ MT (100%) | MinAg, MCI, FAO<br>MinAg, MCI, FAO<br>MinAg, MCI, FAO |
| | Quantity of ag inputs sold by public sector or donor development projects | Fertilizer ____ MT ( __%)<br>Lime ____ MT (___%)<br>Imp Seeds ___ MT (___%) | Fertilizer. 0 MT (0%)<br>Lime. 0 MT (0%)<br>Imp Seeds 0 MT (0%) | MinAg, MCI, FAO<br>MinAg, MCI, FAO<br>MinAg, MCI, FAO |

# USAID/Burundi CPSP
# Program Impact Indicators

| Item | Indicator | From | To | Source |
|---|---|---|---|---|
| Subtarget 2-2-2: | | | | |
| Reduce Administrative and Policy Constraints to Private Investment. | Rate of growth for private investment (from previous year). | -26% in 1990 | __% in 2000 | MCI, CCIB, BRB, USAID, Economie Burundaise |
| | Level of direct investment by private Burundian investors. | FBu 2 8 BN in 1990 | $______ in 2000 | MCI, CCIB, BRB, USAID, Economie Burundaise |
| | Level of direct investment by private foreign investors. | $1.2 Million in 1990 | $______ in 2000 | MCI, Economie Burundaise, BRB |
| | Gender disaggregation of total investment | M $______ in 1990<br>W $______ in 1990 | M $______ in 2000<br>W $______ in 2000 | MCI, CCIB, BRB, USAID studies |
| | Public/private investment ratio and percent change from previous year. | 4 6 (+6 9%) | ____ ( __%) in 2000 | BRB MinPlan IMF, USAID analyses |

| USAID/Burundi Scheduling Management Unit Analysis | Primary Office | Support Office | 1993 | | | | 1994 | | | | 1995 | | | | 1996 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| **Ongoing Project/NPA Activities** | | | | | | | | | | | | | | | | | | |
| Small Farming Systems Research | APED | | 1 0 | 1 0 | 1 0 | 1 0 | | | | | | | | | | | | |
| | | PROG | | | 0 1 | | | | | | | | | | | | | |
| | | PDO | | 0 1 | | | | | | | | | | | | | | |
| | | CONT | 0 1 | 0 1 | 0 1 | 0 1 | | | | | | | | | | | | |
| Human Resource Development | TRNG | | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 |
| | | PROG | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 |
| | | APED | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | CONT | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| Population | PDO/HPN | | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | | | | | | | | |
| | | PDO | 0 1 | | 0 1 | | 0 1 | | 0 1 | | | | | | | | | |
| | | PROG | | | | | | 0 1 | | | | | | | | | | |
| | | CONT | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | | | | | | | |
| Enterprise Support and Training | APED | | 0 5 | 0 5 | 0 5 | 0 5 | 0 5 | 0 5 | 0 5 | 0 5 | | | | | | | | |
| | | PDO | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | | | | | | | | |
| | | PROG | | 0 1 | 0 1 | | | | | | | | | | | | | |
| | | CONT | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | | | | | | | | |
| Enterprise Promotion Program | APED | | 0 5 | 0 5 | 0 5 | 0 5 | 0 5 | | | | | | | | | | | |
| | | PDO | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | | | | | | | | | | | |
| | | PROG | | 0 1 | 0 1 | | | | | | | | | | | | | |
| | | CONT | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | | | | | | | | |
| ACSI-CCCD | PDO/HPN | | 1 0 | 1 0 | 1 0 | 1 0 | | | | | | | | | | | | |
| | | PROG | | 0 1 | | | | | | | | | | | | | | |
| | | CONT | 0 1 | 0 1 | 0 1 | 0 1 | | | | | | | | | | | | |
| AIDS Activities (various, including new activities) | PDO/HPN | | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 |
| | | PDO | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | CONT | 0 1 | 0 1 | 0 1 | 0 1 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| RAPID IV | PDO/HPN | | 0 1 | | | | | | | | | | | | | | | |
| Program Development and Support | PDO | | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | PROG | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0.1 | | 0 1 | | 0 1 | | 0 1 |
| | | CONT | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | |
| Special Self-Help | PROG | | | | 0 2 | | | | 0 2 | | | | 0 2 | | | | 0 2 | |
| | | CONT | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 |

| USAID/Burundi Scheduling Management Unit Analysis | Primary Office | Support Office | 1997 | | | | 1998 | | | | 1999 | | | | 2000 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| **Ongoing Project/NPA Activities** | | | | | | | | | | | | | | | | | | |
| Small Farming Systems Research | APED | | | | | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | |
| | | PDO | | | | | | | | | | | | | | | | |
| | | CONT | | | | | | | | | | | | | | | | |
| Human Resource Development | TRNG | | 1 0 | 1 0 | 1 0 | 1 0 | | | | | | | | | | | | |
| | | PROG | 0 3 | 0 3 | 0 3 | 0 3 | | | | | | | | | | | | |
| | | APED | 0 1 | 0 1 | 0 1 | 0 1 | | | | | | | | | | | | |
| | | CONT | 0 2 | 0 2 | 0 2 | 0 2 | | | | | | | | | | | | |
| Population | PDO/HPN | | | | | | | | | | | | | | | | | |
| | | PDO | | | | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | |
| | | CONT | | | | | | | | | | | | | | | | |
| Enterprise Support and Training | APED | | | | | | | | | | | | | | | | | |
| | | PDO | | | | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | |
| | | CONT | | | | | | | | | | | | | | | | |
| Enterprise Promotion Program | APED | | | | | | | | | | | | | | | | | |
| | | PDO | | | | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | |
| | | CONT | | | | | | | | | | | | | | | | |
| ACSI-CCCD | PDO/HPN | | | | | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | |
| | | CONT | | | | | | | | | | | | | | | | |
| AIDS Activities (various, including new activities) | PDO/HPN | | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 | 0 4 |
| | | PDO | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | CONT | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| RAPID IV | PDO/HPN | | | | | | | | | | | | | | | | | |
| Program Development and Support | PDO | | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | PROG | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 |
| | | CONT | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | |
| Special Self-Help | PROG | | | | 0 2 | | | | 0 2 | | | | 0 2 | | | | 0 2 | |
| | | CONT | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 | | 0 1 |

| USAID/Burundi Scheduling Management Unit Analysis New Activities | Primary Office | Support Office | 1993 | | | | 1994 | | | | 1995 | | | | 1996 | | | | 1997 | | | | 1998 | | | | 1999 | | | | 2000 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Health Systems Support | PDO/HPN | | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 |
| | | PDO | 0 7 | 0 7 | 0 7 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| | | PROG | | | 0 1 | | | | 0 1 | | | | 0 1 | | | | 0 1 | | | | 0 1 | | | | 0 1 | | | | 0 1 | | | | 0 1 | |
| | | CONT | | 0 1 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| PSI CA Amendment | PDO/HPN | | 0 1 | 0 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pathfinder CA Amendment | PDO/HPN | | 0 1 | 0 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO | | 0 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ag Enterprise Support Project | APED | | | 0 3 | 0 3 | 0 4 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 |
| | | PDO | | 0 3 | 0 3 | 0 3 | 0 3 | 0 2 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | CONT | | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| Ag Enterprise Support Program | APED | | | 0 3 | 0 3 | 0 4 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 | 0 8 |
| | | PDO | | 0 3 | 0 3 | 0 3 | 0 3 | 0 2 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 | 0 1 |
| | | CONT | | 0 1 | 0 2 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 |
| BUHRD II | TRNG | | | | | | | | | | | | | | | | | | 0 3 | 0 3 | 0 3 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 | 1 0 |
| | | PDO | | | | | | | | | | | | | | | | | 0 2 | 0 2 | 0 2 | | | | | | | | | | | | | |
| | | PROG | | | | | | | | | | | | | | | | | | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 | 0 3 |
| | | CONT | | | | | | | | | | | | | | | | | | | 0 1 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |
| Miscellaneous D/G Activities | PROG | | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 | 0 2 |

| USAID/Burundi Scheduling Management Unit Analysis | Primary Office | Support Office | 1993 | | | | 1994 | | | | 1995 | | | | 1996 | | | | 1997 | | | | 1998 | | | | 1999 | | | | 2000 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| **Other/Program Actions** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Country Program Strategic Plan | PROG | | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CPSP Indicator Development | PROG | | 0.3 | 0.1 | 0.1 | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO/HPN | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | APED | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ME&R Development | PROG | | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO/HPN | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | APED | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of Program Impact | PROG | | | | | 0.5 | | | | 0.5 | | | | 0.5 | | | | 0.5 | | | | 0.5 | | | | 0.5 | | | | 0.5 | | | | 0.5 |
| | | PDO | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 |
| | | PDO/HPN | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 |
| | | APED | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 |
| Congressional Presentation | PROG | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | |
| | | PDO | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | |
| | | PDO/HPN | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | |
| | | APED | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | |
| Annual Budget Submission | PROG | | | 0.3 | | | | 0.3 | | | | 0.3 | | | | 0.3 | | | | 0.3 | | | | 0.3 | | | | 0.3 | | | | 0.3 | | |
| | | PDO | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | |
| | | PDO/HPN | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | |
| | | APED | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | |
| | | CONT | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | | | 0.2 | | |
| African Development Support | PROG | | 0.1 | 0.1 | 0.1 | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WID Networking | PROG | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| Donor Coordination/Networking | PROG | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Project Implementation Reports | PDO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | PDO/HPN | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| | | APED | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| | | TRNG | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| | | CONT | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| | | PROG | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | | 0.1 | |
| Workload Scheduling | PDO | | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 | 0.2 | | | 0.1 |
| Audit Support (general) | CONT | | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| | | PDO | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | | | | 0.1 | |
| | | PDO/HPN | | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 |
| | | APED | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | | 0.1 | 0.1 | | |
| | | TRNG | | | | | | | 0.1 | 0.1 | | | | | | | | | | | | | | | | | | | | | | | | |

## Appendix D
## Economic Analysis

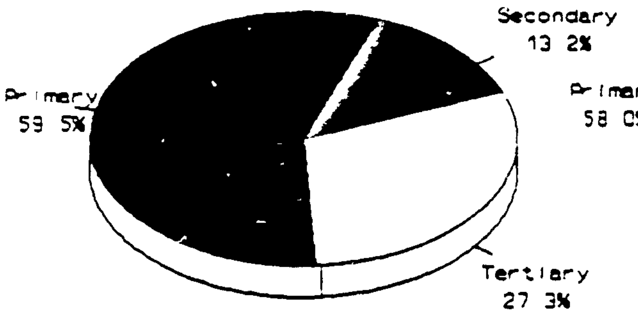
### A. Macroeconomic Overview

#### 1. General

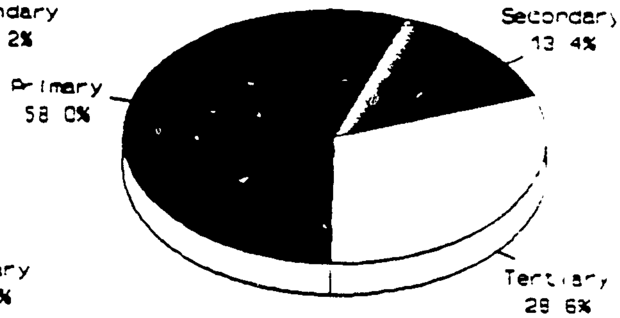
Burundi is now entering a phase of transition from a subsistence to a market economy, and from economic and political isolation to engagement with the world. This transition is likely to require a significant amount of time, effort, and patience from the Burundian people and donors. Burundi is one of the most rural countries in the world, and depends to a very large extent on agricultural production and related activities. The primary sector, identified as the production of primary products in rural areas for direct consumption or sale, contributed between 56 and 60 percent of GDP over the period 1981-1990 and employed over 93 percent of the economically-active population. The basic structure of the economy has remained unchanged over the past 10 years.

**Percent GDP by Sector**
(In Constant Terms)

1981-1985




1986-1990

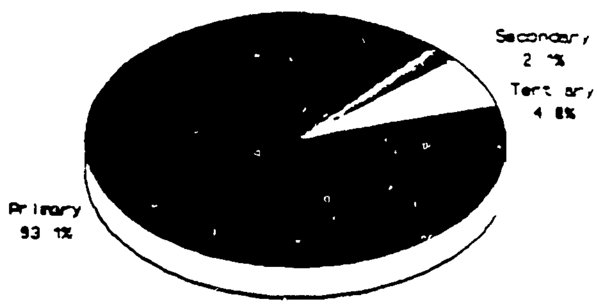



Source: Ministry of Plan; USAID/Burundi

As a consequence of the above, most economic-development efforts have sought to introduce cash-crop production into the rural areas, mainly coffee, tea, cotton, tobacco, sugar and rice. By African standards, those efforts have been highly successful, providing sources of income for most farmers, while food production has kept up with population-growth. Total agricultural production has grown faster than the population growth rate (3.1% per annum vs. 2.8%), suggesting that through a combination of increasing land area and intensification

**Percent Labor Force by Sector**

1990




Source: 1990 Census; Ministry of Interior farmers have managed to expand production, in spite of the low traditional technological basis of most agricultural production.

Primary agricultural production and related marketing, processing, and services, have also up to now managed to create employment opportunities to a burgeoning population which is providing 63,000 new entrants into the labor force per year. Recent estimates indicate that primary agricultural production will, in the future, be able to provide employment for half of those new entrants, leaving the remainder to be occupied in informal ancillary economic activities. The state-dominated secondary sector ($\approx$ 15% of GDP), due to its relative inefficiency, small size, and capital-intensive strategies, can absorb only a small fraction of these new entrants. The current rate of urbanization is a low 5 percent per annum, from a very low base.

One of the most striking features of the productive economy is the importance of the food crops in the primary sector (See Table 8). The subsistence portion of the sector appears to be declining as more of primary production is moving into marketing channels. Estimates based on preliminary data indicate that approximately 15-20 percent of food production is marketed. (A USAID Household Income and Expenditure Survey showed 25 percent of food-crop production is sold on the market.) While this figure is low by developing-country standards, in terms of value of production it is several times more important than export-crop production.

Another striking feature is Burundi's overdependence on a single agricultural export crop --coffee-- which in most years brings in approximately 80 percent of foreign-exchange earnings (see Table 2). The second major source of hard currency, tea, accounts for an additional 11 percent. Mining and manufacturing represent only 6 percent of GDP and 4 percent of export earnings.

Although the private sector plays a major role in the production of food crops and transport, it is the public sector that enjoys a quasi-monopolistic position in the processing and export of primary commodities (cash crops), manufacturing, energy, and infrastructure. The public sector generates over one-half of the country's formal employment ($\approx$ 50,000 employees). Of these public parastatals employ 16,665 persons.

The following sections evaluate the macroeconomic performance (both in historical and recent terms), the balance sheet of the post-1985 reforms, and the status of key factors affecting the economy--namely the role of the public sector in the economy, and GRB's fiscal and monetary policies. Under the heading of "Other Factors", we have addressed other topics of importance to the structural-adjustment process, namely external debt, dependency on foreign aid, the weak economic structure and privatization. The last sections address macroeconomic projections and policy recommendations for the medium term.

## 2. Macroeconomic Performance

### a. The Historical Context

The combination of an economy that is extremely dependent on the international price of coffee and is at the same time skewed by excessive public involvement and erroneous government policies caused a pattern of erratic growth which marked most of the period from the early 1960s until 1985.

Having been adversely affected by recurring domestic and international disequilibria in the 1960s and most of the 1970s, Burundi's economic performance registered a period of substantial, but unsustainable, growth of some 4.9 percent per annum in real terms between 1978-81. However, it was attained through excessive government consumption (up 32% per annum for the period) and in good part financed by an inflationary expansion of the money supply (M2) at an average of 25 percent per year. As a result of the above excesses, annual inflation grew at over 18.5 percent from 1978 to 1981.

From 1982 to 1984, the situation again took a turn for the worse, the result of a marked deterioration in the country's terms of trade, overvalued exchange-rate, unfavorable weather conditions and overly expansionary fiscal and monetary policies. During the same period, annual average growth decelerated to less than 1 percent in real terms and the fiscal deficit (excluding grants) widened to 15 percent of GDP. For its part, annual inflation gained momentum to hit 14.3 percent in 1984. This high inflation combined with the fixed exchange-rate regime then in place, caused an unwarranted appreciation of the Burundian franc --BuF-- in real terms. The external current account deficit (excluding transfers) deteriorated to 14 percent of GDP.

The GRB reacted to the crisis by stepping up its borrowing abroad and by enlarging its administrative controls domestically, in a vain attempt to both contain the external deficit and, supposedly, protect local industry.

Such "dirigiste" measures-cum-borrowing-abroad gave only a brief and clearly unsustainable respite to the economy in 1985 in the form of a "one-shot" real growth rate of 11.7 percent (coming from the previous year's depressed base), an inflation rate of 3.6 percent, and a 20 percent contraction in the current-account deficit to $42.2 million, mostly the result of a 20 percent drop in imports.

However, the end result was that the mounting distortions caused by the controls only served to reinforce the chronic structural difficulties which needed to be corrected:

- an overdominant and inefficient public sector;

- an overdependence on agriculture and one export cash crop (coffee); and

- a policy environment too rigid for long-term sustainable economic growth, notably the inadequacy of economic incentives to agricultural and industrial producers.

**b. The Post-1985 Policy Reforms**

Recognizing its failure to correct the recurring domestic and international disequilibria by heavy-handed "dirigiste" measures, the Government (GRB) embarked in 1986 on a program of comprehensive economic reform under the sponsorship of the IMF and the World Bank. Since then, the macroeconomic environment of the country has been conditioned by four Policy Framework Papers (PFPs) elaborated by the GRB in consultation with the Bretton Woods institutions. These were followed by two major Structural Adjustment Loan (SAL) facilities: SAL I (approved in May 1986) for a total of US $50 million, and SAL II (approved in June, 1988) for a total of US $155 million, each financed by World Bank/IDA and a group of co-financers and conditioned on the satisfactory implementation of reforms and performance.

The following SAL I and II policy reforms were implemented to correct distortions and to provide incentives to the private sector:

✓ three successive exchange-rate devaluations, leading to a cumulative 38 percent depreciation of the real effective exchange rate;

✓ removal of most price controls, except for certain strategic goods and key agricultural exports;

✓ substitution of quantitative import restrictions by import duties;

✓ reduction of the tariff rates from 57 to 5 percent and of the tariff range for non-luxury goods from 0-280 percent to 15-50 percent;

✓ introduction of a Public Investment Program (PIP) as a means to improve public-resource management and minimize waste;

✓ initiation of public-enterprise reform and creation of an independent unit to monitor its performance;

✓ deregulation of interest-rate setting and introduction of an auctioning process of treasury certificates;

✓ liberalization of the import-licensing process whereby commercial banks can grant import licenses up to a ceiling of FBu 25 million without prior central-bank authorization;

✓ introduction of reserve requirements for commercial banks;

- ✓ elimination of the prior-approval requirement from the Ministry of Labor for hiring new employees;

- ✓ introduction of a two-stage reform of the transactions tax, involving higher rates and a wider base of applicability;

- ✓ increase in the beer- and carbonated-drinks-consumption tax;

- ✓ extension of the statistical tax to all imports except those benefitting from diplomatic-exemption status; and

- ✓ formulation of a social-action program for the most vulnerable segments of the population.

The policy forerunner of SAL III, the third structural adjustment loan and fourth PFP for 1991-1994 --as revised in April 1992-- has identified the following key macroeconomic areas that are now to be given major emphasis in the reform program: privatization and private- sector promotion, restructuring of public spending, export and investment promotion, and liberalization of the labor and financial markets. Equally important, we now recognize that the limited absorptive capacity of the private sector is a real constraint to private-sector development and overall economic growth.

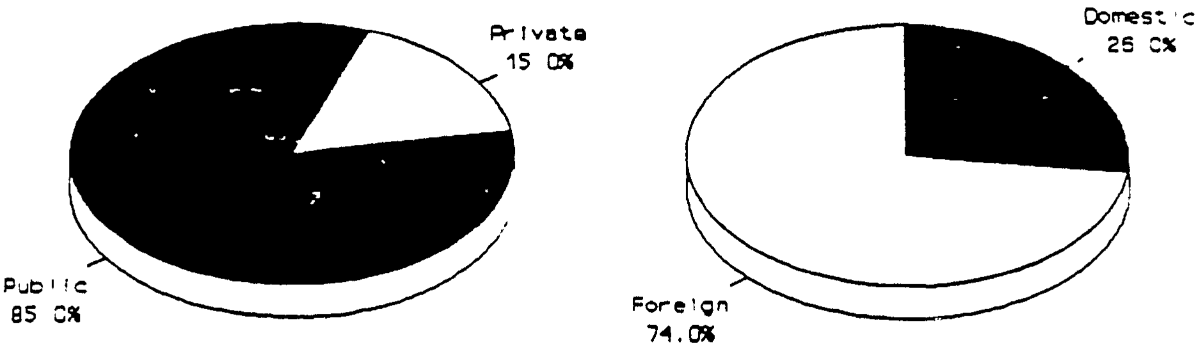
### c. The Balance Sheet of the 1986-1991 Reforms

The balance sheet of the 1986-1991 reforms shows substantial progress was made in the areas of economic-management capacity and policy reform; notably exchange-rate, tariff-reform and interest-rate policy. And, on the surface the economy appears to have performed reasonably well during 1986-1990. Annual GDP growth averaged 3.3 percent in real terms, exceeding the rate of population growth by half a point, and inflation was moderate at 6.5 percent (See Table 1).

Economic-growth performance, however, continued to be erratic and less than satisfactory in terms of sustainability. During this period, the underlying economic structure showed little improvement. While annual investment averaged 17 percent of GDP --over 80 percent of which was accounted for by the often-wasteful public investment program-- domestic savings were low, averaging 2.7 percent of GDP. Fiscal policy was expansionary and monetary policy accommodating (refer to sections 2a and 3). The external current-account deficit (excluding transfers) averaged some 18 percent per year between 1986-1990, compared with a lower 13 percent during the three-year period from 1983-1985.

## Uses and Sources of Investment -1990

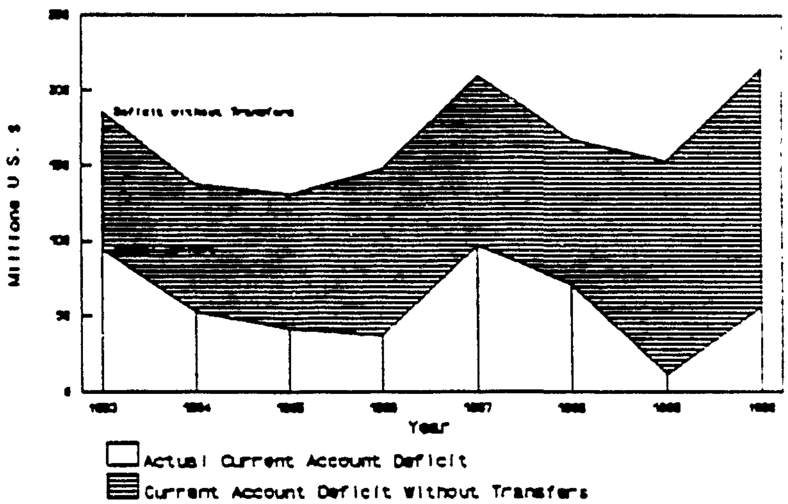
Public vs. Private Uses | Domestic vs. Foreign Sources




Source: Economie Burundaise 1990, Ministry of Plan

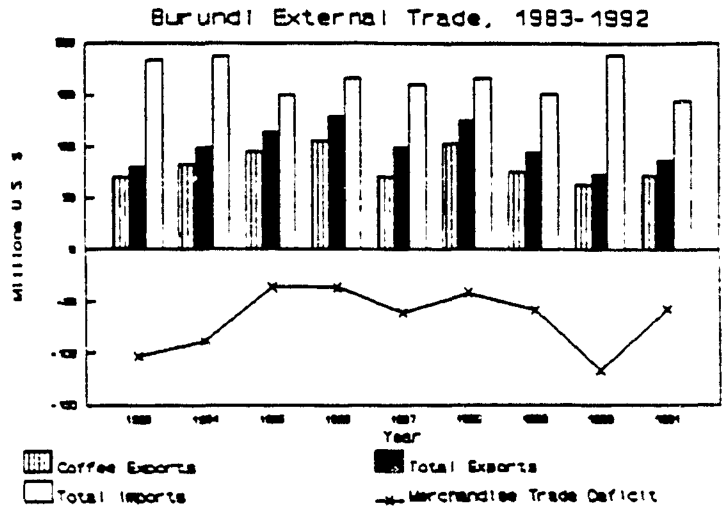
Another symptom of this structural weakness and an indicator of the limited absorptive capacity of the economy is the near quadrupling of foreign-exchange reserves to $141.38 million between 1985 and 1991, a period marked by current-account deficits averaging over $50 million per annum. Under most circumstances such chronic deficits would have caused at least a partial drawing-down of foreign-exchange reserves.

## Current Account Deficit, 1983-1990




Note: 1983 and 1984 represents estimates based on Ministry of Plan and IMF data. Unrequited transfers are both official (93%) and unofficial (7%).

Exogenous causes for this state of affairs include mainly a delicate socio-political regional environment and a 40 percent decline in the country's terms of trade during 1986-1990. Also of particular importance, the privatization program was lacked an adequate and equitable financing dimension. This, in turn, effectively impeded the much-needed process of diversification of the economic base towards secondary-sector activities and high value-added non-traditional exports, away from the historical heavy reliance on one export crop, coffee.




Note: 1983, 1984 and 1991 estimates are based on Ministry of Plan and IMF data.

There was little change in the structure of exports and in the public-sector's share of GDP; there was also no change in the historical pattern of chronic deficits both in the budget and external balance of payments (excluding foreign grants) (See Table 1). Foreign-aid inflows had the effect of boosting foreign-exchange reserves and permitting the GRB to continue to fund the subsidization of inefficient public enterprises. The growth in private-sector investment that had been expected to contribute to the diversification of the economy did not materialize, largely due to the embryonic state of development of the indigenous private sector and the lack of investors' confidence and means to respond. The overwhelming role of public enterprises and the persistence of other structural rigidities are the principal causes.

A recent evaluation by the World Bank of the impact on Burundi of the first two SALs candidly revealed the following findings:

- Implementation of appropriate macroeconomic policies was insufficient to stimulate exports and generate a supply response; sectoral policies must be fully implemented as well;

- Public investment, which accounts for some 80 percent of total investment, has largely focussed on traditional economic sectors --which exhibit low or, in some cases, negative rates of return-- instead of aiming at new and economically feasible projects oriented towards the diversification of the economy; and

- The relative weight of non-developmental budgetary expenditures such as outlays for military purposes and indirect subsidies to unprofitable parastatals has increased substantially since 1986.

These shortcomings, compounded by GRB cautiousness in implementing change, have slowed progress of the structural-adjustment policy reforms and continue to contribute to high opportunity costs as manifested by a reluctance to undertake the corrective measures.

In conclusion, both SALs I and II, while a good start in the right direction, have fallen short of the needed result of diversifying the productive base of the economy; both programs were too optimistic about the speed at which the diversification reforms, namely privatization, could be attained. Indications are that further improvement in the macro- and sectoral-policy environment and in business capacity and know-how to respond to incentives is required before we will see a private-sector supply response.

The present absence of any significant changes in the structure of the economy and the absence of new sources of growth effectively argue for the continuation of a structural adjustment program--including a proper sequencing of policy reform and direct assistance to the private sector--for the Burundian economy until at least the end of the decade. Observation of the GRB's performance in structural adjustment, as well as the response of the economy to the reforms, argues that donors' support programs should be structured to support the diversification process over the long run.

In the short run, efforts should be directed towards maximizing productivity and value added in the traditional agricultural and related sectors. Simply put, the Burundian economy--given the vital importance of agricultural activities in the productive economy at the present--cannot expand satisfactorily in the last decade of the twentieth century without a vibrant and efficient primary sector.

### 3. Fiscal Policies

#### a. General Characteristics

Historically, the lack of sound fiscal management has had an adverse effect on the pace of the adjustment program, mainly through the pursuit of expansionary fiscal policies.

Fluctuations in coffee-export receipts, compounded by rapidly increasing expenditures, noted above, have caused the overall fiscal shortfalls to vary correspondingly. For example, the budget deficit (excluding foreign grants) as a percentage of GDP between 1987 and 1989 showed a decline from 17 percent to 9 percent, but the trend was reversed in 1990 when the deficit climbed to 13.4 percent, one of the highest in Africa.

Since 1988, these shortfalls were in good part met by auctioning of treasury certificates. As a result of the latter innovation, the GRB has managed to reduce its net indebtness to the domestic banking system by some 50 percent between 1987 and 1990.

Equally important in the effort to stabilize revenues and curtail waste, the country has created institutional mechanisms for a more rational expenditure allocation. A Public Investment Program (PIP) and a Public Expenditure Program (PDP) are now in place, under the guidance of the World Bank.

However, further work is required to bring public expenditures into line with budgetary resources by using a common approach and respecting implementation deadlines with the newly-enacted--but still not all-inclusive--"Consolidated" Budget. In this budget, foreign grants still account for over 29% of total "fiscal" receipts. Equally important, total fiscal receipts are still much below the level of irreducible expenditures (i.e. those expenditures which are absolutely necessary), effectively limit any possibility for the mobilization of public savings for investment purposes.

The major issues of resource allocation which still persist include:

- excessive military expenditures;
- underfinancing of recurrent costs;
- continuation of direct and indirect subsidies to public enterprises; and
- inadequacy of cost recovery and distorted pricing for some public utilities.

### b. The Predominant Public Role of the Economy and Its Impact on Development Prospects

The GRB is both the largest consumer and investor in the country and its resource allocation is crucial to economic growth. However, as noted above, the track record of such resource allocation has been disappointing. Rather than decreasing during the adjustment program, government demand has actually increased (See Tables 8 and 10), accumulating ever-larger opportunity costs, and making it impossible to free up scarce resources for more economically efficient uses.

The excessively large non-developmental expenditures, e.g., massive subsidies to unprofitable industrial and commercial enterprises functioning in a quasi-monopolistic environment, have negated any significant contribution to the critically-needed diversification of the economy. As a result, the structural fragility and narrowness of the underlying economic base have actually increased during SALs I and II.

### 4. Monetary Policies

The stated objectives of the GRB's monetary policy were to reduce inflation, strengthen the external balance of payments and produce an efficient mobilization of resources via the maintenance of real interest rates. Money-supply growth, as measured by M2, although exhibiting some of the historical "brakes on, brakes off" approach of the past, was fairly accommodating during 1986-1990, contributing to a moderate average inflation of some 6.5 percent. On the other hand, the share of credit available to the private sector shrunk concomitantly with higher government borrowing needs brought about by the persistence of high budget deficits.

With the sole exception of 1989, when there was a big jump in inflation (11.7%), interest rates--both in terms of deposits and borrowings--remained positive. As a result, term-savings deposits, bolstered by an excellent performance of rural savings cooperatives, expanded, albeit from a low base, by over 800 percent between 1986 and 1990. Unfortunately, the balance of payments, excluding the massive foreign-aid inflows, still exhibits chronic deficits, largely the result of the vagaries of the international coffee markets and a ever-rising import bill.

### 5. Other Factors

#### a. The External Debt Situation

The debt strategy followed by the GRB since 1986 is to borrow only on highly concessional terms--in order to keep interest costs down--and to improve the management of its public debt with the help of the World Bank. However, Burundi's external debt, as per World Bank figures, nearly doubled between 1985 and 1990 to over a reported U.S. $900 million (end-1990) (See Table 3), due both to an acceleration in concessional borrowing and the impact of successive exchange-rate devaluations. As a percentage of GDP, outstanding debt went from 39 to 82 percent between 1985 and 1990. In 1990, multilateral institutions accounted for 48 percent of the debt service.

For its part, the debt-service ratio, notwithstanding France's cancellation of $105 million in official debt, still amounted to over 44 percent at the end of 1990. (Belgium also cancelled about $12 million in July 1991.) Although these debt-forgiving measures on the part of foreign creditors are bound to spell some relief for the balance of payments, particularly in 1992, the debt-service ratio is still projected to exceed an onerous 35 percent in the years ahead. (According to the World Bank statistics, the debt-service ratio for Sub-Saharan Africa averaged 20.6% in 1990, the latest available.)

#### b. The Role of Foreign Aid

Another disturbing trend relates to the country's ever- mounting dependency on foreign aid, which now finances about 75 percent of the public investment program. This degree of dependency, as measured by the ratio of the total annual foreign-aid flow to GDP, just about doubled from 1983 to 1990 to stand at over $169 million (15% of GDP) in the latter year. Foreign donor support was also the main cause for the nearly quadrupling of the level of foreign-exchange reserves to $141 million between 1985 and 1991.

Under this scenario, coordination among the donors' programs is essential to ensure that they are consistent with the targets of the overall adjustment program and that they discourage unwarranted support for public enterprises. This is especially true where specific donors have given long-term support to the same enterprises. Also, large inflows of donor funds may cause a slowing of the privatization process or a postponement of tariff reform, effectively acting as barriers to entry to potential private investors.

Optimally, these one-way flows should be gradually replaced by direct-investment flows. Unfortunately, the direct-investment indicators are equally grim in that they reveal the economy's fragility and, perhaps, the concomitant lack of confidence of foreign investors or willingness of the GRB to court foreign investment (See Table 2). (For example, in this country with a GDP amounting to some $1.12 billion, foreign direct investment has historically amounted to a negligible $1.2 million a year.)

Clearly, direct-investment mobilization and enhancement measures ought to be urgently enacted and made part of the economic-restructuring program as one important weapon aimed at economic diversification. New foreign investment will bring in considerable additional benefits such as skilled-jobs creation, "know-how" in terms of western managerial practices, and a much-needed familiarity with the modus operandi and the required standards of international markets.

### c. The Weak Economic Structure

The post-1985 corrective measures have had little noticeable impact on the weakness of the linkages and transfers among the sectors, and on the needed reversal of the persisting fragility and narrowness of underlying economic base. (The following sectoral analysis is based on official nominal data series available from the Ministry of Plan.)

<u>The Primary Sector</u>

Available data indicates an erratic fluctuation in terms of sectoral contribution to GDP during the decade of the 1980s and lack of a decisive diversification of the productive base. In 1983 the primary sector contributed 57 percent of GDP, peaked at 62 percent in 1985 and fell to 56 percent by 1990. By any measure, the economy continues to be heavily dependent on primary agricultural production.

Within the primary sector, data (which requires further validation) suggests a decisive move away from a subsistence economy (the ratio of the subsistence sector to GDP was 41% in 1983, rose to 47% in 1985 and fell to 34% in 1990) (See Table 8). Also, Burundi's degree of dependency on <u>one</u> export cash crop (coffee) for most of its foreign-exchange earnings remains virtually unchanged, rising from 87 percent in 1983 to 89 percent in 1985 and back down to 86 percent in 1990 (Refer to Table 2).

Equally important, some underlying features of the agricultural sector give cause for concern. While the resource-poor regions, in terms of soils and rainfall, have reasonably abundant land that can be reclaimed for agricultural use, the well-endowed regions have little or no land on which to expand production and farmers must therefore increase productivity. Soil fertility and erosion are serious problems, threatening food- and cash-crop production.

Unfortunately, the country's ability to expand the productive base of the economy has been constrained by a number of factors.

* Burundi's physical isolation translates into high transportation costs for both imported inputs and exports.

* Adverse government policies have inhibited rural trade, investment and growth.

* National programs of support to agriculture have been fragmented and weakened by years of uncoordinated donor support involving often large and uneconomical area-specific development projects.

* Private-sector input supply and marketing are largely underdeveloped.

* The national agricultural research system is not generating much technology of practical use for Burundi's farmers.

The Secondary Sector

The weight of the state-dominated secondary sector in terms of GDP continued, from 1983 to 1990, to be fixed at around 15 percent (See Table 8). Due to its relative inefficiency and small size the secondary sector, which covers manufacturing, construction, energy, and mining, has been shown to be limited in its capacity to provide employment opportunities to a burgeoning population.

The Tertiary Sector

The tertiary sector has exhibited some growth, but of an adverse nature; the jump from 26% to 29% in the tertiary sector to GDP ratio between 1985 and 1990 was due mostly to an expansion of the Government subsector (Refer to Table 8).

### d. Privatization

Privatization of State-Owned Enterprises (SOEs) has been a concern of the World Bank during the entire course of SAL II. The GRB has endorsed the need for near-term action in this area, emphasizing the urgency and requirement to disengage the State from unproductive investments. They have passed legislation which provides the legal framework for privatization of all but a few "strategic" (largely public utilities) SOEs.

The GRB privatization program rests within the *Service Chargé des Entreprises Publiques* (SCEP), the agency designated to monitor public enterprises, which has largely been funded by the World Bank. In the previous SAL II, the World Bank had earmarked some 30 companies for privatization or liquidation. The program targets were far too optimistic about the speed at which the privatizations could be completed.

These shortcomings were in good part due to the delicate socio-political environment, but also because the privatization program--the cornerstone of public enterprise reform--was flawed because it lacked, inter alia, an effective financing mechanism. Early on, USAID recognized privatization as a necessary condition to promote diversification of the economy. Nevertheless, it was initially reluctant to fully engage in the process due to lingering sentiments within the donor community, notably the World Bank, that direct interventions in privatization were outside USAID's domain.

Excellent collaboration among the GRB, the World Bank and USAID--buttressed by USAID's support to concrete, pragmatic activities (e.g., the free-trade-regime consultancy)--has served to overcome many of these concerns. Today, the GRB and the World Bank welcome USAID's involvement in the program. Price Waterhouse has initiated the second phase of its assistance, which includes final selection of an enterprise for divestiture, valuation, and preparation of an information memorandum for buyers.

**6. Recent Economic Performance**

For 1991, USAID's estimates suggest a good economic performance--boosted by foreign aid--of around five percent in real growth. Favorable weather boosted the output of food crops and tea. Inflation rose to over nine percent as a result of the lagged impact of the erratic monetary policy and a 15 percent devaluation of the exchange rate in August 1991. Preliminary figures on coffee-export receipts show they rose by an estimated 14 percent to some $71 million, owing to a combination of new plantings in prior years and volume increases with the sale of stocks left over from the previous year.

Given the above indicators, the current-account balance will benefit from large aid transfers and a lower import bill and show an estimated deficit of some $10 million. The overall balance of payments is reckoned to have registered a surplus equivalent to over three percent of GDP, aided by some $261 million in external assistance (grants and loans).

Thus, the chronic trade- and services-accounts shortfalls will continue to be offset by large foreign-aid inflows. The so-called import-coverage ratio continues to be inadequate in that total receipts from the export of goods and services amount only to roughly 33 percent of the total import bill for same. Equally revealing, total financial assistance from abroad amounts now to over 200 percent of exports of goods and services, and to over 15 percent of GDP.

## 7. Economic Projections for the Medium Term

### a. The World Bank Macro Targets

The revised (April 1992) PFP macroeconomic targets for 1991-1994 of the World Bank call for:

- Average real GDP growth of four percent, implying a per-capita GDP growth of about one percent --i.e. per-capita income and consumption would go up modestly;
- Maintenance of the inflation rate at seven percent per year;
- Stabilization of the current-account deficit, excluding transfers, at about 18.7 percent of GDP by 1994;
- Stabilization of net foreign-exchange reserves at no less than four months of imports of goods and services; and
- A reduction in the budget deficit, excluding grants, from 13 percent in 1991 to 6.8 percent of GDP by 1994.

### b. The Financing Requirements Forecast

According to the World Bank SPA Status Report for Burundi, to achieve the above objectives, financing requirements for the 1992-1993 period amount to $93.8 million, which are expected to be covered by disbursements from already committed resources and from new adjustment operations already identified. Total commitments identified for 1992-1993 add up to $ 150.6 million (including IDA and ESAF). Should actual disbursements exceed required levels, such financing would go to a build-up of reserves (to the equivalent of over four months of imports of goods and services). In the event of unforeseen shocks such as further declines in coffee prices, the shortfall could eventually be covered by a draw-down of reserves.

### c. USAID's Forecasts and Recommendations

USAID forecasts that the modest gains of 1991 are not going to be repeated in 1992. For this year, the target of an annual real rate of growth of 4% and inflation of 5%, as well as the hoped-for improvements in the external accounts and budget deficits, look overly optimistic in view of the 22-year record coffee-price lows in international markets. The most likely result will be a widening of both the internal and external deficits, higher financial aid from the donors to close the anticipated balance-of-payments financing gap of approximately $33 million (or/and a reserves drawdown). This will simply mean that the fragility of the economy will become even more precarious (See Table 4).

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**Burundi's Economic Growth Path**

**Agricultural activities (production, marketing, processing, services) make up an estimated 80 percent of the economy.**

**Agricultural activities are currently growing at about 3 percent per year.**

**The non-agricultural portion of GDP (including manufacturing, mining and services) would have to grow by 8 percent per year to meet an overall target of 4 percent growth in GDP.**

**If growth in agricultural activities can be raised to 3.5 percent per year, the non-agricultural portion of GDP would still have to grow by 6 percent per year to meet an overall target of 4 percent growth in GDP.**

**Conclusion: The more the agricultural economy grows the more likely it is that the economy as a whole will grow.**

In view of the absence of any significant changes in the structure of the economy, the absence of new sources of export growth, and the potential adverse impact of exogenous factors (further deterioration of coffee prices and poor weather), it would appear that Burundi will remain a candidate for continued structural-adjustment efforts for the medium to long term. Among the most pressing needs are reduction of the overwhelming dependency on a single export crop and implementation of plans to divert resources from uneconomic SOEs to the private sector. Overall, the identification and implementation not only of critical pieces of the enabling framework that are not yet in place, but also elements of institutional and human capital development that require more attention, will be critical to eliciting the dynamic response from the private sector to economic reform.

In the immediate future, notwithstanding the constraints imposed by the high population density and the present intensive use of arable land, the opportunities for economic growth will continue to come directly from agriculture. Thus, there is a critical need to increase productivity and value added in agriculture and related sectors. In light of the above, donors' support programs should be aimed at a gradual diversification of the economy, focussing initially on crop diversification and improving productivity in agriculture, including establishment of the private sector in the marketing and distribution of agricultural inputs and outputs, and then playing off the accelerated and less volatile agricultural growth pattern to stimulate the development of non-agricultural economic activity.

Primary-sector development can be the critical catalyst that will stimulate secondary-sector activity, be it in agribusiness or other industry. Identifying and helping to bring about the policy changes and investments in agriculture and agriculturally related activities that will infuse dynamism into the process of "structural transformation" the key to the near- and medium-term economic-development prospects of Burundi.

(1)

**Overall Contribution of the Primary Sector to GDP° - 1990**
(In Constant Prices)

| Activity | % Ag Related | % NonAg Related | Percent° Total |
|---|---|---|---|
| PRIMARY SECTOR | 56.6 | 0 | 56.6 |
| Food Crops | 45.3 | 0 | 45.3 |
| Livestock | 3.7 | 0 | 3.7 |
| Fish | 0.1 | 0 | 0.1 |
| Wood Products | 3.1 | 0 | 3.1 |
| Exports | 4.4 | 0 | 4.4 |
| SECONDARY SECTOR | 8.1 | 5.3 | 13.4 |
| Industry | 3.5 | 1.0 | 4.5 |
| . agro-/food | ...1.0 | ...0 | ...1.0 |
| . other | ...2.5 | ...1.0 | ...3.5 |
| Handicrafts | 2.5 | 1.0 | 3.5 |
| Construction | 2.1 | 2.0 | 4.1 |
| Mining and Energy | 0 | 1.3 | 1.3 |
| TERTIARY SECTOR | 15.2 | 14.8 | 30.0 |
| Public Administration | 5.0 | 12.3 | 17.3 |
| Transport/Communication | 1.7 | 0.7 | 2.4 |
| Trade | 8.0 | 0.7 | 8.7 |
| Other Private Services | 0.5 | 1.1 | 1.6 |
| Totals | 79.9 | 20.1 | 100 |

Source: USAID/Burundi's Estimates Based on Ministry of Plan official statistics.

° At factor cost and in constant terms.

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TABLE 1
BURUNDI SELECTED MACROECONOMIC INDICATORS
(ANNUAL PERCENTAGE CHANGES, UNLESS OTHERWISE INDICATED)

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991(e) |
|---|---|---|---|---|---|---|---|---|---|
| Macroeconomic and Sectoral Indicators | | | | | | | | | |
| Nominal GDP (BuFrs billion) | 102 89 | 120 45 | 141 35 | 140 84 | 143 59 | 152 91 | 174 50 | 189 14 | 210 30 |
| Nominal GDP (US$ billion) | 1 11 | 1 01 | 1 17 | 1 23 | 1 16 | 1 09 | 1 10 | 1 12 | |
| Nominal GDP per capita (US$) | 232 00 | 220 00 | 235 00 | 207 00 | 246 00 | 212 00 | 208 00 | 207 00 | |
| Real GDP Growth (% annual change) | 3 10 | Nil | 11 70 | 3 80 | 4 10 | 3 70 | 1 50 | 3 40 | 5 00 |
| Nominal GDP Growth (% annual change) | 11 30 | 17 10 | 17 30 | Nil | 2 00 | 6 50 | 13 70 | 9 04 | |
| Implicit GDP Deflator (% annual change) | 6 00 | 17 20 | 5 00 | -4 00 | Nil | 2 70 | 12 10 | 5 00 | |
| Consumer Prices (% annual change) | 8 30 | 14 30 | 3 60 | 1 90 | 7 20 | 4 50 | 11 70 | 7 10 | 9 10 |
| Government Consumption (% annual change) | 12 30 | 3 50 | 7 90 | 6 40 | 17 80 | 1 20 | - 15 20 | 16 10 | |
| Private Consumption (% annual change) | 4 90 | 19 30 | 18 40 | - 4 70 | 2 60 | 6 80 | 23 60 | 11 70 | |
| Net Imports Goods & Services* (% annual change) | - 6 50 | 5 20 | - 25 60 | - 11 30 | 71 20 | - 13 70 | 47 60 | 61 00 | |
| Exchange Rate (US$/BuFr) End - of - Period | 117 41 | 124 95 | 111 97 | 124 17 | 114 47 | 149 94 | 175 43 | 165 35 | 190 97 |
| Exchange Rate (US$/BuFr) Period Average | 92 50 | 119 71 | 120 69 | 114 17 | 123 56 | 140 40 | 158 67 | 171 26 | 181 51 |
| Real Effective Exchange Rate (1985 = 100) | 105 80 | 98 20 | 100 00 | 85 10 | 73 80 | 65 00 | 66 80 | 57 30 | 57 50 |
| M1 (% annual change) | 26 10 | 6 50 | 25 10 | 8 10 | -1 00 | 2 60 | 2 90 | 10 00 | |
| M2 (% annual change) | 25 70 | 3 80 | 19 70 | 1 00 | 1 80 | 13 00 | 13 40 | 10 70 | |
| Money, Seasonally Adjusted (% annual change) | NA | NA | 25 60 | [illegible] | Nil | 4 50 | 3 30 | 10 30 | |
| Domestic credit (% annual change) | 20 10 | 6 70 | 12 20 | 2 80 | 5 20 | 19 10 | - 1 20 | 10 10 | |
| Discount Rate (% per annum, end of period) | 7 00 | 7 00 | 7 00 | 5 00 | 7 00 | 7 00 | | | |
| Lending Rate (%) | 12 00 | 12 00 | 12 00 | 12 00 | 12 00 | 12 00 | | | |
| Financial Sector Deepening (M2/GDP) | 18 70 | 16 60 | 16 90 | 17 10 | 17 10 | 17 50 | 19 50 | 21 20 | |
| Primary Sector/GDP (%) | 57 30 | 60 10 | 62 00 | 58 60 | 56 40 | 54 30 | 56 40 | 56 00 | |
| Secondary Sector/GDP (%) | 15 50 | 13 80 | 12 50 | 13 50 | 15 20 | 16 74 | 15 50 | 15 00 | |
| Tertiary Sector/GDP (%) | 27 20 | 26 00 | 25 60 | 28 00 | 28 40 | 28 90 | 28 00 | 28 90 | |
| Volume of Coffee Exports (1985 = 100) | 73 00 | 87 00 | 100 00 | 108 00 | 79 00 | 108 00 | 85 00 | 98 00 | |
| Price of Coffee Exports (1985 = 100) | 78 00 | 105 00 | 100 00 | 124 00 | 86 00 | 129 00 | 97 00 | 85 00 | |
| Average Price of Coffee $/lb (FOB Dar - es - Salaam) | 1 05 | 0 79 | 0 93 | 0 97 | 1 04 | 0 93 | 0 84 | 0 87 | |
| Current Account Deficit/GDP (%)** | 16 20 | 12 90 | 10 30 | 11 40 | 17 40 | 14 50 | 27 40 | 18 30 | |
| Domestic Savings/GDP (%) | 1 50 | 4 30 | 5 10 | 7 50 | 6 90 | 2 40 | 4 40 | 1 10 | |
| Public Investment/GDP (%) | 16 50 | 14 60 | 11 70 | 11 40 | 16 40 | 13 40 | 13 70 | 15 10 | |
| Private Investment/GDP (%) | 2 40 | 2 60 | 2 30 | 2 60 | 4 60 | 1 60 | 3 20 | 3 30 | |
| Public/Private Investment Ratio | 6 80 | 5 50 | 4 90 | 4 40 | 3 70 | 8 20 | 4 30 | 4 60 | |
| Gross Domestic Savings/Gross Investment (%) | 8 30 | 23 20 | 38 50 | 47 10 | 30 30 | 10 40 | 26 20 | 5 90 | |
| Gross Savings/GDP (%) | - 0 40 | 2 20 | 3 20 | 3 70 | 5 00 | 0 40 | 3 60 | 0 70 | |
| Terms of Trade (1985 = 100) | | | 100 00 | 120 60 | 71 40 | 85 30 | 69 70 | 55 06 (e) | |
| Terms of Trade (% Annual Change) | | | | 20 60 | 40 90 | 19 50 | 18 20 | 21 00 (e) | |

Source Ministry of Planning, BRB, IMF, IBRD, USAID/Burundi

* A minus sign denotes improvement

**Excluding grants

TABLE 2

BURUNDI BALANCE OF PAYMENTS

(US$ MILLIONS, UNLESS OTHERWISE INDICATED)

| | 1983(e) | 1984(e) | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991(e) |
|---|---|---|---|---|---|---|---|---|---|
| **I. Current Account Balance (A+B+C+D)** | -94 00 | -52 70 | -42 20 | -37 60 | -96 40 | -70 50 | -11 60 | -58 30 | -10 00 |
| Merchandise, Exports FOB | 80 60 | 98 80 | 113 50 | 129 10 | 98 30 | 124 40 | 93 20 | 72 50 | 87 00 |
| of which: | | | | | | | | | |
| - coffee | 70 30 | 83 00 | 95 20 | 105 60 | 69 80 | 103 00 | 74 80 | 62 50 | 71 00 |
| (coffee/total exports %) | (87 20) | (84 00) | (83 80) | (81 80) | (71 00) | (82 80) | (80 30) | (86 20) | (81 60) |
| Merchandise: Imports FOB | -183 70 | -187 00 | -149 70 | -165 30 | -159 20 | -166 10 | -151 40 | -188 60 | -144 00 |
| A. Merchandise Trade Balance | -103 10 | -88 20 | -36 10 | -36 20 | -60 80 | -41 70 | -58 20 | -116 10 | -57 00 |
| Services, Credit | 15 00 | 14 00 | 13 20 | 11 70 | 11 90 | 11 90 | 15 30 | 16 60 | 34 30 |
| Services Debit | -88 10 | -49 70 | -89 30 | -102 90 | -132 00 | -114 90 | -92 10 | -100 30 | -71 80 |
| B Net Services | -73 10 | -35 70 | -76 10 | -91 20 | -120 10 | -103 00 | -76 80 | -83 70 | -37 50 |
| Income Credit | 1 00 | 1 50 | 1 60 | 2 10 | 2 90 | 2 90 | 8 90 | 8 20 | |
| Income Debit | -10 30 | -14 50 | -19 90 | -22 70 | -31 30 | -25 80 | -26 50 | -23 10 | |
| C Net Income | -9 30 | -13 00 | -18 30 | -20 60 | -28 40 | -22 90 | -17 60 | -14 90 | -1 00 |
| Private Unrequited Transfers | 6 00 | 6 20 | 10 00 | 7 70 | 7 20 | 9 90 | 8 60 | 10 10 | 12 20 |
| Official Unrequited Transfers | 85 60 | 78 00 | 78 50 | 102 70 | 105 70 | 87 20 | 132 40 | 148 30 | 73 30 |
| D Net Transfers | 91 50 | 84 20 | 88 50 | 110 40 | 112 90 | 97 10 | 141 00 | 158 40 | 85 50 |
| **II. Capital Account Balance (E+F+G)** | 131 60 | 81 40 | 66 00 | 84 90 | 131 10 | 84 30 | 64 40 | 39 20 | 38 30 |
| E Direct Investment | 0 40 | 0 90 | 0 50 | 1 50 | 1 40 | 1 20 | 0 50 | 1 20 | |
| F Portfolio Investment | | | | | | | | | |
| G Other Capital | 131 20 | 80 50 | 65 50 | 83 40 | 129 70 | 83 10 | 63 90 | 38 00 | 38 34 |
| Medium and Long-term | 110 80 | 82 30 | 54 80 | 60 10 | 114 50 | 78 20 | 63 50 | 36 90 | 28 90 |
| Public sector (net) | 110 80 | 82 30 | 56 40 | 67 20 | 124 50 | 84 00 | 65 40 | 37 90 | 28 10 |
| Private sector (net) | - | - | -1 60 | -7 10 | -10 00 | -5 80 | -1 90 | -1 00 | 0 80 |
| Short-term | 20 40 | -1 80 | 10 70 | 23 30 | 15 20 | 4 90 | 0 40 | 1 10 | 9 44 |
| Commercial Banks | 16 20 | -5 90 | 1 80 | -1 80 | 1 10 | 0 60 | -0 50 | 1 10 | |
| Other | 4 20 | 4 10 | 8 90 | 25 10 | 14 10 | 4 30 | 0 90 | 0 00 | |
| **III. Net Errors and Omissions** | -23 20 | 6 80 | -8 00 | -18 90 | -37 30 | -8 60 | -14 90 | 13 90 | 15 50 |
| **IV. Overall Balance (I+II+III)** | 14 40 | 21 90 | 58 00 | 28 40 | 2 60 | 7 20 | 37 90 | 3 20 | 43 80 |
| Memorandum Items | | | | | | | | | |
| Total Foreign Aid Inflows (US$ million) | 85 60 | 78 00 | 78 30 | 98 00 | 108 00 | 91 30 | 130 70 | 169 00 | |
| Total Foreign Aid/GDP (%) | 7 70 | 7 80 | 6 70 | 7 90 | 9 30 | 8 40 | 11 90 | 15 30 | |
| Foreign Exchange Reserves (US$ Million) | 26 94 | 19 73 | 29 47 | 69 07 | 60 73 | 69 38 | 99 62 | 105 04 | 141 48 |

Source I M F , IBRD, USAID/Burundi

e estimate

TABLE 3
BURUNDI EXTERNAL DEBT INDICATORS
(US $ MILLIONS, UNLESS OTHERWISE NOTED)

| | 1980 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|---|---|---|
| Total External Debt, Disbursed | 166 00 | 308 00 | 348 00 | 455 00 | 570 00 | 770 00 | 801 00 | 889 00 | 906 00 |
| Public & Publicly guaranteed (long term) | 154 00 | 298 00 | 336 00 | 424 00 | 546 00 | 733 00 | 788 00 | 872 00 | 893 00 |
| Official Creditors | 146 00 | 282 00 | 312 00 | 397 00 | 520 00 | 710 00 | 768 00 | 859 00 | 883 00 |
| Multilateral | 95.00 | 175 00 | 209 00 | 262 00 | 360 00 | 489 00 | 550 00 | 607 00 | 703 00 |
| Concessional | 55 00 | 137 00 | 169 00 | 214 00 | 298.00 | 417 00 | 466 00 | 518 00 | 612 00 |
| IDA | 37.00 | 92 00 | 117 00 | 140 00 | 191.00 | 252 00 | 287 00 | 328 00 | 398 00 |
| Non-Concessional | 5 00 | 14 00 | 24 00 | 32 00 | 40 00 | 51 00 | 51 00 | 49 00 | 49 00 |
| Bilateral | 51 00 | 107 00 | 103 00 | 136 00 | 161 00 | 220 00 | 219 00 | 251 00 | 180 00 |
| Concessional | 49 00 | 105 00 | 102 00 | 131 00 | 157.00 | 217 00 | 217 00 | 250 00 | 180 00 |
| Private Creditors | 8 00 | 16 00 | 24 00 | 27 00 | 26 00 | 23 00 | 19 00 | 14 00 | 9 00 |
| Commercial Banks | 5.00 | 12 00 | 21 00 | 23 00 | 21.00 | 18 00 | 11 00 | 6 00 | 1 00 |
| Short term debt | 12 00 | 10 00 | 12 00 | 32 00 | 24.00 | 37.00 | 13 00 | 16.00 | 13 00 |
| | | | | | | | | | |
| Total External Assets, Excluding Gold (e) | 199 20 | 69 20 | 45 90 | 62 30 | 152 40 | 124 50 | 145 00 | 218 10 | 211 70 |
| Net External Debt | -33 20 | 239 00 | 302 10 | 392 70 | 417.60 | 645 50 | 656 00 | 670 90 | 694 30 |
| | | | | | | | | | |
| Memoranda | | | | | | | | | |
| Interest payments | 2 00 | 3 00 | 8 00 | 9 00 | 12.00 | 15 00 | 17 00 | 15 00 | 12 00 |
| Principal payments | 4 00 | 4 00 | 8 00 | 12 00 | 16 00 | 24 00 | 24 00 | 24 00 | 28 00 |
| Exports of Goods & Services | 92 00 (e) | 95 60 (e) | 112 80 (e) | 126 80 | 140 80 | 110 20 | 136 30 | 108 50 | 89 10 |
| Imports of Goods & Services | 224 00 (e) | 281.10 (e) | 236 70 (e) | 225 80 | 256 50 | 279 30 | 269 10 | 228 20 | 272 30 |
| Gross Domestic Product | 951.20 | 1,107 00 | 1,006 20 | 1,171 20 | 1,233 60 | 1,162 10 | 1,089 10 | 1,095 70 | 1,106 90 |
| Foreign Exchange Reserves, minus Gold | 94 50 | 26 90 | 19 70 | 29 50 | 69 10 | 60.70 | 69 40 | 99 60 | 105 00 |
| | | | | | | | | | |
| Ratios | | | | | | | | | |
| Debt Service/Exports Goods & Services (%) | 6 50 | 7 30 | 14 20 | 16 60 | 19 90 | 35 90 | 30 10 | 35 90 | 44 90 |
| Total Debt/GDP (%) | 17 50 | 27 80 | 34 60 | 38 80 | 46 20 | 66 30 | 73 50 | 81 10 | 81 90 |
| Total Debt/Exports Goods & Services (%) | 180 40 | 322 20 | 308 50 | 358 80 | 406 00 | 698 70 | 587 70 | 819 40 | 1,016 80 |
| Export/Import Coverage (%) | 41 10 | 34 00 | 47 70 | 56 20 | 54 90 | 39 50 | 50 70 | 47 50 | 32 70 |
| Reserves/Import Coverage (months' worth) | 12 30 | 1 10 | 1 00 | 3 00 | 3 20 | 2 60 | 3 10 | 5 20 | 4 60 |

Source: World Bank, IMF, USAID/Burundi
e - estimate

TABLE 4
BURUNDI: SOURCES AND USES OF FOREIGN EXCHANGE (1987–1992)
(US$ MILLION)

| | 1987 | 1988 | 1989 | 1990 | 1991(e) | 1992(f) |
|---|---|---|---|---|---|---|
| I. USES OF EXTERNAL FINANCING | 215 90 | 191 90 | 200 80 | 225.60 | 152 90 | 277.20 |
| Current Account, minus Official Transfers | 202 20 | 157 80 | 144 00 | 204.70 | 83 30 | 220 00 |
| Amortization of Principal | 24.00 | 24 00 | 24 00 | 28 00 | 24.20 | 29 00 |
| Change in Net Reserves | −10 30 | 10 10 | 32 80 | −7.10 | 45.40 | 28 20 |
| II. SOURCES OF EXTERNAL FINANCING | 215 90 | 191 90 | 200 80 | 225.60 | 152.90 | 244 20 |
| Official Transfers (Grants) | 105.70 | 87 20 | 132 40 | 148.30 | 73 00 | 100 00 |
| Direct Investment | 1 40 | 1 20 | 0.50 | 1.20 | 1 50 | 2 00 |
| Loans | 144 80 | 124 60 | 105 30 | 88.00 | 101 50 | 109 80 |
| Bilateral creditors | 34 10 | 18 40 | 24 20 | 23 00 | 21 80 | 45 00 |
| Multilateral creditors | 120 80 | 112 00 | 83.10 | 65 00 | 79 60 | 64 80 |
| Private creditors | −10 00 | −5 80 | −1 90 | −1 00 | −5.70 | 19 90 |
| Errors and Omissions | −36 00 | −21 10 | −37 40 | −11 90 | −23 10 | 32 40 |
| III. FINANCING GAP | | | | | | 33 00 |

Source: Ministry of Planning, Central Bank, World Bank, USAID/Burundi
e – estimate
f – forecast

TABLE 5

**BURUNDI – FISCAL REVENUES ***

(BuF million)

| | 1986 | 1987 | 1988 | 1989 | % OF TOTAL | 1990 | % OF TOTAL |
|---|---|---|---|---|---|---|---|
| **I. REVENUES – CURRENT** | | | | | | | |
| Direct taxes | | | | | | | |
| Companies | 1 761 | 1 578 | 2 362 | 1 867 | 5 7% | 2,749 | 8 7% |
| Individuals | 2,447 | 2 326 | 2 462 | 2 876 | 8 8% | 3 289 | 10 4% |
| Other | 305 | 358 | 323 | 376 | 1 1% | 900 | 2 8% |
| Sub – total | 4 513 | 4 262 | 5,147 | 5 119 | 15 6% | 6 938 | 21 9% |
| Indirect taxes | | | | | | | |
| Sales taxes | 3 235 | 3 490 | 3 622 | 5 932 | 18 1% | 6 562 | 20 7% |
| Beer and beverage taxes | 3 926 | 4,023 | 4,737 | 4,792 | 14 6% | 5,357 | 16 9% |
| Tabacco | 35 | 66 | 66 | 77 | 0 2% | 90 | 0 3% |
| Other | 59 | 48 | 52 | 61 | 0 2% | 205 | 0 6% |
| Sub - total | 7 255 | 7,627 | 8 477 | 10 862 | 33 1% | 12,214 | 38 5% |
| Foreign trade taxes | | | | | | | |
| Coffee | 4 595 | 612 | 3 009 | 3 819 | 11 6% | 0 | 0 0% |
| Customs duties | 2,618 | 2 591 | 3 279 | 3 348 | 10 2% | 3,482 | 11 0% |
| Gasoline | 0 | 0 | 754 | 842 | 2 6% | 535 | 1 7% |
| Other | 827 | 730 | 951 | 1 145 | 3 5% | 1 906 | 6 0% |
| Sub - total | 8,040 | 3 933 | 7 993 | 9 154 | 27 9% | 5,923 | 18 7% |
| Non – tax revenue | | | | | | | |
| Administrative charges | 1,210 | 1,321 | 1 339 | 1,141 | 3 5% | 1,127 | 3 6% |
| SOE income (interest & dividends) | 0 | 0 | 0 | 3 139 | 9 6% | 1,643 | 5 2% |
| Loan repayments | 963 | 686 | 928 | 2 083 | 6 3% | 3,043 | 9 6% |
| Total current revenues | 21,981 | 17,829 | 23 884 | 31 498 | 96 0% | 30 890 | 97 4% |
| **II. REVENUES – CAPITAL** | | | | | | | |
| Development taxes | 379 | 0 | 0 | 0 | 0 0% | 0 | 0 0% |
| STABEX (OCIBU) | 314 | 0 | 0 | 600 | 1 8% | 0 | 0 0% |
| Roads | 0 | 0 | 1 880 | 79 | 0 2% | 0 | 0 0% |
| Central Bank profits | 368 | 412 | 450 | 500 | 1 5% | 600 | 1 9% |
| Structural Adjustment grants | 0 | 1 487 | 57 | 0 | 0 0% | 0 | 0 0% |
| Other | 71 | 31 | 174 | 142 | 0 4% | 209 | 0 7% |
| Total Capital Revenues | 1,132 | 1 930 | 2,561 | 1 321 | 4 0% | 809 | 2 6% |
| **GRAND TOTAL** | 23 113 | 19 759 | 26 445 | 32 819 | 100 0% | 31 699 | 100 0% |

* It includes revenues from both the so called "Budget Ordinaire (I)" and the "Budget Extraordinaire et d Investissement (II)"

Source. Banque de la Republique du Burundi, Rapport Annuel 1990

TABLE 6

BURUNDI – FISCAL EXPENDITURES *

(BuF million)

| | 1986 | 1987 | 1988 | 1989 | % OF TOTAL | 1990 | % OF TOTAL |
|---|---|---|---|---|---|---|---|
| I. EXPENDITURE – CURRENT | | | | | | | |
| Personnel | 7,813 | 8,489 | 9,706 | 11,261 | 34.3 | 12,892 | 40 7 |
| Goods and Services | 4,249 | 3,195 | 4,336 | 5,840 | 17 8 | 6,482 | 20 4 |
| Subsidies and Transfers | 4,271 | 4,833 | 6,203 | 6,825 | 20 8 | 6,898 | 21 8 |
| Loan and Guarantee Payments | 90 | 161 | 13 | 27 | 0 1 | 39 | 0.1 |
| Arrears build–up | 0 | 2,310 | 2,398 | 1,000 | 3 0 | 0 | 0 0 |
| Total Current Expenditure | 16,423 | 18,988 | 22,658 | 24,953 | 76 0 | 26,311 | 83 0 |
| II. EXPENDITURE – CAPITAL | | | | | | | |
| General Services, including military | 741 | 809 | 998 | 1,067 | 3 3 | 1,061 | 3 3 |
| Social Services | 219 | 182 | 215 | 268 | 0 8 | 628 | 2.0 |
| Economic Services | 1,944 | 1,855 | 2,263 | 3,039 | 9 3 | 3,604 | 11 4 |
| Arrears build–up | 1,041 | 911 | 1,316 | 2,213 | 6 7 | 2,285 | 7 2 |
| Total Capital Expenditure | 3,945 | 3,757 | 4,792 | 6,587 | 20.1 | 7,578 | 23 9 |
| GRAND TOTAL | 20,368 | 22,745 | 27,450 | 31,540 | 96 1 | 33,889 | 106 9 |
| Other off–budget expense (income) | (20) | (302) | (331) | (1,214) | –3 7 | 203 | 0 6 |
| SURPLUS (DEFICIT) | 2,725 | (3,288) | (3,028) | 65 | 0 2 | (1,989) | –6 3 |

* Not all–inclusive, particularly as it relates off–budget expenses

Source: Banque de la République du Burundi, Rapport Annuel 1990

TABLE 7

BURUNDI'S GROSS DOMESTIC PRODUCT BY SECTOR OF ACTIVITY, 1979 - 90, AT CURRENT PRICES

(BuF MILLIONS)

| | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990(e) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A Primary Sector | 37,611 0 | 47 655 4 | 50,708 6 | 47,177 5 | 53,834 1 | 64,592 1 | 77 656 5 | 72 057 5 | 70 679 9 | 73 198 2 | 86,365 4 | 95 329 0 |
| of which | | | | | | | | | | | | |
| Subsistence | 28,914 | 36,397 | 35,561 1 | 35 939 5 | 38,661 | 48 705 1 | 58 994 5 | 53 944 9 | 51,551 9 | 54,872 7 | 54,655 0 | 57,387 8 |
| Food crops | 27,480 0 | 38 284 3 | 36 879 1 | 36 940 4 | 39 880 2 | 51,309 4 | 63 181 8 | 56 058 0 | 53 043 0 | 55 140 5 | 67 921 0 | 75,239 5 |
| Livestock | 4,335 0 | 3,620 1 | 4 146 3 | 4,525 3 | 4,990 5 | 5,154 0 | 5,384 2 | 5,519 2 | 5,715 9 | 6 143 3 | 6 229 2 | 6 941 2 |
| Fishing | 3,437 0 | 169 9 | 317 0 | 301 2 | 284 9 | 217 4 | 219 0 | 341 8 | 356 1 | 451 1 | 473 6 | 525 7 |
| Forestry, Wood | 132 0 | 2 630 3 | 2 706 0 | 2 875 0 | 3 073 0 | 3 174 1 | 3 272 7 | 3 469 2 | 3 650 3 | 4 023 0 | 4 159 9 | 4 575 9 |
| Cash crops | 2,227 0 | 2 950 8 | 6 660 2 | 3,335 6 | 5 805 5 | 4,737 2 | 5 598 8 | 6 671 3 | 7 914 5 | 7 440 3 | 7,518 7 | 8,046 7 |
| B Secondary Sector* | 8,324 0 | 9 660 5 | 11,090 1 | 13 034 6 | 14,576 5 | 14 870 4 | 15 741 7 | 16,549 4 | 19 030 9 | 22 558 9 | 23 792 9 | 25 601 2 |
| of which | | | | | | | | | | | | |
| Subsistence | 2,500 0 | 2,552 3 | 2,912 0 | 2,949 2 | 3 164 3 | 3,198 8 | 3 615 4 | 3 670 0 | 5,249 4 | 7,644 7 | 8 348 2 | N/A |
| Manufacturing | 2 641 0 | 2 780 6 | 2 838 9 | 3 965 4 | 4,506 5 | 5 359 5 | 5 607 4 | 6,138 8 | 7,222 1 | 7 940 3 | 7 818 8 | 8 600 7 |
| Agro-Industries | 210 0 | 346 4 | 171 9 | 145 9 | 310 0 | 924 2 | 700 9 | 399 0 | 385 1 | 454 4 | 473 9 | 521 3 |
| Food Industries | 668 0 | 894 1 | 1,008 2 | 1,748 8 | 1,762 1 | 1 832 6 | 1,960 5 | 2 557 7 | 3 338 4 | 3 496 8 | 3 384 9 | 3,723 4 |
| Textiles/Leather/Wicker | [illegible]75 0 | 460 3 | 419 4 | 510 4 | 699 4 | 641 6 | 767 2 | 1 049 1 | 1 049 8 | 1 402 2 | 1,450 7 | 1,595 8 |
| Other Industries | 1 588 0 | 1 079 8 | 1,239 4 | 1,560 3 | 1,735 0 | 1 961 1 | 2 178 8 | 2,133 0 | 2,448 8 | 2 586 9 | 2 509 3 | 2 760 2 |
| Handicrafts | 2,706 0 | 2 915 1 | 3 538 5 | 3,553 0 | 3 899 8 | 3 896 4 | 4 562 4 | 4,653 1 | 7,290 3 | 8 130 5 | 8 435 4 | 9 278 9 |
| Construction | 2,614 0 | 3,730 8 | 4,326 1 | 5,008 0 | 5,550 5 | 5,166 7 | 5,599 2 | 4,942 1 | 5 897 8 | 5 952 7 | 6 399 2 | 7,124 7 |
| Mining & Energy | 163 0 | 234 0 | 386 6 | 508 2 | 619 7 | 444 4 | 638 7 | 906 1 | 1,457 9 | 1,375 6 | 1,444 4 | 1,440 4 |
| C. Tertiary Sector | 14 263 0 | 19 239 2 | 20 881 0 | 23,331 0 | 25,597 2 | 27,958 4 | 32,129 5 | 34,419 0 | 35 604 2 | 38 987 7 | 42 906 6 | 49,192 8 |
| Government | 3 897 0 | 9 270 6 | 10 572 8 | 11,830 1 | 12,372 8 | 14 533 8 | 16,604 1 | 17 955 9 | 18 657 2 | 21,113 4 | 24 280 4 | 27,764 5 |
| Transportation/Communication | 1,570 0 | 1,676 7 | 1,594 5 | 2 028 6 | 2,440 0 | 2,618 0 | 2 993 7 | 3,539 7 | 3,719 2 | 4 024 2 | 4,146 8 | 4,893 2 |
| Trade | 5,358 0 | 6 859 1 | 7 025 3 | 8 008 1 | 9,181 4 | 9,193 8 | 10,750 3 | 11,072 1 | 11 010 5 | 10,777 6 | 11 381 1 | 12,781 2 |
| Other Services | 3,940 0 | 1,432 8 | 1,688 4 | 1,464 2 | 1,603 0 | 1,612 8 | 1,781 4 | 1,851 3 | 2,217 3 | 3 052 5 | 3 098 3 | 3,753 8 |
| I GDP at Factor Cost* | 60,198 0 | 76 555 1 | 82 679 7 | 84,343 1 | 94 007 8 | 107,420 9 | 125 527 7 | 123,025 9 | 125,314 9 | 134 724 8 | 153 064 9 | 170 122 9 |
| Growth Rate (%) | | 27 2% | 8 0% | 2 0% | 11 5% | 14 3% | 16 9% | -2 0% | 1 9% | 7 5% | 13 6% | 11 1% |
| II Indirect Taxes - Subsidies | 7,888 0 | 9 064 7 | 6 703 7 | 9 751 1 | 8 883 7 | 13 030 4 | 13 258 8 | 14,176 0 | 14,197 5 | 17 647 2 | 20 793 5 | 18 888 5 |
| GDP at Market Prices | 68,086 0 | 85,619 8 | 89,383 4 | 94 094 2 | 102 891 5 | 120 451 3 | 138 786 5 | 137,201 9 | 139 512 4 | 152 372 0 | 173 858 4 | 189,011 4 |
| Growth Rate (%) | 24 2 | 25 8 | 4 4 | 5 3 | 9 3 | 17 1 | 15 2 | -1 1 | 1 7 | 9 2 | 14 1 | 8 7 |

Source: Ministry of Planning, USAID/Burundi

* - N B In some years, this figure may differ from the sum of individual entries due to unexplained statistical discrepancies in official data

TABLE 8

## BURUNDI: SECTORAL CONTRIBUTION TO GDP AT FACTOR COST, IN CURRENT PRICES AND RELATIVE WEIGHTS (%)*

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|---|---|
| **Primary Sector/GDP (%)** | 57 30 | 60.10 | 62.00 | 58.60 | 56.40 | 54.30 | 56.40 | 56.00 |
| **of which:** | | | | | | | | |
| **Subsistence Sector/GDP (%)** | 41.10 | 45.30 | 47.00 | 43.80 | 41.10 | 40.60 | 35.70 | 33.70 |
| **.Food crops/GDP (%)** | 42.20 | 47.80 | 50 30 | 45.60 | 42.30 | 40.90 | 44 40 | 44.20 |
| **.Livestock/GDP (%)** | 5 30 | 4 80 | 4.30 | 4.50 | 4.60 | 4 60 | 4.10 | 4.10 |
| **.Fishing/GDP (%)** | 0 30 | 0 20 | 1.70 | 0.20 | 0.30 | 0.30 | 0.30 | 0 30 |
| **.Forestry/GDP (%)** | 3 30 | 3 00 | 2 60 | 2.80 | 2.90 | 3 00 | 2.70 | 2 70 |
| **.Cash crops/GDP (%)** | 6 20 | 4 40 | 4.50 | 5.40 | 6.30 | 5.50 | 5.00 | 4 70 |
| **Secondary Sector/GDP (%)** | 15.50 | 13 80 | 12.50 | 13.50 | 15.20 | 16.74 | 15.50 | 15 50 |
| **of which:** | | | | | | | | |
| **.Manufacturing/GDP (%)** | 4 80 | 5.00 | 4.50 | 5.00 | 5.80 | 5.90 | 5 10 | 5.10 |
| **Food and agro-industry/GDP (%)** | 2.20 | 2.60 | 2.10 | 2.40 | 3 0 | 2.90 | 2.50 | 2.50 |
| **.Handicrafts/GDP (%)** | 4.10 | 3 60 | 3.60 | 3.80 | 5 80 | 6.00 | 5 50 | 5.50 |
| **.Construction/GDP (%)** | 5.90 | 4 80 | 4 50 | 4.00 | 4.50 | 4.40 | 4.20 | 4.20 |
| **.Mining and Energy/GDP (%)** | 0 66 | 0.80 | 0 50 | 0.70 | 1.20 | 1.00 | 0.90 | 0 80 |
| **Tertiary Sector/GDP (%)** | 27.20 | 26.00 | 25 60 | 28 00 | 28.40 | 28.90 | 28 00 | 28.90 |
| **of which:** | | | | | | | | |
| **.Trade/GDP (%)** | 9 80 | 8 60 | 8.60 | 9 00 | 8 80 | 8 00 | 7 40 | 7.50 |
| **.Transport & Communication/GDP (%)** | 2.60 | 2.40 | 2.40 | 2.80 | 3.00 | 3 00 | 2.70 | 2 90 |
| **.Government/GDP (%)** | 13 20 | 13 50 | 13 20 | 15.00 | 14 90 | 15.70 | 15 90 | 16 30 |
| **.Other/GDP (%)** | 1 60 | 1 50 | 1 40 | 1.20 | 1.70 | 2 20 | 2 20 | 2 20 |
| **GDP at Factor Cost (%)** | 100 00 | 100 00 | 100.00 | 100 00 | 100 00 | 100 00 | 1 00 | 100 00 |

**Source: Ministry of Planning, USAID/Burundi**

*** Relative weights may not add up exactly to 100% due to rounding-off**

## TABLE 9

### BURUNDI: GROSS DOMESTIC PRODUCT BY SECTOR OF ACTIVITY, 1979–90, IN REAL (1980 PRICES) TERMS

(BuF MILLIONS)

| | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990(e) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A. Primary Sector** | 46,718 0 | 47 655 4 | 54,378 3 | 50,252 6 | 52,459 6 | 50,563 1 | 57,201 3 | 59,562 8 | 62 657 6 | 63,662 1 | 62,269 9 | 65,383 4 |
| Food crops | 37,045 0 | 38 284 3 | 41,133 7 | 40,406 1 | 40 065 0 | 39,599 5 | 45 155 9 | 47,650 6 | 49,747 4 | 50 99[illegible] 1 | 49,608 6 | 52,299 0 |
| Livestock | 3,365 0 | 3 620 1 | 3,678 0 | 3,704 4 | 3,757 4 | 3,796 0 | 3 870 3 | 3,926 8 | 3,977 8 | 4 029 6 | 4 087 4 | 4,291 6 |
| Fishing | 174 0 | 169 9 | 159 1 | 112 7 | 63 5 | 63 3 | 60 0 | 88 0 | 71 9 | 94 0 | 98 7 | 103 6 |
| Forestry, Wood | 3 497 0 | 2,630 3 | 2,706 3 | 2,789 4 | 2 871 1 | 2,962 6 | 3,049 6 | 3,141 5 | 3,210 6 | 3 310 1 | 3,409 7 | 3,580 2 |
| Cash crops | 2,637 0 | 2,950 8 | 6,701 2 | 3 240 0 | 5,702 6 | 4,141 7 | 5,065 5 | 4,755 7 | 5,649 8 | 5,237 3 | 4,865 5 | 5,106 8 |
| **B. Secondary Sector** | 8,820 0 | 9 660 5 | 10,585 5 | 11,564 3 | 11,939 8 | 12,123 6 | 13,427 7 | 14 419 2 | 14,640 6 | 14 640 6 | 14 607 1 | 15,444 3 |
| Manufacturing | 2 511 0 | 2,780 6 | 2,781 9 | 3,213 2 | 3,344 0 | 3,937 1 | 4,295 9 | 4,523 6 | 5,229 3 | 5 386 2 | 4,943 2 | 5,195 3 |
| Agro-Industries | 376 0 | 346 4 | 460 6 | 315 0 | 335 7 | 512 1 | 434 9 | 456 0 | 541 7 | 502 2 | 512 2 | 538 3 |
| Food Industries | 750 0 | 894 1 | 564 9 | 820 1 | 510 6 | 628 3 | 669 4 | 666 5 | 685 2 | 733 6 | 636 9 | 669 4 |
| Textiles/Leather/Wicker | 430 0 | 460 3 | 431 0 | 540 6 | 633 5 | 825 0 | 993 1 | 1,188 4 | 1,225 2 | 1,126 0 | 1,342 7 | 1,411 2 |
| Other Industries | 955 0 | 1,079 8 | 1,325 4 | 1,537 5 | 1,664 2 | 1,971 7 | 2,198 5 | 2,212 7 | 2 779 2 | 2 884 8 | 2 451 4 | 2,576 4 |
| Handicrafts | 2,845 0 | 2 915 1 | 3,124 0 | 3 135 6 | 3 066 9 | 3,102 6 | 3,456 2 | 3,570 0 | 3,862 8 | 3,776 4 | 3 892 3 | 4,090 8 |
| Construction | 3,282 0 | 3,730 8 | 4,304 5 | 4,683 8 | 4,874 7 | 4,561 8 | 4,756 2 | 4,502 9 | 4,246 2 | 4 080 6 | 4 390 5 | 4,706 6 |
| Mining & Energy | 182 0 | 234 0 | 375 1 | 531 7 | 654 2 | 522 3 | 744 0 | 831 2 | 1,280 9 | 1,397 4 | 1,381 1 | 1,451 5 |
| **C. Tertiary Sector** | 17,810 0 | 19,239 2 | 21,502 1 | 22,884 4 | 23,669 2 | 25,100 7 | 28,058 9 | 28,852 9 | 29,512 0 | 30,347 1 | 31,512 8 | 34,728 1 |
| Government | 7,856 0 | 9,270 6 | 10,264 8 | 10,755 8 | 11,047 1 | 12,636 0 | 14 073 4 | 14,947 0 | 15,724 2 | 16,510 5 | 18,439 3 | 20,098 8 |
| Transportation/Communication | 1,789 0 | 1,676 7 | 1,602 7 | 1,850 8 | 2,097 0 | 2 266 8 | 2,501 7 | 2,594 9 | 2,530 0 | 2 514 8 | 2 513 2 | 2,812 3 |
| Trade | 6,755 0 | 6,859 1 | 7,895 3 | 8,629 7 | 8,753 6 | 8,449 8 | 9 637 9 | 9,504 6 | 9 523 6 | 9,599 8 | 8 977 0 | 10,045 3 |
| Other Services | 1,410 0 | 1,432 8 | 1,739 3 | 1,648 1 | 1,771 6 | 1,746 1 | 1,845 9 | 1,806 4 | 1,734 1 | 1,722 0 | 1,583 3 | 1,771 7 |
| **I GDP at Factor Cost** | 73,348 0 | 76,555 1 | 86,465 9 | 84,701 3 | 88,068 6 | 87,787 8 | 98,512 5 | 101,843 4 | 106,588 8 | 108,510 4 | 108,389 8 | 115,555 8 |
| Growth Rate (%) | | 4 4% | 12 9% | -2 0% | 4 0% | -0 3% | 12 2% | 3 4% | 4 7% | 1 8% | -0 1% | 6 6% |
| **II. Indirect Taxes – Subsidies** | 8,595 0 | 9 064 7 | 9,513 9 | 10,222 7 | 10,367 6 | 10 845 5 | 11,759 3 | 12,067 4 | 13 586 3 | 17,554 1 | 19 565 7 | 16,622 3 |
| GDP at Market Prices | 81,943 0 | 85 619 8 | 95 979 8 | 94 924 0 | 98,436 2 | 98 633 1 | 110,271 8 | 113 910 8 | 120,175 9 | 126,064 5 | 127,955 6 | 132,178 1 |
| Growth Rate (%) | | 4 5% | 12 1% | -1 1% | 3 7% | 0 2% | 11 8% | 3 3% | 5 5% | 4 9% | 1 5% | 3 3% |

Source Ministry of Planning, USAID/Burundi

## TABLE 10

### BURUNDI: SECTORAL CONTRIBUTION TO GDP AT FACTOR COST, IN CONSTANT (1980) PRICES AND RELATIVE WEIGHTS (%)*

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|---|---|
| A. Primary Sector/GDP (%) | 59.6% | 57.6% | 58.1% | 58.5% | 58.8% | 58.7% | 57.4% | 56.6% |
| of which: | | | | | | | | |
| Food crops/GDP (%) | 45.5% | 45.1% | 45.8% | 46.8% | 46.7% | 47.0% | 46.0% | 45.3% |
| Livestock/GDP (%) | 4.3% | 4.3% | 3.9% | 3.9% | 3.7% | 3.7% | 3.8% | 3.7% |
| Fishing/GDP (%) | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Forestry/GDP (%) | 3.3% | 3.4% | 3.1% | 3.1% | 3.0% | 3.1% | 3.1% | 3.1% |
| Cash crops/GDP (%) | 6.5% | 4.7% | 5.1% | 4.7% | 5.3% | 4.8% | 4.5% | 4.4% |
| B. Secondary Sector/GDP (%) | 13.6% | 13.8% | 13.6% | 14.2% | 13.7% | 13.5% | 13.5% | 13.4% |
| of which: | | | | | | | | |
| Manufacturing/GDP (%) | 3.8% | 4.5% | 4.4% | 4.4% | 4.9% | 5.0% | 4.6% | 4.5% |
| Food and Agro-Industries/GDP (%) | 1.0% | 1.3% | 1.1% | 1.1% | 1.2% | 1.1% | 1.1% | 1.0% |
| Handicrafts/GDP (%) | 3.5% | 3.5% | 3.5% | 3.5% | 3.4% | 3.5% | 3.6% | 3.5% |
| Construction/GDP (%) | 5.5% | 5.2% | 4.8% | 4.4% | 4.0% | 3.8% | 4.1% | 4.1% |
| Mining & Energy/GDP (%) | 0.7% | 0.6% | 0.8% | 0.8% | 1.2% | 1.3% | 1.3% | 1.3% |
| C. Tertiary Sector/GDP (%) | 26.9% | 28.6% | 28.5% | 28.3% | 27.7% | 28.0% | 29.1% | 30.1% |
| Government/GDP (%) | 12.5% | 14.4% | 14.3% | 14.7% | 14.8% | 15.2% | 17.0% | 17.4% |
| Transportation/Communication/GDP (%) | 2.4% | 2.6% | 2.5% | 2.5% | 2.4% | 2.3% | 2.3% | 2.4% |
| Trade/GDP (%) | 9.9% | 9.6% | 9.8% | 9.3% | 8.9% | 8.8% | 8.3% | 8.7% |
| Other/GDP (%) | 2.1% | 2.0% | 1.9% | 1.8% | 1.6% | 1.7% | 1.5% | 1.6% |
| GDP at Factor Cost (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Ministry of Planning, USAID/Burundi

*Relative weights may not add-up exactly to 100% due to rounding-off

## Appendix E

# WOMEN IN USAID'S STRATEGY

### Women in Agriculture and Enterprise

The basic unit of production in rural Burundi is the household. Land, labor and capital are allocated in terms of household resources, with the primary objective of producing food crops for household sustenance. Women's principal economic role is to produce food crops to feed an average of five family members; it is estimated that up to 25 percent of their production is sold.[1] While producing these food crops is women's first responsibility, their labor is also invested in processing and marketing these crops, as well as producing cash crops, all of which generate cash income for the household. Their access to cash revenues comes mainly from sales of low-value food crops in local markets; men generally control the income from higher-value, exportable cash crops (coffee, tea, tobacco). Women's time and expertise for alternative, nonagricultural income-generating activities is limited.

Although they are the nation's primary food producers, women's productivity is limited because they still use traditional methods and inputs--hoes, unimproved seed, and very little chemical fertilizer. This, in addition to small farm plots and declining soil fertility means that their time is occupied in food crop production leaving little time for other income-generating activities. The logical starting point to improve household and women's economic well-being thus is to improve their agricultural productivity. Intensifying food crop production with modern technology and inputs will liberate key household resources--land and women's labor--for alternative economic activities. Given women's agricultural expertise, chief among those would be cash crop production and marketing. Women generally have more control over the money they earn directly so they stand to benefit more from producing cash crops--in the form of either surplus food crops or strictly market crops (as opposed to crops for export).

Rural women report that it is economically efficient to produce marketable crops that fit in with their subsistence production in terms of time (demand on labor) and household consumption needs.[2] Currently they do not have enough time to feed their households and produce profitable, but labor intensive, export/cash crops such as coffee (although some in fact do). Their stated economic priorities are to intensify food crop production and to produce short-cycle cash crops, mainly vegetables. [3] The former serves the double purpose of production for household consumption and for market sales

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[1] Adelski, E., Rosen, N., Getting and Spending: Household Economy in Rural Burundi, USAID/Burundi, 1991.

[2] Adelski, E., A Social Soundness Analysis, USAID/Burundi, 1992.

[3] Ibid.

that generate cash income. Rural women report that their income-generating activities are linked to agriculture: processing and marketing surpluses, working in cooperatives to produce cash crops, small animal husbandry. They want better tools, improved seed, and fertilizer in order to increase their productivity but these are not readily available in Burundi's rural areas.[4] (USAID 1991). They also want to be able to expand their agricultural production to include the more profitable export/cash crops.

USAID aims to support rural private enterprise and increase the value of agricultural production. This will benefit the rural population in general and women farmers in particular. It will make modern inputs and technologies more readily available to farmers and, through private sector distribution, at appropriate consumer prices. It will increase access to credit for agricultural production, an essential part of enabling farmers to increase productivity. Rural women often work in cooperatives in order to obtain access to credit; USAID's program will support that. Our program also aims to strengthen both domestic and export markets, so there will be more opportunities for sales of women's production.

As for those women seeking entry into the urban private sector, while some hurdles remain (collateral will remain problematic until the inheritance laws are changed), conditions are improving. The GRB, assisted by USAID, is revising some key legislation that affects women's ability to own businesses and be hired with equal benefits to men--these include the commercial code and the labor code. USAID will also be providing training in many of the management, technical, and business skills so needed by Burundi's would-be entrepreneurs, but particularly by women who may have less education and overall experience than their male counterparts.

**Women and Family Planning**

Multiple pregnancies can and often do seriously compromise Burundian women's health. The traditional preference for large families persists and a 20 percent mortality rate for children under five motivate women to produce numerous children rather than limit family size. Burundian women have an average of seven children at the end of their fecund lives. This is a major contributor to women's poor health, and ultimately affects their economic productivity. The negative cycle of constant childbearing, poor health, declining soil fertility, and the shift to less nutritious tuber crops decreases women's capacity to fulfill their primary economic responsibility--produce food to feed their families.

Rural women report that in principle family planning is a joint decision but that in reality men have the final word, and they still want large families. Women's preferences regarding family size thus are theoretical as men's preferences prevail. This points to the need for improved information, education and communication (IEC) services in order to educate men as well as women.

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[4] Adelski, E., Rosen, N., Ibid., 1991.

USAID's objectives to improve family planning IEC programs and to increase access to modern contraceptives will have a positive effect on women's health, and *indirectly on their economic productivity.* Improving child survival and general health-care delivery, also part of USAID's program, is a significant factor in increasing contraceptive use in developing countries and obviously pertinent in Burundi. The other components of USAID's strategy--implementing national-level family planning policies, decentralizing health care services so that they are serve local needs, and improving the Ministry of Health's capacity to manage family planning at the local level--will redistribute the health-care resources currently concentrated in the capital city and make them available to rural women. This will help improve rural women's health and secondarily their economic productivity and well-being.