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**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board – Seventy-Ninth Session**

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**COUNTRY STRATEGIC OPPORTUNITIES PAPER**

**REPUBLIC OF BURUNDI**



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### CURRENCY EQUIVALENTS

Currency Unit	=	BIF (Burundi franc, period coverage)
1993: USD 1.00	=	BIF 242.8
1998: USD 1.00	=	BIF 447.7
2000: USD 1.00	=	BIF 720.7
2003: USD 1.00	=	BIF 1 070.5

### WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

### ABBREVIATIONS AND ACRONYMS

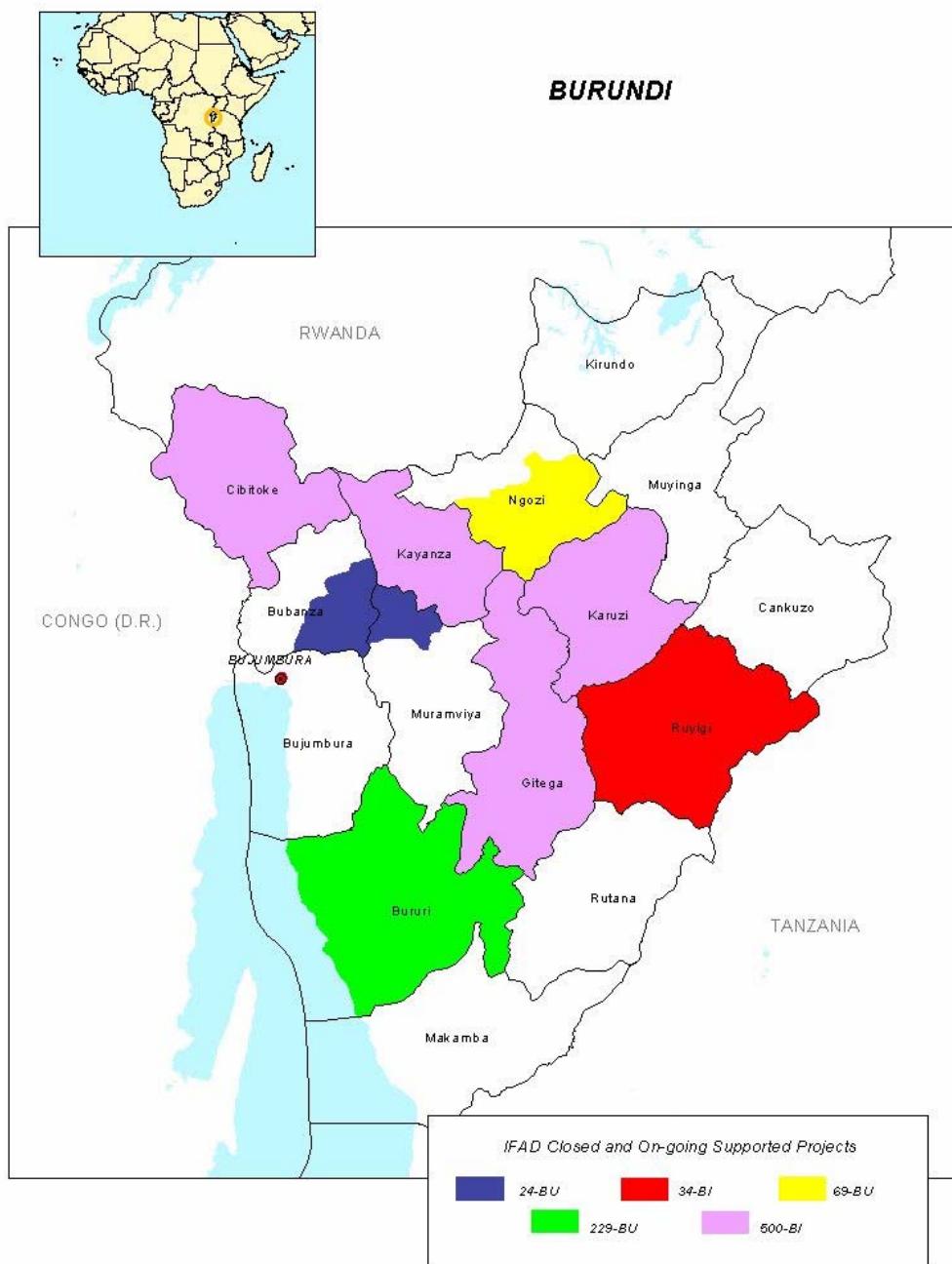
ACORD	Agency for Cooperation and Research in Development
AfDB	African Development Bank
CIFP	Country Indicators for Foreign Policy
COSOP	Country Strategic Opportunities Paper
FAO	Food and Agriculture Organization of the United Nations
GTS	Government Transitional Strategy
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDPs	Internally Displaced Persons
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
MDTF	Multilateral Debt Trust Fund
NGO	Non Governmental Organization
OPEC Fund	Organization of the Petroleum Exporting Countries Fund for International Development
PCU	Project Coordination Unit
PRSP	Poverty Reduction Strategy Paper
UNDP	United Nations Development Programme
WFP	World Food Programme

### GOVERNMENT OF THE REPUBLIC OF BURUNDI

#### Fiscal Year

1 January - 31 December

**COUNTRY MAP: LOCATION OF IFAD-FUNDED OPERATIONS**



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Source: IFAD.

### IFAD PORTFOLIO OVERVIEW

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approval Loan/Grant Amount	Disbursement (as % of Approved Amount)
East-Mpanda Rural Development Project	IFAD	AfDB	HC	18 Dec 79	05 Jun 80	30 Jun 93	L - I - 24 - BU	SDR	11 300 000	78
Integrated Rural Development Project/Ngozi III	IDA	WB/IDA	HC	08 Sep 81	03 Jun 83	31 Dec 89	L - I - 69 - BU	SDR	6 250 000	68
Bututsi Agro-Pastoral Development Project	IFAD	AfDB	HC	29 Nov 88	27 Sep 89	30 Jun 03	L - I - 229-BU	SDR	6,700,000	48
Ruyigi Rural Resources Management Project	IFAD	UNOPS	HC	15 Sep 93	11 Jun 95	31 Dec 03	G-S-33-BU L-S-34-BI	USD SDR	100 000 5,050,000	70 82
Rural Recovery and Development Programme	IFAD	UNOPS	HC	28 April 99	04 Aug 99	31 Mar 07	G - I - 74 - BI L-I-500-BI	USD SDR	70 000 14,750,000	92 25

Note: IDA = International Development Association  
 HC = highly concessional

## EXECUTIVE SUMMARY

1. The Republic of Burundi is emerging from a long period of recurrent conflicts, the most recent of which broke out in 1993. The increasing social and economic costs of such conflict prompted the international community to support negotiations for peace and national reconciliation, which culminated in the Arusha Peace Accord signed in August 2000. This led to the adoption of a transitional constitution in October 2001 and the swearing-in of a transitional Government in November 2001. Since then, the Burundian leadership has concentrated on establishing a transitional administration. Despite this progress, however, the overall situation remains fragile and is further complicated by instability in other countries of the region.
2. Burundi is one of the world's poorest countries. Per capita gross domestic product (GDP), estimated at USD 180 in 1992, fell to USD 110 in 2000 following the 1993 crisis. The growth rate of real GDP fell from 4.8% in 1998 to -0.9% in 2000. The collapse of the international coffee market placed an additional heavy burden on the economy, which depends on coffee for the bulk of its foreign exchange earnings. The proportion of the total population living below the absolute poverty line rose from 35% in 1992 to 69% in 2000.
3. The population of Burundi is estimated at about seven million, of which about 90% live in rural areas. These people are normally engaged in agriculture (crops, livestock husbandry, forestry and fisheries), which accounts for 55% of GDP. Population density is extremely high, as is the proportion of people under the age of 14 (about 41%). Due to the high mortality rate among men during the conflicts, the number of woman-headed and minor-headed households has increased substantially. Consequently, labour for agriculture is very much depleted and the speed of production recovery severely constrained. Primary school enrolment has plummeted due to the destruction of infrastructure and loss of teachers. Much of the health care system and its basic infrastructure have also been destroyed. Disability and death from a number of diseases, including malaria and Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS), has increased significantly. Life expectancy has decreased from 51 in 1993 to 42 years in 2000, when only 48% of the population had access to safe water and only 2% to health services.
4. During the eight years of open conflict in Burundi, IFAD continued to implement project activities. The experience it acquired during that period strengthened its understanding of conflict situations and of how to facilitate engagement of communities and supplement the Government's reduced capacity to provide services. The Fund has developed and maintained extremely good relations with the Government, local communities, other United Nations agencies and the non-governmental organization (NGO) community in Burundi. With the goodwill that has been established, IFAD is now in a strong position to build up an effective strategy of assistance and policy dialogue for Burundi's reconstruction.
5. Until there is an effective transition, the prospects for long-term development remain uncertain. Consequently, IFAD's post-conflict reconstruction strategy for Burundi will be mainly directed at bridging the rehabilitation phase (about three to four years) with the resumption of the development phase. The strategy will address the three dimensions of human security – freedom from want, freedom from fear and freedom from despair – by promoting 'ownership' on the part of rural communities of social capital reconstruction, the productive process and employment. This will be achieved by empowering rural communities, rehabilitating and improving economic and basic infrastructure, and jump-starting the rural economy through agricultural rehabilitation, increased off-farm employment and income, and greater rural purchasing power to support economic activity.

6. The implementation of IFAD's post-conflict reconstruction strategy will contribute to:

- building up the resilience of Burundi's rural areas to violent conflict and regenerating sustainable livelihoods for vulnerable households in rural areas;
- establishing effective mechanisms to support community-driven planning and implementation of sustainable community projects;
- improving the capacity and accountability of local government for planning and monitoring service provision for rural people, and enforcing an effective policy of encouraging NGOs and private organizations contracted to deliver such services;
- acquiring sufficient practical experience to design both an overall policy and specific projects aimed at developing rural microfinance institutions in a post-conflict reconstruction context;
- the effective participation of women in the peace-building and post-conflict reconstruction processes, with a significant share of project benefits accruing to them; and
- a significant improvement in financial control, reporting, and monitoring and evaluation of ongoing and future IFAD projects.

7. The transitional Government of Burundi has requested IFAD both to continue implementing ongoing projects and to formulate a programme aimed at rebuilding economic and social services in the provinces of Cankuzo, Makamba, Muramviya and Rutana. This will include area-based interventions aimed at institutional development and empowerment of poor communities, agricultural and livestock rehabilitation and development, resource conservation, pilot development of micro rural financial service institutions, and assistance for vulnerable households to regenerate a minimally acceptable livelihood. Infrastructure reconstruction may be included on a parallel cofinancing basis. Special attention will be paid to ensuring that women's particular rehabilitation needs are met, that they participate fully in project activities and receive a fair share of project benefits. Subsequent to further progress being made in the peace-building process and regeneration of rural livelihoods, the potential for IFAD interventions in the cash and export crop and fisheries subsectors will also be investigated.

8. The present Country Strategic Opportunities Paper sets the strategic framework for IFAD interventions in Burundi during this crucial transitional period. It focuses on enhancing policy dialogue with the Government in close coordination with other major donors, and on developing new interventions based on the experience of ongoing operations both in the country and in the Great Lakes Region as a whole. In this way, it may be possible to restore Burundi's agricultural potential on a sustainable basis and achieve socio-economic security.



**REPUBLIC OF BURUNDI**

**COUNTRY STRATEGIC OPPORTUNITIES PAPER**

**I. INTRODUCTION**

1. Burundi is emerging from a long period of recurrent conflict and rivalry between its two main ethnic groups, the Hutu and Tutsi. The last conflict, which broke out in 1993, resulted in the death of about 200 000 civilians and thousands of other victims. The number of internally displaced persons (IDPs) and refugees is estimated at 1.2 million. The increasing social and economic costs of the conflict prompted the international community to support a framework for negotiations aimed at durable peace and national reconciliation, which resulted in the Arusha Peace Accord signed in August 2000. In November 2001, a new power-sharing transition Government was sworn in. That same month, the new Government confirmed a medium-term strategy, formulated by the previous administration, emphasizing national reconciliation, good governance, Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) prevention, economic reform and growth, rebuilding of economic and social infrastructure, and capacity-building.

2. The donor community responded favourably to these developments by pledging high levels of assistance to support the transitional Government in addressing the formidable challenge of moving from conflict to enduring peace, security and national reconciliation. In 2000, net grant and loan disbursements from the international donor community rose to USD 79 million from USD 48 million in 1999. Following further steady progress towards peace, the international community pledged USD 440 million at the Donors' Meeting held in December 2000, and additional pledges for a total of USD 905 million were made at the Round Table Donors' Meetings held in December 2001 and 2002. With the support of the World Bank and International Monetary Fund (IMF), the transitional Government is implementing a number of structural reform measures aimed at rebuilding the foundations for national reconciliation, poverty reduction and durable peace. The most pressing short-term concerns naturally involve the challenges of voluntary resettlement, reintegration of displaced persons, disarmament and demobilization.

3. The continuity, level and flexibility of international support and donor coordination are critical to the success of the recovery process. A condition for continued support is that the transitional Government should consolidate the peace process, solve the debt service arrears problem, and finalize and implement a coherent poverty reduction policy. A Multilateral Debt Trust Fund (MDTF), which includes IFAD debt, has been established to help Burundi service its debts and clear arrears to multilateral creditors. IFAD kept its Burundi portfolio active throughout the civil conflict, a decision that was greatly appreciated in Burundi. In 1996, an understanding between the Government and IFAD spelled out three requirements for IFAD to maintain its presence in the country: (i) rural communities should continue to actively participate in project-promoted activities; (ii) project management and staffing should remain adequate; and (iii) the country should continue servicing its debts. These conditions have been generally adhered to, despite the difficulties involved.

## II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT

### A. Regional Conflict Context<sup>1</sup>

4. Burundi is geopolitically situated in the Great Lakes Region of Central East Africa. For almost a decade, the region has been the theatre for cross-national and intra-boundary conflicts, as the result of a complex interaction of both internal factors and factors that transcend the boundaries of sovereign states. Most countries of the Great Lakes Region have been affected by insurgencies by irregular armed forces based outside their countries of origin. This situation has prompted threatened governments to intervene outside their territory, with the consequent risk of inter-state disputes. The region has witnessed several formal and informal military alliances among the different governments, arising from historic ties, defence calculation and economic self-interest, and have complicated conflict resolution efforts.

5. The Country Indicators for Foreign Policy<sup>2</sup> (CIFP) has compiled a report on Conflict Risk Assessment on the Great Lakes Region<sup>3</sup>. With the exception of Kenya and the United Republic of Tanzania, the region has scored an overall high risk for conflict potential and there is a pressing need for the international community to continue deploying assistance (diplomatic, military and material) to underwrite the peace process.

6. In March 2002, the World Bank approved its Greater Great Lakes<sup>4</sup> Region Strategy for Demobilization and Reintegration accompanied by a multi-country programme of USD 500 million. This major effort provides a comprehensive strategic framework for disarmament, demobilization and reintegration of the region, and will help the international community to provide timely and flexible support. Governments of the region have also expressed support for a regional peace-building framework.

7. Key issues underlying conflict potential in Burundi have been classified as high to very high risk and are detailed in the following table.

**Key Issues Underlying Conflict Potential**

	Score	Narrative
History of armed conflict	9.27	High Risk
Governance and political instability	8.25	High Risk
Economic performance	8.20	High Risk
Human development	9.71	Very High Risk
Environmental stress	9.00	High Risk
International linkages	6.80	High Risk

Source: CIFP, September 2002.

<sup>1</sup> Based on reports prepared by the World Bank (2002); Country Indicators for Foreign Policy (CIFP-2002); and United Nations Development Programme (UNDP) (2002).

<sup>2</sup> Project by Carleton University.

<sup>3</sup> The CIFP report based its analysis on nine interrelated issue areas identified as underlying potential for development of conflict: (i) history of armed conflict; (ii) governance and political instability; (iii) militarization; (iv) population heterogeneity; (v) demographic stress; (vi) economic performance; (vii) human development; (viii) environmental stress; and (ix) international linkages. Each issue-area consists of an average of its composite lead indicators. In all 44 lead indicators were taken into account in the risk assessment analysis. Risk indices occur on a scale of 0-12, whereby: (i) 0-3.4 is considered low risk; (ii) 3.5-6.4 is considered medium risk; (iii) 6.5-9.4 is considered high risk; and (iv) 9.4-12 is considered very high risk.

<sup>4</sup> The Greater Great Lakes Region has been defined as including all countries involved or affected by one or more conflicts in Central Africa: Angola, Burundi, Central African Republic, Congo, D.R. Congo, Namibia, Rwanda, Uganda and Zimbabwe.

8. These key issues are not all directly relevant to the Fund's mandate. However, if it is to have a better understanding of what influences the intensity and dynamics of conflict, IFAD needs to be aware of Burundi's history of armed conflict, militarization and international links. This, in turn, will help it to ensure that rehabilitation/development interventions do not instigate, exacerbate or revive situations of violent conflict, but rather help to reduce their level and frequency.

9. Key issues related to governance, economic performance, human development and environmental stress must however be included in IFAD's future work in Burundi. The Fund will develop a conflict analysis framework to integrate issues affecting rural communities. The proposed conflict analysis will be undertaken prior to the design of the proposed recovery programme for Burundi, and will ensure that the Fund's interventions are not 'conflict blind', but rather guide programme strategy and design to addressing potential sources of conflict and strengthening conflict resiliency in rural areas.

### **B. Burundi's Socio-Political Situation**

10. The Peace Accord of August 2000 marked a turning point in Burundi's political history. Based on the principle of power sharing between the country's two main ethnic groups, the transitional Government includes representatives of all parties signatory to the Peace Accord and will administer the country for a 36-month-transition period leading to democratic elections. Despite this progress, the overall situation remains fragile due to violent incursions by two rebel groups, the Front for National Liberation (FNL) and Forces for the Defence of Democracy (FDD), who were not signatories to the Peace Accord and are not part of the transitional Government (see Appendix III).

### **C. Economic Situation**

11. Burundi is one of the world's poorest countries. Per capita GDP was estimated at USD 180 in 1992 but fell to USD 110 in 2000 as a result of the crisis. The proportion of the population living below the absolute poverty line<sup>5</sup> rose from 35% in 1992 to 69% in 2000. At the time of the Peace Accord, the economy was characterized by stagnant output, strong inflationary pressures and a deteriorating balance of payments. After growth of 4.8% in real GDP in 1998, it became negative in 1999 (-1%) and 2000 (-0.9%), as insecurity, drought and population displacement adversely affected agricultural production. The stagnant economy was accompanied by rapidly rising prices. The collapse of the international coffee market laid an additional burden on the economy, which depends on coffee for the bulk of its foreign exchange earnings. Some improvements were recorded in 1999, when the inflation rate stood at 3.4% after five consecutive years of double digits (peaking at 31% in 1997), but these gains were wiped out in 2000 when prices again rose dramatically (24.3%). The economy began to recover in 2001, with real GDP growth estimated at 3.2%. Inflation in 2001 was 14% and a declining trend is projected for 2002-03, with the average increase of the consumer price index falling below 10% over the same period.

12. Exports decreased to USD 49 million in 2000 from USD 64 million in 1998, whereas imports have increased drastically to USD 108 million. This imbalance is due to the deterioration in the international coffee market and a significant reduction in food crop production. The trade deficit stood at about USD 59 million in 2000 and persistent negative trends are foreseen for 2001, with the coffee market registering the lowest prices in history.

13. Burundi's external debt of USD 1.2 billion is unsustainable despite favourable terms on long-term borrowings from international financial institutions. The external debt service obligation amounted to USD 50 million in 2000, equivalent to 100% of export earnings, with arrears reaching

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<sup>5</sup> As per the Poverty Profile Survey for 1998-2000, the absolute poverty line in rural areas has been estimated at USD 120 per capita and per annum (Interim Poverty Reduction Strategy Paper I-PRSP-July 2002).

over USD 100 million (two years of export earnings). IMF estimates that the ratio of the net present value of Burundi's external debt to export earnings exceeds 650%, which is four times the threshold used in assessing debt sustainability for highly indebted poor countries.

14. Since 1986, the Government's attempts to implement a structural adjustment programme (SAP) have met with serious implementation difficulties and it has not succeeded in deregulating and liberalizing the economy, strengthening public-sector management or improving efficiency in the use of public investments. New efforts have been made to implement the SAP following signature of the Peace Accord. With assistance from the World Bank and IMF, the transitional Government has taken measures to curb inflation such as the establishment of access ceilings and higher financial charges on commercial bank borrowing from the central bank, and improving revenue collection and public expenditure management. Public expenditure reviews have been initiated with World Bank assistance, with the objective of improving public resource allocations and the management of expenditures.

15. The population of Burundi is estimated at about seven million, of which about 90% live in rural areas. The extremely high population density (200-400 persons/km<sup>2</sup>) has contributed to greater food and resource scarcity in rural areas, which in turn increases the risk of continued conflict. The country is characterized by a very young population (about 41% are under 14). This 'youth bulge', accompanied by high youth unemployment rates, presents a great risk for potential conflict. In 2001, an estimated 900 000 people, almost 13% of the total population, were displaced and living in refugee camps in the United Republic of Tanzania or along the border with that country. As many as 80% of these were women, children and members of farmer households.

16. Under normal conditions, about 90% of the population are engaged in agriculture (crop, livestock, husbandry, forestry and fisheries), which accounts for 55% of GDP. Food production is the dominant agricultural activity. Family farms generally consist of several small, scattered plots, with a total holding of one to two hectares per family. Crop associations include beans, peas, sorghum and maize, and banana groves are common. Cropping patterns and type of crop grown vary with altitude. Traditionally self-sufficient in food production, Burundi has become a substantial importer of food since the 1993 conflict.

17. The system of transhumant livestock-rearing in large cattle herds, once practised extensively in the country, has faded away in most areas due to overgrazing of natural resources and the expansion of cropping. Nowadays, cattle are mostly reared on and around farms, with farmers owning only one or, at the most, very few cattle and small ruminants. The integration of livestock and cropping activities, however, is weak. Most of the farmers' livestock was killed during the conflict or lost due to distress, forced sales and theft. The exploitation of the important resource of lake fisheries, using both traditional and modern catch methods, has declined drastically due to severe damage to infrastructure and fishing boats.

18. Agro-industrial crops, including tea and especially coffee, account for 8% of agricultural production but 90% of export earnings. As with food crops, coffee production is predominantly a smallholder activity. The international market crisis in tea and coffee is jeopardizing the chances of economic recovery in Burundi, and affecting the livelihoods of a large number of smallholder coffee growers.

19. Coffee is tremendously important to the Burundian economy and the country has made great efforts to modernize the sector. Despite enormous difficulties in undertaking development activities during the crisis years, Burundi managed to establish about 80 modern coffee-washing stations run by farmer groups and cooperatives. The production of fully washed coffee provided an edge against the drop in international market prices and the basis for extending a minimum of credit to coffee growers, guaranteed by the sale of the crop to the washing stations. However, inadequate quality control at the farm and factory level and poor marketing strategies limit the potential benefits of these investments.

20. The Agricultural Sector Action Plan 2002-04, issued by the transition Government in April 2002, aims to rehabilitate the sector's productive potential. The Action Plan sets the following investment priorities: (i) production and distribution of agricultural inputs; (ii) replenishment of the stock of cattle and development of small stock; (iii) promotion of integrated crop-livestock-forestry farming systems; (iv) rehabilitation of the agro-industrial sector and diversification of cash and export crops; (v) re-activation of organizations supporting agricultural production, and in particular research and extension; and (vi) support for rehabilitation of the fisheries and aquaculture subsectors. Implementation of these priority activities will be supported by a programme of transport infrastructure rehabilitation and development aimed at enabling rural communities to re-establish access to productive resources and to markets. This will involve the rehabilitation of 1 600 km of feeder roads to serve areas producing tea, coffee and cotton; 600 km of forest roads; and an undetermined number of feeder roads for general use.

21. The Action Plan emphasizes the need to encourage the cooperative movement, which has reached a fair stage of development particularly in the coffee subsector, and of informal farmer associations. Special attention will be paid to rationalizing natural resource management and environmental conservation.

#### **D. Institutional Context**

22. The conflict seriously disrupted Burundi's institutions. The central government administration ceased to be operational in many respects in the capital city and in most provinces, and enforcement of the rule of law was almost impossible. The financial and human resources needed to supply basic services such as health care and education dried up. Many trained officers were killed or escaped into refugee camps, where most of them lost their skills after long periods of inactivity.

23. The drastic weakening of government capacity to provide services, however, forced communities to help themselves. Wherever assistance was made available, community response was both rapid and pro-active. This has been the experience of several non-governmental organizations (NGOs) that managed to operate in Burundi. It was also true for IFAD projects which, despite the situation, succeeded in continuing operations with the full cooperation and initiative of local rural groups.

24. The challenge facing the transitional Government is to rebuild the public administration almost from scratch, in a way that lays the foundations for a transparent and equitable administration, which alone can secure the loyalty of citizens and establish a strong barrier against future civil strife. Establishing 'good governance' is a declared major objective of the transitional Government's strategy for the move from conflict to enduring peace. Reform of the administration is one of the Government's main current concerns, along with the need to obtain support for capacity-building, including adequate training of personnel. The strategic approach of the reform needs clarification and its scope and shape needs to be designed in concrete terms. This is expected to involve pursuing an effective decentralization policy.

25. Along with administration reform, the Government intends to privatize public enterprises engaged in the production of private goods, and to liberalize the economy.

#### **E. Rural Poverty**

26. Structural poverty in Burundi manifests itself through low cash income from agricultural or non-agricultural activities and limited access to basic health and education services and safe drinking water. This situation is the result of lack and/or poor quality of capital, land that is over-cultivated and prone to erosion, scarcity or poor quality of agricultural equipment and technology, and limited

market incentives. These structural problems have been greatly exacerbated as a consequence of the recurrent conflicts.

27. Poverty has increased significantly in Burundi since 1993. Urban poverty increased from 40% in 1994 to 70% in 2000, and rural poverty from 40% to 69% during the same period. Life expectancy fell to about 42 years in 2000 from 51 years in 1993. In 2000, only 48% of the population had access to safe water and only 2% to health services. Mortality directly attributable to the civil disturbances affected men more than women, with the result that the proportion of women in the population is larger now than in the early 1990s and the number of woman-maintained and/or headed households has increased considerably. Inadequate labour availability in many such households contributes to increased poverty and limits the recovery speed of agricultural production. In addition, the number of orphans has increased dramatically, reaching an estimated 550 000, or 8% of the total population. Many households are headed by minors, and a large number of poor households have to care for orphans in addition to their own children.

28. During the conflict, men and particularly women were subjected to violence and abuses of human rights. The most obvious types of violence against women included rape, sexual exploitation and trafficking, sexual humiliation and mutilation. Some of the most difficult wounds to heal are those inflicted by such abuse, which causes extensive psychosocial suffering and diminished self-esteem and self-confidence. Women who have survived sexual violence will need help to overcome such traumas.

29. Years of conflict and widespread looting have destroyed much of the health care system and basic infrastructure. The few remaining facilities are no longer fully operational owing to loss of staff and equipment and non-replenishment of essential drugs. Budgetary allocations for the health sector have fallen by 40% in real terms, from 5% of GDP in the early 1990s to 3.2% in 2000. Inadequate health care has led to significant increases in disability and death from diseases such as malaria and HIV/AIDS. There is increasing evidence that HIV/AIDS has been used as a psychological weapon of war in the Great Lakes Region. For instance, captured women have allegedly been taken to soldiers known to be HIV-positive for the specific purpose of being raped<sup>6</sup>. HIV/AIDS infection has increased dramatically in both urban and rural areas, where the incidence of infected people is estimated at 20% and 6% of the total population respectively. Women affected by the epidemic represent about 56% of all those living with the disease, and some 14% of all orphans are believed to have lost their parents to HIV/AIDS. A World Bank-supported multisector HIV/AIDS project, under the aegis of its Africa Multi Aid Programme, is intended to provide the framework for a comprehensive and coordinated approach to the fight against HIV/AIDS.

30. As mentioned earlier, primary school-level enrolment has fallen to 51% from 68% in 1992, partly as the result of conflict-related destruction of social infrastructure, including schools, and the loss of teachers. Of the 1 485 schools that existed in Burundi in 1993, 105 were completely destroyed and 550 seriously damaged. Many teachers died in the conflicts or as a result of illness, in particular HIV/AIDS. Furthermore, absenteeism among teachers increased as they were called on to care for sick family members. Government budget allocations for education have fallen by 53% in real terms. The consequent increase in illiteracy among young people will have a major negative impact on conflict prevention, labour productivity and employment opportunities, and constitutes a further constraint on effective implementation of poverty reduction policies.

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<sup>6</sup> There is also a clear evidence that the incidence of HIV/AIDS is extremely high among rape survivors. In the case of Rwanda, two thirds of the survivors of rape tested positive for HIV (International Security, vol.27, n. 2, Autumn 2002).

#### **F. Government Strategy for National Reconciliation, Reconstruction and Poverty Reduction**

31. Since the signing of the Peace Accord, the Burundian leadership has focused on consolidating peace and enhancing national reconciliation. Measures include: signature of a protocol for the access and protection of IDPs (February 2001); establishment of a National Commission on the Reintegration of Refugees (May 2001); signature of a tripartite agreement between the Office of the United Nations High Commissioner for Refugees and the Governments of Burundi and the United Republic of Tanzania to facilitate the voluntary repatriation of Burundian refugees (May 2001); the swearing-in of an all-inclusive transition Government (November 2001); installation of the new transition Parliament (January 2002); and formulation of a transitional strategy.

32. The Government Transitional Strategy (GTS) Paper of 2001 sets out the following general objectives: (i) consolidating peace and national reconciliation; (ii) promoting good governance; (iii) resettlement and reintegration of displaced persons; (iv) reducing poverty through employment in the rehabilitation of economic and social infrastructure; and (v) sustaining economic growth and poverty reduction through implementation of sound economic reforms. The strategy recognizes the need to address simultaneously three basic aspects: political development (reconciliation, democracy, administration reform and decentralization); meeting emergency needs of conflict victims and of people living below the poverty line; and laying the foundations for long-term sustainable economic growth. Under the GTS, a broad investment plan was formulated for presentation to Donor Meetings organized under the joint chair of the United Nations Development Programme (UNDP) and World Bank. The transitional Government estimates that the financial resources needed to implement the strategy over the three-year period amount to about USD 1.5 billion. More than 40% of all resources are to be allocated to support rural development and the victims of conflicts.

33. **Resettlement and reintegration of displaced persons.** Measures undertaken by the transitional Government, the international donor community and NGOs to facilitate the reinsertion of victims include revising the law on the status of women, providing assistance to women affected by the conflicts, drawing on resources made available by the UNDP Grant Fund (May 2001), establishing small credit schemes to support economic activities of vulnerable women in rural areas, and improving the capacity of family planning centres currently operational in ten provinces. The Burundian authorities are also in the process of establishing a minimum package of basic social services (essentially health care and education) to be provided to vulnerable and poor households during the transition period. To resettle over 400 000 IDPs in addition to even larger numbers of refugees returning from neighbouring countries, major financial support will be needed for housing rehabilitation and construction, and social infrastructure.

34. **Promotion of good governance.** The transitional Government is committed to promoting good governance, as shown by the appointment of a Minister for Governance. Initial steps have included the re-establishment of the Office of the Auditor-General, regular audits of government resource mobilization and expenditure, and strengthening of the agency for public procurement.

35. **Capacity-building.** The scarcity of skilled labour and very limited capacity of the civil service are key constraints on poverty reduction and national reconciliation. The Government intends to reform public administration and seek donor assistance for capacity-building. An in-service training programme for Burundian officials planned under the MDTF will constitute one way of addressing the shortage of human resources and making the composition of the civil service more representative of the population, drawing on the South African model in the post-apartheid period.

## **G. Poverty Reduction Policy**

36. In the months following the signing of the Peace Accord, the transitional Government stressed the need to combine emergency relief and development assistance to achieve sustainable poverty reduction. Specifically, emphasis was placed on reconstruction and rehabilitation of economic and social infrastructure to increase access to basic social services for all citizens; promotion of agricultural and rural development; stimulation of the private sector; and privatization of state-owned enterprises.

37. The transitional Government has initiated a complex participatory process for preparing the country's Poverty Reduction Strategy Paper (PRSP). IFAD projects helped with the Interim Poverty Reduction Strategy Paper (I-PRSP) through consultations with grass-roots organizations and rural communities living in the intervention areas. Together with the World Bank, UNDP and the Food and Agriculture Organization of the United Nations (FAO), IFAD is also participating in discussions on food security – a major issue to be addressed by the PRSP. The Fund was requested to provide the services of a consultant on nutritional security to join the team involved in drafting the government Food Security Policy. The consultation and participatory diagnostic process has been completed, and a draft I-PRSP was presented to the donor community in April 2001. Following discussions on the I-PRSP, work has been started on finalizing the PRSP.

38. The objectives of the transitional Government's poverty reduction policy, as set out in the I-PRSP, are in line with those adopted by the United Nations at the Millennium Summit of September 2000. The objectives are to: (i) achieve an average annual economic growth of at least 5% over the period 2002-04, and at least 7% over the period 2004-10; (ii) overcome the major problems generated by the crisis by 2002 - 03, in particular, the resettlement and socio-economic reintegration of crisis victims, linked to the rehabilitation and reconstruction of the economy; (iii) return to the pre-crisis poverty rate by 2005, and reduce the share of Burundians living below the poverty line to 25% by 2010 and to 15% by 2015; (iv) attain universal primary education by 2015, prioritizing the reduction of gender and regional disparities in the process; (v) reduce the illiteracy rate from 50% in 2001 to 25% by 2010, and to 10% by 2015; (vi) provide universal access to basic health care by 2010; (vii) reduce the rate of infant mortality to 0.11% by 2005 and 0.05% by 2010; and (viii) guarantee an adequate supply of drinking water to 80% of the population by 2005 and to all Burundians by 2010.

39. If these objectives are to be achieved, new sector policies will be needed within the framework of an active partnership among the state, private sector, civil society and foreign development partners. The main thrust of the transitional Government's approach includes the adoption and implementation of: (i) an economic policy aimed at maintaining macroeconomic equilibrium, promoting the private sector, developing exports and maximizing job opportunities; (ii) an agricultural policy centred on increasing productivity and reducing land pressure; (iii) an industrial policy aimed at establishing a diversified fabric of small and medium-sized enterprises in the capital and secondary urban areas, to produce basic necessities for sale domestically and to export agricultural, mining and manufactured products; (iv) a policy of economic and financial cooperation aimed at reducing dependence on external assistance and developing regional economic and scientific exchanges; (v) social services policies aimed at improving human capital and ensuring equitable access to basic services; and (vi) good governance and institutional development based on transparency in public resource management and public administration modernization and decentralization, and which aims to secure the involvement of people in public choices and in the financing, management, monitoring and evaluation of development actions.

### **III. LESSONS FROM IFAD'S EXPERIENCE IN BURUNDI**

#### **A. Current Portfolio**

40. To date, IFAD has funded five projects in Burundi, two of which (the East-Mpanda Rural Development Project and the Integrated Rural Development Project/Ngozi III) were closed prior to the 1993 crisis. Active projects are: (i) the Bututsi Agro-Pastoral Development Project, cofinanced with the African Development Bank (AfDB); (ii) the Ruyigi Rural Resources Management Project, cofinanced with the Organization of the Petroleum Exporting Countries Fund for International Development (OPEC Fund); and (iii) the Rural Recovery and Development Programme, cofinanced with the OPEC Fund, World Food Programme (WFP), and the Agency for Cooperation and Research in Development (ACORD), an NGO based in the United Kingdom.

#### **B. Main Lessons of Experience**

41. IFAD's experience in Burundi to date confirms that, even under adverse circumstances, projects conceived and designed on the basis of adequate consultation and incentives can help improve household food security. A number of extremely useful lessons have been learned with regard to project implementation under conflict conditions.

42. The Burundi experience confirms the particular importance, under conditions of political instability, of:

- (i) the role of local communities – with the weakening of central authority, local communities step up their activities and try to take charge of the planning and implementation of their own projects;
- (ii) confidence-building to acquire ownership – beneficiaries need to be convinced of the equity of procedures and of the accountability of project staff;
- (iii) adoption of technical innovations – the successful and sustainable nature of innovative approaches to improving productivity and household food security must be demonstrated in practice;
- (iv) people's empowerment is a key factor in success – to exercise sustainable influence, the rural poor require access to material goods and workable decision-making processes at the organizational level;
- (v) design and implementation of community projects must be simple, community-friendly and replicable – implementation procedures must be flexible and transparent;
- (vi) cross-fertilization among IFAD projects is important and should be consolidated by further cross-fertilization with successful community projects financed by other donors; and
- (vii) continuity of project management ensuring a stable and efficient management team, albeit difficult, is essential to project success .

43. From the management 'mechanics' standpoint, cross-cutting implementation issues involve the need to: (i) clarify the role of each implementing agency so as to avoid overlap and, in particular, ensure that project coordination units (PCUs) enjoy full management/implementation autonomy, which is especially endangered at times of harsh socio-political confrontation; (ii) envisage additional support for procurement and accounting to ensure both proper procurement and adequate financial management and reporting; (iii) plan for acceptable exceptional procedures in the event that ordinary procedures cannot be applied due to conflict (related to previous point); (iv) avoid cofinancing on a *pari passu* basis since this may halt and/or delay implementation owing to non-availability of funds from one or several cofinanciers; and (v) find workable solutions to project supervision difficulties to support smooth implementation and PCU accountability.

#### **IV. IFAD'S STRATEGIC FRAMEWORK FOR POST-CONFLICT RECONSTRUCTION**

##### **A. Corporate and Regional Strategies and Objectives**

44. IFAD's corporate strategy, aimed at enabling the poor to overcome their poverty, is based on the centrality of access to assets for rural poverty reduction. The term 'assets' is used in its broadest sense to include human and social assets (education, health, organizations, social capital), natural assets (land, water, forestry), technological assets (farm production, processing and marketing methods), infrastructure (transport, health care, communications), and financial assets (crop sales and off-farm income, fixed and working capital, savings in-kind and cash). Three major strategic thrusts are set by IFAD to improve the rural poor's access to such assets, namely: (i) strengthening the capacity of the rural poor and their organizations; (ii) improving equitable access to productive natural resources and technology; and (iii) increasing access to financial services and markets.

45. Within the above framework, the Eastern and Southern Africa Division of IFAD has developed the following strategic prongs in line with the specific features of the countries for which it is responsible: (i) emphasis on institutional development and administration reform leading to people's empowerment at the community level; (ii) promotion of effective and equitable linkages between poor producers and market opportunities, particularly with the private sector; (iii) development of rural financial services; (iv) promotion of improved and stable access to land and water, and better soil and water management; (v) creation of an improved system of managing knowledge and know-how, and information and technology transfer; and (vi) moderating the impact of exogenous shocks, such as the spread of AIDS, civil disturbances and conflicts. These strategic prongs are fundamental to sustained rural poverty reduction in Burundi. The challenge is to pursue them effectively in the context of a post-conflict situation.

##### **B. Opportunities for IFAD Intervention in Burundi**

46. The continuation of project operations during the eight-year conflict enabled IFAD to develop extremely good relations with the government, local communities, other United Nations agencies and the NGO community in Burundi. The confidence and goodwill that it has built up and its reputation for equitable operations and transparent procedures are major assets that IFAD could build on in formulating an effective strategy of assistance and policy dialogue for the transition period.

47. Another important asset is the experience that IFAD acquired in implementing rehabilitation/development assistance projects during the conflict. This strengthened its understanding of the potential role of communities and the conditions that make it possible to realize such potential, ways to handle people's participation and empowerment in the reconciliation and development processes, and mechanisms to supplement government capacity to provide services. These are important elements for grounding a transitional strategy and planning long-term interventions. The close relationship between community empowerment in planning and implementing community-led projects, and community willingness to contribute (either in cash and/or in kind) to the cost of establishing and maintaining such projects, is another important asset in the formulation of a sustainable strategy.

48. The close relationship established between IFAD and the transitional Government during I-PRSP formulation, and the concurrence of most PRSP objectives and policy guidelines with IFAD's regional corporate objectives and strategic prongs are also valuable assets for continued interventions in the region.

### **C. Livelihood Assets of Rural Poor Households**

49. As a result of the conflict, many of the base assets of the target group's livelihood have been lost or heavily depleted. These include education, water supply, health-care facilities, transport infrastructure and most of the productive potential of the farming system. The transitional Government must now rebuild health centres and schools and upgrade rural roads; rehabilitate and expand rural water supplies; train a large number of people to operate the reconstructed or rehabilitated physical assets; and identify sustainable sources of finance to remunerate those responsible and ensure that they have access to the consumer items necessary to maintain operations and physical assets.

50. Among other tasks, farmer households will need to rehabilitate their farms, re-establish their stocks of animals, seeds and other inputs, improve their plots for cash and export crop production, re-establish their links with markets and develop new ones, and repair their dwellings. In the agricultural reconstruction process, farmers will need to introduce improved soil conservation and productive methods, which will in turn call for combined adaptive research and farmer-training services based on participatory assessment of farmers' problems. Issues of land tenure, including disagreements among displaced persons returning to their homes, will urgently need to be addressed.

51. Broadly speaking, the effective demand of rural households is expected to concentrate on health care, water, children's education, security of land tenure, agricultural inputs, livestock, access to markets, and financial means to invest in farm rehabilitation.

### **D. Vulnerability Context and Risks**

52. The vulnerability of Burundi's rural poor is directly related to poor governance, inadequate human development, weak economic performance and serious environmental stress. While these issues would challenge development in any 'normal' developing country, in Burundi, they underlie serious conflict potential and are recognized as high to very high risk factors. To rural people, good governance means security and fair treatment for all, in the sense of *freedom from fear*, through the operationalization of governance built on transparency, efficiency and accountability of local institutions in managing finances, goods and services, the exercise of the rule of law, and protection of human rights and justice. Vulnerability and insecurity have increased through inadequate human development and economic performance, environmental stress as a result of conflict, high poverty levels, greater food insecurity, poor access to productive assets (land, capital and technology-knowledge) and basic services (potable water, education and health), gender disparities and conflict-related trauma. Meeting such needs is commonly referred to in human security and development circles, as *freedom from want* and will form the basis of IFAD's assistance in Burundi. *Freedom from despair* is a third dimension of human security and deals with the socio-psychological aspects of restoring rural communities' sense of dignity (including rural populations that have survived sexual and non-sexual violence), identity and hope. An institutional and social support network based on trust and cohesion will be established to address these core aspects of human development. The reconstruction of human capacity and rehabilitation of the social capital of rural communities will be paramount in reducing their vulnerability, strengthening community resilience to conflict, and paving the way for social and economic development.

53. Burundi's heavy dependence on foreign exchange earnings from coffee exports constitutes another major economic vulnerability. Present international coffee market conditions are poor and prospects for the foreseeable future are not encouraging. Vulnerability is also influenced by the effectiveness of government implementation of the transitional strategy, and by rural people's opportunities to restore effectively their living standards and enhance their development potential.

54. The effectiveness of government programmes depends on three factors: (i) speed in building up performance capacity in the civil service, including the management skills and political will necessary to implement measures that ensure effective use of the new human capital created in the civil service; (ii) political will to introduce and implement effective administration decentralization, in particular measures aimed at out-sourcing public service delivery to private sector agents and civil-society organizations; and (iii) resources available to fund the programmes. The latter will include both donor contributions and the establishment by central and decentralized government, and delegated public agencies of sustainable internal sources of finance to cover the operation and maintenance costs of essential service provision. Given the circumstances in Burundi, inadequate performance in any one of these areas must be considered a possibility.

#### **E. IFAD's Post-Conflict Reconstruction Strategy in Burundi**

55. Until an effective transition has been achieved, the prospects for long-term development remain uncertain. IFAD's post-conflict reconstruction strategy in the country will thus be directed mainly towards bridging the rehabilitation phase (about three to four years) with the resumption of the development phase, which will be transitional and address the three dimensions of human security discussed above by promoting rural communities' 'ownership' of social capital reconstruction, the productive process and employment generation. This will be achieved by empowering rural communities, rehabilitating and improving economic and basic infrastructure, and jump-starting the rural economy through agricultural rehabilitation, increased off-farm employment and income, and greater rural purchasing power to support economic activity. This will entail helping the transitional Government to address key issues of potential conflict in the framework of post-conflict reconstruction and rural poverty reduction. More specifically, IFAD intends to undertake a conflict analysis (in close collaboration with rural communities, NGOs, the transitional Government and other relevant stakeholders) to ensure that its support to Burundi's rehabilitation programme enhances sensitivity to conflicts and their causes and thus reinforce Burundi's capacity to reduce the factors that originally led to the conflict.

56. IFAD's transitional strategy will focus on supporting the transitional Government in: (i) consolidating achievements of the ongoing portfolio; and (ii) building up a foundation for national reconciliation, rural poverty reduction and durable peace. The strategy has been specifically designed to capitalize on the valuable experience of projects implemented during the conflict, and to help the Government mitigate the key potential conflict issues that affect the performance of government, communities and households in implementing activities aimed at improving the livelihood of the country's rural poor. In emphasizing the need to lay the foundations for sustainable institutional, social and economic development, the strategy will be based primarily on the regeneration of rural livelihoods and capacity-building; and, secondly, if noticeable peace-building results are to be achieved, on assessment of farm-to-market links and a review of export market niches.

57. The overall objectives of IFAD's post-conflict reconstruction strategy in Burundi involve: (i) rehabilitating governance and local institutions by strengthening local community empowerment to identify, plan and implement community activities and projects, within the framework of agreed conditions aimed at securing the sustainability of peace-building efforts and community projects; (ii) assisting vulnerable households to regenerate a minimum sustainable livelihood; (iii) full participation and equitable sharing of project benefits by rural women, accompanied by concerted efforts to ensure women's social and economic rehabilitation; (iv) contributing to the transitional Government's fight against HIV/AIDS; (v) building up the capacity of rural service providers, including the civil service, private sector and civil-society organizations, within the framework of a coherent administration reform aimed at decentralization; (vi) testing different approaches to microfinance development through pilot schemes implemented within the post-conflict reconstruction framework; and, to the extent possible, taking account of IFAD's microfinance policy; and (vii) improving farm-to-market linkages and supporting farmer groups and associations.

58. This will involve: (i) close policy dialogue with the transitional Government, especially with regard to I-PRSP finalization and implementation; (ii) coordinating IFAD interventions with those of other international organizations in the public and private sector; (iii) focusing on area-based post-conflict reconstruction investments, with emphasis on grass-roots institutional development, sustainability, decentralization and community empowerment; (iv) adopting a systematic participatory methodology for post-conflict reconstruction; (v) supporting private and cooperative enterprises aimed at rehabilitating and diversifying the cash and export crop subsector; (vi) cross-cutting emphasis on gender issues; and (vii) improved reporting, monitoring and impact evaluation.

59. Building up resilience to violent conflict calls for strengthened participatory processes and rural institutions that can manage conflicts in a non-violent manner. Sources of conflict, in addition to opportunities to promote non-violent conflict resolution, will be identified prior to designing IFAD's post-conflict reconstruction intervention. The conflict analysis will be a critical tool for conflict prevention as it will highlight potential areas of concern for IFAD to address and help find ways of strengthening the conflict resilience of rural areas.

60. Policy dialogue will deal with major issues faced by the transitional Government in implementing its poverty reduction strategy within the framework of policy measures to reconstruct peace and social stability, reactivate economic growth and ensure macroeconomic strength. IFAD will assist in finalizing the PRSP using its experience in implementing projects in Burundi and in neighbouring countries. In cooperation with other donors, IFAD will help the transitional Government to formulate and implement administration reform policies. In so doing, it will pay particular attention to the lowest levels of local government and to the role of civil-society organizations and rural communities, within the framework of formulating community-driven rural development projects. In coordination with donors, IFAD will contribute to policy design and field implementation of agro-industry privatization and market liberalization, through interventions designed to improve farmers' market access and marketing support.

61. Field activity coordination with other donors will focus on linking institutions such as World Bank, UNDP, FAO and WFP, and international NGOs to the project delivery mechanisms. Examples of possible benefits include: fast and efficient procurement of agricultural inputs for vulnerable households, and drawing on the successful experience of FAO's Food Security Project. To facilitate coordination, continuous exchanges of experience will be maintained with all official donors and major NGOs.

62. Focus on area-based post-conflict reconstruction development will allow for a coordinated approach to addressing aspects of rural livelihood regeneration and poverty reduction in line with IFAD's mandate and strategy. The transitional Government's institutional development and decentralization policy will be tested, and important lessons learned from the implementation of community-driven activities under conditions of peace and stability. These lessons will be valuable in elaborating decentralization at the national level. Pilot project components supporting the development of sustainable microfinance institutions will provide the necessary experience for subsequently formulating a consolidated national-level policy, and for larger specific interventions, once the transition period is successfully over. The area-based projects will be formulated on the basis of: in-depth assessments of people's livelihood regeneration strategies and effective demand for services; the realistic potential for introducing innovative agricultural practices suitable for poor farmers; and measures required both to improve farmers' market access and offset the worst impact of market failures.

63. **Cross-cutting emphasis on gender issues.** The inclusion of proposals by Burundian women in the Arusha Accord made the peace agreement one of the strongest in terms of recognizing the centrality of women's rights to democracy, governance, peace and security, and reconstruction. Key

recommendations by Burundian women included: (i) establishment of mechanisms to punish and end war crimes such as rape and sexual violence; (ii) guarantees for women's rights to property, land and inheritance; (iii) measures to ensure women's security and safe return home; and (iv) guarantees that girls will have the same rights as boys to all levels of education. These recommendations, which will form the basis of consultations with rural women, are to be integrated into IFAD's post-conflict reconstruction assistance to Burundi. Particular attention will be paid to the psychological and social rehabilitation of women and girls who have survived sexual violence. This is an area where grassroots networks established by women in post-conflict areas have been effective in reducing the effects of rape and violence. Successful rehabilitation programmes undertaken in Bosnia and Kosovo will be closely examined with a view to their possible replication in Burundi. In addition, all IFAD projects will pay particular attention to: the integration of women into economic and social networks (particularly through women's group activities); functional literacy, as an effective tool for spreading peace reconciliation messages; provision of goods and services requested by women (including water supply); and training in small livestock health-care and production.

**64. Improved reporting, monitoring and impact evaluation practices.** IFAD's decision to focus on demand-driven projects, local institutional development and decentralized project administration calls for improved reporting on project activities, financial accounting of projects and service providers, and better impact evaluation. The latter entails timely feedback from local partners with regard to possible adjustments to project activities, schedules and resource allocations.

#### **F. Expected Outcomes**

65. Implementation of IFAD's post-conflict reconstruction strategy is expected to contribute to:

- (i) rehabilitating and strengthening the resilience of Burundi's rural areas to violent conflict;
- (ii) regenerating sustainable livelihoods for vulnerable rural households;
- (iii) establishing, within the framework of an administrative reform policy, replicable mechanisms to support community-driven planning and implementation of sustainable community projects, including effective measures to fund maintenance and operations undertaken by the communities;
- (iv) improving the capacity and accountability of local government for planning and monitoring service provision for rural people, and enforcing an effective policy for encouraging the NGOs and private organizations contracted to deliver the services;
- (v) providing sufficient practical experience to design a general policy and specific projects aimed at developing rural microfinance institutions in a post-conflict reconstruction context;
- (vi) effective participation by women in peace-building and post-conflict reconstruction processes, with a significant share of project benefits accruing to them; and
- (vii) better financial control, reporting, monitoring and evaluation of ongoing and future IFAD projects.

## V. POST-CONFLICT RECONSTRUCTION PROGRAMME

66. IFAD will use three main entry channels to enhance its policy dialogue with the transitional Government, namely: portfolio implementation support; in-depth evaluation of the experience of projects implemented during the conflict, conflict analysis and continued policy dialogue; and post-conflict reconstruction pipeline development.

### **A. Portfolio Implementation Support**

67. IFAD will strive to enhance its portfolio performance. It will build upon the successful portfolio review process and develop a timetabled participatory process for IFAD, cooperating institutions (CIs), the transitional Government and project staff to produce annual action plans for portfolio implementation support to enhance implementation and capacity-building. This will also serve to identify successful models for furthering IFAD's knowledge of development initiatives in countries affected by chronic political instability. An annual action programme will be developed with CIs to enhance capacity-building and record/evaluate developmental impact. This will involve: implementing stronger support systems and institutions, such as participatory extension services based on appropriate research and development results; developing local institution capacity to support participatory reconstruction through staff training and local leadership; enhancing knowledge management to link up with ongoing projects, improving information dissemination and strengthening project cross-fertilization; developing partnerships with NGOs and Community-Based Organizations operating in the project areas; and increasing transparency and accountability.

68. IFAD will also make greater use of supervision procedures and missions, *inter alia*, as a delivery tool for necessary technical assistance in project implementation with regard to portfolio 'fine-tuning'. If necessary, IFAD will initiate any required adjustments to the portfolio to optimize its assistance to Burundi during the transition period.

### **B. Conflict Analysis Framework and In-Depth Evaluation of IFAD's Implementation Experience in Chronic Conflict Situations**

69. IFAD will step up non-lending activities to enhance its understanding of the socio-economic context, improve its knowledge base to support policy dialogue and design of effective post-conflict reconstruction programmes, and strengthen capacity. This will involve studies to identify optimal community-led initiatives in chronically unstable political environments and approaches to addressing the basic needs of the growing phenomenon of woman- and orphan-led household. Studies will also be conducted on the impact of conflict on Burundian women; and the use of a conflict analysis framework as a tool for prevention and as an element of IFAD's post-conflict reconstruction assistance to Burundi.

70. The findings of the conflict analysis framework will provide the transitional Government, donors and NGOs with information on functional approaches to addressing the needs of IFAD's target groups. The studies aim to draw lessons that will be useful both for future project design and for the formulation of government administration reform and decentralization policy. In this connection, agreement will be reached with the transitional Government that the findings will be used in formulating decentralization policy, and that IFAD will be invited to contribute to the policy formulation process, in view of its experience and interest in assisting lower level local government and the community development dimension of future administration reform.

71. IFAD representatives participating in PRSP finalization will also concentrate on good governance, community empowerment, gender, food security, sustainability of rural services for the poor, and the impact of privatization on the poor. These issues will also be addressed in the formulation of future IFAD interventions in Burundi, and support will be made conditional on the Government making progress in these fields.

### **C. Pipeline Development in the Transitional Phase**

72. With a view to implementing its GTS, the Government has requested IFAD to formulate a programme aimed at the reconstruction of economic and social services in the provinces of Cankuzo, Makamba, Muramviya and Rutana. This will include institutional and agricultural production development, livestock restocking, swamp drainage and development, pilot promotion of rural financial services at the micro-institution level, income-generating activities for women, distribution of production rehabilitation inputs for vulnerable households, as well as natural resource management and environmental protection.

73. If substantial progress is achieved in peace-building and in the pacification and ‘normalization’ of rural areas, IFAD will consider extending assistance for: (i) a programme dealing with the rehabilitation and diversification of the cash and export crop subsector along the lines of a similar project recently designed in the region; and (ii) a programme for rehabilitating the fisheries sector, involving lake fisheries (Lake Tanganyika and the smaller Northern Lakes) and aquaculture.

### **D. Opportunities for Strategic Links with Other Donors**

74. IFAD has secured cofinancing for all its operations in Burundi from: (i) AfDB; (ii) OPEC Fund; (iii) World Bank; and (iv) ACORD.

75. IFAD has developed close contacts with major donors operating in Burundi, including the World Bank, the European Union and UNDP. An IFAD representative regularly and pro-actively participates at the Donors’ Meetings co-chaired by UNDP and the World Bank. Close collaboration with the World Bank has ensured the inclusion of IFAD in the MDTF. IFAD has been actively involved with the World Bank in expanding MDTF membership to include the OPEC Fund so that it can resume its assistance to Burundi.

76. The foregoing provides the basis for developing further strategic links when planning the next round of operations in Burundi. In particular, IFAD will work closely with the World Bank in agricultural research and extension; with the World Bank and UNDP on questions of good governance and decentralization; with the OPEC Fund on the provision of basic infrastructure; and, possibly, with the Arab Bank for Economic Development in Africa for the rehabilitation and/or development of the cash-crop subsector, with particular emphasis on coffee and tea. Cooperation with FAO’s Office for Special Relief Operations (OSRO) is envisaged to expedite procurement of inputs for distribution to vulnerable households, while WFP will be invited to participate in future IFAD programmes in Burundi through its food-for-work schemes.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

77. IFAD faces a major challenge in helping Burundi emerge from a chronically unstable situation and establish a peaceful environment – especially in view of the need to provide relief both to distressed communities and highly vulnerable people while dealing with infrastructure rehabilitation, poverty reduction through economic growth, and the introduction of good governance and administration reform. The formulation of government policy for national reconciliation, economic growth and poverty reduction has started out well. Indications are that with adequate donor support good progress will be made in the next few years.

78. The present Country Strategic Opportunities Paper (COSOP) sets the strategic framework for IFAD interventions in Burundi during this crucial transition period by focusing on enhancing policy dialogue with the transitional Government and developing new interventions. Projects will include area-based interventions aimed at institutional development and the empowerment of rural poor

communities, agricultural and livestock rehabilitation and development, resource conservation, pilot development of micro rural financial service institutions, and assistance to vulnerable households to help them regenerate a minimally acceptable standard of living. Infrastructure reconstruction may be included on a parallel cofinancing basis. Special care will be taken in ensuring that women's particular rehabilitation needs are met, and that they fully participate in project activities and enjoy a fair share of project benefits. Subsequent to further progress being made in the peace-building process and in the regeneration of rural livelihoods, the potential for IFAD interventions in the cash and export crop and fisheries subsectors will also be reviewed.



**APPENDIX I**

**COUNTRY DATA**

**BURUNDI**

<b>Land area (km<sup>2</sup> thousand) 2001 1/</b>	26	<b>GNI per capita (USD) 2001 1/</b>	100
<b>Total population (million) 2001 1/</b>	6.94	<b>GDP per capita growth (annual %) 2001 1/</b>	1.3
<b>Population density (people per km<sup>2</sup>) 2001 1/</b>	270	<b>Inflation, consumer prices (annual %) 2001 1/</b>	9
<b>Local currency</b>	Burundi Franc (BIF)	<b>Exchange rate: USD 1 =</b>	BIF 1 070.5
 <b>Social Indicators</b>		 <b>Economic Indicators</b>	
Population (average annual population growth rate) 1995-2001 1/	2.0	GDP (USD million) 2001 1/	689
Crude birth rate (per thousand people) 2001 1/	40	Average annual rate of growth of GDP 2/	
Crude death rate (per thousand people) 2001 1/	20	1981-1991	4.2
Infant mortality rate (per thousand live births) 2001 1/	114	1991-2001	-2.4
Life expectancy at birth (years) 2001 1/	42	Sectoral distribution of GDP 2001 1/	
Number of rural poor (million) (approximate) 1/	n/a	% agriculture	50
Poor as % of total rural population 1/	n/a	% industry	19
Total labour force (million) 2001 1/	3.80	% manufacturing	9 a/
Female labour force as % of total 2001 1/	49	% services	31
 <b>Education</b>		Consumption 2001 1/	
School enrolment, primary (% gross) 2001 1/	65 a/	General government final consumption expenditure (as % of GDP)	14
Adult illiteracy rate (% age 15 and above) 2001 1/	51	Household final consumption expenditure, etc. (as % of GDP)	91
 <b>Nutrition</b>		Gross domestic savings (as % of GDP)	-5
Daily calorie supply per capita, 1997 2/	1 685	 <b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, height for age (% of children under 5) 2001 3/	57 a/	Merchandise exports 2001 1/	40
Malnutrition prevalence, weight for age (% of children under 5) 2001 3/	45 a/	Merchandise imports 2001 1/	139
 <b>Health</b>		Balance of merchandise trade	-99
Health expenditure, total (as % of GDP) 2001 1/	3 a/	Current account balances (USD million)	
Physicians (per thousand people) 2001 1/	n/a	before official transfers 2001 1/	n/a
Population using improved water sources (%) 2001 3/	78	after official transfers 2001 1/	-24
Population with access to essential drugs (%) 2000 3/	0-49	Foreign direct investment, net 2001 1/	n/a
Population using adequate sanitation facilities (%) 2000 3/	88	 <b>Government Finance</b>	
 <b>Agriculture and Food</b>		Overall budget deficit (including grants) (as % of GDP)	-5 a/
Food imports (% of merchandise imports) 2001 1/	23 a/	2001 1/	
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	39	Total expenditure (% of GDP) 2001 1/	26 a/
Food production index (1989-91=100) 2001 1/	96	Total external debt (USD million) 2001 1/	1 065
Cereal yield (kg per ha) 2001 1/	1 311	Present value of debt (as % of GNI) 2001 1/	96
 <b>Land Use</b>		Total debt service (% of exports of goods and services)	40
Arable land as % of land area 2000 1/	35	2001 1/	
Forest area as % of total land area 2000 1/	4	Lending interest rate (%) 2001 1/	17
Irrigated land as % of cropland 2000 1/	6	Deposit interest rate (%) 2001 1/	n/a

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* CD ROM 2003

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2003

**LOGICAL FRAMEWORK**

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<p><b>Goal:</b></p> <p>Community reconciliation, enduring peace/security, and reconstruction of the social, human and economic capital of rural poor households in IFAD project areas.</p>	<p>In the IFAD project areas:</p> <ul style="list-style-type: none"> <li>• Record of persisting insecurity and armed conflict</li> <li>• Record of governance and political stability</li> <li>• Overall economic performance</li> <li>• Human development indicators</li> <li>• Evolution of signals of environmental stress</li> </ul>	<ul style="list-style-type: none"> <li>• Government reports</li> <li>• Other sources to be determined</li> <li>• National statistics and reports of the projects' M&amp;E unit</li> </ul>	<ul style="list-style-type: none"> <li>• continued commitment of all parties to peace and political stability</li> <li>• continued government commitment to poverty reduction and to administration decentralization</li> <li>• government support for civil society organizations and for outsourcing delivery of public services to NGOs and private enterprise</li> <li>• significant foreign debt re-negotiation</li> </ul>
<p><b>Purposes:</b></p> <ul style="list-style-type: none"> <li>• testing a system of local governance that encourages reconciled communities to plan, implement, manage, and maintain assets and other resources devolved to them on a matching grant basis</li> <li>• assisting vulnerable households in re-establishing a minimum sustainable livelihood</li> <li>• testing effective measures to secure equal opportunities for women for participation in project activities and for sharing project benefits, particularly with regard to access to education, productive assets and social services</li> <li>• testing ways and means of starting a sustainable network of microfinance institutions (MFIs) linked to the formal banking system</li> <li>• contributing to the national fight against HIV/AIDS</li> <li>• introducing participatory diagnosis of farmers' problems, support to genuine local farmer innovators and demand-driven agricultural research and development</li> <li>• improving market linkages for rural poor households by enhancing all potential opportunities for income-generation, including export crop production and related off-farm activities</li> </ul>	<ul style="list-style-type: none"> <li>• representatives of poor households hold decision-making positions within local governments</li> <li>• service providers trained in a community-driven development (CDD) approach and adequately performing their CDD tasks</li> <li>• exit of very poor households from conditions of high vulnerability</li> <li>• public services respond to peoples demands</li> <li>• women's groups participate in IFAD project activities</li> <li>• women trained in functional literacy, and other technical skills</li> <li>• pilot attempts at establishing financially sustainable MFIs prove successful</li> <li>• new methods of agricultural technology generation and transfer are internalized by extension workers and farmers</li> <li>• increased farmer cash earnings through higher production and better producer prices</li> <li>• cooperatives of poor households participate in commercial enterprises processing/marketing their products</li> <li>• improved natural resource management (NRM) practices adopted</li> </ul>	<ul style="list-style-type: none"> <li>• IFAD institutional assessment studies to monitor the impact of community heterogeneity on project performance and CDD approach</li> <li>• <i>Ad hoc</i> participatory rural appraisals (PRAs) involving households belonging to target group and vulnerable households</li> <li>• Specific reporting on gender constraints and project performance with respect to the participation of women</li> <li>• IFAD project design to include instruments of accountability for the target group, and reporting on the participatory workshops evaluating service providers' performance</li> <li>• Improved progress reporting by IFAD PCUs</li> <li>• Improved procurement procedures and practices</li> <li>• Improved financial reporting and control</li> <li>• <i>Ad hoc</i> consultation with communities for in-depth impact assessment</li> </ul>	<ul style="list-style-type: none"> <li>• capacity-building at the lower levels of local government and at the local group level tightly linked to specific community project implementation</li> <li>• social stratification in rural areas is not an impediment to the empowerment of the poor under the present governance setting</li> <li>• training of community facilitators, government officers and other local service providers is sufficient incentive for successful introduction of the CDD approach</li> <li>• export crop-based projects with links to private enterprises can be effectively targeted at the poor</li> </ul>

### SOCIO-POLITICAL CONTEXT AND PEACE PROCESS

1. Burundi has a population of 6.8 million (1999), growing at 2.9 percent per year and a population density of 215 persons per square kilometre, the second highest in Africa. Since independence in 1962, Burundi has gone through several periods of conflict fuelled by tensions between its two dominant ethnic groups, the Hutus (over four fifths of the population) and the Tutsi. The latest conflict broke out in 1993, following the assassination of the democratically elected President Ndadaye, and the President of the National Assembly. This assassination led to massive violence, with the killing of over 15 000 persons and the displacement of more than 600 000.

2. The death of President Ntaryamira, who succeeded President Ndadaye, in a plane crash in Kigali in April 1994 contributed to increased tensions in turn exacerbated by the outbreak of violence in neighbouring Rwanda. In July 1994, a convention government, negotiated under the auspices of the United Nations and Organization of African Unity , was formed with a democratically elected parliament under President Ntibantunganya, a Hutu. The peace dividend expected from this convention did not materialize however, and growing insecurity led to a Tutsi-military-led coup that overthrew the government in 1996. In response to the coup, regional leaders imposed economic sanctions on Burundi with the stated objective of securing the restoration of parliament and political activity, and immediate, unconditional negotiation with rebel groups and opposition forces. Most donors respected the sanctions and foreign aid levels fell from over USD 300 million per annum to less than USD 48 million, and living conditions deteriorated. The sanctions were suspended in January 1999 to prevent further worsening of living conditions. In addition, the international community took a more active role in seeking a negotiated and peaceful resolution of the conflict. The late President Nyerere was appointed mediator and after his death, President Mandela took over in December 1999. These negotiations culminated in the signature of the Peace Accord in Arusha in August 2000 by 19 political parties representing all ethnic groups.

3. After the signing of the Peace Accord, parties involved in the conflict and the Burundian Government, National Assembly and the international mediator held several rounds of talks. These peace talks centred on the need to ensure security for all and equitable representation of all ethnic groups in politics, the armed forces, the judiciary and civil service, and on the establishment of the transitional Government. Meanwhile, the transitional Government and the people of Burundi pursued reconciliation at the community level (with assistance from NGOs), while efforts towards peace continued at the national level under the framework of the Arusha Peace Accord.

4. The Peace Accord is very comprehensive, outlining in detail the responsibilities and attributes of administrative institutions, including the role of the army, national police force, the state and international community. It also provides a framework for the rehabilitation and resettlement of refugees and victims of conflicts. Protocol I of the Accord examines the root causes of the Burundian conflict, some of which, according to the protocol, date from the era of the colonial administration, when the introduction of an identity card specifying ethnic origin reinforced ethnic awareness. However, parties involved in the Accord recognize that the nature of successive conflicts in the post-colonial period has been fundamentally political with a significant ethnic dimension, stemming from the struggle by the political class to accede to and/or remain in power.

5. Chapter II of the same Protocol explores solutions to Burundi's conflict. It proposes a number of institutional reforms to foster national reconciliation, improve justice, public administration, economic performance and social services, in order to prevent a recurrence of the conflicts. As the basis for national reconciliation, a new constitution is proposed, founded on the values of justice, the rule of law, democracy, good governance, pluralism, respect for the fundamental rights of individuals, solidarity, and equality between women and men. The constitution would also include provisions embodying the principle of separation of powers (executive, legislative and judicial).

6. In the area of justice, an International Judicial Commission of enquiry on genocide, war crimes, and other crimes against humanity will be established, along with an International Tribunal to try and to punish those responsible. An independent justice system will be promoted and the National Truth and Reconciliation Commission (NTRC) will be founded.

7. The NTRC draws on the South African post-apartheid model, and it will deal with the investigation of acts of violence, arbitration and reconciliation, and the clarification of history. Other measures include the establishment of a National Commission for the Rehabilitation of Victims; the banning of all political or other associations advocating ethnic, regional, religious or gender discrimination; and deliberate promotion of disadvantaged groups. Decentralization is listed as a cornerstone of political reconstruction. Other important elements include: the promotion of human rights and freedom; advancement of women; and strengthening the National Assembly, civil society and the justice system.

8. Regional economic sanctions imposed in August 1996 were suspended in January 1999. As intended, these imposed an economic cost. While the sanctions were lifted for some essential goods and were also widely violated, they still created hardship for the poor. They fostered rationing, which so reduced foreign exchange market transparency that it is difficult to judge whether the military were deprived or instead profited from special access to subsidized foreign exchange. While the private sector was at the end of the queue for favourable exchange rates, how or why the beneficiaries were chosen is unclear. Finally, 'sanction-busting' was profitable only for goods consumed by wealthier members of society who could afford the high mark-up covering the risks, costs and profit margins of smugglers. Imported goods consumed by the poor or used by agricultural producers in competitive markets became unavailable.

9. As a result of the humanitarian crisis and the effect of the sanctions, poverty has rapidly worsened since 1993. While recent data are scarce, the incidence of rural poverty is estimated to have increased by 80 percent since 1993, while the incidence of urban poverty has doubled. Poverty depth is estimated to be among the greatest in sub-Saharan Africa. Over 14 percent of the population was displaced during 1997.

10. Social indicators deteriorated sharply, after a steady improvement in the years preceding the crisis. Children's immunization coverage declined from 83 percent in 1993 to 54 percent in 1996. Infant mortality increased from 110 per thousand live births in 1992 to 136 in 1997, while the average for sub-Saharan Africa is 105. Malnutrition, measured by wasting among children under five, is estimated to have increased from six percent to 20 percent since 1993. Approximately 50 000 people are treated daily in nutrition centres. Of these 36 000 suffer chronic malnutrition, of whom 90 percent are children under five. Reported cases of major endemic diseases have increased by over 200 percent, and HIV prevalence is rapidly rising. There are already an estimated 40 000 orphans as a result of HIV. Primary school enrolment has plummeted since 1993, from 70 to 44 percent overall, with four provinces falling below 30 percent in 1996-97 and a nadir of nine percent in one of the most violence-stricken areas.

11. The conflict and the embargoes have affected agriculture through looting and destruction of household goods and livestock, displacement of populations and collapse of distribution channels for agricultural inputs. The price of non-food goods in rural areas has risen. In urban areas, many unskilled workers have been laid off from formal private sector enterprises, in response to a drop in industrial GDP of almost 60 percent since 1992. The urban informal sector has also suffered, as enterprises have closed and laid off workers due to difficulties in the supply of materials internally and from abroad, and a drop in demand for services from the formal sector and expatriate workers. Rapidly rising urban prices following the embargoes have further eroded the real incomes of the urban poor.

APPENDIX III

12. In addition to widespread food insecurity, declining monetary incomes and rising health problems, the provision of public services has been drastically reduced. Many schools and health clinics have been destroyed or damaged; health and educational personnel have moved to urban areas; and agricultural projects funded by donors have closed. Over one third of local water supplies have been destroyed or ceased to function due to lack of maintenance.

13. Collapse in financing for health and education is another major factor in the decline in social service access and quality. Government revenue has fallen as a result of the contraction of the tax base, from 20 percent to 12.6 percent of GDP since 1992. The withdrawal of donor assistance (from USD 300 million in 1990-92 to USD 39 million in 1997) has drastically reduced the funds available for reconstruction and social investment.

(Source: World Bank: Transitional Support Strategy – February 2002)

## POLICY ACTION MATRIX

<b>Area and Objectives</b>	<b>Verifiable Indicators</b>	<b>Outcome for 2003</b>
<b>Poverty Reduction, Reinsertion and Reintegration of Victims of Conflict and IDPs</b>		
<p>Implementation of growth enhancement measures to increase personal income and reduce poverty incidence and provision of targeted assistance to poor and vulnerable groups, through establishment of safety net mechanisms.</p> <p>Implementation of measures to reduce vulnerability and exposure to exogenous shocks for example through broadening the sources of growth in rural areas</p>	<p>Definition of minimum package of essential social services to be provided by the transitional Government to poor and vulnerable groups during the transition period.</p> <p>Approval by cabinet of a special fund for reinsertion and reintegration of displaced persons and other victims of conflict.</p>	<p>Establishment of an institutional framework to underpin the creation of a microcredit fund.</p> <p>Implementation of a consultative participatory diagnostic process within the context of the full PRSP</p>
<b>Private Sector Development</b>		
<p>Improve efficiency and effectiveness in public expenditure allocation and use</p> <p>Foster economic growth through increased private ownership and creation of enabling environment.</p>	<p>Establishment of an operational programme for the privatization of public enterprises</p> <p>Elaboration of a framework for the clearance of domestic arrears to private sector suppliers</p>	<p>Adoption of measures to strengthen the legal and judiciary framework for commerce and enforcement of contracts.</p> <p>Complete revision of corporate and commercial laws.</p> <p>Complete revision of labour code and civil code.</p> <p>Update of the 1996 privatization decree.</p> <p>Adoption of measures to strengthen privatization agencies, including the Public Works Office (SCEP) within the Ministry of Good Governance and Privatization</p>

<b>Agriculture and Rural Development</b>	Increase rural income through revitalization of agricultural production, diversification of sources of growth and protection against shocks	Establishment of an operational programme for the privatization of public enterprises, including coffee and tea processing complexes.	Complete a study to identify sources of growth and income-generating activities in rural areas.  Adoption by cabinet of a comprehensive strategy developed in consultation with the stakeholders to revive the coffee and tea sub-sectors.  Implementation of institutional measures to promote increased participation of private sector operators.
<b>Human Resources Development and Integration</b>	Foster integration through strengthening of human resources and reduction of disparities.	Definition of a minimum package of essential social services to be provided by the transitional Government to poor and vulnerable groups during the transition period, drawing on the consultation and participatory diagnostic processes carried out within the context of the Interim Poverty Reduction Strategy Paper.	In consultation with all stakeholders and civil society, the Burundian authorities will prepare a Gender Action Plan for adoption by cabinet.  Implementation of institutional reforms to eliminate sources of gender discrimination and to increase women's access to inheritance and property ownership.  Preparation of institutional framework and reforms to underpin the implementation of cost-recovery policies and mechanisms.

(Source: World Bank: Economic Rehabilitation Credit – July 2002)

**POST-CONFLICT PERFORMANCE INDICATORS**

**A. Security and Reconciliation**

	<b>Indicators</b>	<b>Progress Indicators</b>	<b>Output/Outcome Indicators</b>
1	<b>Public security</b>	<p>Increased efforts to bring the two rebel groups (FNL and FDD) into the peace process</p> <p>Broadening of discussions among the Arusha Peace Accord signatories to include the rebel groups</p> <p>Progress towards a cease-fire within the framework of the Arusha and Lusaka Peace Agreement</p>	<p>Significant reduction in number of politically motivated crimes</p> <p>Increased number of returned political exiles and refugees</p> <p>Increased geographical coverage in project implementation</p>
2	<b>Reconciliation</b>	<p>The Government and mediation in place are accepted by all parties</p> <p>Degree of integration into economic and social processes of the parties to the conflict.</p> <p>Establishment of a National Truth and Reconciliation Commission</p> <p>Establishment of an international judicial commission of enquiry on genocide, war crime and other crimes</p> <p>Degree of commitment to consultation and participatory diagnostic processes to foster inter-Burundian dialogue</p> <p>Establishment of an International Tribunal to try and punish those responsible for the crimes</p>	<p>Effective demobilization and reintegration of soldiers into the civil forces</p> <p>Reduction of military expenditure, and increased social expenditure and productive investments</p> <p>Increased economic growth and revitalization of rural economy</p> <p>Diversification of the composition of labour force in the administration</p>
3	<b>Demobilization and Disarmament</b>	<p>Preparation of the World Bank Disarmament, Demobilization and Reintegration (DDR) programme for child and vulnerable soldiers</p> <p>Establishment of the World Bank-DDR programme</p> <p>Establishment of a transitional safety-net for ex-combatants</p>	<p>Number of soldiers and ex-combatants reintegrated into civil life</p> <p>Increased social spending and reduction in military and security-related expenditures</p>

## B. Economic Recovery

	<b>Indicators</b>	<b>Progress Indicators</b>	<b>Output/Outcome Indicators</b>
4	<b>Management of inflation, external debt and adequacy of the budget</b>	<p>Satisfactory review under the International Monetary Fund Staff Monitored Program and Emergency Post-Conflict Assistance Facility leading to a Poverty Reduction and Growth Facility</p> <p>Agreement on payments schedule and on arrears clearance mechanisms, including establishment of a Multilateral Debt Trust Fund</p> <p>Progress in reform implementation under the public expenditure review, including in the area of public expenditure management and budget processes</p>	<p>Increased mobilization of domestic resources and reduction of fiscal deficit and inflation</p> <p>Reduction and/or clearance of external arrears</p> <p>Increased inflows of external assistance, productive investments for growth</p> <p>Eligibility for debt relief under the Enhanced Heavily Indebted Poor Country Initiative</p>
5	<b>Trade policy, foreign exchange and price regimes</b>	<p>Liberalization of access to the official exchange market through adoption, exchange and publication of central bank regulation, authorizing access to the auctions marked by all licensed exchange bureaux</p> <p>Revision of producers' prices and marketing arrangements in the agricultural subsectors</p> <p>Satisfactory progress in the implementation of the reform programme</p>	<p>Reduction of parallel market premium</p> <p>Alignment of tariff structure with that of countries belonging to the Common Market for Eastern and Southern Africa (COMESA)</p>
6	<b>Management and sustainability of the development programme</b>	<p>Degree of coordination of policies and actions with the international community</p> <p>Use of participatory and diagnostic process methods in the elaboration of the development programme</p> <p>Level of support of the development programme proposed by the transitional Government</p>	<p>Increased absorptive capacity through better geographical coverage and project implementation</p> <p>Satisfactory results in poverty reduction objectives, including reduction of poverty incidence</p>

**C. Social Inclusion and Social Sector Development Programme**

	<b>Indicators</b>	<b>Progress Indicators</b>	<b>Output/Outcome Indicators</b>
7	<b>Reintegration of displaced population</b>	<p>Commitment of the transitional Government to addressing the needs of the country's internally displaced persons</p> <p>The transitional Government is coordinating donors' efforts and providing assistance to the internally displaced and returnees</p> <p>Amount of budget resources allocated to rehabilitation of housing, economic and social infrastructure</p>	<p>Increasing number of houses rehabilitated</p> <p>Increasing number of displaced persons returning to their homes</p> <p>Increasing number of displaced persons re-engaging in productive economic activities</p> <p>Revitalization of rural economy and economic growth</p>
8	<b>Education</b>	<p>Implementation of programme to address urgent needs, particularly in primary education</p> <p>Public spending in the education sector reflecting the transitional Government's objective to reduce geographical, ethnic and gender disparities in access to education</p> <p>Budget allocation and public spending trends in social sectors</p>	<p>Increasing number of open and functioning schools and education facilities</p> <p>Increasing gross enrolment rates at the primary and secondary levels, and reduction of repetition rates</p> <p>Reduction of gender, regional and ethnic disparities in education access and outcomes</p>
9	<b>Health</b>	<p>The transitional Government has established a structure and has a system in place to address the medical needs of the war-affected population</p> <p>Public spending in the health sector reflects the transitional Government's objective to reduce geographical, ethnic and gender disparities with regard to access to health services</p> <p>Budget allocation and public spending trends in social sectors</p>	<p>Increasing number of operating and functioning hospitals and primary health care facilities</p> <p>Reduction of mortality rates and increased life expectancy</p> <p>Reduction of regional and ethnic disparities in access to health facilities</p>

#### D. Public Sector Management and Institutions

	<b>Indicators</b>	<b>Progress Indicators</b>	<b>Output/Outcome Indicators</b>
10	<b>Budget formulation and efficiency of revenue mobilization</b>	<p>Effectiveness of budget formulation and implementation</p> <p>Performance of revenue collection authorities and agencies</p> <p>Implementation of measures to reduce and/or eliminate tax and customs exemptions, creation of a unit in the customs and internal revenue department to monitor the purpose, recipients and value of exemptions granted</p>	<p>Continued increase in government revenue and public expenditure allocation in the social sector</p> <p>Improved education and health levels</p> <p>Improved fiscal performance and reduction of fiscal deficit</p>
11	<b>Re-establishing the administration and rule-based governance</b>	<p>Level of effectiveness of the transitional Government in the implementation of transitional administration arrangements, including rule-based strengthening of the justice system and of governance</p> <p>The degree of coherence and collaboration among the different branches of the administration and their capacity to deliver quality good services and enforce contracts</p>	<p>Level and quality of service delivery</p> <p>Improved education, health and other social indicators</p>
12	<b>Transparency, accountability and corruption in the public sector</b>	<p>Progress in ongoing work on public expenditure review and implementation of public expenditure tracking study</p> <p>Progress in the implementation of recommendations under the Public Expenditure Review, including audit of the treasury, revision of budget nomenclature and processes</p> <p>Establishment of an Office of Auditor General with the responsibility of auditing government resources and expenditures</p> <p>Effectiveness of World Bank-financed Institutional Development Fund grant to strengthen public procurement administration</p> <p>Level of coherence and coordination between the Ministry of Good Governance and other ministries in the fight against corruption, and participation of civil society</p>	<p>Reduction of leakages and increased public spending allocated to public facilities and primary beneficiaries</p> <p>Improved allocation of social services and reduction of disparities in access to them</p> <p>Improved access and social indicators</p>

(Source World Bank: Transitional Support Strategy – February 2002)

DISTRIBUTION OF PLEDGES BY DONOR<sup>1</sup>

(BILATERAL AND MULTILATERAL INSTITUTIONS) INTERNATIONAL DONOR CONFERENCE, PARIS—

<b>Donors</b>	<b>Nature of Assistance</b>	<b>Amount Pledged (USD million)</b>			<b>Disbursement Effected to date 2002</b>
		<b>2000</b>	<b>2001</b>	<b>2002</b>	
<b>Austria</b>	Reconstruction, water and sanitation, democracy and human rights, and debt write off	11.50	13.26	15.60	4.263
<b>Belgium</b>	Security and humanitarian assistance, social sectors, public works and economic management, HIV/AIDS	24.00	25.42	35.50	3.50
<b>Canada</b>	Peace and humanitarian assistance, DDR	0	2.00	0.50	1.436
<b>Denmark</b>	Humanitarian assistance	8.35	..	8.35	0
<b>Finland</b>	Security and humanitarian assistance	..	1.50	1.50	0
<b>France</b>	Justice and national reconciliation, reinsertion and reintegration, rehabilitation of infrastructure, food security, rural development public expenditure management, training and technical assistance	6.85	6.85	17.30	3.10
<b>Germany</b>	Conflict prevention and democracy, water and sanitation, HIV/AIDS	31.60	35.68	45.20	1.821
<b>Italy</b>	Reinsertion, decentralization, gender, orphans and HIV/AIDS	2.00	6.40	1.50	1.674
<b>Japan</b>	Food security and HIV/AIDS	..	1.00	0.95	0.05
<b>Netherlands</b>	Humanitarian, demobilization, disarmament and reintegration	5.00	..	4.33	0.67
<b>Norway</b>	Peace and reconciliation, humanitarian assistance and DDR	6.00	4.30	27.90	3.037
<b>Organisation Internationale de la Francophonie</b>	Governance, education through direct support and scholarship	1.50	..	1.50	..
<b>OPEC Fund</b>	Agriculture and rural development	10.00	15.00	22.6	0
<b>Sweden</b>	Humanitarian assistance and social sectors	4.22	..	2.36	1.857
<b>Switzerland</b>	Humanitarian assistance and debt relief	5.29	..	4.75	0.54
<b>United Kingdom</b>	HIV/AIDS, debt relief	8.00	8.00	5.50	3.426
<b>United States</b>	Humanitarian assistance, agriculture and rural development, social sectors and HIV/AIDS, support to refugees and orphans, promotion of civil society and gender, education and training	70.00	150.00	134.00	16.21
<b>European Union</b>	Balance of payments support, food security humanitarian assistance, reinsertion and reintegration, rehabilitation of economic and social infrastructure, agriculture and rural development technical assistance	124.50	239.30	214.00	61.994

<sup>1</sup> From data generated at the International Donor Conference, December 2000, held in Paris, and the Round Table Donor Meetings, December 2001 and 2002, both held in Geneva.

<b>Donors</b>	<b>Nature of Assistance</b>	<b>Amount Pledged (USD million)</b>			<b>Disbursement Effected to date 2002</b>
		<b>2000</b>	<b>2001</b>	<b>2002</b>	
<b>AfDB</b>	Agriculture and rural development, infrastructure, education, social action projects and poverty alleviation, rehabilitation of economic and social infrastructure, post-conflict reconstruction and governance	27.70	78.53	84.00	0
<b>IFAD</b>					32.00
<b>IMF</b>	Emergency post-conflict assistance facility and technical assistance, macroeconomic management	25.00	24.62	60.00	12.50
<b>UNDP</b>	Donor coordination, food security, rehabilitation, reintegration, governance, HIV/AIDS, technical assistance	20.00	32.00	28.00	18.20
<b>United Nations Children's Fund (UNICEF)</b>	Rehabilitation of social infrastructure and education	..	31.00	20.00	0.279
<b>United Nations Population Fund (UNFPA)</b>	HIV/AIDS reintegration and reinsertion	..	1.50	3.60	1.207
<b>World Bank</b>	Balance of payments support, DDR, rehabilitation of economic and social infrastructure, public works and roads rehabilitation, education and health, HIV/AIDS and Orphans, governance and public expenditure management, poverty monitoring, technical assistance, macroeconomic management.	50.00	156.00	167.00	25.38
<b>Overall Amount</b>		<b>441.51</b>	<b>832.36</b>	<b>905.94</b>	<b>193.144</b>

**IFAD ONGOING PROJECT IMPLEMENTATION STATUS**

1. **Bututsi Agro-Pastoral Development Project (Loan: 229-BI).** Despite disbursement suspension by the African Development Bank (AfDB) (due to heavy debt payment arrears), the project has maintained key activities with participating communities. The project managed to survive on IFAD resources and some government counterpart funds. During the conflict, the project was forced to prioritize the allocation of its limited financial resources, involving communities in the decision-making process of resource use and the planning and implementation of the retained activities. As a result, the communities developed community development plans (CDPs), which they view as contracts between themselves and the project.
2. Under the IFAD loan, there is an undisbursed amount of about USD 4.2 million. In the light of the continued suspension of the AfDB disbursements, the last AfDB/IFAD Supervision Mission (December 2001) recommended that the AfDB cancel its loan, and that IFAD consider financing 100% of the cost of key project activities and complete them to preserve their impact on the communities. The transitional Government has responded favourably to this recommendation. The project management team has produced a reorientation project report, in which key activities will be included and loan category reallocations indicated. The transitional Government forwarded a request for amendment of the loan agreement together with an amendment to the financing arrangements. AfDB is awaiting the request and should respond positively.
3. While waiting for the amendment to take effect, the transitional Government has agreed to borrow BIF 300 million from local commercial banks to pre-finance project activities already initiated with the communities, and requested that IFAD retroactively reimburses the pre-financed expenditures, once the loan agreement is amended. It will be necessary to extend the project completion and loan closing dates to allow the project to complete its key activities. The extension period will be about two years. While awaiting IFAD's amendment of the loan agreement, the project will be unable to affect further loan resource withdrawal. As a temporary measure and in the context of good collaboration between IFAD and the World Bank, the latter has agreed in principle to ensure continued implementation of the Bututsi project by financing its key activities through its Economic Rehabilitation Programme.
4. **Ruyigi Rural Resources Management Project (Loan: SRS 034-BI).** In light of discussions with the transitional Government on the new COSOP requirements, it has been decided that a second phase of this project is no longer justified. It is not entirely suitable for the Government Agricultural Sector Action Plan. The project completion and loan closing dates have been extended to allow the project to finish and consolidate its activities. This project is cofinanced by the OPEC Development Fund, but OPEC has not fully disbursed its resources due to the arrears problem. The project has been unable to fully undertake the swamp rehabilitation component.
5. In addition to the insecurity of the project areas, some very serious operational difficulties that affected project performance must be mentioned. One is the impact of the embargo on imports imposed by the subregion, which made it practically impossible for the Project Coordination Unit (PCU) to procure agricultural inputs, or even fuel, through legal channels. Another is the problem of maintaining a stable team of project staff, further complicated by the lack of government funds to pay the salaries of their own staff serving on the projects.
6. On the other hand, a positive aspect of the situation must also be emphasized. Faced with the collapse of government services, the project has established a closer link with the communities, responding to their request to use the limited resources available for their most urgent needs under the emergency conditions. In this connection, it is worth noticing that the communities prioritized assistance for agricultural development, soil conservation, fuelwood production and feeder road rehabilitation.

APPENDIX VII

7. To comply with these demands some significant changes in the project implementation structure were put in place. For example, the production of improved seed, and also of grass seed needed for erosion control was entrusted to farmer groups rather than to government seed farms. The same approach was adopted for nursery development. Feeder roads were rehabilitated with the help of WFP's Food for Work Programme. In addition, some of the limited cash resources were used to fund a credit scheme for women's groups, which recorded 100% reimbursement of the loans made.

8. **The Rural Recovery and Development Programme (RRDP, Loan 500-BI)**, operates in four provinces, Cibitoke in the north-west, Gitega and Karuzi in the centre, and Kayanza in the north. The programme target group includes about 33% of all poor households settled in Burundi, to which new groups of poor households, particularly woman-headed households and displaced households, are continuously added as a result of re-installation and resettlement. Implementation is firmly rooted in extensive consultations with the organizations of the target group, aimed at identifying and solving complex short-term, medium-term and interdependent issues: The problems addressed by the programme include the re-capitalization of vulnerable households; the reactivation of supply systems for critical agricultural inputs required for food crop production; the rehabilitation of the cash crop system; and measures to help reduce the decline of soil fertility and reintroduce livestock into mixed farming systems.

9. RRDP has developed operational links with NGOs and community-based organizations (CBOs) working in their project areas. ACORD cofinances the development of the RRDP community component and is permanently part of the PCU. It assists the programme in establishing the community development approach and coordinates the work of four provincial NGOs involved in mobilization, training and backstopping of community group activities. The RRDP will soon benefit from FAO's Special Relief Operations Service for the procurement of agricultural inputs to be distributed to vulnerable households in the project areas. WFP participates in the programme with the provision of Food for Work activities (swamp development, forestry, etc).

10. IFAD's Burundi portfolio has been one of the rare examples of an IFI successfully providing continued rural development assistance to poor communities of a member state under conditions of chronic political instability. In this respect, IFAD's assistance is relevant to a major question posed by international aid policy-makers: whether and how external assistance might be used effectively to enable rural households to secure their basic livelihood needs and to maintain public services at an acceptable minimal level, when conflicts continue over a long period. The experiences of the Bututsi and Ruyigi projects are particularly illuminating, the RRDP loan having become effective only months before the signing of the Peace Accord. This experience deserves to be better understood so that full benefit can be drawn from it as a learning process. The constraints, failures and successes of the Burundi portfolio need to be analysed to identify the conditions that enabled its success, in particular, in the context of the role that communities can play and the operational delivery models that have made the supply of goods and services possible, despite the chronic conflict situation.