

Private Sector Development (PSD) in Burundi

Overview of Dutch efforts 2005-2011



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1. Introduction

'Doing business in Burundi is only for true entrepreneurs. It's one of the least known countries on the African continent, and business enablers like information technology, infrastructure and availability of data are in its infancies. The predominantly young population is demanding peace and progress. Democracy is fragile, yet several years of peace, relative political stability and the recent membership of the promising East African Community are creating the best starting point for economic growth in almost two decades'.¹

This quote coming from a Dutch entrepreneur active in Burundi shows that Burundi, after years of conflict, is ready for economic change. The Dutch government has been trying to help Burundi realize this change by contributing to the development of the Burundian private sector. This report provides an overview of the Private Sector Development (PSD) policies, activities and effects of the Dutch Ministry of Foreign Affairs in Burundi in the period 2005-2011. The aim of the study is to provide a first overview for the more elaborate country studies which will be carried out in the second half of 2012. In this way, this report provides input for the elaborate study about Dutch PSD efforts in Burundi. The following questions will be answered in this study:

1. *To what extent was the Dutch PSD policy aligned with (1) the national policy of Burundi and (2) internally coherent?*
2. *To what extent has the Dutch PSD program in Burundi been driven by the demand from actors in Burundi?*
3. *What (possible) effects of the Dutch PSD program can be established at enterprise level and if possible, beyond this level?*

These country studies are set up to feed into the policy review of PSD-support by the Netherlands, as currently carried out by IOB. Other country studies will be conducted in Ethiopia, Bangladesh and Vietnam. More information about the country studies and the policy review can be found at www.minbuza.nl/iob/psd.

This document will start with some background information on Burundi's political and economic context. After that, the Dutch involvement in Burundi in general will be discussed. In the following chapters the activities of the embassy office in Burundi, the different departments of the Ministry of Foreign Affairs and the various organizations that contributed to PSD during the period 2005-2011 will be outlined. The last chapter will contain a recommendation for the mission that will take place somewhere in the summer of 2012.

This whole document is based on interviews (see annex for contact list) and on official records and websites (see reference list). All used sources are available at IOB, for further details please consult IOB. IOB would like to thank all the respondents for their cooperation.

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¹ NABC Magazine, *Dutch business in Africa 2011-2012*, 55.

2. History and economic context of Burundi

2.1 Introduction

Burundi is located in central Africa and has officially been independent since 1962 after being a part of the Belgian colony Ruanda-Urundi for decades. Currently, the estimated population of Burundi of 10 million people consists of Hutu (85%), Tutsi (14%) and Twa (1%).² Surrounded by neighbouring countries Tanzania, Rwanda and the Democratic Republic of the Congo (DRC) Burundi is considered landlocked. Despite being landlocked the country does have access to water: it is connected to Lake Tanganyika located in the East of Burundi.³ The country's terrain is very mountainous and is divided into 17 different provinces. The map below gives an indication of Burundi's geographical position.



Figure 1: map Burundi¹

Since Burundi's official independence from Belgium in 1962 the country has suffered from many internal and external conflicts, most of them ethnically oriented. One of the bigger conflicts that raged in Burundi was the civil war that took off after the Hutu president Ndaye was assassinated by Tutsi extremists in 1993. The murdering of Ndaye was the catalyst that sparked 12 years of violence between the Hutu and the Tutsi. During the period 1993 - 2006 many Burundians were killed, fled the country, or lost their homes. Nowadays, due to the civil war Burundi has to deal with a large number of internally displaced people (IDPs) and (returning) refugees, which in turn causes land and property right problems.⁴

The political situation during the period 1993-2006 was considered highly unstable due to the power struggles between several Burundian political parties. To solve the political unrest negotiations were set in motion by Burundi's neighbouring countries and international

actors in 1998, also known as the Arusha peace negotiations.⁵ Two years after the negotiations started, in August 2000, 39 of Burundi's political groups signed a comprehensive peace and reconciliation agreement. Soon after the signing of this agreement a transnational government was formed, followed up by a new constitution in 2005. Besides a new constitution Burundi also held presidential and parliamentary elections, which lead to a new multi-ethnic government with Pierre Nkuranziza as president.⁶ When the last rebel movement 'Palipehutu-Forces-Nationales

² Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

³ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

⁴ Hillhorst, T. and Tessemaker, E., *Netherlands support to land tenure security in developing countries: Overview and lessons learned* (November 2007), 12.

⁵ The World Bank, 'Burundi: Country Brief' (version 09-2011),

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/BURUNDIEXTN/0,,menuPK:343761~pagePK:141132~piPK:141107~theSitePK:343751,00.html> (03-01-2012).

⁶ Ibidem.

de Liberation' (FNL) signed a cease-fire accord in 2006 the long period of power struggles and violence slowly came to an end.⁷

Nowadays Burundi is considered relatively stable, though insecurity and politically motivated violence are on the rise. In 2010 Nkurunziza was elected as president for a second term. The main opposition parties, however, boycotted these elections and have consequently placed themselves outside of the political institutions.⁸ Another difficulty is that Burundi suffers from corruption. In 2010 the country was placed 170 out of 178 on the index of Transparency International, ranking it as one of the most corrupt countries in the world.⁹ Others point to the *political economy* as one of the main problems in Burundi: "the lack of differentiation between the political and the economic spheres. Control over the state and political power is synonymous with control over economic opportunity, individually and as an elite group. This conflation of politics, economics and the power of coercion is recipe for violence."¹⁰ The social situation in Burundi also causes also difficulties, with a high poverty rate, a high percentage of HIV/AIDS victims, property-issues, little educated people and an insufficient supply of food, medicine and electricity.¹¹ For social indicators please consult the World Bank fact-sheet that can be found in annex 1.

2.2 Economic situation

Besides social and political troubles the Burundian economy also proves to be a challenge as poverty is still common. With over 81% of the Burundian population living below the poverty line - earning less than 1.25 dollar a day in 2006¹² – the African country is considered to be one of the poorest in the world.¹³ The country's suffering from ethnic violence and political instability throughout the years caused economic underdevelopment.

Despite signs of progress - between 2006 and 2010 the Burundian GDP grew around 4% annually - Burundi's economy is characterized by insufficient production and low incomes.¹⁴ Burundi is also characterized by a high inflation rate. In 2010 the inflation percentage went up to 9.5% in comparison to 4.6% in 2009.¹⁵ The Burundian economy mostly depends on the volatile agricultural sector. This sector accounts for just over 46% of GDP and employs more than 90% of the population. Coffee and tea are Burundi's primary exports and account for 90% of foreign exchange earnings.¹⁶

Besides a large agricultural sector Burundi has a secondary and tertiary sector, those shares have been increasing. In 2011 the secondary sector accounted for 17% of GDP with

⁷ The World Bank, 'Burundi: Country Brief' (version 09-2011), <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/BURUNDIEXTN/0,,menuPK:343761~pagePK:141132~piPK:141107~theSitePK:343751,00.html> (03-01-2012).

⁸ Ibidem.

⁹ The embassy office of Bujumbura, *Annual Plan 2010* (Bujumbura 2011), 2.

¹⁰ Summit Oketch and Polzer 2002, p. 104

¹¹ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

¹² Poverty headcount ratio at \$1.25 a day (PPP) (% of population)(World Bank)

¹³ The World Bank, 'Burundi: Country Brief' (version 09-2011), <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/BURUNDIEXTN/0,,menuPK:343761~pagePK:141132~piPK:141107~theSitePK:343751,00.html> (03-01-2012).

¹⁴ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

¹⁵ Track Record Light, *Burundi* (2010), 1.

¹⁶ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

manufacturing and construction as its main subcomponents. The tertiary sector – which includes services, transport, and commerce - accounted for 37% of GDP.¹⁷

Indicator	2005	2006	2007	2008	2009	2010
GDP per capita (current US\$)	\$109,76	\$122,93	\$127,12	\$147,15	\$162,87	\$192,12
GDP per capita growth (annual %)	-2,05%	1,99%	0,46%	1,40%	0,62%	1,27%
Foreign direct investment, net inflows (% of GDP)	0,07%	0,00%	0,05%	0,33%	0,03%	0,05%
Inflation, consumer prices (annual %)	13,52%	2,81%	8,34%	24,11%	10,98%	6,40%
Import of goods and services (% of GDP)	40,58%	48,64%	44,19%	50,84%	39,05%	37,67%
Export of goods and services (% of GDP)	12,01%	10,14%	9,15%	13,09%	8,71%	11,22%
Net ODA received per capita (current US\$)	\$50,19	\$57,64	\$61,67	\$66,20	\$68,86	unknown
Ease of doing Business (total number of countries: 183)	unknown	143	166	174	177	176

Table nr. 1: Economic Indicators (Source: World Bank)

As can be seen in the above table with several economic indicators Burundi is heavily dependent on aid from bilateral and multilateral donors. For instance, in 2009 Burundi received 549 million USD, which accounted for 41.2% public expenditure budget.¹⁸ The list of donors includes the International Monetary Fund, the World Bank, the United Nations and the European Commission on a multilateral level, and includes the US, Switzerland, France, Belgium and the Netherlands on a bilateral level. For more economic indicators please consult the World Bank fact-sheet that can be found in annex 1.

Besides the support of international donors, Burundi is affiliated with several African countries. In order to boost its economy Burundi joined several African unions under which the East African Community (EAC) and the Communauté Economique des Pays des Grands Lacs (CEPGL).¹⁹ Burundi has African trade relations as well as international trade relations.

According to Statistics Netherlands (CBS) Burundi imported goods with a yearly average value of €3.6 million from the Netherlands, and exported a yearly average of €150.000 of goods during the period 2008-2010.²⁰ Heineken holds a brewery in Bujumbura and is the only Dutch (big) company active in Burundi.

¹⁷The World Bank, 'Burundi: Country Brief' (version 09-2011), <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/BURUNDIEXTN/0,,menuPK:343761~pagePK:141132~piPK:141107~theSitePK:343751,00.html> (03-01-2012).

¹⁸ OECD, 'Burundi', <http://www.oecd.org/dataoecd/62/25/1877766.gif> (16-01-2012).

¹⁹ Embassy office Burundi/HMA Kigali, *Multi-annual Strategic Plan 2008-2011* (2007), 6.

²⁰ CBS, Burundi 2008-2010.

2.3 Burundian government

Based on the above paragraph it can be concluded that the Burundian economy is relatively weak. The Burundian government acknowledges this fact. As the minister of Finance Ngowembona stated in the introduction of the Poverty Reduction Strategy Paper 2006 (PRSP): the bad economic situation is a source of concern.²¹ Hence, during the period 2005-2011 the Burundian government planned to contribute to economic development.

As stated in the PRSP the Burundian government seeks to move conclusively towards political, economic and social normalization. By moving towards this normalization the Burundian government wants to guarantee peace, security and sustainable development for all.²²

In the PRSP the government identified the main obstacles to poverty reduction and growth. In their eyes governance, security, and conflict resolution constraints, structural rigidities impeding economic growth, the instability of the macroeconomic framework, the poor quality of, and insufficient access to, basic social services, the increase in vulnerable populations as a result of the conflict's negative toll, the high prevalence of HIV/AIDS and the gender and equity constraints were all factors that complicated Burundi's economic growth. Therefore these factors were all priorities in the governmental program of 2005-2010.²³

In short the program of the Burundian government during the period 2005-2010 was supposedly focused on²⁴:

- Improving governance and security
- Promoting sustainable and equitable economic growth
- Developing human capital
- Combating HIV/AIDS

2.4 Binding constraints

Despite all international and national efforts to improve Burundi's economic situation their economy is weak. This paragraph will give a short overview of the factors that slow down Burundi's economic growth²⁵:

- *A lack of stable political institutions.* Burundi has a weak legal system and has trouble successfully managing public resources. Corruption within the government is hindering the development of a healthy private sector.
- *Infrastructure.* Years of conflict have destroyed important infrastructure, economic as well as social infrastructure.²⁶
- *Geography.* The country is landlocked and consists of many regions that are not fully interconnected. Hence, Burundi has many regional differences. Poverty rates are fluctuating between a low of 28.7% in Bujumbura to a high of 82.3% in the province of

²¹ The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006), vii.

²² Ibidem 34.

²³ The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006), ix.

²⁴ The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006),

²⁵ A more elaborate analysis of binding constraints can be found in the MASP's of 2008-2011 and 2012-2015, the reports on *Doing Business in Burundi* (IFC) and in a document by USAID on binding constraints for economic development in Burundi.

²⁶ Embassy office Burundi/HMA Kigali, *MASP 2008-2011* (2007), 3.

Kirundo.²⁷ The poverty rate in rural areas differs a lot from the rate in the urban Bujumbura. Around 90% of the Burundian population lives in rural areas.²⁸

- *A lack of investors.* Burundi is still seen as an unstable country by the international community causing many foreign companies to be hesitant towards investing. In the Doing Business report of 2012 Burundi is ranked 169 out of the 183 countries, a small improvement from the 177 ranking in 2011.²⁹
- *Vulnerable population.* In Burundi there are many internally and externally displaced Burundians (200.000), orphans, widows, and victims of HIV/AIDS.³⁰ The illiteracy rate is high, and the number of children attending school is low.³¹ This has of course consequences for skills development and development of companies in Burundi.
- *Gender and equity constraints.* Women and especially widows suffer from gender-based discriminatory practices such as access to inheritance, land, credit, and education, and therefore have a great disadvantage.³²
- *Lack of development of the rural economy.* In the productive system, dominated by a traditional agricultural sector, land is a decisive factor. Due to demographic pressure access to land is becoming increasingly limited, causing overexploitation, degradation, and a decline in food production (in particular in Northern provinces).³³
- *Under nourishment.* Under nourishment (stunting) is wide spread; about 50% of the rural population is under nourished.³⁴

PSD in Burundi needs to be placed in the context of these binding constraints, the political economy and the post-conflict setting of the country. More background information about PSD in post-conflict countries can be found on the knowledge portal of the Donor Community on Enterprise Development (DCED) and in the literature review about this topic by (DCED, 2008).³⁵

²⁷ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (03-01-2012).

²⁸ Trading Economics, 'IMF data and forecasts' , <http://www.tradingeconomics.com/burundi/rural-population-wb-data.html> (4-01-2012).

²⁹ Doing Business, *Economy Profile: Burundi* (Washington 2012), 12.

³⁰ The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006), ix.

³¹ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (04-01-2012).

³² The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006), ix.

³³ The government of Burundi, *Poverty Reduction Strategy Paper* (Burundi 2006), 24.

³⁴ Central Intelligence Agency, 'The World Fact book: Burundi' (version 09-11-2011), <https://www.cia.gov/library/publications/the-world-factbook/geos/by.html> (04-01-2012).

³⁵ <http://www.enterprise-development.org/page/current-work>

3. Dutch efforts

3.1 Dutch governmental support

The Netherlands offers its support to Burundi on both the multilateral and the bilateral level since 2005. In that year Minister for Development Cooperation Agnes van Ardenne made the decision that the Netherlands would have to start contributing to the rebuilding of post-war Burundi. Ever since, the Dutch have been developing and implementing different policies aimed at stabilizing Burundi. During the period 2005-2010 the Dutch government spent a total of €101 million in Burundi of which €69 million was spent through the multilateral canal (central programs and NGO's excluded). The Dutch government spent a total of €9.7 million on PSD

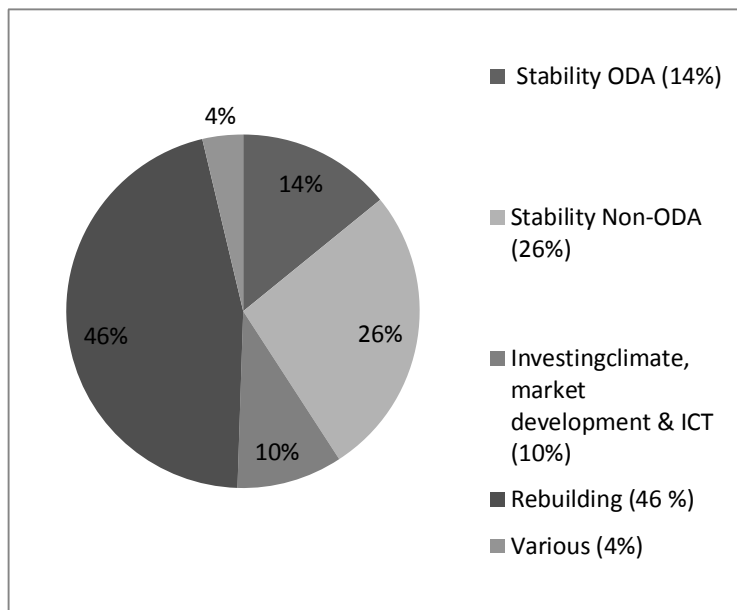


Figure 2: Expenditure Burundi 2005-2010 per sector (central PSD-programs and NGO's excluded)

which is, considering the total budget, just a fraction of the 2005-2010 budgets. Reason for this relatively small budget is that the main priority in Burundi lies with improving safety and stabilizing the political situation. Table 2 shows an overview of division of the expenditures over the total budget.

Partner country Burundi is placed in the category 'fragile states' by the Dutch government ('profile 2').³⁶ Being categorized as a fragile state means that Burundi is seen as a state where severe political and social tension prevails. In general fragile states are considered incapable to guarantee its population safety due to the lack of legitimacy and capacity of the government. Fragile states are also

characterized by a shortage of basic facilities and economic underdevelopment.³⁷ To improve the situation in fragile states Dutch policies are therefore mainly focused on:

1. Security and rule of law for citizens
2. Legitimate governments with adequate capacity for essential tasks
3. Peace dividend from rapid provision of services and employment³⁸

Burundi is part of the Great Lake Region along with the Democratic Republic of Congo (DRC), Rwanda and Uganda.³⁹ This region is characterized by its long line of conflicts, both in separate

³⁶EVF, *Veiligheid en ontwikkeling in fragiele staten* (november 2008), http://content.rp.rijksweb.nl/cis/content/media/rijksportaal/bz/01directies/efv/Fragiele_Staten_Strategie_c_214881pdf.pdf,1. Ministry of Foreign Affairs, 'Burundi', <http://www.minbuza.nl/en/key-topics/development-cooperation/partner-countries/countries-alphabetically/b/burundi.html> (18-01-2012).

³⁷EVF, *Veiligheid en ontwikkeling in fragiele staten* (november 2008), http://content.rp.rijksweb.nl/cis/content/media/rijksportaal/bz/01directies/efv/Fragiele_Staten_Strategie_c_214881pdf.pdf,3-4.

³⁸EFV, *Veiligheid en ontwikkeling in fragiele staten* (november 2008); EFV, *Strategische notitie 'Veiligheid en Rechtsorde'* (april 2011)

³⁹EVF, *Veiligheid en ontwikkeling in fragiele staten* (november 2008), http://content.rp.rijksweb.nl/cis/content/media/rijksportaal/bz/01directies/efv/Fragiele_Staten_Strategie_c_214881pdf.pdf,1.

Great Lake countries and regional conflicts. Hence, the Dutch government emphasized the importance of an integrated and regional approach when developing policies for Burundi.⁴⁰ For more information on the Dutch policies in the Great Lake Region please consult the 'Grote Meren notitie' available at IOB.

One of the regional programs is CATALIST (*Catalyze Accelerated Agricultural Intensification for Social and Environmental Stability*). "The project name reflects its main objective, which is "to achieve measurable results in agricultural intensification, marketing and trade of agricultural products that will have positive impacts on income, employment, peace and stability in the region".⁴¹ The program was executed between 2006 en 2011 with a total budget of 23, 5 million Euros, of which 6 million was for Burundi.⁴² Besides Burundi, the program was executed in Congo and Rwanda. A midterm review was carried out in 2010 and is available at IOB. Implementer of the Catalist Program is IFAD.

There were several departments of the Ministry of Foreign Affairs involved in the process of developing and implementing policies and programs for Burundi during the period 2005-2011: DAF, EFV and DDE. DAF and EFV first became involved in Burundi's situation in 2005 and were mainly focused on developing programs that could create sustainable peace and security. DDE's policies on the other hand were focused on creating sustainable economic growth and first started actively contributing to this growth in 2007. The contributions of DDE, DAF and EFV to the development of Burundi will be discussed in chapter 5. In chapter 6 and 7 the programs coordinated by the government but executed by organizations like PUM, CBI, PSI/PSOM and various NGO's will be discussed.

An Embassy Office was opened in 2008, coordinating and implementing the Netherlands program in Burundi. The Embassy in Kigali remained the diplomatic representation for Burundi. Before 2008 the Dutch embassy in Kigali - Rwanda was responsible for the activities Burundi. The embassy (office) carried out several activities during the period 2005-2011 and offered support on several levels. The embassy (office) mainly focused on supporting the reconstruction of post-war Burundi. According to the Multi-Annual Plan the factors that would benefit Burundi the most were: democratic development, strengthening institutions, donor coordination, and lastly economic development.⁴³ These contributions by the embassy office will be further discussed in chapter 4.

In 2010 the Netherlands-African Business Council (NABC) organized a 5-day trade mission to Burundi in cooperation with the Dutch embassy office, Izere and the Burundi Chamber of Commerce. The mission designed for Dutch companies active in the agriculture, tourism and construction sector was aimed at improving the relationships between Dutch and Burundian entrepreneurs.⁴⁴ For more information on this mission please consult the Fact-sheet available online and at IOB.⁴⁵

⁴⁰ Ibidem, 3-4.

⁴¹ Mid term review Catalist 2010, p. 12

⁴² Yearly plan Burundi 2008.

⁴³ Embassy office Burundi/HMA Kigali, *Multi-annual Strategic Plan 2008-2011*, 7-8.

⁴⁴ NABC, 'Upcoming Trademissions', <http://www.nabc.nl/Activities/TradeMissions/tabid/66/Itemid/271/Default.aspx> (24-01-2012)

⁴⁵ NABC, *Fact Sheet: Burundi*, <http://www.nabc.nl/Portals/0/docs/Fact%20Sheet%20Burundi%20October%202010.pdf>.

4. Dutch embassy office in Burundi

4.1 Introduction

The priority of the Dutch embassy office based in Bujumbura, as mentioned in the previous chapter, was contributing to reconstructing post-war Burundi. Democratic development, strengthening institutions, safety, donor coordination, and lastly economic development were the categories that the embassy office would mainly focus on.⁴⁶ In this chapter we will look at the last category economic development. The extent to which the embassy office tried to contribute towards economic growth in Burundi during the period 2005-2011 by stimulating the private sector will be discussed. Based on annual plans, interviews and other documents, their plans, realizations and the expenditure in Burundi will be highlighted per year.

In 2005 there was no mentioning of plans to contribute to the development of the private sector. Safety and conflict control were key-issues. Activities in 2005 were focused on Disarmament, Demobilisation and Reintegration/Security Sector Reform DDR/SSR (€8.5 million), the reforming of the police (€3.9 million) and supporting the elections (€1.6 million).⁴⁷

In 2006 the plan was to take a first step towards contributing to PSD as a part of reconstructing Burundi. The embassy in Kigali made plans to take action in the microcredit, primary education and land tenure sector and started several identification missions. The plan of the embassy was to tune those plans of action in with the priorities given by Burundi during the first Round Table Conference. Safety and institutional reforms however were the most important activities scheduled in for 2006 by the embassy.⁴⁸ According to the annual report the situation in Burundi was greatly unstable and this made it difficult to carry out activities. Despite the unstable situation the first contribution towards the development of the private sector was made with the start of the microfinance project.⁴⁹ The course of the expenditure can be found in the diagram at the end of this paragraph (Microfinance BDI), a short summary of this project can be found in paragraph 4.2.

In 2007 the main plan was to improve and increase the support of the Dutch embassy office to the development of the financial sector by consulting and negotiating with other donors.⁵⁰ Besides spending more of the budget on the microfinance-project, the embassy office did not start any new PSD-projects.

In 2008 the embassy office was officially installed in Bujumbura as an independent office. Besides a new embassy office, 2 new PSD projects were started in 2008, The 'Business Incubator' in cooperation with USAID and a project focused on land rights in cooperation with the Swiss Agency for Development and Cooperation (SDC).⁵¹ More information on these projects can be found in paragraph 4.3 and 4.4. The course of the expenditures of both the SDC and the USAID project can be found in the diagram at the end of this paragraph.

Despite the fact that the importance of PSD was acknowledged in the MJSP 2008-2011 the embassy office stated that due to their low capacity PSD mostly had to be stimulated through the multilateral canal. The embassy office also stated that the improvement of trade and investment relations would have the most effect on PSD. Besides this, central programs like

⁴⁶ Embassy office Burundi/HMA Kigali, *Multi-annual Strategic Plan 2008-2011*, 4-5.

⁴⁷ Embassy office Burundi/HMA Kigali, *Annual Plan 2006*.

⁴⁸ Ibidem.

⁴⁹ Embassy office Burundi/HMA Kigali, *Annual Plan 2007*.

⁵⁰ Embassy office Burundi/HMA Kigali, *Annual Plan 2007*.

⁵¹ Embassy office Burundi/HMA Kigali, *Annual Plan 2008*.

PSOM, PUM, CBI and private initiatives could also contribute and need support from the embassy.⁵²

After 2008 no new PSD-projects started. The microfinance BDI was prolonged and was further executed under the name FORCE II. These 3 large projects (e.g. microfinance, business incubator and land rights) were the main PSD-projects the embassy office carried out during the period 2005-2011. Besides these projects the embassy office acknowledges the effect PUM-projects and PSI-projects, formerly known as PSOM projects, can have on the private sector (more on PUM and PSI in chapter 5). No ORIO/ORET-programs were executed in Burundi during the period 2005-2011.

During the period 2005-2011 €13.2 million was spent on the USAID, SDC and microfinance projects, the amount of money spent on the different projects can be seen in the graphic below (figure 3).

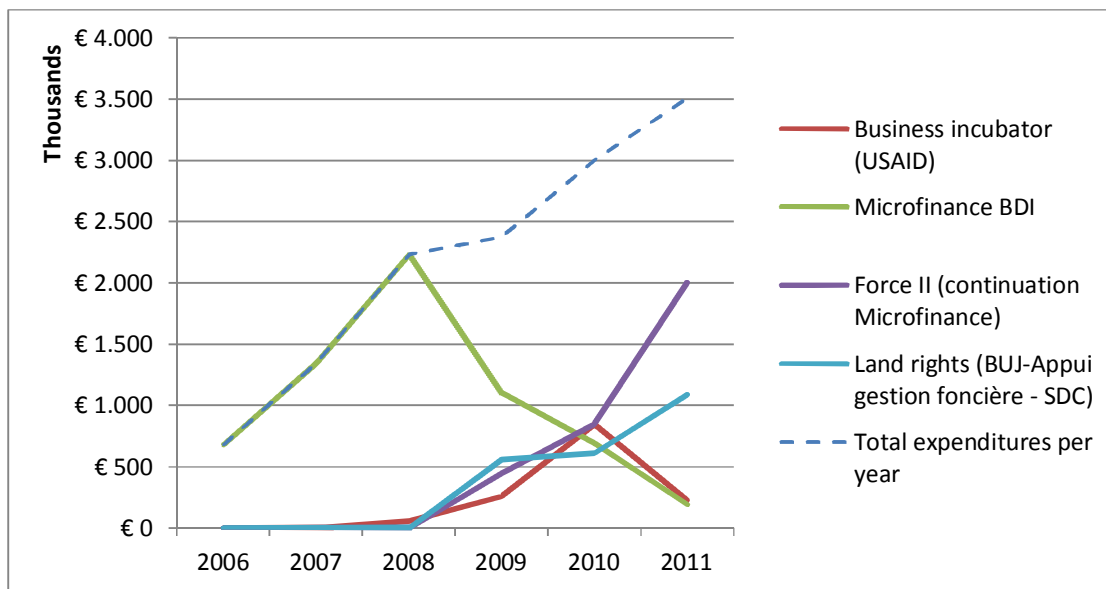


Figure 3: Expenditure PSD-projects

4.2 FORCE (II)

The microfinance BDI project (FORCE) consisted of 3 components:

1. A grant program to rehabilitate micro finance institutions (MFI) had to be created
2. An SME credit line had to be launched
3. An MFI refinancing facility had to be established.⁵³

FORCE started running on December 1st 2006 and officially ended on September 15th 2009. In total budget of €4,259,387.76 was set aside for this project.

Project FORCE was aimed at creating short-term results of great visibility. The program was demand-led because grants were given to MFIs whose requests were the most relevant and of

⁵² Embassy office Burundi/HMA Kigali, *Multi-annual Strategic Plan 2008-2011*, 14.

⁵³ Sixth Monitoring Mission, Financial Sector Development Program – Burundi (September 2008), 2.

the highest quality.⁵⁴ The project has been monitored and interim evaluated, some of these documents are available at IOB.

This project was prolonged and continued under the name FORCE II. This project started December 1st 2009 and its estimated end date is December 31 2012. For this project a total of €4,408,010.00 is set aside. Several monitoring reports are available at IOB.

4.3 USAID – Business Incubator

The Business Incubator project is aimed at providing facilities (vocational skills, buildings) for the Burundian youth so that they can start their own businesses. This project was - and still is - executed by USAID. The start date of the project was January 1st 2009; the estimated end date is December 31 2012. The total budget set aside for this period is €1,327,811.52.

The embassy office agreed on a silent partnership with USAID and thus mostly acts as a donor. Dutch advisers are involved in the project through Dutch NGO SPARK. This project will be evaluated in March 2012. More information about this project can be found on the website www.bbinburundi.com.

4.4 SDC – Land rights

The SDC project to improve the land rights situation in Burundi consists of 4 components:

1. Reinforcing the capacity of the governmental institutions regarding land rights.
2. Promoting the coordination among all that are active in the land-sector in Burundi.
3. Developing a decentralized model of land security by pilot-projects aimed at making local services concerning land accessible to the rural population.
4. Capitalizing the experience of the pilots and use this to develop an extended approach.⁵⁵

Again the embassy office is a silent partner of the project and hence merely acts as a donor. However, there are Dutch advisors actively involved in this project. The budget that was set aside for this project was €2,660,196.00. Start date of the project was April 17th 2009; the estimated end date is December 31 2012. Dutch advisers from KIT are actively involved in this project.

This project has been evaluated despite being in its infancies. This made it difficult to thoroughly evaluate the project; the synergy between all the components could not be measured yet. However, on separate level progression could already be noticed.⁵⁶ The evaluation and some other documents on this project are available at IOB.

⁵⁴ Sixth Monitoring Mission, Financial Sector Development Program – Burundi (September 2008), 2.

⁵⁵ Thea Hillhorst, *Program D'appui a la gestion foncière au Burundi. Contribution a l'évaluation a mi-parcours. Rapport de mission* (Amsterdam – Pays Bas) 3.

⁵⁶ *Ibidem* 16.

5. The involvement of the ministry of Foreign Affairs in Burundi

There are several departments of the ministry of Foreign Affairs that were involved with Burundi during the period 2005-2011, namely DAF, EFV and DDE. In this section their policies, realizations, the divisions of tasks and their views on PSD will be discussed based on interviews and official documents.

5.1 DAF

The Ministry of Foreign Affairs has several different regional departments and the Sub-Saharan Africa Department (DAF) is one of them. DAF consists of two different divisions:

- The Eastern and Western Africa and the Horn of Africa Division (DAF/HW)
- The Central and Southern Africa Division (DAF/MZ), which deals with Angola, Botswana, Burundi, Congo (the Democratic Republic), Congo (the Republic), Lesotho, Malawi, Mozambique, Namibia, Rwanda, São Tomé e Príncipe, South Africa, Swaziland, Zambia and Zimbabwe.

The goal of DAF is to develop a coherent, effective policy to stimulate peace, stability and welfare by monitoring and coordinating the bilateral relationship between the respective country and the Netherlands.

When DAF first became involved with Burundi in 2005 peace and safety building were the main points of focus. Hence, most programs carried out by the Dutch were focused on safety. In the beginning DAF's role was limited, mostly the other departments of the Ministry of Foreign Affairs themselves decided on the different projects and policies that were implemented in Burundi. Throughout the years DAF became more involved in the procedures of different departments but in the end DAF's official role is to coordinate and to monitor, the other departments have the final responsibility.

During the period 2005-2011 DAF saw Burundi as a difficult country to carry out successful projects due to the country's instability. Years of conflict, bad governance and a bad investing climate all hampered PSD. But despite these difficulties economic development is seen as an important factor that could contribute to Burundi's peace process. Due to the factors that all hinder PSD the political-economic context should be integrated into a PSD-program. A one-model-fits-all approach will very likely worsen the situation. To develop a successful model a thorough analysis has to be made. This type of analysis was not made when the former Minister for Development Cooperation Agnes van Ardenne decided that the Netherlands should contribute to the developing of economic growth in Burundi.⁵⁷ Based on this notion it could be questioned whether the PSD-programs during the period 2005-2011 were integrated into the political and economic context of Burundi.

5.2 EFV

The Peace Building and Stabilization Unit (EFV) is responsible for coordinating and supporting Dutch involvement in fragile states, of which Burundi. Until 2011 EFV consisted of 4 clusters; social-economic political governance (SEPB), security, Afghanistan and Sudan.⁵⁸ EFV's work

⁵⁷ Interview DAF

⁵⁸ Rijksportal BZ, 'Over Eenheid Fragiliteit en Vredesopbouw' (version 21-10-2010), http://portal.rp.rijksweb.nl/rij/portal/?NavigationTarget=HLPFS://cisrijksportal/cisorganisatie/cisbz_2/cisdirectoraatgeneraalpolitiekezakendqgz/ciseenheidfragiliteitenvredesopbouwefv/cisovereenheidfragiliteitenvredesopbouwefv (09-01-2012).

can help create stability, help a country to develop and can help improve the living situation of the local population.⁵⁹ In order to achieve this EFV works together with others on bilateral and multilateral level. Embassies, departments of the ministry of Foreign Affairs, civil society and international organizations like the United Nations (UN), the European Union (EU) and the World Bank (WB) are all partners of EFV.⁶⁰ For Burundi, on the central level EFV mainly cooperates with DAF and together they draw up programs that they think will benefit Burundi. Until now these programs were focused on strengthening institutions and security. The embassy office in Bujumbura brings together the programs coordinated by EFV and DDE.

The Security Sector Development program developed by EFV centred around strengthening the capacities and integrity of the Burundian armed forces and police and improving governance and the democratic control of the security sector. In the program, the Netherlands applied a conflict-sensitive approach, meaning that activities were designed or readjusted to be as conflict-preventive as possible, and thus to better suit the Burundian post-conflict context than 'classical' development cooperation activities. EFV emphasizes that all organizations active in Burundi should take into account that Burundi's government has weak institutions, little macro-economic stability, little voice and accountability. Along with that the weaknesses of Burundi's neighbouring countries should also be taken into account.

EFV holds the opinion that economic development can play an important part in creating stability. Achieving peace dividend by creating conditions for socioeconomic reconstruction is one of the three strategic pillars of the Dutch policies on working on Security and Rule of Law, especially in fragile states (the other 2 pillars being human security and capable & legitimate governments). The ways to improve the economy in fragile states are capacity-building, improving infrastructure, microfinance and creating jobs. However, EFV is not very active on PSD in Burundi on bilateral level, for these activities are coordinated by the Embassy and DDE. On multilateral level EFV does contribute to PSD by supporting the programs of the World Bank and UNDP that try to create employment in Burundi.⁶¹

5.3 DDE

The Sustainable Economic Development Department (DDE) is a policy theme department of the Ministry of Foreign Affairs. DDE comprises 3 different divisions:

- International Markets Division (DDE/IM)
- National Policy Environment Division (DDE/NB)
- Entrepreneurship and Business Development Division (DDE/OB)

One of the goals of DDE is to stimulate growth of the private sector and through that to improve income and employment opportunities. DDE tries to achieve the development of the private sector by identifying and tackling the problems in the business climate in Burundi. Other activities include the developing of the Burundian financial sector, improving trade opportunities and using trade and investment instruments to stimulate business (the latter is outsourced to organizations such as the Agency for International Business and Cooperation (EVD)).⁶²

⁵⁹ Ibidem.

⁶⁰ Interne notitie februari 2011.

⁶¹ Ibidem.

⁶² Rijksportaal BZ, 'Organisatiestructuur' (version 07-11-2011),

<http://portal.rp.rijksweb.nl/iri/portal/http://portal.rp.rijksweb.nl/iri/portal/?NavigationTarget=HLPFS://cisrijksportaal/cisorganisatie/cisbz>

Minister for Development Cooperation Agnes van Ardenne made the decision that the Netherlands would start to contribute to the rebuilding of Burundi in 2005. Since that moment DDE and the Dutch embassy office in Burundi got busy developing a program that would help rebuild the Burundian economy. This program had to revolve mainly around microfinance and land rights and was, as previously mentioned, put together without a further analysis of the situation of that time. Despite the lack of analysis Burundi is known at DDE as a difficult country to operate in as the corrupt government and the instable political-economic system hinder progress.

As a result of the first Poverty Reduction Strategy Paper, which was published by the Burundian government, DDE and the Dutch embassy office agreed upon the program that would support the development of the private sector in 2007. They decided that this support would come in the form of improving land-tenure and strengthening the financial sector. The embassy office's task was to carry out all programs; the task of DDE was to supervise their activities. Besides working together with the embassy office DDE also coordinates central programs of PUM and PSOM/PSI in Burundi, the next chapter will contain more information on these programs. DDE also coordinates CBI and ORIO programs but these were not executed in Burundi during the period 2005-2011.

6. Overview of the central programs

There are several programs that are initiated by the Ministry of Foreign Affairs at central level (coordinated from The Hague) when it comes to private sector development. As mentioned in chapter 5 DDE initiates and financially supports PUM and PSOM/PSI programs. This section will discuss these organizations, methods and realizations and is based on interviews and official documents. As stated in chapter 5, despite the possibility of CBI and ORIO programs in Burundi there were no such programs executed during the period 2005-2011. CBI is researching potential options.

6.1 PUM

PUM Netherlands senior experts is a non-profit organization active in many countries under which Burundi. PUM offers business support to small enterprises. By linking and sending senior experts to those that need expertise they hope to contribute to the development of these companies. By sending experts, local entrepreneurs get a chance to improve and recover their businesses and gain knowledge. The goal of PUM is to contribute to the growth of companies and hereby also contribute to a sustainable growth in the private sector.⁶³

PUM is a demand-driven organization. When PUM receives a request, they research whether the business meets the standard-requirements that were composed by the ministry of Foreign Affairs and PUM. If the project meets these requirements PUM will begin its search for an expert. PUM tries to stimulate the selection of projects in different sectors and regions by raising awareness, using local networks and by keeping the spill over effect in mind. But despite efforts, in the end PUM cannot control the number of projects in different categories as PUM fully depends on the demand of local entrepreneurs.

To make sure that the communication between PUM, PUM-Burundi and Burundians runs smoothly PUM appoints a (Dutch) country coordinator, a project officer and local representatives that are all on the look-out for potential new projects. The country coordinator on average pays Burundi two visits a year. Normally, around 5 projects per visit should be evaluated by the country coordinator, but sometimes the coordinator does not have enough time to properly evaluate the required number of projects due to all the potential new projects the coordinator visits.⁶⁴

PUM sent its first experts in 2006 to 3 different projects in Burundi. The following year the number of executed projects increased to 11 projects. After 2007 the number of executed projects fluctuated between 12 and 16. During the period 2006-2011 a total of 75 projects were executed. A complete overview of these projects is attached in annex 2. A summary is presented in figure 4, which shows that most projects have been executed in the sectors agriculture and tourism. At PUM the reports of different projects are available.

In the annual plans the estimated number of new projects is considerably higher than the actual executed projects that year.⁶⁵ During the period 2005-2011 PUM reserved an annual budget for new missions; PUM has not been able to spend the total budgeted amount of money in Burundi, for the business environment and the composition of companies (most businesses are too small) is not always stimulating entrepreneurs to apply for PUM projects.⁶⁶ Until 2010 most projects were predominantly based in Bujumbura. PUM is aware of the fact that most projects

⁶³ PUM, 'Projecten', <https://www.pum.nl/content/Projecten-NL> (5-1-2012).

⁶⁴ PUM, *PDV november en juli 2010*.

⁶⁵ PUM, *Annual Plans 2008, 2009, 2010, 2011-2012*.

⁶⁶ *Ibidem* and PUM, *PDV november 2010*.

are based in Bujumbura and is planning to find another local representative in Gitega to extend their base.

PUM works together with the regional and federal Chamber of Commerce, the Netherlands African Business Council (NABC), the Dutch ministry of Foreign Affairs, a Burundian organization for female entrepreneurs (AFAB) and lastly Dutch Diaspora organization Izero. The embassy office and the country coordinator also have annual meeting during which they catch up on their activities.

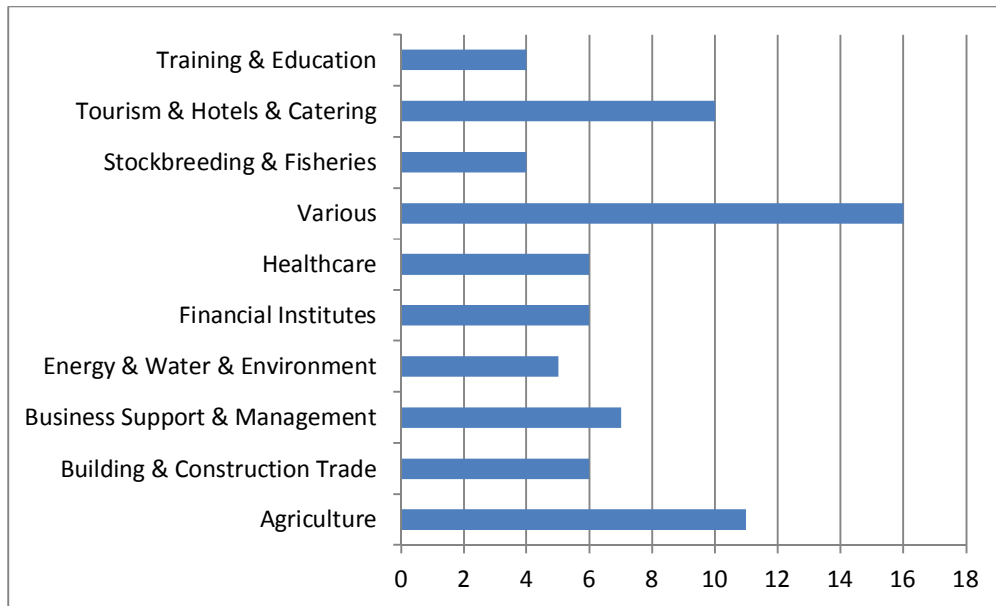


Figure 4: Sectors PUM-projects 2006-2011

6.2 PSOM/PSI

The Private Sector Investment program, PSI (divided in PSI Regular and PSI plus for fragile states such as Burundi) and previously PSOM, is a subsidy program of the Dutch Ministry of Foreign Affairs that supports innovative investment projects in emerging markets and is coordinated by Agentschap NL.⁶⁷

A PSI project is an investment project, implemented by a Dutch (or foreign) company together with a local company.⁶⁸ PSI is demand-driven; the number of projects fully depends on the number of suitable project-requests from a country and thus cannot be controlled. Once one project in a specific sector is successful most of the time more request of other companies active in this sector follow. Besides contact with the Dutch (or foreign) and local company Agentschap NL maintains contact with PUM, the local embassy and Agriprofocus. Agentschap NL holds the opinion that the local Dutch embassy coordinates between Agentschap NL and the local government.

⁶⁷ Agentschap NL, 'Private Sector Investment Programma', <http://www.agentschapnl.nl/en/node/50050> (20-1-2012).

⁶⁸ Agentschap NL, 'Private Sector Investment Programma', <http://www.agentschapnl.nl/en/node/50050> (26-1-2012).

Once a project-request meets the conditions Agentschap NL is willing to invest. When it comes to PSI-Plus investments Agentschap NL contributes a maximum of 60% of the money that is needed by the applicants.

Each PSI-country has its own project-coordinator that acts as a mediator between the local companies and Agentschap NL, Burundi included. At the moment there are 5 PSI-Plus projects running in Burundi, however there are no finished projects. At the end of this chapter an overview of the PSI projects can be found, and as can be seen in this overview most of these running projects are executed in the ICT and the Building industry.

PSI project-sites are visited once a year by the project-coordinators to check up on the projects. Apart from these site visits, all projects need to present progress reports during the project implementation. Another evaluation method of Agentschap NL is the relatively new spin-off rapport. Since 2005 Agentschap NL has been evaluating previously finished projects by composing these spin-off reports 2 years after the projects have finished. Since Burundi has no finished projects yet, these evaluation rapports are not available.

PSI-Plus projects 2010:

Project Number	Location	Sector	Invested amount of money by PSI	Total project budget
PSIP10/BI/02	Bujumbura	Building/Infrastructure	€ 240,752	€ 401,253
PSIP10/BI/22	Bujumbura	Graphic Industry/Paper industry	€ 566,903	€ 944,839
PSIP10/BI/23	Bujumbura	ICT	€ 841,894	€ 1,403,157
PSIP/BI/32	Bujumbura	ICT	€ 319,073	€ 531,788
PSIP10/BI/33	Bujumbura	Building/Infrastructure	€ 765,557	€ 1,275,929

7. List of NGO's and multilateral organizations

The Dutch government offers its support to several NGO's and multilateral organizations. In this section an overview of these organizations will be given. Due to the fact that it is unclear to what extent these organizations contributed to PSD in Burundi, and because the exact influence of the Dutch government cannot be measured this chapter will only provide an overview of the NGO's.

DDE supports several organizations that initiate programs in the financial sector.⁶⁹

1. **FIRST** – The Financial Sector Reform and Strengthening is a multi-donor grant facility providing technical assistance to promote financial sector strengthening. FIRST has had several projects in Burundi.
2. **AfDB** – The African Development Bank provides loans and grants to African governments and private companies investing in the regional member countries (RMC) in Africa. In 2010 the AfDB granted loans to 14 projects.
3. **CGAP** – CGAP is an independent research and policy organization dedicated to expanding finance to the poor. CGAP has provided advice on matters affecting microfinance in Burundi.
4. **SOS-Kinderdorpen** – NGO SOS-kinderdorpen is active in Burundi on several levels, from food-assistance to the creation of self-help projects. DDE funds this NGO.
5. **Heineken Schokland** – This project, called Amasaka and funded by Heineken, is aimed at increasing food security in Burundi and started in 2009.
6. **Agriterra** – NGO Agriterra is an agri-agency that supports farmer organizations in developing countries.
7. **Red een kind** – NGO Red een kind is aimed at improving the access to education for children. Projects were started in 2008 in both Kirundo and Bugabira.
8. **Spark** – SPARK aims at improving the economy by creating employment and is active in Burundi.

Other main-organizations that – according to the NGO database – were active in Burundi and received support from the Ministry of Foreign Affairs will be listed below. However, the extent to which they contributed to PSD is unknown.

1. **Icco** – Icco is an organization that mainly focuses on promoting democracy and peace in Burundi and is currently busy implementing the MFS II program in Burundi. Icco receives financial support from the Ministry of Foreign Affairs; in 2010 Icco received 88.8 million Euros to spend on the MFS program. In total Icco spent € 979.398 in 2010 in Burundi.⁷⁰
2. **Cordaid** – NGO Cordaid is focused on creating a sustainable future for the underprivileged people. Cordaid receives financial support from the Ministry of Foreign Affairs. In 2010 the organization spent a total of € 4.364.000 in Burundi, the amount of money supplied by the government is unknown.⁷¹
3. **Oxfam** – During the period 2005-2009 Oxfam spent 5.7 million Euros on projects in Burundi. Oxfam's programs during that period have been evaluated, the outcome was rather negative. Critique was that the projects did not benefit the extreme poor. Oxfam

⁶⁹ DDE, *Private sector development programs: Burundi 2010* (Den Haag 2010).

⁷⁰ Icco, 'Annual Report 2010', <http://www.icco.nl/nl/publicaties-downloads/jaarverslagen/11/icco-jaarbericht-2010/186> (17-01-2012).

⁷¹ Dutch NGO Database, 'Uitgaven 2010 Burundi' <http://www.ngo-database.nl/index.php?&username=quest@cidin.nl&password=9999&groups=CIDIN&lang=nl> (17-01-2012).

receives annual financial support from the Ministry of Foreign Affairs. For instance, in 2009 Oxfam received 129 million Euros in financial support.⁷²

Various:

1. **Izere** – Dutch Diaspora-organization Izere does not have official ties with the Dutch government but does want to create them. Burundian refugees residing in Holland lead the organization. They keep in touch with DDE as well as the embassy office in Burundi.

⁷² Oxfam Novib, 'Plussen en Minnen in Burundi', http://www.jaarverslagoxfamnovib.nl/jaarverslag-2010/vijf_rechten.duurzaam_bestaan/aDU1141_plussen-en-minnen-in-Burundi.aspx (17-01-2012).

8. Points of attention for the mission

In this chapter, some first observations and recommendations for the elaborate study on Dutch PSD in Burundi can be found. As stated in the introduction of this report, three questions will be answered in this elaborate study:

1. *To what extent was the Dutch PSD policy aligned with (1) the national policy of Burundi and (2) internally coherent?*
2. *To what extent has the Dutch PSD program in Burundi been driven by the demand from actors in Burundi?*
3. *What (possible) effects of the Dutch PSD program can be established at enterprise level and if possible, beyond this level?*

For each question several points of attention can be distracted from this study. These points of attentions need to be taken into account by the researchers who will study Burundi.

1. On alignment with the national policy of Burundi and internal coherence

- Based on the information of the annual plans of the embassy office it seems like the Burundian government was mainly focused on keeping peace during the period 2005-2011. Political coups, arrests, corruption, elections, the increasing tension between several political parties were all factors that caused the government to deviate from their original PRSP in which they stated to strengthen their economy.⁷³ This context needs to be taken into account when assessing the programs. Hence, the contributions of the Dutch government to Burundi's economic growth could be of even more added value.
- Due to the variety of programs, departments and organizations active in Burundi it could be interesting to look at the extent to which all Dutch departments and Dutch organizations described in this document are up to date on each other's activities. The same question could be posed for the various donors, although this is not the main focus of the study.
- For general information on the Burundian economy, business climate and economic policies, a visit to the Chamber of Commerce could be interesting. One of their directors is also local representative for PUM. Besides this, it needs to be taken into account that some large businesses dominate the Burundian economy and that there are many very small enterprises. A 'middle group' is missing.
- Another interesting fact that could be researched is the extent to which the political and economic context are integrated into the programs that were executed in Burundi. As was mentioned in this document most programs were developed without an analysis of the situation back when the Dutch government first started contributing to redevelopment. In a country this instable it is important to take all the factors that hinder development into account, hence it could be interesting to research whether the programs are integrated into the Burundian context and related to the binding constraints in the Burundian economy. The new MASP could be taken as a reference point for learning, because this document contains an elaborate analysis of the current situation.

2. On demand drivenness by actors in Burundi

- The majority of the project-sites are based in urban Bujumbura (e.g. PSI, PUM and embassy office projects). This while 90% of the Burundian population lives in rural areas. With that comes that most PSD-projects are focused on sectors other than the agricultural sector, a

⁷³ Embassy office Burundi/HMA Kigali, *Annual Plan 2007, 2008, 2009, 2011*.

sector that employs around 90% of the population. It could be interesting to research whether the projects that are running in Burundi benefit the ones that need it the most, or have the potential to benefit the Burundian population in the long run.

3. On (possible) effects on enterprise level

- Based on the above chapters it could be concluded that the Dutch PSD-programs implemented in Burundi are still in its infancies. The Dutch government did not start to contribute to PSD until 2006 and many of the programs implemented since then are still running. Hence, it will be difficult to thoroughly evaluate the programs. This limitation needs to be stated clearly in the final report.
- Visits to some of the PUM or PSI project sites could be of value. PUM-projects, among other reasons, due to the fact that there are only a few projects evaluated per year. PSI projects could be interesting due to the fact that a considerable large amount of money is invested in one company. Assessment of development relevance of these projects needs to be part of the visit.
- A visit to the USAID and SDC projects could be interesting due to the fact that these programs are coming to an end, although it could be difficult to evaluate the extent to which the Netherlands played part in the development of the private sector. This due to the fact that the Netherlands mostly acted as a silent partner, therefore it could perhaps be more interesting to look at the effects of the FORCEII project.

Annex 1. Burundi at a glance – fact sheet World Bank

Burundi at a glance

2/25/11

	Burundi	Sub-Saharan Africa	Low-income		
POVERTY and SOCIAL					
2009					
Population, mid-year (millions)	8.3	840	846		
GNI per capita (Atlas method, US\$)	150	1,126	512		
GNI (Atlas method, US\$ billions)	1.2	946	433		
Average annual growth, 2003-09					
Population (%)	3.0	2.5	2.2		
Labor force (%)	4.5	2.9	2.6		
Most recent estimate (latest year available, 2003-09)					
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	11	37	29		
Life expectancy at birth (years)	50	52	57		
Infant mortality (per 1,000 live births)	101	81	76		
Child malnutrition (% of children under 5)	..	25	28		
Access to an improved water source (% of population)	72	60	64		
Literacy (% of population age 15+)	66	62	66		
Gross primary enrollment (% of school-age population)	136	100	104		
Male	139	105	107		
Female	132	95	100		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1989	1999	2008	2009	
GDP (US\$ billions)	1.1	0.81	1.2	1.3	
Gross capital formation/GDP	16.5	5.9	
Exports of goods and services/GDP	9.7	7.6	
Gross domestic savings/GDP	3.3	-2.5	
Gross national savings/GDP	..	-0.1	
Current account balance/GDP	-6.1	-5.9	-5.9	..	
Interest payments/GDP	1.5	1.0	0.7	0.3	
Total debt/GDP	79.8	140.4	123.5	39.1	
Total debt service/exports	36.4	46.1	21.7	..	
Present value of debt/GDP	11.7	
Present value of debt/exports	
	1989-99	1999-09	2008	2009	2009-13
<i>(average annual growth)</i>					
GDP	-2.7	2.8	4.5	3.5	..
GDP per capita	-4.0	0.0	1.4	0.6	..
Exports of goods and services	1.5

	1989	1999	2008	2009
STRUCTURE of the ECONOMY				
<i>(% of GDP)</i>				
Agriculture	53.7	43.7	..	..
Industry	19.7	17.9	..	..
Manufacturing	13.3	8.2	..	..
Services	26.7	38.5	..	..
Household final consumption expenditure	86.6	84.3	..	..
General gov't final consumption expenditure	10.2	18.2	..	..
Imports of goods and services	22.9	16.0	..	..
	1989-99	1999-09	2008	2009
<i>(average annual growth)</i>				
Agriculture	-1.5	-1.8	..	..
Industry	-3.8	-6.2	..	..
Manufacturing	-7.4	..	..	..
Services	-2.5	10.4	..	..
Household final consumption expenditure	-3.5	..	..	..
General gov't final consumption expenditure	-1.1	..	..	..
Gross capital formation	0.4	..	..	..
Imports of goods and services	0.7	..	..	..

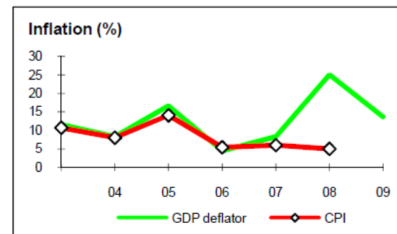
Note: 2009 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

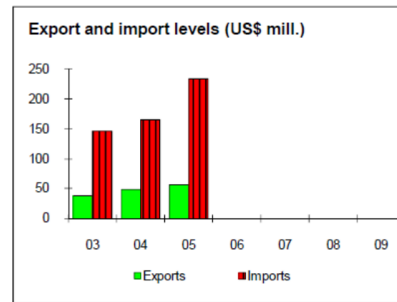
* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

PRICES and GOVERNMENT FINANCE

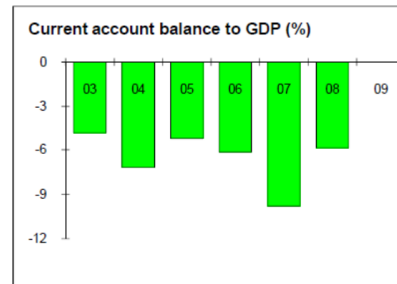
	1989	1999	2008	2009
Domestic prices (% change)				
Consumer prices	11.7	3.4	5.0	..
Implicit GDP deflator	14.8	15.0	25.1	13.6
Government finance (% of GDP, includes current grants)				
Current revenue	21.1	16.2	..	..
Current budget balance	6.2	-2.6	..	..
Overall surplus/deficit	-4.3	-6.6	..	..

**TRADE**

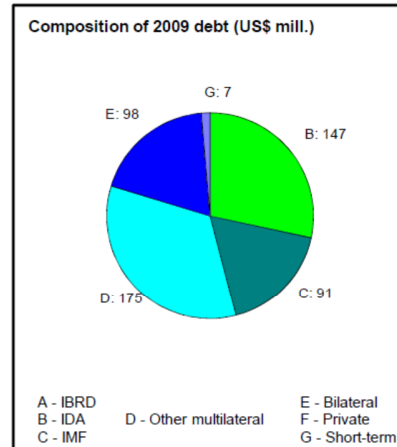
	1989	1999	2008	2009
<i>(US\$ millions)</i>				
Total exports (fob)	93	55	..	..
Coffee	75	42	..	..
Tea	6	12	..	..
Manufactures	4	1	..	..
Total imports (cif)	184	111	..	..
Food	10	11	..	..
Fuel and energy	20	18	..	..
Capital goods	65	33	..	..
Export price index (2000=100)	155	118	..	..
Import price index (2000=100)	75	63	..	..
Terms of trade (2000=100)	205	187	..	..

**BALANCE of PAYMENTS**

	1989	1999	2008	2009
<i>(US\$ millions)</i>				
Exports of goods and services	109	61	..	..
Imports of goods and services	256	129	..	..
Resource balance	-147	-68	..	..
Net income	-18	-11	-34	..
Net current transfers	..	31	..	..
Current account balance	-68	-48	-68	..
Financing items (net)	118	19	..	..
Changes in net reserves	-50	29	..	..
Memo:				
Reserves including gold (US\$ millions)	..	..	..	..
Conversion rate (DEC, local/US\$)	158.7	563.6	1,185.7	1,230.2

**EXTERNAL DEBT and RESOURCE FLOWS**

	1989	1999	2008	2009
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	889	1,135	1,443	518
IBRD	0	0	0	0
IDA	328	599	819	147
Total debt service	43	29	19	19
IBRD	0	0	0	0
IDA	3	12	4	1
Composition of net resource flows				
Official grants	74	60	442	1,441
Official creditors	91	7	14	15
Private creditors	-6	0	0	0
Foreign direct investment (net inflows)	1	0	4	10
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	53	12	0	0
Disbursements	45	15	14	9
Principal repayments	1	8	0	0
Net flows	44	8	14	9
Interest payments	2	4	4	1
Net transfers	42	3	10	8



Note: This table was produced from the Development Economics LDB database.

2/25/11

Annex 2. Complete list of PUM projects in Burundi 2006-2011

Year	ORGANISATIONCITY	CLUSTERDESCRIPTION	CODE	MAINSECTORDescription
2006	Bujumbura	Training & Education	TE01	Vocational education (not active anymore)
2006	Bujumbura	Agriculture & Horticulture	AH06	Horticulture - Flowers & Ornamental Plants
2006	Bujumbura	Financial Institutes	FI02	Insurance
2007	Bujumbura	Healthcare	HC02	Healthcare Cure and Care processing
2007	Bujumbura	Training & Education	TE01	Vocational education
2007	Bujumbura	Business Support & Management	BS02	ICT
2007	Bujumbura	Business Support & Management	BS10	Business Support Organisations
2007	Bujumbura	Textile & Leather	TL03	Leather Industry
2007	Bujumbura	Financial Institutes	FI01	Banking & Finance
2007	Bujumbura	Building & Construction Trade	BC02	Building Development, Architecture, Design & Engineering
2007	Bujumbura	Financial Institutes	FI02	Insurance
2009	Bujumbura Rural	Stockbreeding & Fisheries	SB01	Cattle Breeding
2007	Bukeye	Stockbreeding & Fisheries	SB03	Dairy Processing & Products
2010	Busiga	Agriculture & Horticulture	AH03	Arable Farming
2008	Bujumbura	Textile & Leather	TL04	Leather Consumer Products
2008	Bujumbura	Agriculture & Horticulture	AH06	Horticulture - Flowers & Ornamental Plants
2008	Bujumbura	Wood Trade & Processing	WT02	Furniture Manufacture
2008	Bujumbura	Business Support & Management	BS09	Communications, Advertising & PR
2008	Bujumbura	Healthcare	HC03	Healthcare Technical Medical Technology
2008	Bujumbura	Tourism & Hotels & Catering	TH02	Catering, Restaurants and Events
2008	Bujumbura	Healthcare	HC01	Healthcare Management & Business Administration
2008	Bujumbura	Healthcare	HC02	Healthcare Cure and Care processing
2008	Bujumbura	Tourism & Hotels & Catering	TH03	Tourism
2008	Bujumbura	Healthcare	HC02	Healthcare Cure and Care processing
2008	Bujumbura	Transport & Logistics	LT01	Transport (Public)
2008	Bujumbura	Trade	TR02	Whole Sale Trade (Business to Business)
2008	Bujumbura	Agriculture & Horticulture	AH03	Arable Farming
2008	Bujumbura	Business Support & Management	BS02	ICT
2008	Bujumbura	Healthcare	HC02	Healthcare Cure and Care processing

2008	Bujumbura	Energy & Water & Environment	PE01	Energy
2009	Bujumbura	Agriculture & Horticulture	AH05	Tropical Products & Plantations
2009	Bujumbura	Chemical & Synthetic Materials	CS06	Glass & Ceramics (Fine)
2009	Bujumbura	Tourism & Hotels & Catering	TH01	Hotels Large and Medium Size Operations
2009	Bujumbura	Textile & Leather	TL03	Leather Industry
2009	Bujumbura	Energy & Water & Environment	PE02	Water Supply and waste water
2009	Bujumbura	Energy & Water & Environment	PE02	Water Supply and waste water
2009	Bujumbura	Business Support & Management	BS09	Communications, Advertising & PR
2009	Bujumbura	Tourism & Hotels & Catering	TH01	Hotels Large and Medium Size Operations
2009	Bujumbura	Food & Beverages Production	FB01	Food Processing
2009	Bujumbura	Building & Construction Trade	BC02	Building Development, Architecture, Design & Engineering
2009	Bujumbura	Training & Education	TE03	Vocational education (Vehicle Latin America, Asia & Middle East-Central Asia)
2010	Cibitoke	Financial Institutes	FI01	Banking & Finance
2009	Gitega	Agriculture & Horticulture	AH03	Arable Farming
2010	Gitega	Tourism & Hotels & Catering	TH04	Hotels Smaller Operations
2010	Gitega	Financial Institutes	FI01	Banking & Finance
2010	Gitega	Tourism & Hotels & Catering	TH04	Hotels Smaller Operations
2010	Bujumbura	Financial Institutes	FI01	Banking & Finance
2010	Bujumbura	Training & Education	TE03	Vocational education (Vehicle Latin America, Asia & Middle East-Central Asia)
2010	Bujumbura	Business Support & Management	BS09	Communications, Advertising & PR
2010	Bujumbura	Publishing & Printing	PU01	Printing
2010	Bujumbura	Electrotechnical Industry & Engineering	ET05	Telecommunication & information technology
2010	Bujumbura	Electrotechnical Industry & Engineering	ET02	Electronics
2010	Bujumbura	Transport & Logistics	LT02	Logistics
2009	Mbuye - Muramvya	Agriculture & Horticulture	AH03	Arable Farming
2007	Muramvya	Building & Construction Trade	BC02	Building Development, Architecture, Design & Engineering
2009	Muyinga	Stockbreeding & Fisheries	SB06	Beekeeping
2009	Muyinga	Energy & Water & Environment	PE02	Water Supply and waste water
2007	Rutana	Chemical & Synthetic Materials	CS05	Inorganic materials and precious metals
2011	Bujumbura	Building & Construction Trade	BC03	Building Management, Contracting, Execution & Installation
2011	Bujumbura	Agriculture & Horticulture	AH02	Horticulture Vegetables and Fruits

2011	Bujumbura	Agriculture & Horticulture	AH03	Arable Farming (2)
2011	Bujumbura	Building & Construction Trade	BC01	Building Materials, Suppliers & Systems (2)
2011	Bujumbura	Business Support & Management	BS02	ICT
2011	Bujumbura	Electrotechnical Industry & Engineering	ET05	Telecommunication & information technology
2011	Bujumbura	Energy & Water & Environment	PE02	Water Supply and waste water
2011	Bujumbura	Food & Beverages Production	FB04	Meat Processing
2011	Bujumbura	Stockbreeding & Fisheries	SB03	Dairy Processing & Products
2011	Bujumbura	Tourism & Hotels & Catering	TH01	Hotels Large and Medium Size Operations
2011	Bujumbura	Tourism & Hotels & Catering	TH04	Hotels Smaller Operations
2011	Bujumbura	Wood Trade & Processing	WT02	Furniture Manufacture
2011	Kayanza	Tourism & Hotels & Catering	TH04	Hotels Smaller Operations
2011	Makamba	Agriculture & Horticulture	AH03	Arable Farming
2011	Mwaro	Tourism & Hotels & Catering	TH04	Hotels Smaller Operations

Annex 3. List of contacts

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- Minutes of the interviews used for this report
- Documents used for this report
- Financial overview

PUM:

- Summaries of Project Development Visits
- Annual Plans
- List of projects

Embassy Office:

- Track Record Light
- Piramide uitdraai
- Annual Plans
- Multi-annual Strategic Plan 2008-2011, 2011-2015.
- Evaluations
- Bemo's FORCE, FORCE II, land rights project

PSI:

- Summary and overview of the projects in Burundi