

Burundi: Interim Poverty Reduction Strategy Paper

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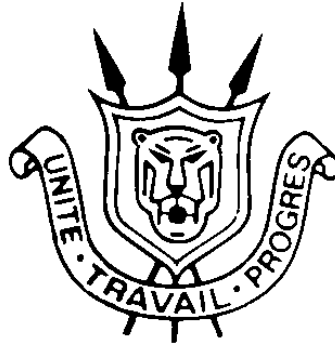
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REPUBLIC OF BURUNDI



INTERIM STRATEGIC FRAMEWORK FOR ACCELERATING ECONOMIC GROWTH AND REDUCING POVERTY (INTERIM PRSP)

November 2003

BURUNDI

**INTERIM STRATEGIC FRAMEWORK FOR ACCELERATING ECONOMIC GROWTH AND
REDUCING POVERTY (INTERIM PRSP)**

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LIST OF ABBREVIATIONS

ACBF	:	African Capacity Building Foundation
ATIA	:	African Trade Insurance Agency
ARCT	:	Telecommunications Regulatory and Supervisory Agency
ASBLs	:	Non-profit Organizations
BF	:	Burundi Francs
BRB	:	Bank of the Republic of Burundi
CDCs	:	Community Development Committees
CDF	:	Family Development Center
CNTA	:	National Council for Agricultural Technology
COMESA	:	Common Market for Eastern and Southern Africa
CPF	:	Individual and Family Code
DAPA	:	Development of Aquaculture and Subsistence Fishing
DFS	:	Decentralized Financial Services
EERC	:	Emergency Economic Recovery Credit
EOCPP	:	Participatory Process Organizing and Coordinating Team
EPISTAT	:	Epidemiological and Statistical Services
FACAGRO	:	Faculty of Agricultural Sciences
FDM	:	Temporary Multilateral Debt Trust Fund
HDI	:	Human Development Index
IDEC	:	Economic Development Institute
HIPC	:	Heavily Indebted Poor Countries
ICAO	:	International Civil Aviation Organization
IEC	:	Information, Education and Communication
I-PRSP	:	Interim Poverty Reduction Strategy Paper
IRAZ	:	Institute of Agronomic and Animal Research
ISABU	:	Institute of Agronomic Sciences of Burundi
ISTEEBU	:	National Statistical Institute
LI	:	Labor-intensive
LMTC	:	Campaign against communicable and nutrition-related diseases
MARP	:	Accelerated Participatory Research Method
NGOs	:	Non-governmental Organizations
PEP	:	Public Expenditure Program
PER	:	Public Expenditure Review
PIP	:	Public Investment Program
PLHA	:	Persons living with HIV/AIDS
PRA	:	Participatory Rural Appraisal
PRGF	:	Poverty Reduction and Growth Facility
PRSC	:	Poverty Reduction Support Credit
PRSP	:	Poverty Reduction Strategy Paper
RIFF	:	Regional Integration Facilitation Forum
SEG	:	Socio-economic Group
SHD	:	Sustainable Human Development

SMEs	:	Small- and Medium- Sized Enterprises
SMIs	:	Small and medium-sized industrial enterprises
SMTs	:	Specific Measurable Targets
SOGESTALs	:	Coffee Pulping Stations
SPP	:	State-controlled company
SP/REFES	:	Permanent Secretariat for Monitoring Economic and Social Reforms
STDs	:	Sexually Transmitted Diseases
STIs	:	Sexually Transmitted Infections
TWG/RIFF	:	Technical Working Group/Regional Integration Facilitation Forum
ZEP	:	Preferential Trade Zone

EXECUTIVE SUMMARY

a. A political context focused on implementing the peace accord and a difficult post-conflict socio-economic context

➤ *The PRSP has been prepared in a context of major political changes*

1. This interim growth recovery and Poverty Reduction Strategy Paper was prepared after the Peace and National Reconciliation Accord that created a number of transitional institutions, including establishment of the National Unity Government on November 1, 2001, and a Parliament and a Senate that were expanded to include all political parties as of February 2002.

2. Recent developments account for meaningful progress of this peace process. According to the Peace Agreement, the first 18-month transitional government period came to an end on April 30, 2003. President Buyoya handed over power to his Vice-President, Domitien Ndayizeye. The latter will lead the country for the second and final 18-month period of the transitional government. Nation-wide elections will be organised by the end of the transition period scheduled for October 2004.

3. Cease-fire agreements with rebel groups reached in October and December 2002 along with progress made in the peace process in the neighboring Democratic Republic of the Congo have improved the prospects for durable peace in Burundi. A mixed commission in charge of monitoring the cease-fire (including representatives of the government, rebel groups, and of the African force) was put in place in February 2003 to carry out its mission under the leadership of the Committee to Monitor the Application of the Peace Accord (CSA). A group of observers and an international military force from the African Union were sent to Burundi to supervise the implementation of the peace process from March 2003.

4. The armed groups which are parties to the Cease-fire Agreement have pledged to transform themselves into political parties.

➤ **This interim strategy also comes at a time of difficult post-conflict socio-economic conditions**

5. As with the peace and cease-fire accord, Interim PRSP has come in the midst of a **difficult economic situation**, marked by falling output and incomes (GDP declined by nearly 20 percent in real terms over the period 1993-2002); galloping inflation; the drying up of public revenues; the withdrawal of international financial assistance (international aid transfers fell from nearly US\$300 million to less than an annual average of US\$100 million between 1992 and 2002); lower investment (the investment rate fell from an annual average of more than 15 percent to 9 percent between 1992 and 2002); and the accumulation of domestic and external deficits and external payment arrears (which stood at US\$148.5 million in 2002); etc.

6. **On the social front**, the current situation is marked by rising poverty: the proportion of people living below the poverty line rose from 35 percent in 1992 to more than 60 percent in 2002. The quality and the accessibility of basic social services have also deteriorated. The precarious social situation has been further aggravated by the high prevalence of AIDS; the destruction and lack of maintenance of social facilities; the large numbers of people who have fled abroad or been displaced internally as a result of the conflict (about 400 thousand); and a considerable increase in the number of orphans and street children (more than 20 thousand children).

7. In light of the many challenges that it faces, the Government is convinced that, in order to extricate the country from this state of abject poverty, the approach to development will have to shift to a coherent action strategy that will win the approval and support of all partners, in particular the beneficiaries. Building upon the political consensus established by all political forces through signature and application of the peace and cease-fire accord, this I-PRSP seeks to strengthen the processes of consolidating peace and security, rehabilitating victims of the crisis, and rebuilding and reviving the economy.

b. Burundi's I-PRSP in brief

8. The I-PRSP describes the characteristics and factors driving poverty in Burundi and highlights regional disparities. It presents a long-term vision of development, as well as the main strategic themes for promoting sound economic growth, which will be both durable and equitable, and will progressively reduce the level of poverty.

The strategy adopted by the Government, based on the conclusions from participatory consultations, focuses on winning the support and commitment of all socio-economic players involved in the poverty reduction program.

➤ *Long-term development objectives and vision*

9. The I-PRSP offers a long-term development vision for Burundi, and sets firm targets for reducing poverty. These targets are consistent with those adopted by the OECD Development Assistance Committee, and by the United Nations in its Millennium Development Goals.

10. To bring this vision to reality, the new approach will focus on:

- (i) An economic policy based on maintaining macroeconomic balance, promoting the private sector, developing exports, and maximizing employment opportunities.
- (ii) An agricultural policy focused on enhancing productivity and reducing the pressure on land.
- (iii) An industrial policy for constituting a diversified fabric of small and medium-scale enterprises, both in the capital city and in secondary centers, and designed to meet the

domestic demand for essential goods, as well as to promote exports of agricultural, mining and manufactured products.

- (iv) An economic and financial cooperation policy aimed at reducing dependency on foreign aid and reviving economic and scientific exchanges on a regional and international basis.
- (v) Social policies for substantially improving the country's human capital, and ensuring equitable access to basic services.

➤ **Principal constraints and main strategic themes of the I-PRSP**

- **Six broad categories of constraints facing economic growth and poverty reduction**

11. Nation-wide participatory consultations highlighted the major constraints to increasing national wealth and reducing poverty. The six broad categories of constraints identified are as follows:

- (i) Problems of governance and the domestic and subregional political crisis.
- (ii) People have limited access to the factors of production.
- (iii) Basic social services are of inadequate quality and accessibility.
- (iv) The number of people at risk has increased as a result of the negative impact of the conflict.
- (v) There is a heavy prevalence of HIV/AIDS.
- (vi) Problems of gender equality persist.

- **Six broad strategic themes**

12. Through the I-PRSP, the Government intends to undertake a program of credible and targeted reforms so it can take full advantage of debt relief and make sound use of the additional resources so obtained, specifically for: (1) re-establishing and reinforcing the quality of essential social services, i.e. health and education; (2) stabilizing the macroeconomic framework and promoting faster, high-quality growth that will help to reduce poverty; (3) reintegrating the victims of the conflict and other disadvantaged groups into the economy; (iv) stepping up the campaign against HIV/AIDS/STDs; (v) advancing the role of women in development; and (vi) promoting peace, security and good governance.

13. These are the principal poverty reduction themes that were highlighted by the people at large, by civil society, and by the Government's technical services, during the participatory consultations (conducted from January 2000 to January 2002) and that were endorsed at the feedback seminars organized in January and February 2002.

14. Consolidating peace and security, promoting good governance and combating corruption are essential factors for the success of the poverty reduction program. Participants in the participatory consultations, in fact, pointed to inefficient resource management and corruption as major causes of poverty.

15. One of the Government's priority themes in the I-PRSP will be to place particular emphasis on transparency and accountability in the management of public affairs, as well as on the policy of decentralization. Institutional and structural reforms will be aimed at improving governance: these will include creation of an Inspector General's Office to audit government accounts on a regular basis, as well as an independent Audit Office.

c. The I-PRSP preparation process

- *The I-PRSP was prepared on the basis of the consensus-based conclusions and recommendations that emerged from the participatory consultations that were held on the nation-wide scale with grassroots communities, civil society, the private sector, and the technical services of sectoral ministries.*

16. In addition to the results of the participatory consultations, the I-PRSP also reflects the thrusts of the Government's overall program, as well as the provisions of the Arusha Accords, particularly those relating to governance and the recommendations of protocol IV dealing with reconstruction and the revival of social and economic development.

The participatory consultations brought together representatives of all levels of civil society, NGOs, religious denominations, women's and youth associations, sectoral ministries, the private sector, Parliament, local community development organizations in the provinces, grassroots communities, policymakers and technicians from the provinces and communes.

17. The consultations and the feedback on the conclusions and recommendations took place at the sectoral level in Bujumbura, and at the community level in the four geographic regions of Burundi. Thus, meetings were held in *Ngozi* with grassroots community representatives from the *northern provinces* (Kayanza, Kirundo, Muyinga and Ngozi), at *Bururi* for the *Southern provinces* (Bururi, Makamba and Rutana), at *Gitega* for the *central and eastern provinces* (Cankuzo, Gitega, Karuzi, Mwaro and Ruyigi) and at *Bujumbura* for the *western provinces* (Bubanza, Bujumbura Rural, Cibitoke and Muramvya). In total, more than 3,400 people delegated by their communities in the country's 17 provinces participated in the consultations, and 30 percent of them were women.

d. Financing mechanisms for the I-PRSP

18. Implementing the interim strategy will require mobilizing significant resources that are not currently available. To this end, the Government will work through the following channels:

- Increasing revenues and controlling public spending.
- Mobilizing external assistance, in particular the funds announced during the last roundtable in Geneva in December 2001 and November 2002.
- Encouraging grassroots community initiatives.
- Judicious allocation and rational management of public funds and foreign aid. Public expenditure reviews will be conducted and medium-term budgetary frameworks will be prepared.

- Savings from debt relief initiatives will be allocated to priority social sectors.

19. This PRSP provides an operational framework for harmonizing boosting growth and poverty reduction activities of all partners.

e. Monitoring and evaluation of the I-PRSP

20. The I-PRSP places particular emphasis on monitoring and evaluating poverty reduction activities. The self-evaluation component of strategy will stress the participatory approach, so that all of the parties mentioned above can take part in the process throughout its execution.

21. In this context, the short-term emphasis will be on reinforcing the capacities of the different players in terms of preparing and monitoring implementation of priority actions under the strategy, as well as poverty reduction programs and projects.

22. Implementing the interim strategy paper will require an appropriate system for monitoring and evaluation. That system that will have three essential components: monitoring poverty; monitoring execution of the strategy; and evaluating the impact of policies under the strategy.

f. The indicative action plan for preparing the "full PRSP"

23. The participatory process followed in preparing the I-PRSP will be expanded and strengthened within the context of preparation of the full PRSP.

Preparation of the Growth Recovery and Poverty Reduction Strategy Paper (PRSP) will involve broadening the participatory consultations that were undertaken during the interim phase. They will be expanded to cover every commune and province and will involve a greater number of grassroots community representatives selected from among the poor and vulnerable groups in each of the country's communes.

24. Formulation and implementation of an appropriate decentralization policy will contribute to the success of the PRSP process. Databases will also be updated to provide better statistical support. Those databases cover in particular the poverty profile and other economic and social statistics. A survey, based on a standard questionnaire on statistical indicators for evaluating socio-economic development or CWIQ, has been conducted in 2002.

25. The present I-PRSP is supplemented with a matrix of policies and priority measures, and an indicative timetable for preparing the full growth recovery and Poverty Reduction Strategy Paper.

I. INTRODUCTION AND CONTEXT

1. Burundi has been pursuing wide-ranging economic reform programs for nearly two decades. A structural adjustment program was in place from July 1986 until the outbreak of the socio-political crisis in October 1993. The objectives of that program were to stabilize the macroeconomic situation, to restructure the country's productive system in order to enhance economic growth, and to improve living conditions for its people. Over the structural adjustment period (1986-1992), economic growth was positive (+ 3.8 percent on average) and was greater than the annual population growth rate, which averaged 2.7 percent. Inflation also fell considerably and stabilized at 4.5 percent in 1992.

2. While the country remained largely self-sufficient in food during this period, the hoped-for transformation of productive structures did not take place, and the structural reforms initiated were not brought to completion.

The economy of Burundi is still marked by many rigidities that do little to promote faster growth or reduce poverty. The economy is largely non-monetized, and is dominated by low-yield, subsistence agriculture.

Covering an area of 27,834 square kilometers, Burundi is one of the most densely populated countries, with an average of nearly 250 people per square kilometer. The excessive subdivision of farms, the use of low-productivity techniques, and the lack of diversified production sources have meant inadequate employment creation, in both the structured and the informal sectors. Industry is still in an embryonic stage, and there has been little development of the services sector.

3. The structural poverty described above has been exacerbated by the steady deterioration of living conditions as a result of the conflict.

The effects of nearly nine years of war, and the three-year embargo that was imposed on the country from July 1996 to January 1999, have drained the Burundian economy and have weakened its institutional capacity, destroyed its basic infrastructure, and caused major loss of life and displacement of people.

4. To lift the country out of this quagmire, political negotiations were undertaken and a Peace and National Reconciliation Accord was concluded on August 28, 2000 among all political factions, under the mediation of the former President of South Africa, Nelson Mandela.

5. Similarly, cease-fire accords were reached in October and December 2002 between the government and armed rebel groups with the aim of stopping the war once and for all. The signature of the peace and cease-fire accords and their implementation have opened new prospects for Burundi and have made it possible to undertake a coherent, consensus-based program for ending conflict and fostering national recovery.

This program seeks to reinforce the peace process, reduce poverty, rebuild the socio-economic infrastructure, and reintegrate the victims of the conflict, by at the same time reviving the overall economy.

6. The participatory preparation of this interim growth recovery and Poverty Reduction Strategy Paper (I-PRSP), work on which was officially launched on July 14, 2000, by the Chief of State, should be seen as a longer-term extension of the process of consolidating peace and reviving the economy.

7. The Government's objective with this interim strategy is to reduce poverty and improve living conditions. In order to reduce significantly the poverty index over the longer term, Burundi is convinced that economic growth must be strong, sustainable, diversified and equitable.

8. To this end, Burundi has set for itself ambitious objectives for poverty reduction that reflect the United Nations Millennium Development Goals. Those objectives are summarized below (Chapter V), while the long-term vision on which the present I-PRSP is based is laid out in (Box 2, as well as in Chapter V).

9. The Government's new approach to poverty reduction reflects its determination to make public policies more effective and to improve the lot of the most disadvantaged groups in a meaningful way. The Government is convinced that its efforts will be more effective if it listens more closely to the various players and beneficiaries of economic life, and involves them in preparing and carrying out policies.

10. Thanks to the Government's participatory approach, poor people have had the opportunity to contribute their own ideas on where development should be heading. This participation gives them an entirely new role, as the principal players in development, and enhances their capacity to take their destiny in their own hands, and to develop their own potential to the maximum.

11. The conclusions from the participatory community and sectoral consultations, as well as from the other analyses that were conducted between July 2000 and April 2002, have led to the definition of the principal strategic themes and priority actions discussed below:

Strategic theme 1: promoting peace and good governance. All of the communities consulted stressed that as a country emerging from conflict, Burundi's greatest priorities must be to its reforms and other actions that foster peace and good governance, in order to build a social and political basis for national recovery.

Strategic theme 2: improving the macroeconomic environment and promoting high-quality economic growth that will help to reduce poverty.

Strategic theme 3: enhancing the quality and accessibility of basic social services (health, education, hygiene), in order to promote the development of human capital.

Strategic theme 4: addressing the socio-economic consequences of the conflict directly. The intent here is to reintegrate victims and disadvantaged groups into the economy, so that they will be in a better position to take their own destiny in hand.

Strategic theme 5: combating HIV/AIDS. This is a cross-cutting theme.

Strategic theme 6: advancing the role of women in development. This is also a cross-cutting theme.

12. The present interim Poverty Reduction Strategy Paper for Burundi is organized as follows: Chapter II is devoted to recent political and socio-economic developments; Chapter III provides an overview of the poverty situation in Burundi; Chapter IV identifies the constraints to promoting growth and reducing poverty in Burundi; Chapter V presents the interim strategy for reviving growth and reducing poverty; Chapter VI presents the different stages followed in selecting the strategic themes underlying the interim Poverty Reduction Strategy Paper; Chapter VII presents the mechanism for financing the strategy; Chapter VIII deals with the monitoring and evaluation system for the PRSP; and Chapter IX proposes an action plan for preparing the full PRSP.

II. RECENT POLITICAL AND SOCIO-ECONOMIC DEVELOPMENTS

II.1. Recent political trends

13. The recent political history of Burundi has been marked by an armed conflict. The most recent social and political crisis, which erupted in October 1993, was not only the most severe in terms of loss of life and material destruction, but was also the longest in duration (almost 9 years).

14. In an effort to mend the social fabric that had been torn apart by the conflict, and to establish a basis for lasting peace, the political leaders of Burundi undertook lengthy and laborious political negotiations in Arusha, in Tanzania. These negotiations resulted in the Peace and National Reconciliation Accord that was signed on August 28, 2000, by 19 political movements and parties.

15. Extending this process, cease-fire accords were reached in October and December 2002 between the Government and three of four armed rebel groups. A three-party commission including Government officials, rebel movements and African Union representatives in charge of monitoring commitments made in the peace process was put in place in February 2003. Military observers and a military mission from the African Union in charge of supervising the implementation of the cease-fire accords were deployed in Burundi from March 2003. This mission is following closely the gathering and housing of armed former rebel fighters at designated cantonment sites. It will also supervise their disarmament, demobilisation, and reintegration (DDR). All entities involved in the cease-fire follow up are subject to supervision by the Committee to Monitor Application of the Peace Accord (CSA).

16. The Peace Accord is a consensus-based framework for national reconciliation and the restoration of lasting peace in Burundi. It sets out guidelines for the major political reforms necessary for a democratisation process that is well adapted to the specific circumstances of Burundi.

II.1.1. the security situation

17. Since the signature of the peace and cease-fire accords, the security situation has improved significantly and prospects of sustainable peace in Burundi could be foreseen at the horizon. Nevertheless, while the other Burundian protagonists that are parties to the peace accord are actively committed to pursuing a common political and security platform that will be reassuring to all, one rebel movement over four has chosen, contrary to all expectations, to continue armed hostilities. Its attitude was condemned by all partners especially the regional mediation mission and the United Nations Security Council.

18. Thus, pockets of insecurity persist, especially in the frontier provinces with Tanzania to the southeast of Burundi, and in the province of Bujumbura Rural, where rebels take advantage of the favorable topography. Negotiations for a permanent cease-fire are under way between the National Unity Government and all armed rebel groups.

19. The armed groups which are parties to the Cease-fire Agreement have pledged to transform themselves into political parties. As far as the one hold-out armed group is concerned, an offer has been made to either join the negotiation table or face sanctions from the parties involved in the sub-regional mediation effort and from the international community.

20. Efforts to reach a permanent end of the war throughout the country are likely to be fruitful. This will make it possible to extend participatory consultations to all communes, during the next phase of preparing the full PRSP, as explained in Chapter IX.

II.1.2. The status of the peace process and the outlook for national reconciliation

21. Significant progress has already been made in implementing the Peace and National Reconciliation Accord, despite the continued disruptions caused by the armed rebel group which has not signed the cease-fire accord. The peace accord, in effect, sets out the main guidelines for democratizing institutions and sharing power on an equitable basis, as well as the social and political reforms that are needed.

22. The National Unity Government, which is responsible for leading the first round of 18-month transition period, was officially inaugurated on November 1, 2001. That Government is broadly representative, and embraces all the different social and political sensitivities in the country, as called for in the peace accord. Since February 2002, other interim institutions have been established on the same basis: a Parliament and a Senate. This political progress has been made possible through the steadfast support that the great

majority of the Burundian people have given to the peace process, despite the desperate conditions under which they are living.

23. Furthermore, as a clear signal of the serious commitment to the peace accord, President Buyoya, who held the office during the first part of the transition period, handed over power on April 30, 2003 to his Vice-President, Domitien NDAYIZEYE, whose tenure will last for the second 18-month period of the transition government until October 2004.

24. This political step forward has been made possible through the steadfast support that the great majority of Burundian people have given to the peace process, despite the desperate socio-economic conditions under which they are living.

25. The Peace Accord also sets out clearly the stages to be followed in its implementation, during the 36-month transition period until democratic national elections will have been carried out. Thus, the main stages are envisaged as follows: popular elections to the commune councils, legislative elections for deputies and senators, in accordance with an electoral system to be agreed upon, presidential elections that will mark the end of the transition period. The peace accord calls for a series of political reforms and specialized commissions. The latter include the Committee to Monitor Application of the Peace Accord (CSA), which is already operational since September 2000; the National Commission for Truth and Reconciliation and the National Commission for the Rehabilitation of War Victims (CNRS) which has been operational since February 2003, and the Commission for International Judiciary Investigation on crimes that occurred during the period of conflict.

II.2. Recent economic developments

26. The conclusions from the participatory consultations and the empirical analysis alike reveal that during the last 10 years the socio-economic situation has steadily deteriorated, due primarily to a combination of three exogenous factors:

- The many disruptions generated by the domestic social-political crisis, the effects of which were exacerbated by two and a half years of embargo (1996-1999) and by a subregional environment (in two bordering countries, Rwanda and the Democratic Republic of Congo) that has been mired in civil war.
- Climatic disruptions that have further undermined food security and have had a negative impact on economic growth, in a country where more than 90 percent of the people are still dependent on subsistence farming.
- The freeze in international cooperation, as evidenced by a steady decline in official development assistance transfers from nearly US\$300 million in 1992 to less than US\$100 million in 2001.

II.2.1. Assessment of economic policies between 1986 and 1992

27. The macroeconomic situation and the economic policies that were pursued from 1986 to 1992, before the social and political crisis, present a very mixed picture.

Burundi enjoyed relatively steady growth during the years preceding the crisis. Annual economic growth averaged 3.7 percent between 1986 and 1992. This level of growth was enough to raise incomes per capita. On the other hand, the country's productive structure changed little. The primary sector progressed slowly (with a value added varying between 40 percent and 45 percent of GDP), in terms of modernizing productive and marketing techniques as well as diversifying crops. Subsistence farming remained the predominant activity in the sector, and agricultural exports retained their relative weight with little change. The secondary sector's share of GDP rose slightly, from 8.2 percent to 12.4 percent, but there was little change in the industrial fabric. Public enterprises continued to dominate the modern economy in general and the agro-industrial sector in particular.

28. In terms of government finances, the budgetary deficit (on a commitment basis) rose during the period, from 8.4 percent of GDP in 1986 to 14.2 percent in 1992, reflecting higher investment, which increased from 11.6 percent of GDP in 1986 to 17.9 percent in 1992. During the period 1986-1992, Burundi resorted to external borrowing to finance its budgetary and external deficits, drawing upon concessional credits. The stock of debt, expressed in dollars, virtually doubled (\$1.1 billion in 1992, versus US\$0.6 billion in 1986), as did the ratio of debt service to exports (45 percent in 1992 versus 20 percent in 1986). The country was however able to remain current on all obligations to its creditors.

29. Inflation remained relatively moderate during the period, at levels close to the targets established in the successive adjustment programs (6.9 percent on average).

30. Monetary expansion continued at a level lower than the nominal GDP growth rate, thanks to a prudent monetary policy based on reformed intervention instruments. The Burundian franc underwent several devaluations between 1986 and 1992: in those six years, the effective exchange rate declined by nearly 50 percent.

31. The current account deficit on the balance of payments deteriorated sharply during the adjustment period, from 10.2 percent of GDP in 1986 to 20.2 percent in 1992. This change can be explained in large part by the performance of the trade balance. The import-export cover rate declined from 44 percent in 1986 to 30 percent in 1992, reflecting the high level of imports generated by development projects, on one hand, and the deterioration in terms of trade, linked to steady decline in world coffee prices, on the other. Despite this deterioration in the external accounts, the level of net foreign exchange reserves remained at more than four months of imports, on average.

Box 1: Implementation of Economic Reforms, 1986-1992

Despite their undeniable strong points, the reforms produced mixed results, reflecting in large part the persistent weakness in policy management.

Significant progress was made with reforms of the customs tariff, monetary policy and the exchange rate, deregulation of prices and trade, and improving the business climate:

1. The customs reform was implemented, entailing a reduction in the number of customs tariff rates (from 57 to 5) and a narrowing of the rate spread (the range is now 15-40 percent), with the exception of luxury goods (where the rate is still 100 percent).
2. A flexible exchange rate system was introduced, where the value of the Burundian franc was set as a function of the currencies of the country's major trading partners, with a view to enhancing the competitiveness of exports.
3. Monetary policy was reformed with introduction of indirect instruments (compulsory reserves, selective refinancing, auctioning of treasury bills) and adoption of a new banking law (1993) that provided for more effective banking supervision.
4. The trade and import system were liberalized, with gradual reduction of quantitative restrictions and, at the end of the period, implementation of an open system of the general licenses. Price deregulation was adopted, but not adequately applied, and controls were maintained for the export prices for traditional agricultural products.
5. The business climate was improved significantly, with the support of the World Bank and USAID: reforms were made to the investment code, the commercial code, the corporations' code and the labor code; new legislation brought liberalization to certain professions (including notaries), to the leasing law and to third party holdings. These efforts also took the form of the streamlining of administrative and regulatory procedures for creating businesses; establishment of support institutions for the private sector; improvements to the export incentive system (the drawback system in 1990, and adoption of the "free zone law" in 1992). At the same time, procedures for hiring workers were made more flexible.

The results, nevertheless, were on the whole disappointing in terms of budgetary reforms, reforms of public enterprises, and agricultural policies (where the planned reforms were not carried to completion):

1. In terms of public financial management, the tax reforms (creation of a broad-based VAT, reform of the tax code) were not implemented. A start was made in 1990 at downsizing the public service, but other measures for restructuring current expenditures were never implemented. New, multi-year programming tools were introduced (three-year PIP and PDP), but they had limited impact on budgetary rationalization.
2. The public enterprise reform was implemented only in part. The State disposed of only 15 percent of its holdings (compared to a target of 59 percent), improvements to the management of public enterprises produced no tangible results, and the financial cost of public enterprises (capital subsidies, operating subsidies, tax exemptions, non-payment of dividends and debt forgiveness) became even heavier.
3. Agricultural sector reforms (the producer price system, privatization of the seed sector, quality improvement policy), which were applied in a very piecemeal fashion, did not produce the structural changes expected.

II.2.2. Economic and financial performance 1993-2002

32. The social and political crisis that erupted in 1993 produced a significant decline in domestic output and an unprecedented imbalance in government accounts, which had a ripple effect throughout the economy. Although progress has been made in 2002, following implementation of the Peace Accord and the economic and financial program supported by

the disbursements under the IMF's Post-Conflict Emergency Assistance policy and the Economic Rehabilitation Credit from the World Bank, the economic and financial situation between 1993 and 2001 was beset by many difficulties:

- GDP fell cumulatively by 20 percent over the period 1993-2002; income (GDP) per capita eroded steadily to less than US\$110 in 2002, compared to US\$210 in 1990, taking Burundi to the lowest international ranking.
- The investment rate declined sharply, from nearly 18 percent of GDP in 1992 to less than 9 percent in 2002. If this situation were to continue, the resulting disinvestment could undermine long-term growth prospects.
- Exports shrank from US\$79.3 million in 1992 and US\$113 million in 1995 to US\$31.2 million in 2002, apace with the decline in the world market price for coffee (a product that accounts on average for 75 percent of export earnings), which fell to around 50 cents per pound in 2002.
- The exchange rate for the Burundian franc to the U.S. dollar declined sharply, by 346.8 percent in 10 years, dropping from 208.3/U.S. dollar in 1992 to 930.7/U.S. dollar in 2002.
- The international assistance freeze had a severe impact on the economy: development assistance transfers declined steadily from nearly US\$300 million in 1992 to less than US\$100 million in 2002 (more than 70 percent of which was in humanitarian assistance).
- Foreign exchange reserves declined steadily, from 4.1 months of imports of non-factor goods and services in 1992 to less than two months in 2002, and this had a severe impact in terms of meeting the economy's needs for intermediate goods.
- A heavy the external debt burden, with debt service amounting in 2002 to 157 percent of exports, and payment arrears estimated at US\$148.5 million, while total outstanding debt exceeded 180 percent of GDP.
- Urgent needs for the social and economic reintegration of victims of the eight-year war, who were internally displaced (more than 600,000 people) or fled abroad (more than 400,000 people).
- Enormous financial needs for rebuilding and rehabilitating essential infrastructure.
- Growing financial needs for improving the accessibility and quality of basic social services (health, education, hygiene in particular).
- Finally, regarding HIV/AIDS the number of people who are sero-positive has reached a high level (with a national average of more than 13 percent in 2002).

III. AN OVERVIEW OF POVERTY IN BURUNDI

33. Beyond the structural factors that are common to most countries afflicted by poverty, Burundi is also subject to damaging circumstantial factors related to political instability and to the war that has shaken the country since October 1993, as well as the subregional civil war. Thus, even though significant progress have been noticed for 2001-2002 period, meeting basic needs in terms of food, clothing, housing, health and education has become a serious problem for a large portion of the population.

34. The participatory consultations that were held at the national and regional levels, as well as the empirical analysis that was conducted, reveal that the poverty situation in Burundi is spreading and worsening. Farming constitutes the main economic activity: it employs more than 90 percent of the workforce, and accounts for about 40 percent of gross domestic product. Unfortunately, Burundi's farmland is scarce, and it is deteriorating. Farm size is steadily shrinking, in the face of demographic pressures, to the point where the average farm in most regions is less than 1/2 hectare. At the same time, the land is losing its fertility, under the impact of physical, chemical and biological degradation, particularly erosion and improper farming practices. Many fields are now contaminated with very high levels of iron-(ferralsols, ferrisols) and aluminum-based toxins.

35. Cash crops particularly coffee, cotton, tea, rice and sugar are virtually the only income-generating crops for the country and its rural people. They accounted for more than 80 percent of export receipts in 2002. Unfortunately, as with all primary export products, they are highly dependent on the vagaries of international markets.

36. In the absence of other opportunities beyond agriculture, Burundian farmers have no choice but to produce for their own subsistence. As a consequence, monetary incomes are low and inadequate to meet other needs, such as those for basic social services. In fact, the trend in poverty indices over the past decade shows that, after a slight improvement in 1991 and 1992, the situation has deteriorated. The percentage of poor people has nearly doubled, from 34.84 percent in 1992 to 58.72 percent in 1997. This percentage has risen further and exceeded 60 percent in 2002 as shown in Table 1.

37. In rural areas, the poor may be defined as those with no livestock, no paid employment, and insufficient land to cultivate. In the city of Bujumbura, which is typical of urban areas, people are considered poor if they have no steady job, or if they earn a low wage, or if they do not pursue an income-generating activity such as handicrafts or trade.

III.1. The level of human development is very low

38. Before the conflict erupted in 1993, annual income per capita was estimated at about US\$200, making Burundi one of the poorest countries in the world, even at that time (ranking 166 out of 174 countries). Since then, income per capita has declined by about one-third, and now stands at around US\$110. Between 2000 and 2002, Burundi became practically the poorest country in the world. Social indicators have also retreated significantly. Already in 1992, the Human Development Index for Burundi was 0.341, which placed the country 165 out of 174, reflecting not only its low income per capita, but also its life expectancy figure (54 years) and its literacy (38 percent) and school enrollment (64 percent) rates, among the lowest in Africa.

39. In urban areas (primarily in Bujumbura), the proportion of poor people doubled to 66 percent between 1992 and 2002.

III.2. Worsening monetary poverty

III.2.1. The monetary poverty trend

40. Monetary poverty afflicts a large portion of the Burundian population. The proportion of people living below the poverty line has remained higher than 50 percent over the last 6 years. The relative poverty line is set at "two-thirds of total annual per capita expenditure", while the absolute poverty line is measured by the "estimated minimum cost of basic food needs and non-food essentials, for an individual for one year".

With these definitions, the relative poverty line, as calculated from the 1990 poverty profile, is around BF 17,980 in rural areas and BF 46,180 for the city of Bujumbura. This line has been raised in light of the 1998-2000 poverty profile to BF 53,650 (rural) and BF 251,580 (urban).

Table 1. Monetary poverty, 1990-2002(provisional)

Population living below the relative poverty line	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
												Prov.	Prov.
Rural	35.1	35.5	34.8	39.6	48.5	53.3	57.5	61.0	64.6	68.8	68.7	68.7	68.7
Urban	32.4	32.0	32.9	40.9	47.2	51.2	64.0	66.0	66.5	66.0	68.2	66.0	66.0
National	34.9	33.8	33.5	35.3	47.8	52.2	60.7	63.5	65.6	67.7	68.7	68.0	68.0

Source: Household budget and consumption survey 1986-90; and Priority survey 1998-2002.

41. The number of rural people living below the poverty line rose from 35 percent in 1992 to more than 58 percent in 2000-2002. This impoverishment is reflected in the exodus of young people from the countryside to the cities (essentially to Bujumbura, the capital) in search of employment, better business opportunities, and greater prosperity. Behind this degradation of rural living conditions is the sharp decline in agricultural output and in producer prices.

42. Nor is the situation very encouraging in urban areas. The percentage of people living in poverty in the city of Bujumbura rose from 33.9 percent in 1992 to more than 68 percent in 2000-2002. The embargo that was imposed on the country contributed to urban impoverishment.

43. This worsening of poverty can be explained by the inflation of consumer prices that occurred during this period. This inflation nearly tripled (from 9.7 percent in 1993 to 31.7 percent in 1997), reflecting the disruption of domestic and external trade flows. At the same time, unemployment was exacerbated by the urban influx of people fleeing insecurity in the countryside, the arrival on the labor market of ever greater numbers of young graduates seeking employment, and the sharp payroll cutbacks that many public and private enterprises made in the face of disruptions during the crisis.

44. Moreover, the wages of public servants are not indexed to the cost of living, and their standard of living consequently has fallen sharply, along with that of their dependents. To

appreciate this aspect fully, it must be borne in mind that public servants are the largest category of workers in urban areas.

III.2.2. Poverty and regional disparities

45. Although poverty is widespread, it does not affect all parts of the country to the same degree. The disparities between rural and urban areas are also reflected between different provinces and natural regions of the country, as well as among different socio-economic groups.

46. In geographic terms, the provinces that have seen the highest increase in poverty are those that suffered most from the conflict, such as Bubanza, Cibitoke and Karuzi. In some provinces (Rutana and Karuzi), where the poverty rate was already high before the crisis (more than 50 percent), the number of people living below the poverty line has reached even more alarming levels (exceeding 70 percent): in 1999, they ranked 13 and 15 out of the country's (then) 16 provinces, with a poverty incidence varying between 70 percent and 86 percent.

47. Many provinces that were doing relatively well in 1990 found themselves with higher poverty levels following the crisis: the provinces of Bubanza, Cibitoke and Bujumbura Rural fell from fifth, first and fourth place, respectively, in 1990 (when the poverty level was less than 27 percent) to places 14, 12 and 8 in the national ranking for 1998, with poverty levels of between 50 and 75 percent.

48. In terms of the country's natural regions, the "conflict" factor again has had a heavy influence on poverty levels. The plains of Bugesera, Buragane, Imbo and Moso have the highest incidence of absolute poverty (75 percent), followed by the eastern plateaus of Buyugoma and Bweru (72 percent), the mountains and transition zones of Bututsi, Mugamba and Mimirwa (66 percent), and finally the western plateau of Buyenzi and Kirimiro (65 percent).

49. In the city of Bujumbura, although the poverty level was relatively low prior to 1992, the situation deteriorated steadily between 1993 and 2002, as the purchasing power of urban incomes was eroded.

Table 2. Distribution of poverty by natural region, 2001-2002(provisional)

Region	Absolute poverty line in BIF	Incidence of poverty
Bujumbura city	410,499	67.0
Plains	91,947	75.0
Mountains and transition	91,947	66.0
Western Plateaus	91,947	65.0
Eastern Plateaus	91,947	72.0
Total	107.994	68.7

Source: Burundi, priority survey 1998-2002

III.2.3. Poverty distribution by socio-economic group.

50. The prevalence of poverty varies among different socio-economic groups. According to results from the 1998-1999 priority survey, conducted by the National Statistical Institute (ISTEEBU), family living standards are determined by the employment status and level of education of the head of household, and the size of the household: the larger the family, the more likely it is to be poor. Thus, while the poverty rate among households with one or two individuals is 57 percent, it rises to 67 percent for households of six or seven people.

51. In terms of paid employment, 30 percent of extremely poor rural people live essentially from subsistence farming or are unemployed, or they may work in the informal sector, while in the case of 7.9 percent of households, the head works in the public or para-public sector.

Table 3. Incidence of poverty by occupational status of household head, 2000-2002 (provisional)

Socio-economic group	Poverty line in BF		Incidence of poverty	
	Urban	Rural	Urban	Rural
Farmer, export sector	410,499	91,947	100.0	70.2
Farmer, other	410,499	91,947	94.2	70.8
Public and para-public	410,499	91,947	51.6	57.3
Informal private	410,499	91,947	58.3	56.7
Informal	410,499	91,947	83.4	57.7
Unemployed	410,499	91,947	81.0	62.4
Other	410,499	91,947	83.1	50.4

Source: Burundi, priority survey 1998-2002

This situation inevitably affects the schooling of children. Thus, persons living in households where the head is "employed in the public or para-public sector" are the most likely to be literate (87.4 percent), while in households where the heads are "unemployed" or "farmers", the literacy rate is 46.7 percent and 44 percent, respectively.

Table 4. Poverty incidence by educational level of household head, 2000-2002

Level of education	Poverty line in BF		Incidence of poverty	
	Urban	Rural	Urban	Rural
No schooling	410.499	91.947	93	72
Primary	410.499	91.947	87	65
Secondary 1 st Cycle	410.499	91.947	71	39
Secondary 2 nd Cycle	410.499	91.947	51	56
Higher education	410.499	91.947	27	0,0

Source: Priority survey 1998-2002

52. This trend is confirmed by other variables, such as the morbidity rate, health status, or level of education. When it comes to the level of education, of the small proportion (4.4 percent) of households where the head has completed secondary school, 56 percent are poor, compared to 72 percent in the uneducated category.

53. The crisis increased the vulnerability of a specific category of households, those headed by widows, divorcees or single women. Together with the low education levels that prevail among rural women in Burundi, this situation limits the outside opportunities of these families.

54. Finally, the poverty picture would be incomplete without looking at groups that are excluded; in particular war refugees, abandoned children and "street kids", and the disabled, in addition to the *Batwa* social group. These people live in a situation of total deprivation, and deserve special attention in poverty reduction strategies.

III.3. The human dimension of poverty

55. Poverty cannot be measured solely in terms of monetary income: it is multidimensional and encompasses all the problems that prevent people from developing their potential and achieving a minimal level of well-being. This is what constitutes the human dimension of poverty.

56. In describing people's state of deprivation, instead of relying solely on monetary criteria (household consumption or expenditure), one must look as well at lack of opportunities for such as education and knowledge, sound health, and potable water. On this basis, deficits can be measured in terms of life expectancy, education, and living standards.

57. The human dimension of poverty affects nearly half of Burundians: the percentage has been close to 47 percent in the last six years. This worsening of poverty is explained primarily by lowered life expectancy, as well as by the deterioration of living standards.

58. The level of human poverty is also explained by *the low level of human development*. The human development index (HDI) stood at around 0.3 between 1995 and 2002.

59. **Education, training and information:** only a very small proportion of the population is well off in this respect. More than half of adults are illiterate: the adult literacy rate remains below 40 percent. The gross school enrollment ratio *at the primary level* was 73 percent percent in 2001-2002, and that rate declines for each subsequently higher level of education. The gross primary enrollment ratio fell by more than 20 percentage points between 1992 (67.3 percent) and 1995 (42.9 percent). It was only in 1998 that the enrollment rate began to recover (60 percent), reaching again 67 percent in 2000 and 73 percent in 2001-2002.

Secondary education has benefited from the spread of "community colleges" since 1992, co-financed by the central government, the communes, parents and the local communities. As a result, the graduation rate from primary to secondary school has risen steadily, from 6.0 percent in 1992 to 8.0 percent in 1998 and 11 percent in 2001-2002, and the secondary enrollment ratio has improved.

On the other hand, the gross enrollment rate in higher education remained the same (at around 1 percent) from 1992 to 2000. Education at all levels suffers from a lack of qualified teaching personnel, and this problem is particularly acute in the community colleges. Shortcomings in terms of infrastructure and teaching materials represent further constraints on educational performance.

60. **The health situation** has deteriorated. Life expectancy at birth is one of the lowest in the world (50 years in 2002), and the infant mortality rate is estimated at 116 per thousand live births in 2001-2002. With the conflict that has gripped the country since 1993, hunger and malnutrition have risen, affecting 68 percent of the total population over the period 1996-2002. In terms of health care services, in 2002 only 20 percent of the population had access to essential drugs and vaccinations. This situation is made worse by the HIV/AIDS pandemic: more than 13 percent of the adult population is now infected.

61. Vaccination coverage fell from 1992 levels of 91 percent for tuberculosis and 75 percent for measles to 64 percent and 49 percent, respectively, in 1996, before rising again to 100 percent and 67 percent in 2002. While nearly 90 percent of pregnant women received care during their pregnancy in 1992, this figure had fallen to 66 percent in 1997, with a consequent increase in maternal mortality.

62. In 1998, an estimated 37 percent of children under five years of age were underweight. The number of deaths from infections and parasitic diseases has more than tripled in five years, reflecting the promiscuity and poor sanitary conditions in the internal refugee camps. At the same time, there has been a resurgence of malaria, of bacillary dysentery, of respiratory infections and of skin diseases.

63. The health situation is even more alarming in terms of ***the sanitation and housing conditions*** of the population. In rural areas, the accessibility rate for drinking water was 55 percent in 1992. This rate subsequently declined, as many of the water supply systems were disrupted, and financing ceased in 1993. Water supply systems, standpipes and wells

are managed, in principle, by the beneficiaries. But in the wake of the crisis, the Communal Water Boards were no longer able to maintain the infrastructure. The water supply rate declined to 43 percent in 2000-2002, i.e. a drop of 12 percent in 8-10 years.

64. The water supply ratio in urban areas was 93 percent in 1992, and has progressed little since then: it stood at 95 percent in 2000-2002.

65. **Housing** in Burundi is still inadequate and substandard. The housing shortage became more acute with the crisis, when thousands of homes were destroyed in the cities and the countryside. Despite the combined efforts of all partners (Government, donors and beneficiaries) at housing construction (some 39,460 households were able to purchase a dwelling and use rehabilitated social facilities), the remaining need is tremendous, when it is remembered that some 540,000 families are still displaced internally or likely to return from abroad. Moreover, the housing stock is generally of poor quality on the nation-wide scale.

IV. CONSTRAINTS TO GROWTH AND POVERTY REDUCTION IN BURUNDI

66. The perception of poverty and its causes, as expressed during the participatory consultations and confirmed by empirical studies, points primarily to: (i) problems of governance and insecurity, as well as economic management (an unstable macroeconomic framework); (ii) inadequate access for people to the factors of production; (iii) generalized inadequacy and disparities in access to basic social services; (iv) war victims, rising numbers of the disadvantaged, and increased vulnerability to poverty, as fallout from the conflict and the inadequacy of social protection nets; (v) the high prevalence of HIV/AIDS and other endemic or epidemic diseases; and finally, (vi) persistent obstacles to gender equality.

67. This summary of constraints at the national level must be supplemented by noting the multiple disparities (regional, gender) that were expressed through the consultations and confirmed by empirical analysis (see Chapter VI).

IV.1. Problems of governance and the domestic political crisis

IV.1.1. Constraints linked to governance

68. In a country like Burundi, characterized by a situation of armed conflict and acute poverty, governance becomes a multidimensional problem involving politics, economics and resource management. The participatory consultations showed that problems of governance are significant determinant of poverty in Burundi.

69. The system of governance was long characterized by the centralization of political, economic and social power. This centralization was reflected in a planning system that did not make adequate provision for involving beneficiaries in the definition of policies: this meant that policies were frequently inappropriate, and that it was difficult for beneficiaries to adapt and appropriate them.

70. Governance problems are also reflected in rising corruption, the sub-optimal allocation and inefficient management of scarce resources, and an inappropriate public expenditure profile, given the inability to reduce certain essential expenditures, and the lack of revenues. The inability to meet the basic needs of the beneficiary population generates feelings of frustration that tend to exacerbate existing conflicts or give rise to new ones.

71. These shortcomings in terms of governance have the inevitable consequence of unbalanced development, in socio-economic, geographic, human and political terms, characterized by social exclusion, marginalization and the collapse of the rule of law.

IV.1.2. Constraints related to lack of security and the domestic political crisis

72. The crisis that prevailed in the country following October 1993 has led to a sharp deterioration of the political, economic and social situation.

On the political front, persistent insecurity in certain parts of the country has reduced chances of reconciliation. The social fabric has been torn apart, and this has held back the process of returning and reintegrating internal and external refugees.

73. *On the economic front*, output has fallen in all sectors of the economy, and particularly in the agricultural sector, the pillar of the Burundian economy. Agricultural and industrial outputs declined sharply under the impact of the economic blockade that starved the economy of inputs, and by the demobilization of agricultural labor displaced by the war.

74. *On the social front*, the indicators have deteriorated sharply, in such areas as health, education, housing and drinking water.

75. As well, the conflict made people more vulnerable to poverty. There has been an increase in the number of war orphans, many of whom suffer from psychological trauma, street children, children in prison, households headed by a single person (widowed or unmarried), and people with physical or mental disabilities. To this must be added the large category of people whose lives were disrupted by the war and who were internally displaced or sought refuge abroad. All of these categories live in conditions of destitution, vulnerability and extreme poverty, and the situation is compounded by the lack of a social safety net.

IV.1.3. The collapse of institutional capacities for economic management

76. Another constraint to good governance lies in the collapse of institutional capacities and the mismatch between training and responsibilities. Generally speaking, economic management tools are rudimentary or obsolete. There is an urgent need to modernize and adapt to new methods of economic management, and to provide proper training for the officials responsible for using them. As well, the persistent crisis has hamstrung the system for collecting and updating statistics. Reconstituting the country's economic and social databases is essential for improving the decision system in economic management.

IV.2. An unstable macroeconomic framework and a prolonged economic recession

IV.2.1. An unstable macroeconomic framework

77. The need to reform the macroeconomic framework in Burundi is reflected in the chronic financial imbalances that hold back economic growth and significantly limit poverty reduction possibilities.

a. The tax system is ineffective and inefficient

78. One important constraint on the sound management of public resources lies in the ineffectiveness and low yields of the tax system. The Burundian tax system is characterized by a narrow tax base and high tax rates. This fiscal pressure discourages growth, since it falls primarily on the relatively small formal sector. This leads to tax evasion through resort to informal activities or corruption, both of which mean significant losses to the treasury.

79. It is for this reason that tax revenues remain so low. Since 1993, tax revenues have failed to cover current expenditure, and the primary balance has been chronically negative.

80. Tax exemptions have also been a significant drain on fiscal revenues, particularly during the crisis, when duty-free imports from humanitarian agencies and NGOs increased. From 1995 to 2002, between 18 and 25 percent of imports entered the country duty free. Moreover, those imports frequently gave rise to fraud (through false declarations of destination) and corruption, and they introduced further distortions into the national economy.

b. Inflationary financing of public deficits

81. Faced with shortfalls in tax revenues, the drying up of other sources of financing such as external assistance, and the impossibility of further compressing essential expenditures, the Government had difficulties in financing its deficit, and resorted increasingly to advances from the central bank and accumulated payments arrears. Advances from the Central Bank more than doubled between 1997 and 2002 and external payment arrears rose from US\$6.5 million in 1995 to US\$69.6 million in 1999 and reached a level of US\$148.5 million in 2002.

The bank financing of the Government led to a rapid expansion in the money supply without any real counterpart in terms of production and a consequent rise in prices. As a consequence, inflation, which had decreased to 4.5 percent in 1992 increased to 31 percent in 1997. It decreased again by 9.1 percent in 2001 and to less than 1 percent in 2002 as a result of restrictive monetary policy in the framework of a post-conflict program launched with the help of the IMF and the World Bank and with other partners.

c. An inappropriate public expenditure profile

82. With the drying up of domestic revenues and external assistance, as well as the disruptions due to the conflict, the structure of public expenditures today is not conducive to economic growth.

83. A large portion of current spending goes to paying off the external debt (51.1 percent percent in 2002) and to salaries (38.3 percent), while another portion represents unavoidable expenses for the rehabilitation of war victims. At the same time, there has been a process of disinvestment that is highly damaging to medium and long-term growth prospects: investment fell from nearly 18 percent of GDP in 1992 and to about than 9 percent in 2002.

d. A heavy debt burden

84. The public debt burden weighs heavily on government finances and on the balance of payments. It consists largely of external debt domestic debt accounts for no more than 7.8 percent of the total outstanding. The external public debt has risen exponentially, and is estimated at nearly 180 percent of GDP for 2002. Debt service is estimated at 157 percent of exports of non-factor goods and services for 2002. Moreover, since the outbreak of the conflict, the country has for the first time been forced into a position of payments arrears reaching US\$148.5 million in 2002.

85. Burundi's external debt amounted to *US\$1.132 billion* in 2002, or nearly 180 percent of GDP. It is essentially multilateral (86 percent of loans are from international institutions such as IDA, ADB, ABEDA, OPEC), direct (81 percent represents loans contracted by the Government for its own account) and concessional (82 percent of the external debt consists of soft loans). The debt is heavily influenced by exchange rate trends, since it is denominated in foreign currencies: while the stock of debt expressed in U.S. dollars has been relatively stable since 1994, when translated into steadily depreciating domestic currency it has raised spectacularly, by more than 320 percent, over the period 1992-2000.

e. Deterioration in the balance of payments

86. In addition to the shortage of domestic resources described above, the Burundian economy faces severe problems in its balance of payments. The current account was in deficit throughout the 1990s, and in 2002 this deficit stood at 6 percent of GDP, reflecting the weakness of exports compared to imports. The import cover ratio has covered around 30 percent for the last 10 years, and was about 6 percent in 2002. Production of coffee, the country's principal export product proved to be unstable with 15,000 tons in 2001 and 7,000 tons in 2003 compared to an average of 30,000 tons in normal years. The coffee price drastically fell from an average of more than 100 cents per pound in 1995-1996 period to 48 cents per pound in 2001-2003 period.

87. Burundi's external position is very weak. Its terms of trade deteriorated over the 3 last years by more than 40.0 percent percent between 1997 and 2002. Foreign exchange is

urgently needed, not only to cover import levels that have risen steadily since the lifting of the embargo, but also to clear up accumulated external payment arrears to creditors.

f. Monetary and exchange policy were severely compromised by the crisis

88. Despite a sharp contraction in foreign assets, the money supply has risen steadily. The result has been unprecedented inflation, and the subsequent erosion of real incomes. There has been a clear expansion of domestic credit, despite the reluctance of the banking system to finance medium and long-term investments, for fear of the credit risk. The shortage of foreign exchange has prevented the central bank from moving ahead as planned with the reform of exchange rate policy. Important reforms in monetary and exchange rate policies have been put in place since 2002 and the desired outcomes have been produced progressively.

IV.2.2. Persistent structural rigidities militating against faster and sustained growth

89. Increasing output is an essential condition for economic growth and poverty reduction. Yet growth can only increase if people have access to the factors of production. In Burundi, cyclical problems related to the crisis are compounded by structural constraints that limit people's access to the factors of production.

a. An undiversified and uncompetitive productive structure

1. The primary sector is dominated by subsistence farming

90. Burundi's productive system is dominated by the traditional agricultural sector. The determining factor of production here is land. Access to land is becoming increasingly restricted; however, under the pressure of sharp demographic growth that has caused the average size of family farms to shrink steadily. This leads inevitably to over-exploitation and degradation of arable lands. Livestock rearing is not well integrated into farming, and remains essentially extensive in nature.

91. The forced displacement of populations during the war has created a new category of landless people. Given the limited supply of land, the only way to expand production is through intensified exploitation. This presupposes an increase in productivity through the use of high-performance inputs: improved livestock varieties and breeds; mineral as well as organic fertilizers; appropriate cultivation techniques, and other innovations that agricultural research has produced. It must be recognized, however, that the availability and affordability of such inputs is very limited.

92. The low degree of monetization in the rural economy and the limited markets for agricultural output also pose a severe constraint on intensifying output and modernizing agriculture. Burundi's agriculture therefore remains subsistence-based, and has yet to be integrated into other sectors of the production system.

2. Private industry is just emerging

93. The secondary sector is underdeveloped and represents only about 15 percent of GDP. The dominant presence is that of the State, and the private sector is marginal. Most companies are in public or mixed ownership, and the State often holds a majority interest. Despite the privatization process that was undertaken during the Structural Adjustment Program, the State remains the principal operator in most economic sectors, such as energy, agro-industry, mining, communications, transport, construction, insurance and hotels.

94. Compared to the public and para-public sectors, the formal private sector is relatively marginal, consisting of small and medium-scale enterprises. These enterprises are engaged in a variety of activities, and nearly all of their output is aimed at the local market. Exports are rare, and account for only a minimal proportion of output. Most of these SMEs were created to exploit opportunities offered by a protectionist environment and a captive market -- in other words, they had an import substitution rationale. In the current atmosphere of globalization, liberalization and regional integration, these firms cannot compete with foreign products, because of difficulties of supply - the country's landlocked situation raises the cost of raw materials. The narrowness of the local market, together with high tax burdens and lack of access to financing, are further constraints.

b. Sharp demographic growth and environmental constraints.

95. The country's sharp demographic growth has had a negative impact on the environment. Efforts to adapt productive systems to demographic pressure and new needs have resulted in the deterioration of farmland, pastures and woodlands, acute deforestation and the disruption of ecosystems such as wetlands.

c. The economy is uncompetitive and poorly integrated into regional economies.

96. As with most developing countries, Burundi's exports consist essentially of raw materials, which are vulnerable to international market fluctuations. In terms of other products, the country's output is so small that it has no surplus left for export. Even when such exports are possible, their prices, compared to those of similar products that benefit from economies of scale, make them uncompetitive. Moreover, because of the country's landlocked situation, the weakness of its support infrastructure such as telecommunications, and the lack of suitable facilities (warehousing, in particular) make exporting still more difficult.

97. Only halting efforts have been made at regional integration, in order to broaden markets and stimulate Burundian businesses. Most of these efforts have ended in failure, entailing heavy expenditure on institutions that contributed nothing to the basic problem.

d. The financial sector is underdeveloped and undiversified

98. Another essential factor of production is access to financial and human resources, as well as to technologies that are adapted to poor countries. Thus far, monetization of the rural economy has been low. The financial sector is underdeveloped and poorly adapted to providing rural credit. There is therefore a shortage of financing in rural areas, and even the existing Savings and Loan Cooperatives (“Coopecs”) fall short of covering all provinces.

99. The problem of access to capital is felt in other sectors of the economy as well, including the modern private sector.

100. The economy's vulnerability to exogenous shocks has been made worse by the heightened political risk as a result of the long conflict, which has had a negative impact on the country's ability to attract foreign investors. As a result, direct investment is at a very low level, and bilateral and multilateral capital flows have declined substantially.

e. The domestic savings rate is low.

101. The lack of an agricultural surplus that might be marketed inhibits the ability of poor families to accumulate savings. The situation is no better for the modern private sector. Few businesses or households have any surplus cash for saving. Domestic saving is therefore structurally very weak. The domestic savings rate (as a proportion of GDP) was frequently negative during the 1990s, by as much as -2 percent in 1998 and 9.9 percent in 2002.

f. The low investment rate was further weakened by the conflict

102. The level of investment fell drastically during the 1990s. At constant 1980 prices, gross fixed capital formation shrank by 38.2 percent between 1992 and 2002. It reached its lowest level in 1998, when it was no more than 28 percent of its 1990 level. This is due, in part, to the conflict, which has made the private sector reluctant to invest, but also to the lack of resources in the public sector. In addition, declining revenues have meant that irreducible private and public consumption needs are taking an ever-increasing share of GDP.

g. There is a shortage of skilled jobs in the formal sector and rural underemployment is widespread.

103. The labor market in Burundi is struggling under heavy demographic pressure, the collapse of the agricultural sector, imbalances in the modern sector, an unskilled labor force, a mismatch between skills and jobs, and the proliferation of an informal sector that is uncontrolled and poorly integrated with other sectors.

104. The problem of people's access to financing is exacerbated by the shrinking of gainful employment opportunities. Public service employment is currently at its maximum capacity, and the private sector is not only small but is faced with the need to downsize, given the decline in business activity following the crisis.

105. In rural areas, unemployment and underemployment are such that people cannot earn the income needed to modernize their productive system. Even among wage earners, the low purchasing power of wages does not allow them to meet essential needs.

h. A shortage of production support infrastructure

106. Although the industrial packaging and processing of the different products staggers their marketing and provides them with added value, it seems that the conservation/processing sector is very underdeveloped. Expanding capacity in such areas as water, energy, transportation and communications remains a major challenge that the country must address in order to increase and diversify its output.

107. The water problem is particularly acute in the northern provinces (Kirundo, Muyinga) and in the East (Ruyigi, Cankuzo), while road transport problems are more severe in the central provinces (Gitega-Daruzi, with Muyinga, Mwaro, Bururi, Cankuzo, Ruyigi). Rural electrification is an issue throughout the country.

108. The participatory consultations revealed that, even when there is a surplus harvest of food products, the lack of facilities for preserving and processing them means that foodstuffs are often left to spoil (as is the case with tomato output in the province of Cibitoke, manioc in rural Bujumbura and Makamba, and others). The situation is made worse by the fact that the private sector is not inclined to invest in agriculture, because the risks are perceived as higher than in other sectors.

IV.3. Inadequate access to basic social services

109. The participatory consultations revealed that problems of governance and the social and political crisis have exacerbated poverty in Burundi. A substantial portion of the population has lost its ability to access and control resources. Most households have seen their productive capacity destroyed. The consultations concluded that the availability of basic services, in particular health, education, decent housing and drinking water, has been sharply reduced. Some provinces have suffered much more than others in this regard. This conclusion was confirmed by the technical studies, as shown in Table 5 (provincial availability of basic social services).

Table 5: Provincial availability of basic social services in 2000-2002

Province	Population (percent)	Life expectancy at birth (years)	Adult literacy rate (percent)	Drinking water availability	Population with access to health services (percent)	Underweight children under 5 years
Bubanza	4.43	46.2	31.3	39.8	65.0	41.0
Bujumbura-City	4.90	52.3	73.3	71.0	100.0	14.0
Bujumbura Rural	6.77	46.2	35.7	69.4	100.0	25.0
Bururi	6.81	49.3	43.2	68.4	77.0	22.0
Cankuzo	2.66	47.7	47.7	20.2	36.0	22.0
Cibitoke	5.87	47.0	41.8	43.8	86.0	32.0
Gitega	9.81	51.5	38.1	82.5	76.0	22.0
Karuzi	5.49	45.2	30.8	51.9	54.0	37.0
Kayanza	7.49	44.4	32.8	88.1	83.0	20.0
Kirundo	7.73	53.8	29.5	28.1	83.0	14.0
Makamba	5.37	40.5	40.2	32.2	68.0	32.0
Muramvya (and Mwaro)	7.53	52.0	39.0	56.0	100.0	22.0
Muyinga	7.44	50.7	31.3	30.3	81.0	22.0
Ngozi	9.26	92.0	32.4	70.0	100.0	12.0
Rutana	3.77	41.8	29.8	35.1	64.0	28.0
Ruyigi	4.68	42.0	34.4	39.0	64.0	32.0
Total	100	48.5	37.4	53.0	77.0	25.0

Source: Priority Survey 1998-2002.

110. The accessibility issue involves problems of insufficient supply, poor distribution of infrastructure and facilities, and low purchasing power on the part of potential beneficiaries.

111. In fact, even where facilities exist, the cost of medical services, school tuition fees, and transport costs for reaching those facilities are beyond the reach of many Burundian households, because of their low purchasing power.

112. Household incomes are still so low as to preclude access to basic social services such as health and education. Providing those services properly implies a certain minimum level of cost and those costs are taken as the basis for pricing services. The resulting prices put them beyond the reach of a great portion of the population, whether they are rural families or urban workers of modest means.

IV.3.1. Constraints on the development of education

113. The main constraints holding back the education system in Burundi can be classed into four categories: availability and affordability, equity, financing problems, and social and political instability.

114. *The availability and affordability of education:* the problem here relates not only to the great imbalance between education supply and demand, but also to the extreme and growing poverty among socially disadvantaged groups in particular.

In terms of access, despite the progress that was made during the 1980s (when the number of primary school teachers tripled, while the gross enrollment rate rose from 29 percent in 1980 to 72 percent in 1992), access problems remain, particularly as a result of the social and political crisis. The gross enrollment rate in 2001-2002 period was still far from satisfactory: 73 percent at the primary level, 11.6 percent at the secondary level, and 1.7 percent for higher education.

In terms of accessibility (which refers to the way the school system is organized to facilitate school attendance in a given area or region), the problem is essentially one of equity: in the absence of a social safety net, children from displaced families, the poor, the handicapped and girls are still at a disadvantage.

115. *The problem of equity* has to do with regional education disparities (see Table 5), and also with gender imbalances. Regional disparities have been aggravated by the destruction and insecurity that have persisted longer in some communes than in others. There are disparities in the distribution of school facilities, not only between urban and rural areas, but also among the different rural regions, and this is true at all levels of education.

116. A similar problem arises in terms of the number and qualifications of teachers. Persistent insecurity has led to a shortage of teachers in rural areas, and the need to employ people who are not properly qualified. These two factors have had a negative impact on the quality of education. The problem is made worse by the general and severe lack of school textbooks and other teaching supports.

117. *The other constraint lies in the mechanisms for financing education.* There are four major players involved in the financing of formal education: the central government, external assistance, communities and families. The Government and the communes, as well as families, are involved most heavily at the primary and secondary levels. External assistance is inadequate and is still limited to the primary level, while the secondary and higher education levels remain underfunded.

118. The Government generally pays staff salaries while other partners cover the costs of construction and equipment, as well as tuition fees, etc. The national crisis has made education financing a problem of great concern. External assistance has dropped off sharply, and many teachers have abandoned the profession because of low pay.

119. *The external effectiveness of the Burundian education system* is stymied by the lack of technical and vocational instruction, the development of which calls for resources that the Government alone cannot provide.

The prevailing insecurity and political instability have had a severe impact on the socio-economic situation, and on the growth and especially the quality of the education system.

IV.3.2. Constraints on development of the health sector

120. The situation is no better in the health field. The destruction and pillaging that occurred during the crisis have taken a heavy toll on the national health system, undermining its capacity to provide basic health care. In addition to the disparities relating to the health structure and medical personnel, most facilities are obsolete, and many were damaged or stripped of their equipment during the crisis. Most health facilities are therefore unable to provide the necessary services stipulated in the minimum national standards, for lack of materials (drugs and medical equipment), the shortage of qualified human resources, the lack of logistical support (transportation, emergency equipment such as ambulances), and lack of financing (inadequate management capacity and standards).

121. One of the most glaring problems at the intermediary and peripheral health facilities is the lack of water and electricity, which makes it impossible to conserve certain kinds of medications, to maintain medical equipment and to observe proper hygiene.

122. The major constraints and problems in the national health system include the following:

- Poor coordination and planning.
- Inadequate and outdated facilities and improper distribution (qualitatively and quantitatively) of personnel.
- Poor management of health facilities (because of the lack of competent personnel). The great majority of medical facilities and staff are located in Bujumbura, with very little linkage to the interior of the country. Consequently, the system performs very poorly when it comes to providing medications and services in rural areas.

123. These problems are compounded by:

- heavily centralized management of the health sector;
- the inadequate funding devoted to the sector;
- weaknesses in epidemiological surveillance and health information systems;
- the lack of hygiene and sanitation.

IV.3.3. Limited availability of drinking water, problems of hygiene and sanitation

124. Problems with drinking water, hygiene and sanitation affect not only community facilities but also households. Nationwide, the availability of drinking water is low and unequally distributed (see Table 6, above). The hygiene and sanitation programs fall far short of need. Some facilities such as residential schools, health centers and prisons have no running water, a problem that leads to contamination and the spread of epidemics.

125. Many families still have to travel too far to reach drinking water sources. This makes it difficult for them to observe and apply the lessons of elementary hygiene, as they relate to physical cleanliness, clothing and food.

IV.4. The growing numbers of displaced and vulnerable people

IV.4.1. The problems of displaced people and the growing numbers of the disadvantaged

126. Displaced people live under circumstances of total deprivation, surviving only thanks to national and international charity. Malnutrition, poor health conditions and promiscuity make them vulnerable to all sorts of diseases, especially those related to the lack of hygiene and sanitation (cholera, bacillary dysentery, typhus, skin rashes, cerebral-spiral meningitis, malaria, etc).

127. The persistence of the crisis has meant ever-growing numbers of indigent people, while the economic recession and the freeze on development assistance have deprived the Government of its ability to intervene and help these people.

This state of affairs has led these people to adopt unhealthy behavioral patterns such as alcohol and drug consumption, banditry, begging and prostitution that are also responsible in large part for the growing prevalence of HIV/AIDS in the refugee camps.

IV.4.2. Increasing vulnerability and the lack of social safety nets

128. The crisis has greatly increased the numbers of destitute and vulnerable people. The victims of the conflict find themselves effectively marginalized. New phenomena of exclusion have appeared: street children, abandoned children, children orphaned by war and AIDS. Orphans and street kids are estimated to number more than 20,000 people or 0.3 percent of the population. To these new groups must be added the long-standing disadvantaged groups, such as people with disabilities.

129. Another measure of the increasing vulnerability to poverty is in the number of female heads of households, who now account for 22 percent of all households and evidence high incidences of poverty.

130. Existing social protection devices are inadequate to deal with these rising numbers of vulnerable people. In fact, there is virtually no specific social safety net in place at the present time.

IV.5. The high prevalence of HIV/AIDS

131. HIV/AIDS is a problem that is aggravating family poverty in Burundi. Many shortcomings, including those within the health system itself, are contributing to the spread

of this disease and exacerbating the problems that accompany it. Those shortcomings relate to preventive measures, the weakness of the information gathering system on HIV/AIDS/STDs, and the lack of current data and figures on the epidemic in certain parts of the country. These shortcomings make it impossible to mount effective strategies to combat this scourge: current estimates show that the rate of HIV/AIDS prevalence is more than 18 percent in urban areas, and more than 7 percent in the countryside.

132. AIDS has become one of the most important factors holding back development in Burundi: efforts to promote growth and reduce poverty are constrained by the cost of caring for AIDS victims and the reduction in the workforce that the disease implies. At the same time, facilities to care for patients are in short supply, and the level of public awareness is still very low.

IV.6. Constraints related to gender and equity

133. Despite the obvious efforts that had been made, and the growing public awareness, much remains to be done in terms of gender equity. Traditional culture poses a significant constraint, and women are still far from adequately integrated into decision-making bodies and into the economy.

IV.6.1. Traditional culture is a handicap to gender equity

134. Many Burundian males still think that talk of gender equality is an imported threat to their culture. This misunderstanding obscures the debate and often leads to fruitless choices and approaches. The argument degenerates into demands on the part of women and a feeling of resistance among men, which creates an atmosphere that is not conducive to the adoption and application of a sound approach.

IV.6.2. The problem of integrating women into decision-making bodies

135. There is still a wide gap separating men and women: women remain underrepresented in the bodies where decisions are made and power is exercised.

IV.6.3. Women's access to and control of resources

136. The conflict prevailing in Burundian society has disrupted families and created additional tensions and still more difficult conditions for households. It has thus reinforced the existing imbalances between men and women in terms of their access to and control over resources, at a time when many families are headed by single women, and in a context where legislation is either non-existent or discriminatory against women (matrimonial arrangements, in particular).

V. THE PRINCIPAL THEMES OF BOOSTING THE INTERIM GROWTH AND POVERTY REDUCTION STRATEGY

137. The conclusions from the participatory consultations showed that, quite apart from the essential steps for fostering national reconciliation and restoring the rule of law, the Burundian people are today convinced that it is only by strengthening the foundations of good governance and addressing the root causes of poverty that the country will be able to put an end to the repeated cycles of violence that have punctuated its recent history.

138. The long-term vision of Burundi's development, then, starts from recognition that poverty is a determining factor in the persistence of conflict and the problems of governance that have characterized the country in recent years. This vision is based on the principal considerations summarized in Box 2.

139. In order to achieve this vision of development, objectives have been set for reviving growth and reducing poverty, and strategic themes and priority activities have been formulated. The objectives are as follows:

- (i) To achieve economic growth averaging at least 5 percent over the period 2003-2006, and at least 6 percent over the period 2005-2010.
- (ii) To resolve the major problems created by the crisis, by 2003-2006, in particular: social and economic reintegration of displaced people, rehabilitation and reconstruction of the economy.
- (iii) To take the incidence of poverty back to where it was before the crisis, by 2010, and to reduce the proportion of Burundians living below the poverty line to 35 percent in 2010 and to 25 percent in 2015.
- (iv) To achieve universal enrollment for children of primary school age by 2015, and to make a significant reduction in disparities between genders and between regions.
- (v) To reduce the illiteracy rate to 50 percent by 2006, to 25 percent by 2010, and to 10 percent by 2015.
- (vi) To make basic health care access universal by 2010.
- (vii) To reduce the infant mortality rate to 105/thousand in 2006 and to 50/thousand in 2015.
- (viii) To ensure that 70 percent of the population is supplied with drinking water by 2006, and 100 percent by 2015.

Box 2. A long-term development vision for Burundi

- A Burundi that is at peace.
- A peaceful sub-regional climate that is favorable to economic integration.
- Poverty that is gradually being eradicated.
- People who have access to essential services (education, health, hygiene).
- Young people who benefit from a high level of education.
- A diversified and modernized agricultural sector.
- An industrialized economy that is competitive and fully integrated into the regional and global trading systems.
- Demographic growth under control.
- Institutions based on transparent management and decentralization of power and resources.

140. The principal strategic themes identified during the participatory consultations, in terms of addressing the constraints described in the previous chapter, fall into the following six broad categories:

Theme 1. Promoting peace and good governance.

Theme 2. Promoting sound economic growth that will reduce poverty.

Theme 3. Expanding access to basic social services.

Theme 4. Reintegrating victims of conflict and other disadvantaged groups into the economy.

Theme 5. Combating HIV/AIDS/STDs.

Theme 6. Advancing the role of women in development.

THEME 1. PROMOTING PEACE AND DEMOCRATIC GOVERNANCE

141. Efforts to promote peace and to reinforce governance will involve the following intertwining activities:

- (i) Strengthening the process of national reconciliation and good governance.
- (ii) Promoting good governance at all levels and combating corruption and economic fraud.
- (iii) Reinforcing institutional capacities to manage public affairs.

V.1.1. Strengthening the process of national reconciliation and democratic governance

142. The Peace and National Reconciliation Accord that was negotiated among all the Burundian political factions at Arusha, through the mediation of President Nelson Mandela, offers a significant basis for a definitive end to the Burundian conflict by October 2000. Resolving that conflict will release the energies of the Burundian people so that they can be redirected towards reviving the economy and combating poverty.

143. The peace process of Burundi reached a significant stage with changeover of the presidency that took place on April 30, 2003 in conformity with conventions of the peace accord. The National Unity Government that was sworn in on November 1, 2001, as envisaged under the peace accord, is now attempting to bring the armed rebel groups to implementing the cease-fire that has already been signed, with the help of the international community. A Commission to Monitor the Implementation of the Accord (CSA) has been operational in Bujumbura since September 2000. It comprises the main representatives of Burundian politics, civil society, and the international community and is chaired by the Special Representative of the United Nations Secretary General. A mixed commission of cease-fire was put in place on the same basis. A group of external observers along with an international military mission to monitor the cease-fire and subsequent reforms have also been set up in Bujumbura.

144. These efforts deserve the support of the international community, starting with that of neighbouring countries. Active diplomacy on the part of countries in the subregion, aimed at restoring and maintaining peace in the subregion, would reinforce the confidence of private economic operators and in this way give a boost to the regional economic integration process.

Beyond these essential efforts to end hostilities, the conclusions of the participatory consultations confirmed the importance that the peace accord attaches to the role of good governance in resolving the conflict and promoting the country's development.

145. Indeed, the preamble of the peace accord declares that "the reestablishment in Burundi of a legal, institutional and social environment based on good governance, the rule of law and the efficiency of public management, justice for all, the search for social consensus and participation by civil society in the definition and implementation of national policies, constitutes an essential element of the strategy for national reconstruction and reconciliation (...)."

146. The peace accord strategy is thus based on the idea that the current situation in Burundi is that of a state emerging from crisis, where one of the most urgent problems is to re-establish the basic institutions of good governance.

The principal areas of attention in terms of governance can be summarized as follows:

- (i) Establishment of democratic public institutions.
- (ii) Establishment of a legal framework that protects human rights.
- (iii) Establishment of a neutral, competent and effective administrative apparatus.
- (iv) Establishment of transparent public management.
- (v) Establishment of an efficient and independent judiciary.
- (vi) Establishment of a decentralization framework that will support local governance and grassroots development.

147. Aware of the current difficulties in equipping the State to take such action, the transitional Government has set up a ministry responsible for good governance and privatization. That ministry will seek to reinforce efforts at democratization, to facilitate the rule of civil society organizations in development, to reconstitute the capacities of the State that were weakened by the crisis, to improve economic and social management and to strengthen the State's institutional and human capacities, in order to ensure sound, transparent and effective public management.

148. With the support of donors, the Government has drawn up a program of support for good governance, as part of the democratic governance initiative. The objectives of the democratic governance program are as follows:

- (i) Strengthening the capacities of parliamentary institutions.

- (ii) Establishing a legal and institutional environment that will protect human rights.
- (iii) Reinforcing the capacities of the judicial and penitentiary systems.
- (iv) Strengthening the role of civil society in the process of democratizing Burundian society.
- (v) Preparing for a referendum and elections at all levels of government, in a manner
- (vi) Appropriate to the situation prevailing in Burundi.

V.1.1. Strengthening economic governance

149. Efforts to ensure sound economic governance will be based on the following four principles:

- (i) Strengthening transparency in government management and combating corruption and economic fraud.
- (ii) Decentralization and community participation.
- (iii) Strengthening capacities to manage public affairs.

a. Strengthening transparency in government management and combating corruption and economic fraud

150. In order to make government management more transparent, appropriate institutional mechanisms will be put in place to ensure access to information on public affairs and to provide government services more swiftly and transparently. It has been clearly demonstrated that corruption is highly damaging both to economic development and to democracy. Corruption is most often linked to the way public services are provided to applicant beneficiaries. The battle against corruption, however, also has to do with the reform of public affairs management. The strategy for reducing corruption in Burundi involves the following elements:

- An open and honest determination on the part of the highest government authorities to combat corruption and not to tolerate it in any guise.
- The reform of legislation and regulations governing tax and customs privileges or incentives, in order to simplify them and make them more transparent, as a systematic part of the effort to eradicate corruption.
- Introduction of incentive mechanisms to encourage a reduction in corrupt practices, by rewarding integrity and improving the working conditions of public officials, while subjecting them to effective supervision and sanctions.

151. To put this strategy into effect, significant structural reforms have been undertaken, such as modernizing the legal and regulatory framework for the conduct of business; reform of budgetary procedures, as part of the public expenditure review; adoption of a functional classification of expenditures that should make public spending more effective (by establishing a permanent link between public expenditure commitments and their actual impact on reducing poverty). The functional classification now in place will improve

coherence and consistency between the budget, resource allocation, and the financing of the priority measures for combating poverty, as set forth in this I-PRSP.

152. In addition to the steps already taken, the following reforms are planned:

- Definition of a policy for development of the private sector and promotion of a favorable business environment.
- Tax reforms that will foster growth and equity, including mechanisms for informing and advising taxpayers of their rights and duties, so that taxation will be seen as a neutral tool of income redistribution, and as a force for equity (rather than a publicly imposed burden that invites evasion and corruption).
- Strengthening mechanisms for the audit and supervision of government revenues and expenditures.
- The reform of public procurement.
- Regular review of public spending (PER), etc.

153. Combating corruption and economic fraud will constitute the backdrop for efforts to promote good governance. In addition, other appropriate institutional mechanisms will be introduced:

- An independent Audit Office, which will report to Parliament on the Government's budgetary performance.
- An independent anticorruption oversight entity, involving the private sector, civil society, the press and all other interested players.

b. Promoting decentralization and participation

154. Good governance necessarily implies decentralization and a participatory approach. As recommended by this interim strategy, the approach to decentralization will capitalize on existing participatory consultation mechanisms to make the communes into hubs of development, and to make government services more accessible locally. The Government will transfer revenues to the communes so that they can adopt their own development policies, particularly in the fields of education, health, basic infrastructure, water and sanitation.

155. The introduction of sound planning mechanisms controlled by and for the community, the promotion of local leadership, and empowerment through training and information should do much to strengthen the currently weak capacities of grassroots communities. Local civil society organizations will play an important role in this participatory approach, by helping local people to identify their own needs and to select the appropriate solutions.

156. The private sector's participation will be strengthened through dialogue with the public sector. This dialogue will be promoted by reviving the existing "dialogue committees"

on taxes, procurement, customs and fraud, as well as introduction of a permanent partnership body for coordinating development of the private sector. The opinions of this coordination body will be taken into account in all decisions and measures adopted.

157. Development projects will be identified and prepared with the participation of all interested partners and players, particularly the beneficiary populations, local governments, associations and NGOs. This principle will be observed throughout the project cycle, specifically at the identification, execution and evaluation stages. This approach to development will encourage local people to take ownership of projects undertaken on their behalf, and will save the country from the kind of situation that occurred with the outbreak of the social and political crisis in 1993, when there was great destruction by beneficiaries of their own public facilities. The installation of "community development committees" (CDCs) will be encouraged, and will serve as the anchor for the decentralization policy.

c. Strengthening human and institutional capacities

158. Public affairs management capacity must be strengthened at all levels: macroeconomic, sectoral and decentralized, administrative capacities, as well as the capacities of grassroots communities and civil society, so that the various players and beneficiaries can participate and contribute effectively to the management and monitoring of development activities that concern them.

159. Strengthening capacities is essential if the Government's performance is to be maintained and improved. The training and upgrading of human resources is a key element in providing high-quality public services and sound management in all areas. The crisis had a devastating effect on the country's human resources: Burundi has lost many of its most qualified people, who were either killed during the violence or fled the country out of fear for their physical security, or simply to escape the poverty and hopelessness that characterized their homeland.

160. Efforts are required not only to train and upgrade existing human resources, but also to motivate and retain skilled personnel. Salaries will need to be raised (to the extent possible) for both public and private sector workers: such a move could even encourage the return of skilled workers who have left the country for economic reasons. It will be important to foster a "cult of excellence", by ensuring that promotions are based on competence and personal merit.

161. At the same time, institutional capacities must be strengthened. This is true for all of the country's economic management institutions, and relates as much to their coordination bodies as to their analytical tools, planning models and management methods.

162. Planning and management tools, as well as databases, must be updated on a regular basis. Constant efforts are needed to improve procedures and operating systems, and also to adapt them to new situations. The possibilities for using the new communication and information technologies will be explored and promoted.

163. There is an urgent need to modernize statistical collection methods, and to strengthen the institutions responsible for producing and analyzing economic, financial and social statistics, such as the Office of Planning and Finance, the Central Bank, the ISTEEDU, the Permanent Secretariat for Monitoring Economic and Social Reforms, by providing them with the software and models needed to improve the quality of the country's basic statistics.

164. If the participatory process is to be strengthened, the capacities of civil society organizations will have to be reinforced, particularly at the grassroots community level and among organizations providing support to the modern and informal private sector. Local leaders need training in such areas as literacy, basic management skills, legal knowledge, in order to guide them in the decisions that they will be called upon to take on local development issues.

**Summary of priority activities 2003-2006 for strategic theme 1:
Promoting peace and good governance**

Objectives	Priority actions	Indicative schedule
a.Strengthening efforts to restore peace and security	<ul style="list-style-type: none"> • Eradicating any remaining pockets of insecurity. • Completing the installation of transitional political institutions. • Establishing and enforcing a permanent cease-fire. • Socio-economic reintegration of war victims and demobilized combatants. • Establishing a legal framework supportive of individual rights and freedoms. • Institutionalizing a promotion system based on objective criteria of competence and personal merit. 	<ul style="list-style-type: none"> • Ongoing process • 2003 • As soon as possible • As soon as possible • 2003-2004 • Ongoing process
b.Promoting sound economic governance	<ul style="list-style-type: none"> • Reinforcing the transparency of Government management and combating corruption and fraud. • Introducing mechanisms for informing and advising taxpayers of their rights and duties. • Finalising the reform of public procurement. • Creating an Audit Court Account independent of the executive. • Fostering an independent watchdog against corruption and fraud. • Reforming laws and regulations governing tax and customs privileges and incentives to eliminate economic distortions and encourage production. • Completing reforms for promotion of the private sector, in particular those initiated before the crisis with support from the World Bank and USAID. • Establishing a permanent coordination body between the Government and the private sector as well as consumers. 	<ul style="list-style-type: none"> • Ongoing process • Ongoing process • 2003-2004 • 2003-2004 • 2003-2004 • During the program • 2003-2004 • 2004-2006
c.Promoting decentralization and participation	<ul style="list-style-type: none"> • Introducing viable mechanisms of planning and control by and for the community, in order to improve the management of public affairs. • Promoting local leadership and empowering grassroots communities. • Strengthening the institutional capacities of the Community Development Committees (CDCs). • Preparing a national decentralization policy. • Decentralizing tax administration to the communes, and preparing "communal development" plans. • Establishing the Community Development Committees (CDCs) as decentralized development hubs. 	<ul style="list-style-type: none"> • 2004-2006 • Ongoing process • Ongoing process • 2003-2005 • 2002-2006 • 2003-2004

THEME 2. REFORMING THE MACROECONOMIC FRAMEWORK AND PROMOTING HIGH-QUALITY ECONOMIC GROWTH

V. 2.1. Reinforcing macroeconomic stability

165. A prerequisite for any antipoverty strategy is a stable macroeconomic environment conducive to sustainable growth. The objective of reforming the macroeconomic framework calls for action in four areas: (i) an effort to consolidate budgetary policy; (ii) a prudent monetary policy that will limit inflation; (iii) a redefinition of the role of the State and of its relations with other development actors, in particular the private sector and civil society; and (iv) reducing the burden of the public debt on the economy through debt relief mechanisms, and allocating the benefits of that relief to poverty reduction.

166. During the interim phase, the objective will be to achieve an average annual growth rate of about 5 percent by 2006, i.e. to return performance as quickly as possible to what it was before the crisis, and in this way to lay a solid foundation for economic recovery; to keep inflation to 5 percent in 2006, and to 5 percent by 2004, to achieve a primary budget surplus of 4 percent of GDP by 2006, to keep the growth of the money supply within limits compatible with the inflation objective, while making available the resources necessary to revive private sector activity; to maintain foreign exchange reserves at a level higher than three months of imports of non-factor goods and services.

a. Improving government financial management

167. *Budgetary policy* is aimed at controlling and rationalizing the allocation of public funds, together with measures to increase government revenues in order to eliminate what is now a chronic budgetary deficit. The Government has set for itself the goal of achieving a primary budget surplus of 4 percent of GDP within three years, and to maintain that performance over the intermediate and long term.

168. *Expanding domestic public revenues*. Given the precarious state of government revenues, which are essentially hostage to unstable coffee prices, specific measures for enhancing revenues will involve: (i) extending taxation to the activities that are today exempt (particularly in the informal sector), in order to establish an effective tax system that produces satisfactory yields; (ii) reducing tax and customs exemptions; (iii) making tax and customs administration more efficient (by stepping up tax collection efforts, strengthening the monitoring and supervision of the major corporate taxpayers), (iv) establishing a single taxpayer identification system); (v) preparing and introducing a value added tax (VAT). Technical assistance for reforming the government finances has already been made available by the IMF in 2003 and will be reinforced.

169. *Public expenditure*. Recognizing that most items (such as operating funds for new institutions, public order and security, public servants' salaries, basic social services, public debt service) cannot be further compressed in the immediate future, efforts will focus on improving the expenditure profile, by allocating public funds to priority expenditures such

as: (i) making the public administration more dynamic and effective; (ii) reviving agriculture and other rural activities; (iii) targeting social services at vulnerable groups, in the areas of health, education, essential infrastructure, combating HIV/AIDS, and employment creation; (iv) directing donor support towards the socio-economic reintegration of war victims and returning refugees, including armed groups demobilized under the peace accord and the cease-fire agreement.

170. The Government will pursue measures already undertaken during the structural adjustment program and the crisis to stabilize operating expenses: (i) reducing direct and indirect subsidies to State-controlled enterprises (SPP); (ii) controlling the government payroll by freezing recruitment of the public service, except in priority social sectors (health education); (iii) capping consumption of certain goods and services, in order to limit abuse and misappropriation, especially at the upper echelons of government offices, projects and state agencies; (iv) establishing clear sectoral priorities for government activity, and giving preference to the private sector.

171. To enhance the efficiency of public spending, Public Expenditure Reviews (PERs) will be undertaken in a systematic way at the macroeconomic level and at the individual budgetary sector levels (such as agriculture, education, health, energy and mining, roads and transport). The expenditure cycle will be computerized and recurrent project charges will be identified at the sectoral level and integrated into the Program-Budgets or Public Expenditure Programs (PDP). As well, investment funding will be allocated through the Public Investment Program (PIP) in accordance with principles of rationality and efficiency, and in line with the priorities of this Interim PRSP as identified during the participatory consultations.

b. A prudent monetary policy

172. During the socio-economic crisis, when the macroeconomic environment was characterized by sluggish economic activity and rising public deficits, the indirect monetary policy instruments in use failed to achieve their objectives. The effectiveness of monetary policy remains contingent upon a perceptible revival of economic activity.

173. The primary objective of monetary policy will be to ensure price stability, so that real interest rates will once again be positive. To this end, the Government will have to restore sound budgetary practices. The Central Bank and the Government will work out quantitative targets for lending to Government and the public sector. In terms of lending to the economy, the central bank will rely on indirect monetary instruments.

174. The effectiveness of money and credit policy will be further enhanced through creation of a money market, so that the BRB will become truly a lender of last resort. The interbank market will constitute an important segment of the money market, and will be formalized so that banks and financial institutions can exchange their cash surpluses from time to time. Finally, to improve the conduct of monetary policy, the BRB will adopt new

techniques for monetary programming, with the technical assistance of the IMF and other central banks.

175. Given the importance of a solid and healthy financial sector, the BRB will pursue its efforts to improve the number and quality of its inspectors for supervising banks and financial institutions. The central bank will seek needed technical assistance and training from its partners in this regard.

c. External sector policy

176. *Transactions with the outside world* have suffered from the collapse of export receipts, the freeze on public development assistance, and the economic blockade. Foreign exchange holdings have been dangerously depleted, and the Central Bank has taken restrictive measures for the allocation of available foreign exchange, by targeting strictly priority needs. From November 1997 to June 2000, provisional exchange control measures were in place for current transactions involving payments and transfers.

Since July 2000, however, the Central Bank has been conducting weekly auctions of foreign exchange which have been continuously improved in the context of the financial and economic program agreed with the IMF and the World Bank since 2002. This move has considerably improved the exchange rate management system, by unifying it and closing the gap between the parallel market rate and the official rate resulting from the auctions. This gap has shrunk from nearly 100 percent before introduction of the auction market to less than 20 percent under the new system.

177. The economic management strategies planned for the sector are based on the assumption that exports and international economic cooperation will be restored. They are aimed at strengthening the external financial position of the economy and reducing its vulnerability to external shocks. They involve, in particular, gradual removal of the foreign trade restrictions that were reintroduced in light of the crisis and the embargo and further action to reform exchange rate policy and to liberalize the trade and payments system, as well as to promote exports.

178. *Exports.* Reforms and policies are designed to create an environment for further promotion and diversification of exports. They relate in particular to tax incentives, the streamlining of administrative procedures, and the introduction of appropriate support infrastructure.

179. The Government will pursue its flexible exchange rate policy in order to maintain a balance between foreign exchange supply and demand. *The policy of liberalizing the external trade and payments system* will be pursued, in order to reinforce the range of incentives for the promotion of non-traditional exports. The competitiveness of Burundi's exports will also be enhanced through prudent demand management policies, designed to keep the inflation rate below that of the country's trading partners and to stabilize the real effective exchange rate.

180. *To integrate Burundi more thoroughly into the world economy*, the Government will participate actively in regional integration initiatives, in addition to liberalizing the trade and payments system. Needed reforms will be undertaken in the customs area, in business legislation and regulation, and in the investment making. The Technical Working Group of the Regional Integration Facilitation Forum for Africa (TWG/RIFF) will consider ways to facilitate the integration of Burundian economic operators into the regional and world markets and to encourage foreign direct investment and joint ventures by taking full advantage of the opportunities offered by the subregional market, in particular through the ZEP and COMESA.

d. Resolving the external debt burden

181. *External payment arrears* (US\$148.5 million in 2002) and debt service payments (more than 157 percent of exports in 2002) have reached alarming proportions (see section IV.2.1, above). The Government will work with donors to negotiate appropriate mechanisms for relieving the debt burden and restoring confidence among its creditors.

182. Specifically, the Government intends to take action on two fronts: (i) a more responsible strategy for managing indebtedness and government finances; and (ii) discussions with bilateral partners to find suitable solutions to the debt burden problem.

183. Burundi is appealing to all its bilateral creditors *to forgive or cancel its debts owed to them* (amounting to approximately 14 percent of total indebtedness). For its part, the Government will reciprocate this good faith by establishing a program for the allocation and use of the savings generated by debt relief, particularly with respect to its debt and public finance strategy, as well as the social sectors, pursuant to this interim PRSP.

184. *With this indebtedness and public finance strategy*, the Government will attempt as quickly as possible to reduce the deficits from the government's financial operations in general, and those relating to current expenditures, in particular.

External borrowing will be limited to highly concessional loans for financing projects included in the Public Investment Program (PIP) and the public deficit. Only projects that meet the general and sectoral priorities of the country, in light of this I-PRSP, will be included in the PIP.

185. *The Government is offering a program for the allocation and use* savings from debt relief to combat poverty and specifically to undertake the priority actions contained in this interim PRSP. More specifically, those savings will be used to augment the resources currently earmarked for the social and economic reintegration of victims of the conflict (currently estimated at 15 percent of the population); the social sectors, in particular health care and education, housing, water and sanitation, agriculture, basic infrastructure and economic reconstruction; dealing with the problem of street children (estimated at more than 20,000) and combating HIV/AIDS/STDs.

V.2.2. Promoting steady, high-quality economic growth to reduce poverty: *pillar of Burundian economic growth*

186. Potential sources of growth for Burundi exist in almost in all sectors of the economy, but require a variety of measures for being tapped efficiently: adequate technologies (agricultural processing and preservation among other things), human capital, efficient financial systems, and equipment and basic infrastructure. It will be necessary to bring about appropriate reforms aimed at transforming the rural economy, promoting the private sector, restructuring public enterprises, and redefining the role played by the government in economy.

187. In the short to medium term, the agricultural sector and other rural activities will remain the main sources of economic growth. The major challenge, at this level, will be to increase yields in agriculture in order to expand the production of locally marketable goods and for exports and thereby to raise the income of the rural population: coffee, tea, cotton which are already of high quality but produced in insufficient quantities; non-traditional products including fruits, vegetables and flowers which are also known to be of excellent quality but whose production is marginal; crafts, fishing and fish farming.

Further short term income generating activities also exist in such sectors as mines, services and tourism.

188. **In the intermediate/long term**, it will be beneficial to modernise production systems of the rural area mentioned above and strengthen research works intended to increase the output and productivity of factors.

An additional sector which contributes to growth is the mining sector whose significant potential is already known: lateritic nickel mines in the east of the country (Musongati) with an estimated deposit of 300 million of tons, vanadium in the centre of the country (Gitega) with an estimated deposit of 9.7 million of tons to a content of 0.63 percent ; and others such as gold in the north of the country (Mabayi and Muyinga), colombo-tentalite in the north(Kabarore and Murehe), kaolin, limestone used in components of soil fertilisers and production of cement in Moso south-east area and Rugombo north-west area.

Other mineral resources are made of precious stones used in ceramic along with cassiterite, wolfrinite, rare earths and peat.

V.2.2.1. Promoting rural development and protecting the environment

189. The rural economy contributes nearly 50 percent of GDP and supports more than 90 percent of the population. This sector will therefore retain an important place in national programs to revive the economy and reduce poverty in Burundi. Strategies for reviving the rural productive structure will target the recovery of farming and livestock, the promotion of cottage industries and microcredit, further decentralization of development, and protection of

the environment. Landowning legislation will be updated, particularly as it relates to the management of State lands and those belonging to war victims.

a. Rural development

1. Reviving the agricultural sector and livestock activities

190. The crisis had a severe impact on farming and livestock activities. A plan for the recovery of this sector has been prepared, with the objective of restoring and surpassing the output levels that prevailed before the crisis. Output in the primary sector is very low, because of food insecurity, malnutrition, the lack of good quality seed, high prices for fertilizers, underdevelopment in the agri-food processing and preservation sector, rural exodus, and dependence on food aid. Annual growth in value added for this sector is expected to average 6.0 percent until 2006.

191. *Action in the short term will focus on:* (i) reviving seed nurseries; (ii) extension work and training among rural people to foster modern farming methods; (iii) revitalizing the livestock sector by reconstituting the herds that were decimated during the crisis; (iv) restoring soil fertility through the addition of lime and a strategy for integrating livestock, farming and agroforestry activities; (v) reviving and diversifying the production of cash crops (coffee, tea, cotton, rice and non traditional crops (fruits, vegetables, flowers etc); (vi) strengthening support services for producers through the dissemination of innovations and information from applied research.

192. *Over the medium term, rural development policies will focus on:* (i) supporting non-government initiatives by the private sector and NGOs, particularly in the areas of extension services, supply and marketing, in a manner consistent with existing mechanisms; (ii) supporting agricultural initiatives by the CDCs and cooperatives to give them a more businesslike approach and to bring about gradual change in traditional farming methods.

193. These strategies for reviving agriculture are expected to diversify output and improve yields. The end result should be to re-establish food self-sufficiency, to produce a marketable surplus, and to increase the monetization of the rural economy. The surplus will be available for investment in other income-generating activities, and will help to expand nonagricultural employment opportunities in the countryside.

194. Additional funds will have to be budgeted for the sector, and this will call for improving the budget-programming process as well as assessing performance by comparing budgetary allocations and results obtained in terms of socio-economic change (cost-effectiveness ratio).

2. Improving access to the factors of production in the rural economy

195. *Conserving soil quality.* The land constitutes the very basis of food production. This factor, however, is now being degraded as the result of demographic pressure. That pressure is also leading to the fragmentation of rural properties. The Government will give priority

over the short term to programs for resettling war victims and returning refugees. It may also draw upon State-owned lands to increase the area available for farming. Wetlands represent an appreciable potential for various crops, and certain dry areas such as Imbo, the Bugesera and the Moso are suitable for irrigation.

196. ***Farming inputs.*** Increasing agricultural output will require the use of inputs such as fertilizers, varietal seeds, phytosanitary products and high-performing animal breeds. In order to make these inputs available and affordable to rural people, special efforts are required to make use of local natural inputs, such as phosphates and dolomitic limestone that will enhance soil fertility and counter soil acidity; to improve marketing facilities for inputs such as fertilizers; to encourage private investment in the rural economy; to revive agricultural research for upgrading these inputs; and to monetize the rural economy so as to increase purchasing power.

197. ***Providing quality inputs.*** The upgrading of inputs is the responsibility of research institutions, in particular the ISABU (Institute of Agronomic Sciences of Burundi), the FACAGRO (Faculty of Agricultural Sciences), the IRAZ (Institute of Agronomic and Animal Research of the CEPGL) and the new private universities. All of these institutions are in need of human, material and financial resources if they are to play the role expected of them. Efforts will have to focus on creating high-yield seed varieties for the main subsistence crops, namely corn, beans, roots and tubers, bananas and crops that lend themselves well to processing, such as peanuts and soy. Given the urgent situation with respect to food security, it is important to provide these research institutions with the resources they need to investigate crops in similar agro-ecological regions and test them for local adaptation and use.

198. Given the quality of human resources that such research requires, there will have to be better cooperation and partnership among research institutions. Rather than attempt an independent research program for each crop, the Government will establish a national plant and biotechnology program to develop improved varieties, with priority to the crops mentioned above.

199. ***A seed production system that involves grassroots communities more effectively.*** The seed production strategy must involve farmers' associations and cooperatives in the production of marketable seeds. It will rely initially on extension workers already in place, in the expectation that the associations will gradually acquire the capacity to produce high-quality seeds, through on-the-job training. This approach will reduce seed production costs and make the seeds more affordable to rural families.

200. ***Crop protection measures.*** A significant portion of output is regularly lost to the ravages of diseases and pests. In the short-term, phytosanitary products will have to be developed and distributed to protect against the principal diseases.

3. Raising rural incomes

201. In the short term, increasing the monetary incomes of rural families will have to rely on cash crops such as coffee, tea, cotton, rice and potatoes. A well designed and integrated reform for each sector will be implemented in 2004.

Coffee. Progressive disinvestment by coffee growers, reflecting low coffee prices, has led to a continuous decline in yields. Yields could be significantly increased by offering an attractive producer price, while reducing the number of intermediaries involved. The coffee industry will also have to develop a system of producer credit, in order to avoid "standing" sales. Over the medium-term, the coffee growers' associations will have to be integrated into the industry, primarily through the Coffee Pulping Stations (SOGESTALs).

Tea and cotton. Research is needed to find high-yielding clones that are resistant to the principal diseases. For the moment, there is no research focused on cotton. In order to improve the quality of these two products, producers and harvesters will have to receive a remunerative price, as in the case of coffee.

4. Use of wetlands

202. The approach to wetlands exploitation focuses on the possibility of extending crops into the wetlands, which constitute an important resource for Burundi. To do so, however, will require collective exploitation and specific legislation governing lands of this kind. Optimal exploitation of wetlands requires a "collective" approach in selecting crops, establishing the agricultural calendar, and managing water. In particular, this is essential for irrigated crops such as rice. A collective approach is also indispensable for facilities operation and maintenance.

203. Rice growing and market gardening are the most promising uses for the wetlands. Upland farmers in Burundi, however, have no experience with irrigated rice growing, nor any appreciation of the community constraints implied. The wetlands master plan (2001), as well as water legislation (1992) will be updated to take these factors into account.

5. Diversifying agricultural exports

204. Diversifying agricultural exports will involve developing non-traditional products of high commercial value that can be easily exported, such as garden produce and fruits. In the short term, this will require a program for producing and distributing vegetable seeds and fruit and flower seedlings, training extension workers, and organizing and coaching horticulture associations.

205. The ISABU has a horticulture program that is experimenting with new varieties of vegetables and fruits. Nurseries will also have to give priority to producing market gardening and fruit seeds.

6. Livestock production

206. Improving animal and fish production will help to cover the lipid and protein deficiency in the Burundian diet, thereby reducing malnutrition and related diseases. Priority will be given to reconstituting livestock herds and to the genetic improvement of animal breeds.

207. *An integrated herd reconstitution program* will be established, and will include highly prolific, short-cycle small livestock that will yield a quick improvement in rural family incomes. This kind of livestock is also more suitable to agro-sylvo-pastoral integration. Improving rural incomes will also require the *promotion of cottage industries and handicrafts* that will create non-farm employment and will also help to reduce imports. This subsector is currently very underdeveloped, from all points of view, and will require efforts involving training, extension work and financing. As a first step, handicrafts associations will be organized and established through the provision of credits; productive units that were destroyed during the crisis will be rehabilitated; and a handicrafts support fund will be established.

208. *Heavy livestock.* The quality of the cattle herd will be improved by crossbreeding with highly productive stock. This will be done primarily through semen imports followed by an artificial insemination program, which is likely to produce better results than importing animals that are not adapted to local climatic conditions. Veterinarians from the extension services will train communities to install and manage insemination centers.

209. Herd management techniques will be improved, particularly through permanent stabling for heavy livestock, swine and poultry, so as to make better use of harvest residues and enhance animal productivity in terms of livestock products and organic fertilizer.

210. Efforts to intensify livestock productivity will not be successful without proper feeding conditions, in terms of forage and concentrates. Forage crops will therefore be encouraged. In particular, attention will be given to herbaceous and woody legumes, which will not only provide high-quality forage but will enhance soil fertility as well. In the short term, seeds will have to be imported for species that have already been tested by ISABU. The emerging seed industry will also have to produce forage seeds that can be multiplied, in due course, by farmers' associations and cooperatives. These associations will also have to see to the growing of legumes and cereals for producing concentrates.

211. In order to take full advantage of intensive livestock grazing, a sustained effort will be required to prevent and treat the most frequent and serious diseases. In the short run, purchase of the required inputs will have to depend on government agencies and donors. Responsibility can then be transferred gradually to communities and private operators, as associations and producers receive the required training.

7. Fisheries and fish farming

212. Fishing has been a neglected activity, although the proximity of Lake Tanganyika offers great potential. Lakeshore dwellers have already taken initiatives that can serve as the basis for developing production. Initial efforts will involve training fishermen, modernizing fishing equipment, and facilitating access to credit. Over the longer term, activities will focus on techniques for processing and preserving fish so as to reduce losses during transport and at times of overproduction.

213. For inland regions, fish farming needs to be revised by rehabilitating abandoned fish ponds and creating new facilities. The Development of Aquaculture and Subsistence Fishing Project (DAPA) will be taken as a guide for creating microenterprises in the fish farming business.

8. Marketing organization and preservation and processing techniques

214. The lack of markets for disposing of harvest surpluses in good years is an obstacle to intensify output. Rural areas need to be made more accessible by improving road infrastructure. Existing marketing centers need to be rehabilitated, and new ones built. Since the major markets are located in the cities, reducing transport costs could encourage the delivery and sale of these products in urban areas.

215. Developing food processing and preservation techniques and facilities would encourage the intensification of output and add value to food products. Small processing units will need to be established for foodstuffs, livestock and fisheries products. The National Council for Agricultural Technology (CNTA) and ISABU should be given the means to develop appropriate technologies.

9. Encouraging microcredit and microenterprises, including crafts

216. The level of monetization of the Burundian economy is still very low, particularly in rural areas where much of the potential demand is concentrated. If the strategy for transforming the rural economy is to succeed, ways will have to be found to make this potential demand effective.

217. Along with the strategy for reviving farming and livestock activities, examined above, an ambitious policy is required to diversify the modes of production in the rural economy. This will require support for microcredit systems and encouragement for small individual and collective units of production in the form of microenterprises.

218. Strengthening rural credit would also improve access to agricultural inputs. It must be recognized, however, that the financing instruments available in the rural economy are still very weak. The mobilization of rural savings is also very weak. There are very few rural credit institutions, they are too centralized and they are unevenly distributed within the country. They also lack proper means to manage credit risk. What is needed, then, is to

develop credit mechanisms that operate through associations, so as to make up for the lack of collateral on the part of individual borrowers.

218. ***A workable rural credit system must be established***, one that can reduce transaction costs through collective lending to cooperatives and farmers' organizations. Encouragement should be given to decentralizing private credit institutions and establishing savings and loan cooperatives with a predominantly rural membership. Donors could help by providing technical, financial and institutional assistance. A program is needed for coaching communities in preparing and monitoring micro-undertakings.

220. ***The promotion of crafts*** will be based in part on existing initiatives for reviving traditional crafts such as pottery, metalworking and basket weaving. Other strategies will include encouraging potential micro-entrepreneurs to venture into unexploited areas such as food processing, hides and leather, carpentry or masonry.

221. A coordinated handicrafts development policy will be formulated and implemented. It will include the identification of promising niches in each region, the establishment of common work spaces for craftsmen and other producers, exploration of ways to provide them with technical assistance and appropriate financing and credit, a mutual surety system, management training and marketing assistance.

b. Rationalizing natural resource management and environmental protection

222. An indispensable condition for achieving sustainable economic development is to rationalize natural resource management and environmental protection. In a country like Burundi, where demographic growth is high, policies originally designed to support economic activity or increase output can deplete natural resources and disrupt ecological conditions, and ultimately undermine efforts to preserve the balance of ecosystems.

223. A number of damaging practices have been identified: repeated clearing of land, cultivation of marginal lands, clearing of forests for various uses, haphazard use of lands. These practices have been compounded by new phenomena related to the social and political crisis, such as arson, and the spread of refugee camps throughout the country.

224. In order to strengthen the necessary link between environmental protection and development, the Government will introduce a strategy based on the following components: (i) an ongoing program of environmental awareness and education; (ii) a strategy for preserving biodiversity, through protection and restoration of vegetation cover, the creation of natural forest reserves and the expansion of artificial reforestation; (iii) an action program to combat land degradation and desertification; (iv) a strategy for implementing the United Nations Framework Convention on Climate Change, protection and conservation of water and aquatic resources, and maintenance of a healthy environment, as well as the prevention of natural disasters, through an integrated program that includes an assessment of resources, the preparation of regional maps and operational plans, databases; (v) preparation and implementation of a master plan for water, covering both rural and urban areas.

225. In fact, Burundi has a great many advantages from the climatic viewpoint, of which it does not yet take full advantage. This is particularly the case with its abundant water resources, which could be used to offset climatic fluctuations and seasonal droughts. Consequently, a program for water collection and management should be adopted.

226. Appropriate institutional mechanisms and incentives will be introduced to encourage involvement by the private sector and other non-governmental agencies in the management and exploitation of the forestry sector. Natural sites will be identified for protection and legislation will be adopted to delimit protected areas in order to safeguard their integrity and ensure their long-term survival.

V.2.2.2. Reviving the private sector and disengaging the State from the productive system

227. It will not be possible to expand production, transform agriculture and marketing, and promote microcredit and microenterprises, unless the private sector can play its full role in driving the economy. The private sector must be given greater importance, leaving to the State the role of regulating the entire system. The major thrusts have to do with reviving the private sector while disengaging the State from the productive system; industrializing the country; promoting tourism and the services sector, and regional integration. A study on the sources of growth will be conducted, with support from the World Bank, during preparation of the full PRSP, in order to provide guidance for productive investment.

a. Reviving the private sector

228. Reforms designed to strengthen the private sector were undertaken in the latter phases of the Structural Adjustment Program (1986-1992) and they produced positive results, including the establishment of a liberal legal framework for the economy. In this context, there was significant progress in: (i) deregulating prices; (ii) introducing export incentives; (iii) liberalizing foreign trade; (iv) making the exchange control system more flexible; (v) simplifying procedures for creating enterprises; and (vi) creating an institutional and regulatory framework more conducive to business development.

229. Actual progress in terms of promoting the private sector, however, has been relatively modest. The results of implementation of these reforms fell short of expectations, both in terms of increasing the pace of enterprise creation and in terms of growth in private investment.

230. The Government is convinced that swift and sustainable economic growth can only be achieved by a dynamic and diversified private sector with a clear export orientation. For this reason, the Government's medium and long-term development strategy will rely on the private sector as the engine of growth. The policy therefore focuses on four specific areas: (i) short-term emergency actions, (ii) further reforms to the legal and regulatory framework;

(iii) reinforcing incentives to the growth of private investment; (iv) disengaging the State from the productive sector and privatizing public enterprises.

231. ***The emergency actions*** will include: (i) clearing up the Government's domestic arrears; (ii) introducing appropriate support mechanisms for economic operators who were disadvantaged by reconstruction efforts; (iii) rehabilitating business centers, productive infrastructure and marketing channels that were disrupted during the crisis, and creating a private sector recovery fund.

232. ***Further reforms to the legal and regulatory framework will include:*** (i) application of laws and regulations already adopted: the notaries law, the corporations code, the commercial code, the labor code, and others.; (ii) completing and adopting reforms already prepared at the technical level (the legal framework for guarantees and third party holdings and the bankruptcy and reorganization law, in particular); (iii) modernizing the commercial court to improve its functioning and to reduce the time taken to settle commercial disputes and execute judgments; (iv) restructuring public institutions that provide support to the private sector and helping private advisory organizations to become more effective; (v) improving the services available to economic operators and reducing red tape by moving toward a "one-stop system."

233. ***Incentives for the growth of private investment*** will be targeted in particular at creating an economic environment favorable to non-traditional exports and to foreign direct investment and joint ventures. In an effort to overcome the reluctance of foreign investors in the face of the political risk inherent in domestic and subregional instability, the Government has already taken steps to reduce this risk: it is participating in the African Trade Insurance Agency's (ATIA) regional scheme against political risks; it has concluded and applied a peace accord among the different political forces (see above, II.1.2.); and it is eradicating persistent pockets of insecurity. The Government will launch an awareness campaign among potential investors, highlighting the progress that has been made in implementing all these steps to reduce political risk.

Wide-ranging structural reforms will be initiated to complement those already undertaken. These will deal with: (i) tax incentives; (ii) support for the services sector; (iii) revival of the free zone regime; (iv) reform and dissemination of the investment code; (v) efforts to make the transport and communications system more efficient; (vi) promotion of the mining sector; and (vii) revival of the agroindustry sector.

234. ***Tax incentives.*** A reform of the taxation code (covering both taxes and customs duties) will be undertaken to make it more equitable to taxpayers, to eliminate existing distortions, and to harmonize it with other existing legislation, in particular the investment code.

235. The pertinent legislation will be further improved in order to encourage activity in the free zone. The objective will still be to increase investment and the number of firms

operating under *the free zone regime*, and to encourage employment and the transfer of technology in favor of Burundi.

236. *The privatization of public enterprises* will be stepped up in order to stimulate the national production system and reduce the burden it places on the Government's finances.

b. Stimulating private investment and industrialization

237. Industrializing the country through the private sector is clearly the best strategy for reviving growth and reducing poverty over the long term. The Government will therefore encourage local industry by attracting private investors. The priority fields for private activity are: agroindustry, the manufacture of basic products such as fertilizers, pesticides, pharmaceutical goods and traditional cash crops (coffee, cotton, tea) as well as non-traditional crops such as fruits and vegetables, and flowers.

238. Particular attention will be paid to encouraging *exports of non-traditional products* (for example, fruits, vegetables, and ready-made clothing) where Burundi has comparative advantages. At the same time, steps will be taken to improve the efficiency of transit, warehousing and air transport services, so as to reduce the cost of air freight for exporters and improve the handling of perishable goods awaiting shipment.

239. Support measures will be pursued to improve performance in this area. These will include extending customs preferences to all investment-related equipment and spare parts, and developing infrastructure of interest to investors, such as industrial zones, industrial buildings and warehousing facilities. Tax advantages will be offered as an incentive to industry, drawing upon sub-regional experience.

Promoting the mining sector

240. *Mining represents another promising sector*. The Government plans to launch a national mining promotion program targeted at funding agencies, and will improve the legal and regulatory framework for this sector in order to attract private local and foreign investors (who have the required capital and skills, in particular for mineral deposits that demand complex technologies, appropriate infrastructure and significant investment).

Although it is not richly endowed, Burundi is known to have a number of subsoil minerals. Proven deposits include nickel, gold, cassiterite, vanadium, phosphates, carbonatites, platinum, peat and some industrial minerals. Their exploitation is still at an early stage, but if pursued it could contribute significantly to increasing production and foreign currency in the country.

241. **The short-term** mining exploitable potential is concerned with:

- production of limestone used as component of soil fertilisers and in the production of cement;

- exploitation of gold;
- exploitation of colombo-tentalite mineral;
- production of natural stones and installation of a ceramics plant.

242. **In the medium to long term**, nickel, colombo tentalite and vanadium deposits could be exploited:

- lateritic nickel: an estimate of 300 million tons, planned annual production of 45 million tons as extended to 20 years for a total of US\$1.6 billion ;
- colombo tentalite: planned annual production of 24 million tons as extended to 25 years for a total of US\$57 million;
- vanadium: an estimate of 9.7 million tons at a content of 0.63 percent.

Infrastructure and production support services: roads, energy, new information and communication technologies

243. *Energy, roads and business centers* are essential in support of production. They will be rehabilitated and expanded to serve all of the country's secondary urban centers. ***Greater access to the new information and communication technologies*** will be sought as a means of reducing production costs and supporting the increase and diversification of production.

c. Promoting tourism and the services sector

244. *The services sector is a very strategic area* for enhancing the country's production.

The transportation, posts, and telecommunications sector will be further strengthened in order to: (i) reduce the risk of supply disruptions by diversifying communication channels; (ii) provide domestic and international operators with facilities and services that meet international standards recognized by the International Civil Aviation Organization (ICAO); (iii) reduce the impact of transportation costs on the price of imported and exported goods; (iv) make rural telephone service universal; (v) develop new postal services such as e-mail and improve the management of telecommunications by making the Telecommunications Regulatory and Supervisory Agency (ARCT) operational.

Given its geographic position, Burundi could derive developmental benefits from serving as a regional crossroads. This will require the construction of efficient infrastructure in the transportation area: building a free port on Lake Tanganyika and constructing rail links to Southern, Central and East Africa could be considered as part of a sub-regional investment plan.

245. *Burundi has a number of assets from the tourism viewpoint*. Assuming *consolidation of peace and security*, there is a number of sites that could become popular tourist destinations, because of their historic interest or the beauty of the landscape. Taking

advantage of this potential will require the construction of hotels and access roads and the development of tourism know-how.

d. Privatization and disengagement of the State of the production system

246. In time, withdrawal of the State from the productive sector is one of the fundamental options for economic management in Burundi. The main objectives of such a move relate to: restructuring the productive base; fostering competition and greater efficiency in all productive sectors; and reducing the burden of public enterprises on the Government's finances.

247. To achieve these objectives, *the Government will pursue a policy of liberalization*, including the privatization of production, processing and marketing activities. Burundi's experience to date in terms of disengaging the State has not been particularly successful, especially when it comes to privatizing State-controlled businesses. The major constraints to the process relate to: (i) widespread hostility on the part of management and labor; (ii) hesitation and a wait-and-see attitude on the part of policymakers; (iii) inadequate capacities for appraising and transferring assets; (iv) insufficient level of private domestic savings; (v) the social and political crisis that began in 1993 and the economic blockade of 1996-1999, which stymied all partners involved and brought the existing efforts virtually to a halt.

248. Given this experience, *the process and the pace of privatization of the government assets* will have to be guided by the principles of transparency and equity. The reform of public enterprises in general, and privatization of State-held companies in particular, will therefore be approached with an eye to surmounting the obstacles encountered in the past. The process will be conducted in close association with management and labor, to enlist their support, and will involve an Information, Education and Communication (IEC) strategy, as well as mechanisms for compensation and professional reclassification of employees in the case of restructuring and liquidations. Financial partners will be asked to contribute to the preparation and implementation of such a strategy.

Summary of priority activities 2002-2006 for strategic theme 2:
Reforming the macroeconomic framework and promoting high-quality economic growth

Objectives	Priority actions	Indicative schedule
a.Strengthening macroeconomic stability	<ul style="list-style-type: none"> • Strengthening the government's finances through a policy of rationalizing public spending allocations and increasing government revenues. • A rigorous and efficient monetary policy appealing to indirect instruments. • Strengthening the central bank's capacities for banking supervision and control. • Adopting a realistic exchange rate policy and liberalizing the trade and payments system. 	<ul style="list-style-type: none"> • Ongoing process • Since 2003 • Ongoing process • Since 2003
b.Developing the rural economy by reviving farming and livestock activities	<ul style="list-style-type: none"> • An active rural development policy that will provide access to factors of production. • Encouragement and support for modern farming methods. • Enhancing productivity and promoting active research. • Promoting irrigated farming through the exploitation of wetlands. • Organizing marketing channels and food preservation and processing techniques. • Reconstituting cattle and sheep stocks that were decimated during the crisis, by disseminating artificial insemination techniques. • Encouraging rural microcredit and microenterprises. • Fostering the development of fisheries and fish farming. 	<ul style="list-style-type: none"> • Since 2003 • Ongoing process • 2003-2006 • 2003-2006 • 2004-2006 • 2002-2006 • 2002-2006 • 2002-2006
c.Rationalizing the management of natural resources and protecting the environment	<ul style="list-style-type: none"> • A continuous awareness and education campaign for environmental protection (IEC strategy). • Preparing environmental protection legislation. 	<ul style="list-style-type: none"> • 2002-2006 • 2003-2004
d.Reviving the private sector and gradually disengaging the State from the productive system	<ul style="list-style-type: none"> • Support for economic operators who were disadvantaged through reconstruction efforts. • Rehabilitating business centers, productive infrastructure and communications that were damaged during the crisis. • Preparing legislation and reforms for modernizing business law. • Reinforcing incentives for private investment. 	<ul style="list-style-type: none"> • 2003-2006 • 2003-2004 • 2003-2005 • 2004-2006

THEME 3. DEVELOPING HUMAN CAPITAL

249. The Government's objective in the social field is to restore and exceed pre-crisis performance levels by the year 2005. Ambitious efforts will be undertaken, especially in the fields of health, water and sanitation, education, advancing the role of women in development, promoting employment, enhancing the national culture, and providing educational opportunities for youth.

A two-pronged approach is required to improve access to basic services: offering high-quality services and bringing them as close as possible to the beneficiaries; and making those services affordable, in light of financial realities and the purchasing power of beneficiaries. The efforts of the Government and its partners will respond to these two needs. It is recognized that social safety nets will have to be put in place for the most vulnerable and disadvantaged groups.

In this context, the Government commits its on one hand to progressively increase **expenditures linked to the reduction of poverty** namely increase in *social expenditures* (education, health, reinsertion conflict affected victims and other social sectors) and on the other hand, increase expenditures in the *rural development sector* (agriculture and communal development).

V.3.1. Education

250. The participatory consultations and the empirical studies conducted have shown that the education system currently suffers from: (i) a shortage of teaching personnel and heavy pressure on infrastructure; (ii) inappropriate teaching programs; (iii) geographic, regional and social disparities; (iv) inadequate attention to technical and vocational training; (v) poor organization and weak institutional capacities for monitoring the sector, in particular private education.

251. Aware of the pressing need to consolidate the sector, the Government will seek to create conditions for a rapid restoration of pre-crisis enrollment levels, and will undertake in-depth reforms with a view to sustainable development in the sector.

252. *In the short term*, efforts will be focused primarily on: rehabilitating facilities damaged during the crisis, and building new facilities; redeploying personnel to areas where there are shortages; ensuring the availability of minimum supplies and teaching materials; organizing teacher training courses and examining in-depth reforms to the system.

253. In addition to these emergency actions, strategies will be launched to revive development of the sector: (i) training of trainers at all levels in sufficient quantity and quality; (ii) providing suitable teaching materials for both public and private institutions; (iii) updating technical education and university programs; (iv) upgrading the status and career prospects of teachers; (v) better school planning and improved distribution of schools (the "school map"); (vi) maximizing the schools' role in restoring confidence among different

segments of the population and promoting national reconciliation; (vii) developing a national policy for vocational training targeted at young people who have no schooling.

254. Given the quantitative and qualitative shortcomings of the teaching body, the Government, together with cooperation agencies, ***must make efforts to improve teacher training***. The teaching career must be recognized and given greater status in order to retain teachers in their profession and reap a return from the investment in their training.

255. ***Private educational initiatives*** will be encouraged, by making available infrastructure, teaching materials and teacher training, with the support of international cooperation.

256. ***Specific objectives by level of education***. At the **primary level**, the specific objective will be universal enrollment. To achieve this, primary schooling will gradually have to be made compulsory for all, and it will have to be free for indigent families. This will require a significant financial effort in the area of basic education.

At the secondary level, the establishment of community colleges will be encouraged. Substantial support from Government and from donors will be required, however, to provide them with adequate teaching materials, qualified teaching staff, and the minimal facilities needed to ensure an acceptable quality of education. These colleges will have to move gradually to a full cycle, in order to eliminate bottlenecks in the transition from the core curriculum to the advanced cycle.

At the higher education level, it is important to ensure that large numbers of secondary school graduates can go onto higher education of acceptable quality. It goes without saying that: (i) qualified teachers will have to be sufficiently motivated to devote themselves to instruction and research; (ii) teaching courses will have to be diversified in order to ensure a balance between training and the needs of the market; (iii) private schools will have to be encouraged to provide quality education; (iv) schools will be encouraged to offer the third cycle wherever possible.

257. During this phase of the reform, the studies that were conducted for defining sustainable development and financing strategies for the sector as a whole will be updated and supplemented, in order to produce a National Education and Training Plan that will define and coordinate the roles of the different players (local communities, parents, NGOs, the private sector and donors).

V.3.2. Health

a. Improving the availability and quality of health services

258. Reforms in the health sector will be targeted at improving the state of health of the population, so that every citizen can lead a socially and economically productive life.

259. The major challenges at this time still relate to the AIDS pandemic, the resurgence of endemoepidemic diseases (bacillary dysentery, measles, malaria, cholera, typhus and meningitis) that thrive in a setting of widespread malnutrition and food insecurity, the low level of health care coverage indicators, inadequate human resources, made worse by the inadequate distribution of medical personnel and a dysfunctional health system (with organizational problems and inadequate financing and equipment).

The strategy for reforming and reviving the health sector therefore calls for locating health facilities (such as hospitals, health centers, pharmacies) close to the beneficiaries, developing human resources through basic training and on-the-job skills upgrading, improving working conditions for health personnel, and improving the availability of pharmaceutical products.

260. ***The short-term objective must be to restore pre-crisis performance levels.*** Efforts will therefore focus on: (i) improving health care coverage by rehabilitating and strengthening existing basic health services, establishing new facilities as consistent as possible with the standards of the health map, and reequipping health centers; (ii) strengthening preventive and curative medicine by reinforcing programs for the prevention and control of the major endemoepidemic diseases, vaccination, reproductive health, and health education; (iii) improving the availability of medical services and drugs by enhancing local production capacities and improving distribution channels; and (iv) redeploying available human resources to areas where there are shortages, while continuing to train medical personnel on an ongoing basis.

261. ***Over the medium term, the Government will pursue sectoral development reforms,*** including: (i) defining a new drugs policy and new financing strategies for the health sector that will involve the beneficiaries, especially through mutual and health insurance schemes that will be appropriate to the non-structured sector and affordable for poor rural families; (ii) making health establishments more independent; and (iii) ensuring health care for the most vulnerable groups.

262. As in other fields, private initiative will also have to be encouraged. The Government, however, will need to maintain control over the cost of health services provided in private establishments by expanding the scope of mutual insurance schemes.

b. Drinking water, hygiene and sanitation

263. ***The lack of safe drinking water together with poor hygiene and sanitation practices*** are at the root of a number of serious diseases. Special attention will therefore be paid to improving access to drinking water and sanitation, through: (i) rehabilitating and upgrading water sources and supply systems; (ii) strengthening water production units; (iii) strengthening existing sanitation programs and expanding them to the national level; (iv) public education and awareness campaigns about proper hygiene and sanitation practices.

c. Nutrition

264. ***Health problems linked to poor nutrition must also be addressed.*** Nutritional education programs are needed throughout the country. The program to combat communicable and nutrition-related diseases (LMTC) must be strengthened in order to address vitamin, iodine and iron deficiencies among certain population groups, and for the treatment of severe cases of malnutrition.

V.3.3. Improving basic social services

265. Enhancing the quality and effectiveness of social services will mean making available satisfactory levels of material and human support. The Government is committed to: (i) allocating more funding to social services in order to provide them with adequate means and infrastructure, drinking water and electricity, suitable materials and equipment, and sufficient numbers of trained personnel; (ii) fostering community management of social infrastructure; (iii) sponsoring partnership with other social players, including the private sector and civil society, in order to coordinate efforts.

V.3.4. Employment and social security

266. The objective here is to come to a clearer understanding of the labor market as the basis for an appropriate national employment policy. That policy will address the factors that influence human resource development and management in order to enhance employment opportunities for a greater portion of the active population.

267. Achieving this objective will involve a number of strategies: (i) preparation of the national employment policy; (ii) making employment services more effective; (iii) encouraging private investment; (iv) identifying promising employment niches; (v) promoting self-employment and labor-intensive projects; (vi) collecting statistical data on employment, underemployment and unemployment, through studies and surveys; (vii) integrating the employment variable into macroeconomic planning; (viii) making greater use of the land as a resource and providing help to farmers and agronomists seeking to establish their own farming or livestock operations; (ix) supporting the handicrafts sector and the informal rural and urban sector; (x) instituting a program for professional reclassification and reintegration; (xi) introducing a social security system covering all sectors: Government, the structured private sector, handicrafts and agriculture.

V.3.5. Housing

268. People in all walks of life should have a decent dwelling, something that is far from being the case today in Burundi. The destruction caused by the conflict exacerbated an already serious situation. Building sites must be available to the average Burundian. Craft associations producing local construction materials should be supported. Finally, housing

credit facilities must be made available to a larger number of households in both rural and urban areas.

V.3.6. Reaffirming the national culture and providing educational opportunities and guidance for youth.

269. In terms of reaffirming fundamental cultural values, certain values in particular those of *Ubushingantahe*¹, which for centuries provided the basis for the cohesion and unity of Burundian society were severely undermined by the social and political crisis. Respect for the right to life, acceptance of differences and the spirit of tolerance, solidarity and mutual assistance were largely eclipsed during the eight years of conflict.

*Ubushingantahe*¹: this was known to be a set of traditional values embodied by some people known to be famous for their integrity, tolerance, equity, honesty and the like. They were best remembered for their contribution in the settling of domestic disputes among neighbours. They were not entitled to a salary but held a respectable position in their society.

270. Aware of the role that these values have always played in governing Burundian society, the Government will seek to reaffirm them. The values that have been the strength of our civilization, such as respect for the truth and for equity, the sense of honor and humanism, the recognition of merit, devotion to efficiency, originality and respect for one's word in other words, all the values represented by the custom-based institution of *Ubushingantahe* will be reinforced.

271. **The question of providing training for youth relates** both to the student population and to young people who have dropped out or have never attended school. For pupils and students, school and academic programs will be enriched by components for cultivating all these positive values. Those outside the school system will be given training and integrated into the labor force.

272. These efforts will require the rehabilitation and expansion of vocational training centers, and the promotion of youth associations to pursue income-generating activities.

Summary of priority actions 2002-2006 for strategic theme 3:
Making basic social services available for the development of human capital

Objectives	Priority actions	Indicative schedule
a.Improving the availability and quality of education services	<ul style="list-style-type: none"> • Rehabilitation and construction of new school facilities. • Applying the draft statute for the teaching profession in order to upgrade this sector. • Providing suitable teaching materials to public and private education establishments. • Expanding the enrollment capacity of the University of Burundi. • Encouraging private initiatives in the education field. 	<ul style="list-style-type: none"> • 2002-2006 • 2003 • Ongoing process • Since 2003 • Ongoing process
b.Improving the availability and quality of health services	<ul style="list-style-type: none"> • Rehabilitation and construction of health facilities in order to improve nationwide coverage. • Implementing an aggressive drugs supply policy. • Redeploying health personnel to areas most in need. 	<ul style="list-style-type: none"> • Since 2003 • Since 2003 • Since 2003
c.Improving the availability of drinking water and hygiene and sanitation services	<ul style="list-style-type: none"> • Rehabilitation and upgrading of water sources and supply systems. • Public education and awareness about hygiene and sanitation standards. • Promoting community management of standpipes and wells. 	<ul style="list-style-type: none"> • Since 2002 • Since 2002 • Since 2002
d.Promoting employment and social security	<ul style="list-style-type: none"> • Preparation of a national employment policy. • Encouragement of employment-generating private investments. • Promotion of labor-intensive activities. • Integrating the employment variable into macroeconomic planning. • Preparation of a social security policy covering hitherto excluded categories (such as the informal sector and farmers). 	<ul style="list-style-type: none"> • 2004-2006 • Since 2002 • Since 2002 • 2004-2006 • 2004-2006
e.Providing decent housing for all	<ul style="list-style-type: none"> • Encouraging the production of local construction materials. • Improving access to housing loans. 	<ul style="list-style-type: none"> • Since 2002 • Since 2002
f.Reaffirming the national culture and improving educational opportunities for youth	<ul style="list-style-type: none"> • Reaffirmation of the institution of <i>Ubushingantahe</i>. • Expanding vocational training centers and the teaching of trades to young people. • Promoting youth associations for the pursuit of income-generating activities. 	<ul style="list-style-type: none"> • Since 2003 • Since 2002 • Since 2002

THEME 4. REINTEGRATING CONFLICT VICTIMS AND DISADVANTAGED GROUPS INTO THE ECONOMY

V.4.1. Social rehabilitation and economic reconstruction

273. The social and political crisis that the country has faced since October 1993 has produced new categories of destitute people, including internal refugees and those who have fled abroad (totally estimated at about 15 percent), as well as street children and orphans (20,000). It has also destroyed economic and social infrastructure and facilities, in the cities and in the countryside. This destruction poses a serious obstacle to efforts to establish lasting peace and stymies any strategy for promoting the country's harmonious and integral development.

274. Protocol IV of the Arusha Peace and National Reconciliation Accord, as well as the conclusions from the participatory consultations that were held throughout the country, provide sound guidance for successful socio-economic rehabilitation and reconstruction. Attention will also be paid to the socio-economic reintegration of demobilized armed groups.

275. *Reintegrating war victims and helping them to return quickly to normal life*, as well as rebuilding the facilities have been destroyed, will be indispensable for reviving economic growth over the medium and long term, and for reducing poverty.

276. *The socio-economic rehabilitation of victims* will involve restoring them to their former properties, wherever possible, while arranging for new properties for those who cannot go home. A National Commission for the Rehabilitation of War Victims (CNRS) will be established for this purpose.

277. *Reconstruction and rehabilitation of facilities efforts will focus on:*

(i) implementing the priority action program of the Interim PRSP submitted to the Geneva donors conference in November 2002. *That emergency social program*(PSU) is consistent with the provisions of the peace accord and with the conclusions from the participatory consultations that were held during preparation of this I-PRSP; (ii) combining reconstruction activities with the socio-economic reintegration of victims; (iii) giving priority to the rehabilitation of community facilities such as urban centers, business centers, health establishments, schools, water supply systems, communication links; (iv) improving coordination and partnership among the various players, and in particular with the private sector, NGOs, donors and grassroots communities.

278. In the short term, efforts will focus on food assistance, the construction of housing, including addressing land issues, and the distribution of essential agricultural inputs, as well as establishment of a minimum social fund.

V.4.2. Assistance for disadvantaged and vulnerable groups

279. The victims of the war must now be added to other disadvantaged, destitute and vulnerable groups (the disabled, orphans, street children, widows, the *Batwa*) who need special assistance. In addition to their need for basic social services, **their socio-economic integration is particularly urgent and requires immediate support.** *Basic services should be provided free of charge to these groups over the short term.* Special housing will be provided for specific groups such as those with various disabilities and orphans.

280. **Over the medium term,** the special socio-economic reintegration fund will promote income-generating activities for these groups so that they can become self-supporting. These people will also be given hiring preference in labor-intensive projects in public works and construction, for example, to help them make their way back into the economy. Vocational training will also be provided. Encouragement will be given to placing orphans in foster homes, enrolling them in school, and helping widowed heads of households to earn incomes.

281. Mechanisms for socio-professional reintegration and retraining will be introduced, along with an information service on job opportunities for out-of-school youth and demobilized combatants.

282. The *Batwa*, as a social group, are still not well integrated into sedentary social life and self-sufficiency activities. Special social and cultural integration measures will be implemented. These will focus on education and literacy campaigns on their behalf.

Summary of priority actions 2002-2006 for strategic theme 4: Reintegrating war victims and disadvantaged groups into the economy

Objectives	Priority actions	Indicative schedule
a.Rehabilitating war victims	<ul style="list-style-type: none"> • Humanitarian assistance for displaced persons and returning refugees. • Strengthening socio-economic reintegration of displaced persons and returning refugees. • Strengthening access to land and farming inputs to war victims. • Establishing a minimum social fund for the socio-economic reintegration of refugees. • Helping war victims to organize for self-development. • Assistance for people disabled by the war. • Establishment of the CNRS. 	<ul style="list-style-type: none"> • As long as necessary • Since 2002 • Since 2002 • Since 2002 • Since 2002 • Ongoing process • Since February 2003
b.Assisting and reintegrating disadvantaged and vulnerable groups into the economy	<ul style="list-style-type: none"> • A program for the reintegration and education of orphans and disabled persons. • Social and cultural integration of the <i>Batwa</i>. 	<ul style="list-style-type: none"> • Since 2003 • Ongoing process

THEME 5. COMBATING HIV/AIDS AND SEXUALLY TRANSMITTED DISEASES (STDs)

283. Combating HIV/AIDS/STDs has become one of the most important themes in attacking poverty, given the severe impact of this pandemic on other sectors of national social and economic life. The National Action Plan to combat AIDS has been launched, and a special ministry has been created to manage the campaign. National efforts will focus on: (i) prevention; (ii) care for persons already infected; (iii) alleviating the impact of AIDS on other sectors; and (iv) strengthening capacities among the different players.

V.5.1. Strengthening prevention programs

284. The objective of prevention programs must be to reduce the rate of seroprevalence through:

- Preventing transmission from mother to child by expanding appropriate facilities throughout the country.
- Awareness-building, education, and dissemination of information related to prevention.
- Identification and training of community leaders to inform and educate their peers about HIV infection, how it is transmitted and the factors that influence its spread.
- Reinforcing existing mass education and information campaigns through the national media, with education programs on HIV/AIDS/STDs, and by involving political and social leaders in awareness campaigns.
- Popularizing the syndrome approach endorsed by the WHO and adapting it on the basis of an evaluation of the prevalence of STDs and the sensitivity of the germs to drugs.
- Producing and distributing educational materials and guides for the medical and psychological care of HIV victims.
- Training of health-care workers in the use of these guides.

V.5.2. Providing care and supporting self-help initiatives for persons infected by AIDS and HIV

285. Support for persons living with HIV/AIDS will be expanded to include their immediate families. Since the available resources fall far short of needs, however, it will be essential to encourage self-help, through:

- Improving the quality of care for opportunistic infections.
- Expanding and strengthening psychological care and social assistance for persons living with HIV/AIDS, in health facilities, in the community and in the family.
- Improving the availability of antiretroviral drugs and the monitoring of patients receiving those drugs.
- Reinforcing care for AIDS orphans.
- Helping patient support associations and families affected by AIDS to mobilize funds for launching income-generating activities.

V.5.3. Reinforcing facilities for combating HIV/AIDS

286. There are many players involved in efforts to combat AIDS. If they are to succeed in their noble mission, their capacities will have to be strengthened. This will involve short and medium-term measures to: (i) strengthen support for NGOs that are active against AIDS; (ii) strengthening the system for collecting and managing information on HIV/AIDS/STD infections; (iii) establishing a workable institutional framework for coordinating national efforts against AIDS; (iv) strengthening the capacities of players at all levels.

V.5.4. Establishing a legal framework for the protection of persons living with HIV/AIDS (PLHA)

287. Persons living with HIV/AIDS need a regulatory framework that will guarantee them legal protection. The following actions will be taken:

- Introducing a framework of legal protection for PLHA.
- Adopting a law regarding legal protection of PLHA.
- Ensuring legal assistance for PLHA.
- Establishing a system and structure for the legal protection of orphans.
- Supporting the work of the Committee on Legal Ethics and HIV and the information system.
- Supporting operational research into HIV/AIDS, including traditional medicine.

Summary of priority actions for 2002-2003 for strategic theme 5:

Combating HIV/AIDS Objectives	Priority actions	Indicative schedule
a. Strengthening prevention programs	<ul style="list-style-type: none"> • Extending mother-child prevention centers to all parts of the country. • Prevention awareness and education campaigns. • Popularizing the WHO-endorsed syndrome approach. • Involving political and social duties in awareness activities. • Producing and distributing medical and psychological care guidance and teaching materials about HIV infection. 	<ul style="list-style-type: none"> • Since 2003 • Since 2003 • Since 2003 • Since 2002 • Since 2003
b. Promoting care and supporting self-help initiatives for HIV and AIDS patients	<ul style="list-style-type: none"> • Making antiretroviral drugs more accessible and monitoring patients taking those drugs. • Reinforcing care for AIDS orphans. • Distributing condoms and publicizing their use. • Putting out a consistent message about condoms. • Stressing targeted information campaigns rather than mass campaigns. • Supporting the "stop AIDS" clubs in the schools. • Encouraging homecare for AIDS patients to relieve the burden on hospitals (with the help of international community) 	<ul style="list-style-type: none"> • Since 2002 • Since 2003 • Ongoing process • Ongoing process • Since 2003 • Since 2003 • Since 2003
c. Strengthening institutional capacities for combating HIV/AIDS	<ul style="list-style-type: none"> • Reinforcing cooperation with NGOs in combating AIDS. • Reinforcing the system for collecting and managing information on HIV/AIDS/STDs infections. • Strengthening the capacities of players at all levels. 	<ul style="list-style-type: none"> • Since 2003 • Since 2003 • Since 2003

THEME 6. ADVANCING THE ROLE OF WOMEN IN DEVELOPMENT

288. In Burundi, women account for nearly 52 percent of the total population and more than 52 percent of the economically active population. Women are the majority (55.2 percent) of the agricultural workforce, and agriculture is the most important sector (56 percent of GDP) of the Burundian economy. All these indicators point to the potential role of women in national development, and that role is regarded as a decisive element in all strategies for promoting development and reducing poverty.

289. Despite the Government's efforts to improve the legal and institutional framework for women (reform of the Individual and Family Code, outreach campaigns to make women aware of their rights and obligations), women are generally underrepresented in the country's decision-making bodies.

290. The issue of women's participation must be addressed at all levels. Specific objectives focus on women's access to education and training, to the factors of production, to basic services, and to decision-making power.

V.6.1. Promoting women's access to education and decision-making

291. *Education.* The strategy is to raise education levels for women in order to reduce gender disparities noted. Measures will be adopted to promote education for girls at the different levels of schooling.

292. Technical training centers will be created for women, to provide them with skills in such areas as credit management and business organization, and to help them diversify their activities (crafts, commercial activities).

293. *Decision-making bodies.* A gender equity awareness campaign will be conducted to encourage society to give women the same chances as men. Women will be offered vocational training and specialization courses, including work-study programs, so that they can seize the employment opportunities offered by the national and international labor markets.

V.6.2. Promoting maternal-child health

294. The objective here is to enhance the state of health of mothers and children. Continuous training in new family planning techniques will be provided. The education campaign on nutrition and hygiene and reproductive health will be reinforced. Maternal and child health will be promoted at all levels and action will be taken against HIV/AIDS and STDs.

V.6.3. Promoting women's access to the factors of production

295. On the economic front, the ability of women to participate actively in development will be advanced by measures to give them greater access to the factors of production.

296. Access to land is frequently a precondition for investment and personal development. It is essential to prepare and enforce egalitarian legislation in general, and succession rights in particular. Once a woman has access to land, she can use it as a guarantee to secure financing.

297. Women must also have control and decision-making power over the management of family assets. Society must be sensitized to the issue of gender equity in order to improve the status of women within the household.

298. Another route for facilitating women's access to financing is to foster employment and income-generating initiatives through community organizations. The creation of mutual associations allows members to pool their collateral when seeking credit.

V.6.4. Strengthening community organizations

299. Many of the newly created associations are plagued by organizational problems. Strategies for strengthening women's organizational capacities will therefore be launched so that these associations can become viable and attain their objectives.

V.6.5. Alleviating women's chores

300. It has been noted that in most cases, household chores fall to women, leaving them little time to pursue activities that might enhance family incomes. To reduce the burden of household work and enhance women's productivity, appropriate technologies will be disseminated. These will involve, for example, the introduction of milling equipment, husking machines in rice-growing areas, and even small-scale farm machinery and draught animals.

Summary of priority actions 2002-2003 for strategic theme 6:

Advancing the role of women in development

Objectives	Priority actions	Indicative schedule
a.Promoting women's access to education and decision-making	<ul style="list-style-type: none"> • Improve women's access to formal education. • Disseminate and enforce laws promoting gender equity (CPF, CDF, etc.). 	<ul style="list-style-type: none"> • Ongoing process • Ongoing process
b.Promoting maternal-child health	<ul style="list-style-type: none"> • Promote family planning. • Organize education campaigns in nutrition, hygiene and reproductive health. • Promote maternal and child health 	<ul style="list-style-type: none"> • Ongoing process • Ongoing process • Ongoing process
c.Promoting women's access to the factors of production	<ul style="list-style-type: none"> • Develop a credit system appropriate to women's needs. 	<ul style="list-style-type: none"> • Ongoing process

VI. THE PROCESS OF PREPARING THE INTERIM PRSP

VI.1. The participatory approach and institutional organization

301. The I-PRSP was prepared on the basis of lessons learned from the participatory consultations conducted at the sectoral and community level. The participatory approach adopted by the Government made it possible to highlight the characteristics and determinants of poverty in Burundi, as well as provincial disparities. In the end, a number of strategic themes were selected for priority actions to re-launch economic growth and to bring about a gradual and sustained reduction in poverty.

This interim strategy reflects the search for consensus among all players and beneficiaries in the social and economic development of Burundi, all of whom must make a conscious contribution to poverty reduction policies and programs.

302. The participatory consultations for preparing the interim strategy involved all social and occupational categories in Burundi. *They were conducted by the Organizing and Coordinating Team (EOCPP)*, coordinated by the Permanent Secretariat for Monitoring Economic and Social Reforms, and included representatives of the technical ministries (Planning, Finance, Statistics Institute, social sectors, rural sector, advancement of women); civil society associations (private sector, women, youth, NGOs, religious denominations, and others), and grassroots communities. The structure is headed by a ministerial committee that reports to the Government on economic and social questions. Also involved is the Economic and Social Council, an important constitutional body in terms of participatory consultations, implementation, monitoring and evaluation of efforts to promote economic growth and reduced poverty.

VI.2. The participatory consultations and communication channels

303. *The participatory consultations took place at both the sectoral and the community levels* between July 2000 and January 2002 in Bujumbura and in the four geographic regions of Burundi: at Ngozi for the northern provinces (Kayanza, Kirundo, Muyinga and Ngozi), at Bururi for the Southern provinces (Bururi, Makamba and Rutana), at Gitega for the central and eastern provinces (Cankunzo, Gitega, Karuzi, Mwaro and Ruyigi) and at Bujumbura for the western provinces (Bubanza, Bujumbura Rural, Cibitoke and Muramvya). In total, more than 3,400 people delegated by their communities in the country's 17 provinces participated in the consultations, and 30 percent of them were women.

304. The consultations brought together representatives of all levels of civil society, the *Bashingantahe*¹, NGOs, religious denominations, women's and youth associations, the

¹ The Bashingangahe, in Burundi society, are widely recognized as wise, honest, fair and tolerant men embodying all positive values. They were the traditional governors of society, and it is they who settle local disputes and achieve reconciliation among members of society

(continued)

sectoral ministries, the private sector, Parliament, community development organizations in the provinces, the communes, political leaders, and the decentralized technical agencies of the provinces and communes.

305. The consultations were led by *teams of facilitators, moderators and rapporteurs*, with expertise in participatory methodology (Participatory Rural Appraisal, PRA), selected from among NGOs and other civil society associations based in Burundi. The atmosphere in which the debates were held was marked by a spirit of openness, transparency, and mutual respect. The consultations provided a great deal of high-quality information for describing and qualifying perceptions of poverty on the part of the people themselves; analyzing the underlying causes of poverty; identifying broad strategic themes for reducing poverty; and proposing priority actions for poverty reduction.

306. This interim strategy paper provides a general summary of the consultations and the analyses that were conducted, taking into account the differences noted at each level of regional and sectoral consultations. So as not to lose sight of specific regional and sectoral features in preparing the summary, each level of consultations produced its own report. Thus, the following reports are available: reports on the consultations by region, and a summary report on regional consultations; reports on the participatory consultations by sector, and a summary report of the community and sectoral consultations.

307. In selecting recommendations at each level, trade-offs had to be made. These trade-offs were done by grouping together recommendations of a similar nature, in terms of both constraints and strategic themes and priority actions. As a result of these groupings, it was possible to consolidate the common experiences in all regions and sectors into strategic themes for the country as a whole. The specific features identified at the sectoral and regional levels led to the identification of specific priority actions, and these specific features are reflected in the constraints (Chapter IV), as well as in the strategic themes and priority actions (Chapter V).

308. *Workshops to obtain feedback* on the conclusions from the consultations at both the sectoral and community levels were held in January and February 2002 in the same places and with the same participants.

309. *Information* on poverty and the PRSP was exchanged in the following ways:

➤ **Publicizing information:**

- The initial draft, together with all available data on poverty in Burundi, was distributed to groups and partners for comment and feedback.

when conflicts arise. In customary law, they settle disputes "under the talking tree". Their role however extends well beyond the settlement of local differences.

- Radio and television broadcasts dealt with the PRSP.
- Articles were published in the public and private press, as well as various magazines.

➤ **Seminars and workshops:**

- Thematic workshops (agriculture, rural development and the environment; health, nutrition, water and sanitation; HIV/AIDS: education, vocational training, literacy training; the integration of war victims; gender and social action), involving players from each sector such as the technical ministries, economic agents, NGOs, beneficiary associations, and civil society.
- Seminars and workshops with civil society organizations.
- Seminars and workshops with grassroots communities in the provinces, grouped for security reasons in the four geographic regions of the country, as described above.

310. The participatory consultations method used in preparing the I-PRSP has offered Burundians the opportunity to involve themselves in formulating and monitoring their own development policies, recognizing that: (i) participation allows everyone to express a view, and in this way reflects the diversity of people's aspirations; (ii) if there is consensus on the development program, the chances of engaging people's support in its implementation are improved; (iii) participation gives this program legitimacy and credibility, both of which are essential to its implementation; (iv) finally, participation serves an objective that, while often neglected, is of primary importance for the country's development: the capacity to learn together by thinking and talking about the country's future, and preparing collectively for the changes that the future will impose.

This process makes it possible to involve the poor in choosing the type of development they want, and in particular in choosing projects throughout the project cycle: design, execution, monitoring and evaluation. This participation allows people to take their own fate in hand, and to make maximum use of their own potential.

VII. FINANCING MECHANISMS FOR THE INTERIM PRSP

311. Implementing the I-PRSP requires the mobilization of domestic funds and external assistance, as well as a rational approach to allocating and managing those resources.

VII.1. Mobilizing, allocating, managing and controlling resources

312. *On the budgetary front*, the strategy calls for specific actions to increase public revenues. The Government strives to implement the measures identified, which relate essentially to: expanding the tax base, reforming exemptions, improving the efficiency of tax and customs administration, stepping up revenue collection efforts, including arrears; introducing a value-added tax (VAT). On this last point, technical assistance has been requested from the IMF.

313. *The profile of public spending has to be improved*, through the careful and deliberate targeting of funds at the priority actions identified through the participatory consultations, as summarized in this I-PRSP. Improving the allocation of resources and the effectiveness of expenditure will be pursued, in particular, through the Public Expenditure Review (PER) that the Government is now conducting with World Bank support. Other reforms are also planned: automating the expenditure cycle; preparing medium-term budgetary frameworks; program budgets and Public Investment Programs, PIPs, on a three-year sliding basis. Sectoral policies and action plans are now in preparation, based on the priorities identified through the I-PRSP.

314. *The savings produced by debt relief mechanisms* will also be earmarked for priority actions to reduce poverty.

315. *The level of domestic savings* will be raised as a result of strategies for increasing per capita incomes, as part of the efforts to revive economic growth as described in this I-PRSP.

316. *Additional resources will be sought through international assistance*, specifically the assistance that was announced at the last Donors Roundtable in Geneva in December 2001. The priority action program for economic reconstruction and revival that such assistance will finance is an integral part of this I-PRSP. Private capital in the form of foreign direct investment or joint ventures will be encouraged through the planned reforms to promote the private sector and exports.

VII.2. Coordination mechanisms.

317. The PRSP constitutes an operational frame of reference for a systematic process of coordinating and ensuring consistency among the activities of different partners. Partners will be asked to place greater stress on harmonizing their recommendations in terms of reforms, methods and procedures. They will also be asked to harmonize practical provisions for project execution, in the sense of making procedures and conditions more flexible, speeding up disbursement and enhancing absorption capacity, while preserving standards of transparency and sound financial management.

Partners will also be asked to strengthen national capacities for preparing policies and budgetary forecasting frameworks, and to reinforce project absorption capacity.

VIII. THE MONITORING AND EVALUATION SYSTEM FOR THE INTERIM PRSP

VIII.1. Participatory monitoring

318. Consistent with the spirit and letter of the PRSP for boosting growth and fighting poverty (CSLP), the Government is introducing a system for monitoring the implementation and evaluation of poverty reduction efforts, in close association with all players. The Permanent Secretariat for Monitoring Economic and Social Reforms will establish a national

network for the PRSP that will also serve as a participatory framework for exchanging experience and information. Through this network, the Government will be able to interact and at the same time keep abreast of the viewpoints of individuals, civil society associations, community development committees (CDCs), religious denominations, international NGOs, and provincial and communal governments regarding the effectiveness of public spending on social sectors and basic infrastructure, the campaign against HIV/AIDS, agricultural output and good governance, and their proposals for improving implementation of the I-PRSP.

VIII.2. Capacity building

319. Implementation of the participatory monitoring and evaluation system for the I-PRSP will have to be accompanied by capacity building efforts for the different players, both in the Government and among civil society organizations and NGOs. Assistance from fund donors is also requested at this stage.

320. In terms of statistical monitoring, the Government will seek additional external resources and technical assistance to ensure the regular production of key indicators. The Government also intends to improve coordination between the ISTEERU and the sectoral statistical offices, particularly those for the social sectors.

A short- and medium-term action plan will be prepared, and a three-year operational program will be established. This program will give priority to producing indicators for monitoring the poverty reduction strategy, including the achievement of the Millennium Development Goals (MDG).

VIII.3. The monitoring and evaluation of the I-PRSP

321. The system for monitoring and evaluating the PRSP will have three components for grassroots involvement:

- The "poverty monitoring" component.
- The "poverty reduction strategy execution monitoring" component.
- The "poverty reduction strategy and policy impact evaluation" component.

Burundi has had a policy of conducting a general census of population and living conditions every ten years. Two such censuses have already been prepared, one in 1979 and the other in 1990. The Government plans to conduct a third general census as soon as possible, in order to provide a comprehensive update of the essential indicators.

322. In the meantime, quantitative indicators for 2000-2002 have been made ready on the basis of DHD² data, the CWIQ survey, and the conclusions from the economic consultations between the Government and the Bretton Woods institutions.

² DHD: Sustainable Human Development

VIII.3.1. Monitoring poverty

323. This component will provide for regular monitoring of poverty trends and dynamics. It will be done through the use of general public welfare indicators, as well as specific welfare indicators for the poor.

324. Studies and surveys, as well as other socio-economic research conducted in the past, have provided much useful information on poverty in Burundi, but that information is neither comprehensive nor continuous. To fill this gap, Burundi will have to introduce a permanent system of poverty information that will combine the following characteristics:

- It must be inexpensive and readily usable, while preserving a high degree of rigor in the collection and analysis of data.
- It must target the most important indicators for measuring and characterizing poverty, vulnerability and inequalities.

325. The permanent information system on poverty will have the following primary objectives:

- to provide an up-to-date, consistent and reliable overview of household living conditions;
- to allow living conditions to be monitored periodically over time;
- to take account of the perceptions of households;
- to allow for monitoring the impact that activities under the strategic framework are having on living conditions.

a. Welfare monitoring indicators for the population at large

326. This system will characterize the welfare of the general population, and the availability of priority goods and services.

1. Income and production indicators

327. These indicators include: per capita GNP; the growth rates of GDP and the principal economic sectors, including the growth rates for the cash crops and subsistence foodstuffs that are the principal source of employment and income for the poor.

Information sources for these indicators will be the national accounts, census data, and agricultural surveys.

2. Indicators for monitoring the macroeconomic situation

328. These indicators relate to the broad macroeconomic balances: government finances, inflation, external accounts, the real exchange rate, and the structure and allocation of investment.

3. Indicators of the level and availability of physical capital

329. These indicators reflect access to productive resources that have an impact on poverty: land, drinking water, energy, roads, markets, farming inputs.

4. Indicators of the level and availability of human capital

330. The principal indicators in this area will cover health and nutritional status and education levels. In calculating these indicators, a distinction will be made between urban and rural areas, and between genders.

5. Indicators of the level and availability of institutional capital

331. These indicators will show the degree of institutional development and, in particular, that of community institutions. They will cover the number of cooperatives, associations and production- and socially-oriented NGOs in urban and rural areas, by province and per capita.

6. Indicators of the level and availability of financial capital

332. These indicators will measure the number of Decentralized Financial Services (DFS) institutions, the volume of savings collected and credits granted per capita by banks and DFS, average interest rates charged by the banks and DFS.

7. Vulnerability indicators

333. These indicators will reflect the factors that impact negatively on people's principal sources of income. For Burundi, it is important to monitor vulnerability to the vagaries of the weather and to fluctuations in world prices for the major cash crops.

b. Indicators for monitoring the welfare of poor households

334. In the case of Burundi, monitoring living conditions for the general population and for poor families in particular requires a combined system of household surveys. Household surveys will need to be conducted regularly, at a frequency to be determined, depending on whether they are comprehensive or short surveys. Comprehensive poverty assessment surveys could be conducted once every five or ten years, while short surveys, which are less costly to administer, could be undertaken every two years. Burundi will conduct a household survey based on the Core Welfare Indicators Questionnaire (CWIQ) in 2002.

335. In any case, Burundi will conduct regular household surveys in order to obtain among other things, answers to the following questions:

- (i) How many people are living below the poverty line?
- (ii) Where do poor people live?
- (iii) What is the intensity and inequality of poverty?
- (iv) What are the principal characteristics of the poor?
- (v) What are the causes of this poverty?
- (vi) What have been the poverty trends over time?
- (vii) How is poverty perceived at the grassroots level? What strategies do households adopt to improve their situation? How do households view poverty reduction efforts?

336. With these surveys, the ISTEERU should be able to publish regular information bulletins on poverty trends, as well as an up-to-date profile of national poverty, on the basis of selected indicators.

VIII.3.2. Monitoring implementation of the strategy

337. The purpose of monitoring implementation of the strategy is to estimate the degree of success in achieving the PRSP objectives, over different time periods, and to monitor budgetary allocations for priority actions. Implementation will be monitored in three different ways:

- (i) Measuring any discrepancies between the specific measurable targets (SMTs) of the strategic themes and the priority actions and the results of antipoverty measures implemented under the PRSP. An example of an execution monitoring checklist defining SMTs is provided as an annex to this paper. Sectoral policies and action plans now in preparation in the various ministries will determine priority actions in detail for each strategic theme, and will define the appropriate SMTs.
- (ii) Analyzing budgetary allocations to specific actions to see if they are consistent with the I-PRSP's objectives.
- (iii) Suggesting improvements in activities or in budgetary allocations (*expenditure linked to the reduction of poverty as specified in this I-PRSP, paragraph 249*), in order to move closer to achieving the objectives of the I-PRSP.

VIII.3.3. Evaluating the impact of I-PRSP policies and activities

338. This will involve evaluating, on one hand, the impact of policy measures, and on the other hand, the impact of specific poverty-reduction programs and projects that are most representative of the I-PRSP. Impact evaluation will be focused on the following questions:

- (i) Are anti-poverty policies and activities under the PRSP addressing the priority needs of poor families?

(ii) How are policies and activities helping poor families to escape from poverty?

(iii) Are more effective policies or activities required to help poor families escape from poverty?

339. In order to conduct these impact evaluations, the ISTEERU and other technical services for the sectors concerned will conduct quick, targeted surveys that will also provide data for analyzing the costs and benefits of various types of poverty-reduction policies and activities, and for identifying the most effective ones. The Government has already undertaken, with World Bank support, a survey to monitor public spending with a view to improving the efficiency of resource flows to the principal users and beneficiaries. This exercise will be continued.

IX. ACTION PLANS FOR PREPARATION OF THE FULL PRSP

IX.1. Action plan on participatory consultations

340. Preparing the PRSP will involve broadening and deepening the participatory consultations process that was undertaken during the I-PRSP phase. These consultations will involve beneficiaries and players, primarily among the poor, in each commune and province of the country, including:

- Representatives of grassroots communities selected from among the poor and vulnerable groups
- Representatives of the private sector, NGOs and various associations of the civil society, such as religious denominations and others... as found in each commune and province
- Representatives of women's and youth associations.
- Communal and provincial administrative and technical officials
- Representatives of the decentralized offices of the technical ministries.

IX.1.1. Institutional organization

a. The Participatory Process Organizing and Coordinating Team (EOCPP)

1. Composition.

341. The team that will organize and coordinate the participatory consultations process for preparing the PRSP, known as the EOCPP, will report to the Vice President of the Republic, through the Permanent Secretariat for Monitoring Economic and Social Reforms, which will serve as the coordinator. The EOCPP consists of representatives of the sectoral ministries, the private sector, local and international NGOs, religious denominations, civil society organizations, community associations and groups from the provinces and communes.

2. Responsibilities:

342. The organization and coordination team will be responsible for organizing and carrying out the participatory consultations process. This will involve:

- Supervising the preparation and adoption of the participatory methodology.
- Coordinating and executing daily activities for preparing, organizing and conducting the consultations at all levels.
- Designing the participatory consultations process.
- Developing strategies and themes for the participatory consultations at different levels: community, the Government, private sector, civil society, NGOs.
- Scheduling and conducting the participatory consultations actions at the communal, provincial and national level, with support from the decentralized structures.
- Coordinating the preparation of summaries and conclusions from the thematic and community consultations.
- Coordinating and assisting in the preparation of comprehensive reports on the participatory consultations.
- Arranging for feedback on the results from the sectoral and community consultations, at the communal, provincial and national levels.
- Organizing and obtaining feedback on the summary results from the participatory consultations.
- Coordinate drafting of the Poverty Reduction Strategy Paper.

3. The specific role of each team member

343. Each member of the organizing and coordinating team will also serve as a focal point for the entity he or she represents, and will be expected to:

- Prepare, organize and conduct thematic consultations among their own sectors.
- Ensure that all partners of the sector are involved and participate actively in the consultations and the thematic discussions.
- Ensure that a consensus emerges at the end of each consultation.
- Ensure that a feedback report is prepared and ready at the end of the thematic consultation.
- Participate in summarizing all the reports on the thematic and community consultations.

b. Decentralized structures for participatory consultations

344. Preparation and organization of the participatory consultations for preparing the PRSP will be decentralized. This decentralization is intended to help the communes and the provinces to own and related to the participatory process, and to ensure that they play a major role not only in formulating the strategic themes but also in monitoring and evaluating the priority actions that will be undertaken by the communities. To that end, *a Poverty Reduction and PRSP Drafting Provincial Committee and a Poverty Reduction and PRSP Drafting*

Communal Council will be formed. The provincial committee will be chaired by the provincial government, and assisted by a team selected from among the members of civil society, NGOs, religious denominations, community development committees, women's and youth associations, and others.

1. The provincial PRSP committee will have the following duties:

- To sensitize the people of the province to importance of their involvement in the process of Burundi's poverty reduction strategy and its expected benefits.
- To prepare and organize the provincial consultations, with the help of the organizing and coordinating team.
- To identify and enlist participants in the consultations, on the basis of inclusive and multisectoral representation.
- To ensure optimal participation in the sectoral and community consultations.
- To prepare a feedback report on the participatory consultations.
- To develop a mechanism for monitoring and evaluating the priority actions undertaken in the province.
- To foster a decentralization policy that takes the poor into account.

345. Mechanisms will be developed for monitoring the activities of the communal and provincial poverty reduction entities.

2. The Poverty Reduction and PRSP Drafting Communal Council

346. The Poverty Reduction and PRSP Drafting Communal Council are intended to generate more active participation by the poor and vulnerable in the process of preparing the PRSP. Its duty will be to support the organizing and coordinating team, and to enlist participation by the more remote rural communities and the community development committees (CDCs) in the consultation process. The council will be chaired by the communal government, and assisted by a bureau selected by community organizations.

3. The community development committees (CDCs)

347. The CDCs are community bodies that oversee efforts for sustainable development. Because they have been established all over the country, they have a legitimate role to play in preparing the PRSP. Their members are in position to make valuable contributions to analyzing the root causes of poverty and formulating the strategic themes and actions for reducing it.

IX.1.2. Preparation and conduct of the participatory consultations

348. The participatory consultations and further investigations for conducting the full PRSP will be extended over July 2003 to December 2004 period. Nevertheless, it is worth mentioning that the process of participatory consultation has not been interrupted since the

official launch of the Interim PRSP in July 2000. It is ongoing now at the communal level of the country in order to set up action plans of the community development. This set of communal development plans are pillars the full PRSP hinges on.

The participatory approach that was initiated during preparation of the I-PRSP will be pursued. In other words, while carrying the full label, it will be comprehensive, multidisciplinary and coherent and will include all the players and partners involved in the poverty reduction efforts: grassroots communities, the private sector, NGOs, civil society organizations, producers' associations, religious denominations, cooperatives, and nonprofit organizations.

349. The preparatory process for the consultations will also be participatory and decentralized, involving the provinces, the communes, the technical services of decentralized sectoral ministries, NGOs and development partners, as well as civil society operating on a decentralised approach. To ensure maximum appropriation by communities and other development players, the consultations will use the "target group" approach. The consultations will be designed to foster frank discussion among participants, and give them a better understanding of the poverty reduction strategy so as to take advantage from opportunities it offers to improve their living conditions.

350. The methodology used for the participatory consultations at the national, provincial, communal and local levels will be the Accelerated Participatory Research Method (APRM), which was employed in preparing the I-PRSP.

The consultations will capitalize on experience gained during the I-PRSP process, and will be divided into six components:

- Macroeconomic consultations
- Sectoral consultations
- Consultations with civil society
- Consultations with the private sector
- Community consultations
- Consultations with Parliament

351. Participants will represent economic and social sectors, NGOs, sectoral ministries, civil society, religious denominations, community organizations, and parliamentarians. Consultations with NGOs will be aimed at enlisting those players more closely in the PRSP preparation process. Because of the crisis, there are many NGOs in the field. Their experience in managing grassroots social services, and their community approach to development, means that they have much to offer for strengthening the capacity of rural people to participate in and manage priority activities.

Multilateral and bilateral development agencies will be invited to participate in the national consultations, and discussions will be held with them concerning the financing and support needs of the Government.

As things stand, needs to meet are of various nature : strengthening of human capacity at all levels(administration, private sector, civil society and grassroots community), specific needs in the strengthening of capacity in priority economic fields with a focus on exchange and monetary policy ; statistics and monitoring public funds, macro economic estimates and statistics, monitoring statistics and debt issues, etc.

IX.1.3. Drafting the PRSP

352. A team consisting of five members of the technical thematic group will be responsible for drafting the PRSP, on the basis of the conclusions and recommendations of the participatory consultations. A framework plan will be established in order to ensure consistency in the content of the different chapters of the document. The first draft of the PRSP will be discussed at all levels and by all parties involved at the national, provincial and communal levels. Their comments will be incorporated, in order to produce a document that is based national consensus. The final document, once approved by the Government, will be submitted to the Board of Executive Directors of the World Bank and International Monetary Fund. Once the PRSP has been approved by the Board, it will be published and forwarded to all partners of development.

IX.2. Indicative action plan and timetable for preparing the full PRSP, July 2003 to December 2004.

Tasks/output	Entity Responsible	Schedule
<p>1.Preparation, organization and formulation of the Interim PRSP</p> <ul style="list-style-type: none"> • Official launch by the head of state • Participatory consultation sessions at all levels • Feedback on the conclusions from the participatory consultations at all levels • Finalization the draft of the I-PRSP document • Approval of the I-PRSP document by the Government • Access of participants to the I-PRSP in the course of the thematic Conference of fund donors in Bujumbura • Taking into account comments from fund donors • Submission of the I-PRSP document to the World Bank and IMF for approval • Shared study of the I-PRSP by the IMF/World Bank and the Government for joint staff assessment (JSA). • Updating the I-PRSP document by the Government • Submission of the I-PRSP to the Boards of Executive Directors of the IMF/World Bank 	<ul style="list-style-type: none"> • SP/REFES (EOCPP³) Sectoral Ministries ISTEERU, CDC's, Civil Society, NGOs, Private and consultants • SP/REFES (and EOCPP) • idem • idem • SP/REFES(+EOCPP) • Government • Government and fund donors • SP/REFES (+EOCPP) • Government • IMF/World Bank staff • SP/REFES (+ EOCPP) • IMF/World Bank staff 	<ul style="list-style-type: none"> • April 2000 to April 2002 • July 14, 2000 • Aug.2000-Sept. 01 • Sept.01-Jan. 2002 • Jan.-Febr. 2002 • March 12, 2002 • April 2002 • May-June 2002 • Sept. 2002 • June & Oct.2003 • November 2003 • For memory
<p>2.Preparation, organization and conduct of participatory consultations for preparing the full PRSP and feedback on the conclusions and recommendations</p> <ul style="list-style-type: none"> • Preparation of the budget of preparatory sessions • Finalise installation of the provincial and communal committees for the participatory consultations • Establishment of focal points and provincial and communal committees on methodology and issues for the participatory consultations • Holding of national thematic (sectoral) participatory consultations • Holding of community participatory consultations at the provincial and communal and CDC levels • Holding of participatory consultations with civil society organizations, NGOs and unions, religious denominations, associations, producers' groups, cooperatives, the private sector (formal and informal). • Feedback on the conclusions and recommendations 	<ul style="list-style-type: none"> • SP/REFES (EOCPP) Sectoral Ministries ISTEERU, Civil Society, NGOs, Private Sector, Provinces, Communes, consultants • SP/REFES (+EOCPP) • SP/REFES (+EOCPP) • SP/REFES (+EOCPP) • SP/REFES(+EOCPP) • SP/REFES (+EOCPP) • SP/REFES (+ EOCPP) • SP/REFES (+EOCPP) 	<ul style="list-style-type: none"> • May 2003 – December 2004 • May-June 2003 • Sept.03-Janvier 04 • Nov 2003.-Jan. 04 • January-October 04 • January-October 04 • January-October 04 • August- October 04

²/EOCPP: Participatory Process Organizing and Coordinating Team for the drafting of the PRSP.

**IX.2 (continued). Indicative action plan and timetable for preparing the full PRSP,
July 2003 to December 2004**

Tasks/output	Entity Responsible	Schedule
<p>3. The participatory evaluation and data collection on poverty</p> <ul style="list-style-type: none"> • Impact of poverty programs under way • Perceptions of poverty among the poor • Monitoring mechanisms and qualitative and quantitative indicators of poverty • Governance and local access to basic social services • The dynamics of peace and security • Public spending (Public Expenditure Review) • Community participation • Access to micro-credit and agricultural inputs • Women's participation in development • Education • Health, AIDS, • Public expenditure review 	<ul style="list-style-type: none"> • SP/REFES (EOCPP), Sectoral Ministries, Civil Society, NGOs, Private Sector, Provinces, Communes(CDC), Consultants • Ministry of Finance and technical ministries 	<ul style="list-style-type: none"> • Since September 2003
<p>4. Poverty diagnosis -- sector analysis and studies</p> <ul style="list-style-type: none"> • Poverty profile (updated), including incidence and causes. • Development of multi-sectoral, poverty-oriented strategies for reviving economic growth. • Analysis of sectoral policies and reforms that will foster economic revival. • Developing the micro-credit sector. • Developing and strengthening community development structures. • Preparing and implementing a coherent decentralization policy. • Analyzing the impact of HIV/AIDS/STDs on the economy and developing strategies for reducing the impact. 	<ul style="list-style-type: none"> • SP/REFES (EOCPP), Sectoral Ministries, ISTEERU, Civil Society, NGOs, Private Sector, Provinces, Communes (CDC), Consultants • Ministry responsible for the AIDS campaign, Ministry of Health and ISTEERU 	<ul style="list-style-type: none"> • Since January 2004

**IX.2 (end) Indicative action plan and timetable for preparing the full PRSP,
July 2003 to December 2004**

Tasks/output	Entity responsible	Schedule
<p>5. Monitoring and evaluation strategy</p> <ul style="list-style-type: none"> • Review and develop evaluation indicators. • Establish a system for monitoring poverty and social services. • Develop and strengthening mechanisms for participatory monitoring and evaluation. • Develop and disseminate the participatory method for monitoring and evaluating poverty. 	<ul style="list-style-type: none"> • SP/REFES (EOCPP), Sectoral Ministries, ISTEERU, Civil Society, NGOs, Private Sector, Provinces, Communes, Consultants 	<ul style="list-style-type: none"> • Since September 2003
<p>6. Drafting of the PRSP</p> <ul style="list-style-type: none"> • Establish the framework and timetable for drafting the PRSP. • Establish a committee to draft the PRSP and distribute the work among committee members. • Submit the I-PRSP draft to the EOCPP • Submit the draft PRSP to the Government • Dissemination of the PRSP draft • Forward the PRSP to the World Bank and the IMF • Shared study of the PRSP by the IMF/World Bank • Transmit the PRSP to the Board of Executive Directors of the World Bank and the IMF 	<ul style="list-style-type: none"> • SP/REFES (EOCPP), Sectoral Ministries, ISTEERU, Civil Society, NGOs, Private Sector, Provinces, Communes (CDC), Consultants • SP/REFES (+draft committee) • SP/REFES (and EOCPP) • SP/REFES (and EOCPP) • SP/REFES +EOCPP • Government (SP/REFES +EOCPP) • Government • IMF/World Bank mission • IMF/World Bank staff 	<ul style="list-style-type: none"> • Sept.-Nov. 2004 • May 2004 • June 2004 • October 2004 • November 2004 • November 2004 • December 2004 • For memory • For memory

ANNEXES

ANNEX I: Tables of principal economic, financial and social indicators selected (1992-2002) and some components of Midterm macro-economic framework 1996-2006.

Table 1: Main economic and financial selected indicators											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. National income and prices											
Real GDP (annual growth rate)	2,7	-5,7	-3,8	-7,3	-8,3	0,4	4,8	-1,0	-0,9	2,1	4,5
Nominal GDP (in billions of BIF)	225,6	227,9	233,7	249,9	263,1	342,8	400,2	455,5	511,1	550,0	584,6
CPI/Inflation (period average)	4,5	9,7	14,9	19,4	26,4	31,1	12,5	3,4	24,3	9,3	-1,3
2. National accounts (percent of GDP)											
Gross investment rate	15,0	16,3	10,1	9,3	12,0	7,9	9,5	8,5	8,4	7,5	9,0
Private	2,8	3,0	1,6	1,4	1,8	2,2	2,3	1,6	2,3	1,9	1,6
Gross national savings	-1,0	7,7	-7,2	5,1	5,8	5,0	1,8	2,3	-1,7	0,7	3,0
Private	-3,1	7,4	-8,5	5,4	7,8	9,3	1,9	4,8	-2,2	2,3	3,2
Consumption	105,7	101,4	108,2	105,0	97,9	96,7	102,0	99,9	105,1	106,5	109,9
Private	90,8	85,7	93,9	89,0	81,7	81,7	87,0	84,3	89,8	89,0	92,7
3. Value added per sector											
Agriculture	53,4	52,6	46,8	48,2	57,2	49,2	46,3	43,7	40,4	39,5	40,5
Industry	21,4	20,9	22,5	19,2	12,6	15,8	16,9	17,8	18,8	19,0	18,6
Services	25,2	26,5	30,7	32,6	30,2	35,0	36,8	38,5	40,8	41,5	40,9
4. External sector											
Exportations of nfG&S (in millions of US\$)	94,8	88,1	95,1	129,2	50,6	95,7	71,5	61,9	55,1	46,1	33,6
Importations of nfG&S (in millions of US\$)	319,2	255,0	263,5	272,8	136,9	140,4	173,8	129,0	150,6	146,3	149,2
Terms of trade (deterioration: -)	-28,4	31,8	45,2	3,4	-23,9	-8,7	19,4	0,3	-22,2	-21,0	0,1
Exchange average (BIF per US\$)	208,3	242,8	252,7	249,8	302,8	352,4	447,8	563,6	720,5	830,4	930,7
Real effective exchange rate (average; depreciation:-)	-12,3	-0,7	3,2	9,8	12,2	23,9	-6,4	-14,8	9,5	-4,8	-15,1
Net foreign assets (in millions of US\$)	96,8	96,7	145,1	155,6	98,1	82,5	43,6	30,9	26,3	16,9	43,2
Net reserves (months imports of nfG&S)	4,1	4,4	6,6	6,8	8,6	7,1	3,0	2,9	1,9	1,2	3,5
External debt servicing due (in millions of US\$)	40,0	38,7	30,2	50,5	53,2	57,0	54,4	48,0	46,4	43,7	58,4
Ratio of external debt service to exports nfG&S	42,2	43,9	31,8	39,1	105,2	59,6	76,1	77,6	84,3	105,3	157,2
External debt outstanding in millions of US\$	1 054,8	1 066,6	1 049,2	1 225,6	1 166,1	1 203,9	1 241,1	1 199,2	1 183,2	1 060,3	1 132,5
As a percent of GDP	103,8	120,6	118,3	118,3	130,3	120,6	136,4	149,0	169,3	160,1	180,3
External debt arrears outstanding (millions US\$)	0,0	0,0	4,1	5,2	24,8	49,1	66,1	86,7	92,6	115,7	148,5
Drawings on external loans (in millions of US\$)	112,7	70,4	50,5	40,4	46,2	26,0	36,4	23,6	39,8	15,2	34,6
Drawings on grants (in millions of US\$)	203,9	216,2	162,0	160,1	75,0	62,8	58,2	65,8	76,8	87,5	105,7
Current grants	140,5	163,5	143,8	136,1	56,2	50,9	49,9	45,6	54,7	61,6	79,3
Capital grants	63,4	52,7	18,2	24,0	18,8	11,9	8,3	20,2	22,1	13,6	26,4
External debt drawings minus service owing (mios\$)	72,7	31,8	20,3	-10,1	-7,1	-31,0	-18,0	-24,5	-6,6	-30,1	-32,0
5. Central Government operations											
Revenue (excluding grants) in billions of BIF	38,2	39,8	42,2	44,1	42,5	46,5	68,5	74,0	98,3	110,2	118,4
In percent of GDP	16,9	17,5	18,1	17,6	16,2	13,6	17,1	16,2	19,2	20,0	20,3
Total expenditure and net lending (in billions of BIF)	64,2	68,9	56,7	64,7	74,8	74,9	94,9	115,4	123,5	149,8	151,6
In percent of GDP	28,5	30,2	24,3	25,9	28,4	21,8	23,7	25,3	24,2	27,2	25,9
Current expenditure (in billions of BIF)	33,5	39,1	39,1	45,0	48,0	61,4	68,8	85,7	96,0	118,6	119,7
In percent of GDP	14,8	17,2	16,7	18,0	18,2	17,9	17,2	18,8	18,8	21,6	20,5
Social expenditures (in billions of BIF)	9,4	12,9	11,3	11,3	12,9	13,3	17,4	18,2	19,0	23,7	26,2
In percent of Current expenditures	28,0	33,0	29,0	25,1	26,9	21,7	25,3	21,2	19,8	20,0	21,8
In percent of GDP	4,2	5,7	4,9	4,5	4,9	3,9	4,4	4,0	3,7	4,3	4,5
Primary balance (in billions of BIF)	2,1	3,9	6,7	2,2	-5,9	-1,7	3,0	-3,8	11,4	-4,6	12,9
In percent of GDP	0,9	1,7	2,9	0,9	-2,2	-0,5	0,7	-0,8	2,2	-0,8	2,2

Source: Data collected by the Permanent Secretariat for Monitoring Economic and Social Reforms (SP/REFES), Prov = provisional

ANNEX I (continued)

Table 2: Midterm macro-economic framework 1996-2006 (some components)

	1998	1999	2000	2001	2002	2003	2004	2005	2006
						Rev.Prog.	Proj	Proj.	Proj.
1. National income and prices									
Real GDP (annual growth rate)	4,8	-1,0	-0,9	2,1	4,5	-1,3	5,1	5,5	6,0
Nominal GDP (in billions of BIF)	400,2	455,5	511,1	550,0	584,6	640,7	716,5	799,4	876,5
CPI/Inflation (period average)	12,5	3,4	24,3	9,3	-1,3	10,2	6,5	5,2	4,7
2. National accounts (percent of GDP)									
Gross investment rate	9,5	8,5	8,4	7,5	9,0	10,3	11,0	14,5	16,0
Private	2,3	1,6	2,3	1,9	1,6	3,0	3,4	4,2	4,1
Gross national savings	1,8	2,3	-1,7	0,7	3,0	4,9	4,7	7,0	7,8
Private	1,9	4,8	-2,2	2,3	3,2	6,5	3,7	4,0	4,0
Consumption	102,0	99,9	105,1	106,5	109,9	107,0	105,7	103,8	103,1
Private	87,0	84,3	89,8	89,0	92,7	89,5	89,6	87,6	87,2
3. Value added per sector									
Agriculture	46,3	43,7	40,4	39,5	40,5	40,8	40,6	41,7	42,0
Industry	16,9	17,8	18,8	19,0	18,6	18,8	18,7	19,1	19,3
Services	36,8	38,5	40,8	41,5	40,9	40,4	40,7	39,2	38,7
4. External sector									
Exportations of nfG&S (in millions of US\$)	71,5	61,9	55,1	46,1	33,6	50,4	44,5	52,0	53,0
Importations of nfG&S (in millions of US\$)	173,8	129,0	150,6	146,3	149,2	164,2	167,4	177,0	188,3
Terms of trade (deterioration: -)	19,4	0,3	-22,2	-21,0	0,1	-2,8	4,4	2,9	2,7
Exchange average (BIF per US\$)	447,8	563,6	720,5	830,4	930,7	1090,0	1149,2	1205,6	1245,6
Real effective exchange rate (average; depreciation -)	-6,4	-14,8	4,0	-4,9	-15,1	-16,6
Net foreign assets (in millions of US\$)	43,6	30,9	26,3	16,9	43,2	27,1	30,4	33,0	36,1
Net reserves (months imports of nfG&S)	3,0	2,9	1,9	1,2	3,5	2,0	2,2	2,2	2,3
External debt servicing due (in millions of US\$)	54,4	48,0	46,4	43,7	58,4	43,7	48,6	44,5	45,2
Ratio of external debt service to exports nfG&S	76,1	77,6	84,3	105,3	157,2	80,1	101,7	89,6	106,4
External debt outstanding in millions of US\$	241,1	199,2	183,2	106,3	1132,5	1054,2	1054,0	1054,8	937,2
As a percent of GDP	136,4	149,0	169,3	160,1	180,3	178,5	166,3	154,5	129,0
External debt arrears outstanding (millions US\$)	66,1	86,7	92,6	115,7	148,5
Drawings on external loans (in millions of US\$)	36,4	23,6	39,8	15,2	34,6	34,1	15,5	17,0	18,7
Drawings on grants (in millions of US\$)	58,2	65,8	76,8	87,5	105,7	100,7	93,5	105,0	101,5
Current grants	49,9	45,6	54,7	61,6	79,3	73,5	78,5	78,5	83,5
Capital grants	8,3	20,2	22,1	13,6	26,4	27,2	15,0	16,5	18,0
External debt drawings minus service owing (millions\$)	-18,0	-24,5	-6,6	-30,1	-32,0	-16,2	-33,6	-28,0	-27,2
5. Central Government operations									
Revenue (excluding grants) in billions of BIF	68,5	74,0	98,3	110,2	118,4	128,5	145,3	161,2	181,8
In percent of GDP	17,1	16,2	19,2	20,0	20,3	20,0	19,9	20,0	20,3
Total expenditure and net lending (in billions of BIF)	94,9	115,4	123,5	149,8	151,6	190,1	196,0	237,1	263,0
In percent of GDP	23,7	25,3	24,2	27,2	25,9	29,6	26,8	29,4	29,4
Current expenditure (in billions of BIF)	68,8	85,7	96,0	118,6	119,7	138,1	141,1	161,8	177,7
In percent of GDP	17,2	18,8	18,8	21,6	20,5	21,5	19,3	20,1	19,8
Social expenditures (in billions of BIF)	17,4	18,2	19,0	23,7	26,2	33,9	40,9	49,2	60,9
In percent of Current expenditures	25,3	21,2	19,8	20,0	21,8	24,5	29,0	30,4	34,3
In percent of GDP	4,4	4,0	3,7	4,3	5,2	6,8	6,9	10,1	12,8
Expenditure linked to poverty reduction (in percent of GDP)					7,5	11,1	11,2	13,5	14,3
In percent of current expenditure					36,9	51,4	56,9	66,7	70,5
Primary balance (in billions of BIF)	3,0	-3,8	11,4	-4,6	12,9	-8,4	5,8	10,5	17,0
In percent of GDP	0,7	-0,8	2,2	-0,8	2,2	-0,3	0,0	0,8	1,0

Source: Data collected by the SP/REFES, Proj. =projections

Table 3: Progress accomplished towards the Millennium Development Goals

	1 990	1 991	1 992	1 993	1 994	1 995	1 996	1 997	1 998	1 999	2 000	2 001	2 002
												Prov.	Prov.
I. Economic well-being													
Populations living below the poverty line	34,9	33,8	33,5	35,3	47,8	52,2	60,7	63,5	65,6	67,7	68,7	68,0	68,0
Per capita GNP in current US\$	214,4	203,8	179,6	149,3	170,8	182,1	131,8	146,3	129,3	124,5	119,1	110,0	110,0
II. Social development and gender													
II.1. Health and related services													
Infant mortality rate (as a percento)	118,4	116,1	113,8	111,4	115,2	124,1	126,6	127,1	126,6	116,0	116,0	114,0	114,0
Vaccination coverage rate (percent children under 1 year)	85,0	82,0	80,0	63,0	48,0	62,5	55,0	55,3	47,9	47,2	61,0	72,0	91,0
No. of cases of malaria (per 100,000)	9,5	10,3	10,1	14,3	14,0	17,9	18,8	24,5	29,2	29,9	48,8	49,0	40,1
Maternal mortality rate (as a percento)	8,0	7,8	7,9	7,9	8,0	8,0	10,0	6,0	6,0	5,0	4,8	4,7	4,6
Use of contraceptive (as a percent)	1,9	2,4	3,4	4,0	1,7	2,9	3,0	3,5	3,3	2,9	2,7	4,0	4,0
II.2. Education and related services													
Gross enrollment rate, primary	68,5	70,6	67,8	67,8	44,7	53,1	51,3	52,0	60,0	67,0	68,0	73,0	73,0
Women	41,9	44,9	42,7	42,5	49,5	56,4	54,9	46,0	53,0	59,0	60,0	62,0	62,0
Adult literacy rate (age 15 and over)													
Women	27,4	28,1	28,8	29,2	29,8	30,5	31,0	31,6	32,1	32,3	32,2	43,7	43,7
III. Natural resources and sustainable environment.													
Population with access to improved water source (as a percent)	51,9	54,9	57,8	53,9	55,6	55,2	55,1	52,4	56,3	47,2	47,3	47,4	60,3
Quantity of renewable water source (thousand of m3/year/person)	1,5	1,5	1,4	1,4	1,4	1,4	1,3	1,3	1,3	1,2	1,2	1,2	1,2
Proportion of land area covered by forest and/or protected to maintain biological diversity (as a percent)	49,0	49,0	49,0	49,0	47,0	47,0	47,0	47,0	47,0	47,0	47,0	47,0	47,0

Source: Data collected by the Permanent Secretariat for Monitoring Economic and Social Reforms (SP/REFES)
Prov. = provisional

ANNEX I (continued)

Table 4: Principal social indicators selected

	1 990	1 991	1 992	1 993	1 994	1 995	1 996	1 997	1 998	1 999	2 000	2 001 prov.	2 002 prov.
I. Poverty indicators (monetary)													
Populations living below the poverty line:													
National	34,9	33,8	33,5	35,3	47,8	52,2	60,7	63,5	65,6	67,7	67,4	68,0	68,0
Urban	32,4	32,0	32,9	40,9	47,2	51,2	64,0	66,0	66,5	66,6	66,0	66,0	66,0
Rural	35,1	35,5	34,8	39,6	48,5	53,3	57,5	61,0	64,6	68,8	68,7	68,7	68,7
Per capita GNP in current \$U	214,4	203,8	179,6	149,3	170,8	182,1	131,8	146,3	129,3	124,5	119,1	110,0	110,0
II. Health and related services													
Life expectancy at birth (in years)	51,3	51,7	51,8	51,1	50,6	49,8	49,2	48,8	48,5	48,2	48,0	48,0	48,0
Infant mortality rate (as a percent)	118,4	116,1	113,8	111,4	115,2	124,1	126,6	127,1	126,6	116,0	116,0	114,0	114,0
Vaccination coverage rate (percent children under 1 year)	85,0	82,0	80,0	63,0	48,0	62,5	55,0	55,3	47,9	47,2	61,0	72,0	91,0
No. of cases of malaria (per 100,000)	9,5	10,3	10,1	14,3	14,0	17,9	18,8	24,5	29,2	29,9	48,8	49,0	40,1
Population per physician (in 000)	25,2	22,3	21,4	18,8	19,1	19,6	19,5	21,6	21,6	22,3	24,2	36,1	34,7
Population per nurse (in thousands)	3,8	4,1	3,7	3,2	3,3	3,4	3,4	3,3	3,0	2,6	3,3	3,3	3,3
Population with access to potable water (as a percent)													
Urban	95,0	96,0	97,0	92,0	89,0	70,0	94,0	94,0	95,0	95,0	95,0	96,3	96,3
Rural	49,0	52,0	55,0	51,0	53,0	54,0	52,0	49,0	53,0	43,0	43,0	44,0	58,3
National average	51,9	54,9	57,8	53,9	55,6	55,2	55,1	52,4	56,3	47,2	47,3	47,4	60,3
III. Education and related services													
Gross enrollment rate, primary	68,5	70,6	67,8	67,8	44,7	53,1	51,3	52,0	60,0	67,0	68,0	73,0	73,0
Gross enrollment rate, secondary	5,1	6,1	6,2	6,6	6,0	6,3	6,9	8,2	9,2	9,8	10,1	11,6	11,6
Gross enrollment rate, higher education	0,9	1,0	1,0	1,1	1,0	1,1	1,1	1,0	1,1	1,3	1,6	1,7	1,7
Adult literacy rate (age 15 and over)													
Men	47,8	48,6	49,5	49,7	50,4	51,1	51,8	52,4	53,0	52,7	52,7	66,8	66,8
Women	27,4	28,1	28,8	29,2	29,8	30,5	31,0	31,6	32,1	32,3	32,2	43,7	43,7
No. of students in technical education (as a percent of student body)	15,7	12,6	11,4	11,4	12,5	10,6	10,9	8,6	6,8	7,0	6,6	5,5	4,7
Student/Teacher ratios													
At the primary level	65,1	67,4	65,2	62,7	45,1	53,1	56,4	44,2	47,9	55,0	55,7	50,0	50,0
At the secondary level	24,0	27,8	28,7	28,6	24,9	23,7	22,2	21,6	22,8	33,4	41,1	42,0	44,0
Enrollment capacity at the University of Burundi	3 120	3 120	3 120	3 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120	4 120
IV. Demographic, natural resources and employment indicators													
Total population (in thousands)	5 292,8	5 451,6	5 610,4	5 769,1	5 875,4	5 981,7	6 088,0	6 194,2	6 300,5	6 482,7	6 664,8	6 847,0	7 032,2
Urban (as a percent)	6,3	6,5	6,8	7,0	7,2	7,3	7,5	7,6	7,8	8,0	8,2	8,0	9,0
Rural (as a percent)	93,7	93,5	93,2	93,0	92,8	92,7	92,5	92,4	92,2	92,0	91,8	92,0	91,0
Population density (persons/km2)	211,4	217,7	224,1	230,4	234,6	238,9	243,1	247,4	251,6	258,9	266,2	273,4	280,8
Natural increase rate (as a percent)	2,9	2,9	3,0	3,0	2,9	2,8	2,8	2,9	3,0	3,0	3,0	3,0	3,0
Fertility rate (number of children per woman)	6,7	6,7	6,7	6,7	6,7	6,7	6,6	6,6	6,7	6,3	6,3	6,8	6,5
Natural resources													
Surface area in km2	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834	27 834
Land area in km2	25 040	25 039	25 040	25 040	25 040	25 040	25 040	25 040	25 040	25 040	25 040	25 040	25 040
Arable land as a percent of land area	58,9	57,8	56,7	56,3	60,0	60,0	60,0	59,4	54,5	54,8	55,0	55,0	55,0

ANNEX I (concluded)

Table 4 (concluded): Principal social indicators selected

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2 000	2 001	2 002
												prov.	prov.
Employment													
<i>Active population by activity sector</i>													
Total structured sector (ST)	78 381	79 912	81 533	83 252	85 055	86 876	88 996	91 367	94 000	95 840	97 287	99 515	101 764
Including public sector	28 769	29 392	29 997	30 589	31 158	31 716	32 260	33 348	34 868	35 060	35 904	33 886	38 377
Including public sector (as a percent of ST)	36,7	36,8	36,8	36,7	36,6	36,5	36,2	36,5	37,1	36,6	36,9	34,1	33,7
Para-public sector	22 052	22 455	22 907	23 408	23 953	24 562	25 218	25 788	26 300	27 403	27 405	28 033	28 667
Para-public sector (percent of ST)	28,1	28,1	28,1	28,1	28,2	28,3	28,3	28,2	28,0	28,6	28,2	28,2	28,2
Private sector	27 560	28 065	28 629	29 255	29 944	30 598	31 518	32 231	32 832	33 377	33 978	34 695	35 573
Private sector as a percent of ST	35,2	35,1	35,1	35,1	35,2	35,2	35,4	35,3	34,9	34,8	34,9	34,9	35,0
<i>Labor force as a percent of the total population</i>	45,0	44,7	44,4	44,0	44,1	44,1	44,2	44,2	44,4	44,4	44,6	50,0	49,0
Agriculture as a percent of the total population	93,6	93,7	93,4	93,6	93,6	93,6	93,6	93,6	93,6	93,6	93,6	94,0	93,6
Industry as a percent of the total population	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Services as a percent of the total population	4,4	4,4	4,4	4,4	4,4	4,4	4,4	4,4	4,4	4,4	4,1	4,4	4,1

Source: Data collected by the SP/REFES, DHD Database, Prov. = provisional

Indicative framework of indicators for monitoring the I-PRSP

1. Promoting peace and good governance

Action area	Indicators
a. Peace and security	<ul style="list-style-type: none"> • Continuous dialogue and consensus building among Burundians. • Putting an end to the war. • Dismantling refugee camps and settling returning refugees. • Free circulation for people and goods throughout the country. • Transitional institutions functioning well.
b. Governance	<ul style="list-style-type: none"> • Transparent and independent institutions for monitoring the management of public affairs: <ul style="list-style-type: none"> ▪ An Audit Office that is independent of the Executive; ▪ Office of the Inspector General; • Independent watchdog for combating corruption and fraud; • Finalization of structural reforms already under way, in particular: <ul style="list-style-type: none"> ▪ public procurement; ▪ the Investment Code.
c. Decentralization and participation	<ul style="list-style-type: none"> • A decentralization policy formulated. • Recognition of the community development committees already implemented under the decentralization policy. • Financial decentralization to the communes and provinces, as part of strengthening their independence.
d. Strengthening human and individual capacities	<ul style="list-style-type: none"> • Training and specialization courses organized for officials of central and decentralized agencies. • A solid base of socio-economic statistics

2. Reforming the macroeconomic framework and promoting high-quality economic growth

Area of action	Indicators
a. Macroeconomic stability	<ul style="list-style-type: none"> • GDP growth exceeds population growth. • Balance of resources and uses. • Inflation under control. • Foreign exchange available. • Increase in savings and investment
b. Rural development	<ul style="list-style-type: none"> • Increase in agricultural productivity. • Improved access to rural microcredit. • Livestock development. • A national irrigation program in place.
c. Natural resources and the environment	<ul style="list-style-type: none"> • Environmental protection legislation in place. • IEC programs for environmental protection in place.
d. Private sector and gradual disengagement of the State from productive system	<ul style="list-style-type: none"> • Number of rehabilitated production support facilities. • Number and value of State holdings privatized. • An IEC strategy to promote the privatization policy. • Increased investment by the private sector.

ANNEX II (continued)

3. Making basic social services available for the development of human capital

Area of action	Indicators
a. Education	<ul style="list-style-type: none"> • Enrollment rate for children aged 7 to 15. • Enrollment rate for boys. • Enrollment rate for girls. • Education share of the government budget. • Education costs: -primary school; -secondary school; -higher education. • Number of students per classroom and per teacher at the primary and secondary levels. • Success rate in examinations for promotion from primary to secondary and secondary to higher education. • Number of primary schools built. • Number of teachers trained. • Number of technical and vocational training establishments created.
b. Health	<ul style="list-style-type: none"> • Vaccination rate for children aged 7 and under. • Malnutrition rate. • Assisted births rate (health centers, hospitals, maternity clinics) • Infant mortality rate. • Maternal mortality rate. • Health share of the national budget. • Number of people per doctor, per nurse. • Number and utilization rate of health facilities.
c. Water and sanitation	<ul style="list-style-type: none"> • Number of households served by the national water company. • Number of standpipes constructed. • Drinking water supply rate. • Water consumption/person and /day by city, province and commune. • Latrine utilization rate. • Rates for malaria, communicable diseases and nutritional ailments. • Morbidity rate
Area of action	Indicators
d. Employment and Social Security	<ul style="list-style-type: none"> • Unemployment rate. • Number of jobs created in the formal sector. • Implementation of the national employment policy. • Extension of the Social Security system to all workers.
e. Housing	<ul style="list-style-type: none"> • Number of units producing local construction materials. • Number and amount of home improvement loans provided. • Number of people with decent housing. • Number of households with electricity and water connections
f. Reaffirming the national culture and providing training opportunities for youth	<ul style="list-style-type: none"> • Efforts to rehabilitate the institution of <i>Ubushingantahe</i>. • Number of youth training centers rehabilitated and created. • Number of associations sponsoring income-generating activities for youth. • Number of vocational education and trades training centers created.

ANNEX II (continued)

4. Promoting the economic reintegration of war victims and disadvantaged groups

Area of action	Indicators
a.Social reintegration and economically construction	<ul style="list-style-type: none"> • Number of war victims restored to their own or other land. • Number of community facilities rehabilitated. • A special fund established for reintegrating war victims socially and economically. • Number of combatants demobilized and reintegrated.
b.Special care for vulnerable and disadvantaged groups	<ul style="list-style-type: none"> • Social safety nets in place. • Number of orphans, war-wounded and AIDS victims receiving care. • Number of projects for providing care to vulnerable and disadvantaged groups.

5. Combating HIV/AIDS

Area of action	Indicators
a.Strengthening prevention programs	<ul style="list-style-type: none"> • AIDS prevalence rate. • Number of persons living with HIV/AIDS. • Testing rate. • The rate of condom use. • Quality of information, education and communication programs (IEC).
b.Promoting care and support for HIV and AIDS patients and helping them care for themselves	<ul style="list-style-type: none"> • Economic cost of AIDS to families affected by the pandemic. • Number of people with access to antiretroviral drugs. • Number of persons living with HIV/AIDS who are receiving medical and psychological care. • Number of AIDS orphans receiving care. • Budget of associations sponsoring income-generating activities for PLHA.
c.Capacity-building for institutions in HIV/AIDS campaign	<ul style="list-style-type: none"> • An institutional framework in place for coordinating the national AIDS campaign. • Availability of statistics on HIV/AIDS.
d.Establishing a legal framework for the protection of persons living with HIV/AIDS (PLHA)	<ul style="list-style-type: none"> • Legal framework for PLHA in place. • Promulgation of the law providing legal protection for PLHA, and preparation of implementing regulations. • Legal mechanisms and structures in place for protecting AIDS orphans.

6. Advancing the role of women in development

Area of action	Indicators
a.Women's access to education	<ul style="list-style-type: none"> • Enrollment rate for girls at the different levels of education. • Dissemination of legislation promoting gender equality.
b.The role of women in economic recovery	<ul style="list-style-type: none"> • Number of women holding senior positions in Government. • Number of women holding senior positions in private enterprise. • Number of women's associations and enterprises created in the productive sector. • Number of financial institutions specializing in support for women.

ANNEX II (concluded)

7. Monitoring poverty

Area of action	Indicators
a. Monitoring poverty trends	<ul style="list-style-type: none"> • Statistical database on poverty in place. • Poverty profile showing the following: <ul style="list-style-type: none"> -national trends -regional disparities -socio-economic groups • Inflation • Sources of income
b. Instituting a participatory process for poverty reduction programs and projects	<ul style="list-style-type: none"> • Level of appropriation and participation: <ul style="list-style-type: none"> - of organized communities; - of communes; - of provinces.

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