

**Probable Date of Presentation to the Committee  
on Operations and Development Effectiveness  
(CODE)**

**TO BE DETERMINED**

**FOR CONSIDERATION**

## **MEMORANDUM**

**TO : THE BOARDS OF DIRECTORS**

**FROM : Vincent O. NMEHIELLE**  
**Secretary General**

**SUBJECT: BURUNDI: COMBINED REPORT ON EXTENSION OF COUNTRY  
STRATEGY PAPER (CSP 2012-2016) TO DECEMBER 2017 AND 2016  
COUNTRY PORTFOLIO PERFORMANCE REVIEW (CPPR)\***

Please find attached the above-mentioned document.

**Attach.**

**Cc: The President**

**\* Questions on this document should be referred to:**

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**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND**

**BURUNDI**

**COMBINED REPORT ON EXTENSION OF COUNTRY STRATEGY PAPER (CSP 2012-2016)  
TO DECEMBER 2017**

**AND 2016 COUNTRY PORTFOLIO PERFORMANCE REVIEW**

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## BURUNDI

### COMBINED REPORT ON EXTENSION OF COUNTRY STRATEGY PAPER (CSP 2012-2016) TO DECEMBER 2017 AND 2016 COUNTRY PORTFOLIO PERFORMANCE REVIEW (CPPR)

**RDGE**

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*Translated Document*

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## LIST OF ABBREVIATIONS

ADF	African Development Fund
ADF-PRG	African Development Fund Partial Risk Guarantee
API	Investment Promotion Agency of Burundi
BIF	Burundian Franc
BIFO	Burundi Field Office
BNUB	United Nations Office in Burundi
BRB	Bank of the Republic of Burundi
CMP	Public Procurement Code
CNARED	National Council for Compliance with the Arusha Peace and Reconciliation Agreement for Burundi and the Rule of Law
CNCA	National Aid Coordination Committee
CODE	Committee on Operations and Development Effectiveness
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CSM	Special Procurement Commission
CSP	Country Strategy Paper
DG	Development Goal
DRC	Democratic Republic of Congo
EAC	East African Community
EARC	East Africa Regional Resource Centre
EC	European Commission
ECCAS	Economic Community of Central African States
ECF	Extended Credit Facility
ECMVB	Household Living Conditions Survey
ERSP	Economic Reform Support Programme
EU	European Union
FSF	Fragile States Facility
FSMS	Food Safety Management Systems
GCP	Partners Coordination Group
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEF	Global Environment Fund
GPRSF	Growth and Poverty Reduction Strategic Framework
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
ICGLR	International Conference on the Great Lakes Region
ICT	Information and Communication Technology
IDEV	Independent Development Evaluation Department of the AfDB
ILO	International Labour Office
IMF	International Monetary Fund
IS	Implementation Status
ISTEEBU	Institute of Statistics and Economics of Burundi
MDG	Millennium Development Goal

MFBP	Ministry of Finance, Budget and Privatization
MFBPDP	Ministry of Finance, Budget and Privatization
MTR	Mid-term Review
NCB	National Competitive Bidding
NELSAP	Nile Equatorial Lakes Subsidiary Action Program
OBR	Burundi Revenue Office
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
ORTS	Transition Support Department of the AfDB
PABVARC	Watershed Management and Climate Resilience Improvement project
PAIRB	Bugesera Natural Region Rural Infrastructure Support Project
PAPCE	Job Creation Support Project
PAPP	Portfolio Performance Improvement Action Plan
PCR	Project completion reports
PEFA	Public Expenditure and Financial Accountability
PIU	Project Implementation Unit
PFM	Public Finance Management
PNE	National Employment Policy
PNIA	National Agricultural Investment Programme
PPP	Potentially Problematic Project
PPP	Public-Private Partnership
PRECA	Capacity Building Programme for the Administration
RISP	Regional Integration Strategy Paper
RMF	Results and Monitoring Framework (of the CSP)
PAR	Project at Risk
SEFA	Sustainable Energy Fund for Africa
SGFP II	Public Finance Management Strategy (2012-2014)
SNCBD	Standard National Competitive Bidding Documents
TFP	Technical and Financial Partner
TSF	Transition Support Facility
UA	Unit of Account
UNDP	United Nations Development Programme
VAT	Value-Added Tax

## **CURRENCY EQUIVALENTS**

September 2016

Currency	=	Burundian Franc (BIF)
UA 1	=	BIF 2,308.337
EUR 1	=	BIF 1,842.91
USD 1	=	BIF 1,655.50

## **WEIGHTS AND MEASURES**

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## **FISCAL YEAR**

1st January – 31st December

## EXECUTIVE SUMMARY

1. The Country Strategy Paper (CSP) for 2012-2016 was approved by the Bank's Board of Directors in January 2012. This strategy, is designed to support national efforts to emerge from the post-conflict situation, focused on two pillars, namely: "*Strengthening of governance*" and "*Infrastructure improvement*". The goal was to "*promote growth and inclusive development*". The CSP mid-term review (MTR), approved by the Board in May 2014, decided that these two pillars should be maintained.
2. Sixteen years after the signing of the Arusha Peace and Reconciliation Agreement for Burundi (2000) that ended the crisis and ushered in peacebuilding, the country remains trapped in fragility circumstances caused by political, security, economic, social and humanitarian factors that have region-wide implications. During the first three years of CSP implementation (2012-2014), Burundi enjoyed a stable political environment. Subsequently, the 2015 elections plunged the country into a severe socio-political crisis that generated a host of human rights abuses, as well as internally- and externally-displaced people. Current attempts to restore social peace among the various factions have ended in deadlock. The socio-political crisis has stalled real GDP growth, estimated at -4.1% in 2015, compared to an average of 4% between 2010 and 2014. Consequently, the country is grappling with numerous challenges that make it impossible to lay the foundations for sustainable job-creating economic growth and sustainable improvement of community living conditions.
3. Bank operations, implemented under CSP 2012-2016, have helped to sustain reforms initiated by the Government to strengthen the governance system and improve the business climate. They have also supported infrastructure development in the transport, energy and rural development sectors. All operations scheduled under the indicative CSP programme were approved and implemented for a total amount of UA 155 million. However, despite the progress made, especially in poverty reduction, much remains to be done to enhance efficiency and transparency in public finance management. The portfolio, whose performance is deemed satisfactory, has 15 projects, comprising 6 (six) national projects and 9 (nine) regional operations. The total commitment amounts to UA 265.3 million.
4. The preparation of a new CSP should have started in 2016. However, given the precarious socio-political situation which could suddenly deteriorate at any time and plunge the country into an even deeper crisis, adequate conditions are not in place for the Bank to initiate a new complete CSP (five-year period). Furthermore, there is no reference framework for fruitful dialogue given completion of the country's national development strategy since end-2015 and freezing of assistance by some donors.
5. An agreement was reached with the Government to extend the CSP until December 2017, while maintaining the same strategic policy and the two CSP pillars, such that the Bank would carry on with its operations in Burundi and continue supporting the country's development efforts. However, the Bank recognizes that it must take into account the crisis situation in the country. Accordingly, it will take several measures to mitigate the adverse socio-economic effects of the crisis on the people. In that regard, new projects will be designed during the extension period to maximize their impact on the mitigation of fragility. Furthermore, ongoing projects will be restructured, to the extent possible, to adapt to the fragility circumstances prevailing in the country. Lastly, it should be noted that the principles of green and inclusive growth and the "gender" dimension will also be reflected in the design of new projects.
6. In the indicative programme for 2016-17, three new projects have been proposed (under Pillar II) for a total amount of UA 36.3 million, comprising of two national projects and one multinational operation. The three new operations are consistent with the "High 5" priorities of the Bank, namely: "*Feed Africa*"; "*Integrate Africa*"; and "*Improve quality of life for the people of Africa*". They are also consistent with the new policies recently approved by the Board, namely: "*Jobs for Youth in Africa Strategy 2016-2025*" and "*Strategy for Agricultural Transformation in Africa, 2016-2025*".
7. In light of the foregoing, the Committee on Operations and Development Effectiveness (CODE) is invited to consider this combined report on extension of the CSP to end-2017 and on the 2016 portfolio performance review.

## I. INTRODUCTION

1.1 ***In 2012, the Bank Group Board of Directors approved the 2012-2016 Country Strategy Paper (CSP) for Burundi [Ref. ADB/BD/WP/2011/200 and ADF/BD/WP/2011/133].*** The strategy is consistent with the priorities of the second generation Growth and Poverty Reduction Strategy Framework (GPRSF II 2012-15). The CSP mid-term review (MTR) approved by the Board in May 2014, concluded that the two pillars should be maintained, namely: “*Strengthening of governance*” and “*infrastructure improvement*”. However, it should be noted that Pillar I, originally entitled “Consolidation of the State”, was reformulated to better focus its content, which lays more emphasis on reform implementation and rebuilding of the country's institutional capacity. The goal of the two CSP pillars is to “*promote growth and inclusive development*”.

1.2 ***Preparation of a new CSP should have started in 2016, but given the prevailing political situation, it has been proposed that the current strategy be extended by one year until end-2017.*** The socio-political context has remained fragile since April 2015 when the President of the Republic stood elections for a third term, sparking intense social unrest. The current precarious situation could suddenly deteriorate at any time, triggering a widespread crisis. Consequently, adequate conditions are not in place for the Bank to initiate a new complete CSP for a five-year period. Furthermore, it should be noted that there has been no reference framework for development partner operations since PRSF-II which ended<sup>1</sup> in December 2015. Lastly, several development partners have suspended part of their cooperation with Burundi, thus reducing external assistance by almost 33% in 2015 compared to 2014. Extending the CSP will enable the Bank, as a major African development institution and a preferred partner of Burundi, to continue supporting the development efforts of the country and alleviate the adverse socio-economic effects of the current socio-political crisis suffered by the people.

## II. COUNTRY CONTEXT AND PROSPECTS

### 2.1 Political and Security Context

2.1.1 ***The weak political and social cohesion, resulting from a history of recurrent political crises, the latest of which occurred during the 2015 elections, has gradually led the country into an excessively fragile situation.*** The 2015 elections plunged it into a severe socio-political crisis. Those elections, held in June-July 2015 and boycotted by the Opposition and Civil Society, led to the re-election of the current President of the Republic. The political crisis culminated in a failed coup d'état orchestrated by a group of army officers on 13 May 2015 and attacks on two military camps on 11 December 2015, which intensified the wave of violence, rape, torture, and killings. The toll has been very high with over 500 dead and some 260,000 refugees in neighbouring countries. Unlike previous armed conflicts strongly marked by ethnic divisions, the current strife has, so far, remained essentially political. Nevertheless, the international community has continually warned of the risk of escalation to ethnocentric violence if the crisis persists (see Annex 7).

2.1.2 ***At the regional level, the Heads of State of the sub-region entrusted mediation of the crisis to the President of Uganda (in June 2015) and the former President of Tanzania, Benjamin Mkapa (in March 2016) to revive inter-Burundian dialogue.*** The first session of that dialogue was organized in May 2016, without the participation of CNARED, the main coalition of Burundian Opposition parties that the Government rejects. The second session of the dialogue, which still excluded CNARED, made no progress on substantive issues concerning the crisis, the status and implementation of the Arusha Peace and Reconciliation Agreement for Burundi, the Constitution, the security situation, politics and democracy and the state of the economy.

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<sup>1</sup> It should be noted that the Authorities have not yet launched the preparatory work for a new development strategy, although discussions are underway for the extension of PRSF-II until end-2017.

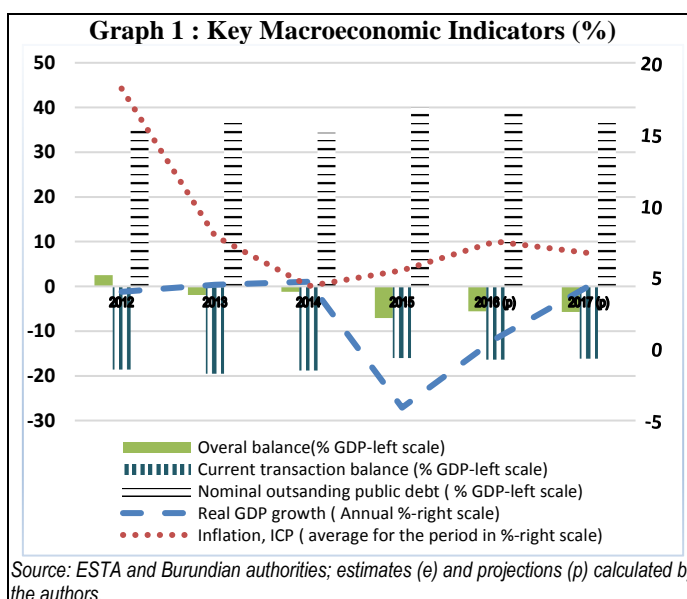
Moreover, the last summit of Heads of State, held in September 2016, validated the proposal of the Mediator that inclusive dialogue be initiated within six months.

**2.1.3 The international community is increasingly worried by the deepening crisis, which could spread to the entire sub-region.** This risk is all the more real because the Government of Burundi and some international observers accuse Rwanda of sheltering rebels. Rwandan authorities have formally denied these accusations. The proposal to deploy an African Union force in Burundi was rejected by the Government. On 1 April 2016, the Security Council unanimously adopted Resolution 2279 (2016), requesting the Secretary-General to enhance the United Nations engagement in Burundi by strengthening the team of his Special Adviser for conflict prevention.

**2.1.4 The governance situation has hardly improved, despite Government efforts to combat economic malfeasance.** This situation has been confirmed by the 2015 *Transparency International* report which ranks Burundi 150<sup>th</sup> out of 167 countries classified under its Corruption Perception Index. The *2015-16 Global Competitiveness Report* also indicates that out of the sixteen (16) criteria deemed to be problematic for business in Burundi, corruption ranks first (26%), followed by access to funding (21%) and political instability (19%). Furthermore, the 2015 Ibrahim Index of African Governance (IIAG) had already highlighted the deterioration of the personal safety situation between 2013 and 2014, ranking Burundi 38<sup>th</sup> out of the 54 countries assessed.<sup>2</sup>

## 2.2 Economic Context

**2.2.1 Burundi's economy, which is not diversified, has been severely affected by the socio-political crisis of 2015.** Agriculture is the backbone of the economy and is practiced in small scale, focusing on coffee cultivation, and employing approximately 800,000 farmers. It accounts for approximately 39% of GDP and nearly 90% of the workforce, which is predominantly female. The secondary and tertiary sectors account for 19% and 42% respectively. The negative effects of the crisis were a sharp drop of the real GDP growth rate to -4.1% in 2015, compared to 4.7% in 2014 and 4.5% in 2013 (*see Graph 1*). This sharp fall stemmed



primarily from a contraction in activities in the secondary (-16%), industrial (-7%) and construction (-35%) sectors. Meanwhile, the tertiary sector recorded only a slight decline in activities (-0.6%). However, this poor tertiary sector performance conceals significant disparities. The sharp fall in demand (about 20%) partly stems from the decline in public investments, mainly due to the decrease in external financial support to the public sector (-33% relative to 2014). GDP growth rate projections of 1% in 2016 and 4% in 2017 are based on optimistic assumptions, which include quick start of inclusive dialogue, improvement of the security situation, resumption of cooperation by donors who have frozen their aid, potential return of FDI, bumper coffee/tea harvest, etc. Achievement of these projections could be undermined by the persistent political uncertainty and the lethargic economy which portends an adverse macroeconomic outlook in the medium term.

**2.2.2 As regards the fiscal policy, there has been control of expenditure since 2012, despite the decline in revenue.** Prior to the crisis in 2015, the programme supported by the Extended

<sup>2</sup> All these reports rely on 2014 data which do not capture the fallout from the 2015 political crisis.

Credit Facility (ECF) signed with the IMF in January 2012, had enabled the country to make significant progress in structural reforms.<sup>3</sup> However, the sharp economic downturn in 2015 led to a significant decline in Government revenue against the fiscal targets set at the beginning of the year. Meanwhile, the Government's response to the deteriorating security situation was to increase recurrent expenditure above the set limits. The increase was also fueled by funding of the elections with state owned resources since external support had been frozen. Hence, the overall budget deficit broadened to -7.1% of GDP in 2015, from 1.2% in 2014 and 1.9% in 2013. This deficit was estimated at -5% of GDP in 2016 and 2017 (see Graph 1). Due to this difficult environment, the Government was unable to implement the various reforms and the ECF-supported programme was declared "off track" by the IMF in its press release of 18 January 2016. Nevertheless, the IMF has continued to monitor the situation and gather the data needed to assess the economic impact and challenges facing the country. Implementation of the 2016 budget was characterized by the freezing of yearly salary increases and civil servant advancements, actions which could ignite social tensions.

**2.2.3 As regards the monetary situation, the fiscal deterioration in 2015 had a negative impact on the balance sheet of the Bank of the Republic of Burundi (BRB)** which disbursed significant statutory advance payments to the Government to finance the budget deficit. Indeed, since the crisis started in April 2015, statutory advance payments to the Government have increased steadily and were estimated at over 12% of total budget revenue in 2015 (3.4% of GDP). Total advance payments in the first six months of 2016 represented approximately 20% of annual budget revenue. Such funding, which is indeed an injection of liquidity into the economy during a crisis period, has fuelled demand for foreign currency. The official exchange rate was BIF 1670 to one US dollar in June 2016, compared to BIF 1555 over the same period in 2015, representing a depreciation of 5.1%. Nevertheless, on account of this situation, the black market has put more pressure on the exchange rate: BIF 2400 for one US dollar in June 2016. Inflation rose to an average of 5.5% in 2015, from 4.7% in 2014 and 4.5% in 2013 (see Graph 1), thanks to a bumper food-crop harvest and the steady decline in international oil prices. However, it is projected to rise above 7% in 2016, mainly due to the decline in official reserves.

**2.2.4 Burundi's debt distress risk remains high due to structural trade imbalance and the socio-political crisis.** Although the country reached the completion point of the Heavily Indebted Poor Countries Initiative in January 2009 and in spite of the fiscal reforms and the increase in exports between 2009 and 2014, the net present value of the external debt relative to annual exports of goods and services remains well above the benchmark value of 100% (152% in 2015). Burundi's public debt continues to grow, representing almost 40% of GDP in 2015, compared to 36% in 2012. Based on the latest debt sustainability analysis update in March 2015, IMF staff estimated that the debt distress risk and vulnerability factors remain high for Burundi. Consequently, the country should take advantage of its fiscal reforms to apply appropriate policies that do not jeopardize debt sustainability. Hence, between May 2015 and May 2016, the public debt stock spiralled on a year-on-year basis by +31.9% to stand at approximately USD 1130 million (41% GDP), due to a 49% increase in the domestic debt and an 11.7% increase in the external debt. Government debts owed to the banking sector alone accounted for nearly 90% of the domestic debt stock as at end-March 2016.

**2.2.5 Burundi's external position remains fragile because of the large trade deficit and low level of foreign investment.** The export sector is not diversified, depending heavily on coffee and tea which account for over 80% of all exports. National imports are mainly manufactured goods, which attests to the limited competitiveness of the domestic industry. Total imports declined from 25.4 % of GDP in 2013 to 22 % in 2015, and exports inched down from 3.4% of GDP in 2013 to 3.1 % in 2015. Meanwhile, the current account deficit declined from -19.5% of GDP in 2013 to -

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<sup>3</sup> The Bank has supported several of the country's reforms through its budget support and capacity-building operations, including budget programming, internal and external audit, public procurement reform and domestic revenue collection. Although some of these reforms were successfully implemented, others were derailed by the 2015 crisis.

16% in 2015 (*see Graph 1*). Furthermore, unofficial transfers fell from 7% of GDP in 2013 to 5% in 2015. In short, the combination of all these factors, coupled with the freezing of a portion of international aid, had a direct impact on official foreign exchange reserves, which plummeted from 4.1 months of import cover in 2014 to less than 2 months in 2015 and about 1 month at end-June 2016.

**2.2.6 *Burundi's banking system still dominates the financial sector and represents over 75% of assets.*** Banks play a very limited role in financial inclusion although deposits represented over 30% of GDP in 2014. Similarly, credit to the private sector remains at less than 15% of GDP, compared to over 50% for member countries of the East African Community (EAC). Public finance management difficulties also contributed to the deterioration of the banking sector lending portfolio, mainly due to domestic arrears of the State and problems in recovering collateral from private borrowers. The credit deterioration rate declined sharply from 113% at end-May 2015 to 19.6% at end-May 2016.

**2.2.7 *With regard to economic and financial governance, the country's performance has posted mixed results all together.*** The last Public Expenditure and Financial Accountability (PEFA) assessment of 2014, compared to that of 2011, showed a deterioration in the indicators and many gaps in the system, including monitoring the overall fiscal risk by public sector entities, the multi-year fiscal planning outlook, the public expenditure policy and efficiency in the recovery of fiscal and customs contributions. Lastly, the country policy and institutional assessment (CPIA) conducted by the Bank showed an improvement in the overall score from 2.6 out of 6 in 2010 to 3.4 in 2014 before inching down to 3.2 in 2015. Of the four CPIA indicators, the one relating to “Governance” improved least, from 2.9 in 2010 to 3.13 in 2014 and 3 in 2015 because of the “*quality of public administration*” and “*transparency/accountability*” criteria which have not improved significantly, thus accounting for the persistently poor quality of services rendered to users. Burundi’s authorities are aware of these gaps and wish to step up reforms, mainly by applying the Good Governance and Corruption Control Strategy adopted in October 2011 and developing a new public finance management strategy that would take account of PEFA 2014 recommendations.

**2.2.8 *The private sector is embryonic and composed of small and medium-sized enterprises that mainly operate in the informal economy.*** Slightly over 3,000 businesses operate in the formal sector (over 80% of them located in the capital Bujumbura) and employ less than 2% of the labour force. Over 65% of these businesses operate in the services sector and barely 5% are in the industrial sector. However, the share of private investment in GDP surged from 2.2% in 2005 to 15% in 2014, mainly due to activities in the tourism (hotels), banking and insurance sectors. Compared to other EAC countries, Burundi attracts little foreign direct investment (less than 3% of GDP in 2015 compared to 5% in 2013). As regards competitiveness, the *2015-16 Global Competitiveness Report* ranked Burundi 136<sup>th</sup> out of 140 countries with a score of 3.1 on 7, and emphasized that factors such as financial market development (score: 2.2 and position: 140<sup>th</sup>), access to technology (score: 2.2 and position: 140<sup>th</sup>), and road and electricity infrastructure (score: 2 and position: 136<sup>th</sup>) are some of the major obstacles to competitiveness for Burundi’s businesses.

**2.2.9 *The limited quantity and poor quality of (energy and transport) infrastructure translates into limited access and high costs given the purchasing power of the population.*** Only 1250 km of the total national road network of 5,211 km is paved. The network is essentially composed of secondary earth roads. The potential of Lake Tanganyika and Bujumbura port are untapped, whereas they can offer many transport facilitation options and transform Burundi into a major inter-regional trade hub. Transport services can be double, or even triple the levels in other countries, and this undermines the competitiveness of Burundi’s businesses, thus constituting a major obstacle to private sector development. Import prices have increased by over 35% due to transport costs, on account of the landlocked nature of the country. As regards energy, the availability of water resources creates a potential for an estimated hydroelectric power production capacity of 1300 MW, whereas only a capacity of 35 MW is currently available.

Consequently, the population has a limited electricity access rate of 5%, compared to the 16% average in Sub-Saharan Africa.

**2.2.10 *The rainfall, river basins and the dense network of permanent watercourses, lakes and marshes, which could offer a huge potential for agricultural and livestock development, are not exploited to the optimum.*** Such low agricultural sector productivity, though representing approximately 39% of GDP, is a major constraint on Burundi's development. This constraint is compounded by the population's high concentration on subsistence agriculture, which has been undermined by dwindling farm sizes (0.5 hectare per household) due to population pressure. Limitation of movement due to real or perceived insecurity has severely harmed economic activities, reducing access to means of subsistence, undermining food availability, and driving up food prices in local markets. More than 35% of the Burundian population suffers from food insecurity. Some 689,000 people experience severe food insecurity and have already implemented negative coping strategies (*FSMS - December 2015*). The malnutrition rate is also on the rise, with an estimated 50,000 under-five children suffering from acute malnutrition.

**2.2.11 *As regards regional integration, the country intends to take full advantage of its membership in the various regional economic groupings*** (ECGLC in 1976, ECCAS in 1984, COMESA in 1994 and ECA in 2007). Burundi has also joined specific regional cooperation organizations such as: the Nile Basin Initiative (1999), the Lake Tanganyika Authority (2003) and the International Conference on the Great Lakes Region (2004). It is within the East African Community (EAC) that Burundi has made remarkable progress towards establishment of the common market. This essentially entails implementing a common external tariff, harmonizing laws on immigration and labour, lifting non-tariff barriers and finalizing the good governance protocol. However, the unstable socio-political situation and lack of progress in mediation initiatives are likely to undermine Burundi's regional integration gains. This would put a major strain on relations with other countries at regional and international levels as evident in the suspension of external funding and the tense relations with Rwanda.

## **2.3 Social Context and Cross-cutting Themes**

**2.3.1 *Poverty and the Millennium Development Goals (MDGs):*** Recent data from the Household Living Conditions Survey (ECMVB-2013/2014) indicate that almost two out of every three Burundians are unable to meet their basic daily (food and non-food) needs. In 2014, the monetary poverty rate<sup>4</sup> stood at 64.6% of the total population, compared to 67.1% in 2006. The latest UNDP Human Development Report for 2015 ranks Burundi in the 184<sup>th</sup> position (out of 188 countries and territories) with a life expectancy of 56.7 years. The humanitarian impact of the 2015 political crisis will be further compounded in 2016 because of the heavy budget cuts in the health (54%), agriculture (14%), education (27%) and human rights (65%) sectors. Pregnant women and under-five children who relied on free critical care are particularly at high risk. On the whole, despite the progress made, Burundi was unable to meet any of the MDGs in 2015. Given its outstanding challenges, Burundi has to meet almost all the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015. Accordingly, the authorities, with UNDP support, intend to launch country-wide national consultations on the SDGs before the end of 2016.

**2.3.2 *With the adoption of the national gender policy in 2004, the country made significant strides in terms of women's empowerment,*** including female representation guaranteed by law in decision-making bodies (at least 30% in Parliament and the Government). According to the 2014 Global Gender Gap Report, the country improved its ranking by 5 positions to become 17<sup>th</sup> out of 142 countries assessed, just behind Rwanda which is the leading African country in this area. However, despite the higher (mainly agricultural) employment rate for women than for men (90%

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<sup>4</sup> The monetary poverty line is estimated at BIF 636,510 at the national level per year, BIF 1,744 per day or approximately USD 1.13 per day in 2014. Poverty is more prevalent in rural areas than in urban areas, in monetary terms (68.8% compared with 27.6%) or in terms of living conditions (71.1% compared to 6.6%). However, income inequality is declining, the Gini index having dropped from 0.494 in 2006 to 0.388 in 2014.

compared to 87%: ECVMB 2013-14), one of the main sources of inequality is access to resources and factors of production. This situation is compounded by the law on inheritance and the patriarchal land tenure system which does not allow women to own land. Private lands are governed by customary law and passed down from father to son, which is tantamount to a *de facto* exclusion of women from land ownership. To mitigate these constraints, the Government has continued its women's empowerment efforts. However, the results remain limited, since very few credit mechanisms have been established to facilitate the socio-economic integration of women. Moreover, women suffer most from conflicts, and the mechanisms that provide support and combat sexual and gender-based violence are very few or almost non-existent.

**2.3.3 *Burundi is experiencing high unemployment rate, particularly among the youths.*** Overall, the country has an employment rate (as defined by the ILO) of 79% (ECVMB-2013/2014). However, over 40% of those who claim to be employed are, in fact, underemployed due to the duration of working hours. The youths are most affected. The labour market has a limited absorption capacity due to the large number of young job-seekers who enter the market each year. This situation partly stems from the limited development of the private sector (see paragraph 2.2.8.) and is compounded by the persistent mismatch between skills and labour market needs, due to the absence of an appropriate policy to develop technical and vocational education. In order to combat unemployment effectively, the authorities adopted a national employment policy (NEP) in November 2014, with the support of TFPs.

**2.3.4 *Burundi is one of the least urbanized countries in the world with only 10% of its population living in towns with over 10,000 inhabitants. Moreover, there are huge disparities (in socio-economic infrastructure) between its three main cities (Bujumbura, Gitega and Ngozi) and the rest of the country.*** The country's high rural population, the population pressure (approximately 390 inhabitants/km<sup>2</sup>, one of the highest in Africa), and traditional land-use methods cause degradation of the natural environment. The average size of farms per household has dwindled from 1.04 ha in 1973 to almost 0.5 ha in 2015. Forest resources are being depleted at an alarming rate: estimated to cover 8% of the national territory in 1992, forests covered less than 5% of the same territory in 2013. Although the authorities have taken measures to protect the environment, the current annual deforestation rate is estimated at 2%. Efforts to mainstream the environment into sector policies remain weak and insufficient to make a real transition to a green economy.

### **III. STRATEGIC OPTIONS**

#### **3.1 Country Strategic Framework**

**3.1.1 *The national comprehensive development framework and long-term socio-economic objectives are outlined in the "Burundi 2025 Vision", adopted in October 2010.*** This vision has been supported by the Growth and Poverty Reduction Strategy Frameworks, including the second generation (CSLP II 2012-15) approved in February 2012. The four (4) selected strategic pillars adopted are: (i) strengthening of the rule of law, consolidation of good governance and promotion of gender equality; (ii) transformation of the economy to achieve sustained job-creating growth; (iii) improvement of access and quality of basic services, as well as strengthening of national solidarity; (iv) spatial and environmental management that is consistent with development. To operationalize its strategic vision, the Government has developed several sector strategies, including the National Agricultural Investment Plan (PNIA 2012-17), the National Private Sector Development Strategy (SNDSP 2013-18), the National Transport Development Strategy, the National Employment Policy, and the Social Protection Policy Implementation Strategy. The PRSF expired at the end of 2015, and the Government has not been able to formulate of a new strategy, due to the prevailing socio-political and security context in the country. However, discussions are conducted internally within the Burundian Government and with some TFPs to extend PRSF II by a further two years until end-2017.

## 3.2 Opportunities, Challenges and Fragility Factors

3.2.1 *Apart from deterioration of the political situation, the country's challenges and structural development opportunities have essentially remained unchanged relative to those noted during the CSP Mid-term Review in 2014.* Burundi has several strengths/opportunities (see Box 1) which can be tapped to make real impact on growth and job creation. However, the main challenges/constraints to its development stem from its fragile situation and cyclical political crises.

3.2.2 *Burundi's persistent fragility points to the existence of certain critical factors of State fragility*, namely: overly cautious leaders, lack of political cohesion, limited capacity, limited commitment to building economic institutions and implementing policies and reforms that fuel growth, and inability to generate or properly use fiscal space. The main factors of fragility are numerous, complex and interrelated: recurrent since the early years of independence (1962) or the recent conflict (see Annex 7). Burundi's current situation has become complex and its fragility has increased as a result of the prevailing crisis.

- i. *The first fragility factor is the limited commitment of the parties that adhered to various political and social pacts* in a context of persistent and multifarious social divisions at various levels.
- ii. *The second is a combination of land tenure problems, environmental degradation, population problems, and the return of 1.2 million war victims, displaced people or refugees:* (i) population problems, aggravated by high density, threaten food security and exacerbate land disputes in a context of land shortage; (ii) land fragmentation and land tenure insecurity adversely affect agricultural production and living standards in rural areas; land disputes managed poorly, and sometimes arbitrarily, are a potential source of instability; and (iii) repatriation of some 500,000 Burundian refugees from neighbouring countries between 2006 and 2013, thousands of Burundians still living in those countries, as well as the over 260,000 people driven into exile by the recent 2015 crisis, have all compounded the complexity of the crisis in the short, medium and long terms.
- iii *The third is the combined effect of population growth and youth unemployment.* The very little attention paid to youths and the non-existence of a youth employment strategy constitute a threat to national security and economic development.

### Box 1: Opportunities and Challenges

#### Main Opportunities

- ✓ *Mining potential (underexploited) with enormous mineral reserves* (nickel, coltan, vanadium, phosphates, carbonatites, peat, limestone, etc.). Burundi holds the second largest nickel reserve in the world (6% of the world's nickel reserves or almost 200 million tonnes).
- ✓ *Hydroelectricity potential of 1300 MW of electricity*, whereas less than 40 MW is effectively tapped currently.
- ✓ *The development of Lake Tanganyika, which is 650 km long, has approximately 10 ports and can be transformed into an interregional trade hub.* In this regard, renovation of Bujumbura Port will boost trade, especially for goods transit between countries of the sub-region (Rwanda, Uganda, Tanzania, DRC, Zambia, etc.).

#### Main Challenges

- ✓ *Low level of infrastructure development* (road and energy), which is a major obstacle to national development.
- ✓ *Weak institutional capacity* characteristic of a fragile country and which translates into difficulties and delays in the coordination and implementation of economic policies.
- ✓ *An economy vulnerable to external shocks with a limited revenue collection capacity*, mainly due to the narrowness of the economic base and persistent weaknesses in financial and economic governance.
- ✓ *An underdeveloped private sector whose competitiveness is undermined by high production costs* (electricity, telecommunications, transport, etc.) as well as the low skills level of the workforce.
- ✓ *Despite its potential, the agricultural sector is dominated by subsistence farming* and characterized by very low productivity that cannot guarantee food security.

- iv. *The fourth is the weak human capacity of the public administration, as well as very limited diversification of the Burundian economy, which is consequently dependent on foreign aid and vulnerable to exogenous shocks.* This situation, coupled with weak infrastructure development, has slowed down private sector development.
- v. *The fifth factor has a cross-border dimension.* The overlap, interdependence and complexity of conflicts that break out in the Great Lakes sub-region are a constant threat to political stability in Burundi.

### **3.3 Aid Coordination and Bank Positioning**

#### **3.3.1 *The formal frameworks for dialogue between the various development partners and the Government have not been operational since the socio-political crisis started in April 2015.***

These include: (i) monthly strategic forums chaired by the Minister of Finance; and (ii) quarterly political forums held under the chairmanship of the 2nd Vice-president of the Republic. The 13 sector groups are no longer able to hold monthly meetings as they did in the past.

**3.3.2 *Several Western countries have suspended direct aid to Burundi.*** After Belgium, Netherlands, Germany, United States, and Switzerland, the European Union (EU) suspended its direct aid (including budget support) on 14 March 2016, in response to the violence that raged in the country. To qualify for EUR 432 million from the EU for 2015-2020, the Government needs to comply with the EU demand for “*concrete measures*”, especially on press freedom and human rights, as well as engage in genuine dialogue with the Opposition. This decision does not affect financial support to the population and humanitarian aid. Moreover, ongoing projects have not been suspended. Meanwhile, several EU missions have visited Burundi since the beginning of 2016 to analyze the procedures that should lead to implementation of new social projects [health (EUR 40 million) and nutrition (EUR 15 million)] through NGOs/associations, and the private sector without going through the Government. In contrast, the World Bank, like AfDB, has never suspended its aid to the country and several projects are under appraisal [Integrated Multinational Project in Ruzizi Plain DRC/Burundi, to promote safety nets in collaboration with UNICEF (USD40 million), etc.]. Furthermore, USAID has funded a comprehensive program to improve nutrition (USD 50 million) in Muyinga Province.

**3.3.3 *The opening of BIFO in 2012 has enabled the Bank to play a major role in strengthening dialogue and coordinating assistance.*** It is the lead donor among TFPs involved in the transport and regional integration sectors. The Bank is also fully involved in the energy sector working group together with the World Bank and the European Commission, and also in the group of technical and financial partners supporting the social protection sector. The Bank is one of Burundi’s leading development partners in terms of aid volume. The Bank’s selection of sectors/operations is based on its comparative advantage relative to other TFPs, especially in the infrastructure sector (roads and agricultural) and in reform support, good governance and capacity building.

## **IV. IMPLEMENTATION OF 2012-16 CSP AND OUTCOMES**

### **4.1 Overview**

**4.1.1** The 2012-16 CSP is consistent with the Poverty Reduction Strategy Framework (PRSF II) adopted in January 2012. It includes the lessons learned from implementation of the previous CSP and lays emphasis on the selectivity and complementarity of the two pillars, namely “*strengthening of governance*” and “*infrastructure improvement*”. The choice of these pillars is based on the Bank’s comparative advantage in the infrastructure sector, as well as its value-added in reform support, good governance and capacity building. The goal is to “*promote growth and inclusive development*”.

## **4.2 Allocation of Resources to Burundi**

4.2.1 The CSP covers the last two years of ADF-12 (2012-2013) and the three years of ADF-13 (2014-2016). Over the 2012-2013 period, the total amount of resources allocated was UA 45.13 million (ADF-12), comprising: UA 27.2 million and additional funding from the Transition Support Facility (TSF, former FSF) amounting to UA 18.23 million). The funding for operations in 2014-2016 comes from ADF-13 (UA 34.33 million) and TSF (UA 25.42 million) resources. Furthermore, the regional allocation facilitated the funding of multinational projects up to UA 44 million. Additional resources amounting to UA 2.02 million were also raised from the *Global Environment Facility* (GEF) trust fund and UA 10.5 million from the EU-Africa Infrastructure Trust Fund.

## **4.3 Implementation Status of the Operations Programme as at mid-2016**

4.3.1 In the indicative programme of work developed under the CSP and reviewed at mid-term, ten (10) operations (7 national and 3 multinational) and three (3) analytical studies (see paragraph 4.5) were scheduled for the 2012-2016 CSP period.

4.3.2 **Under Pillar I:** The 3 (three) projects scheduled were all approved by the Board and implemented, comprising two economic reform support operations, in the form of budget support (PARE-V and PARGE), and one administration capacity building programme (PRECA) funded under TSF Pillar III with 5 components.<sup>5</sup>

4.3.3 **Under Pillar II:** All (4 national and 3 multinational) operations planned under the CSP were actually approved and are being implemented. These are:

- Transport sector: 3 (three) projects: development and paving of the RN3-Mugina-Mabanda-Nyaza-Lac road (*Multinational: Tanzania-Burundi*), the RN13-Makebuko-Ruyigi road, and the first section of the RN18-Gitega-Mwaro road.
- Energy sector: 3 (three) hydroelectricity dam operations are concerned, namely: Rusumo falls (*Tanzania-Rwanda-Burundi*); Jiji Mulembwe and Ruzizi III (*DRC-Rwanda-Burundi*).
- Rural development sector: 1 (one) project on watershed management and improvement of resilience to climate change.

4.3.4 Four other operations, not included in the initial indicative programme, have been implemented. These are: (i) emergency aid to mitigate the effects of the Bujumbura central market fire (UA 0.33 million); (ii) emergency aid for flood victims in Bujumbura city (UA 0.66 million); (iii) preparatory study for development of Bujumbura/Burundi and Mpulungu/Zambia ports (UA 0.83 million); and (iv) the study on the electricity production, transmission and distribution master plan (UA 0.86 million).

4.3.5 In summary, performance under the 2 pillars, in terms of Board approval of projects, is good because all scheduled operations were actually approved, and is even better with new operations and emergency studies.

## **4.4 CSP Outcomes Achieved at mid-2016**

4.4.1 As regards performance indicators, the results and monitoring framework (RMF) for the CSP implementation period (2012-16) presented in Annex 3 gives a detailed assessment of the progress made towards achievement of CSP outputs and outcomes in June 2016 and is summarized in the paragraphs below.

### **Pillar I: Strengthening of governance**

4.4.2 Under this pillar, the RMF contains four (4) expected outcome indicators and 10 (ten) expected output indicators, of which 3 and 4 respectively have been achieved (see Annex 3).

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<sup>5</sup> This entails support in: (i) public finance management; (ii) private sector development; (iii) national employment and youth entrepreneurship policy; (iv) collection of data on labour and social protection; and (v) monitoring poverty through a national household living conditions survey.

- Continuous Streamlining and Stabilization of the Macro-economic Framework: In this area, only one (1) outcome indicator has been defined, namely “*improvement of public finance management effectiveness and efficiency*”, with 7 (seven) output indicators. The expected outcome was not achieved, and one output indicator is deemed satisfactory, namely “*participatory budget preparation process*”. It is important to note that all support projects scheduled for this area (PARE-V, PARGE and PRECA; see. paragraph 4.3.2) have been well implemented, thus enabling the Bank to disburse budget support in 2012, 2013 and 2015. These reforms have, in particular, improved the completeness of budget information, compliance with issuance deadlines, and the transmission of budget execution monitoring reports. However, the reform measures and disbursement conditions fulfilled by the Government do not all relate directly to the output indicators defined in the RMF. For example, one of the targets achieved is “*adoption of the law on public debt*”, whereas there is no corresponding output indicator in the RMF. Moreover, although some reforms (budget support triggers) relate to RMF output indicators, they were not implemented on a sustained basis to ensure attainment of the expected level prescribed by the PEFA indicators. For example, the Government conducted a public procurement audit from 2010 to 2012 as one of the triggers, but the recommendations were not adequately implemented to allow for improvement of the PEFA PI-26 indicator (“*Scope, nature and follow-up of external audit*”). Similarly, Expenditure Initiation Controllers (CED) have been appointed in all key Ministries, but this has not improved the efficiency of the internal audit system (PEFA PI-21) because of the limited operational means (training, equipment, etc.) available.
- Promotion of the Private Sector to Attract Investments: The sole scheduled output was achieved, namely: drafting the law on the dialogue and public-private partnership framework.
- Capacity building for Beneficiary Rural Communities and the Department of Forestry and Agriculture: The 2 (two) outcomes and 2 (two) outputs were virtually achieved. Essentially, these are awareness-raising, training and guidance of rural communities on techniques for developing watersheds, forests and woodlands; and (ii) training and equipment of experts from the Department of Forestry and Agriculture.

## **Pillar II: Infrastructure improvement:**

4.4.3 Under this pillar, the RMF contains five (5) expected outcome indicators and eleven (11) expected output indicators, of which 4 and 8 respectively have been achieved (see Annex 3).

- Opening up access to rural communities and improving the access rate and quality of road infrastructure: Through its operations, the Bank has achieved significant results in mobility and transport on major highways (NH 3, 5, 13, 15 and 18) and on secondary roads (rural feeder roads). Approximately 230 km of paved roads and over 350 km of rural roads have been completed. Commissioning of the single border control post in Ruhwa (Burundi-Rwanda) has substantially slashed travel time from one hour to less than 20 minutes. Similarly, the rural access index in areas targeted by Bank projects rose from 69% to 72% and travel time reduced by 25 minutes every 10 km.
- With regard to the expansion of railway infrastructure, the quest for funding through a PPP for the construction of the Dar-es-Salam – Isaka – Kigali – Keza – Musongati (Burundi) railway is not yet conclusive, even though the engineering studies have been completed.
- Contribution to the promotion of food security, environmental protection, and sustainable soil and water management: The 2 (two) expected outcomes are almost achieved even though some outputs have not been fully achieved mainly because they were overestimated during preparation of the projects concerned. Overall, there has been: (i) construction of more than 570 km of vegetated trenches; (ii) reforestation of close to 2,000 ha; (iii) development of two water abstraction facilities; (iv) development of 312 ha of marshland; (v) livestock reconstitution; and (vi) introduction of modern farming techniques. As regards job creation, more than 30,000 person-days were generated in the areas concerned.

4.4.4 In summary, under the two pillars, seven (7) outcome indicators (out of 9) and twelve (12) output indicators (out of 21) had been achieved or nearly achieved as at June 2016. CSP implementation was satisfactory in terms of outcomes achieved under Pillar II. Under Pillar I, the achievement of outcomes and outputs was also satisfactory in 2 out of 3 domains, namely private sector promotion and capacity building for rural communities. However, the achievement of outcomes and outputs through “*Continuous streamlining and stabilization of the macroeconomic framework*” was not satisfactory for the reasons set out in paragraph 4.4.2. As a key lesson for future budget support programmes, indicators must have a more direct link to measures relating to disbursement conditions to be fulfilled by the Government, and the Bank must ensure that such conditions are effectively fulfilled.

## 4.5 Other Outcomes of the Strategy

4.5.1 ***During the 5 years of CSP implementation, the Bank maintained regular dialogue with Burundian authorities, private sector stakeholders, and development partners*** to ensure the country’s continued commitment to reforms and financial resource mobilization. Furthermore, the dialogue also covered other key areas such as: (i) promotion of sustainable and balanced development to boost gender equity and women’s empowerment; (ii) climatic and environmental risks; (iii) job creation, especially for the youths, and private sector development; and (iv) regional integration and implementation of multinational infrastructure projects (roads and energy) with other countries of the sub-region to facilitate and achieve such integration.

4.5.2 ***Knowledge Building***: Six (6) studies were conducted, namely: (i) Private Investment Climate in Burundi (*in 2012 by ORCE and BIFO*); (ii) Eastern Africa’s Manufacturing Sector: Promoting Technology, Innovation, Productivity and Linkages (*in 2014 by EARC and BIFO*); (iii) Poverty Profile and Determinants in Burundi (*in 2015 by BIFO, ORTS, and the Government*); (iv) Relationship between Growth and jobs (*in 2015 by BIFO*); (v) Impact of Microfinance on the Living Conditions of Poor Communities in Burundi (*in 2015 by UNICEF and BIFO*) and (vi) Economic Transformation, Private Sector Development and Poverty Reduction in Burundi (*in 2016 by EARC/BIFO*). These studies are also the foundation on which the Bank, the Government and Burundi’s partners build development strategies and policies for the country. The two studies scheduled for 2014, namely: “*What response to climate change: Challenges and opportunities*” and “*Gender Profile in Burundi*”, will be part of the thematic analyses programmed to enrich the next CSP (*see Annex 10*).

4.5.3 ***Gender Issues***: Bank operations in Burundi have paid special attention to gender issues. This approach is justified by the precarious living conditions of women in a fragile country like Burundi. By focusing on the rehabilitation of health centres and schools, as well as the construction of markets and farm-to-market roads during implementation of infrastructure projects, the Bank enhances the impact of these operations on women. Indeed, they generate more opportunities to create economic activities in rural areas. For example, over 60% of the beneficiaries of project (PABVARC, PAIRB) activities are women, and 55% of the temporary jobs created are performed by women.

4.5.4 ***Environment and Climate Change***: In compliance with its Ten-Year Strategy (2013-22) and given Burundi’s vulnerability to climate change, the Bank systematically includes environmental protection and climate resilience actions in all its operations. Thus, projects like PABVARC and PAIRB will significantly contribute to environmental protection through: (i) the development of 14,588 ha of catchment areas; (ii) the construction of hillside reservoirs that each supply water to a small irrigation area; and (iii) the reforestation of 23,000 hectares and planting of street trees along a stretch of 400 km. Moreover, PABVARC has embarked on the rehabilitation of 25 hydrological stations and 21 meteorological stations, as well as the strengthening of Burundi’s geographical information system. The publication of information on weather forecasts will help to establish an early-warning system to deal with climate change issues.

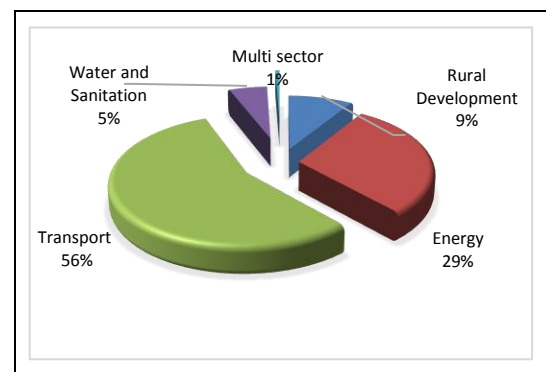
## V. PORTFOLIO PERFORMANCE IN 2016

### 5.1 Current Bank Group Portfolio

5.1.1 *As at 31 May 2016, the Bank's active portfolio in Burundi comprised of 15 projects - 6 (six) national projects, 9 (nine) regional operations and no private sector project.* Total commitment amounted to UA 265.3 million, of which UA 94 million was allocated to national projects and UA 171.3 million to regional operations (see Annex 2A). Since approval of the CSP in January 2012, the portfolio has been enriched with sixteen (16) new operations, totalling nearly UA 155 million, while ten (10) operations, worth UA 95.6 million, have been completed over the same period. *The sector breakdown of the portfolio is consistent with the priority pillars of the country strategy paper (CSP 2012-16) and indicate a predominance of infrastructure (transport and energy) at 85%* (see Graph 2). All the operations are funded with ADF and TSF grants.

5.1.2 *Approximately 60% of the national portfolio is funded with TSF resources, of which 93% comes from Pillar I and 7% from Pillar III that focuses on institutional capacity building/multisector (public finance, private sector, jobs and poverty reduction). Over the CSP implementation period, the Bank raised additional resources amounting to UA 13.49 million through project co-financing. This funding targeted four (4) operations, namely: (i) the Rusumo Regional Hydroelectricity Project (UA 10.2 million from the EU-Africa Infrastructure Fund); (ii) the River Basin Development and Climate Resilience Improvement Project (UA 2.19 million from GEF); (iii) the Electricity Production, Transmission and Distribution Master Plan (UA 0.45 million from SEFA); and (iv) the preparatory study for the development of Bujumbura Ports (Japanese grant of UA 0.83 million).*

Graph 2 : Breakdown of Commitments by Sector



### 5.2 Portfolio Monitoring and Evaluation

5.2.1 *The Bank has not suspended its operations despite the socio-political crisis, and the portfolio is doing relatively well thanks mainly to close monitoring by BIFO.* Overall, national public portfolio performance is deemed satisfactory according to the last performance rating conducted in 2015, with a score of 3.7 on a scale of 1 to 4, although some indicators are still relatively low. Such satisfactory portfolio performance is confirmed by analysis of the key indicators which have steadily improved since 2012. Indeed, the total score improved from 3.4 in 2012 to 3.46 in 2013 and 3.7 in 2015, on a scale of

Table 1: Key Portfolio Performance Indicators			
	2012	2013	June 2016
Number of projects	14	19	15
Managed in the field (%)	14	26	47
Total commitments (UA million)	245	240	265.3
Projects at risk (%)	9	11	0
Commitments at Risk (%)	9	5	0
Problematic projects (#)	NA	1	2
Disbursement rate (%)	36.5	44.0	41.9
Average age of projects (years)	3.5	3.0	3.5
1st disbursement period (months)	16.2	2	-
Portfolio performance (1-4)	3.40	3.46	3.70
Implementation status (IS)	3.28	3.30	3.80
Development goal (DG)	3.74	3.77	3.60

1 to 4. The average implementation status (IS) score increased from 3.28 in 2012 to 3.3 in 2013 and 3.7 in 2015. Meanwhile, the score pertaining to probability of attainment of development goals (DGs) rose from 3.74 in 2012 to 3.77 in 2013 before falling back to 3.6 in 2015).

5.2.2 *Projects at Risk:* As of 30 June 2016, none of the ongoing projects was rated as at risk. However, 13% of the portfolio was deemed to be non-performing (bad), relative to an average of 21% (*Flashlight Report-June 2016*) for the entire the Bank. Nevertheless, 26% of the projects

require proactive measures to prevent them from falling into the category of non-performing projects. These are energy sector projects, dogged by implementation bottlenecks and low disbursement rates (*see Annex 2A*). It should be noted that the multi-donor and multinational character of these operations require regular consultations among the various stakeholders to ensure progress in the implementation of programmed activities<sup>6</sup>. **Age of the Portfolio:** As at 30 June 2016, the average age of the portfolio was approximately 3.8 years (2.8 years for national projects and 4.5 years for regional operations). However, it includes several “ageing” multinational projects which are older than the average portfolio age. These are: the NELSAP Interconnection Project (7.6 years), the RN5 Road Project (7.5 years), the Bugesera Integrated Rural Development Regional Project (6.8 years), Lake Victoria Water and Sanitation Programme (5.5 years) and the Gitega-Ngozi - RN 15 Project Phase 2 (5 years). **Disbursement Rate:** The cumulative project disbursement rate rose from 36.1% in 2012 to a relatively satisfactory level of 44.49% in June 2016, despite the fact that energy project activities are just starting. This improvement mainly stems from closer project monitoring since the opening of BIFO in 2012. Furthermore, it should be noted that in 2015, the disbursement rate for national operations (50.45%) was higher than that of regional projects (41.21%).

**5.2.3 Performance as regards compliance with loan conditions has been generally satisfactory,** with an excellent score of 3.65. The average project implementation period has been 3.7 months, while the period between approval and first disbursement was approximately 12.4 months in 2014. The average reduction in effectiveness and first disbursement timeframes stems partly from: (i) the reduced number of requirements to be met by the Government, as regards conditions precedent to loan effectiveness (especially the provision of counterpart funds for investment projects) and to first disbursement, based on lessons learned from the implementation of previous projects; and (ii) regular interaction between BIFO and the Government. However, the submission of quarterly project implementation reports to the Bank remains irregular and varies from one project to another. Meanwhile, project audit reports are generally submitted with less delay and the quality of audit reports has improved. The rate of timely submission of reports is 75%, remaining unchanged since 2014.

**5.2.4 The TSF is used on account of the country's fragile situation and the factors identified as regards selecting the areas of activity.** However, the amount of funding is low, and the Bank's procurement rules and procedures are not understood. The Bank will carry on with efforts to secure co-financing arrangements with other partners such as the European Union, and will explore the flexibility options under the new procurement policy for operations financed by the Bank Group adopted on 14 October 2015 and which became effective on 1 January 2016. BIFO will also carry on with close monitoring and consultancy support during project implementation.

### **5.3 Implementation Status of the Country Portfolio Improvement Plan**

**5.3.1 Portfolio Monitoring:** During CSP implementation, the 3 (three) CPPRs (2012, 2013 and 2014) identified difficulties encountered in project implementation, as well as made recommendations and proposed an action plan for improving portfolio performance (CPIP 2014). The implementation of these recommendations was consistently monitored by BIFO, through

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<sup>6</sup> Dam hydroelectric projects Jiji Mulembwe (approved in June 2014) and Ruzizi 3 (approved in December 2015) qualified for cancellation under the Presidential Directive 02/2015 and its application note. The Jiji Mulembwe project is co-financed with the World Bank and the European Union and the Bank financing covers the infrastructure that offers call records are being finalized. Authorities are informed of a possible redeployment of resources pending the finalization of the acquisition process. The project Ruzizi III is a PPP project co-financed by several donors, including an institutional support component, will start to be disbursed at the end of October, 2016.

regular consultations with the Ministry of Finance, line Ministries and project implementation units.

**5.3.2 *Despite the progress made in monitoring the implementation of CPIP 2014 recommendations, only 18% of them were actually executed, 54% were partially executed, and 28% were not executed.*** The main recommendations implemented include: (i) the provision of accounting tools and project start-up procedure manuals; (ii) the establishment of an *ad hoc* technical committee for validating technical studies; (iii) systematic update and close monitoring of procurement plans; (iv) adoption of the principle of advance procurement action (APA) for infrastructure projects; and (vi) establishment of a structure to coordinate and monitor the portfolio at the Ministry in charge of Finance. Moreover, some of the most relevant recommendations (28%) that have not been implemented were carried over into CPIP 2016. During this review, recurrent issues were discussed, including prior payment of VAT by projects, the lack of performance contracts for PIU executives, project sustainability, poor financial programming, and lack of an efficient monitoring/evaluation system.

**5.3.3 *The duration of the procurement cycle (approximately 10 months) which was the primary reason for project implementation delays in 2012 and 2013, has significantly improved over time (to less than 5 months).*** This performance stems mainly from the assistance of EARC procurement experts, greater delegation of powers in the approval of files, and better interaction between the Bank and project executing agencies, through training and close monitoring of projects by the Bank's project officers. ***Despite the training sessions and consultancy support in financial management procedures, the review noted that these procedures have not yet been sufficiently mastered,*** especially regarding budgeting, procurement/configuration of accounting software. These weaknesses stem mainly from the weak internal control mechanisms of PIUs. ***The late payment of counterpart funds leads to project implementation problems.*** Even when the Government includes these resources in the State budget, the fact remains that during implementation, the resources, for various reasons, are not made available to projects on time. Line Ministries and the Ministry of Finance should further promote dialogue on this issue so that the resources are released on time. The most recurrent cases are in the transport sector where compensation significantly delays start-up of construction works.

## **5.4 Bank Group Performance**

**5.4.1 *In general, CSP implementation and portfolio performance are deemed to be relatively satisfactory,*** thanks mainly to the opening of BIFO in 2012. Over the last four years, Burundi's portfolio performance has improved, following the establishment by BIFO of a mechanism to closely monitor projects, mainly through regular consultations with national authorities, other TFPs and project implementation units (PIUs) on issues requiring special attention. Before the outbreak of the crisis in Burundi (April 2015), BIFO had also ensured that supervision missions were conducted according to Bank rules (two missions per year, multidisciplinary team, etc.). Moreover, the Bank's participation in co-financed operations made it possible to contribute actively to the coordination of assistance with other development partners, especially in the energy and transport sectors (same conclusion reached in the 2016 IDEV report). The 2014 CPPR recommendations enabled the Bank to learn from experience, identify the major problems that obstruct effective implementation of operations, and take corrective measures to improve portfolio performance.

## **5.5 Government Performance**

**5.5.1 *Government performance is moderately satisfactory due to the partial implementation of recommendations adopted in CPIP 2014.*** The crisis has had no direct impact on Government performance in the preparation and implementation of operations. However, to ensure efficient project implementation, three factors deserve special attention from Burundian authorities, namely: (i) delays in the establishment of the inter-Ministerial portfolio monitoring committee;

(ii) poor monitoring of procurement plans (PPs) and the Bank's procurement rules and procedures; and (iii) poor preparation of reports and cash-flow plans.

## **5.6 Performance of Co-financiers**

5.6.1 The Bank, in collaboration with the other TFPs (World Bank, European Commission, European Investment Bank), has contributed to the co-financing of hydroelectricity projects at national (Jiji-Mulembwe) and regional (Rusumo falls and Ruzizi III) levels. Through budget support, the Bank has worked closely with the World Bank, the European Commission and the IMF to establish a common matrix of reforms. Lastly, in collaboration with the Japanese Technical Cooperation, the Bank conducted the regional study on the rehabilitation of the Bujumbura (Burundi) and Mpulungu (Zambia) ports. However, the organization of joint missions will lead to effective implementation of these operations.

## **5.7 Implementation of the Paris Declaration**

5.7.1 *The Bank has played an active role in the establishment of dialogue and aid coordination mechanisms.* However, the mechanism established at national level did not function as expected, mainly due to lack of leadership by the authorities. In some sectors, especially infrastructure and national integration, the Bank and other partners were able to establish a coordination and dialogue framework that is operational. However, this is not the case in the domain of governance and PFM where the partnership framework cannot develop into anything better than an information-sharing platform. Consequently, the Bank and the main donors involved (World Bank, IMF and EU) have established bilateral dialogue channels, which have limited complementarities and synergies in the support provided, especially in capacity building, and have not made it possible to avoid inconsistencies in reform matrices.

5.7.2 *Problems of transparency, fiduciary risk and weak national capacities are the major obstacles to implementation of the Paris Declaration principles.* The Bank's use of Burundi's national public procurement system for its operations is fairly limited. However, in 2013, it started using national procurement procedures, on a pilot basis, for national competitive bidding (NCB). Ongoing revision of the Public Procurement Code (PPC) and standard national competitive bidding documents (SNCBD), conducted with the assistance of AfDB, World Bank and Belgian Technical Cooperation, will lead to greater use of the national procurement system by the Bank, in accordance with the new procurement policy. As regards alignment on national systems and procedures, all projects are directly managed by permanent structures within the line Ministries. As regards capacity building, the Bank works closely with the Government to organize training in key areas such as financial management, disbursement, and procurement to ensure effective implementation of the portfolio by PIUs.

## **5.8 Results of Consultations with Stakeholders**

5.8.1 In accordance with the "Country Portfolio Performance Review Guidelines", the Bank adopted a participatory approach and the mission to extend the CSP and CPPR conducted broad-based consultations with all stakeholders. This approach led to shared assessment of the economic and social impact of the Bank's assistance to Burundi. Working meetings were held with officials from the PIUs and line Ministries concerned. The feedback and validation workshop organized on 20 June 2016 was attended by senior officials from the Administration, PIUs, civil society and private sector stakeholders, as well as TFPs. The discussions focused on: (i) Burundi's current challenges and priorities relating to its sources of fragility; (ii) the indicative lending programme up to 2017; (iii) project sustainability; and (iv) the complementarity of partners on the ground. Hence, the discussions confirmed the relevance of the Bank's focus areas, not only with regard to Burundi's development challenges, but also its specific needs as a fragile country. At the end of

the workshop, participants unanimously agreed on the recommendations for updating the CSP indicators and the actions needed to consolidate and enhance portfolio performance.

## **5.9 Revised Portfolio Performance Improvement Plan (PPIP 2016)**

5.9.1 During the mission, discussions focused on the lessons learned from implementation of the 2014 Portfolio Performance Improvement Plan (PPIP) adopted during mid-term review of the CSP, given its level of achievement. Although progress has been made in PPIP implementation, the fact remains that several identified constraints (approximately 28%) are still in place and require bold action. The Bank and Burundian authorities (including the PIUs) have resolved to take up these challenges and have adopted a revised PPIP whose priority actions are: (i) the reduction of delays in project start-up; (ii) acceleration and improvement of the processing of disbursement requests; (iii) strengthening of project monitoring/evaluation through effective involvement of the Inter-ministerial Committee chaired by the Ministry of Finance, the Budget and Privatization (MFBP); (iv) the establishment of Government multi-sector teams that will participate in project preparation and appraisal; (v) the establishment of an annual programme of activities for each project, from which the budget and cash-flow plan will be prepared; and (vi) capacity building for PIUs through the development of an annual training plan. Burundian authorities thus agreed to monitor and implement these recommendations during joint quarterly reviews between BIFO and the PIUs to assess the CPIP (2016).

## **5.10 Lessons Learned**

5.10.1 *The Bank has long experience in Burundi that has provided useful lessons for extension of the CSP.* These include: (i) the CSP mid-term review; (ii) the country portfolio performance review; and (iii) various internal memos on the fragile situation developed by the Bank's Transition Support Department (ORTS), as well as the 2015 IDEV report<sup>7</sup> (*cf. Annex 9*). Furthermore, for commitments made under the Paris Declaration, especially with regard to coordination and harmonization, the lessons from implementation of the assistance strategies of other TFPs were also reviewed. Three types of lessons can be drawn from the various reports and reviews mentioned above, and are outlined in the paragraphs below.

5.10.2 *From the strategic standpoint,* the following key lessons emerge: (i) the Bank's assistance in Burundi is constrained by the small amount of ADF and FSF allocations relative to country needs, thus creating the imperative to resort to other financing sources (private sector, trust funds, enclave projects and recourse to co-financing to increase the leverage of Bank resources); (ii) fragility issues should be given greater consideration in CSP preparation and review, as well as in all project cycle phases involving preparation of an assessment of the country's fragility situation to serve as a benchmark; (iii) the need to support Bank operations (reform programmes and investment projects) through sector studies and/or technical assistance operations that speed up implementation of planned activities and enhance sustainability of achievements made through Bank assistance; (iv) selectivity principles should be applied to the selection of sub-pillars during CSP preparation; and (vi) outcome and output indicators should have a more direct link with reform measures relating to disbursement conditions and that have to be fulfilled by the Government to receive budget support.

5.10.3 *From the operational standpoint,* the main lessons are: (i) the mechanism for coordination and monitoring/evaluation of projects with the Government should be strengthened to improve effectiveness and contribute to the achievement of expected outcomes; and (ii) significant budget constraints, faced by a fragile country like Burundi, create long delays in the disbursement of counterpart funds. A project monitoring mechanism should be established to offset the lack of field missions, as was the case from April 2015 to June 2016.

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<sup>7</sup> Management's response to IDEV assessment of the Bank's CSP for 2003-2015 explains in detail how IDEV recommendations will be incorporated into the new CSP 2018-2022. However, some of these recommendations can already be applied during the extension period, and are outlined in Annex 9.

5.10.4 *The TSF is used on account of the country's fragile situation and the factors identified as regards selecting the areas of activity.* However, on account of the limited amount of funding available and poor understanding of the Bank's procurement rules and procedures, the country's fragile situation is not likely to improve, especially given its magnitude.

## VI. EXTENSION OF THE CSP TO DECEMBER 2017

### 6.1 Relevance of CSP Pillars

6.1.1 *The reasons that would justify an extension of the CSP were discussed in paragraph 1.1.2. Even if the strategic direction and the two CSP pillars remain unchanged during the one-year extension period, the Bank will lay special emphasis on activities that address the adverse socio-economic effects of the current socio-political crisis on the people.*

During the CSP extension mission (from 15 May to 10 June 2016), it was agreed with Burundian authorities that the CSP be extended to December 2017, while maintaining its strategic direction and pillars which are still relevant to Burundi's most pressing development challenges. As mentioned in section 3.2, it is clear that the country's challenges and structural development opportunities have remained essentially unchanged since approval of the CSP in January 2012 and the CSP mid-term review (MTR) in 2014.

6.1.2 *However, the Bank acknowledges that it must absolutely take into account the country's ongoing crisis situation.* Accordingly, it will take specific measures to mitigate the adverse socio-economic effects of the current socio-political crisis on the people. Hence, new Bank projects proposed for the extension period will be designed to maximize their impact on fragility mitigation. Furthermore, ongoing projects will be restructured to the extent possible, to accommodate the fragile circumstances prevailing in the country (*see Box 2*). Lastly, it should be noted that the principles of green and inclusive growth and the "gender" dimension will also be reflected in the design of new projects. The CSP remains consistent with Bank priorities and strategies, including the 2013-2022 Ten-Year Strategy, the High-5s, the second Governance Action Plan and the AfDB Group Strategy for Addressing Fragility and Building Resilience in Africa (2014-19) which lays more emphasis on the "*fragility lens*".

6.1.3 *Under Pillar I ("Strengthening of governance"),* the objective specified in the original CSP (confirmed during the MTR of CSP 2014 and remains valid for the extension period) is to promote an adequate institutional framework by strengthening capacities to enhance skills development and monitoring of reforms. Even if the Bank offers no new specific operation under this pillar during the extension period, it will, in consultation with the other TFPs (including the IMF), explore the possibility of support for reforms (including budget support), when the appropriate conditions are met. Indeed, in the current situation where the suspension of foreign aid has led to economic asphyxiation, the improvement of PFM will enhance the delivery of public services (education, health, electricity, etc.), thereby improving the quality of life of the people of Burundi (*High - 5s*) and mitigating the country's fragility.

6.1.4 *Under Pillar II ("Infrastructure improvement"),* the objective specified in the original CSP (confirmed during the MTR of CSP 2014, and which is also valid for the extension period) is to develop "green" and environmentally-friendly transport infrastructure to enhance the

#### Box 2: How the Bank Responds to the Adverse Social Effects of the Crisis

The Bank will take specific measures during the extension period to mitigate the adverse socio-economic effects of the current crisis on the population by focusing on its comparative advantages. To that end and as regards the scheduled projects: (i) the integrated project to support agricultural production and social safety nets will make it possible to provide vulnerable communities with agricultural production means and initiate specific actions (nutrition, maternal and child health, income-generating activities, etc.), thus contributing to the improvement of their living conditions; (ii) for infrastructure projects, labour-intensive approaches will be adopted, to the extent possible, in order to provide direct and indirect job opportunities to thousands of young people, women and the poor. Furthermore, refresher courses have been planned for young higher education graduates to enhance their labour market prospects. Lastly, in accordance with the procurement rules of the Bank and the country, priority during projects will be given to facilitating access to public contracts for domestic businesses, particularly those managed by women and the youth.

country's integration into the sub-region (*High-5s*), as well as to develop irrigation infrastructure so as to boost agricultural production, thereby helping to reduce malnutrition in the country (*High-5s*). Infrastructure improvement will increase access to basic infrastructure for households, thereby helping to mitigate fragility factors. The operations will integrate related activities aimed at combating social insecurity and marginalization of poor communities, including the construction of rural roads that open up access to farming areas, development of catchment basins, protection of watersheds, and the rehabilitation of schools, health centres and markets.

## **6.2 Indicative Assistance Programme for the Extension Period up to 2017**

**6.2.1 *The indicative programme for 2016-2017 proposes three (3) new projects (under Pillar II) for a total amount of UA 36.3 million, comprising of two (2) national projects and one (1) multinational operation (cf. Annex 2B).*** The projects are as follows:

- i. The RN18 Road Development and Paving Project (Phase 2) to which the remaining balance from TSF/ADF-13 resources will be committed: Selection of the road sector is justified by the impact that the operation could have on social cohesion by reducing spatial exclusion and creating direct and indirect jobs for the youths, and on related socio-economic activities (trade, social works: education, health);
- ii. The Integrated Agricultural Production and Social Safety Net Support Project in Kirundo Province<sup>8</sup> is aimed at building the resilience and reducing the vulnerability of the communities in this province. As a major bread basket of the country, this province is able to boost the national food supply within a context of scarcity created by the crisis. Improving the social safety nets in this province, which has one of the highest poverty rates in the country (69.2%), will help the most vulnerable groups through transfer of means of production and support measures that could gradually help them to break out of the poverty cycle.
- iii. The Multinational Bujumbura (Burundi) - Mpulungu (Zambia) Port Project will help to open up access to Burundi by developing a transport corridor on Lake Tanganyika, thereby facilitating the integration of Burundi with Southern African countries.

**6.2.2** The assessment of CSP objectives and expected results (outputs and outcomes) of the Bank's assistance programme will be based on the revised RMF of the CSP (see Annex 4). Since the Burundian administration (including project management units) was not really affected by the crisis as mentioned in the section on portfolio performance, new projects will be prepared and implemented normally, because the crisis has not affected the operational level of the portfolio (see paragraph 5.1.2).

**6.2.3** A specific study on the sources of fragility and its regional implications will be conducted in 2017 by ORTS/BIFO to deepen understanding of the situation in Burundi and improve on the next CSP 2018-22. This study will also enable the Bank to play a key role, together with the other technical and financial partners, in reflecting on specific solutions to the crisis by focusing on areas where it has a comparative advantage.

**6.2.4** As indicated in paragraph 5.2.1, the Bank has not suspended its operations despite the socio-political crisis, and the portfolio is doing relatively well thanks mainly to close monitoring by BIFO. It should be noted that the violence was generally concentrated in Bujumbura, while most of the Bank's project sites are generally located in the hinterlands. Furthermore, although the crisis has affected the frequency of team missions to Burundi, the presence of BIFO has helped to ensure close supervision. This momentum will be maintained during the CSP extension period by BIFO, which will continue to benefit from EARC and ORTS technical.

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<sup>8</sup> This project will be a follow up to the Bugesera Natural Region Rural Infrastructure Support Project (regional project for Burundi and Rwanda) with an additional component relating to social safety nets.

## 6.3 Funding

6.3.1 *Burundi, which has a high debt distress risk, is eligible only for grants and has no access to the various financial instruments available at the Bank.*<sup>9</sup> Funding of the indicative assistance programme will largely depend on country allocations under the forthcoming ADF-14, as well as on supplementary financing for transition States under the TSF. Such funding is currently estimated at UA 36.3 million (including UA 13.80 million from ADF-13) for the three (3) national operations (see Annex 2B). The regional allocation will also be mobilized to support regional integration, bearing in mind its leverage as additional resources for the funding of the Multinational Bujumbura (Burundi) - Mpulungu (Zambia) Port Rehabilitation Project. Lastly, the Bank will continue to support the Government through its advisory services, so that Burundi can make use of the financial products available.

6.3.2. In addition, given the limited volume of allocations, which falls short of country needs, the Bank could turn to other partners for co-financing of certain operations. For example, in view of the high cost of the Multinational Bujumbura (Burundi) - Mpulungu (Zambia) Port Rehabilitation Project (estimated UA 30 million for Burundi), additional funding would be sought from the European Union (EU). Furthermore, to increase the impact of the Integrated Agricultural Production and Social Safety Net Project in Kirundo province, the Bank could approach the EU for co-financing of the operation.

## 6.4 Country Dialogue

6.4.1 *In accordance with its Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019), the Bank will strengthen its leadership role in policy dialogue, partnerships, and advocacy on issues of fragility during the CSP extension period.* Although the Bank does not intervene directly in political matters, it could use TSF Pillar III resources and the trust funds to be mobilized to contribute to the peace and reconstruction negotiations, by providing the necessary expertise through technical assistance targeting economic, financial and advocacy issues. The Bank will also explore the possibilities of supporting training for political stakeholders in targeted areas relating to social and political cohesion. Analytical studies on the sources of fragility and its regional implications will be conducted to deepen understanding of the situation in Burundi. This would enable the Bank to play a key role, together with the other TFPs, in reflecting on specific solutions to the crisis by focusing on areas where it has a comparative advantage. Lastly, the IDEV report on CSPs between 2004 and 2015 makes proposals that should also guide dialogue with the various stakeholders, and identify key challenges for the Bank's future strategy in Burundi (see Annex 9).

6.4.2 *From the operational standpoint, although portfolio performance is deemed satisfactory, in spite of the crisis (see paragraph 5.1.2),* the fact remains that the teams preparing new projects should be constituted based on “*economic policy analysis*” that identifies “*special measures*” which take the context into account, including potential mitigation measures that ensure smooth conduct of operations. The project appraisal process will ensure that sufficient consideration is given to fragility factors, and specific indicators will be established to show how they will contribute to reducing fragility with an adapted monitoring/evaluation mechanism.

6.4.3 *Monitoring and evaluation of Bank Group assistance.* Burundi's statistical system has glaring shortcomings and most of the data needed to assess the strategy are not available. However, emphasis will also be laid on capacity building for line Ministries/PIUs as regards integration of the relevant gender-disaggregated indicators into the results and monitoring framework of operations. To assess the impact of its assistance, the Bank will use the indicators adopted in the revised CSP Results and Monitoring Framework (see Annex 4), as well as indicators found in the logical frameworks of the projects. Furthermore, annual country portfolio performance reviews

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<sup>9</sup> African Development Fund Partial Risk Guarantee; African Development Fund Partial Credit Guarantee; Private Sector Credit Enhancement Facility; and Africa50 Fund, etc.

and project completion reports will be useful sources in monitoring progress towards achievement of CSP objectives.

## **6.5 Prospects for the Next CSP 2018-22**

6.5.1 The next CSP (2018-2022) will be prepared at the beginning of 2017. If the current socio-political crisis in Burundi abates and there are no major changes in the regional context, the strategic direction of the next CSP will be determined through in-depth analysis and discussions with all stakeholders. The CSP team will ensure that there is consistency with the operational priorities of the Bank's Ten-Year Strategy 2013-2022, the *High-5s*<sup>10</sup> and the new sector strategies resulting therefrom, namely: *New Deal on Energy for Africa 2016-2025*; *Jobs for Youth in Africa Strategy 2016-25*; *Bank Group Industrialization Strategy for Africa*; *Feed Africa: Strategy for Agricultural Transformation in Africa, 2016-2025* and other strategies that will be developed later.

6.5.2 The Bank team will also prepare analytical papers that will increase understanding of ??, boost the efficiency of the activities to be implemented, and strengthen its advisory role (*see Appendix 10*). The studies will be led by the relevant sector departments which will be responsible for preparing the analyses that will take into account current Bank strategies, as well as cross-cutting issues. The complete assistance programme, including co-financing, will be finalized during the preparation mission, and will take account of changes in the country's political context, as well as Government priorities.

## **6.6 Potential Risks and Mitigation Measures**

6.6.1 During preparation of the CSP in 2012 and medium-term review of the CSP in 2014, major risks were identified that still persist today:

- i. *Political instability and fragility of the prevailing peace constitute major risks for CSP implementation. Efforts by the international community to restore inter-Burundian dialogue could help to overcome these risks.*
- ii. *Persistence of the crisis could jeopardize portfolio performance, including new operations. Political/economic analysis will be systematically conducted for new operations, and "special measures" will be identified for smooth project implementation within the context of persistent crisis.*
- iii. *The weak institutional and human capacity could negatively affect programme implementation. The establishment, by the Authorities, of a special mechanism to monitor Bank-funded operations could mitigate this risk. The Bank will step up its monitoring of ongoing projects and programmes, through BIFO and with EARC support.*
- iv. *The steady decline in development aid flows could hinder implementation of the Government's economic and sector programmes. The restoration of peace through efforts initiated by the sub-region should lead to the resumption of foreign aid.*

## **VII. CONCLUSIONS AND RECOMMENDATIONS**

7.1 Burundi made significant economic progress between 2005 and 2014 despite a difficult international context. Its performance reflects an ongoing commitment of the Burundian Authorities to the implementation of structural and sector reforms. However, the country has continued to face many challenges, including the consolidation of peace and security, since April 2015. The inter-Burundian dialogue called for by the entire international community is yet to materialize. Hence, given the precarious socio-political situation, which could suddenly deteriorate at any time and spark widespread crisis likely to cause significant changes at State level, all the requisite conditions are not in place for the Bank to initiate a new and complete CSP (five-year period). The proposal to extend the current CSP by one year until end-2017, while

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<sup>10</sup> Wording of the High-Five Priorities (High-5s): (1) Light up Africa and power; (2) Feed Africa; (3) Integrate Africa; (4) to Industrialize Africa; and (5) Improve quality of life for the people of Africa.

maintaining its strategic direction and two pillars (*Strengthening of Governance* and *Infrastructure Improvement*), would be the best option.

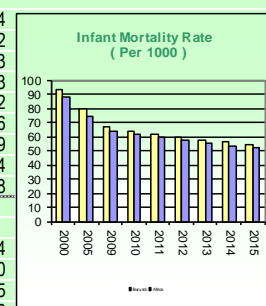
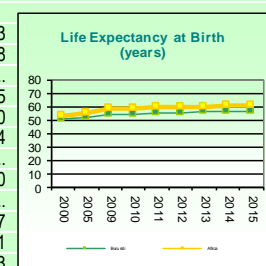
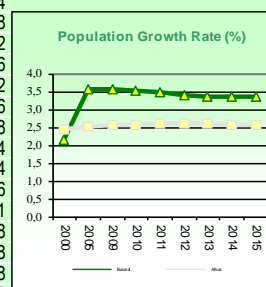
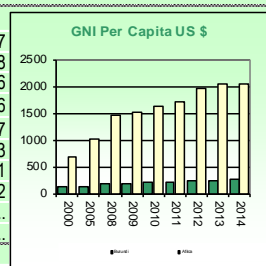
7.2 In light of the foregoing, the Committee on Operations and Development Effectiveness (CODE) is invited to approve this Combined Report on the Extension of CSP 2012-2016 to December 2017 and on the Bank's Portfolio Performance Review in Burundi. Similarly, CODE is requested to approve the new operations in view of the growing fragility of the country and the urgent need to reduce poverty in Burundi.

# ANNEX 1

## Burundi - Comparative Socio-economic Indicators

### Burundi COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Burundi	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )	2016	28	30 067	94 638	36 907
Total Population (millions)	2016	11,6	1 214,4	3 010,9	1 407,8
Urban Population (% of Total)	2016	11,9	40,1	41,6	80,6
Population Density (per Km <sup>2</sup> )	2016	449,9	41,3	67,7	25,6
GNI per Capita (US \$)	2014	270	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2016	83,7	65,6	63,9	60,3
Labor Force Participation **- Female (%)	2016	84,6	55,6	49,9	52,1
Gender-Related Development Index Value	2007-2013	0,904	0,801	0,506	0,792
Human Develop. Index (Rank among 187 countries)	2014	184	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2008-2013	77,7	42,7	14,9	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2016	3,3	2,5	1,9	0,4
Population Growth Rate - Urban (%)	2016	5,7	3,6	2,9	0,8
Population < 15 years (%)	2016	45,0	40,9	28,0	17,2
Population >= 65 years (%)	2016	2,5	3,5	6,6	16,6
Dependency Ratio (%)	2016	90,5	79,9	52,9	51,2
Sex Ratio (per 100 female)	2016	97,7	100,2	103,0	97,6
Female Population 15-49 years (% of total population)	2016	23,4	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	57,5	61,5	66,2	79,4
Life Expectancy at Birth - Female (years)	2016	59,6	63,0	68,0	82,4
Crude Birth Rate (per 1,000)	2016	43,0	34,4	27,0	11,6
Crude Death Rate (per 1,000)	2016	10,8	9,1	7,9	9,1
Infant Mortality Rate (per 1,000)	2015	54,1	52,2	35,2	5,8
Child Mortality Rate (per 1,000)	2015	81,7	75,5	47,3	6,8
Total Fertility Rate (per woman)	2016	5,8	4,5	3,5	1,8
Maternal Mortality Rate (per 100,000)	2015	712,0	495,0	238,0	10,0
Women Using Contraception (%)	2016	28,7	31,0	...	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2004-2013	2,8	47,9	123,8	292,3
Nurses and midwives (per 100,000 people)	2004-2013	19,1	135,4	220,0	859,8
Births attended by Trained Health Personnel (%)	2010-2015	60,3	53,2	68,5	...
Access to Safe Water (% of Population)	2015	75,9	71,6	89,3	99,5
Healthy life expectancy at birth (years)	2013	52,2	54,0	57	68,0
Access to Sanitation (% of Population)	2015	48,0	39,4	61,2	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2014	1,1	3,8	...	...
Incidence of Tuberculosis (per 100,000)	2014	126,0	245,9	160,0	21,0
Child Immunization Against Tuberculosis (%)	2014	92,0	84,1	90,0	...
Child Immunization Against Measles (%)	2014	94,0	76,0	83,5	93,7
Underweight Children (% of children under 5 years)	2010-2014	29,1	18,1	16,2	1,1
Daily Calorie Supply per Capita	2011	...	2 621	2 335	3 503
Public Expenditure on Health (as % of GDP)	2013	4,0	2,6	3,0	7,7
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2015	127,6	100,5	104,7	102,4
Primary School - Female	2010-2015	128,4	97,1	102,9	102,2
Secondary School - Total	2010-2015	37,9	50,9	57,8	105,3
Secondary School - Female	2010-2015	34,8	48,5	55,7	105,3
Primary School Female Teaching Staff (% of Total)	2010-2015	52,4	47,6	50,6	82,2
Adult literacy Rate - Total (%)	2010-2015	85,5	66,8	70,5	98,6
Adult literacy Rate - Male (%)	2010-2015	88,2	74,3	77,3	98,9
Adult literacy Rate - Female (%)	2010-2015	82,9	59,4	64,0	98,4
Percentage of GDP Spent on Education	2010-2014	5,4	5,0	4,2	4,8
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2013	46,7	8,6	11,9	9,4
Agricultural Land (as % of land area)	2013	79,2	43,2	43,4	30,0
Forest (As % of Land Area)	2013	10,4	23,3	28,0	34,5
Per Capita CO2 Emissions (metric tons)	2012	0,0	1,1	3,0	11,6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

August 2016

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## ANNEX 2A

### Current Bank Portfolio in Burundi (as at 30 June 2016)

Sector	Project Title	Approval Date	Closing Date	Net Commitments (UA million)	Disbursement (%)	Perf.
Rural Development	Watershed Management and Climate Resilience Improvement project (PABVARC)	22 Apr. 13	30 June 2018	8.41	64.58%	●
	Bugesera Rural Development Project (Regional)	25-Sept-09	31 Dec. 17	15.02	74.00%	●
	<i>Sub-Total</i>			<b>23.43</b>	<b>70.62%</b>	
Energy	NELSAP Interconnection Project (Regional)	27 Nov. 08	30-April-17	15.15	16.77%	●
	Jiji Mulembwe Hydro-energy	23 June 14	31 Dec. 19	14.34	0.00%	●
	Electricity Production, Transmission and Distribution Master Plan Project	30 Apr. 14	30 June 2018	0.86	0.60%	●
	Rusumo Hydro-energy (Regional)	27 Nov. 13	31 August 2019	26.90	1.00%	●
	Ruzizi Hydro-energy (Regional)	16 Dec. 15	31 Dec. 22	21.00	0.00%	●
<i>Sub-Total</i>			<b>78.25</b>	<b>3.60%</b>		
Transport	Gitega - Ngozi Project - RN15, Phase 2	29 June 11	30 Nov. 17	42.00	72.38%	●
	Road Development Project (Mugina-Mabanda-Nyanza Lake and Rubavu-Gisiza) - RN 3- (Regional)	27 June 12	31 Dec. 17	27.50	35.00%	●
	Nyamtanga-Ruhwa-Ntendezi-Mwityazo-RN5 Road Project (Regional)	16 Dec. 08	31 Dec. 17	49.38	93.30%	●
	Makebuko - Ruyigi Road - RN 13 Road Project	18 Dec. 13	31 Dec. 17	8.94	38.00%	●
	RN18 Nyakararo-Mwaro Road Development and Paving Project	24 August 2014	30 June 2018	19.42	16.00%	●
	Bujumbura Port Development Study (Burundi/Zambia) - (Regional)	14 Oct. 13	30 Nov. 16	0.83	34.57%	●
	<i>Sub-Total</i>			<b>148.07</b>	<b>62.63%</b>	
Water & Sanitation	Lake Victoria Water and Sanitation Programme	17 Dec. 2010	31 Dec. 2016	<b>14.10</b>	<b>38.00%</b>	●
Multi-sector	T.A and Capacity Building to ICGLR	15 July 13	31 Dec. 16	<b>1.49</b>	<b>39.02%</b>	●
<b>Grand Total</b>				<b>265.34</b>	<b>44.49%</b>	

## ANNEX 2B

### Indicative Programme of Bank Operations up to end-2017

Sector	Project	Year	Estimated Amount (UA million)			
			PBA	RO	TSF	Total
<b>Lending programmes</b>						
OITC	RN18 Road Development and Paving Project (Phase 2) (ADF-13)	2016	9.72		4.08	13.80
OSAN/O SHD	Integrated Agricultural Production and Social Safety Nets Support Project in Kirundo Province (ADF-14)	2017			10.00	10.00
OITC	Multinational Bujumbura (Burundi) - Mpulungu (Zambia) Port Rehabilitation Project (ADF-14)	2017	5.00	7.50		12.50
<b>Total</b>			<b>14.72</b>	<b>7.50</b>	<b>14.08</b>	<b>36.30</b>
Study on the sources of fragility in Burundi (ORTS/BIFO - 2017)						

## ANNEX 3

### Original CSP Results and Monitoring Framework

*(The two columns have been added for the purpose of evaluating the indicators)*

Development goals of the country	Obstacles to Expected Outcomes	Final Outcomes (expected in 2016)	Status of Outcomes (June 2016)	Final Outputs (expected in 2016)	Status of Outputs (June 2016)	ADB Group operations during the CSP period
<b>Pillar I: STRENGTHENING OF GOVERNANCE</b>						
Continuous streamlining and stabilization of the macroeconomic framework	Quality of the public expenditure planning-programming-budgeting-execution-monitoring/evaluation system to be consolidated	Improvement of the efficiency and efficacy of public finance management (Indicators: Implementation rate of pro-poor investments financed with own resources: 90%; and Share of social public spending in GDP: 25%)	<p>Implementation rate of social sector investments financed with own resources is approximately 85% in 2014 compared to 70% in 2011</p> <p>Maintaining the increase in the share of pro-poor expenditure (17% in 2012 and 20% in 2013). However, the crisis of 2015 caused enormous budgetary problems that led to cuts in certain development programmes and projects in order to fund the elections. Of the BIF 106.2 billion initially scheduled for investments funded with national resources, only BIF 87.2 billion or 82% was committed.</p> <p>The PEFA report recognizes that despite the outcomes achieved, the functional nomenclature is rarely used in budget analyses and that the country still has a long way to go to make programme budgets effective.</p>	<p>The annual budget preparation process has improved. PEFA PI-11: moves from C+ in 2009 to B+ in 2016</p> <p>Budget planning and public expenditure policy take on a multi-year format PEFA PI-12 moves from D+ in 2009 to B+ in 2016</p> <p>Improvement of budget transparency and efficiency PEFA PI 7: moves from D+ in 2009 to B+ in 2016</p> <p>Improvement of internal/external audit and public procurement control systems PEFA IP-19 moves from D+ in 2009 to B+ in 2016</p> <p>Efficiency of the internal audit system: PEFA IP-21 moves from D+ in 2009 to B+ in 2016</p> <p>Scope, nature and monitoring of external audit PEFA IP-26 moves from D+ in 2009 to B+ in 2016</p>	<p>Orderly and participatory nature the annual budget preparation process PEFA PI-11: moved from C+ in 2009 to A in 2014</p> <p>Multi-year perspective in fiscal planning and public expenditure policy PEFA PI-12 moved from D+ in 2009 to C+ in 2011 and D+ in 2014</p> <p>Scale of unreported State operations PEFA PI 7: moved from D+ in 2009 to D+ in 2011 and D+ in 2014</p> <p>Competition, optimal use of resources and public procurement controls PEFA PI-19 moved from D+ in 2009 to C+ in 2011 and D+ in 2014</p> <p>Effectiveness of the internal audit system PEFA PI-21 moved from D+ in 2009 to C+ in 2014 and C+ in 2014. IGE statistics on verification of the monitoring of recommendations show that for those of 2013, 44% were fully implemented, 27% were partially implemented, and 29% were not implemented.</p> <p>Scope, nature and monitoring of external audit PEFA PI-26 moved from D+ in 2009 to D+ in 2011 and D+ in 2014 The recommendations of the Court of Auditors are not followed up, and its limited means do not allow it carry out field inspections to ascertain that measures have effectively been taken by the entities concerned.</p>	<p><b>Closed Operations.</b></p> <p>Capacity Building Project for the Administration (PRECA)</p> <p>Economic Reform Support Programme - Phase V (ERSP V)</p> <p>Economic Management Reform Support Programme (PARGE)</p>
Promotion of the private sector to attract its investments	Lack of a public-private partnership framework	A public-private partnership framework is operational	The law on a framework for dialogue and public-private partnership (PPP) was adopted	A code on public-private partnerships is promulgated and a PPP promotion and management mechanism is in place		<p><b>Closed Operations.</b></p> <p>PRECA</p> <p>ERSP V</p> <p>PARGE</p>

Capacity building for beneficiary rural communities and the Department of Forestry and DPAEs	Lack of familiarity with techniques of watershed development, forestry and afforestation techniques	Sensitization, training and guidance of rural communities, of which 40% are women	60% of the population in the project areas are sensitized and trained in watershed development techniques. Model farmers undertake study trips to share experiences and households are sensitized on climate resilience	25,000 households are sensitized, trained and guided, including at least 40% headed by women  2,500 farmers are trained (including at least 40% women) in agroforestry, erosion control techniques, and diversification of production	31,900 households are sensitized and trained (60% are headed by women). 115 persons are engaged in experience sharing  1 144 people are trained in climate change	<b>Ongoing</b> Watershed Management and Climate Resilience Improvement project (PABVARC)  Bugesera Natural Region Rural Infrastructure Support Project (PAIRB)
	Weak sustainable resource management capacity of the Department of Forestry and DPAEs	The Department of Forestry is equipped, and training is provided to its experts and those from the DPAEs	Staff from the Department of Forestry and the DPAEs are trained	Training of 80 experts and technicians, and procurement of equipment	200 agronomists and zonal assistants are trained 23 experts and technicians from the Department of Forestry are trained 15 senior staff are trained in procurement	<b>Ongoing</b> PABVARC PAIRB
Benefit from regional integration (ESW)	Limited capacity within the Ministry of East African Community Affairs	Implementation of the recommendations of this analytical study	Sensitization within the Government on regional integration and support in the development of the national regional integration strategy being finalized	Two reports available	Study on the Private Investment Environment in Burundi (2012) under ECCAS.  Study on the manufacturing sector in Burundi (2013) under the EAC	Analytical study
Promotion of gender equality (ESW)	Limited capacity within the Ministry of Human Rights and Gender	Sensitization within the Government on gender equality		Analytical study conducted	Not attained	Analytical study
<b>Pillar II: INFRASTRUCTURE IMPROVEMENT</b>						
Open up access to rural communities	No environmental and social impact assessments	Improvement of the movement of persons and goods	Roads are maintained, and fire breaks are created and maintained  The rural access index increased from 69% to 72%	250 km of roads maintained and 1000 km of fire breaks created and maintained	350 km of feeder roads maintained 888 km of fire breaks maintained	<b>Ongoing</b> PABVARC PAIRB  RN5: Nyamitanga - Ruhwa - Ntendezi – Mwitzyo Road (Mult)  RN15: Gitega - Ngozi Road, Phases 1 and 2
Improvement of the access rate and quality of road infrastructure	Paved road network among the smallest in Africa  The landlocked nature of rural areas hampers the growth of such areas	10% to 18% increase in regional trade  Urban population per km of urban road increased from 1,216 in 2007 to 1,596 in 2015	The project area population situated at a walking distance of less than 2 km from an all-season road increased from 15% in 2010 to 60% in 2014.  Travel time to the border at Ruhwa reduced by 75%. Substantial reduction in border crossing time, from over an hour to less than 20 minutes.	Gitega Nyangungu segment upgraded and asphalted, and 22 km of rural roads rehabilitated.  Vehicle operation costs reduced by 25% and the average travel time between Gitega and Ngozi is slashed from approximately four hours in 2010 to one hour and 30 minutes in 2014	Upgrade and asphalted of the Nyangungu - Ngozi segment (80 km)  Nyamitanga-Ruhwa (51 km) asphalted - 99.5 km of roads (RN3, RN13 and RN18)  Five-minute reduction in travel time for every 10 km.	<b>Ongoing</b> RN5: Nyamitanga - Ruhwa - Ntendezi – Mwitzyo Road (Mult)  RN15: Gitega - Ngozi Road, Phases 1 and 2  RN 3: Mugina-Lake Nyanza Road (Mult. Tanzania / Burundi) RN13: Makebuko Ruyigi Road RN18: Nyakararo-Gitega Road (Phase 1)

Expansion of rail infrastructure	Limited Government interest due to the cost and duration of the final project	Action plan to implement the Dar-es-Salam-Isaka-Kigali-Keza-Musongati railway project as a PPP		Expression of interest from the private sector, as well as technical and financial partners, to implement the project	Engineering study completed in 2015;	<b>Closed Operation</b> Dar-es-Salam-Isaka-Kigali/Keza-Musongati Railroad Study
Contribute to the promotion of food security	Approximately 67% of the population lives below the poverty line	Increase in agricultural and honey production  Increased incomes for the population	60% of supervised households improve their agricultural production 57% improve their incomes	2,500 cows and 14,000 improved breed goats, 300 tonnes of improved seeds, 200 tonnes of agricultural inputs, 2,100 modern beehives and beekeeping equipment are distributed to beneficiary farmers, as well as 300 000 grafted fruit trees Development of over 42 farmer field schools (FFS)	1701 cows disseminated, 2100 goats, 49 FFS for banana, 38 FFS for cassava and 10 FFS for rice, making a total of 97 FFS;  315 piglets, 100 kg of vegetable seeds, 50000 fruit tree seedlings and 200 improved hives are distributed to the beneficiaries.	<b>Ongoing</b> PABVARC
Environmental protection and sustainable soil and water management	Climatic hazards (drought)  No environmental and social impact assessments	The volume of agricultural production in Bugesera grows from 2-3 t/ha to 5-6 t/ha (rice) and from 11,000 to 34,000 tonnes (cereal)	The bare ridges have been reforested, and farms have been restored and cultivated. Farming areas have been developed and private farms created (average yield of 8 tonnes/ha and per season; 42,000 tonnes of cereals)	60 storage units installed in Bugesera, including 50% for Women's Co-operatives. 20,000 ha bare hilly ridges reforested 10,000 ha of farms restored and cultivated 15,000 ha of farms targeted with agroforestry techniques 5,000 ha of private and/or community farms are established	6 storage sheds with a capacity of 180 tonnes per shed  4,729 ha of bare ridges reforested, 13,479 ha of farms restored, 3,213 ha of farmland developed, 1,419 ha of private farms created	<b>Ongoing</b> PABVARC  PAIRB
Job creation	Very high unemployment rate, especially among women	Jobs created through the execution of road works, development and afforestation activities		180,000 temporary jobs created by road works, development and afforestation activities (60% for women and 10% for the youth)	Creation of 1,248,000 person-days of employment  78,218 temporary jobs are created through roadworks, watershed development, and reforestation	<b>Ongoing</b> PABVARC PAIRB
Adaptation to climate change (ESW)	Limited capacity within the Ministry of Water Resources and the Environment	Implementation of the recommendations from this analytical study		Analytical study conducted	Not attained	What response to climate change: challenges and opportunities (analytical study)

## ANNEX 4

### Revised CSP Results and Monitoring Framework

Development Goals of the Country	Obstacles to Expected Outcomes	Final Outcomes (end-2017)	Final Outputs (end-2017)	ADB Group operations during the CSP period
<b>Pillar I: STRENGTHENING OF GOVERNANCE</b>				
Capacity building for beneficiary rural communities	Lack of appropriate soil fertilization technologies and poor mastery of watershed, forestry and afforestation techniques	Sensitization, training and guidance of rural communities, including 60% of women ( <i>80% of the project area population is sensitized and trained on watershed development techniques</i> )	43,706 households receive guidance in climate resilience, 200 persons engaged in experience sharing 1,500 persons are trained in climate change	<p><b>Ongoing</b></p> <p>PABVARC PAIRB</p> <p><b>Proposed</b></p> <p>Integrated Agricultural Production and Social Safety Nets Support Project in Kirundo Province</p>
<b>Pillar II: INFRASTRUCTURE IMPROVEMENT</b>				
Open up access to rural communities	No environmental and social impact assessments	Improvement of the movement of persons and goods	450 km of roads maintained and 1030 km of fire breaks operated and maintained	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• PABVARC</li> <li>• PAIRB</li> <li>• RN15: Gitega - Ngozi Road, Phases 2</li> <li>• RN13: Makebuko Ruyigi Road</li> </ul> <p><b>Proposed</b></p> <ul style="list-style-type: none"> <li>• RN18: Nyakararo-Gitega Road (Phase 2)</li> </ul>
Improvement of the access rate and quality of road infrastructure	The paved road network is one of the smallest in Africa. The isolation of rural areas does not promote growth in such areas	10% to 18% increase in regional trade Urban population per km of urban road increased from 1,216 in 2007 to 1,596 in 2015	250 km of national roads upgraded and paved	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• RN15: Gitega - Ngozi Road, Phases 1 and 2</li> <li>• RN 3: Mugina-Nyanza Lake Road (Mult. Tanzania / Burundi)</li> <li>• RN13: Makebuko Ruyigi Road</li> <li>• RN18: Nyakararo-Gitega Road (Phase 1)</li> </ul> <p><b>Proposed</b></p> <ul style="list-style-type: none"> <li>• RN18: Nyakararo-Gitega Road (Phase 2)</li> </ul>

Expansion of rail infrastructure	Limited Government interest due to the cost and duration of the final project	Action plan to implement the Dar-es-Salam-Isaka-Kigali-Keza-Musongati railway project as a PPP	Study of engineering study completed in 2015.	<i>No Bank operation is expected by 2017</i>
Contribute to the promotion of food security	Approximately 67% of the population lives below the poverty line	Increase in agricultural and honey production Increased income for the population	2500 cows disseminated, 3368 goats, 54 FFS for banana, 42 FFS for cassava and 14 FFS for rice, and 1,200 piglets; 150 kg of vegetable seeds, 60,000 fruit seedlings and 500 improved hives are distributed to beneficiaries.	<b>Ongoing</b> • PABVARC • PAIRB <b>Proposed</b> - Integrated Agricultural Production and Social Safety Nets Support Project in Kirundo Province
Environmental protection and sustainable soil and water management	Climatic hazards (drought) No environmental and social impact assessments	The volume of agricultural production in Bugesera grows from 2-3 t/ha to 5-6 t/ha (rice) and from 11,000 to 34,000 tonnes (cereal)	6 storage sheds with a capacity of 180 tonnes per shed; 5030 ha of bare ridges reforested; 14520 ha of farms restored; 3,213 ha of farmland developed; 2,800 ha of private farms created.	<b>Ongoing</b> • PABVARC • PAIRB <b>Proposed</b> - RN18: Nyakararo-Gitega Road (Phase 2) - Integrated Agricultural Production and Social Safety Nets Support Project in Kirundo Province
Job creation	Very high unemployment rate, especially among women	Jobs created through the execution of road works, development and afforestation activities	Creation of 2,328,000 person-days of employment (through marshland development activities); 80,000 temporary jobs are created through roadworks, watershed development, and reforestation.	<b>Ongoing</b> • PABVARC • PAIRB <b>Proposed</b> - RN18: Nyakararo-Gitega Road (Phase 2) Integrated Agricultural Production and Social Safety Nets Support Project in Kirundo Province - Multinational Bujumbura (Burundi) - Mpulungu (Zambia) Port Rehabilitation Project

**NON-LENDING PROGRAMME**

Study on the sources of fragility in Burundi (ORTS/BIFO - 2017)

## ANNEX 5

### Implementation Status of the Recommendations of the Last Portfolio Review (CPIP 2014)

Main Problems / Challenges/ Constraints	Planned Actions	Outcomes	Indicators	Entity in charge	Timeframe	Implementation status
<b>Quality at Start-up</b>						
<b>Shortcomings in project design/preparation</b>	Improve the quality of detailed technical studies	Good quality studies available on time	100% of projects executed within the projected costs	GoB/AfDB	Continuous	Partially
	Establish an <i>ad hoc</i> technical committee to validate technical studies			GoB	Continuous	Achieved
<b>Significant delays in project start-up</b>	Establish the national technical team that will participate in the project preparation and appraisal	Ownership of the appraisal report, mastery of the logical framework of results	Effective involvement of the national technical team	GoB/AfDB	Continuous	Not attained
	Reduce time-limits for fulfilment of conditions precedent to first disbursement	Projects are implemented in accordance with initial schedules	First disbursement is made less than 6 months after approval	GoB	Continuous	Partially
<b>Project Implementation</b>						
<b>Inadequacy/Delays in Government counterpart funds</b>	Ensure that the counterpart funds recorded in the Finance Law matches the resources programmed and committed within the prescribed time-limit	Counterpart funds are included in finance law	100% of counterpart funds are disbursed on time	PIU/AfDB	31 December 2015	Partially
<b>VAT exemption</b>	Issue a directive authorizing VAT exemption, in accordance with agreements between the Bank and the Government	Suppliers of goods, works or services to projects do not pay VAT	Directive signed	GoB/TFPs	First half of 2015	Not achieved
<b>Limited consideration of the sustainability of project achievements</b>	Provide for sufficient resources to improve the services to users	Sustainability ensured	Improved user satisfaction	GoB/AfDB	Continuous	Not achieved
<b>Limited capacity of the staff in project management units</b>	Organize training sessions on the procurement of goods and services, financial management, disbursements, monitoring-evaluation and in other areas of project expertise, where appropriate	Improved skills	At least 80% of PIU staff receive training	GoB/AfDB	Continuous	Partially
	Avoid the creation of parallel implementation units for new projects, by entrusting their management to existing administrative structures and opening up key posts to competing candidates	Efficient management units	PIU experts are efficient	GoB/AfDB	Continuous	Partially
<b>Disbursement Performance</b>						
<b>Incomplete disbursement requests</b>	Improve the internal verification channel for disbursement request documents	All disbursements requests are paid within 15 days	100% of submitted disbursement requests are complete	PIUs/AfDB	Continuous	Partially
	Make available a disbursements officer at the National Office	Requests are processed rapidly		AfDB	Before the end of 2015	Not achieved
<b>Procurement of Goods, Works and Services</b>						
<b>Delays in preparation and lack of monitoring for procurement plans</b>	Update of procurement plans	Projects are implemented in accordance with initial schedules	All projects have updated procurement plans	Govt /PIU/BIFO	Continuous	Achieved

Main Problems / Challenges/ Constraints	Planned Actions	Outcomes	Indicators	Entity in charge	Timeframe	Implementation status
<b>Delays in the review and processing of bidding documents</b>	Systematize advance procurement action (APA) for infrastructure projects		Launch works at most six months after loan effectiveness	GoB/AfDB	Continuous	Achieved
<b>Financial management</b>						
<b>No procedures manual at project start-up</b>	Make a procedures manual available at project start-up	Procedures manual validated before project launch	Procedures manual available	PIUs/AfDB	Continuous	Partially
<b>Weakness in financial programming</b>	Establishment of an annual work plan from which the budget will be prepared	Budget, coupled with the programme of activities, is prepared	Existence of a budget, coupled with a programme of activities, for each ongoing project	PIUs	Continuous	Partially
	Establishment of budgetary and analytical codes related to the expenditure components and categories in the appraisal report	Availability of budgetary and analytical codes related to the various activities	Accounting software has budgetary and analytical codes	PIUs	Continuous	Not achieved
	Establishment of an annual cash-flow plan	Cash-flow plan prepared	Cash-flow plan operational	PIUs	Continuous	Partially
	Procurement of adequate software	Operational software	Financial statements produced using the software	PIUs	Continuous	Achieved
	Ensure the availability of accounting tools and procedures manuals at each project start-up			GoB	Continuous	Partially
<b>Delays in the transmission of the audit report</b>	Ensure timely recruitment of Auditors, in collaboration with the Bank, as well as timely preparation and submission of audit reports, as required by the grant agreements	Auditor recruited in accordance with procurement plans (PP)	Audit report submitted no later than June 30, N + 1	PIUs/AfDB	Continuous	Partially
<b>Monitoring and Coordination</b>						
<b>Lack of an effective project monitoring/evaluation system</b>	Establish a portfolio coordination and monitoring structure within MFBPDP; Initiate dialogue with the Government, including the MFBPDP on measures to be implemented to improve project monitoring/evaluation and coordination mechanisms	Establishment of a Portfolio Monitoring Committee by MFBPDP	Quarterly follow-up meetings, attended by MFBPDP, PIUs, supervisory ministries of the projects and the AfDB are organized	MFBPDP/AfDB	Continuous	Achieved
	Organize quarterly portfolio monitoring meetings with the PIUs and the AfDB	Coordination among various stakeholders in projects is better managed	At least one coordination and portfolio monitoring meeting is organized per quarter	PIUs/MFBPDP/AfDB	Continuous	Partially
	Strengthen consultation among PIUs of regional projects	Greater consideration is given to the regional dimension of projects	At least 2 annual meetings held	Govt/AfDB	Continuous	Partially
	Recruit a coordinator for AfDB road projects	Improved monitoring of projects	Progress and audit reports are submitted regularly	Govt/AfDB	Before end-June 2015	Not achieved
	Regular transmission of physical and financial status project reports by MFBPDP	More efficient monitoring of the progress status of operations by MFBPDP	Quarterly progress reports are transmitted regularly by PIUs to MFBPDP	PIUs	45 days after the quarter	Not achieved
	Recruit a monitoring/evaluation expert	Efficient project monitoring	Quarterly progress report transmitted regularly	PIUs	First half of	Partially
	Enhance dialogue between the Bank and TFPs to ensure greater implementation of the principles of the "Paris Declaration"					Not achieved

## ANNEX 6

### Revised Portfolio Performance Improvement Action Plan<sup>11</sup> (PIIP 2016)

Main Problems / Challenges/ Constraints	Planned Actions	Outcomes	Indicators	Entity in charge	Timeframe
<b>Quality at Start-up</b>					
<b>Shortcomings in project design/preparation</b>	Improve the quality of detailed technical studies	Good quality studies available on time	100% of projects executed within the projected costs	GoB/AfDB	Continuous
<b>Significant delays in project start-up</b>	Establish the national technical team that will participate in the preparation and appraisal of the project.	Ownership of the appraisal report, mastery of the results logical framework	Effective involvement of the national technical team	GoB/AfDB	Continuous
	Reduce time-limits for fulfilment of conditions precedent to first disbursement	Projects are implemented in accordance with initial schedules	First disbursement is made less than 6 months after approval	GoB	Continuous
<b>Project Implementation</b>					
<b>Inadequacy/Delay of Government counterpart funds</b>	Ensure that the counterpart funds recorded in the Finance Law match the resources programmed and committed within the prescribed time-limit	Counterpart funds are included in finance law	100% of counterpart funds are disbursed on time	PIU/AfDB	31/12/2016
<b>VAT exemption</b>	Issue a directive authorizing VAT exemption, in accordance with agreements between the Bank and the Government	Suppliers of goods, works or services to projects do not pay VAT	Directive signed	GoB/TFPs	First half of 2016
<b>Limited consideration of the sustainability of project achievements</b>	Provide for sufficient resources to improve services to users	Sustainability ensured	Improved user satisfaction	GoB/AfDB	Continuous
<b>Limited capacity of the staff in project management units</b>	Organize training sessions on the procurement of goods and services, financial management, disbursements, monitoring-evaluation and in other areas of project expertise, where appropriate	Improved skills	At least 80% of PIU staff has received training	GoB/AfDB	Continuous
	Avoid the creation of parallel implementation units for new projects, by entrusting their management to existing administrative structures and opening up key posts to competing candidates	Efficient management units	PIU experts are efficient	GoB/AfDB	Continuous
<b>Disbursement Performance</b>					
<b>Incomplete disbursement requests</b>	Improve the internal verification channel for disbursement request documents	All disbursements requests are paid within 15 days Requests are processed rapidly	100% of submitted disbursement requests are complete	PIUs/AfDB AfDB	Continuous
<b>Financial Management</b>					
<b>No procedures manual at project start-up</b>	Make a procedures manual available at project start-up	Procedures manual validated before project launch	Procedures manual available	PIUs/AfDB	Continuous
<b>Weakness in financial programming</b>	Establishment of an annual work plan from which the budget will be prepared	Budget, coupled with the programme of activities, is prepared	Existence of a budget, coupled with a programme of activities, for each ongoing project	PIUs	Continuous

<sup>11</sup> *The mission on fiduciary aspects could not be conducted and consequently, the assessment was essentially based on reports*

Main Problems / Challenges/ Constraints	Planned Actions	Outcomes	Indicators	Entity in charge	Timeframe
	Establishment of budgetary and analytical codes related to the expenditure components and categories in the appraisal report	Availability of budgetary and analytical codes related to the various activities	Accounting software has budgetary and analytical codes	PIUs	Continuous
	Establishment of an annual cash-flow plan	Cash-flow plan prepared	Cash-flow plan operational	PIUs	Continuous
	Ensure the availability of accounting tools and procedures manuals at each project start-up			GoB	Continuous
<b>Delays in the transmission of the audit report</b>	Ensure timely recruitment of Auditors, in collaboration with the Bank, as well as timely preparation and submission of audit reports, as required by the grant agreements	Auditor recruited in accordance with procurement plans (PP)	Audit report submitted no later than June 30, N + 1	PIUs/AfDB	Continuous
<b>Monitoring and coordination</b>					
<b>Lack of an efficient project monitoring/evaluation system</b>	Organize quarterly portfolio monitoring meetings with the PIUs and the AfDB	Coordination among various stakeholders in projects is better managed.	At least one coordination and portfolio monitoring meeting is organized per quarter	PIUs/MFBPDP/AfDB	Continuous
	Strengthen consultation among PIUs of regional projects	Greater consideration is given to the regional dimension of projects	At least 2 annual meetings held	GoB/AfDB	Continuous
	Regular transmission of a physical and financial status reports of projects by MFBPDP	More efficient monitoring of the progress status of operations by MFBPDP.	A quarterly progress report is transmitted regularly by PIUs to MFBPDP	PIUs	45 days after the quarter

## ANNEX 7

### Position Paper on the Fragile Situation in Burundi

#### I. INTRODUCTION

The Republic of Burundi is a small landlocked country (27,830 km<sup>2</sup>) located to the west of Tanzania, to the south of Rwanda, and to the east of the Democratic Republic of Congo. It belongs to the Great Lakes Region, which has a reputation for instability with multiple conflicts that give rise to massive displacement of people. The regional context has aggravated the negative socioeconomic effects on Burundi, which has been dogged by recurrent political crises in recent years. Indeed, the massive destruction of the means of production, as well as the climate of permanent insecurity fomented by successive crises, have undermined the country's economic performance. This has led to increased economic vulnerability and deterioration of living conditions, as well as increasing poverty and marginalization of the poorest groups. The signing of a peace agreement brokered by Julius Nyerere and Nelson Mandela, and progressive pacification (2000-2006) helped to put an end to a civil war that had claimed about 300,000 lives. From 2005 to 2015, Burundi experienced a period of relative calm and political stability that was never ruffled by the violent land disputes that often broke out between families. As a result, economic performance gained momentum, with an average growth rate of 4.7% in 2014, in spite of the economy's vulnerability to exogenous shocks and a difficult international situation. The "Burundian model", long praised as an ideal example and founded on institutionalized power-sharing between Hutus and Tutsis, has been thrown into disarray since 2015. Conflictual politics is back in Burundi and this development is a most worrying regression for both the country and the sub-region. The Arusha Peace Agreement that ended the civil war in Burundi is based on the principles of consensus and power-sharing. It institutionalizes a power-sharing system between the two ethnic groups (Hutu and Tutsi) within a democratic framework that is based on ethnic quotas. This sharing arrangement applies to the Government, the National Assembly, the Administration and Security Services on a 50-50 basis. Civilian institutions are supposed to be organized on a 60-40 basis which allows an overrepresentation of the Tutsi minority without jeopardizing the ethnic majority principle. At the helm of State, this balance between the two ethnic groups in the country is exercised by a triumvirate composed of a president and two vice presidents who are not of the same ethnic group. In the legislature, the political minority can exercise veto powers against constitutional amendments and the adoption of organic laws. The agreement also includes the fundamentals of democracy such as the rule of law, separation of powers and the supremacy of civilian authority over the military to break with the historical tradition of recurrent military Presidents. All these principles were enshrined in the 2005 Constitution that ended the Burundian transition period. Accordingly, the peace that prevailed from 2005 to 2014 is attributed to the Arusha Peace Agreement.

This paper seeks to review the fragility factors facing Burundi, as well as to analyze their impact on the country's development potential. The key fragility factors, which are multiple and complex, have political, institutional, economic and social dimensions.

#### II. POLITICAL FACTORS OF FRAGILITY

***Political Instability as a Permanent Source of Tension:*** Despite a relatively successful post-conflict transition, which began in 2000 with the signing of the Arusha Peace Agreement, the country faces major political risks, which could trigger violence at any time. Indeed, despite progress in the democratic process, the political situation is far from stable. A review of Burundi's history highlights the relevance of the political dimension in understanding the fragility and risks currently plaguing the country. Indeed, Burundi's history is characterized by a succession of coup d'états (1966, 1976, 1987, 1996) and inter-ethnic wars (1965, 1972, 1988, 1993) that have trapped it within a cycle of violence. However, under the auspices of the international community, inter-Burundian negotiations were held that led to the signing of the Arusha Peace and Reconciliation Agreement for Burundi on 28 August 2000. This Agreement, whose main tenets were mainstreamed into the Constitution, has enabled the country to make political progress by guiding it through the crucial phases of establishing democratic institutions.

As from 2014 and with the impending elections in 2015, the country has suffered a crisis of confidence that has sorely undermined its democratic gains, due to lack of peaceful and inclusive dialogue between the ruling party (CNDD-FDD) and the opposition parties. This tense situation was further exacerbated by the limitation of press freedoms and the opposition's refusal of a "Truth and Reconciliation Commission" like the one established in South Africa to determine the responsibilities of political stakeholders in various conflicts, in an attempt to facilitate national reconciliation. Furthermore, the efforts made by the Authorities to amend the Constitution, including the authorization of a third term for the incumbent President, were perceived by the Opposition and Civil Society as violating the Arusha Peace Agreement of 2000. Indeed, any amendment of the Constitution to break out of the Agreement which enshrines power-sharing between the various ethnic groups and regions of the country is a potential source of tension. It should be noted, however, that the National Assembly rejected the draft revised Constitution in March 2014, but failed to reach the required 4/5 of votes. Lastly, the withdrawal of the United Nations Office in Burundi (BNUB) on the eve of the elections (December 2014) and its replacement by the United Nations Electoral Observation Mission in Burundi (MENUB) was not likely to consolidate peacebuilding.

***Outbreak of the 2015 Crisis:*** The candidature of the incumbent President sparked major demonstrations as from 26 April and plunged the country into a severe socio-political crisis. It should be noted that the texts are sufficiently clear on the matter. Article 7 of the Arusha Agreement provides that: "[The President] shall be elected for a term of five years, renewable only once. No one may serve more than two presidential terms." Furthermore, Article 96 of the Constitution of Burundi, promulgated in March 2005, provides that: "The President of the Republic shall be elected by direct universal suffrage for a term of five years, renewable once." The elections held in June-July 2015 and boycotted by the Opposition and Civil Society led to the re-election of the incumbent President of the Republic, who was sworn in on 20 August 2015. This political crisis was accompanied by numerous human rights violations. Indeed, the failure of the coup d'état orchestrated by a group of army officers (13 May 2015) and the attacks on two military camps (11 December 2015) intensified massive repression by the Government, that led to numerous killings, torture, imprisonment and abduction.

***Humanitarian Dimension of the Post-Election Crisis:*** Since April 2015, approximately 1.1 million people have experienced physical and psychological threats, intimidation and other abuses. According to a UNICEF report (February 2016), 249 children have been arbitrarily detained since April 2015. According to OHCHR, at least 450 people have been allegedly killed and hundreds injured; over 4,700 cases of violations and abuses against civilians have been recorded since the beginning of the crisis. Close to 260,000 Burundians have sought refuge in five (5) asylum countries and 70,000 people are internally displaced within the country. Insecurity and violence have curbed safe access to basic social services. Budget cuts have significantly undermined the Government's ability to fund and provide such services. Victims of the recent violence have limited access to adequate care. The same applies to survivors of gender-based violence. Pregnant women and under-five children, who relied on free critical care, are particularly at risk. Furthermore, the limitation of movement due to real or perceived insecurity has had a major impact on economic activities, reducing access to means of subsistence and driving up food prices in the markets. Furthermore, 50,000 under-five children suffer from severe acute malnutrition (SAM). Communities affected by the 2015 floods need shelter, non-food items, water, food aid and other means of subsistence.

The conflict in Burundi has generated enormous regional consequences in humanitarian, security and political terms, and risks becoming a regional stability concern. According to the UN, approximately 260,000 Burundians have fled their country to neighboring countries: Tanzania (130,000), Rwanda (72,000), DRC (20,000) and Uganda (21 000). The number of displaced persons is estimated at 15,000, mainly in the border province of Makamba (Tanzania). All humanitarian agencies believe that these massive departures will continue, and have prepared an emergency refugee management plan.

***Concerns of the International Community:*** Mediation to resolve the crisis, entrusted to the Ugandan President in June 2015 by his sub-regional peers, has barely started. The main stumbling block is the Burundian Government's unwillingness to engage in a frank dialogue with exiled opposition figures, most of whom are being prosecuted and subject to international arrest warrants issued by the Burundian justice system. The EAC Heads of State Summit held on 2 March 2016 in Arusha appointed the former Tanzanian President Benjamin Mkapa, as co-mediator to boost the inter-Burundian talks. Furthermore, the Government of Burundi and part of the international community continue to accuse Rwanda of giving safe haven to rebels. Rwandan authorities have formally denied these accusations. Moreover, various

international high-level delegations went to Bujumbura in January and February 2016 to convince President Nkurunziza to organize inclusive dialogue, namely: the UN Security Council, the Secretary-General of the United Nations, and five (5) African Union Heads of State. The results are not yet visible on the ground.

### III. INSTITUTIONAL AND SOCIO-ECONOMIC FACTORS OF FRAGILITY

The combined effects of political tension and social marginalization have compounded the other factors of fragility which are more structural in character. These are essentially factors relating to weak national capacity, the inherent vulnerability of the Burundian economy, and demographic pressure. These factors, which originally account for the institutional dysfunction and poor economic performance of the country, cause precariousness and aggravate the fragility of the country.

***Severely-tested Institutional Capacity:*** Burundi's public sector is one of the sectors most affected by the successive crises and political instability that have undermined the institutional capacity and human resources of the Government. Staff motivation is completely sapped by precarious working conditions, characterized particularly by low pay, under-equipped Government services and lack of a permanent staff training and retraining system. The result has been a high staff turnover, with the most qualified workers likely to seek better opportunities elsewhere. This situation is compounded by unorthodox recruitment methods based more on political, ethnic or regional considerations than on technical skills. Hence, the country's institutional capacity has eroded over time, resulting in almost total disruption of the administration, as well as dilapidation and obsolescence of work equipment. Consequently, the Administration faces major challenges including: (i) the need to restore its key functions through a suitable institutional mechanism for economic management; (ii) the effective coordination of the various services involved in the management of development policies; and (iii) strengthening of the national monitoring/evaluation system whose failure hampers the design, programming and implementation of sector and macroeconomic policies.

The various political stakeholders in Burundi, civil society and development partners are convinced that such weak capacity aggravates the poor governance that has a negative impact on the management of public resources. It is clear that Burundi's ranking as 157th under the 2013 Corruption Perception Index reflects strong tendencies towards economic malpractice mainly prompted by low civil service salaries. Hence, the human, institutional and technical resource constraints undermine efficient management of public funds and constitute a major source of the country's fragility. The lack of capacity is a major constraint, especially as the peacebuilding context presupposes the need for large-scale reforms to rebuild the productive base of the economy with a view to creating appropriate conditions for robust and sustainable growth. The entire economic management system needs substantial institutional support within the context of a coherent capacity building programme on management and control of the economy.

***A Fragmented and Inefficient Economy:*** Burundi is handicapped by the structure of its economy, characterized by a narrow productive base that is undiversified and particularly vulnerable to external shocks. The national economy is founded on the primary sector, which accounts for up to 40% of GDP and employs approximately 90% of the national workforce, of which the majority are women. The sector's low productivity, despite the country's huge agricultural potential, reflects the predominance of rudimentary farming practices, characteristic of food-crop farming. It also stems from the archaic land management system, persistent insecurity in rural areas, and widespread land disputes.

On account of the structural fragility of the economy and the negative consequences of the destruction of means of production during successive political crises, Burundi has always recorded modest economic growth rates that are below the prevailing rates in Sub-Saharan Africa. Economic growth seems to have benefited little from the improved political climate and major structural reforms initiated by the Government over the past decade. The annual economic growth rate has fluctuated around 4% since 2005, whereas other East African countries have rates of 6% to 8%. In response to endemic poverty, which affects almost 69% of the rural population, and to break out of the vicious circle of fragility, Burundi must raise its growth rate to a higher level of 6-7% per year, as projected in PRSF II.

Furthermore, the country's poor performance is exacerbated by constant macroeconomic instability resulting from its narrow export base that is heavily dependent on coffee and tea; poor domestic revenue collection; and the significant drop in budget support, which has indeed declined by 3 GDP points over the

past three years. Hence, Burundi's external position is fragile, with a chronic external current account deficit and significant budgetary pressures. The result is permanent, often two-digit, inflationary pressures that have negative effects on community living conditions. However, it should be noted that Burundi has made significant efforts to mitigate these constraints, through a structural reform programme, supported by development partners, including the Bank. Yet, these efforts were quashed by the organization of the 2015 elections which rapidly increased recurrent expenditure, creating additional budgetary pressures generated by the freezing of external support to organize the elections.

Hence, the political crisis has greatly harmed and slowed down economic activity, thereby stalling the growth momentum that started at the beginning of the decade. The real GDP growth rate was estimated at -4.1 % in 2015 compared to 4.7 % in 2014. As regards taxation, Burundi continues to suffer from poor domestic revenue collection (11.7% of GDP in 2015 compared to 12.9% in 2014), a substantial decline in foreign aid (-33% in 2015) and massive recourse to Central Bank advances. Indeed, the fiscal balance plummeted from -1.2 % of GDP in 2014 to -5.7% in 2015. With respect to economic reforms, the Extended Credit Facility (ECF), concluded in 2012 and supported by the IMF in Burundi, made progress until 2014. However, the programme deteriorated following the outbreak of the electoral crisis in 2015 and on account of the country's ongoing security problems. On 18 January 2016, the IMF issued a statement declaring that completion of the seventh (and eighth) facility was not possible. As such, the programme was "off-track", but IMF staff continue to monitor the situation and collect information needed to assess the economic impact of the challenges facing the country.

After Belgium, the Netherlands, Germany and the United States, the European Union (EU) suspended its direct aid to Burundi on 14 March 2016, including budgetary support, in response to the violence raging in the country and to force the Authorities to dialogue with the Opposition. This suspension does not affect financial support to the population and humanitarian aid. To benefit from EUR 432 million from the EU for 2015-2020, the Government was requested to take a series of measures relating to press freedom, protection of human rights activists, the conduct of international investigations into allegations of torture, sexual violence, disappearances, extrajudicial killings and inclusive dialogue. If these measures are implemented, the EU could unfreeze its financial assistance. Furthermore, the EU wants the funds to be paid directly into the accounts of soldiers. With over 5,000 men engaged in Somalia, the shortfall for the Government of Burundi could reach USD 13 million per year.

***Dilapidated and Poorly-connected Infrastructure:*** Burundi is a landlocked country with poor infrastructure coverage in terms of the density of the road, telephone and energy networks. It lags behind other EAC countries in terms of access to basic infrastructure services. Burundi's population is about 90% rural and despite the key role played by agriculture, only a fraction of this population has access to all-season roads. The density of the road network in farming areas is significantly lower in Burundi than elsewhere in Africa. In the agricultural sector, transport costs represent, on average, 35% of import prices and 40% of produce export prices. For the majority of the population whose livelihood is agriculture, these high costs and poor access to basic economic infrastructure are major obstacles to improving their incomes and well-being. Similarly, less than 5% of the population has access to electricity, compared to the Sub-Saharan African rate of 16%. The country also lags behind in terms of the density of the fixed and mobile telephony networks, as well as internet access (less than 3%).

The limited development of economic infrastructure, coupled with its dilapidated nature, translates into clearly higher service costs, which can be double, or even triple, the costs in neighbouring countries. This situation severely harms the competitiveness of Burundian businesses on national and regional markets. The cost and upgrading of these services affect business opportunities for farmers and for small and medium-sized enterprises. According to surveys conducted among Burundian businesses, the cost of electricity, the low reliability of the distribution system, and difficulties in obtaining Bank financing, are the main obstacles to the growth of productive investments. This accounts for the limited development of the private sector which has to cope with exorbitant production costs.

The need to create favourable conditions for private sector development is a huge challenge for Burundi. Given the high youth unemployment rate, only a dynamic private sector can offer a real alternative that promotes sustainable and job-creating growth. The same applies to the development of infrastructure which is a powerful vehicle for promoting regional integration and boosting economic competitiveness. In doing so, Burundi will also seize the opportunity offered by Lake Tanganyika to position itself as a logistical and development hub for inter-regional trade.

***Uncontrollable Demographic Pressure and High Unemployment, especially for the Youths:*** On account of the political instability and recurrent violence, Burundi's social fabric has suffered much from insecurity that has sown mistrust among the various components of the population, thus delaying the return and resettlement of displaced persons and refugees. The resulting weak social cohesion has deepened divisions, and exacerbated human rights violations and the marginalization of certain political groups.

Up to 2013, over 700,000 Burundians had sought refuge in neighbouring countries, especially Tanzania, and most returned to Burundi following the peace process. Each of the successive waves of returnees demanded resettlement on the properties they previously owned. However, over the years, those who had acquired land, legally or otherwise, had often resold it, thus causing a proliferation of land disputes.

Land tenure is currently a major concern, and land disputes are numerous and threaten peacebuilding. They constitute the majority of cases (over 80%) brought before courts of residence. The causes of these conflicts are many, in particular: (i) scarcity of land, which determines the livelihood of the majority of Burundians; (ii) land tenure insecurity stemming from the inability of current land management systems to provide a satisfactory land tenure solution; (iii) successive conflicts that have produced hundreds of thousands of refugees who face problems of access to land when they return. The land tenure system is dominated by patriarchal management in terms of inheritance. Consequently, land ownership remains a major challenge, especially for children and women who head households.

The Arusha Peace Agreement provided for a programme for the return of lands to their former owners and the establishment of compensation fund for those who purchased land in good faith. Implementation of the programme required a participatory approach based on transparency and the inclusion of all stakeholders to avoid further tension in community relations. In practice, it did not work out as expected, despite the establishment of the National Commission for Land and Other Property (CNTB). However, the adoption of a new law by the National Assembly in November 2013 could further complicate the situation, and whip up tensions again. Indeed, the mechanism provided for under this law seeks to change the mandate and functioning of CNTB, and tends towards the creation of a special tribunal to deal with land matters. This change has caused much concern among civil society groups and opposition parties.

Furthermore, population growth (2.4% annually and 6.4 children per woman) and incessant population movements have accelerated environmental degradation. Indeed, the steady decline in cultivated surface area per household has pushed farmers to fall back on protected areas and degraded land that is unsuitable for farming. The pressure on land also stems from the succession system, which requires parents to surrender part of their farms to their adult or married children, thus causing a relentless fragmentation of landholdings. The result, from the environmental standpoint, is: (i) significant pressure on natural resources (intensive deforestation, population concentration on non-fertile lands, excessive land use, decline in fertility, etc.); (ii) massive deforestation with the elimination of natural reserves; and (iii) heavy erosion leading to scarcity and degradation of farmland. This trend is a real threat to social peace, as it accelerates rural exodus to the cities, thereby fuelling growing unemployment and urban marginalization.

According to recent data from the 2012 UNESCO report on the status of adolescents and youths in Sub-Saharan Africa, the proportion of young job seekers in Burundi was estimated at 68%. The same UNESCO report estimates that out-of-school and out-of-work youths account for 53%, placing Burundi among the top 10 African countries with the highest proportion of such youths. This situation exposes youths to manipulation and exploitation, transforming them into the main perpetrators and victims of violence and armed conflicts. Poverty and overcrowding have sorely affected Burundian youths who represent over 60% of the population. Disillusionment is high among rural youths condemned to survive on narrow plots of land, and urban youths who are unemployed even when they possess school and training certificates. The frontline role played by youths in current protests signals a generational divide and deep dissatisfaction.

## **CONCLUSION**

Burundi is currently at the crossroads. Sixteen (16) years after the signing of the Arusha Peace and Reconciliation Agreement for Burundi, the country is still caught up in the spiral of fragility. Breaking out of this vicious circle is fraught with challenges which include the restoration of a peaceful political environment, the elimination of the energy and infrastructure deficit, the promotion of regional integration, private sector development, population control, environmental protection, and the resolution of land tenure issues.

During the Geneva Conference of October 2012, development partners welcomed the progress made by Burundi in establishing democratic institutions after the 2005 and 2010 elections. They also noted the fragility of achievements in this area, as is the case in post-conflict countries. However, the 2015 elections plunged the country into another cycle of crisis. There can be no development without peace. Yet, it is obvious that the prevailing climate is not consistent with that logic. Rather, the absence of inclusive dialogue and consensus in political debate has nudged the country into another cycle of turbulence and fragility that is much dreaded by all stakeholders.

Hence, the resurgence of the crisis in Burundi reveals the limited commitment of the different groups that adhered to the various political and social pacts, in a context of persistent social divisions of different kinds and at different levels. Largely composed of former guerrillas who prefer force of arms to negotiations, the Authorities in power did not participate in the Arusha negotiations but joined the peace process only in 2003. It should be noted that such limited commitment to political and social agreements has led to a devaluation of some of the major achievements of the Arusha Peace Agreement (such as parity in the command of defence and security forces, combating impunity, etc.) and the attempt to change the institutional system in 2014.

## ANNEX 8

### Assessment of Eligibility for the Transition Support Facility

Indicator	Window I Supplemental Support – First-Level Criteria
<b>Commitment to the consolidation of peace and security</b>	<p>The inter-Burundian negotiations, conducted under the auspices of the international community, led to the signing of the Arusha Peace and Reconciliation Agreement for Burundi on 28 August 2000. This Agreement, whose main achievements were incorporated into the Constitution, enabled the country to progress politically through the key steps in developing democratic institutions. The “Burundian” model, negotiated in Arusha and founded on institutionalized power-sharing between Hutus and Tutsis, has long been lauded as an example of commitment to peacebuilding and security. However, the election of President Nkurunziza for a third consecutive term was seen by the Opposition as a violation of the Arusha Peace Agreement. Protests have plunged the country into a new crisis marked by targeted killings (hundreds dead) and forced over 250,000 people to leave the country. Unlike previous armed conflicts strongly marked by ethnic divisions, the current strife in the country has, so far, remained essentially political.</p> <p>The international community is increasingly concerned by the aggravation of the crisis, which risks sparking a conflagration in the sub-region. However, its attempts at facilitating inclusive political dialogue have largely been unsuccessful. Various international high-level delegations went to Bujumbura in January and February 2016 to convince President Nkurunziza to organize inclusive dialogue, namely: the UN Security Council, the Secretary-General of the United Nations, and five (5) African Union Heads of State. The results are not yet visible on the ground.</p> <p>Mediation to resolve the crisis was entrusted to the Ugandan President in June 2015 by his sub-regional peers. Furthermore, in March 2016, the former President of Tanzania, Benjamin Mkapa, was designated as Co-Mediator to revive the inter-Burundian talks. The first session of the inter-Burundian dialogue was held two months after the designation of the Co-Mediator and was closed on 24 May 2016 without the participation of CNARED, the main coalition of Burundian opposition parties that the Government rejects. However, other meetings have been planned between the various Burundian protagonists to negotiate a solution to the crisis.</p>
<b>Unmet socio-economic needs</b>	<p>Poverty has increased in Burundi due to the decline in GDP per capita estimated at USD 117 in 2010, compared to its pre-crisis level of USD 150 in 1990, representing a 22% decline in 20 years. Burundi was unable to achieve its Millennium Development Goals (MDGs) in 2015. Hence, it needs increased support from the Bank and other partners. The human development index (HDI) has improved according to the 2013 UNDP report. Burundi gained 7 positions, rising to 178th out of 187 countries, with an index of 0.355, but remains in the bottom quintile. This performance stems essentially from progress made in the education and health sectors, especially the institution of free primary education and free health care for under-five children and pregnant women. Burundi is facing enormous socio-economic challenges which it must address in order to lay the foundation for sustainable socio-economic development. Indeed, the structural poverty situation in which the majority of Burundians live (estimated poverty incidence of 68%) is a major cause for concern. The poverty is compounded by the population pressure and its negative effects on natural resource management and environmental protection. It is further worsened by the harmful consequences of the long socio-political crisis of the 1990s which led to the destruction of economic production capacity and basic social infrastructure, generating a spiralling unemployment rate, especially among the youths (50% of youths under the age of 30) and weak institutional capacity in the country. Social cohesion also remains a challenge, and emergency steps should be taken to boost it, especially given the current context marked by growing risk of resurgence in conflicts.</p>
Indicator	Window I Supplemental Support – Second-Level Criteria
<b>Improvement of macroeconomic environment and adoption of a judicious debt policy</b>	<p>Burundi has recorded an average growth rate of 4% since 2010. The macroeconomic management efforts made under the reform programme supported by the Extended Credit Facility (ECF) signed with the IMF in 2012 have made it possible to achieve satisfactory results. Nevertheless, there are still significant budget constraints that have created a structural deficit of 2% to 4% of GDP, resulting essentially from limited domestic revenue collection capacity and volatility of budget support. As regards debt management, Burundi has made progress since attaining the completion point of the HIPC Initiative in January 2009. However, the risk of debt overhang remains high due to the country’s significant resource needs, stemming from the structural imbalance of its trade and vulnerability of the national economy to external shocks.</p>

<b>Continued implementation of policies, reforms and best practices</b>	Since 2005, Burundi has embarked on the implementation of economic and financial reforms to strengthen economic governance and improve the business environment so as to boost economic recovery. Such reforms include: (i) establishment of the Burundi Revenue Office and the Investment Promotion Agency; (ii) liberalization of the tea and coffee sectors; and (iii) adoption of the mining code.
<b>Adoption of wholesome financial management practices and restoration of conditions that promote private sector investment</b>	The business environment in Burundi has significantly improved over the past few years. However, it is still necessary to push on with reforms that will stimulate the country's embryonic private sector (less than 15% of GDP in 2015). The private sector development strategy adopted by the Government in 2013 provides an adequate framework for promoting the sector through an action plan that is oriented towards upgrading the judicial system, as well as legal and regulatory frameworks. These efforts are supported through application of the Good Governance and Corruption Control Strategy adopted in October 2011.
<b>Transparency in Public Management</b>	As part of the ECF-supported reform programme, the Government carried on implementing its public finance management strategy (2012-2014), thus manifesting its willingness to promote transparency through: (i) improvement of budget programming with the preparation of a medium-term expenditure framework (MTEF); (ii) monitoring of budget execution through systematic online publication of audited budget laws, final public contract awards, etc.; and (iii) reinforcement of public contract control and management systems.
<b>Other considerations justifying access to Window I resources</b>	<p>Certain factors/risks could undermine the peacebuilding and economic revival process. To better understand Burundi's fragility trends, a fragility assessment will be conducted to evaluate CSP implementation during drafting of the completion report in 2016. To that end, fragility factors will be systematically considered in all phases of the Bank's projects, in particular:</p> <ul style="list-style-type: none"> <li>• <b>Difficulties related to political dialogue</b> between the ruling party and opposition parties. Various international high-level delegations went to Bujumbura in January and February 2016 to convince President Nkurunziza to organize inclusive dialogue, namely: the UN Security Council, the Secretary-General of the United Nations, five African Union Heads of State. The results are not yet visible on the ground.</li> <li>• <b>Vulnerability of the economy to external shocks</b> due to its limited diversification and the country's heavy dependence on external aid which represents over 50% of the national budget.</li> <li>• <b>A private sector that is underdeveloped and less competitive</b> due essentially to high factor costs (energy, transport, telecommunications) and the weak legal and regulatory framework.</li> <li>• <b>High unemployment, especially among the youths</b>, is a major threat to the country's stability. The factors that aggravate the unemployment situation include high population pressure, training-employment mismatch, and the economy's weak job-creating potential.</li> <li>• <b>The limited supply of fertile land</b> has generated recurrent land conflicts. The country is increasingly vulnerable to environmental degradation resulting from population pressure (approximately 400 inhab./km<sup>2</sup>, one of the highest in Africa) and traditional land-use methods. Indeed, these two factors cause rapid degradation of the natural environment, and put heavy pressure on natural resources. The result is a significant reduction in the average size of farms per household, which dwindled from 1.04 ha in 1973 to almost 0.5 ha in 2012.</li> <li>• <b>The cycle of armed conflicts in the Great Lakes sub-region</b>, especially in eastern DRC, is a potential source of domestic insecurity for Burundi, even though it has not yet generated any significant socio-economic repercussions.</li> </ul>

## ANNEX 9

### Summary IDEV Assessment of CSPs during the 2004-2013 Period

The assessment identified significant challenges for the Bank's future strategy in Burundi:

#### **Strategies and Portfolio**

The strategies and underlying theory of change are generally relevant, responsive to expressed needs, and consistent with the priorities of the Government and the Bank. They have accompanied the changes in development challenges, moving from a stabilization stance to the development of inclusive and sustainable growth. The main weakness at this level resides in initial analysis, monitoring of **fragility factors**, as well as effective consideration of these factors in the portfolio and operations. Initial analyses do not provide a comprehensive understanding of the root causes of fragility and how to respond to them. In this regard, certain challenges, including those pertaining to limited capacity and emphasized at commencement, have been underestimated.

The portfolio is consistent with the direction given to successive country strategies and shows a certain degree of **selectiveness** based on established priorities (mainly infrastructure and governance). However, this quest for selectiveness did not prevent a **dispersal** of the rest of the activities in many sectors whose linkage with the CSP pillars has not yet been clearly established. This has affected the overall coherence of the portfolio.

Although the strategies address the relevance of contributing to **regional integration** and tackle this problem in which the Bank has a comparative advantage as a cross-cutting issue, the Bank's objectives in this area are not sufficiently explicit in the strategy, and the manner in which multi-country operations fit into this framework is not clear either.

Upon the resumption of cooperation and in the post-conflict context presented above, the Bank has placed special emphasis on **rehabilitation and job creation** in the short term, especially for vulnerable groups (youths, women). These operations, which are essentially based on labour-intensive activities, have generated 4.3 million person-days of work,<sup>12</sup> including 1.56 million person-days for women, with a significant impact in terms of income distribution. However, the components of these projects, geared towards more sustainable development of economic activities, have not encountered the same degree of success. The Bank then redirected its projects towards more seminal infrastructure in the medium term. In a country where the monetary poverty prevalence rate is always close to 65% and where economic and job prospects are very limited, creating "fast" jobs remains a fully legitimate objective.

#### **Paris Declaration Principles**

The Bank has played an active role in the establishment of **dialogue and aid coordination** mechanisms. However, the mechanism established at national level did not function as expected, mainly due to lack of leadership by the Authorities. In some sectors, especially infrastructure and national integration and, to a certain extent, the private sector, the Bank and other partners have been able to establish a coordination and dialogue framework, which is operational. However, this is not the case in governance and PFM where the partnership framework cannot develop into anything better than an information-sharing platform. Consequently, the Bank and the main donors involved (World Bank, IMF and the EU), have established bilateral dialogue channels, which have limited complementarities and synergies in the support provided, especially in capacity building, and have not made it possible to avoid inconsistencies in reform matrices.

The Bank pursued a strategy **of alignment on national systems**, albeit in a context marked by persistently high fiduciary risk that has rather pushed several donors to withdraw a perfectly aligned measure like budget support. Overall, the use of public finance management and procurement systems by donors declined between 2007 and 2010. In this regard, it should be

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<sup>12</sup> Such jobs are, by nature, temporary. Assuming that each person works for 100 days, the number of jobs created would be about 43,000.

underscored that the Bank maintained its budget support (except in 2007) since this measure is consistent with the third (“Focus on State-building as the central objective”) and seventh (“Align with local priorities in different ways in different contexts”) of the 10 Principles for International Engagement in Fragile States and Situations. The AfDB has improved the design of these programmes along the way to better adjust them to the absorptive capacity of the Government. Meanwhile, PARE III, IV and V programmes are among those that have shown the highest satisfaction index within the portfolio of projects subjected to a PRA, in terms of relevance, effectiveness and efficiency criteria.

**Strengthening the institutional capacity** of the State, in particular, has been a constant concern throughout the period. The amounts specifically allocated to this goal are substantial (nearly 5% of the country portfolio for the period (UA 9 million)) whereas the Bank has systematically sought to strengthen the capacity to formulate and implement policies and programmes in its areas of intervention. Progress is visible, but the system remains generally weak and very fragile.

### **Outcomes and their Sustainability**

Sustainability of achievements and outcomes is a major concern in Burundi. The points at issue are the financial constraints encountered in servicing and maintaining constructed infrastructure, even though mechanisms have been established for that purpose in some cases, as well as institutional insecurity. The poor quality of projects at start-up, due mainly to lack of data and information on the prevailing situation in a country emerging from 10 years of civil war, partly explains why the means for ensuring economic viability were underestimated. Beyond that, there is the issue of ownership of the constructed infrastructure by the competent structures, as well as ownership of reforms in the case of governance projects.

### **Efficiency**

Implementation delays have been recurrent (except for budget support, which has been disbursed on time thus ensuring the predictability of aid) partly due to the poor quality of operations at start-up. This has led to readjustments and coping with the limited technical capacity of project implementation structures.

### **Recommendations**

***More explicitly include regional integration and inclusive growth objectives in the strategy and ensure that they are reflected in the operations portfolio and relayed in national policies.***

The next country strategy (CSP 2017-2021) should more explicitly include the regional integration objectives that are a priority for both the Bank and Burundi. It is a cross-cutting theme that has implications in several areas. However, this objective must also be consistent with an explicit and coherent approach of upgrading the legislative framework and strengthening trade within the East African Community (EAC). Making these objectives more explicit will also enable the Bank to integrate more multi-country projects more coherently into its strategy.

At the same time, the balance between transformative infrastructure (roads, electricity) projects and community infrastructure aimed at short-term job creation should be re-considered. In a country where poverty is widespread and almost generalized in some provinces, and where underemployment, especially among the youths, is a major concern, it is necessary to focus on operations that combine creation of fast jobs (mainly through labour-intensive works) with longer term development. The Bank has experience in this area, but should strengthen the component on “developing income-generating activities in the medium term”.

In this regard, the assessment showed that combining a main activity with ancillary activities when implementing transformative projects (creating access through rural roads, developing small-scale social and economic infrastructure) is an approach that has yielded interesting results for local communities and which must be pursued by giving equal priority to both components.

***Better integrate environmental concerns into strategies and operations when implementing infrastructure and agricultural projects, by clearly orienting them towards consideration and strengthening of the factors of resilience to climate change***

The assessment highlighted some weaknesses in the consideration of environmental issues, especially in measures taken by infrastructure projects to reduce environmental impacts. Furthermore, the special environmental conditions in Burundi and recent events underscore the need for more systematic vigilance over the risks and threats that the effects of climate change pose to sustainability of infrastructure and production factors in rural areas. Accordingly, it is recommended that the next CSP should further highlight these issues through analytical in-depth studies conducted in collaboration with international partners specialized in this area. Furthermore, the country office could specifically recruit staff trained in these areas to enhance the mainstreaming of these issues into strategy and into the monitoring/evaluation of operations. The consideration of environmental concerns should contribute to the promotion of “green growth” and boost the country’s resilience through adapted adjustments and that of beneficiary communities through the promotion of agro-ecology and ecosystem services.

***Continue conducting analytical studies that underpin the formulation and implementation of policies and strategies by addressing issues of inclusive growth, vulnerability and development of activities with a view to fostering integrated markets within the EAC.***

Institutional support must remain a major priority mainly for the purpose of continuing to provide support for the formulation, update and monitoring of coherent policies and strategies in the Bank’s areas of intervention. The assessment showed that analytical studies are useful and help to strengthen the framework for the operations of the Government and partners. Such studies can be outsourced to external experts who will work with local research teams. Among the themes to be treated, those relating to social integration mechanisms, the promotion of endogenous and green growth, as well as investment opportunities in this area, could be usefully factored into the formulation of action plans. Analytical studies should focus more on social and/or community issues, as well as gender equality, in order to fine-tune the approaches adopted by projects. The recommendations of the 2011 gender study should be taken into account in the short term. An update of this study, already scheduled during the mid-term review of CSP 2012-2016, should be conducted as soon as the political situation improves.

***Play a more leading role in the revival of joint dialogue on the issues of governance, public finance management and private sector development.***

The strengthening of coordination/consultation among partners involved in supporting governance and public finance management is essential in Burundi’s fragile context. A coordinated approach must be adopted to develop joint analysis and monitoring tools and to ensure coherence of budget support programmes in terms of amounts allocated, disbursement periods and capacity building actions.

The Bank can play a more leading role in the revival of joint dialogue on budget support which should focus on maintaining the stability of the macroeconomic framework and the macro-budgetary framework in particular, the sustainability of policies and reform of public finance management and strengthening of economic governance. It entails establishing a framework for high-level dialogue, led by the Ministry of Finance, by revisiting the mandate given to CSAR and by ensuring that the technical and human resources at its disposal are consistent with the set objectives. In this regard, consideration could be given to the establishment of a joint fund with the World Bank and the EU to provide technical support for the implementation of PFM reform and strengthen the administration.

***Continue with budget support while ensuring economic and financial viability of investments made and policies implemented by the Government, as well as coordination of investment projects (in particular) funded with internal and external resources***

The assessment showed that budget support has had a significant, albeit lower than expected, impact on macroeconomic stability and reforms. Recourse to this measure is still recommended in situations of fragility and in Burundi's case, as soon as the current instability in the country and the political deadlock are resolved. Indeed, budget support remains a key instrument for intervening in the budget framework, engaging in State-building, enhancing the overall consistency of policies and ensuring their sustainability in the medium term. In this context, special attention should be paid to resources spent to ensure the financial viability of investments.

***Support the establishment of a monitoring/evaluation system for the strategies and programmes implemented in the country***

The report highlighted the difficulty of assessing the contribution of operations to strategic objectives. Transforming CSPs into more operational tools is a major challenge. This entails setting short- and long-term objectives for strategies and projects. One avenue worth exploring is the systematic use of the various theories of change developed per sector, so as to have a useful common framework in terms of strategy definition, management and ex-post evaluation.

## **ANNEX 10**

### **Analytical Notes for CSP 2018-22**

- i. Country Governance Profile - OSGE
- ii. Update of the Infrastructure Action Plan prepared in 2009 (transport and energy) (OITC/ONEC)
- iii. Water and Sanitation Sector Analysis - OWAS
- iv. Fiduciary assessment - ORPF
- v. Changes needed in the gender profile to ensure greater participation of women in economic development - SEOG / ORQR
- vi. Tackling Climate Change: Challenges and Opportunities ORQR/ONEC
- vii. Country Poverty Analysis (inclusion issues) - OSHD
- viii. Agriculture and Food Security - OSAN
- ix. Public-private Partnership (PPP) in Growth Sectors (agribusiness, tourism, market gardening, etc.).