

## IDA AT WORK

## Burundi: Accelerated and Shared Growth for Peace Consolidation

**W**ith a history of conflict and widespread poverty, Burundi has been working with the International Development Association (IDA) to rebuild peace and security, modernize public finance, provide basic services, and strengthen the agricultural sector. Since the Arusha Accords in 2000, Burundi has made progress toward political and social stability, while also improving the lives of its people. Burundi's poverty outlook remains daunting; the country continues to be unlikely to reach the Millennium Development Goals (MDGs) by 2015. In 2010, Burundi ranked 167th of 169 countries on the UNDP Human Development Index. The last measured poverty level for Burundi stood at about 67 percent in 2006, still far from the MDG target of 18 percent in 2015. However, the country achieved progress on some key social indicators, such as maternal and child health, and in education enrollment. From 2005 to 2009, net primary school enrollment increased by 23 percent, under-five mortality decreased by 20 percent, and births assisted by skilled personnel doubled.

### Challenge

Burundi is a small landlocked country with an economy dominated by subsistence agriculture. Coffee is the main export, accounting for more than 60 percent of export revenues and providing income to some 800,000 households. Thirteen years of ethnically fueled civil war widened poverty, increased basic social needs, and severely damaged basic economic infrastructure. Since the Arusha Accords in 2000, which led to power-sharing agreements and elections in 2005 and 2010, Burundi's development program has aimed at consolidating peace and security, revitalizing the economy through

agriculture rehabilitation, and improving social service delivery. Burundi faces tremendous challenges in diversifying the economy, reducing the vulnerability of the agricultural sector to shocks, and strengthening good governance and anti-corruption practices within a highly politicized civil service.

It is unlikely that Burundi will reach the Millennium Development Goals (MDGs) by 2015, despite signs of progress. Life expectancy rose to 50 years in 2009 from 43 years in 2000. Vaccination rates have improved. The government has attempted to increase coverage of public services by announcing in May 2006 free health services to children under five and pregnant women. This measure helped to decrease the under-five mortality rate by 20 percent from 2005 to 2009. However, the lack of essential medicine and qualified staff is affecting service delivery. About 71 percent of the total population benefit from safe water (above the Sub-Saharan African average of 58 percent). In education, progress has been made, but further progress is critical to the future growth of the country. Since the “free school” policy was introduced in September 2005, primary education gross enrollment has significantly improved to about 130 percent in 2007-08 from 80 percent in 2003-04. However, quality is low and the completion rate is only 46 percent. As a result, the odds of reaching the MDG of 100 percent primary completion rate remain slim.

## **Approach**

Due to its weak fiscal position and high risk of debt distress, Burundi has benefited since 2000 from IDA grants, which support the development program laid out in the country’s first Poverty Reduction Strategy Paper. Starting with a series of emergency

operations, IDA supported the stabilization of the economy and the launch of the national reform program. IDA has now moved to assisting the country’s development program through a series of budget support and investment operations, often leveraging additional funds from other development partners. As of March 7, 2011, IDA’s total financial commitment to Burundi was US\$409.8 million targeting key development issues, namely: (i) post-conflict rehabilitation and reintegration to consolidate peace and security through the Emergency Demobilization and Transitional Reintegration Project; (ii) agriculture rehabilitation and economic diversification through the Agricultural Rehabilitation and Sustainable Land Management Project, the Agro-Pastoral Productivity, and Market Development Project, and the Finance and Private Sector Development Project; (iii) education, health, HIV/AIDS, and social policy reforms through four specific projects; (iv) economic management and foundations for good governance and anti-corruption through the Economic Reform Support Grant Project; (v) public works (water, sanitation, and flood protection), job creation, urban development, transportation rehabilitation, and energy through the Public Works and Urban Management Project, the Road Sector Development Project, and the Multi-Sectoral Water & Electricity Infrastructure Project; and (vi) regional communications infrastructure. IDA also coordinates international donor activities, while providing macroeconomic and sector analyses to inform the government’s policies and programs.

## **Results**

Since September 2006 after two years of reforms, Burundi has seen macroeconomic stabilization, improvement in budget disci-

pline and efficacy, and both the rehabilitation and creation of economic infrastructure. In relation to that, the outputs of the bank-supported programs include:

- Contribution to peace and security by demobilizing 29,527 adult ex-combatants from 2004 to 2010 and 6,886 ex-combatants, including 380 minors.
- Supporting economic reforms from 2004 to 2009, including the adoption of a Budget Framework law<sup>1</sup> for the Ministry of Finance, a revised procurement code, investment code, commercial code, and competition law.
- Reduction in the number of cases pending before the Commercial Court beyond the 60-day deadline mandated by law to 10 percent in 2009 from 40 percent in 2007.
- Rehabilitating agriculture from 2004 to 2010 by improving yields: rice yields rose to 5.0 MT/ha from 2.5 MT/ha; cassava to 12 MT/ha from 6 MT/ha; milk to 7 liters/cow/day from 2.5 liters/cow/day, onion to 15 MT/ha from 4 MT/ha. About 40,000 households benefitted (35 percent headed by women) and another 240,000 people benefitted indirectly (45 percent were households headed by women).
- Improving access to education from 2006 to 2010: the primary completion rate increased to 46 percent from 38 percent and the gross enrollment rate to 130.4 percent from 101.3 percent.<sup>2</sup>
- Filling the gaps in education infrastructure and materials by constructing 32 new schools and continuing the distribution of tens of thousands of textbooks to school-children.
- Curbing the risk of HIV/AIDS infection: (i) increase in the number of voluntarily tested people from 89,000 to 237,000 from 2005 to 2009; (ii) increasing the number of patients placed under antiretroviral treatment to 20,307 in 2010 from 14,343 in 2008; (iii) raising the number of HIV+ pregnant women under mother-to-child transmission protection to 61 percent from 8 percent.
- Strengthening local development since 2007: training of about 2,000 local staff in project management techniques; 368 micro-projects agreements approved, including 182 in favor of vulnerable groups.
- Accelerating job creation from 2004 to 2009 (6,082,722 person-days, 17 percent women); increasing budget allocations to community infrastructure by 80 percent from 2004 to 2007; creating of 3,614 maintenance teams for local community infrastructure.
- Investing in roads from 2003 to 2010: rehabilitation of more than 176.2 km of roads and maintenance of over 885 km of roads; generating over 12,000 jobs; and developing road maintenance schemes by strengthening the financial capacity of the Road Fund.
- Enhancing access to electricity while securing financing viability by financing 13,000 additional prepayment meters in public buildings and areas with poor revenue recovery.
- Building national capacities in procurement, and re-structuring the national power company's balance sheet to remove unsustainable debt.

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1. An organic law or fundamental law is a law or system of laws which forms the foundation of a government, corporation or other organization's body of rules.

2. Gross enrollment rate is defined as the total enrollment in a specific level of education, regardless of age, expressed as a percentage of the eligible official school-age population corresponding to the same level of education in a given school year. The gross enrollment rate can exceed 100 percent due to the inclusion of over-aged and under-aged students because of early or late entrants, and grade repetition.

## IDA Contribution

IDA has extended US\$826.6 million in credits and grants to Burundi since 2000. As a post conflict county, Burundi receives a post-conflict allocation from IDA and currently only receives IDA support in the form of grants. About 26 percent of this financial support has been provided through budget support operations linked to economic governance reforms. IDA has mobilized an additional US\$1,396 million from other development partners in the form of trust funds to support Burundi's development program.

As of March 2011, the distribution of various projects in the active portfolio is as follows: Water and Sanitation US\$50 million; Agriculture/Rural Development, Forestry and Environment US\$93 million; Infrastructure (energy, roads, urban) US\$111.8 million; Social Development US\$50 million; Human Development US\$60 million; Finance and Private Sector Development US\$19 million; and Economic Management and Public Sector US\$26 million.

## Partners

In Burundi, the government and development partners are taking steps to improve coordination and harmonization. A Consultative Group meeting was organized in October 2009. The World Bank and the African Development Bank carried out joint stakeholder consultations in Burundi to prepare their respective country strategies. The Bank, the International Fund for Agricultural Development, the Food and Agriculture Organization and the US Agency for International Development collaborate to ensure full complementarities of respective work programs in agriculture. Under the Country Assistance Strategy, the Bank seeks

to improve aid effectiveness and coordination by building the capacity of Burundi's aid coordination unit. In addition, the Bank and UK's Department for International Development are helping the government use, when feasible, sector-wide approaches and monitor progress toward the partnership commitments of the Paris Declaration. The Bank works closely with the International Monetary Fund and the European Commission to improve public finance management. In partnership with the Dutch and Norwegian governments, we have provided direct support to the budget. IDA also collaborates closely with UN agencies such as United Nations Children's Fund, United Nations High Commission for Refugees, United Nations Development Program, and the World Health Organization to improve the provision of water, sanitation, health, and education to the poor.

In partnership with UNDP and the African Capacity Building Foundation (ACBF), IDA is strengthening capacity of Burundians to plan development programs, monitor progress, evaluate results, and manage their own development processes. IDA has forged partnerships with civil society groups through the "Conseil National de Lutte Contre le Sida" to support the fight against HIV/AIDS. Wide consultations are also undertaken regularly in order to improve the quality of policymaking, strengthen national ownership of key reforms, and promote accountability.

## Moving Forward

The Bank's strategic directions in the country will continue to support Burundi's transition from a post-conflict economy to a developing economy by selectively assisting the government to implement a credible Poverty Reduction Strategy. This will help the

country: (i) promote sustainable and broad-based economic growth through increased productivity of food crops, a larger exports base, an improved business environment, improved infrastructural services thanks to regional integration; (ii) improve access to social services to consolidate social stability through more efficient and transparent public financial management and improved access to quality basic services; (iii) diffuse good governance and anti-corruption practices by strengthening Burundi's governance strategy and institutions to improve public financial management.

The future development program of Burundi will help achieve this transition provided that

peace and security are preserved for foreign direct investment to flow in, demographic issues start to be addressed, external financial support is increased, national capacities are continuously strengthened to monitor and manage development programs and public resources, and electricity production is secured. Relying on its close partnership with Burundi and recent efforts to develop such planning tools as a Medium-Term Expenditure Framework, IDA will continue to assist the Government of Burundi in addressing the development challenges.

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<http://www.worldbank.org/ida>