Peace in idle hands: the prospects and pitfalls of economic recovery in Burundi

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Abbreviations

BINUB	United Nations Integrated Office in Burundi
BNDE	National Economic Development Bank
CNAC	National Confederation of Coffee Associations
CNDD-FDD	National Council for the Defence of Democracy-Forces for the Defence of Democracy (ruling party)
CNDDR	National Commission for Disarmament, Demobilisation and Reintegration
CNTB	National Land and Asset Commission
COOPEC	Saving and Credit Cooperative
DDR	Disarmament, Demobilisation and Reintegration
EAC	East African Community
ECHO	European Commission Humanitarian Aid and Civil Protection
EU	European Union
FNL	National Liberation Forces (rebel)
FORCE	Fund for Revival, Advice and Exchange in Micro-Finance
ICRC	International Committee of the Red Cross

IDP	Internally displaced person
INGO	International non-governmental organization
MDRP	Multi-Country Demobilisation and Reintegration Programme
NGO	Non-governmental organization
PAPDC	Support Programme for Community Development Plans
PARESI	Support Programme for the Repatriation and Reintegration of Disaster Victims
PCDC	Communal Programme for Community Development
PRADECS	Support Project for Communal and Social Development
PRASAB	Agriculture Rehabilitation and Support Project
SSR	Security Sector Reform
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VRI	Integrated Rural Villages
WFP	World Food Programme

Executive summary

Burundi stands at a crossroads. The small and desperately poor African nation managed over the course of the last decade to shake off its history of brutal inter-ethnic conflict. Its Constitution of 2005 offers a model for power-sharing and minority protection, and formed the backdrop to a period of relatively stable government. Emergency aid to vulnerable people and macro-economic reforms have helped Burundi become a safer and more stable place.

However, recent events have shown that the peace in Burundi remains fragile. On the one side, the country is still struggling to manage the reintegration of high-risk groups, above all former combatants from the main rebel factions, returnees, and unemployed young people. On the other, it faces a time of deepening political tensions following a controversial election season. In the wake of an opposition boycott, one party, the former rebel group CNDD-FDD, now controls the presidency, 81 seats out of a parliament of 106, and the lion's share of local authorities. Recent episodes of political deadlock would suggest that the possibilities of reaching a cross-party agreement on major issues of institutional reform and economic policy are at present remote.

The combination of aggrieved and idle groups with political tension and opportunism is a source of growing concern. The grenade attacks that marred the election campaign, numbering 50 a week in the run-up to the presidential election in June, demonstrated the potential for a deterioration in security conditions. Following the demobilisation of the last rebel forces, the FNL, Burundi now has close to 50,000 former combatants, either enrolled in the security forces or seeking to a establish a livelihood.

This report examines how the international community has contributed to the reintegration of these former fighters and other high-risk groups into normal economic life, and what the prospects are for shifting aid away from emergency relief towards long-term development. Field-based studies analyse a host of programmes sponsored by bilateral donors (above all the Netherlands and Belgium), the World Bank, UNDP and others, including various programmes focused on conflict-related issues. These include:

- The current state of reintegration initiatives for ex-combatants
- The road paving programme, backed by Belgium
- Integrated Rural Villages for landless returnees
- The UNDP community development programme for ex-combatants and civilians

In addition, a number of more economic programmes are examined, including

- The World Bank's and the European Union's agricultural support initiatives
- The Dutch-supported FORCE programmes for the micro-credit sector
- World Bank and UNDP decentralization programmes

The studies show that post-conflict interventions, while essential and praiseworthy in many respects, have been piecemeal and poorly coordinated. Pockets of the population remain angry, isolated and devoted to a life of subsistence. At the same time, the efforts to build a sustainable path of economic growth have run into serious trouble. Burundi's entrepreneurial private sector is tiny, and overshadowed by political machines of patronage and corruption that can suffocate new business ventures.

In short, the post-election period invites serious reflections as to what can be done to solve the deep economic roots of conflict. The report calls for effort to be focused on building productivity and market surpluses in agriculture, which absorbs 80 per cent of the Burundian labour force. For this to happen, it is essential to increase sources of credit for small businesses and farmers; improve infrastructure, in line with existing blueprints for modernisation of the electricity grid and road system; use resources to build viable value chains linking local communities to national and international markets; and maximise the benefits of membership of the East African Community.

Other economic sectors, particularly construction, would benefit from an organised boost to training and apprenticeship programmes, helping match the current surplus of labour to areas of potential growth.

Overall, the international community could help the Burundian authorities to establish a coordinating bridge between local, post-conflict reconstruction and the structural reforms to the economy taking place in the capital. It is the intermediate level of economic life, involving transport, vocational skills, administrative capacity and private finance, that will shape Burundi's ability to create employment. The example of Rwanda has shown that rapid progress from a very low base is not impossible. The challenge for Burundi, and for donors committed to the country, will be to balance the continuing needs of potential peace 'spoilers' with the longer-term effort to build a growing, investment-friendly economy. An important first step in this direction will be a restoration of dialogue between the country's political forces.

1. Introduction

Peace and poverty

After suffering repeated bouts of ethnic conflict in the period since gaining independence from Belgium in 1962, Burundi's prospects of peace and stability appear to have improved markedly over the past decade. The signing of the peace accord in Arusha ten years ago, in August 2000, followed five years later by the adoption of a new Constitution and by the demobilisation of the last remaining militia faction in 2009, have pointed to a new era for the country. These achievements, however, have only served to bring into relief the extreme economic hardships facing the newly democratic state. Ranked among the poorest five nations on the planet, Burundi – which is small, land-locked and aid-dependent, with a workforce that is predominantly engaged in subsistence agriculture – faces an uncertain economic future.

At the heart of the many economic challenges it faces, covering a gamut of key variables ranging from investment to liquidity, business climate, trading possibilities and human capital, stands one crucial concern. Unemployment and under-employment levels are extremely high in Burundi, and the average time during which any person is out of work is astonishingly long (five years, according to the most comprehensive labour market survey carried out in the country[1]). At the same time, the tiny size of the formal private sector means that most of this slack in the labour market is being absorbed by unreliable informal work or agricultural labour.

The lacklustre performance of Burundi's economy is assuming ever greater significance as the country pulls out of war. Job creation for high-risk and high-needs groups such as ex-combatants, unemployed youth, internally displaced persons (IDPs) and returnees are seen by many donor agencies as one of the most influential economic strategies in post-conflict settings.[2] Unemployment creates fertile ground for violent conflict and *vice versa*,[3] potentially dragging countries into a negative spiral of conflict and under-employment. Ample evidence from across Africa, Asia and Latin America proves that, even once peace accords have been

[1] ISTEEBU. 2007. *Enquête Emploi. Rapport d'Analyse*. p. 17.
[2] See also: De Vries, Hugo and Specker, Leontine. 2009. *Early Economic Recovery in Fragile States: priority areas and operational challenges*. The Hague: Clingendael Conflict Research Unit.
[3] United Nations and International Labour Organisation. 2009. *United Nations Policy for Post-Conflict Employment Creation, Income Generation and Reintegration*. Geneva: UN/ILO.

signed, disaffected and idle former combatants with few resources may turn to irregular militia factions or organised criminal networks if no other options are available. Burundians themselves are fully aware of the dilemma: a local proverb asserts that "when someone has nothing to eat, he hates easily".[4]

Some options are often readily available for taking possible peace 'spoilers' off the streets at short notice – and these have proliferated in Burundi. High-intensity labour programmes for rebuilding socio-economic infrastructure and to restart agriculture, such as building roads, schools, health clinics and agricultural projects, are often favoured for their ability to create immediate employment opportunities at a local level.[5] It is also argued that the selective choice of new roads could improve market access from isolated villages, thereby supporting market and private sector development in an early phase. Labour-based programmes can also be a catalyst for skills development if combined with training and enterprise development.[6] Provided labour-intensive infrastructure projects are embedded in local communities, they can reduce hostility and build understanding between different groups, particularly between returnees and the host community.

At the same time, these emergency interventions rely entirely on public (largely foreign donor) funding, and cannot sustain themselves over more than a few project cycles. Furthermore, while they might stave off the urge to return to conflict among groups that benefit from the projects and related income support, they do not alter the fundamental dynamics of economic life, such as income and land distribution, which in themselves may explain why a given country has a propensity towards conflict.

Jobs and stability

The latest declaration of principles regarding economic recovery and employment creation in post-conflict settings, published by the International Labour Organisation and the UN system in 2009,[7] has sought to find a way to link these foreign-funded relief-style projects to the broader endeavour of normal economic development. According to this declaration, the economic route out of conflict can be divided into three overlapping tracks, building up from immediate stabilization, through local economic recovery programmes, to end up with the track of sustainable employment creation and "decent work".[8] At some stage in this last track, the use of micro-projects should give way to a focus on creating the right sort of state institutions, which can together underpin the necessary laws and market incentives to generate growth and employment. Obviously, this track envisages a substantial economic role for the private sector.

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[4] Watt, Nigel. 2008. *Burundi. Biography of a Small African Country*. London: Hurst, p. 165.
[5] UN and ILO, op. cit., p. 25.
[6] Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). 2009. *Sustainable Economic Development in Conflict-Affected Environments; a Guidebook*. Eschborn.
[7] See footnote 3.
[8] In addition to the UN report, other discussions of the overlapping tracks of recovery and prioritization in post-conflict recovery can be found in De Vries et al. 2009, op. cit.; USAID. 2009. *A Guide to Economic Growth in Post-Conflict Countries*. Washington DC: USAID; UNDP. 2008. *Post-Conflict Economic Recovery: Enabling Local Ingenuity*. New York: UN; and African Development Bank. 2008. *Conflict Resolution, Peace and Reconstruction in Africa*. Oxford: OUP.

With memories of its conflict still fresh – and with much of its basic economic infrastructure still ailing from the effects of the last period of major hostilities in the 1990s – Burundi may be forgiven for having advanced mainly along the first two tracks of post-conflict stabilization and community-based economic recovery. As a result, a large part of this research project asked whether the employment creation programmes sponsored by the international community have actually done the job they set out to do, namely preventing possible destabilizing factions from disturbing the peace.

Some areas in Burundi are still characterized by high risks of conflict, which could have spillover effects on the country's political and economic landscape over the coming years. The areas of greatest concern are the former stronghold provinces of the Forces Nationales de Libération (FNL), a Hutu-based movement which was the last militia to demobilise.[9] These regions include Bujumbura Rural (of which the areas closest to Bujumbura Mairie suffered substantially from two years of violent confrontations between the FNL and government forces), Cibitoke and Bubanza. In Bururi and Makamba, meanwhile, the potential for future violence may be intensified by intra-Hutu confrontations (in Rumonge and Nyanza-Lac communes, palm oil lands have long been contested as a source of wealth). In Bujumbura Mairie, meanwhile, many people are suffering from severe economic difficulties and are divided by factions and ethnicity.[10]

So far, however, such areas have not always been given priority by the donors, including the larger employment programmes funded by the World Bank. The FNL-dominated areas have been subject to a standard security-oriented Disarmament, Demobilisation and Reintegration (DDR) approach for former combatants, which tends not to include a longer-term economic perspective, and whose failings have already been highlighted in an earlier Conflict Research Unit (CRU) study on reintegration programmes in Burundi.[11]

Overall, efforts have not matched needs, and have not targeted areas where unemployment might have serious knock-on effects on instability. In fact, the relationship between stability and economic recovery hitherto has been interpreted as only a short-term linkage. This is an extremely risky strategy, especially in view of the problematic run-up to and outcome of the 2010 elections in Burundi, which coincided with an ongoing shortage of job opportunities for ordinary people, above all unemployed youth who have become estranged from the agricultural way of life. A pre-electoral report by Human Rights Watch on political violence confirmed that two regions where there is a concentration of former combatants from the two principal Hutu militia, the CNDD-FDD[12] (ruling party) and the FNL, are suffering "the most flagrant examples of violence between partisan youth groups".[13]

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[9] Called the Palipehutu-FNL during its time as a militia, this group changed its name to FNL upon demobilizing in order to conform to the terms of the Burundian Constitution regarding ethnic identification in political life.

[10] Bell, Edward. 2008. *The World Bank in fragile and conflict-affected countries: 'how', not 'how much'*. London: International Alert, p. 44.

[11] Douma, Pyt, Specker, Leontine and Gasana, Jean-Marie, 2008. *Reintegration in Burundi: between happy cows and lost investments*. The Hague: Clingendael Conflict Research Unit.

[12] National Council for the Defence of Democracy-Forces for the Defence of Democracy.

[13] Human Rights Watch. 2010. *"We'll Tie You Up and Shoot you". Lack of Accountability for Political Violence in Burundi*. New York: HRW, p. 30. The regions in question were Kirundo province and the Kinama commune in Bujumbura Mairie.

The contested electoral process, which was overshadowed by the pull-out of a number of the main opposition parties from the presidential and legislative polls following allegations of vote-rigging in the local elections of May, was marked by outbreaks of violence, dozens of grenade attacks and an apparent thrust by the re-elected president towards authoritarian rule.[14]

With these issues in mind, this study seeks to identify the failures of and opportunities for employment creation in a number of areas where they may be considered critical to the achievement of stability.

Future development

Emergency economic programmes can play a pivotal role in the consolidation of a peace process and the return to 'normality'. However, targeted support for vulnerable and destabilizing sectors of the population tends to be limited in duration, and does not always serve as a solid basis for economic development, owing to the way it fosters pockets of dependency. At a certain stage in the emergence from conflict, national authorities and international agencies must therefore shift their attention to the construction of a supportive environment for growth. And while there is no single growth model that can be followed in all cases – indeed, radically different developmental models can generate desirable results from the economic point of view[15] – there is little doubt over the general goals that must be pursued: the maintenance of macro-economic and fiscal stability, removal of economic bottlenecks, encouragement of private investment, and the creation of a state institutional structure that is relatively predictable and supportive of business.

Previous work by the CRU[16] has explored the legacies of war and the constraints in Burundi's post-conflict political and social settlement that are hindering the creation of such an enabling environment. Although Burundi has benefited from debt reduction, membership of the new East African Community (EAC) common market (unveiled on July 1, 2010), and the preparation of a number of national plans charting the way to sustainable development, such as the forthcoming 'Plan Vision 2025', the political system that was born out of the careful inter-ethnic compromise of Arusha has been dominated by short-term electoral calculations, corruption and new forms of inequality. The electoral process in 2010 has been seriously impaired by deep distrust between political forces. No genuine power-sharing has been established since the Arusha peace agreement,[17] and in practice the Burundian democratic model results in a winner-takes-all result in terms of control of the state budget and civil service – the main resources for which the political parties compete.

[14] CNDD-FDD President Pierre Nkurunziza was re-elected in a one-horse race on 28 June with 91.62 per cent of the vote, according to the electoral authorities. Opinion is divided as to whether the opposition claims of massive fraud in the May local elections were justified, with European Union monitors expressing general satisfaction at the poll.

[15] World Bank. 2005. *Economic Growth in the 1990s: Learning from a Decade of Reform*. Washington DC: World Bank.

[16] Specker, Leontine, Briscoe, Ivan with Gasana, Jean Marie. 2010. *Early Economic Recovery in Fragile States: case study Burundi*. The Hague: Clingendael Conflict Research Unit

[17] See, for example, International Crisis Group. 2008. *Burundi: Restarting Political Dialogue*. Africa Briefing 53. Nairobi/Brussels.

Meanwhile, the formal private sector in the country remains extremely small, and there are very few entrepreneurs. Banks and private lenders appear uninterested in development goals, while the government invests remarkably little in the mainstay of the national economy: agriculture.

Therefore, this study asks how the national government and international community might craft a route from the heavily interventionist projects of the immediate post-conflict period to a development-oriented system of governance. In many ways, Burundi provides a fascinating test case for just such a transition from stabilization to "resource mobilization and efficient sector allocation of resources",[18] as the UN declaration of principles proposes. While not seeking to lay out a road map of the sort that has already been produced for Burundi by the World Bank (on rural development) or the African Development Bank (on national infrastructure), this report will look for possible continuities in policy and priority areas that may guide donor strategy. Whether the policy is geared towards the short or the long term, the concern remains the same: without creating a significant number of jobs, Burundi is likely at some stage to relapse into conflict or major political tension.

Fieldwork

This case study is based on three weeks of fieldwork conducted from 11 to 28 February 2010. The fieldwork was carried out by Pyt Douma, an independent consultant, together with Jean Marie Gasana, a resident Burundian researcher. Ivan Briscoe from the Conflict Research Unit of the Clingendael Institute joined the team for the third week of fieldwork. Prior to this research in Burundi, Douma travelled to Brussels to meet with representatives from the European Union (EU) Rwanda/Burundi desk and the European Commission's Conflict Prevention Unit, as well as with some representatives from the Belgium Foreign Ministry.

The research team spent ten days in the countryside of Burundi, during which short visits to seven provinces were organised, where local resource people and representatives of target groups and rural associations were interviewed (in Rutana, Makamba, Bururi, Ngozi, Kirundo, Bujumbura Rural and Cibitoke). Nine days were spent in Bujumbura, where important key players within the Government of Burundi were interviewed, as well as international and bilateral actors and Burundian and foreign experts.

[18] UN and ILO. 2009, op. cit., p. 33.

Contents of the paper

Chapter 2 discusses the general security and economic context in Burundi. It is followed by a chapter devoted to a detailed, field-based analysis of the major employment creation programmes that are targeting vulnerable groups and are supported by international donors. A number of broader sector-based programmes of economic stimulation, notably those run by the World Bank, are also considered. The next two chapters analyse these programmes in light of recent thinking on early economic recovery, and pinpoint some of the ways in which a more durable and developmental approach could be cultivated.

2. Security, socio-economic and political realities

Security in the post-conflict period

Compared with the terrible death-toll of the civil war that began in 1993 (estimated at 300,000), the security situation in the country has improved sharply. The crime rate fell during the last three months of 2009, following the return of most ex-combatants and adults associated with the militia forces to their places of origin.[19] It therefore seems that the process of demobilisation has had a temporary stabilizing effect at the least. Donor-supported Security Sector Reform (SSR), meanwhile, has notched up some successes: 17 army barracks have been built, and the families of soldiers have been removed from the barracks. Around 21,000 soldiers have been screened (the new arrivals from FNL have yet to undergo this process). The national police forces also have been receiving substantial support – mostly in the form of hardware, patrol cars, uniforms, communication equipment and logistical support – aimed at strengthening their performance.

However, not all is well in Burundi. The threatening atmosphere that has surrounded the electoral process in 2010, as well as the estimated 23 politically motivated killings between the start of 2008 and April 2009, suggest that the problems of social unrest and organised violence remain latent in the country.[20] Although the particular inter-ethnic characteristics of previous periods of conflict between Hutus and Tutsis have not been repeated, there are clearly a number of outstanding security-related issues which threaten to compromise stability in Burundi. At the heart of these potential flashpoints are a number of groups and vulnerable communities, which this field study took pains to identify and study.

Former combatants

A crucial security issue is that of the groups of unemployed youth and ex-combatants in the heavily populated suburbs of the capital Bujumbura (such as Kinama and Kamenge). In FNL-dominated areas (Cibitoke, Bubanza and Bujumbura Rural), or places where the FNL established an important presence (Kirundo), groups of unemployed youth also represent a significant part of the local population. As has already been stated by a number of observers, these groups form recruitment pools for 'entrepreneurs of violence', and may be used to

[19] Interview Gérard Chaillot, Security Sector Reform, United Nations Integrated Office in Burundi (BINUB), 26 February 2010.
[20] Human Rights Watch. 2010. op. cit.

eliminate political opponents or as election thugs. Over the medium term, they threaten to form the core of new networks of organised criminality.

The reintegration of former FNL combatants – the last caseload dating from the war – has been delayed, and the feelings of frustration among the movement's rank-and-file are palpable. To date, most ex-combatants still await their reinsertion payment and support process. Furthermore, the lack of transparency in the process of deciding who would qualify for which reintegration benefits and perks has left in its wake a legacy of mistrust and grievance: whereas 8,500 people were listed as former FNL fighters, out of which 3,500 were allowed to join the national army or the police, a further 5,000 were considered eligible for a reintegration programme. In addition, 11,000 individuals were listed as so-called 'associated adults' of the militia. However, the placing of former combatants in one or other of the above categories depended largely on political and personal favouritism, and not on military experience or allegiance to the movement.

When negotiations between the CNDD-FDD and the FNL gained momentum in 2008, the FNL engaged in a last-minute recruitment drive. This process is in line with the prevailing habit across a number of African states of inflating numbers of combatants in order to negotiate a larger share of any future power-sharing arrangement in government or the security forces. Consequently, the number of potential FNL fighters was artificially inflated, opening up possibilities for large-scale nepotism and corruption. In order to keep all the co-opted applicants and existing fighters happy, a process of selective manipulation was employed whereby the high commanders and politicians of FNL sidelined many less influential and vocal protagonists of the movement.[21] Many real fighters were relegated to the category of associated adults, and last-minute co-opted civilians ended up in the army or in the DDR programme as a former combatant. The impact of these injustices on disaffected former combatants was noted during this research in a number of places.

Land grievances

Land is a scarce good in Burundi, where the average family plot is half a hectare. But in most provinces of Burundi, and more acutely in the south-east (east Ruyigi, Makamba and south Rutana), there is also a problem of returning refugees who have no access to land. Burundi was estimated in 2009 to have a total of 496,000 returnees, most of them from refugee camps in Tanzania – the country to which many fled in the ethnic conflicts of 1972 and the 1990s.[22] A large number of these returnees, above all those who left during the 1972 fighting, find newcomers on their lands, and are as a result involved in ongoing land disputes. In the meantime, they have settled on vacant land, or they squat land and villages destined for other landless returnees. As time goes by, the situation for the majority of returnees becomes

[21] "I was enlisted in this category without my consent, and I was a fighter and held a lieutenant's rank in the movement; there have been manipulations and some have been privileged above others." Statement from a so-called 'associated adult' in Buganda commune, Cibitoke Province, 23 February 2010.

[22] The rate of return reached a high point in 2008, when an estimated 95,000 Burundians came back. Around one-third of these were part of the caseload from the eruption of ethnic conflict in 1972. See UNHCR. 2009. *UNHCR Burundi Country Briefing*, pp 6–7.

increasingly critical: without access to land, they depend for their survival on the provision of six months of food, and a total cash grant of 50,000 Burundian francs (33).[23]

Against this backdrop, insecurity is mounting in the southern Bururi and Makamba provinces because of land property disputes between returnees and settlers. There are over 3,000 cases of unresolved disputes in Rumonge commune alone,[24] most of them dating from the 1972 genocide against the Hutu. Given the electoral calendar of 2010, there has been mounting political pressure on the National Land and Asset Commission (Commission Nationale des Terres et Autres Biens – CNTB) to resolve the outstanding caseload of land disputes. However, the CNTB appears to have lost sight of its initial objective of mediation between parties; instead, it has gradually become more authoritarian, and is trying to impose forced partition of land between settlers and returnees.

The land crisis has also been politically exploited. The traditional political parties of the Tutsi and Hutu, Uprona and Frodebu respectively (both of which used to dominate politics during the long period of Tutsi military rule), covertly support the settler community, whereas the most recent addition to the political party scene, the FNL, supports the returnees. For the ruling CNDD-FDD there is no tangible electoral gain from the issue, since the party has only a small constituency in the south. But the party may benefit from cultivating an image as a neutral and efficient mediator, hence its pressure on the CNTB to produce quick results.

Lastly, a special category of returnees, the *sans référence*, have been settled in so-called peace villages. These people either have no land or cannot remember where their ancestral lands were located prior to their exile in 1972. These villages are newly set up in remote areas, and services such as schools and health clinics are few and far between. Most residents receive food aid for a limited period, after which they have to cater for their own needs.

Most of these returnees currently survive on daily labour. They compete with other landless people and end up accepting lower wages than usual, fostering competition between poor and excluded individuals. There is widespread frustration about inadequate and untimely land distribution, and many returnees end up waiting for over one year before being allotted a small parcel of land, 0.5 hectares on average.[25]

Post-electoral tensions

Despite the overall improvement in security conditions, there are thus well-grounded reasons for apprehension and fear in the aftermath of the 2010 election season. Before the polls, it was widely asserted that the manner in which the elections were conducted would determine the immediate and medium-term future for Burundi. Had the elections been transparent, and the outcomes accepted by all parties involved in the country's governance, the stability of Burundi would have been enhanced, generating a real perspective of moving towards

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[23] Ibid.
[24] Interview human rights activist in Rumonge, 18 February 2010.
[25] Interviews in peace villages Nkurye in Rutana province, and Gitara in Makamba province.

institutional consolidation and economic development.[26] However, given the tensions between the CNDD-FDD, the FNL and other opposition forces, most of which were engaged in a battle for a majority of the Hutu vote, the political landscape has been dominated by authoritarian gestures on the part of the incumbent government, and incendiary responses from the opposition. More worrying still, there is a sufficient quantity of frustration and inactivity among parts of the population for any political dogfighting to spark wider turmoil.

Economic stagnation

While it may be true that the principal sources of possible instability are to be found among the communities of former combatants and returnees, aggravated by the demands of electoral competition, the dismal state of the Burundian economy as a whole augurs poorly for efforts to construct a stable political settlement.[27]

All sort of indicators point to the extreme poverty, lack of activity and unattractive investment environment of contemporary Burundi. Currently, the overall economic situation in Burundi can best be described as one of stable crisis. There is generalized poverty in the entire country. Food security has not been ensured, as on average 63 per cent of the total population has been undernourished over the course of the past decade. This reflects the fact that the vast majority of Burundians, around 80 per cent of the population, are engaged in subsistence agriculture, where productivity has fallen over the past two decades as a result of war and mass displacement.

Poverty rates have similarly worsened over the course of the last 20 years. According to the International Monetary Fund, 69 per cent of the population was classified as poor in the most recent comprehensive survey – approximately twice the level of poverty recorded in 1990.[28]

The possibility of significantly reducing these poverty figures evidently depends on the progress that can be achieved in productivity (particularly on the farms), employment and economic growth. Here, however, the record is mixed. Fragmentation of farmland is continuing, and the size of the average smallholding has dropped below the critical subsistence threshold (below 0.5 hectares per family[29]). Whereas most Burundians have thus become dependent on reduced yields from ever smaller areas of land, the moves towards improving the potential of local agro-business to export to the world market have been tentative. Export crops – primarily coffee, tea and sugar – amount to only 3.2 per cent of the country's GDP, although they make up the lion's share of total export revenues. These

[26] Interview Renier Nijskens, Africa director, Belgian Ministry of Foreign Affairs, Brussels, 3 February 2010.
[27] A more detailed study on the challenges facing the Burundian economy can be found in Specker, Briscoe and Gasana. 2010. Op. cit.
[28] International Monetary Fund. 2009. *Burundi – Enhanced Heavily Indebted Poor Countries Initiative – Completion Point Document and Multilateral Debt Relief Initiative*. Washington DC: IMF, p. 9.
[29] Douma et al. 2008. Op. cit, p. 19.

figures are not aided by the extreme volatility of production, with the coffee yield contracting by over 50 per cent in 2009.[30]

Greater success appears to have been recorded in the reform of state economic management and in the maintenance of a stable macro-economic climate. Economic growth for 2010 is forecast to reach 3.6 per cent, a slight fall from the rates recorded before the world economic crisis, but still markedly better than the performance in the 1990s.[31] At the same time, the Burundian government has reported a total of 30 reforms aimed at streamlining the tax system, budgetary practices and financial management since 2006.[32] The country has joined the EAC's new common market, combining 125 million people and five countries, of which Burundi is the poorest. Officials in Bujumbura are hopeful that the bloc's plans for infrastructure modernisation – particularly in a future rail link to the port of Dar es Salaam via Rwanda – and other policies to correct chronic supply-side blockages[33] will ease connections with larger international markets.

The EAC will supposedly enable Burundi to produce commodities and manufactured goods for export to neighbouring states, and also benefit from reduced tariffs on imports. However, Burundi's current status as a provider of raw agricultural foodstuffs, and its lack of a domestic food processing industry, means that it might be at a competitive disadvantage. Cheap imports of manufactured staples from its neighbours could flood the Burundian market, impairing the country's process of industrial modernisation.

Other positive steps have also been taken. Burundi last year secured a substantial reduction in its debt, and has prepared a national development plan, called Plan Vision 2025, which is set to be published shortly. Although it has yet to emerge from one of the lowest-ranking spots in the World Bank's report on the creation of a sound and secure environment for business activity (the *Doing Business* report), Bank officials insist that Burundi has made great strides towards the key objectives.[34]

These various reforms have not always had a major impact on economic activity. Aside from the sphere of agriculture, which represents close to half of GDP, Burundi boasts a service sector constituting between 30 and 40 per cent of GDP, over half of which is accounted for by people working in informal activities, largely in the cities.[35] Manufacturing and industry have continued to represent around 16 per cent of the economy since the 1970s, but this share is largely accounted for by two businesses – the SOSUMO sugar company and the BRARUDI beer and lemonade firm. The size of what might be termed the entrepreneurial sector, which has been seen as one of the principal sources for a sustainable increase in

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[30] African Economic Outlook, country report on Burundi. See www.africaneconomicoutlook.org
[31] Ibid.
[32] International Monetary Fund. 2010. *Burundi: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding*. Washington DC: IMF, pp 10–11.
[33] An overview of the supply-side blockages of EAC countries, particularly high transport costs, inadequate infrastructure, cumbersome border procedures and excessive bureaucracy, can be found in Ancharaz, Vinaye, Kandiero, Tonia and Mlambo, Kupukile. 2010. "The First Africa Region Review for EAC/COMESA". African Development Bank Working Paper 109. Tunis: AfDB.
[34] Interview in World Bank, Bujumbura, 22 February 2010.
[35] World Bank. 2008. *Breaking the Cycle. A Strategy for Conflict-Sensitive Rural Growth in Burundi*. Washington DC: World Bank, p. 30.

employment across the country, is in fact miniscule. One businessman in the food and drink processing sector stated that there were no more than 20 genuine entrepreneurs operating in the entire country.[36]

A sign of this reluctance by private business, domestic and foreign, to boost operations in Burundi emerged last year, when efforts by the World Bank and the Burundian government to privatize the country's coffee washing stations last year resulted in only 13 sales out of a total of 29 lots on offer. The performance of the tea sector has somewhat improved, while the sugar sector remains profoundly corrupted, and a selected number of wholesalers connected to the incumbent government monopolize export while the domestic internal market suffers from artificial shortages.

The impediments to business activity are numerous. According to 41 per cent of firms in the country, the most important constraint to activity is the lack of access to a stable electricity supply:[37] at present, only two per cent of the population have electricity. The second leading obstacle is the difficulty in securing financial credit, a long-standing feature of a banking sector that prefers to hand out short-term, high-interest loans for import and export activities. Another area of great concern is the probity and transparency of state officials, with corruption reported to bedevil a number of areas that directly affect business operations, such as tax, customs and the judicial system.[38]

At the local level, meanwhile, decentralization has been implemented in name only, and the transfer of development funding to communities has not been realized. Local administration is largely dominated by rank-and-file CNDD-FDD members, who were voted in massively after the landslide electoral victory in 2005, but who are generally highly politicized. Unfortunately, the majority of local administrators are uneducated, and have been left without any support either from the national government or from the donor community.

In short, Burundi has made important strides towards the stabilization of its economy after years of decline, but it has yet to achieve a rate of growth and investment that would absorb the population of unemployed people, estimated at 13.5 per cent for the capital Bujumbura, or the much greater proportion of the workforce that is under-employed, estimated to stand at 63.8 per cent in the capital.[39] An important corollary of this economic stagnation is that Burundi is heavily dependent on foreign aid to fund the state, support public welfare and back major investments. Development aid represented 43.9 per cent of national income in 2008,[40] and so far there are few signs that private sector activity is ready to take its place.

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[36] Interview in Bujumbura, 25 February 2010.
[37] Results from a survey of business in Basdevant, Olivier. 2009. *How Can Burundi Raise Its Growth Rate? The Impact of Civil Conflict and State Intervention on Burundi's Growth Performance*. IMF Working Paper. Washington DC, p. 7.
[38] Government of Burundi. 2008. *Étude Diagnostique sur la Gouvernance et la Corruption au Burundi*. Bujumbura, p. 12
[39] ISTEEBU. 2007. Op. cit., p. 14 and p. 29.
[40] Statistics from OECD. See http://www.oecd.org/dataoecd/62/25/1877766.gif

3. Dealing with grievance: the impact of donors' economic interventions on security and stability

Introduction

A large number of multilateral and bilateral donor agencies and international non-governmental organizations (INGOs) are currently operating in Burundi. As a result, there are a multitude of interventions, ranging from the small-scale local-level to nationwide structural programmes. Many interventions are still geared towards short-term emergency responses.[41] Those programmes that aim to restructure an entire economic sector or rebuild socio-economic infrastructure may also have notable indirect effects on stability. Overall, most donors and INGOs do not aim explicitly to cater for high-risk areas and groups, largely because the recipient government is sensitive about putting too much emphasis on potential security threats and does not allow such threats to be specified in official documents, such as in the bilateral aid programme between Belgium and Burundi.[42]

Donors and the government both embrace an optimistic discourse regarding the changes under way in Burundi. Supposedly, the post-conflict period is over, and Burundi should now be phasing into a developmental approach. This implies a conversion from emergency programmes – based on answering the basic needs of people on the ground – to broader economic initiatives, which are largely structural and institutional in nature.[43] The United Nations' Peacebuilding Commission was heavily involved in the programme of 'Linking Relief and Rehabilitation to Development'. Coordination of the new era of development programmes, however, has been transferred from international agencies to the government, even though many of these agencies still implement programmes according to their own mandate. As a result, there is little shared prioritization between the agencies and the government, and a lack of consensus over the main target groups for aid.[44]

[41] Around one-third of the entire overseas development assistance (ODA) to Burundi, some US$ 65 million out of a total of US$ 200 million. Dirk Brems, Head of Development, Belgian Embassy, Bujumbura, 24 Fbruary 2010.
[42] Interview Stéphane Doppagne, Desk Officer Burundi-Rwanda, Belgian Ministry of Foreign Affairs, Brussels, 3 February 2010.
[43] Interview Duccio Staderini, ECHO, Bujumbura, 12 February 2010.
[44] Ibid, interview Staderini, ECHO, Bujumbura, 12 February 2010.

The current switch from peace-building to development may also be a bit premature, as there are still important parts of Burundi in need of stabilization.[45] Hence, in this sensitive political environment some donors and INGOs address stability issues, albeit mostly integrated into an agricultural, infrastructure-based or other thematic approach. Bilateral interventions by the Netherlands and Belgium in Security System Reform (SSR) are an exception to this overall trend, since they target post-conflict security issues directly. To some extent, and in a controlled manner, the Burundian government allows these reforms of the national army and police to move ahead.

A further problem relates to the effectiveness of programmes. Overall, project and programme implementation is extremely slow in Burundi. Reintegration of former combatants is not taking place to any great extent, nor is genuine repatriation, and the vulnerability of parts of the population remains extreme. The United Nations Development Programme (UNDP), an important development actor, seems unable to move forward with stability-related interventions, such as in the field of reintegration.[46] For successful reintegration of the former FNL fighters, the last remaining caseload of ex-combatants, it is absolutely essential that assistance get under way before resentments and grievances begin to flourish.[47] An additional constraint during the pre-electoral period, in the first half of 2010, was a freeze on the implementation of projects. Most donors were reluctant to speed up implementation of projects, as they fear these would be used in political campaigning, or that certain targeted interventions could fuel envy and provoke open conflict.[48]

The following sections assess a number of programmes and projects that aim to use economic stimulation and employment creation to respond to these security concerns.

Reintegration of former combatants

The most important outstanding security issue is the delayed reintegration of FNL ex-combatants. Furthermore, since the issue of unemployment among ex-combatants, notably those from the FNL, stands out as a crucial security issue, two specific aid-financed projects are reviewed below: the Belgian Technical Cooperation road-paving project in the suburbs of Bujumbura, and the Community Services Reconstruction pilot project implemented by UNDP in Cibitoke province.

The demobilisation process for the FNL was complicated by the inappropriate and fraudulent selection of those chosen for each category.[49] The FNL leadership decided who was to be classified as a former combatant, and who as an 'associated adult'. The total size of the force at demobilisation time was grossly exaggerated, with many civilians enrolling at the last moment in the hope of benefiting from the reinsertion package.

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[45] Interview Gérard Chaillot, SSR BINUB, Bujumbura, 26 February 2010.
[46] This was the situation as at February 2010, and was confirmed by a number of Burundians and internationals.
[47] One observer told the research team that it was embarrassing not to be able to deliver on promises, as was the case with assistance for ex-FNL fighters in the region of Cibitoke.
[48] Interview Pierre Bardoux, BINUB Bujumbura, 12 February 2010.
[49] Interview Albert Sezirahiga, head of operations at CNDDR, Bujumbura, 26 February 2010.

The National Commission for DDR (CNDDR), which is handling the process, has followed the regular demobilisation procedure so far: first, ten days of screening, a medical check-up, gathering personal data about the demobilised, followed by a choice for each former combatant on whether to engage in the army or to reintegrate into civilian life. All those who opt out of the army receive 18 months' salary, the amount of which depends on their grade. The new DDR project was officially started in April 2009, and the demobilisation process began in June 2009.[50]

Consequently, the demobilisation process itself has been completed: 3,500 individuals have joined the security forces, and 5,000 FNL former combatants are set to receive nine months' salary in arrears since leaving their demobilisation centres, in anticipation of the start of the reintegration programme. The majority of the latter group received a three-month salary payment three months after leaving the demobilisation centres, with a second instalment paid during the first few months of 2010.[51]

However, the ensuing reintegration process for those FNL fighters who did not join the army or the police (5,000 out of a total of 8,500 individuals) had not yet started during the visit of the research team in February 2010. CNDDR officials claimed that the reintegration process was ongoing.[52] A list of non-governmental organizations (NGOs) has been prepared, and a final screening and decision-making process will result in the selection of those organizations that will implement the reintegration programme. Once again, 600,000 Burundian Francs (equivalent to about US$ 500) is available for each ex-combatant, and the entire reintegration period is due to last for one year. First an identification process will target the beneficiaries and the projects they would like to engage in (1–3 months), then a training process will take place over two to three weeks, followed by a procurement period for the goods required to support the specific income-generating activity (AGR) chosen by each former fighter. Finally, the NGOs will do follow-up visits to the ex-combatants during the remainder of the contract period.

Some national NGOs, after due reflection, decided not to submit tenders for this process on the grounds that, they alleged, they would be forced to take part in a scam whereby half the funds will be siphoned off by the CNDDR staff and their protectors.[53]

EU support to transitional reintegration of FNL combatants

The need for a transitional DDR programme became apparent soon after the FNL reached a peace agreement with the government in 2008. In response, the Conflict Prevention Unit of the EU organised a transitional demobilisation and reinsertion programme for some 5,000 supposed FNL fighters, managed by the World Bank. This caseload concerns those fighters who opted to leave the movement and rejoin civilian life as opposed to the 3,500 FNL fighters who were integrated into the rank and file of the police and the national army.

[50] Interview Albert Sezirahiga, Bujumbura, 26 February 2010.
[51] Each ex-combatant should have opened a bank account with a micro-finance institution to be able to receive the follow-up payments. Some have yet to do so, which explains why some have not received payments.
[52] Interview Albert Sezirahiga, Bujumbura, 26 February 2010.
[53] For security reasons, anonymous sources in Burundian NGOs.

Although the EU knew that the figure of 5,000 combatants was probably inflated, it accepted it as a price to pay for political stability in Burundi.

EU representatives assumed that in the Burundian case all reinsertion activities had to be linked to structural long-term economic programmes in order to ensure the sustainability of new employment.[54] Ex-combatants were asked in which region they wanted to reintegrate, and subsequently a researcher was mandated to record which viable economic activities could be found, and in which field people should be trained. The steering committee verified that this condition was fulfilled before releasing funds for the training, which are to be managed by the CNDDR. The EU and the World Bank worked closely together on this initiative.

However, in Burundi there has been a lack of transparency in the implementation of this reinsertion programme.[55] The last meeting of the steering meeting was held in December 2009,[56] and there is an enormous delay in implementation. There are also bureaucratic obstacles from the donor side as the EU's funding mechanism for this programme, the Stability Instrument, covers only eighteen-month periods, whereas the World Bank uses funding cycles of two years. The EU has decided that all expenses for this caseload of ex-combatants during the first eighteen months, up to a total of € 4 million, will be considered an EU contribution. This reflects the fact that the EU cannot earmark money in a World Bank-administered programme; the money is therefore used to cover all activities, and EU control is limited. In practice, there were major delays in the second half of 2009 as the World Bank failed to process the funds it had received from the EU.[57]

Tentatively it can be concluded that nothing much has changed since the end of 2008, and that precious few lessons have been learned or applied from the experience of the multi-country DDR programme run by the World Bank across the Great Lakes region, the so-called Multi-Country Demobilisation and Reintegration Programme (MDRP). Officially, the payout of US$ 500 per ex-combatant has been maintained in order to ensure equity between the various caseloads of former fighters. However, there are no structural innovations in the crucial area of how to ensure sustainability in the reintegration process, and this latest programme is likely to end up as another one-off financial injection for former fighters, as has been the case with other MDRP projects.

During the course of several visits to suburbs of Bujumbura, groups of ex-combatants (not including those from the FNL)[58] claimed that the lump-sum that they had received from the earlier MDRP reintegration programme barely sufficed to purchase essential goods. Those who started on an income-generating activity held out for a couple of months while slowly eating away their initial capital. The demobilised FNL, meanwhile, have yet to receive the money, and are still hopeful that the reintegration package will allow them to restart their lives.

[54] Interview RELEX Crisis Prevention Unit EU. Mrs Baus Gibert, Brussels, 5 February 2010.
[55] Interview Julien Bouzon, EU delegation, Bujumbura, 25 February 2010.
[56] Ibid.
[57] Ibid.
[58] There are an estimated 600 ex-combatants in suburb Cibitoke alone, not including the ex-FNL.

However, the former combatants who have already undergone the reintegration process have reason to be sceptical: 600,000 Burundian Francs are not enough to start a viable small enterprise.[59] The FNL fighters are contracting debts as they await the money, and will almost certainly go the same way the others did: when the cash finally comes they will have to repay their debts first, and little will remain. The success rate is very small, and tends to be restricted to those from more privileged backgrounds or with useful prior experience. Ex-combatants who have well-to-do families or who have been assisted by their relatives were able to start and maintain a business, thereby helping to overcome the low standard of training in business management.[60] Those who owned a small shop prior to the war also knew how to survive, since they could rely on their contacts and purchase goods on credit.

Employment creation programmes

CTB road paving

The *pavage* project, initiated by Coopération Technique Belge (Belgium Technical Cooperation, or CTB), aims to construct 40 kilometres of roads in three outlying suburbs of Bujumbura, at an estimated cost of US$ 10 million. It is an ambitious project that aims to help restructure and set up the stone production chain outside the capital, while simultaneously creating manual jobs for a variety of suburban residents. A key objective of the programme is to provide employment and income for a number of people in three marginalized suburbs of Bujumbura: Kamenge, Kinama and Cibitoke. There is no specific focus on ex-combatants, but instead on vulnerable population groups (orphans, widows, widowers and street-children).[61]

Around Bujumbura five stone-cutter associations have been revitalized and contracts have been signed between them and the CTB for the production and procurement of paving stones. An above-market price has been established in order to ensure that real costs are taken into consideration. These costs include local and regional taxes, environment rehabilitation costs, transportation costs, and some degree of quality control. At present stones are sold at low prices because people desperately need an income, with a knock-on effect on quality.[62] CTB aims to improve quality control at source, giving basic training on how to select stones and ensure improved management within these associations, which had previously been affected by a certain amount of corruption. The CTB contracts are valid for a period of four years to ensure a stable flow of income for the stone-producing associations. The associations will employ 600 stone-cutters over two to three years, the time they need to procure the millions of stones required.

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[59] Group interview in Cibitoke suburb, Bujumbura, 25 February 2010.
[60] Ibid.
[61] Interview Olivier Chanoine, CTB, Bujumbura, 25 February 2010.
[62] At present, in Bwiza and Nyakabiga Suburbs a road-paving programme is being implemented by local entrepreneurs, funded by the African Development Bank. There are huge problems of capacity, and there is no quality control. CTB has decided to manage the project in order to avoid such problems.

Each kilometre of cobbled road costs € 250,000, whereas an asphalt road costs two to three times that price. If a paved road is made on a solid base, with regular-sized stones, it may remain in good condition for out up to 20 years, whereas asphalt roads need repairs after 10 years on average. The stone roads also create a huge volume of manual employment. In the current Burundian context, these roads seem to represent a sustainable infrastructural intervention that is perfectly adapted to the local labour market.

Currently, CTB is in the process of recruiting workers in the suburbs. They will start with a pilot programme in order to accommodate the difficulties of the election year, and the propensity towards violence in these neighbourhoods.[63] In collaboration with the communities, some criteria have been developed for the selection of future road workers: young, poor and uneducated people will be targeted, but not necessarily ex-combatants. When the programme is in full swing, some 600 to 700 workers will be contracted for a period of six to nine months, after which another group will be contracted. This will enable a fairly large number of people to benefit from the programme, and ensure that the money remains in the communities instead of being spent on workers from elsewhere.

The project is expected to have short-term security benefits, as a number of unemployed people will be occupied and earn a livelihood. The stone-cutter associations are supported for a longer period of time, and the CTB project may provide the necessary starting point for the professionalization of the sector. For people living in the vicinity of Bujumbura Marie, one of the focal points of the armed conflict between the government and FNL, the programme seems an appropriate means to consolidate stability.

At the same time, a field visit to one of the stone-cutter associations revealed a number of start-up problems, such as a lack of pre-financing, the absence of funds to give advance payments to stone-cutters upon production of stones, and the fact that transporters increased their charges when they got to know of the prices being paid to stone-cutters. However, there was a clear sense of optimism and beneficiaries expected these troubles would be solved once the project is in full swing.

UNDP community reconstruction project

UNDP began in early 2010 a pilot project entitled 'Service de Reconstruction Communautaire', whose primary objective is to contribute to community peace, stability and security by supporting the reconstruction of local socio-economic infrastructure and to assist the reintegration of the 'associated adults' of the FNL movement. This is a separate category of around 11,000 people (10,000 men and 1,000 women) who have not been included in the official DDR programme. Around 63 per cent of this group originate from the former FNL stronghold provinces of Bubanza, Bujumbura Rural, Cibitoke and Bururi.[64] These associated adults have received two payments of 50,000 Burundian Francs each (around US$ 40), but have been waiting since then for some kind of employment or reinsertion programme.

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[63] Interview Jason Pierce, CTB, Bujumbura, 12 February 2010.

[64] United Nations Development Programme. 2010. *Manuel de Procédures pour l'exécution des projets de service de construction communautaire* (SRC). Bujumbura: UNDP, p. 4.

A large number of these associated adults will participate in labour-intensive projects, which aim to rebuild community facilities and rural roads based on the various Communal Programmes for Community Development (PCDC). One of the main goals of the UNDP programme is to have an economic multiplier effect in extremely deprived areas. The project will involve around 2,080 people for a three-month period, comprising 26 micro-projects in six communes of Cibitoke province. These micro-projects will each employ 80 workers (55 associated adults and 25 community members from vulnerable groups). The selection of the beneficiaries began in early 2010, and the projects will be carried out over the course of the year. This also has an effect on public security, although the programme was not originally designed with this in mind. The main objective is the reintegration of associated adults in their communities of origin. Each micro-project costs around 30 million Burundian Francs, totalling 780 million (or US$ 6.3 million), and the programme has been funded by the Japanese government.

At the community level, local committees have been set up to monitor progress on the projects. These committees consist of 13 people, with delegates from the hill-top development committees, local state services (e.g. doctor, school director) and the local administrator. They all receive a stipend to enable them to carry out this supervision.

Each worker will receive 2,000 Burundian Francs (around US$ 1.7) per day, while an additional 1,000 Francs will be placed on a micro-credit account in the name of the beneficiary. At the end of the project the participants will have a reserve of around 75,000 Francs (about US$ 60). These micro-credit institutes are supposed to give advice to the beneficiaries on how to spend this money wisely, but it is too small an amount to enable them even to start a street retail shop. Finally, the project aims to strengthen social cohesion, and has planned so-called 'journées de cohabitation' on Saturdays during the three-month period. On these days activities will be organised to promote peaceful cohabitation, and raise awareness among beneficiaries of methods to prevent and resolve conflicts. The local development committees and the traditional *bashingantahe* (customary tribunals led by elders) are supposed to construct permanent local mechanisms to preserve these channels of dialogue. However, although these days are remunerated, no budget is foreseen for the permanent structures.

The target communities expect a real peace dividend to materialize, and among the associated adults there are a number of ex-fighters who have been sidelined during the FNL's selection process. While the programme certainly meets genuine community needs, and the target population includes both ex-combatants and ordinary civilians, the impact on job creation, the consolidation of peace and the longer-term economic future for associated adults will probably be limited. Furthermore, at present no follow-up activities are foreseen, and this particular UNDP project seems to amount to a one-off intervention.

For ex-fighters who have ended up as associated adults, the dilemmas are likely to remain acute. One female respondent who was formerly in the FNL, and who is now enrolled on one of the UNDP projects, stated that this status of associated adult "had come out of the blue".[65] After coming back to her family with US$ 80 in her pocket, she reported that "this money ended very quickly. The family sent me to the rebellion in the hope I would gain something from it. The frustration among the fighters is high but so far we have kept our calm, our patience and our resilience. Although the state is there, it has not assisted us."

Returning refugees and the land issue

Peace villages

Generally, any refugee entering Burundi first passes through a temporary centre, where he or she stays for about six months. The officially registered returnees receive a token, which entitles them to six months of food assistance. From these camps most returnees eventually travel back to their places of origin. In rare cases, returnees were able to buy land, so they could settle where they wanted.

Most of the returnees in the peace villages are people who fled the country in 1972, and have no social networks, attachments or proven claims to land. Also, returnees who were expelled from Congo and Tanzania by force, did not obtain a token and nor were they given a start-up grant. This category of returnee was eventually adopted by a government agency assisted by an INGO, PARESI, which provided them with food aid and allowed them to participate in the peace village project and get a house. These villages also house some landless residents who do not want to reintegrate in their communities of origin. Many in this latter category are people who migrated earlier from overpopulated provinces in northern Burundi in the hope that they might eventually be able to acquire some land in the south.

The peace village structure is copied from the refugee camp structure in Tanzania. Most returnees prefer to live this way, and break with the old tradition of isolated farmsteads spread through the hills. Most would also have preferred to stay with other returnees from their camp of origin, but they have been split up into smaller groups for resettlement inside Burundi.

However, the peace village approach has recently changed into what is known as the "integrated rural villages" strategy (*villages ruraux intégrés*, VRI). This approach refers to the sequential assistance provided by various donors and agencies. In the ideal sequence, the United Nations High Commissioner for Refugees (UNHCR) repatriates people, the World Food Programme (WFP) provides them with a six-month food package, PARESI facilitates the construction of houses, Caritas helps to kick-start agricultural activities, the Food and Agriculture Organization (FAO) provides seeds and tools, UNICEF helps with education,

[65] "Un beau jour cela nous est tombé dessus."

UNDP assists in identifying non-agricultural jobs, and so on. This is the approach on paper, but at field level it has not fully materialized.

According to UNHCR officials in Rutana, people will gradually integrate with established local residents through sharing local services such as schools, churches and so on.[66] At the provincial level there is a so-called technical cell, which comprises all technical services from the line ministries at the provincial level. These services are meant to be available at the level of the peace villages too, in order to create 'development poles' that benefit the resident population and eventually raise the village's living standards.

At present, this is far from reality. The first plots of land have been given out to part of the returnees only recently. They have waited more than one year for the distribution of half a hectare (and almost two years if one includes the transit period).[67]

During field trips, two peace villages were visited, Nkurye in Rutana province and Gitara in Makamba province. These visits reveal clear differences in development levels between peace villages. Nkurye is located on declassified natural reserve land, and is relatively far away from the nearest village or market centre. In the peace village of Nkurye, the situation is rather depressing: most people are clearly hungry and there is little sign of the presence of external agencies. There is no running water, and the well is defunct. A primary school has been built at walking distance on a nearby hilltop, but there is no clinic in the vicinity. The huts are lined up in long rows and made from local bricks and corrugated iron sheets. Some of the huts are already slowly disintegrating. Every house has a tiny little kitchen garden, allowing for a few manioc and maize plants. Most people have not yet received a plot of land and have been waiting over one year. Many returnees are forced to offer manual labour, and complain about abuse of their precarious situation by local farmers paying them below-market wages.[68] Some recent returnees say they want to return to Tanzania, because in Burundi they feel abandoned.

In Makamba province, the peace village of Gitara is located near the border with Tanzania. This peace village now has running water from an open well on a nearby hill, but it does not always provide enough water. In the past, water was brought in tank trucks. A primary school is being built, but there is no health centre. PARESI is putting up a building to house a flour mill, intended to grind maize, manioc or other grains.

The houses are generally well kept. Every house is placed on a 300 square metre plot, and people cultivate kitchen gardens with maize, manioc and bananas. The residents have only recently received half a hectare of land, but the quality is bad as it has never been used as agricultural land and the area is rather arid. The NGOs Coped and Caritas have assisted people with a start-up in agriculture, providing manioc stems and seeds. However, the residents have not yet had their first harvest, so it is difficult to judge whether this support has been productive. Furthermore, to date they have not received official land titles (only so-called attestations from UNHCR, namely a declaration that under the project this parcel was

[66] Interview UNHCR Rutana, Christine Irambona and Sylvie Niyibizi, 15 February 2010.
[67] Ibid.
[68] Group interview residents Nkurye peace village, Giharo commune, Rutana, 15 February 2010.

given to them), making them reluctant to invest so long as the government can withdraw their land at any time.[69]

Moreover, the promotion of social cohesion is being neglected. In the case of Nkurye, the established local population is clearly unable or unwilling to provide assistance to peace village inhabitants. The local administrator acknowledges he can do little to alleviate their suffering. He has received delegations from the camp and given them some money, promising to relay their complaints to higher authorities – but without great success.[70] In fact, many local residents are facing similar problems as the returnees, and are not necessarily better off. They also need water, education and so on.

The first priority should have been to restore food self-sufficiency: many people, resident and returnees alike, are hungry or even starving. Land alone is not sufficient; supervision and assistance as well as the provision of agricultural inputs are urgently needed. External agencies and the government have not prepared the arrival of the returnees properly, and this is exemplified by the lack of basic amenities such as water or latrines.[71]

Returnees with land claims

Land disputes between returnees and settlers are omnipresent in post-war Burundi, but in some areas are so acute as to threaten stability across entire regions. The Minister of Solidarity, Immaculée Nahayo, herself a refugee, came to the Tanzanian refugee camps to plead with the inhabitants to come home, promising that their rights and properties would be reinstated.[72] Once they came back, the minister denied having made this promise. Meanwhile, relations between the resident and returnee populations have gradually deteriorated.[73]

In Rumonge, in the southern province of Bururi province, there are over 3,000 land disputes. Political parties are meddling, with the FNL trying to back the returnees whereas the older political parties Frodebu and Uprona secretly back the residents. The ruling CNDD-FDD party traditionally has no constituency in the south, so it tends not to take sides. After the war of 1972, the vast majority of the local population fled to Tanzania (around 80 per cent). The erstwhile Tutsi-dominated government, headed by Michel Micombero, placed people from the Bururi plains on the properties that were vacated. The Rumonge situation is an exemplary case in which many elements coincide: politics, economic interests (palm oil as an export commodity), land disputes and problems of post-conflict peaceful conflict resolution. The CNTB Land Commission has been tasked by the government to mediate between the parties and facilitate reintegration of returnees.

[69] Interview Gitara peace village resident Anicet Sima, 16 February 2010.
[70] Interview administrator Simeon Bamiyeho, Giharo commune, Rutana, 15 February 2010.
[71] Interview UNHCR Rutana, Christine Irambona and Sylvie Niyibizi, 15 February 2010.
[72] Interview returnees in Rumonge, Bururi province, 18 February 2010.
[73] Ibid.

The resident population[74] is shying away from the CNTB mediation process because they know that there is a political interest in solving the issue as soon as possible without offering any substantial compensation. They feel the state should have kept its promises: protocol 4 of the Arusha Peace Agreement clearly spells out that financial compensation should be given to those who give up the land they are occupying. The population groups are set against one another, and the government is tending to blame the residents for their supposed intransigence.

From the point of view of the returnees,[75] the CNTB solution of sharing land is far from being a genuine compromise, as many residents still have ancestral lands in the hills that they are profoundly unwilling to share. Government failure to pay compensation, meanwhile, is putting the burden on returnees, who do not have any capital. Some of the returnee population are squatting in a peace village in Rumonge, as they have nowhere to go and feel they are also entitled to the houses, which have been made available to landless returnees.

According to both residents and returnees in Rumonge, the CNTB is gradually becoming a spoiler. It adopts a quick-fix approach, almost forcing people to accept a split of the land as a compromise, destabilizing relations between residents and returnees. The *bashingantahe* mediation system works well between family members on social and cultural issues, but for land disputes it is ineffective. The CNTB has more or less assumed that mandate, and tries to mediate the cheapest solutions possible. Even in cases when residents decide to share with former land owners, there are also problems relating to land shortage; both parties may end up with a tiny plot of land (half a hectare).[76] Before 1972 concessions were approximately two hectares but over time the average concession size has diminished to around one hectare.

During a field visit to a CNTB-led consultation and information-gathering meeting in the Rumonge commune,[77] it became clear from the speech of the local CNTB officer that the policy now is to put pressure on the population. The message is that Burundi lacks land, the population is growing, and that the only fair solution is for everybody to compromise and accept sharing the available land. Also, the message includes a statement that there are no funds available to compensate people financially.

[74] Group interview resident population in Rumonge, 18 February 2010.
[75] Ibid.
[76] Interview with governor Rutana province, Marcelline Bararufise, 16 February 2010.
[77] Official sensitization meeting CNTB, held in Rumonge commune on 19 February 2010.

Business stimulation

EU support for palm oil and coffee

The EU has engaged in a number of support programmes for the Burundian national economy, notably in the field of infrastructure, the coffee, tea and palm oil sectors, and in land rights issues and the resettlement of refugees. The EU is the single largest donor to Burundi, spending around € 100 million per year.

In the central provinces of Karuzi and Gitega, for instance, the construction of all-weather roads has ended their isolation, while some 30 kilometres of Tarmac road have been completed in Bujumbura.

In the southern city of Rumonge, the EU has backed a 3,000-hectare project to renew a palm oil plantation project, which will start to generate output in four years' time. The project has been funded out of export stabilization funds, or STABEX, which are intended to compensate Burundi for export price fluctuations in major crops such as coffee and tea. These funds have been used to buy new palm oil stems from West Africa. However, there are two main problems with the project. Replanting on contested plots leads to conflicts of interest between the parties involved, and during the transition from old to new palm plants, farmers are intercropping with manioc and maize too close to the new seeds, leading to soil exhaustion.[78]

The coffee sector, meanwhile, is a complicated production chain with many intermediary actors. The major objective of the ongoing World Bank-coordinated privatization has been to improve the sales price at the farmgate – currently the lowest in East Africa[79] – and hence revenues for producers, who have traditionally compensated for their low sales prices by smuggling to Rwanda.[80] An external expert has completely reviewed the entire sector with a committee composed of all interested parties, and the privatization process has been designed with the full approval of all involved. The EU for its part decided to refurbish the existing coffee production line without waiting for the outcome of the political process surrounding privatization.

As a whole, the sector is still suffering the effects of war – including the premeditated destruction of crops – and of a poorly planned and executed period of state intervention in the 1980s, which had intended to raise prices for farmers and boost production. This process included a huge rise in the area devoted to coffee production, and the building of 133 washing stations with the help of a loan from the World Bank during that period. However, coffee production failed to take off as planned, while global price liberalization of coffee in 1989 heralded a decline in quality, a drop in farm prices, and an intensification of collusion between state-supported groups at higher stages of the production chain, particularly processing and export.[81]

[78] Interview Julien Bouzon, EU delegation Bujumbura, 25 February 2010.
[79] World Bank. 2008. Op. cit., p. 74.
[80] Watt, Nigel. 2008. Op. cit., p. 168.
[81] World Bank. 2008. Op. cit., pp 70–73.

At present, the state is in the process of selling 117 of the coffee washing factories, though only 13 of them have been sold so far, all to the Swiss firm Webcor. The coffee growers' associations, however, were not allowed to file a competitive bid.[82] Many coffee growers are aggrieved by this, insisting that they own the factories, since their associations repaid the World Bank loan which the government had initially contracted. The National Confederation of Coffee Associations (CNAC) has started a judicial case against the government, which is still pending.[83] There has been a coffee producer protest march in Bujumbura, and some producers are planning a boycott of the washing factories.

According to economic experts at the World Bank, the accusation by certain representatives of coffee cooperatives that they have been excluded from the washing station tender is unfounded. Furthermore, the World Bank maintains that the primary goal of the reform process has been to eliminate rent-seeking from the production and retail chain.[84] The funds that have been collected from the resale of washing stations are carefully monitored, and are expected to be spent in a transparent manner. The opportunities for individual gain have been limited, and the coffee sector is closely monitored by the World Bank.

Nevertheless, the coffee sector is a highly politicized sector in which many actors, especially those from the government, have private interests. EU intervention in the coffee sector has not been very successful because of the upstream privileges given to a restricted number of traders with patrimonial connections to the incumbent government.[85]

Private sector reform: World Bank

The World Bank has a mandate in many thematic fields: education, macro-economic performance, Private Sector Development (PSD), agriculture, governance and decentralization. Its work has no direct relation with stability or post-conflict pacification, and the World Bank's performance is not weighed against such benchmarks.[86] However, the Bank does keep a close eye on current political developments, notably regarding governance and poverty issues.

The private sector is viewed as essential for job creation, and the World Bank is gradually working towards improving the enabling environment for business. A first step in this process, as is customary in post-conflict environments, has been to settle the arrears on state debts to local business. Further initiatives focus on the legal and regulatory context. Despite the relatively poor showing in the *Doing Business* annual reports, the Bank's resident economists insist that progress is being made, at the yearly rate of about two to three targeted reforms for a specific sector, such as customs, private credits and loans, and the tax system.[87] One notable achievement in this regard has been the approval and promulgation in 2008 of a

[82] Interview Nathanael Ntirampeba Fédération des Producteurs du Café, Kirundo, 20 February 2010.
[83] Ibid.
[84] "These representatives have political interests and think of their own private interests only." Quoted from an interview with Eric Mabushi, Resident Economist, World Bank, Bujumbura, 22 February 2010.
[85] Interview Alain Darthenucq, Head of EU Delegation, Bujumbura, 11 February 2010.
[86] Interview Aurelien Serge Beko, Poverty Economist, World Bank, Bujumbura 19 February 2010.
[87] Interview Eric Mabushi, Resident Economist, World Bank, Bujumbura, 22 February 2010.

new investment code, with which Burundi hopes to compete with the success of Rwanda in attracting foreign investment. According to a former senior civil servant in the National Development Ministry, however, the problem is not so much the legislation as the lack of understanding or knowledge in the public and private sector as to the content of these reforms.[88]

The obstacles facing private investors remain undeniably acute. The banks are still lending money at high interest rates (between 14 and 18 per cent), although these rates have descended from previous highs of 27 per cent. Banks are reluctant to take risks, and are still insecure about the immediate future of Burundi; the financial sector has been particularly cautious about the outcome and impact of the elections. In the hope of generating a deeper change in the incentives of private credit markets, the World Bank financed a financial sector assessment in 2009, which has been used as the basis for a development project for the private and financial sector.

Micro-finance and the Dutch-funded FORCE project

The *Fonds pour la Relance, les Conseils et les Échanges en Microfinance* (FORCE) has been functioning for three years, and is entirely funded by the Netherlands. FORCE was set up to help restructure the micro-finance sector in Burundi. Although it comes under the authority of the Finance Ministry, it is led by a private agency that runs its day-to-day affairs. The board was nominated by presidential decree. The Netherlands has invested US$ 3 million in the first three-year phase, and placed a further US$ 2.5 million in the National Economic Development Bank (BNDE) with the aim of providing loans for small and medium-sized enterprises (SMEs). Finally, US$ 1.5 million was made available as a credit line for micro-finance institutions.[89] The BNDE credit line has been used, although it is estimated that around half the capital has been handed to people within the broad patrimonial network of the government.[90]

The first phase of the programme consisted of efforts to strengthen the sector by renovating existing infrastructure, training staff and investing in capacity-building within the state. Phase two aims to boost productivity in rural zones through enhanced provision of micro-finance. Every micro-finance institution that applies for assistance from FORCE must develop a strategic business plan, and the performance of the sector will be judged against set criteria: over three years the number of credits must rise from 400,000 to 500,000. In all there are around 20 micro-finance banks, of which 15 are actively supported by FORCE. The Coopérative d'Épargne et de Crédit (COOPEC) fund is the current market leader in Burundi, with 70 per cent of the total loan portfolio.[91]

[88] Interview, Bujumbura, 25 February 2010.
[89] Interview Louis Ndikumana, FORCE coordinator, Bujumbura, 22 February 2010.
[90] Interview, Bujumbura, 22 February 2010.
[91] Other important micro-credit institutions are UCODE, CECM, Fonds de solidarité des enseignants, CECAD (Coopérative d'épargne et de crédit pour l'auto développement) and COSPEC (Coopérative de Solidarité des Paysans Épargne et Crédit).

COOPEC, however, has not played as pioneering a role as it might in spurring rural development. Until recently, COOPEC gave credit only to an applicant who could take personal responsibility in the event of a default. The applicant was generally obliged to have a stable employment situation in the formal sector – a privilege that at most 4 per cent of the total Burundian labour force can claim.[92] In one example of its programming, FORCE is funding market research in areas that have previously had no micro-credit institutions, and it provides financial support to agencies that open up offices in these areas.

USAID business incubator

A business incubator is currently being set up by the business consultancy DAI on a contract from USAID in Burundi. The aim of the business incubator is to set up a purely Burundian organization, which selects and trains potential entrepreneurs in business skills. The selection will be rigorous, and a 'pre-incubator' will train people in how to set up and submit business plans. Mostly youths will be targeted, and only a small number will make it through the programme (probably around 200 during a first stage).[93] The aim is to concentrate on the talented and bright, and help them set up businesses. There is also a credit insurance fund to help people get started. As the programme is still in its initial stages, it is too early to evaluate its performance.

Investing in agriculture

The World Bank's PRASAB project

Agriculture is by far the most labour-absorbing sector of the Burundian economy. Given the country's structural problems, which have been mentioned in Chapter 2, a well-functioning agricultural sector can be considered crucial to the improvement of basic welfare and human security. There is little doubt that successful external support for agriculture will have a stabilizing effect on the country as a whole.

The World Bank-funded Agriculture Rehabilitation and Support Project (PRASAB) is a leading example of a broad support programme. Having started in 2005 and ending this year, it has channelled US$ 50 million towards reconstruction of the farm sector.[94] The project has worked on the basis of funding project proposals from local farmer associations, approved by local committees and, in the case of budgets over US$ 10,000, provincial committees. These committees are made up of ten members, five of whom were elected association members and five representatives of the state administrative system.[95] Once approved, a farmers' association opened a bank account into which PRASAB placed funds that were later

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[92] Interview COOPEC manager Jean Bosco Ndayiragije, Makamba 17 February 2010. The figure of 4 per cent is based on the fact that in surveys of wage labour (which represents under 20 per cent of the working population), 78.8 per cent are informally employed.
[93] Interview William Grant (DAI) and June Lavelle, independent consultant, Bujumbura, 28 February 2010.
[94] Interview Aurelien Serge Beko, Poverty Economist, World Bank, Bujumbura, 19 February 2010.
[95] The local administrator, the president of the commune, the development adviser, the local agricultural engineer and the provincial committee representative.

disbursed under the supervision of local micro-finance bodies. In all, 360 associations received a total of 3,323 million Burundian Francs (around US$ 3 million).

PRASAB was active in ten provinces. At first it was difficult to convince the incumbent local authorities of the validity of the approach. Local administrators from the ruling CNDD-FDD party reportedly tried hard to get their hands on PRASAB funds,[96] claiming they were entitled to manage the pay-outs.

Serious problems with the management of the programme have been reported. When PRASAB started, the initial capital was planned to cover four years, but the available funds were exhausted within two years (a total of 4,000 projects financed). Many associations that submitted applications after 2007 did not obtain funding, and this led to allegations of fraud. For vulnerable population groups such as returnees and the elderly and widows, the project made an exception: if they organised themselves into associations and submitted projects, they would still be considered for a grant.

Mostly, farmers were reluctant to adopt the approach of self-promotion, but once they understood the new dynamics they adapted quickly. A short field visit to a PRASAB-funded association in suburban Ngozi, in the north of the country, demonstrated that well-managed PRASAB grants could allows people to improve their living and working conditions. The association in question, involving 14 men and 4 women, received a grant of 700,000 Burundian Francs (US$ 570) in 2005, with which they bought nine cows and one bull. These have now multiplied to 25 cows and calves and one bull. The cows produce eight litres of milk on average per day; the farmers sell the morning milk in town and the afternoon milk is consumed by the family. The association works well, and profits are reinvested.

However, opinions about the effects of PRASAB diverge. According to numerous local officials, PRASAB has had a real impact on the rural population.[97] PRASAB was in fact designed as a post-conflict rehabilitation project for the rural context. But a development expert from the Belgian Embassy estimates that the project probably has a success rate of around 10 per cent, which is average for agricultural investment programmes,[98] and argues that insufficient attention has been given to longer-term supervision and follow-up. "If you invest in uneducated people the investment will simply disappear. Give a cow to somebody who already has cows, and the chances of success are much higher."[99]

A major problem is that the PRASAB project gave out grants to farmers nationwide, while many others felt excluded. Mostly, farmers who wish to invest need to take out a loan from a micro-finance institution. The implementation of the PRASAB project thus created a certain amount of confusion, as some people thought that all the funds provided, including regular micro-credits, were gifts, leading a number of associations to default on their loans to micro-finance banks in Kirundo and Ngozi provinces.[100] The fact that one of these banks, UCODE,

[96] Interview Methode Ntibandye, UCODE, Ngozi, 20 February 2010.
[97] Ibid.
[98] Interview Dirk Brems, head of development Belgian Embassy, Bujumbura, 24 February 2010.
[99] Ibid.
[100] Interview Gérard Mbanzamihigo and Jean Marie Muhimpundu, UCODE, Kirundo, 19 February 2010.

both provided commercial loans and distributed PRASAB grants certainly added to the confusion.

The decentralization agenda

World Bank- and UNDP-supported initiatives

Burundi's decentralization process started in 2007/08. The World Bank-funded Support Programme for Communal and Social Development (PRADECS) aims to reconstruct basic socio-economic infrastructure, at the request of local population groups and on the basis of their priorities. PRADECS is currently rehabilitating social and service infrastructure at the municipal level, such as schools, health centres, rural trunk roads and water provision. UNDP is also involved in the reconstruction of socio-economic services, albeit only in the south-eastern province of Rutana.

In Makamba province, southern Burundi, the municipalities have all developed plans for community development, and local and provincial authorities are now looking for funding. To date PRADECS has financed four health centres, six primary and six secondary schools and around 180 houses for returnees. PRADECS ask for a contribution from the community, namely 2 per cent of the municipal budget and 3 per cent of residents' income. On average, US$ 100,000 is disbursed per project, with the money placed in a special project bank account in one of the provincial towns. The World Bank has appointed a management committee at the municipal level (consisting of elected municipal councillors), while a specialized agency (IDC) supervises these management committees.

It should be noted that while the municipal level is being funded, there is still no decentralized budget and service provision at the provincial level.[101]

Meanwhile, the Support Programme for Community Development Plans in the Province of Rutana (PAPDC/R) began in December 2006 with funding from the UN Capital Development Fund of US$ 1.5 million for a four-year period. UNDP added US$ 500,000 to this sum.

The objective of the programme is twofold: to supplement community investments, and to reinforce the capacity of communal elected councils and state officials based in the communes. Local meetings enable the commune's population to identify urgent needs, which are then laid down in a Community Development Plan (PCDC). The commune's council then decides which project will be implemented, after which the appropriate tenders are handed out. A maintenance and management committee is chosen for each building or facility to be built, while an engineering firm is contracted to design plans and undertake construction.

[101] Interview provincial economic adviser Makamba, Leonidas Kanuma, 17 February 2010.

The communal budgets that are provided by the PAPDC, however, are limited to between US$ 50,000 and US$ 100,000 per year, sums that have only a marginal effect on Burundi's daunting post-conflict needs.[102] For example, a small four-room maternity clinic costs around US$ 40,000, while one high school will gobble up the entire yearly budget for a commune. An additional constraint at the local level is posed by the CNDD-FDD party members who have become local administrators and council members. In many cases they do not have the skills to be able to deal effectively with local affairs, while the exigencies of patrimonial politics frequently causes skilled administrators to be reshuffled (the argument being "you do not help us, do not provide kickbacks, so we simply replace you").[103] The governor of Rutana has stopped this process because she fears that donors will cease to provide funds to a country which is busy trying to destroy its own capacities at the local level.

Development agencies for their part have not always strictly adhered to the rules mutually agreed on with the national government, as they have often bypassed the population and municipal councils. In view of the prevailing low levels of local capacity, it is understandable that many donors are reluctant to adhere to the agreed rules of decentralization. Most of the local administrators are beneficiaries in which it is hard to place any trust. The crucial issue thus remains how to manage a legitimate and effective decentralization process,[104] particularly in light of the one-party domination of local politics following the CNDD-FDD's disputed landslide victory in communal elections on 24 May.

An example of these multiple difficulties could be found in the commune of Giharo, close to the border with Tanzania, where two maternity clinics and one school were built under PAPDC/R. In one of the new maternity clinics there has been no water since April last year. The local maintenance committee does not seem able to solve the situation. Meanwhile, the head nurse is not aware of the fact that since decentralization took effect she is expected to apply to the commune's council for assistance and not the regional hospital, which used to be the appropriate procedure.[105] In the school, the teacher's residence, put up to entice teachers to accept working in this remote area, has been turned into the school office by the director, forcing teachers to shuttle to and from a nearby market centre, which absorbs a large share of their meagre salaries.[106]

The decentralization process thus seems to be an ongoing learning process for all involved. The old institutional reflexes, however, have not yet changed. And although the various projects have yielded concrete results, the reconstruction needs far exceed delivery.

[102] Interview Vital Katabazi, Project PAPCD/R, Rutana, 15 February 2010.
[103] Quote from an interview with the Rutana Governor, Mrs Marcelline Bararufise, Rutana 16 February 2010.
[104] Ibid.
[105] Field visit maternity clinic Giharo commune, 15 February 2010.
[106] Group interview with three local teachers at Giharo high school, 15 February 2010.

4. Early economic recovery: between theory and practice

Introduction

While covering a wide variety of sectors and contexts, from urban Bujumbura to remote rural areas, most of the programmes described in the previous chapter can be catalogued as economic reconstruction. The sheer devastation of the war has meant that the priority has rightly been given to rebuilding basic infrastructure and restoring capacity, creating at the same time temporary jobs for members of high-risk groups. Meanwhile, international institutions and bilateral donors have helped streamline and reform a number of aspects of macro-economic management affecting the health of the business sector. It is thus hoped that at some future stage Burundi, like its neighbour Rwanda, might 'take off'.

In this respect, the approach adopted in Burundi does not differ markedly from that advocated by the new donor orthodoxy towards early economic recovery. The three tracks of recovery – stabilization, local economic recovery and sustainable growth – have been addressed simultaneously in Burundi, even if the emphasis has clearly been on the first track. By so doing the aim has been to avoid the effects of an excessive segmentation of aid into different post-conflict phases, starting with relief and emergency assistance. This staggered process of assistance is believed to impede the process of recovery by creating aid dependency, preventing the rapid shift of resources to growth areas, and failing to build private sector capacity.[107]

However, the merits of a more holistic strategy on paper have not been translated into practice. Five years after its first post-conflict elections, Burundi's stability still depends to a significant extent on the implementation of emergency programmes, on support for basic needs, and on temporary job creation programmes. Without such measures, the new intra-Hutu fissures that have been apparent in this year's electoral process may deepen. At the same time, the programme of public reform and private sector stimulation appears far from realizing its goals. The modern, industrial sector in the Burundian economy remains tiny and generally powerless. One prominent industrial businessman interviewed for this report lamented, among other things, a lack of state guidance on development policy, slow

[107] Gerstle, Tracy, Meissner, Laura and the SEEP Network. 2010. "Market development in conflict-affected contexts". International Alert Practice Note Series. London, p. 3.

bureaucracy, a constant need to pay off political officials and a lack of support from private financiers.[108] A foreign diplomat, meanwhile, commented that visiting foreign investors still remain unsure as to whether they can commit their funds to Burundi.[109]

In place of a continuous and incremental transfer of policy-making and aid priorities from emergency assistance to pro-business institutional consolidation, Burundi appears to remain stalled on all three tracks. Without some semblance of progress, the country risks enduring economic stagnation – meaning in practical terms a rate of growth of close to 4 per cent, the average from the late 1990s onwards – combined with declining donor interest.

This chapter will focus on some of the main programmatic and systemic obstacles in the path of a harmonious process of early economic recovery, while the following chapter will study the practical solutions to job creation on a sector-by-sector basis.

Donor strategy

Skewed assistance

In keeping with the trends in development aid provision worldwide,[110] the amount of foreign assistance devoted to the encouragement of productive economic activities in Burundi is limited. Many donors have preferred to take an interest in social projects and in political projects, such as governance, SSR, DDR and political dialogue, while economic issues have received considerably less attention.[111] The EU and to a lesser extent the World Bank are the main agencies involved in economic programmes, although the fight against poverty seems to have been abandoned, owing to its complications and difficulties. Among the major interventions discussed in the previous chapter are programmes targeting agriculture (EU support for palm oil in Rumonge and various World Bank programmes), funding for socio-economic infrastructure (the World Bank's PRADECS), privatization (EU coffee sector support) and gradual reform of the private sector by the World Bank. At the local level a multitude of small-scale projects are being implemented through (I)NGO assistance.

Although areas of donor support inevitably overlap – the education aid budget, for example, will produce jobs and multiplier effects on surrounding economies – the broad sector-based picture shows that well over 60 per cent of bilateral aid spending is devoted to social services and humanitarian aid,[112] all of which have a more direct impact on the achievement of the Millennium Development Goals. In total, one-third of all development aid, equivalent to around US$ 200 million a year, is estimated to be spent on economic recovery.[113]

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[108] Interview, Bujumbura, 25 February 2010.
[109] Interview, Bujumbura, 24 February 2010.
[110] OECD. 2010. *Do No Harm. International Support for Statebuilding*. Paris: OECD, pp 107–109.
[111] Interview Alain Dartenucq, Chef de Delegation EU, Bujumbura, 11 February 2010.
[112] See http://www.oecd.org/dataoecd/62/25/1877766.gif
[113] In comparison, the cost of this year's various elections is estimated at US$ 50 million.

Missing links

With a few notable exceptions, including the World Bank's PRASAB programme, the targets of economic aid to Burundi occupy the extremes of economic life in Burundi: the basic survival of rural dwellers, and the managerial and macro-economic framework of central government.

A significant part of economic aid, exemplified by basic infrastructure programmes (such as road-building) and rudimentary schemes to restart agricultural production, is dedicated to basic rural reconstruction. The importance of such schemes in the post-conflict era is undeniable given the degradation of Burundi's rural economy, against a backdrop of declining crop yields of farmland across sub-Saharan Africa.[114] Generating higher farm productivity in a country with one of the lowest per capita calorific intakes in Africa is undoubtedly a humanitarian and economic priority.

However, for many aid agencies the distinction between early, emergency interventions and structural programmes has become blurred. European Commission Humanitarian Aid and Civil Protection (ECHO) is currently involved in the recurrent provision of drinking water because the pumps and pipelines it provides fall easily into disrepair because of a lack of responsible management.[115] The International Committee of the Red Cross's (ICRC's) primary mandate is to intervene in emergency situations, but it is gradually developing a presence in a large group of countries where crises are recurrent and cyclical, such as in Burundi. The target population groups do not change for Burundi, and the ICRC repeatedly responds to the needs of these beneficiaries. It has become a structural effort, and compensates for the lack of capacity inside Burundi.[116]

At the same time, the underlying roots of rural poverty tend to remain ignored. The Burundian state invests only 2 per cent of its budget in agriculture,[117] thus handing over responsibility for modernisation of the sector to foreign donors – even as these tend to have other priorities. The World Bank's laudable and ambitious plan for the transformation of Burundi's rural economy[118] has, in practice, been reduced to some beneficial farm support programmes, privatizations with limited impact, and the encouragement of some small export-oriented activities. As a whole, with the exception of the former colonial power Belgium, the international community has for years neglected support for agriculture in favour of other needs.[119]

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[114] Moyo, Sam. 2010. "The agrarian question and the developmental state in southern Africa", in Edigheji, Omano (ed.). *Constructing a Democratic Development State in South Africa*. Cape Town: HSRC Press.
[115] Interview Duccio Staderini, ECHO, Bujumbura, 12 February 2010.
[116] Interview Alessandra Menegon, ICRC, Bujumbura, 24 February 2010.
[117] Interview Gérard Muringa, independent consultant and former Chef du Cabinet of the National Development Ministry, Bujumbura, 25 February 2010.
[118] World Bank. 2008. Op. cit.
[119] World Bank. 2007. *World Development Report 2008: Agriculture for Development*. Washington DC: World Bank.

Recent work on the building of value chains show how, in principle, local farm producers may be linked via improved transport networks to markets of domestic consumers, basic industrial processing centres and thereafter to foreign markets.[120] If undertaken, such an approach would bring immediate benefits to the poorest part of the Burundian population, and would also prompt the beginning of a broader structural change in the national economy: rising agricultural productivity and an enriched class of farmers were at the heart of the developmental miracles in East Asia, and have also proved critical to rapid growth in China, India and Vietnam. Even if the extreme population density of the Burundian countryside makes it difficult to envisage full absorption of all rural workers into market-based farm production, there is little doubt that increased agricultural productivity can drive a broader development process through higher revenues for the poor and lower food prices.

However, it is precisely this sort of intermediate-level support for productive capacity that is lacking in Burundi. Whereas support for agriculture has in many cases been focused on recurrent reconstruction, macro-economic reforms have tended to aim at stabilization and improvements to the legislative framework. For key business actors, however, the linkages from production to final sale are conspicuously absent: high transport costs, a lack of suitable skills, limited energy supplies, administrative constraints, the small domestic market and the cautious approach of private finance are all major impediments to business growth.[121] Until these are addressed in a coordinated fashion, it is uncertain whether Burundi can attain a comparative advantage in any economic sector.

Continuing emergency

At the same time, international donors are right to point to the precarious existence of high-risk groups that might in due course threaten peace and stability. Instead of ignoring these communities in a rush for economic growth, development aid must accommodate their demands within the broader push towards improving productivity. Ex-combatant reintegration programmes that simply feed the workforce glut of low-skill manual labour and commerce are not the solution, nor is the piecemeal approach that is currently being reproduced in the Integrated Rural Villages.

Instead, the Belgian road paving project, despite its obvious limitations, shows how infrastructure improvements may be combined with support for local economies. The African Development Bank's two-decade blueprint for the infrastructural overhaul of Burundi would also include a budget of US$ 2.3 billion in payments for labour services.[122] Even if this plan is not adopted, it offers a model for how future upgrades of Burundi's transport, energy and communications networks – or, for that matter, of the education system – must be planned from the outset with peace-building goals in mind. Other possible ideas for stability-oriented job creation are discussed in the next chapter.

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[120] Useful resources on value chain development can be found at the wiki site http://apps.develebridge.net/amap/index.php/Value_Chain_Development

[121] These obstacles were mentioned in several interviews, and have been reflected in surveys and other reports. See, for example, Specker et al. 2009, op. cit.; Basdevant, Olivier. 2009, op. cit.; and World Bank. 2008, op. cit.

[122] African Development Bank. 2009. *An Infrastructure Plan for Burundi. Executive Summary*. Tunis: AfDB, p. 20.

Structural obstacles

The private sector

Burundi's size and geographical position may not offer the most encouraging prospects for economic growth. Nor, it would seem, is the highly segmented production chain of the global economy suited to the rapid modernisation of the country, especially in light of the dominance of cheap manufacturing by the Asian giants. Even at the most lowly level of industrial activity, including the processing of fruits and vegetables for sauces and juices, or the production of UHT milk, Burundi faces possibly overwhelming competition from the exports of its immediate neighbours and from international corporations.

Nevertheless, there are also reasons to doubt that these obstacles are insuperable. The newest thinking among economists about economic development stresses the gradual accumulation of physical and human capital from a low agricultural base as the key to growth. Fast development requires, in the words of World Bank chief economist Justin Lin, the ability of a country to shift towards new structural configurations of industry, technology and finance on the basis of its evolving comparative advantage: "Economic development is a continuous process, not one that can be divided into rigid and specific 'stages'."[123]

The example of Rwanda, where growth reached over 11 per cent in 2008, shows that fast development can be kick-started by significant increases in agricultural productivity. More recently, Burundi's neighbour has laid out plans to turn the country into an investment and service hub for the region, and to overcome its isolation through a planned rail link to Tanzania (which will be extended to Burundi). Interviewees in Burundi observed that the example of Kigali is closely watched by economic and political actors across the country, particularly in light of their joint membership of the new EAC common market

A major structural obstacle nevertheless remains in the path of Burundian growth. The traditional 20th-century model of a developmental state emphasized the close, even collusive relationship between public officials and businessmen in a concerted national development strategy. At present, the size and capacity of the independent business sector in Burundi prevent it from forming a robust partnership with government; those business figures who do seek such relations tend to form part of a rent-seeking public–private network, often with close ties to foreign capital. Therefore, their incentives are geared towards the achievement of fast profit, and not the construction of intermediate-level production chains based on investment in public goods such as infrastructure and education.[124]

[123] Lin, Justin. 2010. "New Structural Economics. A Framework for Rethinking Development". World Bank Policy Research Working Paper 5197. Washington DC, p. 19.

[124] This problem is one that affects many other countries, where, according to the political scientist Peter Evans, "there is less overlap between the agenda of the 21st century state and the profit-maximising projects of capital". Evans, Peter. 2010. "Constructing the 21st Century Developmental State", in Edigheji, Omano (ed.). *Constructing a Democratic Developmental State in South Africa*. Cape Town: HSRC Press.

Government dynamics

On the other side, a reliable and efficient government is crucial if timely support is to be provided to key growth sectors. There are grave doubts as to whether the current political evolution of the country will generate such a central administration. Official surveys have verified the extent of corruption across all institutions, and particularly those that interact with the private sector.[125] The apparent slide towards one-party control of the principal state institutions does not seem to augur well for efforts to reduce these levels of fraud.

Developmental states, such as those in South Korea and Taiwan, have withstood, and arguably benefited economically from a certain amount of shared rent-seeking between public and private sectors.[126] But the weakness of the entrepreneurial class in Burundi provides its members with fewer defences against state predation: according to one businessman familiar with national politicians, "It's good to have friends in the state, but they consume a lot more than they bring in." Likewise, any international agencies or actors have to forge relations with politicians to get economic initiatives off the ground, and any activity in a patronage-dominated culture such as in Burundi inevitably ends up being subject to political constraints.[127]

A similarly weak private sector could also have been found in Rwanda in the 1990s. However, the Burundian political class seems generally less interested in strategic thinking about economic growth than its neighbour's leaders: neither the Poverty Reduction Strategy Paper of 2006 not the forthcoming Plan Vision 2025 document appears to have secured a critical mass of support or ownership from within the state. The lack of awareness among officials of recent public sector and investment reforms would also suggest that they have not been broadcast or assimilated. On the other hand, the emblematic and highly popular reforms of the CNDD-FDD presidency upon taking office in 2005, namely free primary education, maternity care and health care for children up to the age of five, were introduced without the blessing of the international community, and have stood at the heart of the party's call for re-election. It remains to be seen whether genuine interest in the provision of public good lies at the heart of these policies, or whether they constitute little more than a populist strategy aimed at clinging on to power.

[125] Government of Burundi. 2008. Op. cit.
[126] Kang, David. 2002. *Crony Capitalism. Corruption and Development in South Korea and the Philippines*. Cambridge: CUP.
[127] Anonymous interview, Bujumbura, 13 February 2010.

5. Practical routes to job creation in Burundi

Introduction

The various obstacles to economic recovery and job creation in Burundi discussed in the previous chapter suggest that growth is possible from a very low base, but must be anchored around the construction of productive assets in a complex, and occasionally counter-productive business and political environment. At the same time, if the objective is also to build stability through job creation it seems logical to focus on the timeliness of interventions, and their appropriateness in terms of matching local labour supply with demand for products and services. Moreover, interventions should focus on the provision of jobs that provide people with sufficient incomes and real options to save money. Lastly, job creation should bridge the period between initial post-conflict short-term employment and long-term sustainable economic livelihoods for the majority of Burundians.

In the Burundian context, the priority is not only to identify specific job opportunities but to build on existing services and products for the local market. This implies that growth and development targets have to be realistic, taking into account the local demand for goods and services and the purchasing power of the general public. In view of the above, the following section assesses the most realistic options within each economic sector over the short and long term in order to determine possibilities for stability-related job creation. Finally, some cross-cutting issues will be discussed.

Agriculture

In many provinces, local farmers' associations rely entirely on group solidarity and rotating credit. In a post-conflict situation, rapid targeted assistance should be provided to existing associations. Typically, a given association chooses an individual who will receive a lump-sum of money, which enables him or her to purchase a couple of goats or a cow. When the animals reproduce, they inject the capital into another group member. Even when such support does not seem to yield sustainable results, it is important to bear in mind that such support allows large communities to survive the immediate post-war period.

At present, farmers' associations and groups of peasants all face the same problems, and try to solve individual problems among themselves, as solidarity still is strong. If they receive aid and start a small communal plot they do not make any calculation prior to the joint activity; they simply engage in it and find out afterwards that if their efforts have yielded more than just a token profit.[128] They learn from these experiences and if necessary will try again differently.

Over the long term, there are a numerous job-creation options in Burundian agriculture, through value chain development, intensification, transformation, conservation and investment in special products. Chain development for the moment is in its infancy in Burundi. Currently, there is a lack of inputs, appropriate support systems and credit. Concerning the cash crops – particularly coffee, sugar, tea and palm oil – agricultural chains do exist, generating most of Burundi's US$ 80 million exports.

For food production, however, no chains exist. Mostly farmers use rudimentary techniques to produce staple foods on small plots of land, which are exposed to plant diseases and the vagaries of the climate. However, increasingly farmers are using simple fertilizing techniques, and sometimes engage in compost production. These techniques are employed by farmers regardless of whether they benefit from external support. During field visits, both project beneficiaries and non-beneficiaries were found to be using fertilization.[129]

In rare cases, food conservation techniques and food processing have been developed. There is a new pineapple and mandarin juice production unit in Kayanza province, which exports to Uganda. At local levels NGOs are involved in assisting women's associations to produce juices for the local market.[130] Although such initiatives are proliferating throughout the country, their longer-term impact and sustainability are difficult to assess.

The follow-up to the World Bank's PRASAB programme, PRODEMA, aims to increase productivity, stimulate the transformation of agricultural produce and encourage micro-irrigation with bicycle-powered water pumps. The project aims to build on the results of the PRASAB projects directly. In so doing, it will have to tackle the big problems in the agricultural sector: seasonal unemployment and structural under-employment because of a shortage of land.

Micro-finance institutions are in the process of restructuring, and are trying to reach out more effectively to local farmers' associations. In Ngozi and Kirundo provinces the micro-finance business UCODE is able to provide credit to local associations as their threshold requirements are adapted to farmers' possibilities and livelihoods. The coverage rate, however, remains modest, reaching an estimated 15 per cent for all households in Kirundo.[131] Hence, there is scope for improved and expanded financial services in the agricultural sector.

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[128] Interview Yves Nindorera, Belgian Embassy, Bujumbura, 19 February 2010.
[129] Field visits to farmers' associations in Ngozi and Kirundo provinces, 20–22 February 2010.
[130] In Mabayi commune, Cibitoke province among others.
[131] Interview Gérard Mbanzamihigo and Jean Marie Muhimpundu, UCODE Kirundo, 19 February 2010.

Although there is potential for the development of products for niche markets such as certified organic coffee and tea, such initiatives have yet to take off.

Construction and production

An important sector with a vast employment potential in the short term is road construction and maintenance, exemplified by the current Belgian programme of road paving. In neighbouring Democratic Republic of Congo (DRC), there are examples of toll road systems at local levels which cover the cost of contracting local entrepreneurs and communities to carry out road maintenance.[132] In Burundi, high population densities might allow sustainable road maintenance through such systems, as long as the tolls are low; a substantial number of jobs could be created in the process. These are short-term interventions which may have a direct impact on stability.

In the urban setting there is a shortage of well-trained welders, masons, steel workers, plumbers and other craftsmen. Also, there is scope for the creation of workshops and small factories to produce tools for agriculture, as well as building materials – such doors, windows, fences, furniture, and planks for construction purposes.

At present the formal secondary sector is very small, consisting of one brewery and a sugar factory, complemented by agricultural transformation units such as coffee washing stations, tea factories and a palm oil transformation plant. In the informal sector there are numerous small workshops, providing much-needed specialized services (carpenters, welders, mechanics, plumbers and so on). The medium- to long-term transformation from a largely informal secondary sector to a professional and semi-formal sector will materialize only if a number of conditions are met. First, appropriate credit facilities need to be made available and reforms must be made to the formal legal context (regulatory laws, taxation regimes, official permits). The provision of regular and reliable energy is crucial, and adequate vocational training facilities are essential to ensure the availability of qualified workers.

One option for increasing energy production is to use Burundi's hydroelectric potential. There is scope for building small hydroelectric power plants, which may provide the energy needed for local food processing and transformation (fruit juices, manioc flour, maize flour etc.). To date, churches have been the main users of this energy source, installing small-scale power plants to provide for rural health clinics, schools and church compounds.

[132] Douma, Pyt, Bolhuis, Eppo, Klaver, Dieuwke and Zawadi, Yves. 2009. *Private Public Cooperation in the DRC*. Utrecht: ICCO.

The service sector

The dismal track record of support for income-generation activities as part of reintegration programmes for ex-combatants, most of which are in the service sector, has caused international support to switch to new community-based approaches. But three months' training remains insufficient, and more consistent longer-term interventions are required. The largest security risk is still that posed by former fighters. If they are not reintegrated correctly, they will turn again to violence. It will not take much to destabilize Burundi. Not unlike the wave of grenade attacks during the election season, a spate of highway robberies or other acts of violent crime would have tremendous effects on internal stability.[133]

Employment opportunities are certainly available in the informal sector, and people should be allowed to engage in small-scale commercial activities. Local people know best which opportunities are available. Studies into demand structure or absorption capacity have only limited value: people know best how to adapt to survive in the current situation.[134]

The transport sector offers great scope for rapid job creation, and extension and development of services. A motor taxi service could be extended to the countryside. There also are opportunities for local truck collectives to organise transport to and from markets for collectives of agricultural producers.

Over the longer term, there is an urgent need for service sector development in the urban setting and support services for local small and medium-sized enterprises. In view of the presence of a fair number of donor agencies, and (I)NGOs, there is some scope for developing this sector, notably in Bujumbura. Finally, some donors have placed their hopes on the development of tourism in Burundi by integrating the country into regional tour schedules.[135] In view of fierce competition from neighbouring countries, which have much more to offer in terms of infrastructure and wildlife (particularly Kenya, Tanzania and Rwanda), this seems far-fetched. However, small-scale sustainable tourism might attracts some international tourists. Walking tracks and a reception network throughout rural Burundi, in the form of community tourism, could attract so-called alternative tourism projects.

Cross-cutting issues

The previous chapter stressed the importance of building productive capacity at the intermediate levels of the economy, enabling small-scale producers to reach broader markets and domestic processing facilities. A number of cross-cutting issues play a crucial role here, and should be at the centre of future donor approaches towards Burundi.

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[133] Interview Gérard Chaillot, SSR BINUB, 26 February 2010.
[134] Interview Yves Nindorera, Belgian Embassy, Bujumbura, 19 February 2010.
[135] Interview UNDP officer Afke Bootsman, Bujumbura, 11 February 2010.

Credit facilities

An important prerequisite for job creation in agriculture is the availability of credit. Any developmental approach that aims to assist farmers should devise a consistent approach that enables associations to access credit on favourable conditions. The most important facility would be loans to buy good-quality local seeds for maize, sorghum, bananas, manioc and beans.[136]

As has already been reiterated in Chapter 3, there is scope for improved access to credit facilities for small and medium-sized enterprises in Burundi, as hitherto such services were provided to a few privileged individuals. Nowadays banks tend to give only short-term high-interest loans to traders who work in the import and export sector.[137] Throughout the field mission, it became clear that, regardless of whether one looks at famers' associations or at artisan groups in the urban setting, agricultural transformation units or coffee producing associations, all face the same major constraint: access to credit is prohibitively expensive or non-existent.

In Bujumbura a local welders' association in Kinama, comprising ex-combatants and civilians, managed to produce enough to survive on, but they were blocked by lack of access to capital.[138] A small soap-making factory in Nyanza Lac, which employs 40 people directly, also provides work and income for a number of middlemen delivering the inputs and to a host of small peddlers who sell the soap bars in various towns of Makamba province. Again the bottleneck is credit, in this case affecting the ability to purchase machines to facilitate production and improve performance.[139]

Education

The entrepreneurial mentality has not yet taken root among Burundi's farmers. One of the challenges is the missing link between micro-finance banks and the population. Ordinary peasants do not know how to develop a business plan or how to formulate a request for financial credit.[140] In fact, a specific project should be devised to assist people in developing such skills.

Some NGOs, such as Ikibiri in Bujumbura, assist local residents who engage in petty trade or other marginal activities. These people do not know how to do simple bookkeeping, stock-keep or deal with the tax system. There is much work to be done on raising awareness of how taxes are levied. Currently, a lump-sum is imposed regardless of how much money people earn, resulting in bribery and corruption as people start to negotiate lower tax and officers abuse their authority.[141] Therefore, there is great need and scope for improved and adapted assistance to specific target groups of illiterate and semi-illiterate marginal groups. Improving their skills would enhance stability in the urban context.

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[136] President of local farmers' association 'Tenons Nous' Evariste Nyatanyi, Kirundo province, 20 February 2010.
[137] Interview Aurelien Serge Beko, World Bank, Bujumbura, 19 February 2010.
[138] Interview with president of a welders' association in Kinama suburb, Bujumbura, 25 February 2010.
[139] Interview manager soap-making unit, Nyanza Lac, 17 February 2010.
[140] Interview Louis Ndikumana, FORCE, Bujumbura, 22 February 2010.
[141] Interview Joseph Birigumwami. Ikiribiri, Bujumbura,13 February 2010.

Regional integration

Burundi's economy, and particularly its high-risk groups, are highly vulnerable to any possible shocks. The impact of the global credit crisis was limited by the lack of integration of Burundi into international financial markets – meaning that little more than one percentage point was removed from Burundi's growth rate – but sudden shifts in oil prices, agricultural production and government spending could have profound effects on the economy, feeding in turn into potential threats to stability.[142]

In this regard, it is important that donors keep careful watch over the effects on Burundi's productive capacity of integration into the East Africa Community (EAC). Plans for the bloc at present point to deepening integration between the five member countries, including the creation of a common currency and a political federation over the course of the coming years. On a more mundane level, EAC officials have admitted that the creation of the trading bloc has helped to place emphasis on the need to reform customs procedures and address impediments to trade, which have long prevented East African farmers from combining their efforts in joint production chains and selling to larger global markets. It is striking that the agricultural markets of Eastern Africa, more than any other region in the continent, are devoted to providing food staples for domestic consumers.[143]

However, it is apparent that the practical work of building infrastructure linkages, facilitating trade, lowering transport costs and computerising production networks remains to be done. In addition, voices in the Burundian business community fear that any nascent industrial or agro-processing enterprises in the country might be stifled by competition from more industrialized neighbours, above all Kenya and Tanzania, which would confine Burundi to its status as an exporter of raw materials. At the same time, there is no doubt that Burundi should in principle be in an excellent position to take advantage of its low wages (it has the lowest per capita income in the EAC), and lakeside connections to Zambia and the DRC to boost its service industry and farm exports.

[142] African Development Bank. 2009. *A shock analysis of Burundi's economy*. Tunis: AfDB.

[143] 80 percent of agricultural production is for the domestic market in Eastern Africa. UN Economic Commission for Africa. 2009. *Economic Report on Africa 2009. Developing African Agriculture Through Regional Value Chains*. Addis Ababa: UN, p. 152.

6. Conclusions

This paper has sought to analyse the impact and shortcomings of the multiple programmes aimed at bringing Burundi's highest-risk groups, above all its population of former combatants, into the productive economy. When looking at the interventions from the point of view of the country's future stability, the overall conclusion should be that only piecemeal assistance is being provided to special target groups and regions. Many of these projects amount to rebuilding capacity that was lost as a result of the war, and add up to a modest and belated post-conflict reconstruction effort.

As well as looking at the effects of individual programmes, the paper has asked whether progress is being made in moving towards a more sustainable model of economic growth, and how this might affect the interests of possible peace spoilers.

The significance of these two sets of issues cannot be exaggerated. A drawn-out electoral process appears to have left Burundi with a hegemonic ruling party that is exerting control over an expanding patrimonial system. For many Burundians, the best response to the uncertainties of poverty and instability has long been to get a job in the state sector. The private sector traditionally colludes with state officials, or is small and constantly fearful of losing its access to credit and licence to operate. Recent events suggest that in spite of five years of democratic government, numerous public sector reforms and extensive economic strategy-making, Burundi's route out of economic stagnation and political turbulence is encountering some obstacles.

For the international community, which yearly contributes over US$ 500 million to Burundi in foreign aid, the sense of frustration is growing. Programmes to reintegrate former combatants or to accommodate the half-a-million refugees who have returned since the end of the war have notched up certain successes, above all through the improving security situation in Burundi. But inequality, poverty and malnutrition are chronic. This paper has stressed that it would not take much for social tensions to rise to the surface, as they did during the season of electoral campaigns.

In response, the international community has few options other than to cooperate with the Burundian government in supporting programmes of economic reconstruction. Crucially, the international community should try to find ways to convince the incumbent government to engage in genuine political compromises with opposition forces as a way out of the present stalemate.

Economically, it is essential at this stage that investments be directed towards building the productive chains that connect farmers, industry, and domestic and foreign markets. The transaction costs of these extended markets must be reduced, requiring efforts to move away from recurrent emergency programmes of reintegration (which cannot, however, be abandoned), and from reforms to the legislative and public sector framework. It is in the middle ground of the national economy that Burundi's growth and development will be decided. Many obstacles, however, will stand in the way. Perhaps the most important task is to convince state authorities and the private sector that public goods and efficient institutions are at the heart of Burundi's national interest.

Appendix 1: List of persons, target groups and associations interviewed

Brussels
Mrs Baus Gibert, *Conflict Prevention Unit RELEX, European Union*
Mrs Salvador Garcia, *Burundi and Rwanda Desk, European Union*
Mr Reinier Nijskens, *Head of Africa Desk, Belgian Ministry of Foreign Affairs*
Mr Stéphane Doppagne, *Desk Officer Burundi-Rwanda, Belgian Ministry of Foreign Affairs*
Mr Luc Timmermans, *Policy Adviser DGOS, Belgium*

Bujumbura
Mr Albert Sezirahiga, Head of Emergency Demobilisation and Temporary Reintegration Projects, CNDDR.
Mr Julien Bouzon, Head of Economics and Social Affairs, European Union delegation
Mr Alain Dartenucq, Head of European Union delegation
Mr Aurellien Segre Beko, Poverty Economist, World Bank Bujumbura
Mr Eric Mabushi, Resident Economist, World Bank Bujumbura
Mr Jan van Renselaar, First Secretary in the embassy of the Netherlands
Mrs Jeanette Seppen, Chargé d'affaires in the embassy of the Netherlands
Mr Louis Ndikumana, coordinator FORCE Micro-Finance
Mrs Alessandra Menegon, Head of the International Committee of the Red Cross delegation
Mr Dirk Brems, Head of Development, Belgian embassy
Mr Juma Mohamed, agro-industrial businessman
Mr Gérard Muringa, independent economist
Mr Yves Nindorera, Technical Assistant, Belgian embassy
Mr Olivier Chanoine, Co-management of road-paving programme, CTB
Mr Jason Peirce, Chief adviser, CTB
Mr Duccio Staderini, Head of Mission, ECHO
Mr Joseph Bigirumwami, Project Coordinator, IKIBIRI NGO
Mr Pierre Bardoux Chesneau, Project Manager Cadres de Dialogue, BINUB
Mrs Afke Bootsman, Development and Peace-building Specialist, UNDP
Mr Maurice Bindende Kamwanga, Project Manager Community Reconstruction Project Cibitoke, UNDP
Mr Johan Deflander, Head of Mission, NGO La Benevolencija
Mr William Grant, Senior Principal Development Specialist, DAI

Mr Prime Nyamoya, independent consultant
Mr Gérard Chaillot, SSR/DDR, BINUB
Ex-combatants in Cibitoke and Kinama suburbs

Cibitoke
Municipal Development Adviser in Buganda commune
Associated adults FNL, Buganda commune
Committee of Community Development, Mabayi commune
Mr Jean Mukeshimana, ex-combatant FNL

Rutana
Mrs Marcelline Bararufise, Governor of Rutana Province
Mrs Christine Irambona and Mrs Sylvie Niyibizi, UNHCR
Mr Vital Katabazi, expert in Support Programme for Reconstruction and Community Development in the Province of Rutana (PARDC/R)
Mr Simeon Bamboneyeho, Administrator of Giharo commune, Rutana
Residents of peace village Nkurye, Giharo commune
Head nurse, Giharo commune maternity clinic
Teachers secondary school, Giharo commune

Makamba
Mr Anicet Sima, Gitara peace village, Makamba
Mr Senai Terrife, Head Regional Office, UNHCR
Mr Jean Bosco Ndayiragije, COPEC, Makamba
Mr Leonidas Kanuma, Economic Adviser, Makamba Province
Soap factory workers and manager in Nyanza Lac
Palm oil transformation unit Nyanza Lac

Bururi
Mr Felix Nzorubonanya, RPA radio Rumonge
Residents Rumonge commune
Returnees Rumonge commune
Meeting CNTB Rumonge commune

Ngozi
Mr Methode Ntibandye UCODE Micro Finance, Ngozi
Mr Diallo, Head of Mission Louvain Développement, Ngozi
Banana Association Ngozi
PRASAB-funded association, suburb Ngozi town

Kirundo
Mr Evariste Nyatanyi, Farmers association Tenons Nous, Kirundo
Dr Edouard Nkurunziza, Memisa Belgique
Mr Nathanael Ntirampeba, Coffee Producers Federation
Mr Gérard Mbanzamihigo and Mr Jean Marie Muhimpundu, UCODE Micro Finance Kirundo

Bujumbura Rural
Stone-cutters association, CTB projet de pavage

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