

# AFRICAN DEVELOPMENT BANK GROUP



## PROJECT: AGRICULTURE AND LIVESTOCK VALUE CHAINS SUSTAINABLE DEVELOPMENT SUPPORT PROJECT (PADCAE-B)

**COUNTRY: BURUNDI**

### PROJECT APPRAISAL REPORT

*November 2020*

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## **BURUNDI**

### **AGRICULTURE AND LIVESTOCK VALUE CHAINS SUSTAINABLE DEVELOPMENT SUPPORT PROJECT (PADCAE-B)**

### **APPRAISAL REPORT**

*Translated Document*

**RDGE/RDTS/AHAI/PGCL DEPARTMENTS**

November 2020

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### **Currency Equivalents**

(June 2020)

UA 1 = BIF 2,607.34

UA 1 = EUR 1.23206

UA 1 = USD 1.37202

### **Fiscal Year**

1 January - 31 December

### **Weights and Measures**

1 metric tonne	=	2,204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

## Acronyms and Abbreviations

AFD	French Development Agency
AVEC	Rural Thrift and Loans Associations
CdR	<i>Caisse de Résilience</i> (Resilience Fund)
CRC	<i>Centre de Rayonnement Collinaire</i>
CSS	AfDB Climate Safeguard System
CSP	Country Strategy Paper
ECMVB	Modular Household Living Conditions Survey in Burundi
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
EU	European Union
FAN	Nutrition Learning Centre
FAO	United Nations Food and Agriculture Organisation
FARN	Nutrition Learning and Rehabilitation Centre
FFS	Farmer Field Schools
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GPRF	Growth and Poverty Reduction Framework
IFAD	International Fund for Agriculture Development
IGA	Income Generating Activities
ISABU	Institute of Agronomic Sciences of Burundi
KFW	Development Bank of the Federal Republic of Germany
MFBP	Ministry of Finance, the Budget and Privatisation
MINEAGRIE	Ministry of the Environment, Agriculture and Livestock
NDC	Nationally Determined Contributions
PADCAE	Agriculture and Livestock Value Chains Development Support Project
PATAREB	Support Project for Agricultural Transformation in the Bugesera Natural Region
PIPARV-B	Project to Intensify Agricultural Production and Reduce Vulnerability in Burundi
PMU	Project Management Unit
PND	National Development Plan
PNIA	National Agricultural Investment Plan
PNSEB	Burundi National Fertiliser Subsidy Programme
PU	Procurement Unit
SBD	Standard Bidding Documents
SEAD	Automated and Decentralised Monitoring and Evaluation
SGP	Strategic Guidance Paper
SLM	Sustainable Land Management
TAAT	Technologies for African Agricultural Transformation
TFP	Technical and Financial Partners
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
VC	Value Chains
WB	World Bank
WFP	World Food Programme

## Project Brief

### Client Information

**DONEE/BORROWER** : Republic of Burundi

**EXECUTING AGENCY** : MINEAGRIE

### Financing Plan

Source	Amount (UA Million)	Instrument
ADF	9.37	Grant
TSF (Pilar I)	5.63	Grant
Government	1	Own Resources
Beneficiaries	0.39	
<b>TOTAL COST</b>	<b>16.39</b>	

### Key ADF/TSF Financial Information

Grant Amount:	UA 9.37 million (ADF) UA 5.63 million (TSF)
NPV (Baseline Scenario)	USD 50.27 million
IRR (Baseline Scenario)	16.3%
ERR (Baseline Scenario)	25.2%

### Period – Main Milestones (expected)

Concept Note Approval	February 2020
Appraisal	June 2020
Project Approval	November 2020
Effectiveness	December 2020
Completion	December 2025
Grant Closing	June 2026

## Project Summary

**Project Overview:** In Burundi, agriculture and livestock are among the priority sectors set out in the PND (2018- 2027) which aims to promote intensive and modernised agriculture to ensure food security and foster market agriculture. The Agriculture and Livestock Value Chains Development Support Project in Burundi (PADCAE-B), financed by the African Development Bank, is in line with this dynamic. The project will be implemented in Gitega, Kirundo and Muyinga Provinces in northern Burundi, with a total population estimated at 2,956,784 people (24% of the national population), a land area of 1,671 ha (or 18% of the national total) and a population density of 553 inhab/km<sup>2</sup>.

The overall objective of PADCAE-B is to contribute to the sustainable improvement of food and nutrition security and increase in the incomes of the populations. Project interventions will focus on a limited number of value chains (rice, maize, goats, pigs and fish) identified by beneficiaries, articulated around 4 components: (i) land development, integrated land management, land restoration and security; (ii) development of climate-resilient agriculture and support for nutrition (iii) institutional, capacity building and agricultural entrepreneurship support.; and (iv) project management and coordination. When implemented, the project will help to fight food and nutrition insecurity, promote youth employment and gender, boost agricultural output through resilient and sustainable agriculture, encourage the structuring, organisation and capacity and building of cooperatives, private sector stakeholders and operational State structures, and improve land management. PADCAE-B, to be implemented over a period of 5 years (2020-2025) for a total cost of UA 16.39 million will affect 138,060 individuals, 56% of them women.

**Needs Assessment:** In Burundi, over 90% of the population and 80% of women practise agriculture. This sector accounts for 44% of the country's GDP and 95% of its export earnings. Close to 90% of developed land is used for food cultivation (banana, cassava, sweet potato, maize, beans, peas, sorghum and rice). These crops contribute 80% of the Agricultural GDP, with the farmers themselves consuming 80% of their production. Despite its many strengths (a hardworking agricultural workforce, the possibility of having several crop cycles annually, varied ecosystems and abundant watercourses), agriculture is fraught with both structural and functional constraints (poor soil fertility, inadequate use of agricultural inputs, fluctuating agricultural production due to climate change, insufficient technical and technological innovations, strong demographic pressure, limited human resources, and unsuitable regulatory and policy instruments, etc.).

**Bank's Value Added:** This added value stems from its experience through its interventions in the rural and agricultural sector. The project is consistent with the Bank's Ten Year Strategy (2013-2022) and will help to achieve 3 of its 5 strategic priorities, namely Feed Africa, Improve the quality of life for the people of Africa and Industrialise Africa. The project is also in line with "Feed Africa: Strategy for Agricultural Transformation in Africa" (2016-2025); the Multi-Sectoral Nutrition Action Plan; the Jobs for Youth in Africa Strategy; and the Feed Africa Response to COVID-19 (FAREC). It is also aligned with the ADF 15 operational and strategic priorities. Lastly, the project has adopted the objectives of the Technologies for African Agricultural Transformation (TAAT) Programme which aims to deploy technologies to boost output and production in the targeted agriculture and livestock value chains. The project activities through increased productivity will contribute to (i) improve food and nutrition security through crop diversification and promotion of high nutritional value crops, and (ii) secure and reduce post-harvest losses thus contributing to increase the income of the beneficiaries in the 3 provinces. Finally, the project will help promote agricultural entrepreneurship, gender, youth employment, digitalization of agriculture and land governance.

**Knowledge Building:** Thanks to TAAT compacts, the project will ensure the transfer of technology and knowledge to national R&D structures and onward to the field actors of the agriculture and livestock value chains. These technological aspects include the development of resilient seeds, the rational use of fertilisers and improvement of genetics and nutrition of livestock. To improve beneficiaries' livelihoods and build their resilience to recurrent external shocks and crises, the project will adopt the *Centre de Rayonnement C Collinaire (CRC)* approach and Resilience Fund (CdR) which encompasses three dimensions: a productive/technical dimension, financial/economic dimension, and a social dimension. Lastly, the project will promote the digitisation of agriculture and land tenure by (i) setting up an Automated and Decentralised Monitoring and Evaluation (SEAD) mechanism and an agricultural database in MINEAGRIE, (ii) digitising agricultural advisory services, (iii) interconnecting different value chain stakeholders (production, processing and marketing), and (iv) strengthening good governance (control of supply channels, tracking of inputs supplied to farmers) and setting up land management system. One of the project aspects will be the promotion of youth entrepreneurship articulated around training (nurseries) and opening an employability support fund and a guarantee fund to resolve the acute problem of youth financing.



## Results-Based Logical Framework

Country and Project Name: Burundi: Agriculture and Livestock Value Chains Development Support Project in Burundi							
Project Goal: Contribute to the sustainable improvement of food and nutrition security and resilience of the target populations							
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES	
		Indicator	Baseline Situation	Target (2025)			
	Contribute to strengthen food and nutrition security and build the resilience of the rural populations of Ngozi, Kirundo and Muyinga Provinces	-Prevalence rate of poverty -Rate of food insecurity -Prevalence rate of chronic malnutrition on the hills	-72.1% (ECVMB 2014) -49% (EFSA 2017) -63.2% % (EDS 2018)	-60% -24% -50%	Surveys of the Institute of Statistics and Economic Studies of Burundi		
	Outcome 1 : Productivity, processing and marketing of the targeted crops increased.	1.1 Percentage increase in food crop (yield/ha), animal (kg) and fish-farming production and output - Rice - Maize - Pigs - Goats/sheep - Fish-farming 1.2 Proportion of agricultural and animal production processed and/or sold	-1.5 - 0.9 - 50 to 70 - 15 to 18 - 5 - ND	- 5 -2.5 - 80 to 120 - 20 to 25 - 100 - 40-60%	MINEAGRIE reports and statistics  Baseline surveys and project completion reports	<b>Risk:</b> The target population’s unfavourable attitude towards change. - Extreme weather events affecting productivity - Lateness in the provision of fertilisers  <b>Mitigation:</b> Conduct information, education and communication sessions; Choose climate-resilient crops, involving PNSEB in the supply process.	
	Outcome 2: Jobs and economic opportunities (IGA) for building the resilience of the populations including young people and women, created.	2.1 Number of jobs (including green jobs) created for youth (M/W) in the value chains	2.1. ND	2.1. 3,500(2,000/1,500)			
		2.2 Yearly income earned by men/women (BIF) from subsistence farming	2.2. 540,000/300,000	2.2. 1,000,000/855,000			
		2.3 Yearly income increased per fish-farm	2.3. NA	2.3 50%			
		2.4 Number of households increasing their income through solidarity chains	2.4. NA	2.4 50%			
Component 1 : Integrated Territorial Development and Management, Land Restoration and Security							
	Output 1.1: Irrigation infrastructure developed and watersheds protected	1.1.1. Reclaimed marshland (ha) for men/women  1.1.2. Area covered by pilot hill irrigation (ha) for M/W 1.1.3. Area of protected watersheds	1.1.1 0  1.1.2 0 1.1.3 0	1.1.1 1,390 (600/790)  1.1.2 800 (300/500) 1.1.3 3,064 ha	Bank supervision reports  Annual reports and statistics of MINEAGRIE	<b>Risk:</b> Ineffective service providers, suppliers of goods and contractors and lack of beneficiary incentives  <b>Mitigation:</b> Strictly select service providers and IEC for beneficiaries	
	Output 1.2 : Land reclaimed and certified	1.1.4 Number of beneficiaries/cooperatives installed on developed infrastructure (M/W)  1.2.1 Restored land area (ha)  1.2.2 Number of land certificates issued for M/W	1.1.4 0  1.2.1 0 1.2.2 0	1.1.4 180 (80/100)  1.2.1 300 1.2.2 300 (140/160)	Project reports		
Component 2 : Improvement of Climate-Resilient Productivity and Support for Nutrition							

Output 2.1: Value chain developed	2.1.1 Percentage (%) of beneficiary farmers using certified seeds and fertilisers (56% of them women) 2.1.2 Number of operational seed multiplication cooperatives (56% led by women) 2.1.3. Number of Centre de rayonnement d'élevage caprins/porcns	2.1.1 0 2.1.2 0 2.1.3.0	2.1.1 100% 2.1.2 15 2.1.3. 43/12	Bank supervision report	Risk: Poor penetration of technological solution among young people and women Mitigation: Train and sensitise stakeholders including young people and women
Output 2.2: Agricultural and livestock products development, processing and marketing infrastructure constructed and functional	2.2.1 Number of storage, processing and marketing infrastructure rehabilitated/constructed and functional 2.2.2 % of identified cooperatives benefiting from the infrastructure 2.3.1 Number of FARN/FANs supported and functional	2.2.1 0 2.2.2 0 2.3.1 0	2.2.1 9 2.2.2 23 2.3.1 20	MINEAGRIE annual reports and statistics Project reports	
Output 2.3 : Strengthening of community food nutrition hygiene surveillance	2.3.2 % of children detected and monitored by FAN/FARNs	2.3.2.0	2.3.2 100%	Annual report of the Ministry in charge of Health	
Component 3 : Institutional, Capacity Building and Agricultural Entrepreneurship Support					
Output 3.1: Research, outreach and advisory support Services strengthened	3.1.1 Number of beneficiary research, outreach and advisory support services 3.2.1 Number of groupings supported (M/W)	3.1.1: 0 3.2.1: 0	3.1.1: 5 3.2.1: 150 (66/84)	Bank supervision report	Risk: Lack of beneficiaries or structured groupings having the required basic training; unavailability of data; and weak capacity to establish the IT solution  Mitigation : Build capacity and sensitise beneficiaries and staff of State technical services.
Output 3.2: Structuring of farmers' groupings effective	3.3.1 Number of young people and women trained in agricultural entrepreneurship 3.3.2 Number of young people benefiting from Guarantee Fund financing (M/W)	3.3.1: 0 3.3.2: 0	3.3.1: 3000 (2000/1000) 3.3.2: 250 (100/150)	Annual reports and statistics of MINEAGRIE	
Output 3.3: Young people and women trained in agricultural entrepreneurship and settled.	3.3.3. Number of youth cooperatives benefiting from Guarantee Fund financing in support of agricultural entrepreneurship kits (M/W)	3.3.3: 0	3.3.3: 30 (13/17)	Project reports	
Output 3.4 : IT solution for the digitisation of agriculture and livestock data rolled out and effective	3.4.1 % beneficiaries using digitisation services	3.4.1: 0	3.4.1: 100%		
Component 4 : Project Coordination					
COMPONENTS		RESOURCES			
Component 1: Land Development and Integrated Management, Restoration and Land Security <ul style="list-style-type: none"><li>1.1 Land development</li><li>1.2 Land restoration and security</li></ul>		Component 1 : UA 6.5 millions UC (39.67%)			
Component 2: Improvement of Climate-Resilient Productivity and Support for Nutrition <ul style="list-style-type: none"><li>2.1 Support for value chain development</li><li>2.2 Product development infrastructure</li><li>2.3 Nutrition support</li></ul>		Component 2 : UA 5.73 million (34.94%)			
Component 3: Institutional, Capacity Building and Agricultural Entrepreneurship Support <ul style="list-style-type: none"><li>3.1 MINEAGRIE capacity building</li><li>3.2 Support for cooperatives</li><li>3.3 Support for job creation and the economic and social empowerment of women</li></ul>		Component 3 : UA 2.52 million (15.38%)			
Component 4: Project Coordination and Management		Component 4 : UA 1.64 million (10.00%)			

## PROJECT IMPLEMENTATION SCHEDULE

No.	ACTIVITIES	2020			2021				20122				2023				2024				2025			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Appraisal																							
2	Negotiation of TSF and ADF Grants																							
3	Board Approval																							
4	Signature of Grant Agreement																							
5	Fulfilment of Conditions Precedent to 1st Disbursement																							
6	Recruitment of Additional PMU Staff																							
7	Publication of the General Procurement Notice																							
8	PADCAE-B Commencement Workshop																							
9	Procurement Goods for PMU and Agencies (Vehicles, IT Equipment, etc.)																							
10	Update of Project Baseline Situation																							
11	Signature of Contracts with Partner Structures																							
12	Preparation of Annual Work Plan (AWP)																							
13	Marshland Engineering Studies																							
14	Recruitment of Service Providers																							
15	BD and Watershed Management (WM)																							
16	BD and Hill Irrigation																							
17	BD Development Infrastructure (tracks; stores, processing units)																							
18	Contract with Financial Institutions																							
19	Contract with Partner Structures																							
20	Rice Value Chain Development																							
21	Maize Value Chain Development																							
22	Livestock and Blue Economy Value Chain Development																							
23	Nutrition Support																							
24	Training of Stakeholders																							
25	Establishment of PIUs, AVECs and CdR																							
26	Works Control and Supervision																							
27	Monitoring and evaluation																							
28	Annual External Audit																							
29	Completion Report																							

**MANAGEMENT REPORT AND RECOMMENDATIONS TO THE BOARD OF DIRECTORS  
CONCERNING A PROPOSAL TO AWARD A GRANT TO THE REPUBLIC OF BURUNDI TO FINANCE  
THE:**

**AGRICULTURE AND LIVESTOCK VALUE CHAINS SUSTAINABLE DEVELOPMENT  
SUPPORT PROJECT IN BURUNDI (PADCAE-B)**

Management hereby submits this report and recommendations concerning a proposal to award a Grant of UA 15 million (9.37 million under the ADF Window and 5.63 million from the Pillar 1 of the TSF resources) to the Republic of Burundi to finance PADCAE-B.

**I – STRATEGIC THRUST AND RATIONALE**

**1.1 Project Linkages with the Country Strategy and Objectives**

1.1.1 In Burundi, over 90% of the population practise agriculture which accounts for around 40% of the country's GDP and 80% of export earnings<sup>1</sup>. Despite numerous assets (a hardworking agricultural workforce 80% of whom are women, the possibility of several crop cycles in one year, the existence of varied ecosystems and abundant watercourses), agriculture is constrained by structural and functional factors (lack of fertile soils, marginal use of agricultural inputs, fluctuating agricultural production due to the effects of climate change, insufficient technical/technological innovations, high demographic pressure, limited human resources, and unsuitable regulatory and policy instruments). Agriculture is characterised by complex traditional systems of hill polyculture (banana, beans, root crops and tubers, maize) and congested marshy valleys where tuber crops, beans, maize and rice are grown using exclusively manual techniques. Indeed, the agrarian landscape is saturated in very densely populated provinces and communes. The country is characterised by high demographic pressure and rapid population growth (3.1 to 3.3% yearly), one of the highest in the world. This induces: (i) a decrease of average farm sizes, (ii) a larger number of landless farmers, and (iii) the degradation of natural resources. This is compounded by the impact of climate change which not only disturbed the farming seasons but also impacted agricultural productivity in the country. As a result, yields are low and, despite three annual crop cycles, production is insufficient to cover the food needs of an ever-growing population.

1.1.2. The project is consistent with the country's economic and social development policy papers. It is in line with the National Development Plan (2018-2027) under Thrust 1 (Development of agriculture, livestock and strengthening of food security<sup>2</sup>) of Strategic Area 1 (Revitalise growth-bearing sectors), whose actions target intensive and modernised agriculture to ensure food security and promote market agriculture. The project is also consistent with the National Agricultural Investment Plan in force (PNIA 2012-2017 updated to 2016-2020) which comprises four (4) priority programmes: (i) Sustainable increase of food production and security; (ii) Professionalisation of farmers and promotion of innovation, (iii) Development of subsectors and agribusiness; and (iv) Strengthening of public institutions. Lastly, the project is in line with the objectives of strategic livestock guidance documents (DOS, 2014) which set out guidelines for the sector by 2030 and the National Employment Policy through Strategic Areas 1 (Develop skills and employability) and 4 (Promote the employment of young people, women and persons living with disabilities and labour market inclusion). Finally, the climate change resilience component of the project is in line with the nationally determined contribution (NDC) of the country, as part of the implementation of the Paris agreement on climate change.

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<sup>1</sup> Thus, nearly 90% of the developed land is allocated for food crop cultivation (banana, cassava, sweet potatoes, maize, beans, peas, sorghum and rice) which account for 80% of Agricultural Gross Domestic Product (AGDP) with farmers themselves consuming 80% of their production.

<sup>2</sup> Thrust 1 is divided into 3 strategic objectives: SO1: Strengthen institutional and organisational capacity, SO2: Sustainably increase agricultural, animal and fishery production, and SO3: Promote market agriculture.

## 1.2 Rationale of the Bank Intervention

1.2.1. The Bank's Strategy in Burundi aims to build the country's resilience by creating conditions for strong inclusive growth induced by greater buoyancy of the productive sectors of the economy. The Country Strategy Paper (CSP) for 2019-2023 has two pillars: (1) support for agricultural development and transformation; and (2) improvement of transport and energy infrastructure. The project is in line with the objectives of Pillar 1<sup>3</sup>.

1.2.2 The project is also in line with the Regional Integration Strategy Paper for the period 2018-2022 (DSIR) in its Pillar II (Strengthening institutional and strategic frameworks for market integration, investment and value chain development). Indeed, the project promotes a value chain development approach and aims at strengthening institutional capacity to equip the country with frameworks and institutions contributing to economic transformation and value chain development.

1.2.3. The targeted operation is well anchored in the Bank Strategy for Addressing Fragility and Building Resilience in Africa for quality engagement in States in transition. Poverty was aggravated by the intensity of the drivers of fragility in Burundi.

1.2.4 The project is consistent with the Bank's Ten Year Strategy (2013-2022) and is expected to contribute to achieving 3 of its High 5s, namely, Feed Africa, Industrialise Africa, and Improve the quality of life for people in Africa. The project is also in line with the Bank's Feed Africa: Strategy for Agricultural Transformation in Africa (2016-2025); the Multi-Sectoral Nutrition Action Plan; the Jobs for Youth in Africa Strategy; and the *Feed Africa* Response to COVID-19 (FAREC) which builds on the broader foundations of the COVID-19 Rapid Response Facility (CRF). Lastly, the project encompasses the goals of the Technologies for African Agricultural Transformation (TAAT) Programme that aims to apply technology to boost productivity and production in the target agriculture and livestock value chains.

1.2.5 The project is in line with the ADF-15 operational and strategic priorities which aim to create a conducive environment for inclusive and sustainable transformation, decent jobs and stronger resilience. It integrates the two strategic pillars of ADF-15<sup>4</sup>.

## 1.3 Aid Coordination

1.3.1 After over a decade of inaction, sector consultation frameworks are gradually being re-established. These rely on PND's institutional monitoring and evaluation arrangement built on sector groups, common consultation and programming platforms. The "Agriculture and rural development" Group is being formalised. The Bank, in association with other key partners of this sector, namely FAO, IFAD and the World Bank, is playing an active role in its restoration. Pending the effective commencement of the group, regular consultations are still held with TFPs to improve the complementarity of their interventions, and thus create synergy to maximise project impacts on economic and social development.

1.3.2 The following table shows the main amounts currently committed by sources of financing in the agricultural sector in Burundi.

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<sup>3</sup> PADCAE-B replaces PIPARV-B which was an agricultural project included in the CSP while keeping the same objectives.

<sup>4</sup> The 2 strategic pillars of ADF 15 are: (i) Develop quality and durable infrastructure to lend impetus to job-creating private sector investments and foster sustainable development, and (ii) Build human, governance and institutional capacities to enable individuals to participate in and benefit from job-creating opportunities for inclusive growth.

**Table 1.3.1: Some agriculture sector financing data since 2013**

Sector or sub-sector*	Scope		
	GDP	Exports	Labour
Agricultural sector	37% (2017)	80%	90%
Stakeholders – Public Expenditure (Ongoing programmes or projects)			
Government	Donors	Amounts (USD Million)	Period
BIF 35.5 billion annually	World Bank	185	2016-2022
(2015-2018 average)	BANK	37.3	2010-2023-
Or 3.5% of State budget	CTB	27.8	2011-2017
	Kingdom of the Netherlands	27.1	2016-2021
	IFAD	212.5	2014-2019
	FAO	9.7	2013-2018
Level of Aid Coordination			
Existence of thematic working groups			Partial
Existence of an overall sector programme			Yes

**1.3.3 AT ALL STAGES OF PROJECT APPRAISAL, BROAD CONSULTATIONS WERE HELD WITH ALL THE TFPS OPERATING IN THE AGRICULTURE SECTOR (WB, FAO, WFP, UNDP, EU, UNICEF) TO ENSURE SYNERGY OF INTERVENTIONS, AVOID DUPLICATION AND SHARE EXPERIENCES.**

## **II PROJECT DESCRIPTION**

The sector objective is to help to sustainably strengthen food and nutrition security and build the resilience of the rural populations of Ngozi, Kirundo and Muyinga Provinces. The specific objectives are: (i) land development, integrated land management, land restoration and security, (ii) development of climate-resilient agriculture and livestock value chains and support to nutrition and (iii) institutional, capacity building and agricultural entrepreneurship support.

### **2.1 Project Components**

**2.1.1 Project Design:** It is based on developing or adopting innovative integrated practices and using climate-resilient technology and systems associated with the development of agriculture and livestock value chains. The TAAT approach was used since it helps to significantly boost agricultural productivity and production through the dissemination of low-carbon eco-friendly technologies. Synergy and complementarity will be created with other partners operating in the agriculture and livestock sector<sup>5</sup>.

**2.1.2 Summary of Components:** Project implementation will span a period of five years (2020-2025) and comprise three components whose main outputs are detailed in Annex B3 and summarised in the following table:

<sup>5</sup> It was agreed that synergy and complementarity will be strengthened with (i) FAO to support the opening of resilience funds, and (iii) IFAD through their PIPARV-B project which is in the same project area and has similar activities.

**Table 2.1.1: Components and activities**

Components		Cost Estimates (UA)	Description of Components and Sub-components
<b>Component 1 :</b> Land development, integrated land management, land restoration and security		<b>UA 6.5 millions UC (39.67%)</b>	<p>The component aims to contribute to the intensification of agricultural production on hills and in marshland through the development of irrigation infrastructure. This component has 2 sub-components:</p> <p><b>1.1. Land development:</b> (i) Rehabilitation of 1,390 ha of marshland, (ii) development of 3,024 ha of watersheds, (iii) establishment of 800 ha of hill irrigation and rainwater collection systems;</p> <p><b>1.2. Land restoration and security:</b> (i) Land restoration and erosion control (300 ha), (ii) Training in sustainable land management practices, and (iii) land certification and digitisation.</p>
<b>Component 2 :</b> Improvement of Climate-Resilient Productivity and Support for nutrition		<b>UA 5.73 million (34.94%)</b>	<p>This component aims to support the promotion and development of agriculture, livestock and fisheries value chains. It comprises 2 sub-components:</p> <p><b>2.1 Support for value chain development</b></p> <p><b>2.1.1 Promotion of agriculture value chains:</b> <b>Rice</b> (i) Introduction of new rice and maize varieties and provision of improved seeds; (ii) Establishment of multi-stakeholder innovation platform; (iii) Training of IP facilitators, (iv) Supervision in rice production, (v) Introduction and piloting of RiceAdvice; <b>Maize:</b> (i) Control of armyworm; <b>Soil fertilisation:</b> (i) Support for soil fertility restoration/enhancement (fertilisers) to benefit 23,010 households, (ii) e-voucher technical solution to monitor and trace fertiliser use; <b>Centres de Rayonnement collinaires (CRC), AVEC and Resilience Fund (CdR) :</b> Establishment of 100 CRC, 100 AVECs and 50 CdRs; <b>Support of TAAT compacts:</b> Support of AfricaRice and AATF to implement the project.</p> <p><b>2.1.2 Promotion of livestock and fish-farming value chains:</b></p> <p><b>Livestock:</b> Establishment of 43 <i>Centres de rayonnement collinaire élevage caprins</i> : (i) Purchase of 10 800 goats, (ii) Introduction of 360 improving he-goats, (iii) Procurement of 5,000 banna grass cuttings per CRC; (iv) Procurement of fodder seeds, (v) Purchase of veterinary products, (vi) Purchase of 360 spray pumps; Establishment of 12 <i>Centres de rayonnement collinaire élevage porcins</i> : (i) Purchase of 630 sows, (ii) Purchase of 90 improving boars, (iii) Purchase of concentrated feed for pigs, (iv) Purchase of muriers, (v) Purchase of disinfectants, (vi) Establishment of forage crop, (vii) Purchase of veterinary products and materials, (viii) Purchase of concentrated feed for pigs. <b>Fishery:</b> Provision of feed and brood stocks</p> <p><b>2.2 : Product development infrastructure: Agricultural products:</b> (i) Construction of 1 regional store room with capacity of 5,000t ; , (ii) Installation of a tomato processing unit 3t/h; (iii) Access to deployment of post-harvest maize technologies,; <b>Livestock and fish-farming:</b> Construction of a livestock feed unit; <b>Fish farming:</b> (i) Construction of 3 integrated aquaculture villages and one hatchery; (ii) Installation of 3 drying tents, (iii) Installation of 3 Shore Call ovens;</p> <p><b>2.3 Nutrition support:</b> (i) Building of the nutrition surveillance capacity of light mothers in FARNs and teaching FFS (screening equipment and kits, etc); (ii) Manufacture and distribution of improved stoves to 3,000 vulnerable households, (iii) Support for the development of secondary crops of high nutritional value; (iv) Sensitisation on food diversification and hygiene, and the fight against water-borne diseases.</p>

<b>Component 3 :</b>  Institutional, capacity building and agricultural entrepreneurship support		<b>UA 2.52 million (15.38%)</b>	(i) Support to technical structures and building of MINEAGRIE (BPEAE) capacity to implement the project; (ii) Establishment of 7 communal agropastoral centres; (iii) Support for research/development and seed certification institutions (ISABU, ONCCS) (iv) Support, structuring and professionalisation of cooperatives with installation of 17 solar-powered grain plants + provision of solar panels, 51 Cube -Volcani for seed conservation (capacity 300 kg), and 34 threshing-vanning machines; (v) Support for seed multipliers through training; (vi) Production and distribution of 3,000 seedlings of new export crops ( <i>macadamia</i> and cashew) (vii) Opening of a guarantee fund for youth and women, (viii) Opening of a youth employability fund for the grant of SME start-up kits for best projects; (ix) Support for the establishment of three provincial hubs, two training nurseries and support for the integration of young people in various segments of agriculture and livestock value chains <sup>6</sup> (x) Establishment of digitisation solutions in agriculture and land tenure to facilitate data collection and access to agriculture information (e-dissemination) and strengthen good governance in agriculture and land tenure; (xi) Support for the implementation of the Gender Action Plan to strengthen women's economic and social empowerment.
<b>Component 4:</b>  Project coordination and management		<b>UA 1.64 million (10.00%)</b>	(i) Coordination of project activities, (ii) Administrative, accounts and financial management, (iii) Procurement of goods, works and services, (iv) Establishment of a communication plan, (v) Monitoring and evaluation of project implementation ; (vi) Implementation of the project's environmental and social safeguards, and (vii) Audit

## 2.2 Technical Solutions and Alternatives Explored

**2.2.1 Inclusive Value Chains:** Project interventions will focus on a limited number of value chains (rice, maize, pigs, goats and fish) based not only on priorities defined by stakeholders and existing demand, but also on their contribution to the national economy and potential impact on (i) food and nutrition security, (ii) agriculture household incomes, and (iii) youth and women's employment. The project aims to increase the output of agriculture and livestock products, optimise processing operations and facilitate farmers' access to markets.

**2.2.2 Agricultural Intensification and Land Management:** Burundi is characterised by a high population density and no agricultural land reserves. Due to these two factors, increasing agricultural productivity must necessarily require the intensification of agricultural practices. This intensification will be through (i) a rational use of land resources, (ii) the promotion and use of improved seeds and fertilisers, (iii) the genetic improvement of livestock through the introduction of improved breeds, (iv) improved animal feed and environmental protection through the promotion of fodder and the production of food with a high nutritional value, (v) the setting up of *Centre de rayonnement collinaire* and resilience funds at the level of cooperatives to train farmers on good agricultural practices and facilitate access to financing.

**2.2.3 Digitisation of agriculture and land tenure:** The project will lay special emphasis on digitising this sector, notably through support for the monitoring and evaluation mechanism, the collection and analysis of agricultural data, the dissemination of weather information, the introduction of agricultural practices driven by agricultural information, stakeholders' access to agricultural information to facilitate decision-making and strengthening of links among stakeholders. Digitising land tenure will help to strengthen good governance in the sector and promote private investments therein.

<sup>6</sup> To support youth entrepreneurship development in the three provinces, an incubator will be recruited to: (i) support the establishment of provincial hubs, (ii) ensure the technical and vocational training of young people in various crops and value chain segments, (iii) provide technical support to young people in setting up SMEs, (iv) offer support in preparing business plans, and (v) facilitate marketing and interconnection with markets etc.



**Table 2.2.1: Alternatives solutions and reasons for rejection**

	Alternatives	Succinct Description	Reason for Rejection
	Soil fertilisation	This involves using organic fertilisers prepared with natural animal or plant material. Organic fertilisers are obtained from livestock or agricultural products or sub-products without adding any mineral or chemical substances	Stockbreeding is not practised in the PA to facilitate the collection of sufficient quantities of animal dung to treat all areas to be exploited. This option is sometimes considered on a small scale for secondary crops with a high nutritional value. Training will be done through CRC.
	Intensive stockbreeding of pig and goat pure breeds	This consist in importing high yield exotic breeds	This alternative is costly, unsustainable and not suited to stockbreeders' low level of technicity.
	E-voucher, paper version	The e-voucher helps to enhance good governance in the agriculture sector by guaranteeing the traceability of inputs	The disadvantage of the e-voucher, paper version, is its impact on the environment. It also does not guarantee sustainable conservation and the real time transmission of data.

## 2.3 Project Type

PADCAE-B is a stand-alone investment project in the form of an ADF and TSF-financed Grant.

## 2.4 Project Cost and Financing Arrangement

2.4.1 The total project cost, net of taxes and customs duty, is estimated at about UA 16.47 million (USD 22.73 million) including 27% in foreign exchange and 73% in local currency. The project will be financed thus: UA 9.37 million in the form of an ADF Grant; UA 5.63 million in the form of a TSF Grant and the remainder, UA 1.39 million, being the counterpart contribution of the Government and beneficiaries. Project activities will span a period of five (5) years. The summary of project cost, funding allocation and expenditure schedule are presented in Tables 2.4 -2.6.2.4.2. The Bank Grant will finance 100% (tax exclusive) of works, including infrastructure. Goods and services will be financed 100% following the attached Financing Plan, while Government will take charge of staff salaries and part (1/3) of office rental costs. The counterpart of the beneficiaries will be represented by their contribution to the National Fertilizer Subsidy Program as well as by their participation in the earthworks on the ridges of the hills.

**Table 2.4: Cost estimates by component [in UA and USD Thousand]**

COMPONENTS	(USD '000)			(UA '000)			% For. Exch.	% Base Cost
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
<b>1. Land development, integrated land management, land restoration and security</b>	6,678	1,670	8,348	4,839	1,210	6,049	20	38
1.1. Land development	5,478	1,370	6,848	3,970	992	4,962	20	32
1.2. Land restoration and certification	1,200	300	1,500	870	217	1,087	20	7
<b>2. Development of climate-resilient agriculture and livestock value chains and support for nutrition</b>	6,218	1,567	7,785	4,506	1,135	5,641	20	36
2.1. Support for value chain development	3,119	780	3,899	2,260	565	2,825	20	18
2.2. Support for product development infrastructure	2,907	739	3,646	2,106	536	2,642	20	17
2.3. Nutrition support	192	48	240	139	35	174	20	1
<b>3. Institutional, capacity building and agriculture entrepreneurship support</b>	1,670	1,711	3,382	1,210	1,240	2,451	51	16
<b>4. Project coordination and management</b>	1,304	902	2,206	945	653	1,598	41	10
<b>Total BASE COSTS</b>	15,870	5,849	21,720	11,500	4,239	15,739	27	100
Physical contingencies	369	106	475	267	77	344	22	2
Price escalation	285	135	419	206	98	304	32	2
<b>TOTAL PROJECT COST</b>	16,523	6,090	22,613	11,973	4,413	16,386	27	104

**Table 2.5: Project cost by expenditure category, [in UA and USD '000]**

EXPENDITURE CATEGORIES	(USD '000)			(UA '000)			% For. Exch.	% Base C.
	Local Cur.	For. Exch.	Total	Local Cur.	For. Exch.	Total		
Works	8,272	2,268	10,540	5,994	1,644	7,638	22	49
Goods	1,148	559	1,707	832	405	1,237	33	8
Services	4,807	3,022	7,830	3,484	2,190	5,674	39	36
Operating costs	1,642	-	1,642	1,190	-	1,190	-	8
<b>Base Cost</b>	15,870	5,849	21,720	11,500	4,239	15,739	27	100
Physical contingencies	369	106	475	267	77	344	22	2
Price escalation	285	135	419	206	98	304	32	2
<b>TOTAL PROJECT COST</b>	16,523	6,090	22,613	11,973	4,413	16,386	27	104

**Table 2.6 : Sources of financing**

Sources of Financing	(UA '000)			(USD '000)			% Total
	For. Exch.	Local Cur.	Total	For. Exch.	Local Cur.	Total	
TSF	1,231	4,399	5,630	1,698	6,071	7,769	34.4
ADF	3,152	6,218	9,370	4,350	8,581	12,931	57.2
GOVT	30	1,000	1,030	42	1,380	1421.4	6.3
Beneficiaries	-	357	357	-	492.66	492.66	2.2
<b>TOTAL</b>	4,413	11,973	16,386	6,090	16,523	22,613	100.0

**Table 2.7: Expenditure schedule by component [in UA ‘000]**

Components	2021	2022	2023	2024	2025	TOTAL
1. Integrated territorial development and management, land restoration and security	690	1,682	1,678	1,620	830	6,500
2. Development of climate-resilient agriculture and livestock value chains	1,079	2,832	984	689	142	5,726
3. Institutional, capacity building and agricultural entrepreneurship support	519	614	735	476	177	2,521
4. Project coordination and management	690	287	159	240	264	1,639
<b>TOTAL</b>	<b>2,978</b>	<b>5,414</b>	<b>3,556</b>	<b>3,025</b>	<b>1,413</b>	<b>16,386</b>

## **2.5 Project Area and Beneficiaries**

2.5.1 The project area (PA) covers Kirundo, Muyinga and Ngozi Provinces situated in northern Burundi with a total estimated population of 2,743,366 people, making 24% of the national population, and covering a land area of 1,671 ha (or 18% of the total land area of the country). It spans across 18 hills and the following 9 communes: (i) Kirundo Province: Busoni, Vumbi and Bwambarangwe; (ii) Ngozi Province: Gashikanwa, Kiremba and Tangara; (iii) Muyinga Province: Giteranyi, Gasorwe and Gashoho. These three provinces are among those with the highest population density in the country, estimated at 553 inhab/km.

2.5.2 The provinces and communes were selected by common agreement with the populations and provincial/communal authorities, based on the following criteria: (i) prevalence of chronic malnutrition<sup>7</sup>, (ii) rural population density<sup>8</sup>, (iii) potential for development through watersheds and marshlands, (iv) per capita investment from other projects<sup>9</sup>. The PA population are among the poorest in the country; the monetary poverty rates in Kirundo and Muyinga Provinces are higher than the national average (64.6%).

2.5.3 The project has several beneficiaries at the central and decentralised levels. It will benefit directly 138,060 people, 56% of them women, and indirectly all 2,743,366 inhabitants of the 3 provinces. At central level, the key beneficiaries are the Ministry in charge of Agriculture and its technical departments and allied structures such as R&D and training institutions. At the devolved and communal level, project implementation will benefit provincial departments of agriculture and livestock, sector cooperatives and value chains stakeholders' organisations, agricultural households, particularly very vulnerable groups including young people and women, hill-agriculture supervisors/monitors, animal health workers as well as private enterprises.

## **2.6 Participatory Approach in Project Identification, Design and Implementation**

2.6.1 At all study stages (identification, preparation and appraisal), PADCAE used a broad participatory and inclusive approach. Consultations were held with governmental authorities, the technical services of ministries involved (MINEAGRIE, Ministry of Finance, Budget and Development Cooperation, the Ministry of Health, the Ministry of National Education and Scientific Research), the relevant agriculture value chain stakeholders including the private sector (FOMI, Edenred, Mediabox) as well as Technical and Financial Partners with interventions in the agriculture sector (WB, FAO, IFAD, UNDP, UNICEF, WFP and the EU). Field visits paid during various project design missions revealed realities on the ground and made it possible to consult directly with stakeholders concerned (producers' associations, women's cooperatives, youth groups, local authorities and devolved technical services). Due to COVID-19, the appraisal mission was conducted remotely via videoconferencing in which all stakeholders participated. However, the PATAREB coordination was able to have meetings and discussions in the field with the beneficiaries.

<sup>7</sup> Considered as indicator of prevalence of poverty and vulnerability

<sup>8</sup> Considered as indicator of pressure on natural resources

<sup>9</sup> 2017 Update Report of the PNIA financing database, MINEAGRIE, 2017.

2.6.2 These visits and consultations spotlighted major weaknesses in (i) production (difficulties obtaining input supplies, limited advisory support, weak organisation, unsuitable cultural practices, under-equipment, etc); (ii) processing (poor organisation, under-equipment, limited access to financing); and (iii) marketing segments. These were compounded by the absence of communication among value chain stakeholders. Consultations will continue with them during project implementation to ensure that interventions are efficient, effective and sustainable.

2.6.3 This participatory, inclusive and holistic approach is based on lessons learned from similar projects and aims to lay a common foundation for participation in the project implementation stages, promote sustainable practices, facilitate the exchange of views among stakeholders, leverage information and generate supplementary knowledge within stakeholders. It helps to create a body of knowledge for informed and responsible decision-making, provide robust support for such decisions and collective ownership of problems and solutions, build local capacity, and facilitate experience exchanges and collaboration with other TFPs' interventions for greater synergy.

## **2.7. Bank Group Experience and Lessons Reflected in the Project Design**

2.7.1 On 30 June 2020, the Bank's active portfolio in Burundi comprised 19 ongoing public sector projects for a total commitment of UA 282.77 million. Its distribution is aligned with the priority thrusts of the Country Strategy Paper (CSP 2019-2023) and Burundi's National Development Plan (PND) and covers the following areas: Transport (58.47%), Agriculture (4.24%), Energy (33.03%), Social (3.24%), Multi-sector (1.02%). According to the CPR, the performance of the active public sector portfolio is deemed satisfactory with an IP score of 3.3 on a scale of 1 to 4 for 8 operations. However, this score hides a *poor performance resulting from multiple extensions of the implementation timeframes of most portfolio projects*. The performance rating fell slightly (from 3.36 to 3.34) between March 2019 and March 2020.

2.7.2 The portfolio review revealed persistent difficulties that negatively affect public portfolio performance: (i) poor quality of technical studies which led to a few adjustments of the initial design of some projects during the implementation phase ; (ii) weakness in mainstreaming cross-cutting issues (environment, gender and fragility) in project design, BDs and contractors/consultants' contracts and during implementation of road and energy projects; (iii) late commencement of projects; (iv) weak capacity of the Administration's technical structures to support the project design and implementation process; (v) poor performance of PIUs; (vi) poor performance of some contractors and consultants; (vii) long time taken to response to requests for the Bank's NOO; (viii) long procurement time frames; (ix) multiple extensions of project closing deadlines; (x) late submission of audit reports; (xi) lateness in reimbursing and/or justifying special accounts balances; (xii) late submission of quarterly financial monitoring reports; (xiii) late payment of Government's counterpart contribution.

2.7.3 The project design reflects lessons learned from difficulties with PATAREB being implemented, including the known weaknesses in project governance and file processing delays attributable to the Bank and PMU. In order to speed up the processing of files, the Government has undertaken an institutional evaluation of the PATAREB with a view of taking appropriate measures for better functioning. At the level of project management, fiduciary-related risks will be mitigated mostly by using the fiduciary management system within PATAREB and building PMU's procurement and financial management capacity<sup>10</sup>.

2.7.4 Lastly, the project study process factors in the lessons learned from the IDEV<sup>11</sup> evaluation of the Bank's support for agricultural value chain development, whose recommendations concern five core principles: (i) analyse the entire value chain; (ii) prepare a strategy to ensure inclusiveness ; (iii) nurture

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<sup>10</sup> Following the resignation of the Procurement Officer and the Accountant, the recruitment process to replace these experts has been launched and is well underway.

<sup>11</sup> Independent Development Evaluation. IDEV. AfDB support for agricultural value chain development: Lessons for the "Feed Africa" Strategy Summary Report, March 2018.

capacity to adapt to market trends; (iv) think in terms of profitability with value added; and (v) prepare plans to create lasting impact.

## 2.8 Key Performance Indicators

2.8.1. The key performance indicators to be monitored from the baseline situation to project completion are described in the following paragraphs:

2.8.2. Agriculture and value chains: the key indicators are the following: (i) area of marshland or watersheds rehabilitated/developed; (ii) area covered by hill irrigation, (iii) level of additional production (tonnes) and crop yields (t/ha); (iv) level of food insecurity and malnutrition, (v) number of infrastructure constructed (storage facilities of products and inputs, processing and development units etc.); (vi) number of farmers per type of gender-disaggregated works supported; (vii) area of new export crops; (viii) area covered by fruit plans; (ix) animal weight gain rate, etc.

2.8.3. Income and employment: (i) poverty level, (ii) level of income increase including that of women and young people; (iii) number of jobs created for young people and women in entrepreneurial initiatives in the various agricultural, animal and fisheries sectors; (iv) number of producers, processing agents and traders trained and organised in cooperatives.

2.8.4. Environment and land management: (i) land area restored, (ii) number of land certificates issued.

All selected project indicators were aligned to the key indicators of CSP, PND and PNIA.

## III – PROJECT FEASIBILITY

### 3.1 Economic and Financial Performance

3.1.1 A project financial assessment was conducted with the aid of activity models and based on market prices. The main assumptions underlying the analyses include: (i) 50,000 farmers actively engaged in agriculture at full project capacity; (ii) the project will generate an additional 25% increase in incomes, (iii) farmers will adopt a variety of improved maize and rice seeds as well as improved livestock breeds, (iv) a period of 20 years was used to measure incremental benefits from the project; (iv) the opportunity cost of capital used to update future benefits was estimated at 12%.

3.1.2 For economic analysis, (v) the value of salaried work force was adjusted by a conversion factor of 0.75; (vi) the rehabilitation of the seedlings system will ensure national supply of quality seeds. These analyses were done with the financial and economic costs generated using Costab 32. The summary financial and economic analysis is attached as Annex VII and developed in Annex B4 of Volume II of the Appraisal Report.

**Table 3.1: Key economic and financial data**

IRR: 16.3% NPV (baseline scenario) equivalent to USD 17.24 million	
ERR: 25.2% NPV (baseline scenario) equivalent to USD 33.02 million	

Note: Calculations are detailed in Annex B7

3.1.3 **Financial Analysis:** Based on the above assumptions, the financial analysis generated a Net Present Value of USD 17.24 million and an Internal Rate of Return of 16.3%, as indicated in the Technical Annexes (B4). As a result, the project is deemed financially viable. The IRR of 16.3% is higher than the opportunity cost of capital (12%).

3.1.4 **Economic Analysis:** The economic analysis used the same approach as the financial analysis, based on the negotiable reference prices of goods and the total project cost. Other indirect expected benefits were, among other things, smaller post-harvest losses, the provision of a service centre for agricultural equipment, a reliable system of information on soils for mixing fertilisers, an effective system of input distribution via the farmers' database system and lower transport costs of goods and services. However, it was difficult to assess these supplementary benefits in monetary terms due to the limited scope of this report. Under such circumstances, the economic analysis revealed an NPV of USD 33.02 and an IRR of 25.2%, as indicated in the Technical Annexes.

## **3.2 Environmental, Social and Climatic Impact**

### **3.2.1 Environmental and Social Impact**

3.2.1.1 *Categorisation:* The project categorisation, as confirmed and approved on 21 February 2010, is Category 2 based on the Bank's Integrated Safeguards System and the national legal framework governing environmental assessment. This categorisation is justified by the project activities which will be implemented in an ecosystem dedicated to these types of activities and without major risk of destroying new natural spaces. The significant environmental risks will be the effects of the poor use of phytosanitary products. Resettlement issues are foreseen in the context of land acquisition for infrastructure and development, but it will affect a fairly limited number of people.

3.2.1.2 *Necessary Environmental and Social Assessments:* Two environmental and social safeguard instruments were proposed for project implementation: (i) the Environmental and Social Impact Assessment (ESIA) to cover project risks/impacts linked to support for the improvement/increase of agricultural production and the livestock sector, in particular small-scale animal husbandry as well as aquaculture; and (ii) the Environmental and Social Management Framework (ESMF) to cover project risks/impacts linked to the construction/rehabilitation of rural infrastructure for storage/conservation (sheds), processing, transport and marketing of products, and support for income generating activities (IGA) for women and young people. The implementation of these activities will require the acquisition of land, but the localities where they will be carried out in the selected provinces are still unknown. The ESMF will propose procedures for assessing various risks (environmental, social including relocation) during the project implementation phase. Public consultations took place in July 2020 during preparation of these instruments and involved all stakeholders (all institutions concerned, representatives of potential beneficiaries: farmers of marshlands, farmers' cooperatives around Lake Rweru and the inhabitants of the expected site of the hillside reservoirs). Thanks to the consultation, the populations' opinions and views were taken into account in the project's environmental and social assessment process. The populations expressed concern mainly about: (i) land insecurity in the marshes, (ii) the risk of conflicts related to the sharing of water, (iii) the sustainability of irrigation infrastructures, and (iv) the fight against erosion.

3.2.1.3. *Project's Potential Environmental and Social Impacts:* The project will have several positive environment and social impacts, including: (i) the creation of temporary jobs on development sites; (ii) fewer conflicts due to better circulation of water in marshlands and consultations among peers in the PIU and AVECs (Rural Thrift and Loans Associations); (iii) availability of water through hill irrigation; (iv) increase of agricultural production and farmer incomes; (v) better organisation of farmers and harmonisation of crops and sowing/planting dates in the marshes; (vi) reduction of soil erosion on hills, floods and silting in the marshes; (vii) improvement of farmers' living conditions; (viii) better protection of the buffer zone of Lake Rweru. The project's potential negative impacts concern: (i) the loss of land portions in the marshes and on the hillside reservoir; (ii) economic loss if development occurs during the crop season; (iii) pollution of soil and water resources through increased use of phytosanitary products; (iv) the risk of drowning at the hillside reservoir; (v) the risk of social conflicts due to the influx of workers in the area; (vi) the risk of poisoning following the use of pesticides; (vii) increased vulnerability of soils to erosion on hills; (viii) occupational health and industrial safety risks in processing units and development sites; (ix) more problems of gender-based violence; and (x) greater risk of the populations contracting STDs/HIV, malaria and Covid19 .

**3.2.1.4. Mitigation Measures:** Measures to manage these impacts/risks are proposed in the Environmental and Social Management Plan and the Environmental and Social Management Framework. Some of these specific measures are: (i) prioritise local manpower; (ii) sensitise the population to wear protective equipment when using phytosanitary products; (iii) develop marshes during the dry season to limit economic losses; (iv) put hygiene, health and safety measures in place on construction sites; (v) secure the limits of water reservoirs; (vi) compensate the populations in case of economic loss; (vii) raise awareness on STD/HIV, malaria and Covid19 issues and aspects that can lead to social conflicts; (viii) carry out environmental and social screening of sub-projects and requisite studies when necessary; and (ix) prepare an abbreviated RAP, as appropriate, to manage the social impacts of infrastructure development sub-projects.

**3.2.1.5 Cost and Institutional Arrangement for the Implementation of Safeguard Measures:** The cost of implementing environmental and social impact mitigation measures, building borrower's capacity and strengthening the management mechanism stands at USD 390,000. It is included in the project cost and detailed in the attached project implementation cost matrix. The resettlement estimated at the current stage at 50,000 dollars will be borne by the national party. An Environmental Safeguards Officer and Social Development Officer should be recruited to support the Project Coordination Unit. There are plans to provide technical and financial support to the *Office Burundais de Protection de l'Environnement* (Burundi Environmental Protection Authority) to monitor environmental and social safeguard instruments.

### **3.2.2. Climate Change**

PADCAE is classified in Category II. Agriculture is one of the five most vulnerable sectors identified in Burundi, including forestry, water resources, energy and health. The climatic risks identified are linked to: (i) the availability of water for irrigation; (ii) soil erosion; (iii) the impact of extreme weather conditions (heavy rains and intense heat); (iv) the sustainability of physical infrastructure; (v) farming and irrigation techniques & systems; (vi) livestock feed (fodder/feed); (vii) sustainability of stock breeding systems; and (viii) the prevention and control of parasites and animal diseases. The potential impacts include: the modification of the farming seasons and calendar; lower crop yields due to increased erosion; faster land degradation and loss of soil fertility due to very heavy rains and more frequent disasters linked to extreme weather events (flooding of marshes and shallows, mudslides and landslides, hail, storms, etc.). PADCAE will build climate resilience through the choice of agricultural technologies and climate-resilient seeds, the training of senior staff/agents of institutions and farmers as well as reforestation, thereby contributing to climate finance.

### **3.2.3. Gender and Women's Empowerment**

**3.2.3.1** The project is classified in Category 2 according to the Gender Marker System since many of its key outcomes contribute to bridging gender inequalities. Since the project's objective is to sustainably boost agricultural productivity and production, women, who form the bulk of the agricultural work force, should be its prime beneficiaries.

**3.2.3.2** Project activities aim to further empower women economically and socially. If implemented, the project will facilitate: (i) women's better access to production tools (notably land), (ii) women's socio-economic empowerment, (iii) a greater male/female participation in promoting agribusiness in the project area, (iv) the equitable access of women and young people to project resources; (v) women's increased participation in the decision-making process, (vi) greater technical capacity of MINEAGRIE and other key stakeholders to mainstream gender in their policies, strategies and activities, and (vii) a better understanding of gender specificities through the Country Gender Profile with special emphasis on the links between poverty, the agriculture sector and women's empowerment. The project will also support activities related to monitoring and evaluation information disaggregated by gender in the reports generated. The major risks concern: (i) domestic conflicts caused by land certification, (ii) the unequal distribution of project gains favouring men and/or exclusive male control of the project, (iii)

the risk that the training given to MINEAGRIE officials and other partners does not translate into gender-sensitive interventions, (iv) the risk that the pro-women access to credit is usurped by their spouses, and (v) resistance to women's participation in highly profitable value chain segments or in high income crops, subsequently generating social conflicts. The solutions to optimally mitigate these risks are described in the Technical Annexes (Volume II).

### **3.2.4 Social**

PADCAE's contribution to improving the populations' living conditions is undeniable. It contributes to higher productivity, better organisation/relations among various agriculture and livestock value chain segments, better access to basic infrastructure (agricultural tracks, storage facilities, market), improved nutritional value of agricultural and livestock products, and gender inclusion (56% of beneficiaries are women). Furthermore, it will foster better living conditions for beneficiaries and improve the nutritional status of the population, particularly women and children. Digitising agriculture and the land tenure system will help to strengthen good governance, reduce social tensions and promote private sector investments in agriculture. By creating jobs for young people through the promotion of agricultural entrepreneurship, the project will help to reduce unemployment, fight against migration and rural exodus among the youth, and reduce the social inequalities of which they are a victim. Finally, the project will help reduce the risks<sup>12</sup> associated with the factors of fragility affecting the country, as identified in the study report on Burundi's fragility and make the agricultural sector the engine of growth and the fight against poverty

## **IV – IMPLEMENTATION**

### **4.1. Implementation Arrangements**

#### **4.1.1. Implementation Arrangements-Monitoring and Evaluation Mechanism**

4.1.1.1 The Ministry of Environment, Agriculture and Livestock (MINEAGRIE) is the oversight authority of the project. Project activities will be managed, coordinated, monitored and supervised by the Management Unit of PATAREB located in the DPAE of Kirundo which includes: a coordinator, a rural engineering specialist, a procurement specialist, an agronomy/value chain specialist, a socio-economist, an administrative and financial officer, an accountant, and a cashier. The Bank's preparation mission conducted in June 2019 concluded that the profile and experience of these staff members was acceptable after reviewing and analyzing their resumes. However, it did identify communication problems among team members that impede the optimal functioning of the PMC. A recent performance evaluation of project staff led to the non-renewal of the contract of the Administrative and Financial Manager for lack of results. The Government has also recently launched an evaluation of the PMU, the results of which and the actions resulting from it will help improve the project's performance. The Bank will also conduct close supervision missions that will contribute to better operation of the PMC. In addition, the PMU will also be strengthened by additional staff recruited on a competitive basis and including a PADCAE-B Project Manager, an environmental expert, a procurement assistant and an accountant. The selected activities will be implemented by the MINEAGRIE Provincial Bureaux of Agriculture and Livestock (BPAE) and service providers under specific contracts. Project focal points will be designated in the two BPAEs (Ngozi and Muyinga) to ensure liaison and monitoring.- At the central level in Bujumbura, PADCAE-B will use the PATAREB Project's antenna to liaise with the supervisory Ministry, the project's Technical and Financial Partners, the Administration's central services, and research and development institutions.

4.1.1.2 For the sake of coordination and harmonization, the framing and orientation of the execution, review and approval of work programs, annual budgets (PTBA), and activity reports of the PADCAE-

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<sup>12</sup> The risks identified relate to (i) land tenure security, (ii) low productivity in the agricultural sector and food insecurity, (iii) weak land use planning and infrastructure, (iv) social inequalities and unemployment, particularly among young people and women, and (v) exposure to natural disasters.



B project will be ensured by the same Steering Committee as that of PATAREB which will be enlarged with : (i) the Governors of the Provinces of Ngozi and Muyinga; (ii) the Provincial Directors (BPEAE) of Ngozi and Muyinga; (iii) the representatives of producers or agricultural producer organizations (OPAOs) of the Provinces of Ngozi and Muyiga; and (iv) a representative of the Forum of Agricultural Producers' Organizations of Burundi (FOPABU).

4.1.1.3 In designing the project's monitoring and evaluation system, account will be taken of the targeted indicators selected for project components/activities as well as the expected impact, outcomes and output indicators. For better coordination and harmonisation, the Results-based management (RBM) monitoring and evaluation arrangement will be incorporated in the Automated and Decentralised Monitoring and Evaluation (ADME) system used by MINEAGRIE and the PNSADR-IM Project financed by IFAD. Internal monitoring and evaluation will be conducted by the project's Monitoring and Evaluation Unit, while external monitoring and evaluation will be conducted by DGPAE and the Ministry of Finance. The Bank will field annual monitoring and supervision missions while its Country Office in Burundi will monitor the project, maintaining ongoing dialogue with the country's authorities, and Technical and Financial Partners. According to Bank rules and requirements, quarterly, annual, progress and audit reports will also be prepared and submitted to the Bank, pursuant to agreements signed.

#### **4.1.2. Procurement Arrangements**

4.1.2.1 The national public procurement system in Burundi is currently governed by Law No. 1/04 of 29 January 2018 amending Law No. 1/01 of 4 February 2008 instituting the Public Procurement Code (PPC). The legislative and regulatory framework of procurement is made up of the law and decrees laying down the establishment, organisation and operation of the Public Procurements Regulatory Authority (ARMP), the National Directorate of Public Procurement Control (DNCMP) and Public Procurement Management Units (CGMP) as well as ordinances defining procurement thresholds, control and publication of contracts. The scope of the PPC covers all procurement by contracting authorities as well as all types of public contracts without waivers, with the exception of contracts which are of a secret nature incompatible with any form of competition or publicity, or where the protection of the fundamental interests of national security so requires.

4.1.2.2 The assessment of Burundi's national public procurement system (NPS) led to the qualification of its procurement risk as moderate. This generic country risk was reviewed in the context of implementation of activities under the Agriculture and Livestock Value Chains Sustainable Development Support Project in Burundi (PADCAE-B) to be considered in determining the project's global procurement risk. The overall project procurement risk rating (PPRR) at the time of the assessment is deemed moderate.

4.1.2.3 Consequently, NPS will be used for the procurement of goods, works and consultancy services for amounts not exceeding the thresholds defined in Annex B5 of the Technical Annexes and the Public Procurement Plan and which do not entail a significant risk for the project considering their value, specificity and availability on the national market. Other procurements with a significant risk if NPS is used, will be awarded using the Bank's Procurement Methods and Procedures (PMP) pursuant to the Procurement Policy for Bank Group-funded Operations, dated October 2015 and using the Bank's relevant standard bidding documents (SBD).

#### **4.1.3. Procurement Capacity and Risk Assessment (PCRA)**

Risks at country, sector and project levels and the Project Executing Agency's (PEA) procurement capacity were assessed. A market analysis was also conducted notably to obtain information on the market characteristics, bills that could affect competition and the key players on sector markets. The assessment results and market analysis served to guide the decision to choose NPS for certain project activities and PMP for other activities entailing significant risk. They also made it possible to

plan procurements, structure contracts, choose the best procurement methods and procedures (MPA or NPS) suited to the goal sought, define the framework of Bank review and supervision. Appropriate risk mitigation measures were included in the Procurement Risks and Capacity Assessment (PERCA) action plan set out in Annex B5. A procurement audit will be performed by an independent firm under the supervision of ARMP. The project will also support ARMP to build the procurement capacity of the staff of MINEAGRIE's Public Procurement Unit and the Project Implementation Unit. A Global Action Plan for Improving the Procurement System is detailed in Annex B5 of the technical annexes.

#### **4.1.4. Financial Management and Disbursement**

**Financial Management:** Responsibility for the project's administrative, accounting and financial management will be entrusted to the coordination unit of PATAREB whose capacity will be built with the recruitment of additional staff whose qualifications are specified in the Technical Annexes (Volume II). The institutional analysis showed that the Project Management Unit's current financial management systems are not satisfactory overall and that the overall fiduciary risk is significant due to the absence of: (i.) a budget coupled with the schedule of activities, (ii.) an administrative, financial and accounting procedures manual, (iii.) an accountant and cashier, (iv.) distribution of financial tasks, (v.) fixed asset register and fuel tracking table, (vi.) an improved missions tracking table, (vii.) room and metal cabinets for accounting vouchers, (viii.) a cost accounting plan and specific budget accounting plan for the project, (ix.) an accounting software, (ix.) a cashflow forecast plan, (x.) quarterly and biannual progress reports comprising interim financial statements, and (xi.) an external audit firm to audit the project. To address these constraints, the Project Management Unit will: (i) upon project launching and at the beginning of the year, prepare a budget plan coupled with a provisional schedule of activities; (ii) finalise before project commencement the contract of the consultant tasked with preparing the administrative, financial and accounting procedures manual. The consultant will also design templates of the fuel tracking table, missions tracking statement and maintenance/repairs monitoring statement; (iii) finalise, before Project commencement, the recruitment of the Accountant and Cashier; (iv) after the recruitment of the Accountant and Cashier, distribute financial tasks as mentioned above; (v) after project commencement, assign an office and procure secured metal cabinets for accounting vouchers to be arranged by year and sequentially; (vi) immediately draw up a fixed assets register initialled and containing the number, designation, amount and location thereof; (vii) immediately draw up a weekly fuel tracking table; (viii) immediately improve the missions tracking table; (ix) upon project commencement, prepare specific cost and budget accounting plans for the project; (x) before project commencement, procure a software with built-in modules for general and cost accounting and budget management. The software contract should provide for staff training and technical assistance; (xi) upon Grant effectiveness, open a special foreign exchange account and two special accounts in Burundi Francs, one of which for the national counterpart contribution, in an acceptable bank in Burundi ; (xii) upon project commencement, establish a petty cash fund for amounts not exceeding BIF100,000, or EUR 50; (xiii) upon first disbursement, draw up a cashflow plan; (xiv) upon project commencement and at the beginning of the year, prepare a budget coupled with a schedule of activities; (xv) within three and six months of project commencement, prepare quarterly and biannual progress reports incorporating interim financial statements and transmit same to the Bank, the Ministry of Agriculture and Livestock and the Steering Committee; and (xvi) upon project commencement, recruit an external audit firm. Lastly, during the launching of the project, the Bank (AfDB) is expected to train the Coordinator, Head of the Administrative and Financial Service, the Accountant and Cashier on Bank financial management procedures.

**Disbursements:** Pursuant to the provisions of the Disbursement manual in force at the Bank. On ADF resources: the proposed disbursement methods are: (a) the special account method (for operating expenses, capacity building activities and the management of some partnership agreements) and (b) the direct payment method for payment of works, goods and service provision contracts. As concerns TSF resources: (a) the special account method (for operating expenses, capacity building activities, and the management of some partnership agreements) and (b) the direct payment method for the payment of works, goods and service provision contracts. The reimbursement method will be used when eligible

expenses for TSF Grant resources have been pre-financed by the Government with the Bank's approval. The project will open the following special accounts in the name of PADCAE-B, in local currency (BIF), in financial institutions deemed acceptable to the Bank. One special account will be opened per source of financing. Disbursement arrangements are detailed in the Technical Annexes (Volume II)

## 4.2 Monitoring

Table 4.2.1: Implementation and supervision schedule

ACTIVITIES	PERIOD	RESPONSIBILITY
Appraisal	June 2020	Bank
Negotiations	September 2020	Govt/Bank
Board approval	28 September 2020	Bank
Signature AFD Grant agreements	December 2020	Govt/Bank
Fulfilment of conditions precedent to first disbursement	March 2021	Govt
Authorisation 1 <sup>st</sup> disbursement	March 2021	Bank
Project commencement	April 2021	Govt/Bank
Signature of conventions with partners	June 2021	Govt
Execution of works and services	July 2021	Govt/Service Provider
Mid-term review	July 2023	Govt/Bank
Completion of activities	December 2025	Govt/Bank
Completion report	December 2025	Govt/Bank
Audits	Annually	Govt
Project closing date	June 2026	Govt/Bank

## 4.3 Governance

4.3.1 Since the 2015 crisis, the country has made significant progress in consolidating economic and financial governance. Several structural reforms to improve and consolidate the macroeconomic and budget framework in terms of resource mobilisation and streamlining of public spending were carried through. The new government scaled down the State apparatus by reducing the number of ministries from 21 to 15. However, improvements are needed to mobilise internal resources to tackle the ever-growing expenditure and to programme and allocate public resources to achieve the PND objectives. The public procurement system was marked by several reforms to enhance the transparency of the system. Despite this progress, improvements are still necessary in the areas of implementation, slowness of procedures, and disputes management to make the system compliant with the relevant standards.

4.3.2 The persistence of customs and traditions governing land access and inheritance in a modern economy context hinders investments in the agricultural sector. By digitising the land tenure system and issuing land certificates, the project will contribute to good governance in this sector, thus fostering private sector investments and easing social tensions. The digitised management of the fertilisation system will improve the efficiency of the supply mechanism and strengthen good governance. Lastly, the project will use an Automated and Decentralised Monitoring and Evaluation system to allow for the regular monitoring of field activities and launch of alerts and warnings whenever necessary following a vertical approach for all project stakeholders.

## 4.4 Sustainability

4.4.1 The project aims to initiate a truly sustainable development, by placing the targeted value chain players at the centre of decision-making and building their capacity to take on new responsibilities. The design of this project is based on value chain stakeholders' demand jointly expressed throughout the process and which helped to guarantee their full ownership of the project. All the retained crops and the associated value chains exist in the project zones. The project intervention aims to amplify and perpetuate existing initiatives through technological innovations and link up the various value chain segments.

4.4.2 The sustainability of investments and expected benefits build on participatory entrepreneurial approaches involving capacity building. These include: (i) the structuring and professionalisation of farmers' cooperatives and other value chain stakeholders based on expressed demand, (ii) the empowerment of provincial technical services to implement project activities; (iii) the inclusion and empowerment of women and young people through training and funding access mechanisms; (iv) the choice of tested technologies that can be controlled locally; (v) participation and empowerment of value chain stakeholders and local communities in the management of constructed infrastructure; (vi) capacity building and empowerment of provincial and communal technical Directorates of MINEAGRIE and other ministries and research and development institutions in the areas of implementation of project activities and monitoring; and (vi) the setting up of well-trained water users' associations (WUA) in irrigated areas. This will allow for good sustainable management and regular maintenance of works.

## 4.5 Risk Management

Table 4.5.1: Risk management

No.	Potential Risks	Level	Mitigation Measures
1	Socio-political: - Persistence of dissensions with certain opposition parties	Moderate	- The May 2020 elections were held in a peaceful environment and the new authorities are striving to strengthen stability and peace.
2	Fiduciary: Corruption Perception Index	High	-The institutional mechanism must be strengthened; At project level, the management unit is autonomous and control is done before and after disbursements by audits missions, and the Bank's central services
3	Climate change: Weather vagaries affect the farming calendar and productivity of some seeds	Moderate	- Information on the crop calendar and training of farmers; Promotion of climate-resilient crop varieties; Diversification of production to build the populations' resilience
4	-Population's reticence to engage in climate-resilient activities	Moderate	-Dissemination of techniques in Farmer School Fields enables farmers to observe under real conditions the importance and benefit of the proposed practices and varieties promoted, thereby facilitating their adoption
5	Environmental: -Pressure on natural resources - Intensity of erosion	High	-Training and sensitisation of the population on natural resources conservation; - Strengthening of erosion control measures; Promotion of an integrated land management approach
6	Implementation: -Slow disbursements -Unqualified consultancy firms and contractors -Weak stakeholder capacity at local level	Moderate	- Strengthening of procurement training; Putting in place of a quality-assurance system for BDs - Recourse to international expertise to be twinned with national expertise to strengthen ownership; Training sessions are planned at all levels of the value chains. - More inclusive implementation arrangement to strengthen consultation, information swaps and ownership by all parties involved

## 4.6 Knowledge Building

4.6.1 The project ensures technology/knowledge transfer to national research and development institutions, and from them to agriculture and livestock value chain stakeholders in the field, via the TAAT stakeholder intervention mechanism. These technology aspects include the development of resilient seeds, the rational use of fertilisers and the genetic improvement and feeding of livestock. In collaboration with AfricaRice, the project will pilot the use of the digital RiceAdvice tool to help rice farmers to better monitor crops and improve yields and their incomes through personalised advice on management and good agricultural practices.

4.6.2 The use of new technologies will be built into the project, thanks to the Digitisation for Agriculture (D4Ag) concept and approach. Through D4Ag, the project will contribute to: (i) the establishment of SEAD, helping to strengthen the monitoring and evaluation mechanism, (ii) the establishment of MINEAGRIE's agriculture database and digitisation of the advisory support system, (iii) the connection of different value chain stakeholders (production, processing and marketing), (iv)

the strengthening of good governance ensuring control over supply channels and traceability of inputs supplied to farmers with the adoption of e-vouchers, and (vi) setting up of the land management system (land certification).

4.6.3 To improve beneficiaries' livelihoods and build their resilience to recurrent shocks and crises, the project will adopt the Farmer Field School (FFS) approach and Resilience Fund (CdR) that capitalise on individual and collective expertise, knowledge, skills and capacity to better understand and exploit agro-ecosystems. Bad habits are gradually transformed into springboards for good agricultural, nutritional, economic and social practice. The Resilience Fund approach is community-centred and contains three dimensions: a productive/technical dimension (use of sustainable agricultural practices), a financial/economic dimension (access to credit), and a social dimension (strengthening of social cohesion and solidarity by creating or strengthening farmers' or women's associations). This approach aims to gather and diversify the production assets and knowledge of vulnerable agro-pastoral smallholders facing food insecurity, especially women. The approach is innovative since the support provided targets the three dimensions in a complementary manner, which opens up more opportunities for beneficiaries and enables them to better prepare themselves for multiple risks.

4.6.4 With regard to gender, the project will prepare an updated diagnosis of all gender disparities in different domains – Country Gender Profile, with special emphasis on the links between poverty, agriculture sector and women's empowerment.

## **V. LEGAL FRAMEWORK**

### **5.1. Legal Instrument**

The legal instruments to be used will be (i) a protocol of agreement for an ADF grant between the African Development Fund and the Republic of Burundi ("the Recipient ") and (ii) a protocol of agreement for an TSF grant between the African Development Fund and the African Development Bank acting as Trustees of the TSF (the Bank and the Fund, together referred to as the "Fund") and the Recipient.

### **5.2. Conditions for Fund Intervention**

5.2.1 Conditions Precedent to Grant Effectiveness: The effectiveness of the two TSF and ADF Grant Agreements shall be subject to their signature by the parties.

5.2.2 Conditions Precedent to First Disbursement of the Grants:

The Bank's obligation to perform the first disbursement of the Grants shall be subject to (i) the effectiveness of the two TSF and ADF Grant Agreements, in accordance with the provisions of paragraph 5.2.2 above, and (ii) evidence of Recipient having fulfilled to the Fund's satisfaction, the following conditions as to form and substance:

- (i) Provide the Fund with proof that the Project Management Unit ("PMU") of the PATAREB Project has the mandate to be in charge of the management of the Project;
- (ii) Provide to the Fund evidence of appointment of the Coordinator of PATAREB Project as the Coordinator of PADCAE-B within the PMU (cf. 5.2.1);
- (iii) Provide the Fund with evidence of the recruitment of the PADCAE-B Project Manager, Procurement Assistant and Accountant within the PMU, whose qualifications and experience will have been previously submitted to the Bank for approval (see 5.2.1).;

5.2.3 Other Conditions: In addition, the Recipient must provide to the Fund not later than six (6) months after the first disbursement of Grant resources:

- (i) Conventions with partner structures (ISABU, ONCSS, Directorate of Subsectors, Directorate of Plant Protection, Provincial Bureaux of the Environment, Agriculture and Livestock (BPEAE)).

5.2.4. Conditions Precedent to Disbursement for Works involving Resettlement. Subject to the provisions related to effectiveness and the Conditions precedent to first disbursement, the Fund's obligation to pay resources for works involving the use of an Environmental and Social Management Framework (CGES) shall be contingent on fulfilment by the Recipient of the following additional conditions:

- a) the submission for a specific site of an Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Framework (ESMF) and abbreviated Resettlement Action Plan (RAP) approved by the Recipient for the Work, prepared in accordance with the ESMC and the Fund's Safeguards Policies and satisfactory in form and substance to the Fund;).
- (b) the submission of satisfactory evidence that all persons affected by the Project (Project Affected Persons or PAPs) in the area of the Work have been compensated and/or relocated in accordance with the Environmental and Social Management Framework (ESMF) developed for a specific site, the Abridged Relocation Plan (ARP) developed for a specific site and/or the Work and Compensation Schedule developed and the Fund's Safeguards Policies, prior to the commencement of such Work and in all cases prior to the relocation and/or taking possession of the PAP lands and/or related property; or
- (c) in lieu of paragraph (b) above, the submission of satisfactory evidence that the resources allocated for the compensation and/or relocation of the PAPs have been deposited in a dedicated account in a bank acceptable to the Fund, where the Recipient can prove to the satisfaction of the Fund that the compensation and/or relocation of the PAPs, in accordance with paragraph (b) above, could not be fully or partially realized for the following reasons :
  - (i) identification of the PAPs by the Recipient is not feasible or possible ;
  - (ii) there are ongoing disputes involving the PAPs and/or affecting the compensation and/or relocation exercise; or

any other reason beyond the control of the Recipient, as discussed and agreed with the Fund.

#### 5.2.5. Commitments

The Recipient undertakes to provide by 15 July of each year proof of the inclusion in the Finance Act for that year of the budget of the National Fertilizer Subsidy Program in accordance with the schedule agreed with the Fund.

5.2.6 Environmental and Social Safeguards: The Recipient must and will force the Executing Agency, all its contractors, sub-contractors and agents to:

- a) Implement the project pursuant to the Environmental and Social Management Framework (ESMF) developed for a specific site, and where applicable the abbreviated Resettlement Action Plan (RAP) developed for a specific site, and/or the work and compensation schedule, the Fund's Safeguards Policies and applicable national legislation in a manner satisfactory to the Fund in form and substance; and, the Bank requirements and the applicable national legislation in a manner that is satisfactory to the Fund both in form and content;

- b) Prepare and submit to Fund, as part of project reports, half-yearly reports on ESMF implementation developed for a specific site and the RAP if applicable, including any implementation failures and related remedies;
- c) Refrain from taking any action that would prevent or impede the implementation of the ESMF, including any modification, suspension, waiver and/or cancellation of any provision thereof, in whole or in part, without the prior written consent of the Fund; and
- d) Cooperate fully with the Fund in the event that the implementation of the project or a change in its scope results in a hitherto unforeseen population displacement and/or resettlement, and undertake to only commence work in the affected area, when all project affected persons (PAPs) in these areas have been compensated and/or resettled pursuant to an abbreviated Resettlement Action Plan (ARAP) to be prepared by the Recipient .

### **5.3 Compliance with Bank Policies**

The project complies with all Bank Group Policies.

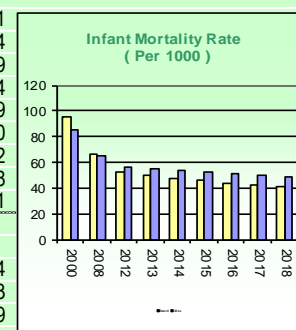
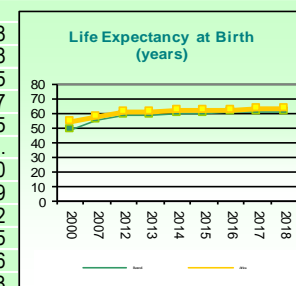
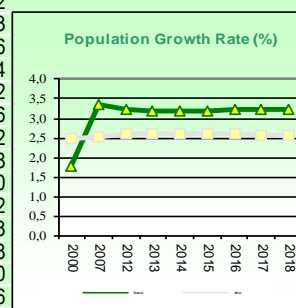
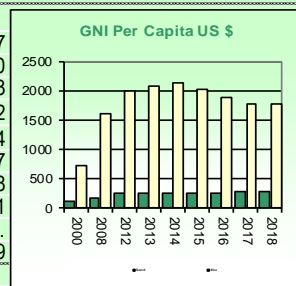
## **VI – RECOMMENDATION**

Management hereby recommends that the Board of Directors of the Fund approve the proposal to award a Grant of UA 15 million (9.37 million from ADF and 5.63 million from the Pilar I of the TSF resources) to the Republic of Burundi, to finance the Agriculture and Livestock Value Chain Sustainable Development Support Project in Burundi and according to the conditions set out in this report.

# ANNEX I. BURUNDI'S COMPARATIVE SOCIO-ECONOMIC INDICATORS

## Burundi COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Burundi	East Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Area ( '000 Km²)	2019	25,7	6 232	30 067	94 797
Total Population (millions)	2019	11,5	365,8	1 306,3	6 384,0
Urban Population (% of Total)	2019	13,4	27,7	43,3	50,3
Population Density (per Km²)	2019	449,0	62,7	44,5	69,2
GNI per Capita (US \$)	2018	280	975	1 783	4 844
Labor Force Participation *- Total (%)	2019	79,2	73,2	63,2	60,7
Labor Force Participation ** - Female (%)	2019	80,4	66,5	54,6	45,8
Sex Ratio (per 100 female)	2019	98,4	99,3	99,8	107,1
Human Develop. Index (Rank among 189 countries)	2018	185	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	71,8	34,2	35,6	11,9
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2019	3,2	2,7	2,7	1,2
Population Growth Rate - Urban (%)	2019	5,8	4,6	3,6	2,3
Population < 15 years (%)	2019	45,4	41,9	40,6	27,6
Population 15-24 years (%)	2019	19,1	20,7	19,3	16,4
Population >= 65 years (%)	2019	2,3	3,0	3,5	7,2
Dependency Ratio (%)	2019	91,3	81,3	78,7	54,6
Female Population 15-49 years (% of total population)	2019	23,4	24,4	24,2	25,2
Life Expectancy at Birth - Total (years)	2019	61,6	65,2	63,5	70,8
Life Expectancy at Birth - Female (years)	2019	63,4	67,1	65,3	73,0
Crude Birth Rate (per 1,000)	2019	38,4	33,4	33,0	20,2
Crude Death Rate (per 1,000)	2019	7,8	6,6	8,0	7,3
Infant Mortality Rate (per 1,000)	2018	41,0	39,7	48,7	31,3
Child Mortality Rate (per 1,000)	2018	58,5	56,4	70,2	42,0
Total Fertility Rate (per woman)	2019	5,3	4,4	4,4	2,6
Maternal Mortality Rate (per 100,000)	2017	548,0	433,9	432,3	230,0
Women Using Contraception (%)	2019	33,2	41,5	39,1	61,7
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-18	5,0	11,3	33,4	121,8
Nurses and midwives (per 100,000 people)	2010-18	85,3	82,7	107,8	240,8
Births attended by Trained Health Personnel (%)	2010-17	85,1	55,4	61,7	78,5
Peop. Using at least basic drinking water services (% of Pop)	2017	60,8	51,3	66,3	87,7
Peop. Using at least basic sanitation services (% of Populat)	2017	45,8	23,9	40,3	68,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2018	1,0	2,7	3,4	...
Incidence of Tuberculosis (per 100,000)	2018	111,0	183,4	202,3	154,0
Child Immunization Against Tuberculosis (%)	2018	91,0	86,7	81,4	84,9
Child Immunization Against Measles (%)	2018	88,0	78,9	76,1	85,2
Underweight Children (% of children under 5 years)	2010-17	29,3	20,1	17,5	14,5
Prevalence of stunting	2010-17	55,9	35,1	34,0	23,6
Prevalence of undernourishment (% of pop.)	2017	...	27,2	18,5	12,3
Current health expenditure (% of GDP)	2016	6,2	4,9	5,3	5,4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-19	121,4	98,0	100,1	104,1
Primary School - Female	2010-19	122,2	96,1	98,0	104,4
Secondary School - Total	2010-19	48,5	35,8	52,6	71,9
Secondary School - Female	2010-19	51,1	35,8	50,4	71,4
Primary School Female Teaching Staff (% of Total)	2010-18	50,4	44,4	48,6	62,9
Adult literacy Rate - Total (%)	2010-18	68,4	65,7	66,9	84,0
Adult literacy Rate - Male (%)	2010-18	76,3	74,5	70,8	88,2
Adult literacy Rate - Female (%)	2010-18	61,2	60,2	60,0	79,8
Gouvernement expenditure on Education (% of GDP)	2010-17	4,8	3,3	4,3	4,1
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	46,7	13,2	8,0	11,4
Agricultural Land (as % of land area)	2016	79,2	50,7	38,2	38,3
Forest (As % of Land Area)	2016	10,9	21,2	13,2	31,9
Per Capita CO2 Emissions (metric tons)	2014	0,04	0,2	1,2	3,5



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

last update :

April 2020

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

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

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



## ANNEX II. BANK PORTFOLIO IN BURUNDI AS ON 30.06.2020

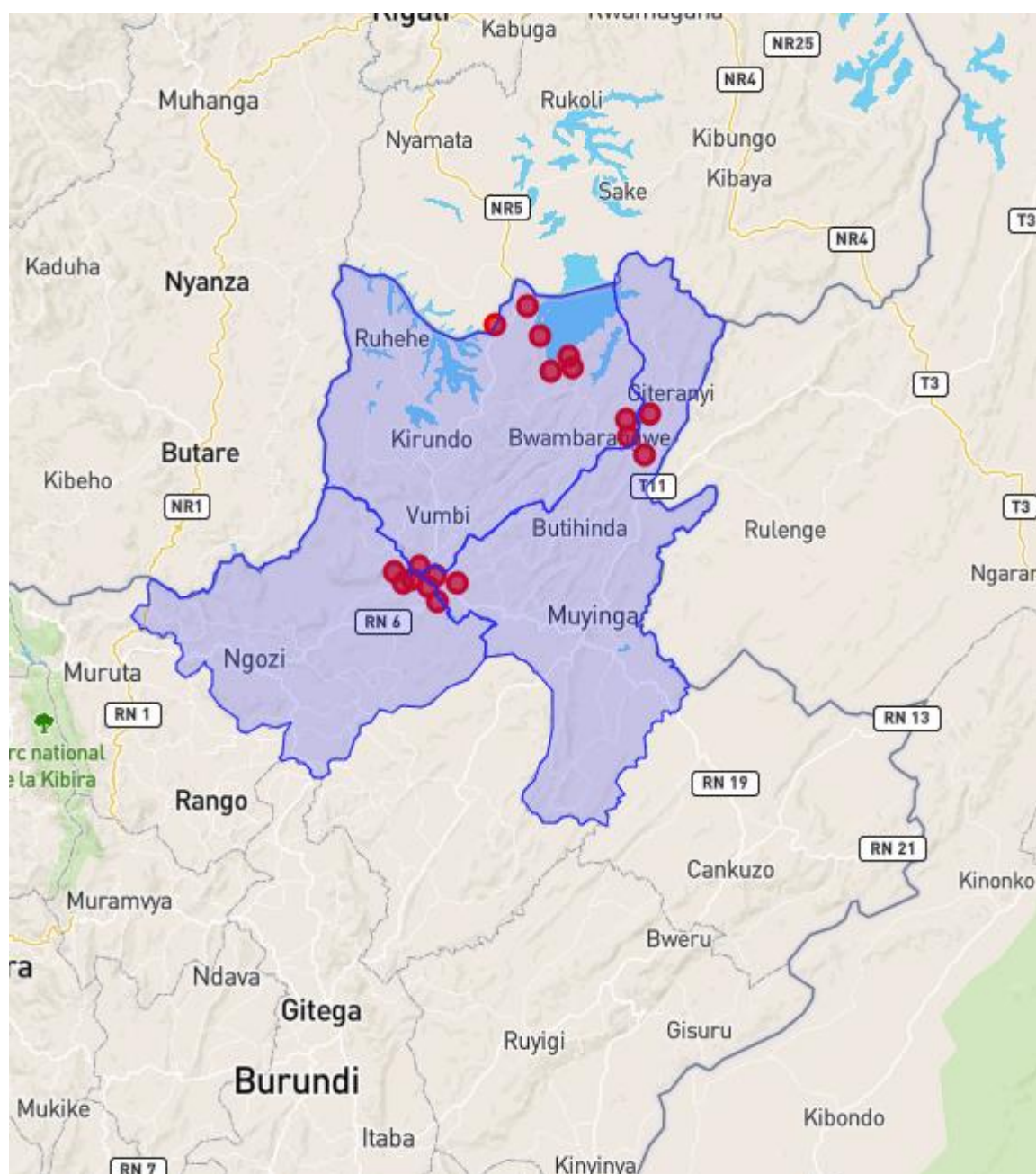
### PORTFOLIO IN BURUNDI (30 JUNE 2020)

	PROJECT NAME	Approval Date	Completion Date	Age [year]	Grant Amount (UA)	Disbursement Rate
	1	2	3		4	5
1	NR-15 : GITEGA-NYANGUNGU-Ngozi Road Development and Asphaltting Project ; Phase 2	29/06/2011	30/09/2020	8.9	10,000,000	93.63%
		29/06/2011	30/09/2020	8.9	32,000,000	98.88%
2	NR-18 : NYAKARARO-MWARO -GITEGA KIBUMBU-GITEGA (MWEYA) Phase II	01/02/2017	31/12/2020	3.2	9,720,000	28.13%
		01/02/2017	31/12/2020	3.2	4,080,000	10.29%
3	JIJI MULEMBWE Hydropower Project	23/06/2014	30/06/2023	5.9	14,340,000	12.06%
4	Project to Support the f Development Strategies Process	17/05/2017	30/09/2020	2.9	877,000	40.40%
5	Reduction of Youth Unemployment and Diaspora Commitment	15/01/2020	31/12/2022	0.2	1,000,000	0.00%
6	Project to Support the Institute of Nutrition Sciences	23/10/2019	31/12/2024	0.4	6,000,000	0.00%
7	Project to Support Agricultural Transformation in the Bugesera Natural Region	15/12/2017	30/06/2023	2.3	12,000,000	6.24%
8	Support Project for the Supply of Cooking Energy and Environmental Restoration in 4 Refugee Camps	02/05/2018	29/06/2020	1.9	1,000,000	96.17%
9	OBR Resource Mobilisation Improvement Support Project	17/06/2019	31/12/2021	0.8	1,000,000	11.95%
10	OBR Capacity Building Support Project	02/01/2019	31/12/2021	1.3	1,000,000	27.28%
11	RN-3 : MUGINA-MABANDA-LAKE NYANZA Roads Development and Asphaltting Project	27/06/2012	30/09/2020	7.9	27,500,000	90.48%
12	RMUNGE-GITEZA and KABINGO-KASULU-MANYOVU Roads Rehabilitation Project	22/11/2018	31/12/2024	1.4	47,250,000	0.74%
13	Multinational (Burundi/Zambia) Lake Tanganyika Corridor Development Project	05/12/2019	31/12/2024	0.3	14,070,000	0.00%
		05/12/2019	31/12/2024	0.3	15,787,407	0.00%
		05/12/2019	31/12/2024	0.3	4,940,000	0.00%
14	Burundi and Rwanda Electricity Networks Interconnection Project (under NELSAP)	14/12/2018	30/06/2025	1.3	2,510,000	0.00%
		14/12/2018	30/06/2025	1.3	12,020,868	0.00%
		14/12/2018	30/06/2025	1.3	3,170,000	0.79%
15	NELSAP Interconnection project - BURUNDI – DRC (KAMANYOLA Electricity Transmission Line)	27/11/2008	31/12/2025	11.5	15,150,000	55.30%
16	RUZIZI III (BURUNDI) Hydropower Project	16/12/2015	30/12/2021	4.4	19,290,000	0.00%
17	RUSUMO-BURUNDI Regional Hydropower Project	27/11/2013	31/08/2021	6.4	16,700,000	39.15%
		21/11/2013	31/08/2021	6.4	10,217,738	53.84%
18	Youth and Women's Socio-Economic Integration Support Project - PARSEJF	25/05/2016	31/12/2020	3.9	770,000	46.67%
19	Project to Support the Socio-Economic Reintegration of Youth and Women (CIRGL)	25/05/2016	31/12/2020	3.9	380,000	98.78%
<b>Total (19 operations)</b>					<b>282,773,013</b>	

### ANNEX III. MATRIX OF ACTIVE PROJECTS IN THE MAEP PORTFOLIO

Funding	Agricultural projects	Amount (millions of dollars)	Area	Comments
World Bank	Great Lakes Integrated Agricultural Development Project	75	Cibitoke, Bujumbura Rural, Bubanza, Rumonge et Makamba	The project mainly intervenes in : (i) support for increasing the productivity and agricultural production of small producers, (ii) support for agricultural processing and market access, and (iii) institutional development, knowledge acquisition and information dissemination at the regional level.
	Agricultural Productivity and Market Development Support Project	25	Mwaro, Bururi, Muramvya, Cankuzo, Bubanza, Ngozi, Muyinga, Kirundo, Rutana et Makamba	The project supports productivity and access to markets as well as the development of irrigation and rural roads.
	Project to support the competitiveness of the coffee sector	55	Gitega, Karusi, Ngozi, Kayanza et Muyinga	The project supports (i) the strengthening of the institutional framework and improvement of governance in the coffee sector, (ii) support to increase coffee productivity and (iii) improvement of quality and market access.
	Projet d'appui aux filets sociaux « MERANKABANDI »	40	Ruyingi, Karusi, Ngozi, Kirundo	The project intervenes through cash transfers to vulnerable households.
	Landscape Restoration and Resilience Project in Burundi	30	Bujumbura Rural Muyinga	The objective of the project is to restore land productivity in targeted degraded landscapes and, in the event of a crisis or emergency, to provide an immediate and effective response to such crisis or eligible emergency. The project is structured around 5 components: (i) Institutional development and capacity building for Landscape restoration and resilience, (ii) Sustainable landscape management practices, (iii) improved management of protected areas and reserves, (iv) emergency response, and (v) project management, coordination and monitoring and evaluation.
African Development Bank	Integrated project to support agricultural processing in the natural region of Bugesera (PATAREB)	16.56	Kirundo	The overall objective of PATAREB is to contribute to the improvement of the living conditions of populations through agricultural development and transformation. The specific objective of the project is to boost the inclusive agricultural development of the Natural Region of Bugesera through the realization of production infrastructure, the promotion of agricultural value chains and support for social safety nets.
IFAD	Agricultural Production Intensification and Vulnerability Reduction Project in Burundi (PIPARV-B)	68.56		The overall objective of the project is to contribute to the improvement of the living conditions and resilience of the rural populations of the Burundian central plateau through an integrated land management approach thanks to an optimal use of natural resources adapted to a growing demographic pressure. The project includes 2 technical components: (i) integrated land management, and (ii) inclusive community structuring, productivity improvement, development and diversification through the development of cooperatives. The third component relates to coordination, management and monitoring-evaluation.
	Project to support the development of the sectors	41.6	Bubanza, Muramvya, Ngozi, Cibitoke, Kayanza, Gitega et Karusi	The project intervenes in (i) the development and strengthening of value chains and (ii) the sustainable increase of productive capital and the development of rural infrastructure.
	Project to support agricultural intensification and valorization in Burundi	20	Gitega, Karusi, Cibitoke, Kayanza, Bubanza et Muramvya	The project intervenes in (i) strengthening productive capital and supporting agricultural intensification and (ii) adding value to agricultural products.
	National Project for Food Security and Food Development and Rural Development of Imbo and Moso	51	Rutana, Cibitoke	The project supports hydro-agricultural development and infrastructure to open up access as well as the structuring and development of the sectors.
	Project to Accelerate Achievement of MDG-1c	26.97	Cibitoke, Bubanza, Bujumbura, Makamba, Rutana, Ruyigi et Cankuzo	Support for increasing agricultural production and productivity, adding value to agricultural products and access to markets, and improving the nutritional situation of the population.
	Rural Youth Employment	6,62	Kayanza, Ngozi, Muramvya, Bunza et Ngozi	The project supports the creation of jobs for rural youth through the promotion of entrepreneurship in rural areas.
Kingdom of the Netherlands	Agricultural Productivity Support Project in Burundi	27.1	Le projet intervient sur tout le pays	The PAPAB project aims to sustainably increase agricultural production in Burundi through the promotion of market-oriented agriculture, supported by sustainable agricultural techniques that are resilient to the effects of climate change and by a system of fertilizer subsidies.
Belgian Technical Cooperation	Institutional and Operational Support Program for Burundi's Agricultural Sector	27.8	Cibitoke, Kirundo, Ruyigi	The project supports the development of agricultural and livestock production in the three natural regions of intervention (Mosso, Bugesera, Imbo).

## ANNEX IV. MAP OF THE PROJECT AREA



## **ANNEX V. JUSTIFICATION OF THE GOVERNMENT CONTRIBUTION COMPLIANCE WITH BANK POLICY ON ELIGIBILITY FOR BANK GROUP FINANCING**

1. The project totaling UA 16.39 million will be financed through a grant of UA 9.37 million from the African Development Fund and a grant of UA 5.63 million from the Transition Support Facility. The national counterpart amounts to 8.48 percent of the project cost.

2. The level of the Government's counterpart to the Bank's financing is less than 10% of the total project cost, as required by the Eligible Expenditure Policy, in its paragraph 4.2.2. Thus, in accordance with the provision of Section 4.2.2 of the Policy on Eligible Expenditures for Bank Group Financing (Revised Version of March 19, 2008), the level of Government counterpart for the ADF window has been determined on the basis of the four criteria below : (i) *the country's commitment to implement its overall development program;*(ii) *the financing allocated by the country to the sector targeted for Bank assistance;*(iii) *the country's fiscal situation and debt level;* and (iv) *the upper limit on cost sharing and the guidelines specified in the country financing parameters.*

### **Burundi is subject to significant fragility factors**

3. Burundi is one of the Regional Member Countries (RMCs) that have experienced recurrent socio-political conflicts. The resulting situations of violence and insecurity have led to a crisis of mistrust towards the political class, but also, and above all, to tensions between the dominant coalitions and the communities, by instrumentalizing ethnic differences. The country has not been able to develop sufficient resilience to stem the violence and address economic, social and environmental issues. In the face of all these hazards, the state and the political class have been unable to meet the expectations of the population, women and youth in particular, let alone resort to the mechanisms of inclusive socio-political dialogue, even though they are provided for and guaranteed by the Constitution.

4. In 2008, as a post-conflict country, Burundi was declared a "fragile state" and has benefited from the commitment of partners including the Bank Group, according to the New Deal for Busan principle, for some ten years now. The determining factors of fragility can be summarized in five points: (i) political, security and institutional factors; (ii) economic, financial and natural resource management factors; (iii) social factors, poverty and gender issues; (iv) environmental factors and the effects of climate change; and (v) interactions between external and internal factors (especially the regional dimension).

### **A - Burundi is committed to implementing its new national development plan (NDP 2018-2027)**

5. In order to respond to the major challenges that persist in terms of economic and social development and to follow up on the 2012-2016 Poverty Reduction Strategy, the Government of Burundi has drawn up a National Development Plan for Burundi for the decade 2018-2027 (NDP Burundi 2018-2027). The NDP is part of a development approach based on a new dynamic of transformation of economic, demographic and social structures. This includes generating multiplier and sustainable effects on improving economic growth and average per capita income and enabling the satisfaction of basic needs, poverty reduction, human capital development, environmental sustainability and social equity.

6. The NDP 2018-2027 was developed in a political, economic and social environment characterized by openness to dialogue and consultation between the Government and partners from political parties, civil society, religious denominations and youth, who are key actors in development. It is intended to be the foundation for strong and inclusive growth as of 2018 in order to enable Burundi to reach the level of emerging countries by 2027.

7. The NDP 2018-2027 is structured around 11 pillars: (i) modernization of agriculture; (ii) increase in energy production; (iii) improvement of knowledge based on technology and know-how; (iv) development of the natural resources sector; (v) diversification and promotion of a competitive and healthy economy; (vi) creation of an enabling environment for industrialization; (vii) strengthening of human capital; (viii) strengthening of transport, trade and ICT infrastructure; (ix) promotion of tourism; (x) public-private partnerships; and (xi) regional integration and international cooperation.

#### **B - Financing allocated by the country to the sector targeted by the Bank's assistance**

8. As of August 5, 2020, the Bank's active portfolio in Burundi comprised 19 public sector projects under implementation with a total commitment of US\$ 399.5 million (UA 282.77 million). Its distribution is aligned with the Bank's five major priorities (High 5), the priority areas of the country strategy (CSP 2019-2023) and Burundi's National Development Plan (NDP) and covers the following areas: Transport (58.47%), Agriculture (4.24%), Energy (33.03%), Social (3.24%), Multi-sector (1.02%).

9. It should be noted that under the H5 "Feed Africa" framework, the overall amount of Bank financing between 2009 and August 2020 is US\$38.15 million (UA 27 million). It will be increased to USD 59.35 million (UA 42 million) with the forthcoming approval of the current project. The interventions have notably contributed in the targeted areas (7.5% of the national territory) to a 12.4% increase in milk production, a 166.7% increase in agricultural rice yields and a 149.6% increase in cereal production. In addition, with a view to mitigating the impact of COVID 19, the Bank has made certain facilities available for the implementation of the ongoing Agricultural Transformation Support Project in the Bugesera Natural Region (PATAREB), in order to amplify the above-mentioned results. Indeed, to improve the resilience of the population in the Bugesera Natural Region, which is severely affected by food insecurity, the Bank made adjustments in 2020 to implement key activities such as the purchase of inputs (seeds, fertilizers, pesticides) to plant 500 ha for season C (June-September 2020). PATAREB will develop at least 3000 jobs of which (30%) are women along the different links of the different value chains of the selected speculations.

10. With this new operation, the Bank will consolidate the achievements of previous projects, with a view to achieving the objectives set in the country's National Development Plan 2018-2027.

#### **C - Burundi is experiencing a tight fiscal situation with the risk of high indebtedness.**

11. Since 2015, Burundi has been going through a crisis that has had a significant impact on public finances and fiscal policy. The drastic reduction in external financing through the state budget has resulted in a worsening of the budget deficit and insufficient budgetary savings to finance infrastructure investments from the state's own resources.

12. The economic recovery initiated since 2016 will be strongly impacted by the Covid-19 pandemic in 2020. The real GDP growth strengthened in 2019 (3.4% against 3.1% in 2018). It was driven mainly by increased production and exports of coffee and tea and a slight increase in public investment in the country. Good agricultural production combined with continued monetary policy helped to consolidate the decline in the general price level that began in 2018 (-3.1% against -2.6% in 2018). However, the situation remained tense in terms of public finances (-4.1% of GDP overall budget deficit) with a slight improvement in the external current account deficit, which fell from -12.9% of GDP in 2018 to -10.3% of GDP in 2019. The effects of the pandemic would be transmitted to all other macroeconomic sectors (real sector, public finance, external sector, monetary and banking sector) as well as on social and human development (food security, employment, health and education in particular). The extent of the crisis will depend on the time it takes to control the pandemic.

13. Thus, in the baseline scenario, which reflects the current trend of reopening of the global economy and the support policies implemented in the Western economies, Burundi's real GDP growth could fall by as much as -5.2% in 2020, with a sharp rise in inflation (+6.2% compared to two consecutive years of falling general price levels). The expected decline in tax revenue (due to the economic slowdown) combined with an increase in

current expenditure due to the increase in resources allocated to prevent the spread of the pandemic could further deteriorate the public finance situation. Indeed, the overall budget deficit could reach 9.0% of GDP in the absence of direct budget support from external aid. The country's already fragile external position would also be affected, with the external current account deficit projected at -11.0% of GDP.

**14.** In the event that the pandemic were to continue to spread throughout the year, the effects would be more significant on growth in GDP and macroeconomic aggregates: real GDP could come into contact with nearly 5.8% in 2020 with an overall budget deficit of 9.7% of GDP and an external current account deficit that could deteriorate to 11.3% of GDP.

**15.** Burundi reached the completion point of the Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative in 2009. However, according to the IMF/World Bank 2015 Debt Sustainability Analysis (DSA), Burundi remains at high risk of debt distress, even though the net present value of debt relative to GDP, which was 18 percent in 2015, is well below the 30 percent threshold. The country is exposed to a high risk of debt distress because the net present value of external debt relative to exports of goods and services is estimated at 152 percent for 2015 (compared to 187 percent for 2012), which is well above the 100 percent benchmark. The ongoing crisis has increased Burundi's overall debt from 34 percent of GDP in 2014 to 44 percent in 2016. Estimates are of the order of 50% for 2017. It is therefore necessary to increase exports and broaden the range of exports by exploiting the potential of sectors other than coffee (mining, tea, horticulture and tourism). To achieve this, in the short-term actions need to be taken to improve the productivity and financial health of the coffee sector.

**16.** These findings call for more prudent and rigorous debt management. To mitigate the risk of over-indebtedness, the institutional debt management system has been strengthened. The public debt management framework was renewed with the enactment of Law No. 1/03 of 11 May 2016, which promotes low-cost and low-risk public debt management without compromising the sustainability of public finances. The National Public Debt Management Committee, in charge of developing the debt strategy, determines the overall debt ceiling, the maximum amount of treasury bill issues, the maximum amount of government guarantees, and the degree of concessionality acceptable for loans. Despite this institutional framework, however, the country does not currently have a medium-term debt strategy. At the operational level, management is carried out by the Debt Department, which systematically verifies data using the DMFAS (Debt Management and Financial Analysis System) software and compares them with the maturity notices sent by creditors. However, internal capacity remains limited in terms of data production and debt sustainability analysis.

**17. *State of fragility of the country.*** Burundi faces significant vulnerabilities. It is classified as a transition country that benefits from Bank financing under the Transition Support Facility. Overall, the assessment of country resilience and fragility in 2018 suggests low capacity and medium to high pressures for Burundi. In all seven dimensions of the ERF, manifestations of pressure exceed country capacity: (i) the areas of political inclusion, security and justice are characterized by high pressure (particularly political inclusion) with weak capacity for justice and security; (ii) the areas of social cohesion, economic and social inclusion, and externalities are characterized by weak capacity (particularly justice) and weak pressure for economic inclusion and social cohesion). To mitigate the factors of fragility and strengthen Burundi's resilience, it is imperative that : (i) efforts be pursued in the short term to improve the country's political and security situation and governance, and (ii) interventions be accelerated and sustained to strengthen the country's economic base and create income-generating opportunities for the poor.

#### **D - Bank Support to Burundi**

**18.** Because of this high risk of over-indebtedness, the country has limited resources within the Bank. Financing for the indicative program of operations for the 2019-2023 CSP comes mainly from the grant resources of the ADF window. Burundi's 2020 allocation is 9.37 million Units of Account (MUA) out of a three-year indicative allocation for 2020-2022 of MUA 28.12 million. In addition to this allocation, an amount of 23.43 million UA, representing the allocation for the period 2020-2022 under Pillar I of the Transition Support Facility (TSF). These allocations are entirely in the form of grants. The Bank will also continue its efforts to mobilize additional resources, such as special/thematic and trust funds, to augment the limited ADF allocations for the country. Finally, the regional envelope, with its significant leverage effect, will be used to

finance inclusive projects that are of great importance given the country's landlocked status. Co-financing will also be sought for large-scale operations in the infrastructure sector.

#### **E - Conclusion**

***19. In conclusion, based on the foregoing and at the request of the Government, we recommend that the Government of Burundi not contribute directly to the financing of the project through counterpart funds.***



## ANNEX VI

### ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)<sup>1</sup>

#### A. Basic Information

<b>Project Title:</b> Sustainable Development of Agriculture and Livestock Value Chains Support Project		<b>Project SAP code:</b> P-BI-A00	
<b>Country:</b> Burundi	<b>Lending Instrument<sup>2</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> R		
<b>Project Sector:</b> AHAI	<b>Task Team Leader:</b> Youssouf KABORE		
<b>Appraisal date:</b> June 1-19, 2020	<b>Estimated Board Date:</b> October 28, 2020		
<b>Environmental safeguards Officer:</b> Joselyne GODONOU	<b>Social safeguards Officer:</b> x		
<b>Environmental and Social Category:</b> 2	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO		
<b>Is this project processed under rapid responses to crises and emergencies?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		

#### B. Disclosure and Compliance Monitoring

##### B.1. Mandatory disclosure

<b>Environmental Assessment/Audit/System/Others (specify: ESIA and ESMF.....)</b>			
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[27-August-2020]		
Date of receipt, by the Bank, of the authorization to disclose	[27-August-2020]		
Date of disclosure by the Bank	[28-August-2020]		
<b>Resettlement Action Plan/Framework/Others (specify: .....</b>			
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]		
Date of receipt, by the Bank, of the authorization to disclose	[Date]		
Date of disclosure by the Bank	[Date]		
<b>Vulnerable Peoples Plan/Framework/Others (specify: .....</b>			
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]		
Date of receipt, by the Bank, of the authorization to disclose	[Date]		
Date of disclosure by the Bank	[Date]		



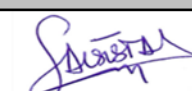
**If in-country disclosure of any of the above documents is not expected, please explain why:** Not applicable.

##### B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>

#### C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board? Yes ☒ No ☐

Prepared by:	Name	Signature	Date
Environmental Safeguards Officer:	Joselyne GODONOU		07-09-20
Social Safeguards Officer:	x		x
Task Team Leader:	Youssouf KABORE		
<b>Submitted by:</b>			
Sector Director:	Martin FREGENE		22/09/20
<b>Cleared by:</b>			
Director SNSC:	Maman-Sani ISSA		27/10/20

<sup>1</sup> Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>2</sup> DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.