

**AFRICAN DEVELOPMENT FUND**



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**REPUBLIC OF BURUNDI**

**ECONOMIC REFORM SUPPORT PROGRAMME**  
**PHASE 3 (PARE III)**

**PROGRAMME COMPLETION REPORT**

**GOVERNANCE, FINANCE AND ECONOMIC  
MANAGEMENT DEPARTMENT**  
March 2011

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## ABBREVIATIONS AND ACRONYMS

ADB:	African Development Bank
ADEBA:	Arab Bank for Economic Development in Africa
ARMP:	Procurement Regulatory Agency
BL	Budget Law
CNCA:	National Aid Coordination Committee
EC:	European Commission
EUR:	Euro
FSF:	Fragile States Facility
GFS:	Government Finance Statistics
GPRSP:	Growth and Poverty Reduction Strategy Paper
IFAD:	International Fund for Agricultural Development
IGE:	General State Inspectorate
IMF:	International Monetary Fund
ISPPIA:	International Standards for the Professional Practice of Internal Auditing
MoF:	Ministry of Finance
OPEC:	Organization of Oil Producing Countries
PAGE:	Economic Governance Support Project
PARE:	Economic Reform Support Programme
PASG:	Governance Support Project
PCR:	Project/Programme Completion Report
PEFA:	Public Expenditure and Financial Accountability
PFM:	Public Finance Management
PP:	Public Procurement
RBCSP:	Results-Based Country Strategy Paper
RGGBP:	General Regulation on Public Budget Management
SICI:	Inspection and Internal Control Service
USD:	US Dollar
WB:	World Bank

**PROGRAMME COMPLETION REPORT (PCR) ON REFORM SUPPORT OPERATIONS**

**A. PROJECT INFORMATION AND KEY DATES**

**I. BASIC INFORMATIONS**

<b>Project Reference:</b> P-BI-K00-07	<b>Project Name:</b> Economic Reform Support Programme Phase 3 (PAREIII)	<b>Country:</b> Burundi	
<b>Financing Instrument(s):</b> General Budget Support/Grant Ref. No.5900155000951		<b>Sector:</b> Multi-sector: Governance	<b>Environmental Category:</b> III
<b>Initial Commitment:</b> UA 10 million	<b>Amount cancelled:</b> UA 0 million	<b>Amount disbursed:</b> UA 10 million	<b>% Disbursed:</b> 100%
<b>Tranche breakdown:</b> Tranche 1: UA 7 million; Tranche 2: UA 3 million.			
<b>Recipient:</b> Republic of Burundi			
<b>Executing Agency(ies):</b> The institutional steering, coordination and monitoring framework of the reform programme was the one agreed upon in the Partnership Framework. It was based on three structures: (i) a Steering Committee chaired by the Minister of Finance; (ii) a Technical Steering Committee comprising the Directors General of the relevant ministries; and (iii) a Support Unit in charge of the day-to-day monitoring of the programme, comprising Senior Executives of the Ministry of Finance (MoF) and supported by Technical Assistance Services.			
<b>Co-financiers and other External Partners:</b> The operation was not co-financed. However, it received parallel funding from other donors: the World Bank (USD 25 million), the European Union (EUR 29.375 million), the Netherlands (USD 13 million) and Norway (USD 10 million).			

**II. KEY DATES**

<b>Project Concept Note Approved by the Operations Committee</b> 13 January 2010	<b>Appraisal Report Approved by the Operations Committee</b> 17 March 2010	<b>Approval by the Board of Directors:</b> 19 May 2010	
<b>Restructuring:</b> N/A			
	<b>Original Date</b>	<b>Actual Date</b>	<b>Difference in months [actual-original]</b>
<b>EFFECTIVENESS</b>	July 2010	27 May 2010	0
<b>MID-TERM REVIEW</b>	September 2010	15-17 September 2010	0
<b>CLOSURE</b>	December 2010	D 2010	0
	<b>Scheduled Disbursement Date</b>	<b>Actual Disbursement Date</b>	<b>Waiver of conditions</b>
<b>TRANCHE 1:</b>	Early July 2010	21 June 2010	0
<b>TRANCHE 2:</b>	September 2010	28 October 2010	0

**III. RATINGS SUMMARY**

<b>CRITERIA</b>	<b>SUB-CRITERIA</b>	<b>SCORE</b>
<b>PROJECT OUTCOME</b>	<b>Achievement of outputs</b>	3
	<b>Achievement of outcomes</b>	3
	<b>Timeliness</b>	4
	<b>OVERALL PROJECT OUTPUT</b>	<b>3</b>

<b>BANK PERFORMANCE</b>	<b>Design and Readiness</b>	3
	<b>Supervision</b>	4
	<b>OVERALL BANK PERFORMANCE</b>	<b>3</b>
<b>BORROWER PERFORMANCE</b>	<b>Design and Readiness</b>	3
	<b>Implementation</b>	3
	<b>OVERALL BORROWER PERFORMANCE</b>	<b>3</b>

#### IV. RESPONSIBLE BANK STAFF

<b>POSITIONS</b>	<b>AT APPROVAL</b>	<b>AT COMPLETION</b>
<b>Regional Director (ORSB)</b>		
<b>Sector Director (OSGE)</b>	Mr. G.NEGATU	Mr. I. N. LOBE
<b>Division Manager (OSGE.2)</b>	Ms. M. KANGA	Mr. J. MUKETE
<b>Project Manager (OSGE.2)</b>	Mr. M. MALLBERG	Mr. M. XUEREB
<b>Alternate Project Manager (ORSB)</b>	Mr. A. AMOUMOUN	Mr. M. MALLBERG
<b>PCR Team Leader</b>		Ms. M. XUEREB
<b>PCR Team Members</b>		

#### B. PROGRAMME CONTEXT

The Economic Reforms Support Programme Phase III (PARE III) was based on the 2006-2010 PRSP and covers two of the four strategic thrusts of the National Programme: (1) improving governance and security and (2) promoting sustainable and equitable economic growth. PARE III is the logical continuation of activities undertaken under PARE II, two of whose priority areas it subsumes, namely: (i) enhancement of the quality of public resource management and (ii) consolidation of the public finance internal and external control. The expected programme implementation outcomes were: (i) strengthening of macroeconomic stability; (ii) improvement of public access to basic services through an increased pro-poor allocation in the State budget; and (iii) a more effective and efficient system of public finance management. Implementation of the PARE III is satisfactory, despite the fact that 2010 was an election year – a time when political stability and reform implementation could have been undermined. The implementation of PARE III benefited from existing synergies in terms of Bank institutional support channelled through the Governance Structure Support Project (PASG) - particularly as regards strengthening the public procurement system and supporting the internal and external control structures – as well as support from the Fragile State Facility (FSF) and other donors, including the World Bank (Economic Governance Support Project - PAGE).

#### C. PROGRAMME OBJECTIVE AND LOGICAL FRAMEWORK

<b>1. State the project development objective(s) (as set out in the appraisal report)</b>		
The programme's objective was to support PRSP implementation and the achievement of its objectives by implementing the Public Finance Management (PFM) strategy to ensure a more effective and efficient public finance management. The overall expected outcome following the programme implementation was : (i) contribution to growth, inflation control and poverty reduction; (ii) resource allocation more closely aligned with PRSP priorities and a higher proportion of budget allocated to pro-poor spending; and (iii) improved public finance governance.		
<b>2. Describe how each reform and/or the conditions of each disbursement contributed to achieving the programme's development objectives</b>		
Disbursement conditions relating to (i) the submission by the Ministry of Finance (MoF) of the management accounts to the Court of Auditors (SAO) and Budget Review Laws (BRL) to the Court of Auditors and Parliament; (ii) the adoption of a decree relating to the General Regulation on Public Budget Management (RGGBP); and (iii) the reform of the public procurement system aimed at enhancing the effectiveness of PFM (Public Finance Management) by improving external control, budget preparation, implementation and control, as well as optimal use of State resources. The requirement to maintain a programme with the IMF is intended to monitor macroeconomic stability. IMF programme reforms (at the level of the PFM, banking and financial sectors, etc.) aimed to maintain a single-digit inflation rate, improving the proportion of public spending in favour of priority sectors, while ensuring fiscal sustainability and strengthening public financial management, good governance and the Central Bank's internal control system.		
<b>3. Provide a brief assessment (of up to two sentences) of the programme objectives along the following three dimensions: insert assessment working score using the scoring scale provided in Appendix 1</b>		
<b>PROGRAMME OBJECTIVES DIMENSIONS</b>	<b>ASSESSMENT</b>	<b>SCORE</b>

<b>RELEVANT</b>	a) Relevant to the development priorities of the country	Programme objectives were consistent with the national development priority strategy outlined in the PRSP 2006-2010, since they cover two of the four strategic thrusts. The restoration of good governance is seen by the authorities as a prerequisite for strong growth, in the same capacity as peace and security.	4
<b>ACHIEVABLE</b>	b) Objectives considered achievable in terms of contributions to the project and proposed time frame	Some objectives are relevant and the rate of implementation of the measures is satisfactory (75% of 12 activities were carried out satisfactorily). However, the programme objective of reducing the poverty rate is not measurable because the set target is 2016. The same applies to the objective of improving the governance indicator.	2
<b>CONSISTENT</b>	c) Consistent with the Bank's national or regional strategy	The programme objectives are part of Pillar I of the Result-Based Country Strategy Paper (RBCSP 2008-2011), namely " <i>Support to effective government by improving economic governance and the functioning of key public sector institutions</i> " which identifies reform of the Public Finance Management (PFM) system as a special priority.	4

<b>4. Present the logical framework<sup>1</sup>.</b>	
<b>OUTPUTS</b>	<b>Measurable Indicators</b>
<b>Component A: Improving Public Resource Management</b>	
<b>Sub-Component A1: Improving Budget Comprehensiveness and Documentation</b>	
Incorporate a larger portion of external funding (grants and loans) in the 2011 Budget Law (BL), that is, include at least four more partners than in BL2010 <sup>2</sup> . The National Aid Coordination Committee (CNCA) sends a report on projected donor disbursements for 2011 to the MoF for use in preparing BL2011.	The draft BL2011 and adopted BL2011 contain grants and loans from the ADB, WB, EC and four additional bilateral partners. CNCA disbursement estimates are included in BL2011 (Source: compare data from the CNCA report sent to the MoF and BL2011).
The draft BL2011 tabled before Parliament includes the following information: (i) Macro-economic assumptions used in preparing the draft BL2011; (ii) Budget deficits following GFS standards; (iii) Deficit financing; (iv) Status of implementation of the previous year's budget; (v) Debt stock; and (vi) Budget for the current fiscal year presented in the same format.	The number of information documents submitted when tabling the draft BL2011 before Parliament.
<b>Sub-Component A2: Improving the Public Finance Regulatory Framework</b>	
Finalize and submit the General Regulation on the Management of Government Budgets (RGGBP) to the Council of Ministers.	Executive Order by the President of the Republic relating to the RGGBP.
<b>Sub-Component A3: Improving Budget Implementation</b>	
Maintain a staff-monitored programme with the IMF.	IMF Release on the implementation of its staff-monitored programme.
Recruit at least two (02) Technical Directors for the Procurement Regulatory Agency (ARMP) before the end of 2010.	The Procurement Regulatory Agency (ARMP) employs two Technical Directors.
Finalize and adopt by ministerial order an action plan for implementing public procurement (PP) reforms.	The Action Plan and the instrument relating to its adoption.
Conduct targeted training on PP practices for officers responsible for implementing PP.	Report on the training conducted.
<b>Component B: Strengthening Internal and External Control</b>	

<sup>1</sup> The logical framework presented here is a summary of the logical framework presented in the appraisal report and the matrix of measures annexed to the report since the practices in force during the appraisal of the logical framework did not include the expected reform measures.

<sup>2</sup> BL2010 included funding (total or partial) from the following partners: World Bank (WB), African Development Bank (ADB) European Commission (EC), IFAD, OPEC, ABEDA, The Netherlands, Norway, Germany (KfW) and China.

### Sub-Component B.1 Strengthening Internal Control

Provide Internal Control Services (IGE and SICI) with the human and operating resources required to carry out their functions. Develop an ISPPA-compliant Audit Manual.	The General State Inspectorate (IGE) and the Internal Control and Inspection Service (SICI) carried out a minimum of 120 and 20 audits respectively in 2010. The IGE allocation in BL2011 increased by at least 10% compared to 2010, while SICI allotment in BL2011 amounted to at least BIF 50 million. The Audit Manual is available.
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### Sub-Component B.2 Strengthening External Control

The MoF submitted the draft Budget Review Law and the Management Account for 2009 to the Court of Auditors	The correspondence from MoF relating to the transmission of the Management Account and the draft Budget Review Law to the Court of Auditors.
Provide the Court of Auditors with the resources needed to function and a budget for the recruitment of 21 magistrates to enable the performance of its duty.	Allocation to the Court of Auditors in the BL2011 increased by at least 10% from 2010. The process for recruiting the 21 magistrates was on-going in 2010
Initiate a study on internal and external control in Burundi which will, among other concerns, focus on the amendment of the legislation establishing the Court of Auditors and defining the status of its judges.	The contract with the consultant was signed and the study initiated.
The draft Budget Review Law for 2008 is tabled before Parliament for discussion.	The draft Budget Review Law for 2008 was tabled before Parliament.
<b>Expected Outputs</b>	<b>Measurable Indicators appearing in the PER</b>
The budget is exhaustive.	Component 2 of PEFA indicator PI-7 <sup>3</sup> changed from C in 2009 to B at end-2010 <sup>4</sup> .
Budget documentation improved.	PI-6 <sup>5</sup> changed from C in 2009 to B at end-2010.
Budget implementation improved.	PI-19 <sup>6</sup> rose from D+ in 2009 to C at end-2010.
Internal control is strengthened.	The number of audits carried out by the SICI rose from 12 in 2009 to 20 in 2010; the number of audits carried out by the IGE increased from 111 in 2009 to 120 in 2010.
External control is strengthened.	All mandatory statutory audits were performed in 2010; Component 1 of indicator PI-28 <sup>7</sup> changed from D in 2009 to C at end-2010.

#### 5. For each dimension of the log. frame, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following

CHARACTERISTICS OF THE LOGICAL FRAMEWORK	ASSESSMENT	SCORE
<b>LOGICAL</b>	(a) Presents a logical causal chain for achieving the project development objectives The logical, causal sequence for achieving the development objectives was relatively well established. However, some measures (outputs) were only marginally relevant to the desired objectives (outcomes), such as the procurement measures which were intended to improve budget implementation.	3
<b>MEASURABLE</b>	(b) Expresses objectives and The objectives and outcomes are measurable and quantifiable for the most part. However, one of the sub-components of the	2

<sup>3</sup> Component 2 of PEFA indicator PI-7 measures the comprehensiveness of the information on donor-funded projects included in fiscal reports. The goal was to ensure that over 50% of grant-funded projects were included.

<sup>4</sup> The assessment of PEFA indicators was carried out by the mission preparing the completion report on an ad-hoc basis, given that no formal PEFA is expected before end-2011.

<sup>5</sup> PEFA indicator PI-6 measures the comprehensiveness of budget documentation submitted to Parliament along with the draft Budget Law. This was aimed at recording the number of satisfactory criteria from 4 to 6.

<sup>6</sup> PEFA indicator PI-19 assesses competition, the optimal use of resources and public procurement control. The goal was to increase the use of competitive procedures.

<sup>7</sup> Component 1 of indicator PI-28 assesses compliance with the timeline for the review of audit reports by Parliament. The goal was not to reduce the timeframe to less than 12 months.

	outcomes in a way that is measurable and quantifiable.	programme matrix measures, namely: "A.2 Improve the Public Finance regulatory framework", is not translated into objectives and outcomes within the logical framework. In addition, most of the results assessment indicators were lifted from the PEFA study which is carried out only occasionally and further complicates the assessment. Finally, there is sometimes confusion at the level of matrix measures between indicators and expected outcomes.	
<b>THOROUGH</b>	(c) States risks and key assumptions.	Assumptions and risks are generally clearly identified in the logical framework. However, although political instability is identified as a risk, the logical framework does not clearly mention that 2010 was an election year – a fact which, besides increasing the political risk, is also a risk likely to undermine the achievement of results, given that part of the administration was taken up by the elections.	3

## D. OUTPUTS AND OUTCOMES

### I. ACHIEVEMENT OF OUTPUTS

<b>In the table below, assess the <u>achievement of actual vs. expected outputs.</u></b>		
<b>KEY REFORM MEASURES</b>		<b>Score</b>
<b>Expected Outputs</b>	<b>Actual Outputs</b>	
<b>Component A: Strengthen Public Resource Management</b>		
<b>Sub-Component A1: Improving Budget Exhaustiveness and Documentation</b>		
Incorporate a larger portion of external funding (grants and loans) into the 2011 Budget Law or at least include aid from four more partners than in BL2010 <sup>8</sup> . The CNCA sends a report on projected donor disbursements for 2011 to the MoF which is used in preparing BL2011.	An interface between the CNCA and the MoF was appointed, but the CNCA faces a number of difficulties in obtaining information on donor projects. Donor-assistance estimates (programme assistance and project aid) for major donors were jointly prepared by the CNCA and the MoF, and included in BL2011.	4
The draft BL2011 tabled before Parliament contains at least the following information: (i) macroeconomic assumptions used in preparing draft BL2011; (ii) budget deficit by GFS standards; (iii) deficit financing; (iv) status of implementation of the previous year's budget; (v) debt stock; and (vi) current fiscal year's budget presented in the same format.	The bill was tabled before Parliament together with five of the six documents requested. The debt stock was not part of the budget documentation submitted (in December 2010).	3
<b>Sub-Component A2: Improving the Public Finance Regulatory Framework</b>		
Finalize and submit the General Regulation on Public Debt Management (RGGBP) to the Council of Ministers.	The decree was finalized and submitted in September 2010, but is yet to be adopted by the Council of Ministers.	3
<b>Sub-Component A3: Improving Budget Implementation</b>		
Maintain reference programme with the FMI.	According to the IMF Press Release of 23 July 2010, the 4 <sup>th</sup> review of Burundi's performance under the Extended Credit Facility (ECF) was approved by the Board.	4
Recruit at least two Technical Directors for the Procurement Regulatory Agency (ARMP) before end-2010.	The two Technical Directors were recruited	4
Finalize and adopt by ministerial order an action plan for implementing public procurement (PP) reforms.	An action plan for implementing public procurement (PP) reforms was adopted, but its implementation is not yet effective.	3

<sup>8</sup> BL2010 included funding (total or partial) from the following partners: World Bank (WB), African Development Bank (ADB) European Commission (EC), IFAD, OPEC, BADEA, The Netherlands, Norway, Germany (KfW) and China.

Conduct targeted training on PP practices for officials responsible for implementing PP reforms.	Officers of the National Public Procurement Department were trained to process files submitted to them. Training was also provided to Procurement Units in Ministries, as well as civil society and private sector representatives.	4
<b>Component B: Strengthening Internal and External Control</b>		
<b>Sub-Component B1: Strengthening Internal Control</b>		
Provide internal control services (IGE and SICI) with the human and material resources needed to carry out their duties. Prepare an ISPPA-compliant audit manual.	The IGE progress report is not yet available. However, owing to the State cartage reform, control institutions (and particularly the SICI) lost all or part of their vehicle fleet, which does not make monitoring any easier. In addition, the SICI budget for fiscal 2010 was slashed, while the one for fiscal 2011 is an austerity budget. Consequently, the SICI allocation is not enough to enable the institution to properly perform its supervisory functions. The Manual has just been redone.	2
<b>Sub-component B.2 Strengthening External Control</b>		
The Ministry of Finance forwards the draft Budget Review Law and the Management Account to the Court of Auditors.	The draft Budget Review Law and the Management Account for 2009 were sent to the Court of Audit.	4
Provide the Court of Audit with operational resources and a budget for the recruitment of 21 magistrates, so as to enable it to perform its functions.	Recruitment did not start, but was rather postponed to 2011. Moreover, the term of office of the magistrates currently recruited ended in June 2010, and they have neither been retained nor replaced. The Court of Audit's staff strength was also whittled down from 13 to 11 magistrates at end-2010.	1
Initiate a study on internal and external control in Burundi which will, among other concerns, focus on the amendment of the legislation establishing the Court of Auditors and defining the status of its magistrates.	The draft terms of reference were approved by the European Union in the first half of 2011.	2
The 2008 Draft Budget Review Law is tabled before Parliament for discussion.	Draft Budget Review Law 2008 was tabled before Parliament where it was discussed.	4
<b>OVERALL OUTPUT SCORE</b> [score is calculated as the average of the working scores]		3
		<b>Check here to override the auto-calculated score</b>
Provide justification for overriding the auto-calculated score		
Insert the new score or re-enter the auto-calculated score		3

## II. ACHIEVEMENT OF OUTCOMES

<b>1. Using the monitoring data available, assess expected outputs for each major activity. Import the expected outputs from the logical framework in Section C.</b>		
<b>OUTCOMES</b>		<b>Working Score</b>
<b>Expected</b>	<b>Actual</b>	
The budget is exhaustive.	This programme has improved budget exhaustiveness by helping to increase budget revenue. Indicator PI-7(ii) is thus rated B.	4

Budget documentation has improved.	The number of documents accompanying the Budget Law has improved, making it more compliant with PEFA standards. Indicator PI-6 is rated B, since five of the nine criteria relating to budget documentation have been met. However, the programme target was to fulfil 6 criteria.	3
Budget implementation is improved.	This programme has helped to improve budget implementation through better control of procurement procedures. The establishment of the Procurement Regulatory Agency (ARMP), whose functions include complaint processing, thus helped to achieve the goal of raising indicator PI-19 from D+ to C. However, this is just one dimension of the shortcomings of the procurement system.	3
Internal control is strengthened	With the Bank's institutional support (PASG), the programme helped to build the IGE's capacity and operating resources. In contrast, the FL-allocated operating budget was deemed inadequate (no diplomatic mission was audited for lack of funds) and the 2011 budget remains unchanged from 2010. However, the Audit Manual was produced and validated. The target of 120 missions was achieved. As for the SICI, it lacks the operating resources and could carry out only 15 of the 20 scheduled missions.	2
External control is strengthened.	Although the Bank's programme incited the Ministry of Finance to submit the Budget Review Law to the Court of Auditors and Parliament, human resources, in particular, are yet to be strengthened. The objective of indicator PI-28(i) has been achieved, but this indicator targets only the submission of reports to Parliament and not the scope and quality of external audit.	2
<b>OVERALL OUTCOME SCORE</b> [score is calculated as the average of the working scores]		<b>3</b>
		<b>Check here to override the auto-calculated score</b>
Provide justification for overriding the auto-calculated score		
<b>Enter the new score or re-enter the auto-calculated score</b>		<b>3</b>
<b>2. Impact on poverty and the social situation:</b>		
<p>The programme's impact on poverty is not easily measurable, given that it has been on for just one year. However, improved efficiency in the use of public resources will ultimately improve the performance of pro-poor spending, thereby contributing to poverty alleviation. Since women are among the most vulnerable population groups, they stand to benefit from improved PFM efficiency.</p> <p>Unfortunately, there are no poverty rate statistics after 2006. However, given the improvement in social indicators, it may be assumed that the trend is on the decline, although the drop seems modest in light of the economic growth (about 4%). Furthermore, by strengthening public finances, the programme is helping to consolidate the country's political stability, a necessary condition for reducing poverty and improving social indicators.</p>		
<b>3. Risks to sustained achievement of outputs.</b>		
The sustainability of achievements could be threatened by a new political instability in the wake of the various elections held between May and July 2010, especially as there are persistent rumours that a fresh rebellion is afoot. The capacity of the		

Burundian authorities to maintain the pace of reform and preserve the gains would then be in jeopardy. Moreover, the uncertainty regarding the continuation of the budget support from bilateral donors, if confirmed, could act as further disincentives, slowing down the pace of reforms.

## E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

**1. Indicate to what extent the Bank and Borrower ascertained that the Project was commensurate with the Borrower's capacity to implement the project, by designing the project appropriately and by putting in place the necessary implementation arrangements.**

**Consider all major project design aspects.**

The programme preparation was carried out in close collaboration between the Bank, the technical and financial partners and the relevant Burundian Government officials. The lessons drawn from the implementation of previous economic reform budget support programmes were taken into account in the programme design and preparation (including the need to limit the number of measures and target specific areas of intervention, and use the multi-tranche disbursement facility as a matter of choice). The programme was designed to reflect the reform strategies of the Burundian Government, as well as its institutional capacities. In formulating the measures, particularly those triggering tranche disbursements, efforts were made to ensure alignment with the budget schedule. The programme design also benefited from coordination with other budget donors and a number of studies, including the 2008 PEFA Survey.

However, a number of constraints were not taken into account, including that relating to the procedure for recruiting judges and the risk associated with the various elections.

**2. For each dimension of the project design and readiness for implementation, provide a brief assessment (of up to two sentences).**

PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	Working Score	
<b>REALISM</b>	a) Project complexity is matched with country capacity and political commitment.	The project design at the time of preparation was realistic, except that the measure on the recruitment of magistrates for the Court of Auditors failed to take into account the constraints related to the mode of recruitment (approval in Parliament by a two-thirds majority vote) and removability of these magistrates.	3	
<b>RISK ASSESSMENT AND MITIGATION</b>	b) The project design Project design includes adequate risk analysis..	Overall, the stated assumptions and risks were duly taken into account (social and political fragility, limited capacity and economic vulnerability). However, there was no fiduciary risk assessment (financial management) at the time of programme preparation or appraisal. The risk linked to the fact that 2010 was an election year was not taken into account in the programme, nor was there any provision for a mitigation measure.	2	
<b>USE OF COUNTRY SYSTEMS</b>	c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	Regarding budget support, the country's system was used.	4	
<b>For the following dimensions, provide separate working scores for Bank performance and Borrower performance:</b>			<b>Appraisal score</b>	
			<b>Bank</b>	<b>Borrower</b>
<b>CLARITY</b>	d) Responsibilities for project implementation were clearly defined.	Responsibilities for programme implementation were clearly defined in the appraisal report.	3	3

<b>MONITORING READINESS</b>	e) The monitoring indicators and plan were agreed upon.	The indicators and the monitoring plan were adopted.	3	3
<b>BASELINE DATA</b>	f) Baseline data were available during programme design.	PEFA report for 2009 was available and also the 2008 World Bank PEMFAR report.	3	3

## F. IMPLEMENTATION

<b>1. State the major characteristics of programme implementation</b>				
The Donee submitted to the Bank within the agreed timeframe evidence of having fulfilled the conditions for disbursement of the two tranches. However, processing delays were recorded at the Bank, particularly as regards verification of evidence that conditions for disbursement of the second tranche were fulfilled.				
<b>2. Comment on the role of other partners</b>				
The programme was not jointly financed. However, it received parallel financing from the WB, the EC, the Netherlands and Norway which also provided budgetary assistance to the country in 2010. During programme implementation, donors sought to strengthen their coordination and, accordingly, the first joint review of the partnership framework was held in September 2010. Moreover, since the Bank is not represented in the country, it received support from other donor missions in monitoring programme implementation.				
<b>3. <u>Harmonization</u>. State whether the Bank made explicit efforts to harmonize instruments, systems and/or approaches with other partners.</b>				
A favourable momentum was ushered in with the establishment of joint reviews in which donors pledged greater coordination in the preparation of their future assistance and better sharing of information and studies conducted.				
<b>4. For each aspect of project implementation, assess the extent to which the project achieved the following.</b>				
<b>ASPECTS RELATING TO PROJECT IMPLEMENTATION</b>		<b>ASPECTS RELATING TO PROJECT IMPLEMENTATION</b>		<b>ASPECTS RELATING TO PROJECT IMPLEMENTATION</b>
<b>TIMELINESS</b>	(a) Extent of project adherence to the original closure date. If the number on the right is: below 12, score 4 between 12.1 to 24, score 3 between 24.1 to 36, score 2 beyond 36.1, score 1	Difference in months between original closure date and actual closure date or date of 98% disbursement rate	The second tranche was disbursed in October 2010.	<b>4</b>
<b>BANK PERFORMANCE</b>	<b>BANK complied with:</b>			
	Environmental Safeguards	The programme was classified Category III and there was no environmental problem in its implementation.		<b>4</b>
	Fiduciary requirements	The fiduciary arrangements were consistent with Bank budget support rules.		<b>3</b>
	Project Covenants	The Bank complied with Grant Agreement arrangements.		<b>4</b>
	Bank provided quality supervision in the form of skills mix and practicality of solutions.	Programme supervision was undertaken by the Task Manager, in close collaboration with other donors and the Government.		<b>3</b>
Bank provided quality management oversight.	A supervision mission was conducted before disbursement of the second tranche, and was carried out jointly with other donors.		<b>3</b>	
<b>BORROWER PERFORMANCE</b>				

<b>BORROWER PERFORMANCE</b>	Environmental Safeguards	The programme was classified category III and its implementation did not pose any environmental problem.	4
	Fiduciary requirements	The audit should be based on the Court of Auditors report on the implementation of the 2010 budget, which will be prepared in 2011.	N/A
	Conditions and triggers	All disbursement conditions were met.	4
	The Borrower responsive to Bank supervision findings and recommendations	Overall, the Borrower was responsive to Bank conclusions and recommendations	N/A
	The Borrower collected and used monitoring information for decision-making.	This aspect of the Borrower's role in project implementation monitoring was not always satisfactory due to institutional weaknesses and, sometimes, lack of stringency in programme implementation monitoring.	4

## G. COMPLETION

### 1. Was the PCR submitted in a timely basis, in compliance with Bank Policy?

Closing date MM/DD/YY	Date PRC was sent to pcr@afdb.org MM/DD/YY	difference in months	WORKING SCORE (auto- calculated) if the difference is 6 months or less, a 4 is scored. If the difference is 6.1 or more, a 1 is scored
31 December 2010	20 April 2011	4	4

#### Briefly describe the PCR process.

The Completion Report preparation process started with a one-week Bank mission the Task Manager for Burundi undertook to the country (from 22 to 28 November). Besides gathering information, the mission held discussions with the relevant bodies of the Ministry of Finance and other institutions responsible for implementing various programme components. On this occasion, the mission was able to appreciate the observations of the Budget Support Coordination Unit on difficulties encountered in programme implementation and the lessons to be drawn both by the Bank and the Government for future reform programme operations. The mission also held discussions with some donors involved in budget support. The peer review was completed on time. Its comments and observations were taken into account and informed the Completion Report.

## H. LESSONS LEARNT FROM THE EVALUATION

### Summarize the key lessons for the Bank and the Borrower suggested by the project's outcomes.

In relation to previous operations, the implementation of this programme showed that limiting intervention areas and the number of measures was more appropriate for the country's fragility context and helped to produce better outcomes. Furthermore, the operation also showed that in such a context, it is important to make a good assessment of the amount of effort needed to achieve the required outcomes and be perfectly aware of the potential constraints in order to set realistic goals. Lastly, it revealed that budget support operations in fragile States constitute a major instrument of dialogue to channel reform efforts to priority areas and sustain the pace of such reforms.

The main lessons to be drawn from implementing this programme in order to continue improving the impact of budget support operations in the country are: (i) assess fiduciary risk when evaluating future budget support operations; (ii) strengthen measures seeking to balance the budget in favour of poverty reduction expenditure; (iii) define more clearly the measures to be implemented and make a clearly set out expected outcome indicators during formulation; (iv) strengthen dialogue with the Government on the programme structure to enhance programme ownership in the country; (v) continue coordination efforts with other donors initiated during the first joint Partnership Framework review; and lastly (vi) strengthen the Bank's field presence for improved monitoring of programme implementation.

**PROGRAMME COMPLETION REPORT (PCR) ON REFORM SUPPORT OPERATIONS**

**I. PROJECT RATINGS SUMMARY**

All working scores and ratings are auto-generated by the computer from the relevant section in the PCR

<b>CRITERIA</b>	<b>SUB-CRITERIA</b>	<b>Working score</b>
<b>PROJECT OUTCOME</b>	Achievement of Outputs	3
	Achievement of Outcomes	3
	Timeliness	4
	<b>OVERALL PROJECT OUTCOME SCORE</b>	<b>3</b>
<b>BANK PERFORMANCE</b>	<b>Design and readiness</b>	
	Project objectives are relevant to country development priorities	4
	Project objectives could in principle be achieved with the project inputs and in the expected time frame	2
	Project objectives were consistent with the Bank's country or regional strategy	4
	The logical framework presents a logical causal chain for achieving the project's development objectives	3
	The log frame expresses objectives and outcomes in a way that is measurable and quantifiable	2
	The logical framework states the risks and key assumptions	3
	Project complexity was matched with country capacity and political commitment	3
	The project's design includes adequate risk analysis	2
	Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners	4
	Project implementation responsibilities were clearly defined	3
	Monitoring indicators and monitoring plan were agreed upon during design	3
	Baseline data collection is completed or on-going	3
	<b>PROJECT DESIGN AND READINESS SUB-SCORE</b>	<b>3</b>
	<b>Supervision:</b>	
	Bank compliance with:	
	Environmental Safeguards	4
	Fiduciary Requirements	3
	Project Covenants (conditions and triggers)	4
	Bank provided quality supervision in the form of skills mix provided and practicality of solutions	3
	Bank provided quality management oversight	3
	The PCR was delivered on a timely basis	4
<b>SUPERVISION SUB-SCORE</b>	<b>4</b>	
<b>OVERALL SCORE FOR BANK PERFORMANCE</b>	<b>3</b>	
<b>BORROWER PERFORMANCE</b>	Responsibilities for project implementation are clearly defined	3
	Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at the time of appraisal	3
	Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected.	3
	<b>PROJECT DESIGN AND READINESS SCORE</b>	<b>3</b>
	Environmental Safeguards	4
	Fiduciary Requirements	N/A
	Project Covenants	4
	Borrower was responsive to Bank supervision findings and recommendations	3
	Borrower used monitoring information for decision-making	2
	<b>IMPLEMENTATION SUB-SCORE</b>	<b>3</b>
<b>OVERALL BORROWER PERFORMANCE SCORE</b>	<b>3</b>	

**J. PROCESSING**

<b>STAGE</b>	<b>SIGNATURE AND REMARKS</b>	<b>DATE</b>
<b>Sector Manager Clearance</b>		
<b>Regional Director Clearance</b>		
<b>Sector Director Approval</b>		

## SCORING SCALE

SCORE	EXPLANATION
4	<b>Highly satisfactory</b> - Fully implemented no weaknesses
3	<b>Satisfactory</b> - majority of the objectives are achieved despite a few shortcomings
2	<b>Average</b> - project partially completed. Almost as many outcomes as shortcomings
1	<b>Poor</b> - Very few outputs and serious shortcomings
N/A	Not Applicable

**ANNEXES TO PARE-III COMPLETION REPORT**ANNEX I  
PAGE 2/2**PROGRAMME COST AND FINANCING BY SOURCE**

<b>Source of Financing</b>	<b>Amount (in million)</b>	<b>Financing Instrument</b>
ADB/ADF	10 UC	Budget Support Grant
World Bank	25 USD	Economic Reform Support Grant (ERSG-III)
European Commission	EUR 15 (PABRE) EUR + 15 (V-Flex)	Grant (Economic Reform Budget Support Programme + V-Flex)
The Netherlands	USD 13	Economic Reform Support Grant (ERSG-III)
Norway	USD 10	Economic Reform Support Grant (ERSG -III)

TYPE OF MISSION	DATE OF MISSION	TEAM MEMBERS AND THEIR SPECIALTIES
Preparation	From 22/11/2009 to 04/12/2009	- Mr. Mallberg, Principal Economist, OSGE.2 -
Appraisal	From 30/01/2010 to 09/02/2010	- Mr. Mallberg, Principal Economist, OSGE.2 - A. Amoumoun, Senior Procurement Expert, OSGE.2 - I. CAMPOS, Junior Economist, OSGE.2 - J. Kelderhuis, Fragile States Expert, OSFU
Supervision	From 15/09/2010 to 21/09/2019	- Mr. Mallberg, Principal Economist, OSGE.2 - Mr. Xuereb, Senior Economist, OSGE.2
Completion	From 22/11/2010 to 28/11/2010	- Mr. Xuereb, Senior Economist, OSGE.2

INDICATORS	SUPERVISION SCORE
	September 2010
<b>A. PROJECT IMPLEMENTATION</b>	
Compliance with loan conditions precedent to entry into force	3
Compliance with general conditions	3
Compliance with other conditions	3
<b>B. PROCUREMENT PERFORMANCE</b>	
Procurement of consultancy services	NA
Procurement of goods and services	NA
<b>C. FINANCIAL PERFORMANCE</b>	
Availability of funds in foreign currency	3
Availability of funds in local currency	3
Disbursement flows	3
Management cost	NA
Performance of Co-Financiers	NA
<b>D. ACTIVITIES AND WORKS</b>	
Adherence to implementation schedule	3
Performance of consultants and technical assistants	NA
Performance of contractors	NA
Performance of project management	3
<b>E. IMPACT ON DEVELOPPEMENT</b>	
Likelihood of achieving development objectives	3
Likelihood that the benefits will be realized and sustained beyond implementation	3
Likely contribution of the project towards an increase in	3
Current rate of return	NA
<b>F. OVERALL PROJECT ASSESSMENT</b>	
Current supervision average	3
Current trend over time	3

## KEY ECONOMIC AND FINANCIAL INDICATORS

	2008 Est.	2009 Proj.	2010 Proj.	2011 Proj.
<i>(In year-to-year variation)</i>				
<b>National Income and Prices</b>				
Real GDP Growth rate	4.5	3.5	3.9	4.5
GDP deflator	25.1	13.6	8.5	8.7
Change in consumer prices (in avg. Annual	24.4	11.3	8.0	7.3
Change in consumer prices (end of period)	25.7	8.5	7.5	7.0
<b>External Sector</b>				
Fob Exports (USD)	15.1	11.9	16.8	-3.8
Fob Imports (USD)	16.0	-19.5	17.8	8.9
Export volume	5.2	17.4	20.6	6.4
Import volume	4.1	9.0	8.5	3.9
Terms of trade (deterioration = -)	3.4	29.1	-10.9	-13.7
<i>(% change in M2 value at start of the period, except as otherwise stated)</i>				
<b>Currency and Credit</b>				
Net foreign assets	21.9	1.7	0.5	NA
Domestic credit	18.8	17.2	11.9	NA
Government	5.8	4.9	4.1	NA
Private Sector	8.5	7.7	7.9	NA
Money and quasi money	34.2	17.7	12.0	NA
Reserve currency (rate of growth over 12 months)	25.1	15.5	11.5	NA
<i>% GDP</i>				
<b>Public Finance</b>				
Total revenue including grants	18.5	18.0	18.5	19.0
Total expenditure and net lending	44.1	46.8	48.3	47.3
Overall balance (commitment basis)				
Excluding grants	-25.6	-28.8	-29.8	-28.3
Including grants	-3.7	-4.1	-4.0	-2.3
	-12.2	-12.1	-10.2	-7.6
<b>Investments and savings balance</b>	-8.5	-8.0	-6.2	-5.4
Private	-3.7	-4.1	-4.0	-2.3
Public				
<b>External Sector</b>	-12.2	-12.1	-10.2	-7.6
Current account balance	7.3	4.4	-1.5	0.8
Overall balance of payments				
<i>(USD million unless otherwise stated)</i>				
<b>External Sector</b>				
Gross official reserves				
In USD million	266.6	324.1	302.2	331.1
In import months of goods and services	6.3	7.0	6.0	6.0
Debt servicing ratio (in %)	3.5	2.1	3.2	3.8
<b>For the record:</b>				
GDP at current market prices (BIF billion)	1386	1630	1836	2085

**Source:** IMF, Third Review Under the Three-Year Arrangement Under the Extended Credit Facility, March 2010

**LIST OF DOCUMENTS USED**

1. PARE III Assessment Report
2. PCR Format for Budget and Balance of Payments Support
3. PRSP (Poverty Reduction Strategy Paper), 2006
4. Project Supervision Report, April 2010
5. Burundi: Third Review Under the Three-Year Arrangement Under the Extended Credit Facility—Staff Report and Press Release
6. Project Supervision Aide Mémoire, September 2010