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McNamara Papers

Contacts
Burundi (1968-1979)

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Contacts with member countries: Burundi - Correspondence 01

BURUNDI

BURUNDI

1. 9/23/68 Ambassador Terence Nsanze
Minister of Finance Joseph Hicuburundi
President, Central Bank Bonaventure Kidwingira
Vice President, Central Bank Ferdinand Bitariho
Director-General, Central Bank Bernard de Martrin-Donos
Director-General, Ministry of Finance Kamwenubusa

- 1/31/69 Ambassador Terence Nsanze

2. 3/24/70 Ambassador Terence Nsanze

3. 5/1/73 Ambassador Ndabaniye, newly-appointed Ambassador to the US.

4. 10/3/74 Mr. Mpozagara, Minister of Finance

5. 12/7/76 Laurent Nzeyimana, Ambassador to the U. S.

6. 9/24/79 President Jean-Baptiste Bagaza
Edouard Nzambimana, Minister of Foreign Affairs
Donatien Bihute, Minister of Planning
Isidore Nyaboya, Public Works
Gaspard=Emery Karenzo, Geology & Mines



September 24, 1968

Mr. McNamara's Meeting with Delegation from Burundi on Monday, September 23

Present: Ambassador Terence Nsanze, Minister of Finance Joseph Hicuburundi, President of Central Bank Bonaventure Kidwingira, Vice President of Central Bank Ferdinand Bitariho, Director-General Central Bank Bernard de Martrin-Donos, and Director-General Ministry of Finance Bonus Kamwenubusa, and Mr. Coleman

Mr. McNamara welcomed the delegation and the Minister of Finance expressed his pleasure at the financial and technical assistance provided by the World Bank Group to Burundi. The Minister went on to ask for an increased Bank Group participation in the development of Burundi. In general, the Minister was under the impression that the Bank's policies and attitude favored the big developing countries and that small countries like Burundi had not received their due share. In his reply, Mr. McNamara emphasized that, on a comparative basis, Burundi had received a significant portion of the World Bank Group's funds considering its size and population. However, the real standard for deciding how much assistance Burundi ought to receive should be Burundi's needs and her absorptive capacity. Mr. McNamara explained that the World Bank placed increased emphasis on lending to Africa and that especially Burundi would benefit from this policy. Unfortunately, lending operations, in particular for Burundi, were severely handicapped by the scarcity of IDA funds and many countries eligible for assistance from IDA had been asked to accept Bank loans or wait until IDA would be replenished. With respect to the coffee rehabilitation project in Burundi, however, Mr. McNamara was happy to report it would be financed out of the available IDA funds subject, of course, to approval by the Executive Directors.

Rainer B. Steckhan
Rainer B. Steckhan

cc: Mr. McNamara
Mr. Knapp
Mr. El Emary
Files

RBSteckhan:m1

OFFICE MEMORANDUM

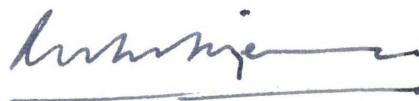
TO: Mr. Robert S. McNamara

DATE: March 23, 1970

FROM: Michael L. Lejeune

SUBJECT: BURUNDI - Visit of Ambassador Terence NSANZE

For your meeting with the Ambassador of Burundi on Tuesday, March 24, please find attached a short biographical note on the Ambassador and a briefing paper on Burundi. I plan to attend.



deLusignan:acc

President has seen

BIOGRAPHICAL NOTE

Mr. Terence Nsanze

Ambassador of the Republic of Burundi

Ambassador Terence Nsanze is 36 years old and has been living in the United States since 1961. Until 1965, he was studying at Georgetown, Howard, American and Columbia Universities. He graduated in languages (English) and political science. In 1965, he was appointed counselor to the Burundi permanent mission to the United Nations. He became subsequently permanent representative and, in May 1967, Ambassador of his country in Washington and ~~Toronto~~. OTTAWA, Burundi having been elected, at the last General Assembly of the United Nations, a member of the Security Council, Ambassador Nsanze chaired the Council in January. Mr. Nsanze has always been very keen in following the Bank's current and future operations in his country, particularly with respect to a possible power project (see paragraph 12 of attached brief).

BURUNDI

Briefing Paper

Political situation

1. Burundi became independent in 1962. The country has suffered since from extreme political and social instability due to the ethnic tensions between the Hutus, who comprise 85 percent of the population, and the Tutsis, who, although in minority, have control over the army and the principal political party.
2. The President of the Republic is Captain Michombero, who took over power in November 1966, when a republic was established. The Parliament set up by the monarchy was disbanded and has not been restored since. Cabinet members have changed frequently.
3. In September 1969, a plot against the President was discovered. 26 people, including the former ministers of Planning, Economic and Social Affairs, were executed. However, Captain Michombero hopes to solve in the long run the ethnic problems which jeopardize the political scene of Burundi by preparing a constitution, organizing, within two years, legislative elections and restoring a parliament.

Economic situation

4. Burundi is, with Rwanda, one of the poorest countries in Africa both in terms of income (\$50 per capita) and natural resources. It is a small land-locked country of 28,000 square kilometers with 3.5 million inhabitants evenly distributed at a density which is about the highest on the African continent. Agricultural production accounts for more than 90 percent of all exports. Coffee is the major export crop. As in Rwanda, the Government's policy is oriented towards the diversification of agricultural cash crops, mainly through the development of tea.
5. Overpopulation continues to be the country's most immediate problem. Population growth averages about 3 percent a year. In view of Burundi's scarcity of land, efforts have to be undertaken to modernize subsistence agriculture in the densely populated areas, particularly in the central and northern parts of the country. The Government has recently become aware of the need to control population growth.

6. Burundi's public financial resources are modest. The public finances are precarious. After Independence, Government expenditure rose considerably more than revenue on account of the creation of new Government services. Between 1965 and 1968, the budget situation improved somewhat. Revenue rose as a result of more vigorous expenditure control. The ordinary budget showed a cash surplus in 1967 and in 1968. But the overall budgetary picture, including development expenditure, shows a continuous deficit. External budget support is still required as well as external assistance for most of public investment. Burundi's balance of payments since 1965 has been in deficit. This deficit is reflected in the deterioration of the country's net international reserves which were equivalent to less than two months imports in 1969, at the time of the last IMF mission, against 11 months in 1964.

Bank Group's operations in Burundi

A. Past operations

7. Prior to Independence, in 1957, the Bank made a loan of US\$ 4.8 million for a lake port project in Bujumbura.

8. In 1966, the Association granted Burundi a US\$ 1.1 million credit to improve the water supply system in the capital city of Bujumbura. This project is nearly completed.

9. In April 1969, the Association granted a US\$ 1.8 million credit to help finance the improvement of the output and quality of Arabica coffee from the existing trees by small holders. The project is progressing satisfactorily and the Government would like additional assistance from the Association to extend the project.

B. Future operations

10. Until the end of last year, the Bank was the executing agency for a UNDP financed feasibility study for an international road link Bujumbura-Kigoma (in Uganda). This connection was found not to be justified. On the basis of the study, an engineering project for a highway for local purposes between Bujumbura and Nyanza Lac was appraised in December 1969. The project is likely to be negotiated shortly with the Burundi Government. It should lead to a highway construction and maintenance project to start in 1971, the total cost of which amounts to roughly US\$ 8.5 million equivalent.

11. The engineering credit would also include provision for the study of the requirements for a betterment project for the east-west road crossing the country.

C. Other matters

12. The Burundi Government asked the Bank to consider the Ruvubu hydro-electric power project of 11 Mw. A mission examined this project in late 1968 and concluded it was economically unjustified. The Burundi Ambassador called on Mr. McNamara in January 1969 to discuss this question. Subsequently, Mr. El Emery visited Burundi at which time he confirmed that the Bank believed Ruvubu unjustified, but agreed that the Bank would support an examination by UNDP of alternative power possibilities in the Lake Tanganyika watershed. The UNDP has agreed to finance such a study. A plan of operation and terms of reference have been drafted. The Bank has agreed to act as the executing agency. The arrangements were negotiated in February in Burundi at which time the legal documents were initialed. Their signature is subject to completion of contract negotiations between the consultants, yet to be selected, and the Bank.

13. The Government expressed verbally, during a Bank mission in February 1970, its concern regarding Burundi's population problem. It inquired whether the Bank could assist in solving this problem. A response to this awaits receipt of a report by a population expert from the United Nations who visited Burundi in February/March.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 30, 1973

FROM: Thomas U. Halbe ^U Acting Director, EACPII

SUBJECT: Burundi: Visit of Ambassador Ndabaniye

Ambassador Ndabaniye, the new Burundi Ambassador to the United States and to the United Nations, will visit you tomorrow.

I am attaching for your information a curriculum vitae of the Ambassador.

Although I expect the Ambassador's visit to be essentially a courtesy call, he may ask you about the Bank's intentions concerning his country, which are reflected in the attached 5 year lending program, and in particular, about the status of the Road Construction and Maintenance project. Paragraph 3(b) of the attached briefing paper deals with this project, which we hope to be able to submit to the Executive Directors by the end of this calendar year.

The Ambassador will be accompanied by Mr. Demeksa.

Attachments

LMoreau:pe

President has seen

BURUNDI

BRIEFING PAPER

1. Country Data:

Area: about 10,744 square miles

Population 1970: 3.3 million

Net population growth: 2% per annum

GNP per capital 1970: \$50

Major cash crop: coffee (1970: 79% of total export earnings)

2. Political and Economic Situation

Burundi is one of the poorest countries in the world with 95% of the population living in rural areas at or near subsistence level. Heavy population pressure keeps living standards at this level.

In April - May 1972, civil war erupted between the Hutu and the Tutsi ethnic groups, the latter remaining in power, although representing only an estimated 15% of the people. President Micombero, a Tutsi, continues to lead the country with the help of the single party, UPRONA, and the army. Previous uprisings of Hutu occurred in 1965 and 1969 and were each time followed by bloody repression, but never on a scale as in 1972. Official Government figures estimate total killings at 120,000 but this figure is likely to be too low. Furthermore, about 50,000 people are said to have fled to neighboring countries, Rwanda, Tanzania and Zaire.

*status period
war
effects*

The civil war has adversely affected the country's economy. A UN report of January 1973 on Burundi's socio-economic situation states that agricultural production has seriously declined: coffee production in 1972 is estimated to have decreased by about 12% as compared with the 25,000 tons produced in 1971, and is expected to decline further in 1973, by about 14%. The production of cotton, rice, maize and fish has also decreased.

The Government has asked the UN/UNDP and other aid donors to finance a \$2 million emergency rehabilitation program for the most devastated areas along Lake Tanganyika, but aid from international institutions has remained limited to some assistance from WHO, FAO/WFP and the Red Cross. The Government has created an interministerial committee to coordinate rehabilitation measures, but the committee has not yet taken any action.

3. IDA Operations

a) Ongoing Operations

Water Supply Project (Credit 85 BU)

The first IDA Credit to Burundi was made in 1966, to improve the water supply system in Bujumbura. The project has been completed and the credit closed on December 31, 1972. The credit provided, inter alia, for technical assistance to help reorganize and manage REGIDESO, the Government authority responsible for the water distribution system and for the implementation of the project. Some management, staffing and technical problems still persist in REGIDESO and we intend to follow up with a supervision mission later this year.

Coffee Improvement Project (Credit 147 BU)

In April 1969, an IDA Credit of \$1.8 million was made to help finance the improvement of the output and quality of Arabica coffee, cultivated by smallholders. Progress of the project is satisfactory and a second coffee project is in the course of preparation for FY75.

Highway Engineering Project (Credit S11 BU)

In June 1970 a credit of \$380,000 was made to prepare a Highway Construction and Maintenance project (see paragraph 3(b)).

b) Future Operations

Highway Maintenance and Road Construction Project (FY74)

A credit of \$8.9 million was negotiated in April 1972, with UNDP and German participation, but due to the civil war, presentation to the Executive Directors was postponed. In November and December 1972 we sent missions to Burundi to evaluate whether we could proceed with the project, in particular the reconstruction of the Bujumbura-Nyanza Lac Road. The missions noted a decrease in the economic activity in the project area, which was in the center of the fighting. This may affect the economic rate of return of the road construction, computed during appraisal in October 1971, which in turn would weaken the economic justification of the credit. We have therefore informed the Government of the importance we attach to a rehabilitation and resettlement program in the project area, which would bring economic activity back to its previous level by the time the road works are completed. A mission is presently in the field to evaluate Government action in the area.

During our November/December missions we discussed with the Government the possibilities of using labor-intensive construction methods, in order to encourage the return of people to the area. Consultants financed under funds remaining under Credit S11 BU (see paragraph 3(a)) have studied the possibilities and we are expecting their report shortly.

The Government is very anxious that we proceed with the project. If the conclusions of the mission currently in the field are positive, we will send a mission in June/July to reappraise the road construction part of the project in the light of the consultants' report. We have tentatively scheduled presentation of this project to the Executive Directors for November 1973.

Agricultural Projects (FY75 and '76)

Our operations program includes five agricultural projects, Coffee II, Fish Processing, Smallholder Tea, Land Settlement and Lower Ruzizi Drainage (see attached memorandum to Mr. Knapp on the proposed lending program FY74-78). A second coffee project would have economic priority and is being prepared by PME.A. The status of preparation and prospects for the other projects will be reviewed by an agricultural mission, tentatively scheduled for September.

Economic Mission

An economic mission is scheduled for November to assess the country's economic situation and prospects following the civil war, and to update the Bank's draft economic report of June 19, 1972, which had been superseded by the recent events in Burundi.

Attachment

April 30, 1973
EACPII

- 1.- Date et lieu de naissance : ^{Born:} 6 Mai 1940 à Nyarubenga, Burundi.
- 2.- Etat civil : Marié et père de quatre enfants.
- 3.- Etudes faites :
- Studies
- 1948 à 1953 : Ecole primaire à Kibumbu, Burundi.
 - 1954 à 1960 : Etudes secondaires au Groupe Scolaire d'Astrida, Ruanda.
 - 1961 : Propédeutique Scientifique aux Facultés Universitaires de Bujumbura, Burundi.
 - 1961- 1966 : Sciences Economiques à l'Université Libre de Bruxelles, Belgique.
 - Depuis Janvier 1966 : Licencié en Sciences Economiques, grade "Distinction", de la même Université.
- 4.- Fonctions exercées :
- Positions
- Janvier 1966 : ^{Deputy director, Foreign Ministry} Nommé Directeur-Adjoint au Ministère des Affaires Etrangères et de la Coopération.
 - Avril 1966 : ^{Director, Foreign ministry} Commissionné Directeur Général du Ministère des Affaires Etrangères et de la Coopération.
 - Mars 1967 : ^{Secretary to the Presidency} Nommé Secrétaire Général à la Présidence de la République.
 - Novembre 1967 : ^{Finance Minister} Ministre des Finances.
 - Novembre 1968 : ^{Deputy manager of Burutex Co} Directeur Adjoint de la Société Burutex.
 - Avril 1970 : ^{Ambassador to Ethiopia} Ambassadeur du Burundi en Ethiopie.
 - Depuis Avril 1973 : ^{Ambassador to US} Ambassadeur du Burundi aux USA et Représentant Permanent à l'ONU.

4.

OFFICE MEMORANDUM

TO: Files

DATE: October 3, 1974

FROM: J.-D. Roulet

SUBJECT: Meeting of Finance Minister Mpozagara with Mr. McNamara

1. Mr. Mpozagara, Minister of Finance of Burundi met briefly with Mr. McNamara before the plenary session this morning. He gave him a personal letter from President Micombero transmitting to the Bank the report on geological surveys recently completed by a UN team, and requesting the Bank to associate itself in the further development and possibly in the exploitation of nickel deposits. He also conveyed an invitation for Mr. McNamara to visit Burundi if a suitable opportunity arises. Mr. McNamara thanked the Minister, said that we would examine the report and hoped that it would soon be possible for him to accept the President's invitation to visit Burundi.

cc: Messrs. Knapp, Wiehen, Adler, Fuchs, Qureshi (IFC), Husain

JDRoulet:lmc

5

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President
(through: Mr. S. Please, Acting RVP, EAM)

DATE: December 7, 1976

FROM: Willem Maane, Acting Director, EA2DR

SUBJECT: BURUNDI - Call by New Ambassador

1. On Tuesday, December 7, at 5:30 p.m., His Excellency Laurent Nzeyimana, the new Ambassador of Burundi to the United States will call on you. Previously, he was stationed in Brussels as Ambassador to Belgium, Luxembourg, Holland, the United Kingdom and the European Communities. He has a law degree from the Free University of Brussels and, before his diplomatic functions, occupied various important legal positions in the Government. He took up his post in the United States on August 24, 1976. His visit is meant to be a courtesy call only.

2. On November 1 of this year, a group of army officers led by Colonel Jean-Baptiste Bagaza carried out a Coup d'Etat, dismissed the then President Lieutenant-Général Micombero, his Chief of Staff and his Ministers, and suspended the Constitution and the Country's only political Party (UPRONA). The administration remained substantially unchanged. A Supreme Revolutionary Council was created which, on November 13, appointed a new Government and elected Colonel Bagaza President. The Coup was bloodless and principally a move to change the weak administration of the former president and suppress growing corruption. The new Government is moderate, western-oriented and desirous of accelerating development. Donatien Bihute, former Executive Director of the Bank, was one of the very few who returned in the new Government; he was appointed Secrétaire d'Etat (Vice-Minister) in charge of Planning thereby retaining his previous functions. The new Governor of the Bank for Burundi is H.E. Dominique Shiramanga, Minister of Economy and Finance.

3. Our relations with Burundi are very good and there was no reason to interrupt our assistance following the Coup. The European Communities (through the European Development Fund) are continuing their operations in Burundi without change. Many African countries have recognized the new regime. The U.S. State Department continued to recognize the Government of Burundi without interruption.

4. Thusfar, IDA has extended seven credits to Burundi totaling US\$20.7 million. During FY76, our development effort in Burundi increased substantially with three credits, namely a \$1.5 million credit for a Technical Assistance Project, a \$5.2 million credit for a Coffee Improvement Project (cofinanced by the Kuwait Fund with \$1.2 million) and a \$6.0 million credit for a Fisheries Project (cofinanced by the Abu Dhabi Fund with \$1.2 million). In October, we appraised a DFC project and in February, we will appraise a Second Highway Project. We are also providing staff assistance in the preparation of a UNDP financed prefeasibility study of a nickel project for which we are in close contact with the UN in New York. Project execution in Burundi is generally satisfactory, but requires close supervision.

5. Last week, we successfully negotiated a \$10.0 million credit for an education project which would help finance, in particular, the construction of 100 primary schools to assist the Government in carrying out a national reform of the educational system and to improve access to educational opportunity.

6. Mr. John Schwartz, Loan Officer for Burundi, will accompany the Ambassador.

cc: Mr. Please
Mr. Schott

JSchwartz:mf

OFFICE MEMORANDUM

TO: Files

DATE: December 10, 1976

FROM: John Schwartz, Loan Officer, EA2DC SUBJECT: BURUNDI - Meeting of the New Ambassador with Mr. McNamara

1. H.E. Laurent Nzeyimana, the new Ambassador of Burundi to the United States paid a courtesy call to Mr. McNamara on December 7. Messrs. Please, Burmester and I were present.
2. During the meeting the Ambassador stated that the new Government, which had come to power in November 1976, would place great emphasis on strong economic management, which had been lacking during the past regime. The priorities of economic development would be the production of foodcrops to feed the growing population and of cashcrops for Burundi's foreign exchange revenues. He expressed the hope that the Bank Group would continue to expand its assistance to Burundi's economic development. Referring to the nickel resources, he said his Government was aware that exploitation of these resources was still far away but he hoped that once exploitation would be feasible the Bank Group would participate in its financing, as the additional revenues derived from the nickel would be of great importance to the country's development. In reply to a question by Mr. McNamara, the Ambassador said that since the new Government had been installed, it had been formulating policies and objectives for its future activities and measures had been taken to assure sound economic management. The Ambassador promised Mr. McNamara to forward him as soon as possible the Government's recent statement regarding said policies and objectives.
3. Mr. McNamara referred to the recent negotiations regarding a \$10 million credit for an Education Project in Burundi and hoped that the Government would soon confirm its approval of the final documents. The Ambassador said that the new regime was anxious to accelerate development and would make all efforts to avoid delays.
4. The Ambassador reiterated the invitation for Mr. McNamara to visit Burundi. Mr. McNamara replied that he would very much like to visit a number of African countries he had not visited yet in a not too distant future and would be most pleased to visit Burundi on that occasion.

cc: Messrs. McNamara
Knapp
Wapenhans
Please
Wiehen o/r
Maane
Schott
Burmester
Klaus

JSchwartz:mf

6

OFFICE MEMORANDUM

TO: MEMORANDUM OF RECORD
FROM: J.-D. Roulet, Division Chief, EA2DC
SUBJECT: BURUNDI - Meeting of President Bagaza with Mr. McNamara

DATE: September 25, 1979

1. President Bagaza of Burundi, accompanied by the Ministers of Foreign Affairs (Nzambimana), Planning (Bihute), Public Works (Nyaboya) and Geology and Mines (Karenzo) met at the Bank with Mr. McNamara on September 24. Messrs. Wapenhans, Koch-Weser and I were present.

9/27
2. After the usual exchange of courtesies, President Bagaza explained that the primary purpose of his visit to the United States and to Europe - particularly to France where he would in a few days meet with President Giscard d'Estaing - was to explain to Government officials and political leaders the severe, and in many cases unique, constraints which Burundi has to face and to enlist support for his Government's efforts to promote economic development. He added that he had just had a meeting with Mr. Wapenhans during which he had reviewed in greater detail problems affecting three key sectors namely transportation, agriculture and education/human resources and that he had been impressed by the Bank's knowledge and understanding of his country's difficulties. There were no major issues outstanding between Burundi and the Bank and he merely wished to raise two specific issues namely the possibility of increased collaboration between the IMF and the Bank to help Burundi devise a longer term investment program and the status of the Nickel project.

3. On the first point, President Bagaza said that earlier that morning, he had discussed with the Managing Director of the IMF the possibility of Burundi making use of the IMF's extended facilities. The Managing Director had reacted favorably and had indicated that the IMF would consider this possible form of assistance in light of Burundi's future investments program. The Managing Director had added that the IMF would be prepared to help the Government in preparing such a program (at a subsequent meeting with Mr. Wapenhans, Minister Bihute explained that this would be done through the technical assistance which the IMF had already made available and planned to continue to make available to the Central Bank as well as through regular IMF missions) and had suggested to President Bagaza to raise with Mr. McNamara the possibility of close collaboration between the IMF and the Bank in this respect. Mr. McNamara said that contacts between the Bank and the Fund were extremely close and that he would be glad to investigate means of working together in this specific instance.

He suggested in particular that we should examine the extent to which Mr. Chevallier, who had just taken up his duties as Resident Representative for Burundi and Rwanda could be able to help. In reply to a question by Mr. McNamara, Mr. Wapenhans said that Mr. Chevallier intended to divide his time about equally between Burundi and Rwanda.

4. Turning to the proposed Nickel project, President Bagaza expressed his appreciation for the assistance that Burundi has received from the Bank so far and summarized the current status of the project. President Bagaza agreed with Mr. McNamara that the next important step was the review and analysis of the feasibility studies which the Bank was currently preparing and which was expected to be available by November. At that point, further discussions would be held between Bank staff and Government officials to determine how to proceed further and in particular to ascertain if it would be possible to approach potential sponsors/partners on the basis of the available data or if further investigations would have to be carried out before hand, particularly in the geological field. President Bagaza stressed the importance of this project for Burundi since, if proved feasible and justified, it would mark the beginning of an industrialization process in Burundi and thereby provide the basis for economic diversification away from coffee and provide employment opportunities for the country's rapidly growing population in the face of dwindling agricultural resources. In view of the impact that the project could have on Burundi's economy in general, President Bagaza asked that its justification be judged not only on the basis of the usual financial and commercial return analysis but in the light of its overall developmental potential. President Bagaza reiterated that Burundi was attaching great importance to the guidance, advice and assistance of the Bank in view of the lack of local capabilities and expertise in this field and he hoped that the Bank would continue to provide assistance throughout the preparation process and during negotiations with potential sponsors. Referring to previous exchanges of correspondence, Mr. McNamara encouraged President Bagaza not to hesitate to contact him or Mr. Wapenhans if he wished to receive specific additional assistance from the Bank. President Bagaza reiterated his satisfaction with the Bank assistance received so far. The status and prospects of the project were further discussed at subsequent meetings with Mr. Wapenhans on September 24 and with Mr. Fuchs and his associates on September 24 and 25. The outcome of these meetings will be recorded separately.

5. Turning to agriculture, Mr. McNamara commented that the Bank attached a great importance to the proposed Round Table discussion currently scheduled for November in Bujumbura and that we would be represented. He added that the constraints faced by Burundi (and other countries) in Africa in the agricultural sector were particularly illustrative of the need for increased external assistance and he intended to raise this very point in his forthcoming address to the Bank Governors at the Belgrade Annual Meeting.

6. President Bagaza thanked Mr. McNamara for having agreed to receive him and expressed the hope that he would soon have the opportunity of welcoming him in Burundi on the occasion of one of his next trips in the region. Mr. McNamara said that at present, he did not plan to travel to Africa in the near future, but that he would endeavor to visit Burundi at the earliest suitable opportunity.

cc: Messrs. McNamara, Stern, Wapenhans, Gué o/r , Adler, Fuchs, Koch-Weser

J.-D.Roulet/mcme

OFFICE MEMORANDUM

64-68 1.
69-73 2.
74-78 45.
79-83 119.

TO: Mr. Robert S. McNamara
FROM: W. A. Wapenhans, Regional Vice President, EAN
SUBJECT: BURUNDI - Meeting with President Bagaza

DATE: September 20, 1979

77 10
78 17
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80 30
81 20

1. President Jean-Baptiste Bagaza will call on you on September 24 at 11.15 a.m. He will be accompanied by the Ministers of Foreign Affairs (Edouard Nzambimana), Planning (Donatien Bihute, a former Bank Executive Director), Public Works (Isidore Nyaboya) and Geology and Mines (Gaspard-Emery Karenzo). Mr. Roulet and I plan to be present. Mr. Roulet will be available for translation. Before meeting with you, the President will have met with the Managing Director of the IMF, at 9.30 a.m. and subsequently with me at about 10.30 a.m.

2. President Bagaza is visiting the United States to attend the General Assembly of the United Nations and is taking this opportunity to pay a private visit to Washington. He will also meet Secretary of State Vance (in New York), Mayor Barry and members of Congress. This is the first visit of a President of Burundi to the Bank. President Bagaza, who is 38 years old (copy of biography attached), came to power in November 1976 following a coup which overthrew President Micombero. He has since attempted to accelerate economic development while mitigating tribal differences. He is said to be very interested in the Bank Group's operations in Burundi and to be looking forward to his discussion with you. He himself asked that the meeting take place in the Bank. We expect President Bagaza to raise four subjects, namely (i) the Bank Group's role in the economic development of Burundi, (ii) a Round Table Conference on Burundi's agriculture scheduled for November, (iii) the country's transportation problems resulting from its landlocked situation and (iv) Bank Group support of the Government's efforts to develop Burundi's nickel resources. These subjects are discussed in detail in paras. 16 to 27 below. It is probable that the President will also renew an invitation for you to visit Burundi.

General Country Situation

a) Political

3. Burundi, a small country the size of Belgium, landlocked between Rwanda, Zaire and Tanzania, became independent in 1962. Its population of 4 million consists of two main ethnic groups, the Hutu - the majority - and the Tutsi (about 15 percent) who have ruled the country for centuries. During the sixties and in 1972, the Hutu attempted to gain political control, which - particularly in 1972 - led to serious repression by the Tutsi.

4. In 1974, the Government was reorganized to bring in more moderate Tutsi in responsible positions but the regime remained affected by internal differences. Following a bloodless coup d'état in November 1976, President Bagaza came to power and advocated a new strategy to achieve social justice and ethnic reconciliation and to improve living conditions in the rural areas. However, President Bagaza's Government has also been affected by internal frictions which resulted in a major cabinet reshuffle in October 1978. The differences on policy issues have thus far prevented the Government from making substantial changes except for the removal of several feudal rules which affected the rural Hutu population.

5. Burundi participates with Rwanda and Zaire in the Economic Community of the countries of the Great Lakes established in September 1976, and with Rwanda and Tanzania in the Kagera River Basin Development Committee established in August 1977. The Kagera Committee is considering a number of regional projects identified under a UNDP financed pre-feasibility study, including the construction of a dam with power and irrigation potential but about which we have serious reservations. We intend to **participate** in a meeting of interested donors scheduled for next month to discuss the need for further studies and possibilities for project financing.

6. Current Bank Group relations with the Government are good. The Government generally appreciates our advice. Burundi is in the process of becoming a member of IFC (the only outstanding points are deposit of a US\$100,000 share subscription and completion of enabling legislation and related legal opinions). Last March, IFC carried out a first project promotion visit.

7. We have recently opened a Resident Mission for Burundi and Rwanda headed by Mr. Chevallier who has just arrived in Rwanda.

b) Economic Situation

Background

8. While the average GNP per capita is about US\$130, most of the population depends mainly on subsistence agriculture. The Government is facing several critical constraints compounded more recently by financial and transportation difficulties. The capacity to prepare and manage programs and projects is limited; the agricultural labor

force is largely untrained; population growth keeps straining Burundi's productive resources, particularly in agriculture. Agricultural yields have been declining, because more and more marginal land has been brought under cultivation. The search for more arable land has caused large-scale deforestation, resulting in severe lack of firewood in the rural areas and forcing the development of alternative cooking fuel.

9. Population in Burundi has quadrupled during this century. More than 50 percent of the population is below the age of 15 and most of the people live in rural areas on small farms of about one ha. There is no indication when population would stabilize. Family planning is a sensitive issue in particular because of the ethnic situation. The Government is contemplating a policy of "spaced births" to curb population growth but it has not yet defined how to implement it. The Government feels that the people must first be mentally prepared and that a "spaced birth" program will only be accepted by the population if it is assured simultaneously of improved health services.

10. During the past 12 months Burundi has suffered from supply shortages due to the hostilities in Uganda, which affected in particular oil products and cement and brought several projects to a virtual standstill. Goods on their way to Burundi were immobilized in Dar-es-Salaam since the Tanzanian railways did not have wagons available. To alleviate this situation the European Development Fund (EDF) and Belgium helped finance an airlift from Dar-es-Salaam to Bujumbura.

11. Even though a significant reduction of public sector investment in real terms is expected during 1979 owing to the abovementioned transport difficulties, an increase of about 30% in government outlays and significant reductions in coffee export tax revenues will most likely increase the government budget deficit by more than 50 percent (equivalent to 8-9 percent of commercialized GDP). Increase in transport costs and oil prices currently exacerbate the inflationary pressures generated by the growing recourse to deficit financing. During the first quarter of 1979 consumer prices in Bujumbura increased at an unprecedented annual rate of 37 percent. Earlier this year the Government reduced its investment targets for 1979-83 by 30 percent in real terms. Further downward revisions in growth and investment targets are expected to be made by the end of this year.

12. In view of the continued expected decline in the price of coffee - the mainstay of Burundi's foreign exchange revenues - medium term prospects are not favorable. During the 1980-82 period the country's terms of trade may fall to a mere 56 percent of their 1976 level.

13. Although Burundi's debt service ratio is low, about 5 percent of export earnings, it is unable to borrow on commercial terms because of its poverty and the unstability of its export earnings. External aid should therefore be on grant or very concessional terms.

14. Burundi's net international reserve position as of May 1979 amounted to \$60.0 million which is equivalent to about six months of imports. As of today, Burundi has no outstanding loan under the usual credit tranches policies of the IMF. They have however, recently requested a Trust Fund Loan in the amount that may become available to them (probably about \$10.0 million), based on expected balance of payments needs in 1979-80. As they experienced an export shortfall in 1978-79 due to unfavorable coffee prices, they also requested a loan under the compensatory financing facility estimated at about \$10.0 million. Both requests are currently scheduled for consideration by the IMF Board in October. In the past, Government officials have occasionally inquired informally about the possibilities for an IDA program credit. We have replied that Burundi should first utilize the available IMF resources. Should the question be asked again, our reply should be the same.

15. As agreed with the Minister of Finance of Burundi we have scheduled an Economic Updating Mission for late October.

Items for discussion

a) IDA Operations in Burundi

16. The President may wish to ask for an increase in IDA lending to Burundi. So far twelve Credits have been made totalling US\$55.2 million to help finance the development of basic road infrastructure and water supply, agriculture (coffee, fishing and reforestation), primary education and technical assistance. A small Credit was also extended to the Development Bank for small and medium scale industrial development. Nine Credits were made after 1973 since civil strife in the years before made lending difficult. Disbursement is generally slow (particularly in the case of Fisheries and DFC Credits) due to the lack of trained manpower and supply problems. The President is fully aware of this and attempts are being made to improve the disbursement rate.

17. Future IDA operations will continue to focus on the above sectors. We recently appraised a second education project which would increase middle level technical manpower. We also expect to appraise, in early 1980, a rural development project in one of the poorest regions of Burundi, which would be the first comprehensive rural development project of the country and the first significant step of the Government towards the improvement of the living standard of the rural masses. In addition we are preparing an urban development project to help improve the lower

income areas of Bujumbura, the capital, and a project to promote the local construction industry and the use of local materials.

18. Burundi's limited absorptive capacity constitutes a fundamental problem for future expansion of IDA operations. Above all there is a general lack of technical and managerial skills and consequently, all IDA projects need to include a considerable amount of technical assistance for project preparation and implementation. Two of our credits are providing financing solely for technical assistance including macroeconomic planning, strengthening of the Agriculture and Industry Ministries, and the execution of feasibility studies to increase the project pipeline. In recent years, we have processed on average two projects per year. We hope, however, that through the technical assistance credits and the recently established Resident Mission the project pipeline can be expanded and our operations accelerated.

b) Agricultural Development

19. Subsistence agriculture accounts for half of GDP and commercial agriculture for about ten percent. Livestock is abundant, but it is poorly maintained and contributes little to the population's food requirements. Population pressure necessitates concentration on foodcrop production but traditional cultivation methods, decline in soil fertility and erosion make it difficult to meet the increasing food needs. In addition, Government services to the agricultural sector have thus far been minimal. Only recently, during President Bagaza's rule, have budget outlays for agriculture increased but their share has decreased as compared with the overall increase in recurrent and investment expenditure. Limited foreign exchange is made available for agricultural inputs (on average a mere \$0.4 million a year for fertilizer exclusively for export crops, coffee and tea). Government agricultural policies are fragmented within the framework of foreign financed investment projects. Burundi's most pressing problems are expansion of foodcrop production, control of erosion, improvement of soil fertility and increased efficiency in livestock keeping. If substantial progress in these areas is not made within the next decade famines will become a threat to Burundi, since the cost of food imports would be too heavy a strain on the economy.

20. The Government plans to convene a Round Table Conference on agriculture in November. The background documentation for this Conference is being prepared with the assistance of a consultant, financed by the Bank. The Conference is likely to discuss possibilities and requirements of agricultural development in Burundi and agricultural investment projects proposed for financing. President Bagaza hopes that the Conference will mark a political success in that it confirms his pledge to improve the

fate of the rural masses. It will be useful to convey to President Bagaza our full support of the Conference and our hope that it will discuss specific Government policies such as the use of fertilizers for food crop production, the improvement of extension services, provision and payment of services and inputs by farmers and resettlement programs. Because of the many donors active in Burundi's agricultural development, we also hope that the Conference will improve coordination among external aid agencies to pave the way for a more comprehensive approach towards agricultural development and a significant increase in absorptive capacity.

c) Transportation

21. Burundi's landlocked situation and resulting transportation problems are a major constraint to economic development. Under "normal" circumstances transport along the main route from Bujumbura to Kigoma (Tanzania) by boat over Lake Tanganyika and from there by rail to Dar-es-Salaam takes about two months although the distance could be travelled in two weeks if harbor services were better organized, rolling stock in a better condition and the railway system more adequately managed. Although Burundi and Tanzania have regular conferences about improvement of the route, Burundi feels that Tanzania accords a secondary priority to the Kigoma - Dar es Salaam railway. Of course, Tanzania faces claims on its transport system not only from Burundi but also from eastern Zaire and Zambia.

22. During this Summer, we have undertaken a study of transport outlets to the Indian Ocean for both Burundi and neighbouring Rwanda. The results of this study will be conveyed to Burundi for comments and discussion later this Fall. The main conclusion is that despite its present difficulties, the lake/rail route to Dar-es-Salaam is likely to remain the most economic one for Burundi in the foreseeable future. However, while improvements at the Dar and Kigoma ports can be made within a relatively short period and are already scheduled, the problems of the railway are of a longer-term nature. Air transport could provide a partial solution until these improvements are completed. We intend to use our good offices with Tanzania to bring about these improvements as soon as possible and for that purpose we will also want to share with Tanzania the findings of our transport study.

d) Nickel

23. Burundi's laterite nickel deposits were discovered in the early seventies as a result of a UNDP financed mineral survey. The identified deposits, which are located in the southeast of the country in an area

presently without any infrastructure, amount to about 300 million tons of nickel ore (according to preliminary estimates) of which two-thirds is reportedly of medium grade nickel content. A UNDP financed pre-feasibility study of a proposed exploitation project was completed in late 1978. Total cost (including infrastructure requirements) has been very tentatively estimated at close to one billion dollars (at 1978 prices).

24. During the last five years we have assisted the Government in its efforts to develop these resources. So far, we have done so mainly by commenting on the terms of reference for the various components of the pre-feasibility study, following-up on the work and commenting on draft reports, as well as by attending two meetings with potential investors. Actual IDA financing is limited to the services of one metallurgical expert provided to the Ministry of Geology and Mines through our First Technical Assistance Credit but substantial staff time has been and is being spent in providing technical advice. Last January during a visit by the Minister of Public Works to the Bank (copy of minutes of the meeting with Mr. Stern attached) we agreed in principle to play the role of honest broker, to review the pre-feasibility study and to advise the Government on the potential of the project and the next steps to take. We are about to complete our review and have informed the Government of our preliminary conclusion, namely that before an industrial sponsor can be successfully attracted the geological aspects need further investigation to determine more exactly the quantity and the grade of the nickel ore. In agreement with the Government, we have hired consultants to corroborate on the geological data. We expect to present our final views (including an analysis of the economics of the project) to the Government in November, for comments and subsequent discussions.

25. The Government accords a high priority to the project because if it succeeds it would mean a dramatical change in Burundi's economic prospects. The Government has already engaged (with financing of its own) Universal Oil Products (UOP) of Tucson, Arizona to carry out additional metallurgical research on the nickel ore at its pilot plant in Tucson, and Bechtel Pipelines to examine the possibilities of utilizing peat as a fuel for the metallurgical process. In addition, Burundi has reportedly reached an understanding with Rumania on the construction of a pilot plant which would process about 150 tons of ore per day to test laboratory estimates of nickel recovery. UOP is collaborating with Rumania on the detailed engineering of the pilot plant. Depending on its size, such a plant may cost \$15-25 million. Although Rumania has expressed an interest in the venture, it is unlikely that it will provide such financing on concessionary terms, if at all.

26. In our view, the economic justification of the project will be a critical element. Most of the ore is of medium grade and Burundi's transportation problems - compounded by its landlocked location - and the lack of technical labor and managerial skills, may render the production cost prohibitive. In addition, the present demand for nickel products is depressed (there are several more promising nickel resources in the world on which work has not yet started) reducing the appeal of the project even further. In any event, the success of the project will in the first place depend on Burundi being able to secure the support of an acceptable industrial partner. This view was expressed in a letter from you to President Bagaza dated February 16, 1979 (copy attached).

27. At this stage, we would like to make the following recommendations:

- (i) Before spending additional funds on alternative metallurgical processing methods (which are fairly well-known) and the construction of a pilot plant, the Government should further examine the geological aspects of the project. We should express our concern about the Government's plans to construct a pilot plant, since this may lead to a waste of expenditures, if the services of private firms such as UOP and Bechtel Pipelines wanting to sell their processing methods turn out to be unacceptable to an industrial partner. In addition, priority should be given to the further examination of the utilization of local peat resources as a fuel for the metallurgical process (oil would be too expensive and immediately rule out justification of the project). Further peat studies might have the added advantage of providing alternative fuel sources to Burundi. In consultation with other interested aid agencies, a Bank Energy Department staff member is currently investigating the activities being undertaken in peat exploration.
- (ii) At present, we would be prepared to continue providing guidance to the Government and to assume the role of honest broker in seeking the support of an industrial partner. If requested, we could assume at the appropriate time a leading role in the project. (Eventually, IFC should also take an interest in the project and it is with this in mind that Burundi joined the Corporation). However, we would wish to have the results of the further studies on the ore body as well as the suitability of the peat for processing before we account for a substantial increase in staff time that would be required to take a leading role in the Project.
- (iii) If Bank Group financing proves essential to attract an industrial sponsor for the execution of full fledged feasibility studies,

we recommend that we consider the provision of a technical assistance credit on the understanding, however, that this will not commit us to a financial participation in the project and that the financial risk is borne by the Government.

JSchwartz/J.-D.Roulet:mcme

cc: Messrs. Stern, Maubouché (for Mr. Gué), H. Adler and Fuchs

Attachments

LENDING PROGRAM 1/

<u>FY80</u>	
<u>Project Name</u>	<u>Amount US\$ million</u> (IDA)
Education II	<u>15.0</u>
Total	15.0
<u>FY81</u>	
Urban *	10.0
Telecom *	5.0
ADC (Kirimiro region)	15.0
Third Highway	<u>20.0</u>
Total	50.0
<u>FY82</u>	
Local Construction/DFC II	5.0
Coffee III/Rural Development *	<u>15.0</u>
Total	20.0
<u>FY83</u>	
Forestry II/Rural Development	16.0
Water Supply II *	<u>16.0</u>
Total	32.0
<u>FY84</u>	
Agriculture/Unidentified	10.0
DFC III	7.0
Education III	<u>10.0</u>
Total	27.0

GRAND TOTAL: US\$144.0 million

1/ Source: E-1 table dated 5/18/79 (revised)

TABLE 3A
BURUNDI - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	BURUNDI				REFERENCE GROUPS (ADJUSTED AVERAGES)		
					- MOST RECENT ESTIMATE) /a		
	1960 /b	1970	MOST RECENT /b	ESTIMATE /b	SAME GEOGRAPHIC REGION /c	SAME INCOME GROUP /d	NEXT HIGHER INCOME GROUP /e
TOTAL	27.8						
AGRICULTURAL	16.9						
GNP PER CAPITA (US\$)	50.0	80.0	130.0		223.6	182.9	432.3
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	10.0 /f	15.0	13.0		86.7	88.9	251.7
POPULATION AND VITAL STATISTICS							
TOTAL POPULATION, MID-YEAR (MILLIONS)	2.8	3.4	4.0		.	.	.
URBAN POPULATION (PERCENT OF TOTAL)	1.9	3.1	3.7		13.6	15.0	24.2
POPULATION DENSITY							
PER SQ. KM.	99.0	121.0	144.0		18.4	46.8	42.7
PER SQ. KM. AGRICULTURAL LAND	173.0	206.0	237.0		53.6	254.1	95.0
POPULATION AGE STRUCTURE (PERCENT)							
0-14 YRS.	46.8 /g	45.0	44.1 /h		44.4	43.6	44.9
15-64 YRS.	49.0 /g	52.0 /i	53.8 /h		52.7	53.3	52.8
65 YRS. AND ABOVE	4.2 /g	3.0 /j	2.1 /h		2.8	2.9	3.0
POPULATION GROWTH RATE (PERCENT)							
TOTAL	2.1	2.0	2.2		2.6	2.4	2.7
URBAN	5.3	7.1	5.8		5.8	4.0	8.8
CRUDE BIRTH RATE (PER THOUSAND)	48.3	47.9	48.0		46.9	44.3	42.2
CRUDE DEATH RATE (PER THOUSAND)	30.6	28.0	24.7		20.6	19.7	12.4
GROSS REPRODUCTION RATE	2.6 /l	2.8	2.8		3.1	2.9	3.2
FAMILY PLANNING							
ACCEPTORS, ANNUAL (THOUSANDS)	..	..	..		.	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	..	..		2.5	14.6	14.2
FOOD AND NUTRITION							
INDEX OF FOOD PRODUCTION PER CAPITA (1970=100)	87.9	100.0	97.2		94.2	96.4	104.3
PER CAPITA SUPPLY OF CALORIES (PERCENT OF REQUIREMENTS)	82.0	99.0	99.0		90.1	92.3	99.5
PROTEINS (GRAMS PER DAY)	47.0	61.0	62.0 /k		55.2	50.0	56.8
OF WHICH ANIMAL AND PULSE	28.0	40.0	..		17.1	13.9	17.5
CHILD (AGES 1-4) MORTALITY RATE	..	..	..		..	..	7.5
HEALTH							
LIFE EXPECTANCY AT BIRTH (YEARS)	33.5	38.5	39.0		43.7	45.8	53.3
INFANT MORTALITY RATE (PER THOUSAND)	150.0 /g	138.0	..		138.4	102.7	82.5
ACCESS TO SAFE WATER (PERCENT OF POPULATION)							
TOTAL	..	..	..		22.4	26.4	31.1
URBAN	..	77.0	..		66.3	63.5	68.5
RURAL	..	..	..		10.4	14.1	18.2
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)							
TOTAL	..	..	..		23.9	16.1	37.5
URBAN	..	..	..		70.3	65.9	69.5
RURAL	..	..	..		14.2	3.4	25.4
POPULATION PER PHYSICIAN	63000.0	59000.0	45110.0		21757.5	13432.7	9359.2
POPULATION PER NURSING PERSON	5420.0	7500.0	5500.0		3473.8	6983.3	2762.5
POPULATION PER HOSPITAL BED							
TOTAL	730.0	790.0	760.0		645.4	1157.6	786.5
URBAN	..	70.0	..		172.9	183.3	278.4
RURAL	..	730.0	..		1292.6	1348.8	1358.4
ADMISSIONS PER HOSPITAL BED	..	..	..		19.2	19.5	19.2
HOUSING							
AVERAGE SIZE OF HOUSEHOLD							
TOTAL	..	..	..		4.9	5.2	..
URBAN	..	..	..		5.0	4.8	..
RURAL	..	..	..		4.7	5.3	..
AVERAGE NUMBER OF PERSONS PER ROOM							
TOTAL	..	..	..		..	..	..
URBAN	..	..	..		..	1.8	2.3
RURAL	..	..	..		..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)							
TOTAL	..	..	..		..	25.9	28.3
URBAN	..	..	..		..	..	..
RURAL	..	..	..		..	8.7	10.3

TABLE 3A
BURUNDI - SOCIAL INDICATORS DATA SHEET

	BURUNDI			REFERENCE GROUPS (ADJUSTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}		
	1960 ^{/b}	1970 ^{/b}	MOST RECENT ESTIMATE ^{/b}	SAME	SAME	NEXT HIGHER
				GEOGRAPHIC REGION ^{/c}	INCOME GROUP ^{/d}	INCOME GROUP ^{/e}
EDUCATION						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY: TOTAL	19.0	21.7	12.6	52.1	62.9	75.8
FEMALE	9.0	14.4	9.5	37.6	45.9	67.9
SECONDARY: TOTAL	1.0	2.0	3.0	8.0	14.4	17.7
FEMALE	1.0	1.0	2.0	5.0	8.8	12.9
VOCATIONAL (PERCENT OF SECONDARY)	35.0	24.0	15.0	7.2	6.6	7.4
PUPIL-TEACHER RATIO						
PRIMARY	36.0	37.0	31.0	43.2	38.5	34.3
SECONDARY	15.0	12.0	18.0	22.8	19.8	23.5
ADULT LITERACY RATE (PERCENT)	13.9	..	10.0	20.3	36.7	63.7
CONSUMPTION						
PASSENGER CARS PER THOUSAND						
POPULATION	0.8	1.0	1.1	3.9	3.1	7.2
RADIO RECEIVERS PER THOUSAND						
POPULATION	..	18.0	27.0	40.1	31.1	71.1
TV RECEIVERS PER THOUSAND						
POPULATION	..	..	..	2.2	2.8	14.1
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION						
	..	0.1	0.3	3.9	6.0	16.3
CINEMA ANNUAL ATTENDANCE PER CAPITA						
	..	..	..	1.2	1.4	1.6
EMPLOYMENT						
TOTAL LABOR FORCE (THOUSANDS)						
	1500.0	1700.0	1900.0	..	..	..
FEMALE (PERCENT)						
	45.1	44.8	44.4	32.6	24.2	28.0
AGRICULTURE (PERCENT)						
	90.0	86.0	..	73.3	60.7	54.1
INDUSTRY (PERCENT)						
	3.0	3.9	..	..	..	..
PARTICIPATION RATE (PERCENT)						
TOTAL	52.7	51.2	49.6	42.0	39.8	37.8
MALE	58.5	57.2	55.8	54.8	53.3	50.3
FEMALE	47.0	45.3	43.4	27.3	19.6	20.9
ECONOMIC DEPENDENCY RATIO						
	1.0	1.1	0.9	1.2	1.3	1.3
INCOME DISTRIBUTION						
PERCENT OF PRIVATE INCOME RECEIVED BY						
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	..	..	25.7	20.3	19.5
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	..	..	55.1	45.1	48.9
LOWEST 20 PERCENT OF HOUSEHOLDS	..	..	..	5.8	5.7	5.9
LOWEST 40 PERCENT OF HOUSEHOLDS	..	..	..	14.5	16.8	15.7
POVERTY TARGET GROUPS						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	121.0	108.8	88.5	155.9
RURAL	..	..	80.0	74.1	71.9	97.9
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	..	124.4	100.8	143.7
RURAL	..	..	30.0	59.6	42.0	87.3
ESTIMATED POPULATION BELOW POVERTY INCOME LEVEL (PERCENT)						
URBAN	..	..	30.0	26.8	46.0	22.9
RURAL	..	..	90.0	47.6	48.0	36.7

.. Not available
. Not applicable.

NOTES

^{/a} The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform.

^{/b} Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1973 and 1977.

^{/c} Africa South of Sahara; ^{/d} Low Income (\$280 or less per capita, 1976); ^{/e} Lower Middle Income (\$281-550 per capita, 1976); ^{/f} 1962; ^{/g} 1965; ^{/h} Population aged 15-59 and 60 years and over respectively; ^{/i} 1971; ^{/j} 1957; ^{/k} 1967-71 average.

September, 1978

TABLE 3A
BURUNDI - SOCIAL INDICATORS DATA SHEET

	BURUNDI			REFERENCE GROUPS (ADJUSTED AVERAGES - MOST RECENT ESTIMATE) /a		
	1960 /b	1970 /b	MOST RECENT ESTIMATE /b	SAME	SAME	NEXT HIGHER
				GEOGRAPHIC REGION /c	INCOME GROUP /d	INCOME GROUP /e
EDUCATION						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY: TOTAL	19.0	21.7	12.6	52.1	62.9	75.8
FEMALE	9.0	14.4	9.5	37.6	45.9	67.9
SECONDARY: TOTAL	1.0	2.0	3.0	8.0	14.4	17.7
FEMALE	1.0	1.0	2.0	5.0	8.8	12.9
VOCATIONAL (PERCENT OF SECONDARY)	35.0	24.0	15.0	7.2	6.6	7.4
PUPIL-TEACHER RATIO						
PRIMARY	36.0	37.0	31.0	43.2	38.5	34.3
SECONDARY	15.0	12.0	18.0	22.8	19.8	23.5
ADULT LITERACY RATE (PERCENT)	13.9	..	10.0	20.3	36.7	63.7
CONSUMPTION						
PASSENGER CARS PER THOUSAND POPULATION	0.8	1.0	1.1	3.9	3.1	7.2
RADIO RECEIVERS PER THOUSAND POPULATION	..	18.0	27.0	40.1	31.1	71.1
TV RECEIVERS PER THOUSAND POPULATION	..	..	..	2.2	2.8	14.1
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	..	0.1	0.3	3.9	6.0	16.3
CINEMA ANNUAL ATTENDANCE PER CAPITA	..	..	..	1.2	1.4	1.6
EMPLOYMENT						
TOTAL LABOR FORCE (THOUSANDS)	1500.0	1700.0	1900.0	.	.	.
FEMALE (PERCENT)	45.1	44.8	44.4	32.6	24.2	28.0
AGRICULTURE (PERCENT)	90.0	86.0	..	73.3	60.7	54.1
INDUSTRY (PERCENT)	3.0	3.9	..	..	..	..
PARTICIPATION RATE (PERCENT)						
TOTAL	52.7	51.2	49.6	42.0	39.8	37.8
MALE	58.5	57.2	55.8	54.8	53.3	50.3
FEMALE	47.0	45.3	43.4	27.3	19.6	20.9
ECONOMIC DEPENDENCY RATIO	1.0	1.1	0.9	1.2	1.3	1.3
INCOME DISTRIBUTION						
PERCENT OF PRIVATE INCOME RECEIVED BY						
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	..	..	25.7	20.3	19.5
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	..	..	55.1	45.1	48.9
LOWEST 20 PERCENT OF HOUSEHOLDS	..	..	..	5.8	5.7	5.9
LOWEST 40 PERCENT OF HOUSEHOLDS	..	..	..	14.5	16.8	15.7
POVERTY TARGET GROUPS						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	121.0	108.8	88.5	155.9
RURAL	..	..	80.0	74.1	71.9	97.9
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	..	124.4	100.8	143.7
RURAL	..	..	30.0	59.6	42.0	87.3
ESTIMATED POPULATION BELOW POVERTY INCOME LEVEL (PERCENT)						
URBAN	..	..	30.0	26.8	46.0	22.9
RURAL	..	..	90.0	47.6	48.0	36.7

.. Not available
. Not applicable.

NOTES

/a The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1973 and 1977.

/c Africa South of Sahara; /d Low Income (\$280 or less per capita, 1976); /e Lower Middle Income (\$281-550 per capita, 1976); /f 1962; /g 1965; /h Population aged 15-59 and 60 years and over respectively; /i 1971; /j 1957; /k 1967-71 average.

September, 1978

Note: The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform. Due to lack of data, group averages for Capital Surplus Oil Exporters and indicators of access to water and excreta disposal, housing, income distribution and poverty are simple population-weighted geometric means without the exclusion of extreme values.

LAND AREA (thousand sq. km)

Total - Total surface area comprising land area and inland waters.

Agricultural - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow.

GNP PER CAPITA (US\$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1975-77 basis); 1960, 1970, and 1977 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita.

POPULATION AND VITAL STATISTICS

Total population, mid-year (millions) - As of July 1; if not available, average of two end-year estimates; 1960, 1970, and 1977 data.

Urban population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries.

Population density

Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area.

Per sq. km. agriculture land - Computed as above for agricultural land only.

Population age structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population.

Population growth rate (percent) - total, and urban - Compound annual growth rates of total and urban mid-year populations for 1950-60, 1960-70, and 1970-75.

Crude birth rate (per thousand) - Annual live births per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimate.

Crude death rate (per thousand) - Annual deaths per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimate.

Gross reproduction rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1975.

Family planning - acceptors, annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.

Family planning - users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION

Index of food production per capita (1970=100) - Index number of per capita annual production of all food commodities.

Per capita supply of calories (percent of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distributions of population, and allowing 10 percent for waste at household level.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for a minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day.

Child (ages 1-4) mortality rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group.

HEALTH

Life expectancy at birth (years) - Average number of years of life remaining at birth; usually five-year averages ending in 1960, 1970, and 1975.

Infant mortality rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.

Access to safe water (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

Access to excreta disposal (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.

Population per physician - Population divided by number of practicing physicians qualified from a medical school at university level.

Population per nursing person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

Population per hospital bed - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities.

Admissions per hospital bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING

Average size of household (persons per household) - total, urban, and rural - A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes. Statistical definitions of household vary.

Average number of persons per room - total, urban, and rural - Average number of persons per room in all, urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

Access to electricity (percent of dwellings) - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION

Adjusted enrollment ratios

Primary school - total, and female - Total and female enrollment of all ages at the primary level as percentages of respectively primary school-age populations; normally includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

Secondary school - total, and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

Pupil-teacher ratio - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION

Passenger cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

Radio receivers (per thousand population) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

TV receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

Newspaper circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

Cinema annual attendance per capita per year - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

EMPLOYMENT

Total labor force (thousands) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc. Definitions in various countries are not comparable.

Female (percent) - Female labor force as percentage of total labor force.

Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force.

Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force.

Participation rate (percent) - total, male, and female - Total, male, and female labor force as percentages of their respective populations. These are ILO's adjusted participation rates reflecting age-sex structure of the population, and long time trend.

Economic dependency ratio - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.

INCOME DISTRIBUTION

Percentage of private income (both in cash and kind) received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS

Estimated absolute poverty income level (US\$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.

Estimated relative poverty income level (US\$ per capita) - urban and rural - Relative poverty income level is that income level less than one-third per capita personal income of the country.

Estimated population below poverty income level (percent) - urban and rural - Percent of population (urban and rural) who are either "absolute poor" or "relative poor" whichever is greater.

ECONOMIC INDICATORSGROSS NATIONAL PRODUCT IN 1977

	<u>US\$ Mln.</u>	<u>%</u>
GNP at Market Prices	539.1	100.0
Gross Domestic Investment	60.2	11.2
Gross National Saving	48.1	8.9
Current Account Balance	16.9	3.1
Exports of Goods, NFS	96.3	17.9
Imports of Goods, NFS	94.7	17.6

ANNUAL RATE OF GROWTH (% constant prices)

	<u>1971-76</u>	<u>1977</u>
	2.1	3.7
	3.4	13.5
	5.5	-83.5
	1.0	-14.6
	3.5	18.3

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1977

	<u>Value Added</u>	
	<u>US\$ Mln.</u>	<u>%</u>
Agriculture	320.6	64.1
Industry	64.7	12.9
Services	115.3	23.0
Unallocated	0.0	0.0
Total/Average	500.6	100.0

GOVERNMENT FINANCE

	<u>Central Government ^{1/}</u>		
	<u>(BuF Mln.)</u>	<u>% of GDP</u>	
	<u>1977</u>	<u>1977</u>	<u>1975-77</u>
Current Receipts	7,998.0	16.3	12.8
Current Expenditure	5,206.7	10.6	10.6
Current Surplus	2,791.3	5.7	2.2
Capital Expenditures	1,928.0	3.9	2.2
External Assistance (net) ^{2/}	2,385.0	4.9	4.2

MONEY, CREDIT and PRICES

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
		<u>(Million BuF outstanding end period)</u>			
Money and Quasi Money	3,542.3	3,544.4	5,220.4	8,283.2	9,411.2
Bank credit to Public Sector	897.6	1,271.6	1,125.0	270.8	1,467.0
Bank Credit to Private Sector	2,730.0	1,322.6	1,532.2	1,886.9	4,491.3

(Percentages or Index Numbers)

Money and Quasi Money as % of GDP	15.8	15.5	21.0	30.9	15.1
General Price Index (1970 = 100)	132.2	153.1	164.5	175.7	212.6
Annual percentage changes in:					
General Price Index	15.8	15.8	7.4	6.8	21.0
Bank credit to Public Sector	-	41.7	-11.5	-75.9	441.7
Bank credit to Private Sector	88.8	-51.6	53.7	23.1	138.0

NOTE: All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

^{1/} Budgetary transactions only.

^{2/} Grants and net foreign disbursements to the public sector.

.. not available
 . not applicable

TRADE PAYMENTS AND CAPITAL FLOWS

BALANCE OF PAYMENTS

	<u>1975</u>	<u>1976</u>	<u>1977</u>
	(Millions US \$)		
Exports of Goods, NFS	34.8	61.5	96.3
Imports of Goods, NFS	80.0	77.5	94.7
Resource Gap (deficit = -)	-45.2	-16.0	1.6
Interest Payments (net)	-0.4	-0.5	-0.5
Workers' Remittances	-8.2	-10.7	-13.2
Other Factor Payments (net)	-	-	-
Net Transfers	21.1	31.4	29.0
Balance on Current Account	-32.7	4.2	16.9
Direct Foreign Investment	-	-	-
Net MLT Borrowing			
Disbursements	14.7	4.2	14.8
Amortization	1.6	2.3	2.2
Subtotal	13.1	1.9	12.6
Capital Grants	18.4	13.9	13.9
Other Capital (net)	17.8	-7.0	-0.3
Other items n.e.i	-2.1	1.1	0.9
Increase in Reserves (+)	14.5	14.1	44.0
Gross Reserves (end year) ^{2/} _{3/} 27.0		49.2	95.8
Net Reserves (end year) ^{3/} 28.0		42.1	86.1
Fuel and Related Materials			
Imports			
of which: Petroleum	3.7	5.8	5.6
Exports			
of which: Petroleum	-	-	-

RATE OF EXCHANGE

<u>Through Feb. 1973</u>	<u>Since May 3, 1976</u>
US \$ 1.00 = BuF 87.5	US \$ 1.00 = BuF 90.0
BuF 100 = US \$1.14	BuF 100 = US \$1.11

From March 1973 to May 2, 1976

US\$1.00 = BuF 78.75
BuF 100 = US\$1.27

MERCHANDISE EXPORTS (AVERAGE 1975-77)

	<u>US \$ Mln</u>	<u>%</u>
Coffee	55.4	91.6
Cotton	1.0	1.7
Skins	0.7	1.2
Tea	1.3	2.1
All other commodities	2.1	3.4
Total	60.5	100.0

EXTERNAL DEBT, DECEMBER 31, 1978

	<u>US \$ Mln</u>
Public Debt, incl. guaranteed	55.5
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	55.5
<u>DEBT SERVICE RATIO for 1977^{1/}</u>	<u>%</u>
Public Debt, incl. guaranteed	2.8
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

IBRD/IDA LENDING, August 22, 1979 (Million US\$)

	<u>IBRD</u>	<u>IDA</u>
Outstanding & Disbursed	-	23.0
Undisbursed	-	32.2
Outstanding incl. Undisbursed	-	55.2

^{1/} Ratio of Debt Service to Exports of Goods and Non-Factor Services.^{2/} Central Bank.^{3/} By December 1978, gross and net reserves were equal to US\$82.8 million and US\$69.3 million respectively.

.. not available

August 22, 1979

THE STATUS OF BANK GROUP OPERATIONS IN BURUNDI

A. Statement of Bank Loans and IDA Credits to Burundi

(As of September 15, 1979)

<u>Loan or Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	Amount US\$ million (less cancellations)		
				<u>Bank</u>	<u>IDA 2/</u>	<u>Undisbursed</u>
One loan <u>1/</u> and three credits fully disbursed				4.8	3.3	-
467-BU	1974	Burundi	Highway Maintenance	-	5.0	0.7
593-BU	1975	Burundi	Second Coffee Improve- ment	-	5.2	1.7
613-BU	1976	Burundi	Technical Assistance	-	1.5	0.4
626-BU	1976	Burundi	Fisheries Development	-	6.0	4.6
679-BU	1977	Burundi	Education	-	10.0	4.1
731-BU	1978	Burundi	Development Bank	-	3.4	2.5
773-BU	1978	Burundi	Second Highway Project	-	14.0	11.1
917-BU <u>3/</u>	1979	Burundi	Second TA Project	-	2.5	2.5
918-BU <u>3/</u>	1979	Burundi	Forestry	-	<u>4.3</u>	<u>4.3</u>
Total					55.2	
Total undisbursed					<u>31.9</u>	<u>31.9</u>

1/ Extended in 1957 to the Belgian Trust Territory of Ruanda-Urundi for the improvement of the Bujumbura-Muramvya road and the expansion of the Lake port of Bujumbura. The loan which was guaranteed by the Kingdom of Belgium has been fully repaid.

2/ Prior to exchange adjustments.

3/ Not yet effective.

OFFICE MEMORANDUM

TO: Files

DATE: January 26, 1979

DM: John Schwartz, Loan Officer, EA2DC

SUBJECT: BURUNDI - Nickel

1. On January 18, 1979, the Minister of Public Works of Burundi, H.E. Isidore Nyaboya, and his associates (Messrs. Kagisye, Ministry of Planning, Bazikwinski, Public Works, and Rwamabuga, Burundi Embassy) met with Mr. Stern to discuss a letter from the President of Burundi addressed to Mr. McNamara, which the Minister of Public Works had transmitted to Mr. McNamara on January 16. Messrs. Wapenhans, Gué, Cash, and Schwartz attended the meeting. (Meetings with the Minister on the same subject were held earlier in the week; see Mr. Wapenhans' memorandum dated January 18, 1979 to Mr. Stern).
2. The Minister explained that now that the UNDP financed prefeasibility studies regarding Burundi's laterite nickel resources had been completed, his Government wanted to convene an international conference of nickel producers, equipment suppliers and financial institutions to review the possibilities for exploiting these resources. The purpose of his visit was to invite the Bank to this conference and to ask it to play a leading role in the further processing of the nickel project by assisting the Government in attracting major investors and arranging a favorable financing package.
3. Mr. Stern said that the Bank would be pleased to help in arranging financing and equity investments but would need first to acquaint itself with the prefeasibility studies before it could decide what position to take on the project and what its role might be. Mr. Stern pointed out that because of the general sluggishness in the demand for nickel several nickel projects had to be dropped from the Bank's lending program during the past two years. He suggested that for this reason Burundi should determine in advance whether there would be any positive response to the proposal for a conference on developing Burundi's nickel resources and if reactions were lukewarm it would be preferable to postpone the conference to a later date when the market situation would be more attractive. On the other hand, the Bank was prepared to comment on the prefeasibility study once a complete set of information on the project is available for review. It would do so in about two months after receipt of this documentation and then make suggestions on what actions might be taken.
4. The Minister indicated that the date of the conference which had been tentatively set for April 16-18, 1979 was not yet official and could

January 26, 1979

be changed. He reiterated that his Government would be looking forward to our views on the study and expressed his gratitude for the frank and useful advice he had received during his visit to the Bank.

Cleared with and cc: Messrs. Cash, Gué.

cc: Messrs. Stern, Wapenhans, Roulet, Eguren, S. Hassan, K. Miller, Adler, Bronfman, Fuchs.

JSchwartz:mb

February 16, 1979

TRANSLATION

His Excellency
Jean-Baptiste Bagaza
Président de la République du Burundi
Présidence de la République
Bujumbura, Burundi

Excellency:

I wish to thank you very much for your letter transmitted to me by H. E. Isidore Nyaboya, in which you asked our assistance in an international conference which you intend to convene to discuss the exploitation of Burundi's nickel resources. Since I had to depart on official travel, my associates have discussed your letter in detail with H. E. Isidore Nyaboya.

We would like to take this opportunity to convey to you our preliminary reactions to your request. As H. E. Nyaboya will have undoubtedly explained to you, we feel that in view of the depressed demand for nickel products, which we expect will prevail until the middle of the next decade, it seems preferable to postpone a conference with nickel producers and financial institutions until a more favorable market situation develops and genuine interest in the nickel project can be generated more easily. H. E. Nyaboya has written us recently that the date of the conference has been postponed.

We believe that it would be critical for Burundi to secure a strong private partner to take a leadership role in the project since such a partner could provide the required management, technical and marketing know-how

and raise confidence among possible interested parties. If the results of our study of the prefeasibility study appear favorable, we would be willing to help in the search for such a partner.

In addition, I would like to assure you that we would be pleased to continue our role of advising Burundi in seeking technical and financial arrangements for the successful development of its nickel resources. However, before we are able to express our views on the feasibility of exploitation of these resources and advise on what steps should be taken we would need to review the UNDP-financed prefeasibility studies. As we have informed H. E. Ir. I. Nyaboya, we are prepared to do this as soon as possible and have started our study. We hope to be able to provide our comments in about two months. At that time, we could send a mission to Burundi to discuss our views with you and make suggestions on what actions might be taken.

I thank you very much for your kind invitation to visit Burundi. Unfortunately, due to previous commitments and the heavy schedule of my activities, it will be impossible for me to honor your invitation this year. However, I intend to travel to a few countries in Africa which I have not visited yet and as soon as the opportunity arises, I will not hesitate to inform you.

Sincerely yours,

Robert S. McNamara



EMBASSY OF THE REPUBLIC OF BURUNDI
WASHINGTON, D. C. 20008

BIOGRAPHY OF HIS EXCELLENCY COLONEL JEAN-BAPTISTE BAGAZA
PRESIDENT OF THE REPUBLIC OF BURUNDI

=====

His Excellency Colonel Jean-Baptiste BAGAZA was born at Rutovu in the province of BURURI on August 29, 1946.

Born of a modest family, the Head of State of Burundi has always distinguished himself by his simplicity, his keen sense of responsibility and his remarkable intelligence, qualities which brought Him the sympathies and esteem of all those who surrounded him. His readiness to serve the nation won him the friendship, admiration and confidence of all the people in Burundi.

After brilliant secondary studies at the "Collège du Saint-Esprit" at Bujumbura, he went to Belgium in 1963, where he pursued his studies at the Royal Military Academy which he finished in 1970, graduating in Social and Military Sciences. He then came back to his mother country in 1971, after a specialization in the field of infantry.

His military career has been marked by a brilliant trajectory. Instructor Officer at the Institute of the Burundi Armed Forces at first, and Officer at the General Staff in 1971, the present Head of State was later appointed Deputy Chief of Staff in 1972, a function which he exercised up to the 1st of November on which date he acceded to the Supreme Magistrature.

It is in fact on that date that the people of Burundi, tired of a dull and corrupt power which, for ten years, had not been able to engage the nation on the way of progress and concord, overthrew the First Republic and called upon Colonel Jean-Baptiste BAGAZA to lead the country.



EMBASSY OF THE REPUBLIC OF BURUNDI
WASHINGTON, D. C. 2008

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From that historic date, the people of Burundi have already achieved considerable progress in all fields of national life under the dynamic leadership of President BAGAZA.

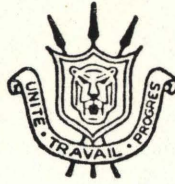
Since the beginning of the Second Republic, Burundi has put more emphasis on developing the policy of good neighborhood with the bordering countries. That is why she works constantly to reinforce friendly relations and close cooperation with her sister Republics of Zaïre, Rwanda and Tanzania.

As for the African or International field, whether with the O.A.U., the U.N. or within the non-aligned group, the Republic of Burundi constantly works to reinforce peace, understanding, justice in the world and cooperation in friendship and mutual respect between nations.

President BAGAZA has participated in numerous international conferences, especially in the O.A.U. and Arab-African conferences. He has also taken part in meetings with his fellow-Presidents of TANZANIA, RWANDA and ZAIRE.

It is also to be underlined that the President of Burundi has paid official and work visits to many friendly countries such as Belgium, Rwanda, Tanzania, Libya, Saudi Arabia, Bahrein, Egypt, China and North Korea.

President BAGAZA has already been given the highest honorary distinctions of Belgium, Rwanda, North Korea and Roumania.



EMBASSY OF THE REPUBLIC OF BURUNDI
WASHINGTON, D. C. 20008

BIOGRAPHY OF H.E. LIEUTENANT COLONEL EDOUARD NZAMBIMANA
MINISTER OF FOREIGN AFFAIRS AND COOPERATION

DATE OF BIRTH: 1945

EDUCATION: Elementary: Catholic School of Rumeza

Secondary : Collège du St. Esprit, Burundi

Ecole Royale des Cadets, Belgium, 1962
(Scientific Section)

Higher Studies: Ecole Militaire, Brussels, Belgium
(120th Year of the Polytechnic School)

Degree in Civil Engineering, December 31, 1970

Returned to Burundi on November 18, 1971 with the rank of Captain.

Promoted to Major in 1972 and subsequently to Lieutenant Colonel in July 1975

POSITIONS:

December 1, 1971 :Head of Corps of Engineers at the General Staff.

March 13 1974 Minister of Public Works, Transportation and Utilities
to November 1, 1976:

Nov. 10, 1976
to May 30 1977 :Prime Minister and Minister of Planning

May 30, 1977
to October 13, 1978:Prime Minister and Minister of Agriculture, Animal
Husbandry and Rural Development

October 13, 1978
to date :Minister of Foreign Affairs and Cooperation.