




Fiscal Decentralization and Local Governance in Burundi

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A new World Bank report launched today presents a comprehensive review of the efforts made for over a decade to reinforce social cohesion and give more power to local authorities, or "communes" in Burundi through an ambitious decentralization program initiated after the civil war which devastated the East-African country. In the context of the Arusha Peace Agreement signed in 2000, decentralization was seen as a key strategy to strengthen the social contract between the State and its citizens, as the marginalization of rural communes (where 90% of the Burundian population live) and the centralization of economic and political power in the hands of urban elite appeared as factors of social instability. "The present study aims at providing concrete recommendations to help the Government of Burundi make its decentralization process sustainable by defining the responsibilities of communes while giving them the financial means to respond to population needs," said Philippe Dongier, World Bank Country Director for Burundi, Uganda and Tanzania. "The 2005 Communal Law, which formalizes communes as autonomous and decentralized entities managed by communal council members, represents a significant step forward in the decentralization process, but most of the communes still face funding challenges to cover their recurrent costs. The report notes that without a clear and transparent framework to manage local finances, it will be difficult for Burundi's 116 rural communes to improve the provision of local public services. "The analysis was conducted to support local government authorities in implementing a transparent, predictable and durable intergovernmental budget framework to meet the financial needs of communes, and improve access to basic services while taking budgetary constraints into account," said Rachidi Radji, World Bank country manager for Burundi. "One of the main lessons of the report is that the sustainability of the Burundi decentralization process requires a firm engagement from both citizens and their leaders" says Marco Larizza, Senior Public Sector Specialist, World Bank task team leader, and one of the authors of the report. "The aim is also to promote efficient strategies to increase citizen participation in local governance, as well as other social accountability measures", he adds. The report suggests that despite recent progress, citizens and communities have few opportunities to effectively engage in local decision-making processes. The study also highlights the need for establishing more transparent mechanisms for tax collection and executing communes development plans. For example, in Rutegama, a commune located in the center of the country, the current administration was able to implement significant reforms and gain citizens trust in establishing an accountable and transparent tax collection system, making Rutegama one of the few financially viable communes in the country. The report - result of a strong process of engagement and dialogue between the World Bank, the government, Burundi citizens and development partners - is composed of four chapters. Chapter 1 is an overview of Burundi's political and macro-economic context, and reviews the evolution of the decentralization process. Chapter 2 is an analysis of decentralization from a fiscal perspective, and identifies key reforms to be considered in order to sustain the process while meeting communal financial needs. Chapter 3 provides an in-depth analysis of communal land registration services. It discusses the benefits and opportunities related to current initiatives promoting access to land services for the 116 rural communes. Chapter 4 offers a perspective on state/citizens relationship to improve accountability and local participation in the decision-making process. The report, produced at the request of the government, is part of a series of programmatic studies developed by the World Bank to assist Burundi in its efforts to promote accelerated and inclusive growth and improve transparency and accountability in the use of public expenditures. Although the Government of Burundi is the main beneficiary of the analysis, this exhaustive study is intended for a larger audience, including donor community members, business managers, civil society representatives, etc. The World Bank
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