

Fact Sheet: Burundi

Tourism - Agriculture - Infrastructure analyses for Dutch investment

October 2010

NABC



Table of Contents

Preface.....	3
Executive Summary.....	4
1. INTRODUCTION	Error! Bookmark not defined.
1.1 general introduction.....	5
1.2 country facts.....	5
2. OPPORTUNITIES.....	7
3. ECONOMIC SITUATION.....	7
3.1 Economic overview	7
3.2 Current economic situation	8
3.3 Trade	9
3.3.1 Bilateral Investment Agreements	10
3.3.2 Trade partners.....	10
4. INVESTMENT	12
4.1 Openness to Foreign Investment.....	13
4.2 Infrastructure	13
4.2.1 Roads and airways.....	13
4.2.2 Telephones	13
4.2.3 Internet.....	13
4.2.4 Electricity and Water	14
4.3 Tourism.....	14
4.4 Agriculture.....	15
4.4.1 Coffee	15
4.4.2 Horticulture	17
4.5 Livestock.....	17

Preface

This fact sheet contains the most recent data on the tourism, agriculture and infrastructure sector collected from various websites, reports and other existing fact sheets concerning the topics discussed. Also a summary of opportunities and constraints in these sectors and presents suggestions for value chains which could be of use for Dutch investors and could benefit from support through development cooperation.

Most information, tables, figures in this fact sheet are collected from other reports, information websites of governmental organizations and NGO's.

These include:

- Fontys/Business Mission Fact Sheets: Burundi 2010
- The World Bank/Project Appraisal Document: Report No: 43211-BI/APRIL 17, 2008
- <http://www.burundicoffee.com>
- <http://www.goafrica.co.za/africa/burundi.stm>
- <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=274412&location=&highlight=Economie>

Executive Summary

Burundi is a small country with almost 8,700,000 inhabitants. A dozen year civil war has damaged the economy severely until 2006 and limited the countries development in almost all sectors. Burundi belongs to the poorest countries in the world and has one of the lowest GDP per capital in Africa. It's official languages are Kirundi, French, Swahili.

Overall Burundi is one of the unexploited countries of investment. There is a lot of room for foreign investments to take advantage of the many undeveloped sectors in the country such as tourism, infrastructure and agriculture. As a country still developing and trying to arise from a dozen year civil war, most sectors can use all the foreign help they can get. GDP is growing and the population is modernizing which are good signs for the consumer market. Mainly the economy is predominantly agricultural with more than 90% of the population dependent on subsistence agriculture. Economic growth depends on coffee and tea exports, which account for 90% of foreign exchange earnings. Therefore this sector can be scrutinize very well for more opportunities if investment is needed or investors are willing to invest. This exploitation of the tourism and agriculture is parallel to the infrastructure developments. In order to make full use of these sectors investors have to be willing to build fundamentals through investing in the infrastructure as much as possible.

Good possibilities lie in the infrastructure and agriculture sectors. Dutch investors can make use of the bilateral trade agreements of Burundi and follow in the footsteps of the Belgium's which where the previous colonists of Burundi and remain one of the main trade partners. Two main organizations are involved in the supply and distribution of electricity and water for Burundi.

In short, lots of good opportunities for companies willing to invest in the infrastructure. Agriculture-, tourism, electricity and water companies can all take advantage and become the major players in this open market.

Introduction

1.1 general introduction

The Republic of Burundi), is a landlocked country in the Great Lakes region of Eastern Africa bordered by Rwanda to the north, Tanzania to the east and south, and the Democratic Republic of the Congo to the west. Its size is just under 28,000 km² with an estimated population of almost 8,700,000. Its capital is Bujumbura. Although the country is landlocked, much of the southwestern border is adjacent to Lake Tanganyika. Burundi is one of the ten poorest countries in the world. It has the lowest per capita GDP of any nation in the world. The country has a low gross domestic product largely due to civil wars, corruption, poor access to education, and the effects of HIV/AIDS. Burundi is densely populated, with substantial emigration. Cobalt and copper are among Burundi's natural resources. Some of Burundi's main exports include coffee and sugar. It's official languages are Kirundi, French, Swahili (along Lake Tanganyika and in the Bujumbura area).

The new government, led by President Pierre NKURUNZIZA, signed a South African brokered ceasefire with the country's last rebel group in September of 2006 but still faces many challenges. Burundi's first democratically elected president was assassinated in October 1993 after only 100 days in office, triggering widespread ethnic violence between Hutu and Tutsi factions. Burundi has emerged from a cycle of political-ethnic conflicts that lasted more than 12 years and claimed the lives of about 300,000 people while displacing about 1,200,000 people, or about 16 percent of the population. An internationally brokered power-sharing agreement between the Tutsi-dominated government and the Hutu rebels in 2003 paved the way for a transition process that led to an integrated defense force, established a new constitution in 2005, and elected a majority Hutu government in 2005. Sixty-two percent of Burundians are Roman Catholic, eight to ten percent are Muslims and the rest follow indigenous beliefs and other Christian denominations.

1.2 country facts

This is a country dominated by hills and mountains, with considerable altitude variation .The lowest point in the country is 772 meters at the Lake Tanganyika, while the highest soars to 2670 meters above sea level at the tip of Mount Heha.

This entry contains the percentage shares of total land area for three different types of land use: *arable land* - land cultivated for crops like wheat, maize, and rice that are replanted after each harvest; *permanent crops* - land cultivated for crops like citrus, coffee, and rubber that are not replanted after each harvest; includes land under flowering shrubs, fruit trees, nut trees, and vines, but excludes land under trees grown for wood or timber; *other* - any land not arable or under permanent crops; includes permanent meadows and pastures, forests and woodlands, built-on areas, roads, barren land, etc.

Table 1: Country Facts

Area	total: 27,830 sq km land: 25,680 sq km water: 2,150 sq km
Coastline	0 km (landlocked)
Terrain	hilly and mountainous, dropping to a plateau in east, some plains
Land use	arable land: 35.57% permanent crops: 13.12% other: 51.31%
Irrigated land	210 sq km
Population	8,988,091
Population growth rate	3.279%
Agriculture	coffee, cotton, tea, corn, sorghum, sweet potatoes, bananas, manioc (tapioca); beef, milk, hides
Exports commodities	Coffee, tea, sugar, cotton, hides
Imports commodities	Capital goods, petroleum products, foodstuffs, human blood
Industries	light consumer goods such as blankets, shoes, soap; assembly of imported components; public works construction; food processing
Natural resources	nickel, uranium, rare earth oxides, peat, cobalt, copper, platinum, vanadium, arable land, hydropower, niobium, tantalum, gold, tin, tungsten, kaolin, limestone
Export partners	Germany 21.6%, Switzerland 14.86%, Belgium 9.32%, Sweden 8.94%, Pakistan 5.82%
Import partners	Saudi Arabia 16.87%, Belgium 11.17%, Uganda 8.62%, Kenya 7.57%, China 5.66%, France 5.35%, Germany 4.46%, India 4.24%, Tanzania 4.21%
GDP (2009 est.)	\$3.245 billion
GDP per capital (2009 est.)	\$300

GDP growth rate (2009 est.)	3.5%
------------------------------------	------

2. OPPORTUNITIES

Agriculture: Opportunities lie mostly in the coffee and tea industry. But also the banana market is not fully utilized yet. The coffee sector provides opportunities in almost all parts of the supply chain. The Tutsi population the minority population in Burundi with 14% of the total population, dominate the coffee industry.

The tea produced in Burundi is of high quality. The tea crop contributes to poverty alleviation in Burundi because 95% of its production is exported. Burundi plans to increase the tea production by privatizing some complexes of production and by increasing the area of cultivation.

Cotton constitutes the third traditional produce for export. Burundi cotton is a highly appreciated produce because of its quality. Burundi plans to increase the export offer by extending its growing area to the Imbo and Moso regions. The main food crops are: maize, sorghum, sweet potatoes, banana, beans, cassava, taro, palm oil, meat, etc.

Tourism: Burundi has some strong attracting tourism places to offer. Most parts of the country are not urbanized and provide a view of the original African landscapes. In the short term, possibilities may be limited, perhaps, to hotels and conference facilities for business and official visitors, but it is important to begin now to put the conditions in place to enable foreign investors to see Burundi as a secure and investor-friendly environment that offers profitable business opportunities, including in the tourism sector.

Electricity and water: Two main organizations are involved in the supply and distribution of electricity and water for Burundi. The first is REGIDESO and the second is the DGHER. There is more demand than supply and it's mainly found in the capital. Burundi faces severe constraints in electricity supply, either national or imported. Here lie great opportunities for Electricity and Water companies. There must be kept in mind that the current ones are operation of the Ministry of Water, Energy and Mines (MWEM) thus a governmental supplier is active.

Telephone and Internet: The telephone and internet market is still in its infancy with a limited access to internet, mostly in the capital and only two internet service providers. The numbers are growing but compared to Africa as a whole, the numbers are miniature.

3. ECONOMIC SITUATION

3.1 Economic overview

Burundi is a resource-poor country with an underdeveloped manufacturing sector. The economy is predominantly agricultural with more than 90% of the population dependent on subsistence agriculture. Economic growth depends on coffee and tea exports, which account for 90% of foreign exchange earnings. The ability to pay for imports rests primarily on weather conditions and international coffee and tea prices. The Tutsi minority, 14% of the population, dominates the coffee trade. Food, medicine, and electricity remain in short supply. Burundi's GDP grew around 4% annually in 2006-2009. It has the lowest per capita GDP of any nation in the world. The country has a low gross domestic product largely due to civil wars, corruption, poor access to education, and the effects of HIV/AIDS. Political stability and the end of the civil war have improved aid flows and economic activity has increased. But underlying weaknesses - a high poverty rate, poor education rates, a weak legal system, and low administrative capacity - risk undermining planned economic reforms. Burundi will continue to remain heavily dependent on aid from bilateral and multilateral donors; the delay of funds after a corruption scandal cut off bilateral aid in 2007 reduced government's revenues and its ability to pay salaries.

3.2 Current economic situation

The capital, Bujumbura, in its role as a regional trading hub, should benefit from continued stability and further integration with the EAC (a common market will become active in mid-2010), prompting growth in the wholesale and retail sectors. Agricultural production is expected to improve, owing largely to the absence of armed conflict in the country, although weather patterns are uncertain and production is vulnerable to erratic rain patterns. Overall, we expect the main drivers of economic growth to be increased food production and higher investment on the back of the absence of armed conflict. We forecast real GDP growth of 3.6% in 2010 and 4.5% in 2011. The main threats to this are a return to political instability sparked by the elections in 2010 or a poor performance from the agricultural sector because of inadequate rains.

Table 2: Economic Facts

Subject	Units	2004	2005	2006	2007	2008	2009	2010	2014
GDP, constant prices	Annual percent change	4.8	0.9	5.1	3.6	4.5	3.2	3.6	5.0
GDP, current prices¹	Billion, U.S. Dollars	0.664	0.801	0.919	0.975	1.097	1.378	1.395	-
GDP, per capita current prices²	U.S. Dollars	90.481	106.875	120.278	125.069	137.97	169.977	168.619	-
Inflation Rate, consumer price	Annual percent change	8.0	13.4	2.8	8.3	24.4	12.9	8.3	5.0
Current Account Balance³	Billion, U.S. Dollars	(\$0.035)	(\$0.0595)	(\$0.029)	(\$0.057840)	(\$0.101)	(\$0.183)	-	-
Current Account Balance	Percent of GDP	-8.4	-1.2	-14.5	-15.7	-14.2	-10.9	-8.3	-9.7

3.3 Trade

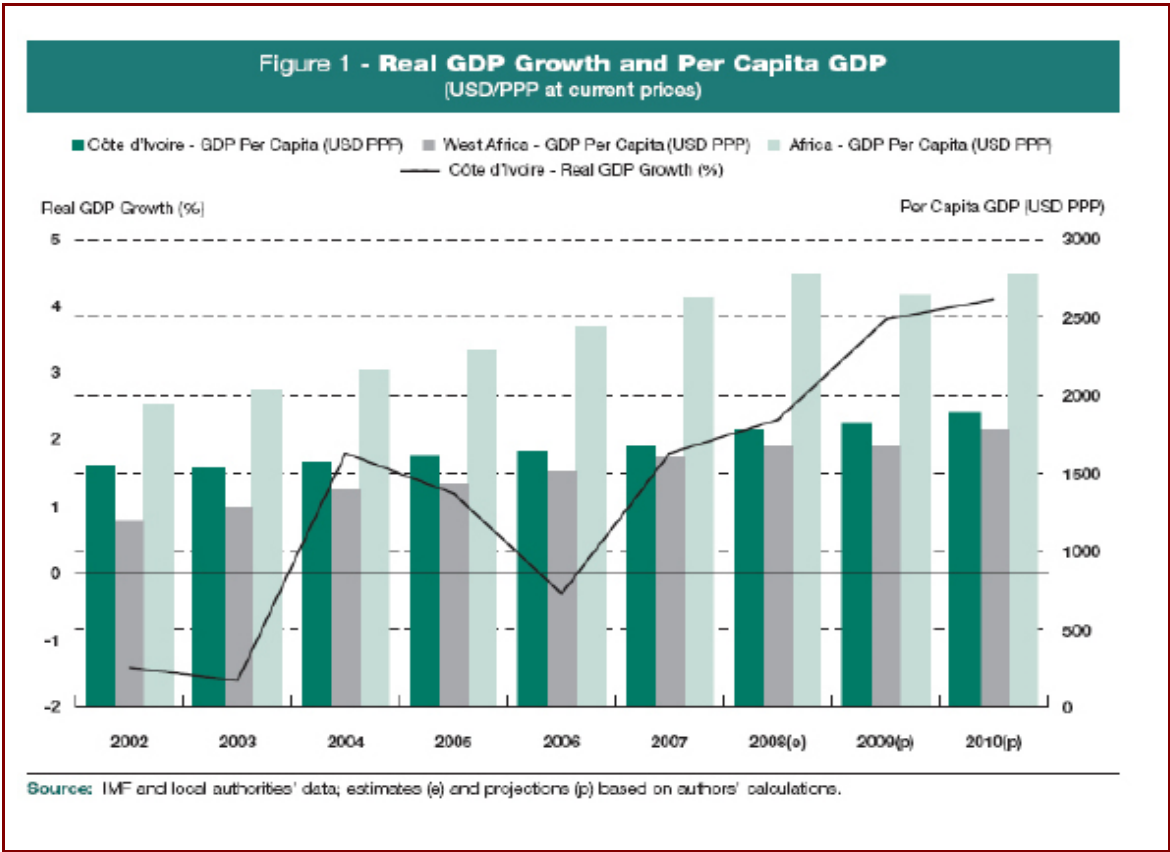
As a low recourse country, Burundi doesn't have much to offer to the global market besides the coffee. This is why Burundi's total imports in 2009 was 4 times more than its exports. Coffee is Burundi's main export product and Oil its main import.

¹ http://www.economywatch.com/economic-statistics/burundi/GDP_Current_Prices_US_Dollars/

² http://www.economywatch.com/economic-statistics/burundi/GDP_Per_Capita_Current_Prices_US_Dollars/

³ http://www.indexmundi.com/burundi/current_account_balance.html

Figure1: GDP Growth, annual percentage change (IMF)



3.3.1 Bilateral Investment Agreements

Burundi has a long-standing mutual investment agreement with the BENELUX nations. Although Burundi is technically eligible to take part in the African Growth and Opportunities Act (AGOA), there has been no significant activity in this area, nor does the GOB have any bilateral investment or taxation treaties with the U.S.

Burundi is a member of the Multilateral Investment Guarantee Agency, and signed an agreement with the Overseas Private Investment Corporation (OPIC) in 2006. To date, foreign direct investment in Burundi has been negligible, and there are no OPIC-affiliated enterprises now known to be in operation. In the unlikely event that OPIC would need to pay an inconvertibility claim, it would use Burundian Francs, which, as of January 2009, U.S. Embassy Bujumbura purchased at an official rate of 1200 Francs to one USD. Given the overall weakness of Burundi’s economy and the worldwide financial crisis, there is significant risk that the value of the Burundian franc will continue to depreciate against major market currencies.

3.3.2 Trade partners

Burundi’s main trade partners are Switzerland, Germany, Belgium, Thailand, USA, Italy, Japan, Kenya, Tanzania, Uganda, France, Rwanda and Zambia. In this case the absence of Netherlands or not being one of the main traders is an indication that there is are

opportunities that can be utilized for Dutch investors and create trade relationships between the two countries.

Burundi had an export total of \$68 million and an import total of \$275 million in 2009.

Figure 2: Top import products

Top Products Imported by Burundi		Market Value: 488 (millions)		
Product	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
2710 - Non Crude Oil	38,014	7.79	154.10	
3004 - Medicines in Doses	9,892	2.03	94.70	
3002 - Human Blood	5,258	1.08	215.56	
1005 - Corn	4,389	0.90	89.76	
8704 - Trucks	3,544	0.73	128.51	
1107 - Malt	3,406	0.70	43.37	
8703 - Passenger Vehicles	3,273	0.67	61.10	
8525 - Cel Phones, Video Recorders & Radio Transceivers	3,154	0.65	299.76	
0713 - Leguminous Vegetables	2,964	0.61	150.10	
1701 - Cane Sugar	2,882	0.59	655.26	
1102 - Cereal Flours	2,867	0.59	88.99	
7210 - Iron & Steel > 600 mm Wide - Clad	2,489	0.51	49.19	
7102 - Diamonds	2,282	0.47	NA	
7306 - Seamed Hollow Tubes & Pipes	2,277	0.47	5,621.45	
9018 - Medical, Dental & Vet Instruments	1,859	0.38	81.11	
8473 - Computer & Office Machines Parts	1,591	0.33	63.46	
6309 - Worn Clothing	1,579	0.32	(20.47)	
1901 - Malt Extract	1,416	0.29	205.26	
8309 - Stoppers & Caps	1,406	0.29	869.27	
2711 - Petroleum Gases	1,391	0.28	2,260.41	

Figure 3: Top export products

Top Products Exported by Burundi		Market Value: 144 (millions)		
Product	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
0901 - Coffee	31,398	21.84	70.14	
0902 - Tea	5,891	4.10	924.27	
8421 - Filters & Centrifuges	2,398	1.67	25,290.47	
7102 - Diamonds	2,282	1.59	36,706.42	
5201 - Cotton	1,704	1.18	530.55	
9018 - Medical, Dental & Vet Instruments	1,630	1.13	172,569.49	
4403 - Lumber	516	0.36	355.04	
0603 - Cut Flowers & Buds	436	0.30	2.44	
8702 - Vans & Buses	359	0.25	3,618.00	
0301 - Live Fish	212	0.15	25.17	
6403 - Leather Footwear	163	0.11	NA	
8471 - Computers, Printers & Storage Units	157	0.11	5,810.39	
4103 - Raw Hides & Skins	126	0.09	229.05	
0602 - Live Plants	92	0.06	(47.71)	
8525 - Cel Phones, Video Recorders & Radio Transceivers	78	0.05	6,686.77	
2516 - Granite	76	0.05	NA	
6204 - Non-Knit Womens & Girls Suits	73	0.05	383.92	
8479 - Mechanical Machinery & Parts	62	0.04	2,095.90	
2615 - Niobium	62	0.04	(87.28)	
0803 - Bananas	58	0.04	NA	
8542 - Electronic Integrated Circuits	58	0.04	NA	
6110 - Knitted Sweaters	55	0.04	370.43	
4106 - Goat Leather - No Hair	53	0.04	89.12	
1211 - Plants For Pharmacy	47	0.03	(77.97)	

Import and export trends for Burundi are stable and the products are shown in the figures above. Main imports are capital goods, petroleum products, foodstuffs, human blood while exports are Coffee, tea, sugar, cotton, hides.

4. INVESTMENT

Burundi has many interesting and promising investment sectors. These range from infrastructure, agriculture, tourism, fishing and mineral & mining.

(For the full Investment opportunities in Fishing, Mining & Mining paragraph see Appendix 1.1 and 1.2 respectively)

4.1 Openness to Foreign Investment

The Government of Burundi's (GOB) official attitude toward foreign direct investment is reflected in the new Investment Code, formally enacted on September 10, 2008, which ostensibly aims to attract and reassure foreign investors. The new Code encourages and promises to facilitate acquisitions, production, transformation and distribution of goods and services. The language of the Code, however, is vague, containing guarantees and inducements that are not explained in specific terms – nor can they be, absent the still-pending revision of Burundi's Tax and Customs Codes. In effect, the Investment Code outlines the GOB's apparent desire to stimulate foreign investment but highlights a continuing lack of transparent, specific regulations to foster significant foreign investment.

(For the full openness to Foreign Investment paragraph see Appendix 1.3)

4.2 Infrastructure

The infrastructure in Burundi is in need of rehabilitation (particularly electricity and roads). Almost all parts of the infrastructure are significantly low developed and belong to the lowest in Africa.

4.2.1 Roads and airways

Burundi has 8 airports whereof only one 1 with a paved runway in the capital (Bujumbura) and 1 heliport. Airport International de Bujumbura is Burundi's only and official international airport. KLM, Air France, Kenya Airways, Brussel Airways and Rwandair Express are some of the airline companies that go to this destination. Only 11 % of the roadways are paved which makes maneuverability a challenging and inefficient matter. This again means there is a lot of opportunities for the road construction companies and investors to take advantage of this fact.

4.2.2 Telephones

30,400 Telephones have been counted in 2008 with a country comparison to the world of 178. Mobile phones added up to 480,600 in 2008. The telephone density in Burundi is one of the lowest in the world; fixed-line connections stand at well less than 1 per 100 persons; mobile-cellular usage is increasing but remains at 5 per 100 persons.

4.2.3 Internet

The small central African country has two Internet Service Providers that provide local access in the capital city of Bujumbura. Web content is mostly in French.

Some internet facts; Internet country code: .bi - Internet hosts: 201 (2010) - Internet users: 65,000 (2008).

4.2.4 Electricity and Water

Two main organizations are involved in the supply and distribution of electricity and water for Burundi. The first is REGIDESO (*Régie de Production et Distribution d'Eau et d'Electricité*), a public utility with autonomous legal and financial status that operates under the supervision of the Ministry of Water, Energy and Mines (MWEM). The second is the General Directorate of Water Supply and Energy (DGHER - *Direction Générale de l'Hydraulique et des Energies Rurales*), also an autonomous entity operating under MWEM's tutelage, that is responsible for the provision of electricity and water in rural areas. A third organization known as SINELAC (*Société Internationale des Pays des Grands Lacs*) is an important supplier of electricity to REGIDESO. SINELAC was established as a joint venture by Burundi, Rwanda and the Democratic Republic of Congo to develop and operate international electricity projects.

REGIDESO is Burundi's integrated water and electricity utility responsible for serving the urban areas. As of December 2007, REGIDESO had only 41,074 electricity connections and 40,052 water connections, which translates into Burundi having one of the lowest coverage rates in Africa. Annual growth in connections has averaged 6.9 percent for water and 8.5 percent in electricity, driven by a significant increase in connection rates in 2006 and 2007. The majority of water and electricity connections are concentrated in Bujumbura, which accounts for 60 percent of electricity and 69 percent of water connections. At the same time, electricity produced in 2006 decreased due to reduced electricity imports from the Joint (Burundi, DRC, and Rwanda) International Electricity Generation Entity (SINELAC) and the DRC's National Electricity Company (SNEL) following poor hydrology.

The average consumption of electricity in Burundi is among the lowest in Africa at 23 kWh/cap/year. Burundi faces severe constraints in electricity supply, either national or imported. The supply deficit currently varies between 12.9 MW during the wet season and 23.5 MW during the dry season when the Country's main hydropower plants are running at reduced capacity. Assuming that the economic growth continues at the current pace, the supply deficit may reach 22 MW and 34 MW (during the wet and dry seasons, respectively) by 2014, at which point substantial generation capacity could be added through the commissioning of the Kabu 16 (Burundi).

4.3 Tourism

The tourism industry is still in its infancy, but there is ample opportunity for development. Lake Tanganyika is internationally famous for its scenic beauty. Places of interest include Lake Tanganyika, Gitega, the former capital, with its museum and traditional handicraft centre; and the Mosso area in the southeast, with its fairly abundant wildlife. The north-east has a great variety of tropical birds.

Burundi is also rich in folk art. The dancers and drummers of the Tutsi are particularly well known. All this makes for an interesting and varied tourism product.



In the short term, possibilities may be limited, perhaps, to hotels and conference facilities for business and official visitors, but it is important to begin now to put the conditions in place to enable foreign investors to see Burundi as a secure and investor-friendly environment that offers profitable business opportunities, including in the tourism sector.

A better infrastructure could impede growth of the tourism sector. However, with support from international donors, both bilateral and multilateral, the rehabilitation of the country's infrastructure is underway. This will have positive implications for the development of the tourism industry.

Prospects for investing in the tourism sector are also enhanced by the:

- Existence of important tourism assets
- Limited capacity of hotels of international standard
- Increasing international recognition of Burundi as one of the world's undeveloped destinations for
- nature and discovery tourism;
- Close co-operation between public and private sectors and
- Existence of potential donor support for capacity building

Priority tourism investment sectors have been identified as:

- Hotel renovation and upgrades
- Tour operations

4.4 Agriculture

The Burundian economy is mainly grounded on agriculture. Statistic estimates indicate that 90% of the population relies on agriculture combined with livestock for the livelihood. There are two types of crops cultivated: Food crops (beans, bananas, sweet potatoes, cassava, maize and sorghum) and cash crops (coffee, tea, cotton and quinquina).

Agriculture generates value-added estimated at about 58% of gross domestic product and produces most the foreign exchange coming into the country. It should be noted that coffee (Arabica and Robusta accounts for nearly 90% of the country's export earnings and that plantations remain, for the most part village enterprises. The tea produced in Burundi is of high quality. The tea crop contributes to poverty alleviation in Burundi because 95% of its production is exported. Burundi plans to increase the tea production by privatizing some

complexes of production and by increasing the area of cultivation. Cotton constitutes the third traditional produce for export. Burundi cotton is a highly appreciated produce because of its quality. Burundi plans to increase the export offer by extending its growing area to the Imbo and Moso regions. The main food crops are: maize, sorghum, sweet potatoes, banana, beans, cassava, taro, palm oil, meat, etc.

4.4.1 Coffee

Type of coffee in Burundi: *Arabica*

Volume(in metric tons): *31000 Mt in 2006*

Brand name of Burundi specialty coffee: *Ngoma mild coffee*

Marketing system: *Tenders and direct sale*

Processing: *Wet processing*

Harvest season: *February –June*

Port of shipment: *Dar-el salaam*

Export destinations: *Belgium, Germany, Holland, Japan, Australia and the United States*

The first Arabica coffee tree in Burundi was introduced by the Belgians in the early 1930s and has been growing in the country ever since. Coffee cultivation is an entirely small holder based activity with over 800.000 families directly involved in coffee farming with a total acreage of 60.000 hectares in the whole country with about 25 millions of coffee tree.

Burundi coffee falls into mild Arabica category grown in the world and it is known as among the best ones grown in the Eastern Africa region because its quality is inherent to the hills and mountains where is cultivated at altitudes ranging from 1250 and 2000 meters above sea level. Another thing to note is that each farmer is tendering about 50 to 250 trees

Burundi coffee is of the Arabica species though some Robusta production also exists. Of the total production, Arabica coffee represents 96 % , the reminder is Robusta.

The most successful variety grown to date is Bourbon and constitutes the majority on nearly all farms

After more than a decade of civil disruption and political instability Burundi is poised to make the kinds of changes necessary to restore luster to its coffee subsector and develop the capacity to participate in rapidly changing global coffee markets. Growing in importance are specialty coffee markets that depart from the traditional commodity-oriented coffee markets in that they are defined primarily in terms of their high product quality and other differentiating characteristics. This development is particularly encouraging for Burundi, whose agro ecology and well-developed coffee infrastructure support the production of highly prized “mild arabicas,” and where political will is being mobilized in the subsector to realize this remarkable potential.

Opportunities for the coffee industry are available in almost all parts of the supply chain. Investors will be working with closely with the Tutsi (who according to research make up 50% of all graduates in Burundi that dominates the coffee trade. The Tutsi population the

minority population in Burundi with 14% of the total population. Investors have to be aware though of the investment steps they have to take in order to profit from these opportunities. The efforts in the coffee subsector will be on:

- Facilitating the privatization of coffee
- Providing assistance to producer cooperatives and small enterprises to improve coffee quality through improved practices in production and processing
- Specialty coffee market development targeting the Europe, U.S and other western countries. In this case Netherlands will be the main target in Europe

4.4.2 Horticulture

Burundi is well positioned for horticulture development thanks to its broad agro-ecological diversity, abundant rainfall, and strong tradition of producer organization. Fruit and vegetable producers and exporters share a guarded optimism that Burundi's export, regional, and domestic markets for horticulture products can be rebuilt and strengthened. They see the potential for Burundi to become highly competitive in these increasingly lucrative markets, ultimately challenging regional competitors such as Uganda and Kenya. This sector is poised to build on this foundation and deliver pragmatic, field-focused activities that will help create incomes, increase employment, and help stabilize the country and ensure that it will not once again descend into chaos and bloodshed.

Main opportunity points for horticulture are fruits, vegetables and cut flowers for export to international and regional markets (mainly to Netherlands), working on producer organization, improved production practices, post-harvest handling and market access.

4.5 Livestock

Livestock farming contributes 3% of gross domestic product. Livestock rearing is not well integrated into farming and remains essentially extensive in nature. Animals such as sheep, goats, rabbits, guinea pigs, poultry and bees can play a key role in feeding families and increasing their incomes. At the present time, research is proceeding with strategies for reconstituting livestock herds and the genetic improvement of animal breeds.



Fact Sheet Appendix: Burundi

Tourism - Agriculture - Infrastructure analyses for Dutch investment

October 2010

NABC



1. INVESTMENT

1.1 Investment opportunities in Fishing

Burundi is bordering the Lake Tanganyika which is known in the world to be a lake containing a lot of fish of different varieties. The national production is estimated to 15,000 tones. The artisan fishing contributes to 90% and the development of the industrial fishing should enable the country to have an exportable surplus. The identified products for export are the frozen and smoked fishes, the ornamental alive fishes and the crabs. The fishes known as "INDAGALA" are the unique species found only in the Lake Tanganyika, and this offers a considerable advantage for export.

1.2 Investment opportunities in Mineral and Mining

The actual mining exports include: gold, cassiterite, the Colombo-tantalite and the wolframite. There are also in Burundi some interesting deposits of non metallic mines such as phosphate, carbonate, kaolin, feldspaths, peat and limestone. Burundi has also some deposits of precious and half precious stones which can be interesting for the international market. Recent seismic and magnetic surveys have indicated that there may be Oil under Lake Tanganyika and the Rusizi river plain.

Opportunities: Burundi has considerable mining deposits to be mentioned considering their reserves and contents:

- Mining deposit of Nickel of which the considerable reserves contain also very interesting associated metals by their content (copper, cobalt, platinum metal group)
- Deposit of Iron-Titan-Vanadium -- this is the best mining deposit in world considering its reserves and high content
- Deposit of Bastnaesite very rich in Europium

1.3 Openness to Foreign Investment

In August – September 2008, a team of Booz Allen Hamilton consultants funded by USAID conducted a comprehensive assessment of Burundi's business climate as part of the Business Climate Legal and Institutional Reform (BizCLIR) project.

Burundi's judicial system upholds the sanctity of contracts. In case of a dispute involving foreign interests, the plaintiff has the option of referring its complaint to either the national courts or an international arbiter. In 2007, the GOB created a Center for Arbitration and Mediation to handle such disputes; to date, no disputes have been submitted to the Center.

The GOB has no overall economic or industrial strategies that discriminate against foreign investors, nor are there any general limits on foreign ownership or control of enterprises. There are no established processes or criteria for the screening or review of foreign investments. In the past, foreign investors applying for tax exemptions were subject to

routine evaluation by the Ministry of Planning; the new Investment Code has removed even these nominal screening procedures.

Foreign investments concerning weapons, munitions, and any sort of military or para-military enterprises are restricted. Private investments in this sector are rare, and most military enterprises are conducted on a government-to-government basis. No other investment sectors are restricted, nor are there any sectors where foreign investors are denied the same treatment as domestic firms.

Burundi's coffee industry – the largest source of foreign exports – is in the midst of a protracted privatization process. While several foreign companies purchase Burundian coffee, none has attempted to invest directly in domestic infrastructure, which still rests mostly in GOB hands. The new Investment Code sets forth no specific bidding criteria for the acquisition of GOB interests by private firms.

There is no explicit discrimination against foreign investors at any stage of the investment process, nor are there any laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control.

There has been no significant foreign direct investment in Burundi since the outbreak of civil strife in 1993 following the assassination of the country's first democratically-elected president after only three months in office. In 2005, internationally-brokered elections, generally considered to be free and fair, led to the installation of a new government and a series of economic reforms supported by the IMF and World Bank. On paper, Burundi's economy has been liberalized and is open to foreign investors. In practice, red tape and corruption hamper virtually all business activities, domestic and foreign. To date, there are no major foreign companies directly invested in Burundi, although some domestic firms have ties to international businesses or employ foreign-born managers.

In general, the fledgling nature of Burundi's democracy, the poor state of its post-conflict infrastructure and institutions, its geographic isolation, and proximity to regional conflicts (such as those in the eastern Democratic Republic of Congo) tend to discourage any serious foreign investment, but in the other hand there are also good opportunities for investors if they really scrutinize the situation very well.

USEFUL CONTACTS

USEFUL CONTACTS		
Ministry of Finance (Ministère des Finances) BP 1830, Bujumbura Tel: +257 222 242 08 Fax: +257 222 293 90 E-mail: ontbur@cbinf.com Tel: +257 222 239 88 Fax: +257 222 231 28 E-mail: minifin@usan.bu.net	Chambre de Commerce, d'Industrie, d'Agriculture et d'Artisanat du Burundi BP 313, Bujumbura Tel: +257 222 222 80 Fax: +257 222 278 95 E-mail: ccib@ccib.bi / Website: www.ccib.bi	Banque de la République du Burundi BP 705, Bujumbura Tel: +257 222 251 42 Fax: +257 222 231 28 E-mail: brb@brb.bi / Website: www.brb.bi
Burundi National Tourism Office (Ministère du Tourisme) BP 902, Bujumbura Tel: +257 222 023 Fax: +257 229 390		

BURUNDI

- SELECTED CITIES AND TOWNS
- ⊙ PROVINCE CAPITALS
- ⊛ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- PROVINCE BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

