

COUNTRY PROFILE

BURUNDI



Full Name:	The Republic of Burundi
Area:	27,834 km ²
Capital:	Bujumbura
Main Languages:	Kirundi (official), French (official) Swahili
Currency:	Burundi franc (BIF)
Head of State:	President Pierre Nkuruziza



The Profit 2007 Regional Investment Conference in Kampala, Uganda is a component of the Pro€Invest programme which is a common initiative of the European Commission (EC) and institutions from the ACP states (Africa, the Caribbean and the Pacific).

This profile of the tourism sector has been prepared on behalf of the organisers by Tourism Intelligence International (TII) under contract to BK Consultants. The authors accept sole responsibility for the profile which does not necessarily reflect the views of the organisers: Pro€Invest, the Centre for the Development of Enterprise (CDE), the European Investment Bank (EIB), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA).

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1. BUSINESS OVERVIEW

1.1 Key Economic Indicators

Table 1 shows the recent trend for selected key economic indicators using the most up-to-date available information. More general country information is provided in the websites referred to in Section 5.0 at the end of this report.

Table 1: Key Economic Indicators 2003-06

	2003	2004	2005	2006
Population (mn.)	7.200	7.344	7.491	7.641
Population Growth (%)	2.90	2.70	2.00	2.00
GDP (US\$ mn. at current prices)	595	664	799	955
GDP per capita (US\$ at current prices)	83	90	107*	125*
GDP growth at constant prices (%)	1.20	4.80	0.90	6.10
Current account balance (US\$ mn.)	(27)	(54)	(84)	(167)
Inflation Rate (%)	11.60	8.30	16.60	4.80
Exchange Rate: annual average Burundi Franc per US\$	1,082.60	1,100.90	1,138.00	1,030.00

* estimates

Sources: COMTRADE, World Development Indicators, Oanda.com

1.2 Economic Context

In 2006, total Gross Domestic Product (GDP) was estimated at some US\$ 955 million at current market prices. Burundi's economy is dominated by agriculture and the services sector. In 2006, agriculture was estimated to contribute 45 percent of the total GDP, followed by services, 34 percent and industry, 21 percent.

The economy has been recovering since the signing of the peace agreement with the rebel forces in 2002 and with the renewal of donor support. In 2006, real GDP growth was estimated at over six percent. With encouragement from the International Monetary Fund (IMF) and the World Bank, the Government has agreed to undertake more vigorously a number of major economic structural reforms with emphasis on private sector-led growth. Provided it maintains this path, it can expect to obtain \$1.5 billion in debt relief. Burundi is already a member of COMESA and its application to join the East African Community, which was approved in November 2006, should promote further trade and investment.

Net aid flows have increased substantially from 2002 with a total of \$365 million being provided to Burundi in 2005, according to the OECD statistics. The United States, France, Belgium, and the Netherlands are the principal bilateral donors. The European Union and the World Bank are the major multilateral donors, together with support from the IMF's Enhanced Structural Adjustment Facility (ESAF).

1.3 Population and Labour Force

Although population estimates vary up to about 8 million in 2006, the IMF's estimate of over 7.6 million has been used in this report. Approximately 10 percent reside in the capital, Bujumbura, and other urban areas. The overall population density is approximately 295 persons per km². The total labour force was estimated at approximately 3.0 million persons in 2002, with over 90 percent engaged in the agricultural sector.

1.4 Role of Tourism

The tourism sector is relatively underdeveloped. Nevertheless, according to a recent World Travel & Tourism Council (WTTC) report, travel and tourism in Burundi in 2007 is expected to generate \$113.2 million of economic activity (total demand), and to account directly and indirectly for 4.0 percent of GDP and 3.1 percent of total employment (equivalent to 52,000 jobs).

1.5 General Institutional and Regulatory Framework

Burundi's domestic regulatory framework consists of the investment code, the commercial code, the taxation system, labour code, and the mining code, all of which are in need of reform to assist in the country's economic recovery and further development.

The Government has stated that it is committed to strengthening the implementation of such structural reforms. It has reviewed its code of investments to attempt to attract both national and foreign direct investments. The procedures for the approval of priority enterprises have been simplified. Several measures of the investment code also have been reviewed particularly in relation to foreign exchange policy changes which have been simplified.

Land tenure

Burundi's land tenure system is a mixture of government legislation and community-based rules. The land tenure code was revised in 1986 in order to encourage the country's development. The law recognises all titles of land granted previously and registered as evidence that the land has been properly appropriated. It also recognises customary rights to land which in theory should be registered. This has not happened widely due to the complexity of the law. Urban areas are included under the 1986 code which provides for urban land to be registered. Such registration must be passed on when the property changes ownership.

1.6 Local Skills Base

Unemployment is high in Burundi and labor is plentiful and inexpensive. However, the labor force is relatively unskilled and on-the-job training is essential. Most Burundians speak only French and Kirundi, and business operators need to be able to communicate in French as the use of English is limited, even in business circles.

1.7 Infrastructure Services

1.7.1 International access

Air

Bujumbura International Airport (BJM) is 11km north of the city. The national airline is Air Burundi. Other airlines serving Burundi include Ethiopian Airlines, Kenya Airways, KLM and SN Bruxelles. In August 2006, Rwanda Air Express and Air Burundi started a new service between Kigali, Bujumbura and Johannesburg which reduces the cost and duration of travel with South Africa, in particular.

Water

Cargo/passenger ferries operate on Lake Tanganyika between Kigoma (Tanzania) and Mpulungu (Zambia) calling at various ports including Bujumbura, when political conditions permit. There are also normally some ferries to Kalemie (Democratic Republic of Congo).

Road

It is normally possible to drive into Burundi from Congo (Dem Rep), either from the north or south. Roads from Rwanda are reasonably good, but those from Tanzania, poor. However, the possibility of crossing these borders depends on prevailing political conditions, and border areas can be dangerous.

1.7.2 Domestic air services

There are no scheduled internal flights at present.

1.7.3 Roads

Most roads are sealed, but many are in a poor state of repair. Some are being upgraded. There are main roads west from Bujumbura to Muramvya (once the royal city of Burundi) and center to Gitega. Both journeys can be completed without too much difficulty strain during the dry season, but any road travel can be difficult in the rainy season.

1.7.4 Telecommunications

Telephone: IDD is available. The country code is 257.

Mobile telephone: Coverage is mainly in the west of the country.

Internet is available in some western areas. There are also a few internet cafes in Bujumbura.

2. TOURISM SECTOR

There has been significant and sustained growth in international tourist arrivals in recent years, from a low of 29,000 in 2000 to 133,000 in 2004 and an estimated 148,000 in 2005.

2.1 Product Offer

Due to its geographical position in the heart of Africa, temperate climate and attractive landscapes, Burundi is sometimes referred to as the 'Switzerland of Africa'. The climate varies from the temperate in the mountainous area of the peak Congo Nile to the tropical which is found in the Central plateau and its surrounding hills and the depressions in the eastern and north-eastern part of Burundi.

Bujumbura

The capital, Bujumbura, is situated on the Lake Tanganyika which forms the western border of the country. It is one of the most important ports on Lake Tanganyika.

There are some opportunities for water sports, including sailing, water-skiing and fishing. In addition to water-based activities, Bujumbura also offers golf, tennis, horse riding, etc.

There is architecture dating from the German colonial period, including the Postmaster's House. Other attractions include the Living Museum (*museé vivant*), a reconstructed open-air village displaying Burundian culture; the Cankuzo Gisagara Nature Reserve; the Islamic Cultural Centre; and the market.

Gitega

Gitega is the second largest town in Burundi. The principal sights are the National Museum; the craft wares village; and the Gitega Art School where ceramics, paintings and sculptures are produced. Drumming performances, unique of their kind, are also put on in Gitega.

At nearby Giheta, there is an artistic centre for different works in leather, ceramic and wood carvings. A day trip from Gitega may be made to the Chutes de la Kalera, near Rutana, which are spectacular in the wet season.

Beaches

Although not comparable with those on the coast of nearby Kenya and Tanzania, Burundi's beaches along the coast of Lake Tanganyika are attractive. The sand is white and powdery. Saga Beach, Kalera Beach, Tanganyika lie about 5km north-west of the capital. The adjacent Saga Beach Resort has several large restaurants and a beachfront bar.

Fauna and Flora

The geographical structure of Burundi and the micro-climates within the country provide for a diversity of vegetation. The fauna is also quite rich and comprises antelopes, hares, buffalo and other animals. There are crocodiles and hippopotami in Lake Tanganyika where they can sometimes be seen from the shore.

Forests and National Parks

There are three national parks plus a number of natural forests:

- Kibira National Park to the north-west (comprising a small region of montane rainforest adjacent to Nyungwe Forest National Park in Rwanda). The park is also home to 10 primate species, among them chimpanzees;
- Ruvubu National Park to the north-east along the Ruvubu river valley (also known as Ruvubu or Ruvuvu) teems with buffalo, antelope, red colobos monkeys, over 400 species of birds, hippos and crocodiles; and
- Rusizi National Park (near Katumba): located some 25km from Bujumbura, along the Congo border. It is a wetland environment that provides a habitat for hippos, crocodiles, sitatungas (aquatic antelopes) and a wide variety of birds.

The main forests are Congo-Nile Ridge (Kibira); Kigwena Natural Forest, located on the shores of Lake Tanganyika; Bururi Rumonge –Vyanda Natural Forest; and the Forest of Nyakazu and Mwishanga.

Bird Watching

Kirundo, 200km from Bujumbura in the north-east of Burundi, is a region of extensive depressions dotted with many lakes abounding in bird life, including Cohoha, Rweru and Rwihinda (nicknamed 'Birds Lake' because of the sheer quantity of birds that settle there), Kacamirinda and Kanzigiri (which may be explored by canoe. A large variety of birds can also be viewed in Kibira National Park. Other tourist attractions of the north-east are the Intore dancers and other performers.

Tourist Routes

There are two main touring routes: the *Northern Round Trip* (visiting Gitega and Kibira) and the *Southern Round trip*. On the latter, a few kilometres from Bujumbura, is *La Pierre de Livingstone et Stanley*, a large rock which allegedly marks the spot of the famous encounter between Livingstone and Stanley in 1871. This tour continues to Rutovu where a symbolic pyramid has been built to mark the southern *Nile Source*.

2.2 Accommodation

In 2004, there were an estimated 1,132 rooms in tourism accommodation establishments in Burundi. A total of 115,000 nights were spent by non-residents (inbound tourists) in hotels and similar establishments in that year. The number of hotels has increased in recent years in order to accommodate official and business visitors. The number of conference rooms is also increasing.

2.3 Market Trends**2.3.1 Visitor arrivals**

The estimated number of international tourist arrivals was 148,000 in 2005, of which (based on data for 2003 which is the latest available year) an estimated 47 percent were from other African countries and 39 percent from Europe.

Mode of transport

Practically all international visitors arrive in Burundi by air, although there are some arrivals by road and across Lake Tanganyika.

2.3.2 Visitor expenditure

In 2005, international tourism receipts amounted to an estimated \$2 million, compared with \$1 million in 2004 and \$4 million in 1990. This compares with total export earnings from coffee, tea and other products of approximately \$56 million in 2006.

2.4 Institutional Arrangements

The main responsibility for tourism development and promotion lies with the Burundi National Tourism Office (Office National du Tourisme) which falls under the Ministry of Aménagement du Territoire, du Tourisme et de l'Environnement .

The main private sector body is the Burundi Chamber of Commerce (Chambre de Commerce, d'Industrie, d'Agriculture et d'Artisanat du Burundi).

2.5 Future Outlook

The restoration of peace should enable Burundi's tourism sector to develop. The Government has concentrated on the development of a tourism policy in preparation for the re-launch of the country as a tourist destination following the return to more settled conditions. Burundi's finest features for visitors are its people and culture. Apart from business and official visitors (including those attending conferences and meetings), the main markets would appear to be for adventure and eco-tourism, including overland travellers.

There is also likely to be increased numbers of persons visiting friends and/or relatives (VFR) and, as the economy recovers, persons visiting Burundi for shopping purposes. Traditionally, Bujumbura has had strong wholesale and retail sectors on account of its position as a regional trading hub,

According to WTTC research, Burundi's travel and tourism economy is expected to grow by 0.7 percent in 2007 and by 3.8 percent per annum, in real terms, between 2008 and 2017.

3. INVESTMENT OPPORTUNITIES IN 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 Bujumbura, 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 dances 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.

3.1 Investment Sectors

The infrastructure in Burundi is in need of rehabilitation (particularly electricity and roads). This 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 follows:

Leisure

- Hotel renovation and upgrades;
- Tour operations;
- New leisure resorts and lodges.

Infrastructure

- Roads, electricity, water supply, airport and lakeside port and berthing facilities.

4. INVESTMENT ENVIRONMENT

4.1 Investment Framework

4.1.1 Government policy

Burundi has made considerable efforts to create an environment conducive to private investment, both domestic and foreign. To attract both national and foreign direct investments, Burundi has reviewed its code of investments in most of its main areas. The procedures of enterprise approval as a priority enterprise have been simplified. Furthermore, some measures of the investment code have been reviewed in light of the evolution of the foreign exchange policy which has been simplified.

4.1.2 Investment agencies

An investment and export promotion agency is expected to be established in 2007 which will include a one-stop shop for obtaining business licences and the provision of other assistance for investors.

4.1.3 Investment guarantees

Burundi is a member of the Multilateral Investment Guarantee Agency (MIGA) which protects investors against non-commercial risks.

4.2 Investment Incentives

The main business incentives are given in the Investment Code. The existing Code, in effect since 1987 (*Loi No 1/005 du 14 janvier 1987 portant Code des Investissements du Burundi*) and updated repeatedly, has recently been reviewed and simplified. The present Code offers an exemption on income, property, and buildings taxes for the initial years of operation (up to eight years) and the possibility of reduced taxation in future years. The Code includes regional preferences, with increased incentives for investment outside the Bujumbura area.

The Code requires that each investment proposal be reviewed by a National Commission on Investments which classifies proposals according to the size of the investment; whether the proposal is for what planners consider a “priority” sector; contribution to the national plan; the number of jobs possibly created; the products to be produced; the training offered; contribution to the balance of payments; diffusion of technology, and location. The Commission interprets this mix of possible contributions to determine the level of priority of the proposed investment, and for determining the duration of relief from various taxes.

4.3 Access to Finance

Burundi has a relatively small, undeveloped financial sector that is dominated by banking. The Government retains stakes in several banks.

The Bank of the Republic of Burundi (*Banque de la République du Burundi*, BRB) is the central bank of Burundi. The bank was established in 1966 and its offices are in Bujumbura, Gitega and Ngozi.

4.3.1 Commercial banks

There are currently eight main commercial banks in Burundi, of which three have private capital (IBB, BGF, and Binalease). These are:

- Banque de Gestion et de Financement (BGF)
- Banque Burundaise pour le Commerce et l'Investissement (BBCI)
- Interbank Burundi (IBB)
- Banque Commerciale du Burundi (BANCOBU)
- Finalease Bank
- Banque de Crédit de Bujumbura (BCB)
- Société Burundaise de Banque et de Financement (SBF)

Lending rates tend to be high, and costs of transactions are also high.

The main development bank is the Banque Nationale de Developpement Economique.

4.3.2 International Financial Institutions

Burundi, as a signatory to the agreement between African, Caribbean and Pacific nations (ACP) and the European Union, known as the Cotonou Agreement, has access to the facilities of the European Investment Bank (EIB).

As a member of the World Bank, the facilities of the International Finance Corporation (IFC) would also be available for projects in Burundi. Other potential development finance sources include the African Development Bank (AfDB), the Preferential Trade Area Bank (PTA) and the New Partnership for Africa's Development (NEPAD).

In February 2007, the World Bank approved an International Development Association (IDA) grant of \$20 million to support the reconstruction of the education sector in Burundi.

4.3.3 Transfer of Capital and Profits

Residents may hold foreign exchange accounts, but documentation must be submitted to the central bank. Withdrawals over set limits require supporting documentation, and central bank approval is required to transfer them abroad. Non-residents may also hold foreign exchange accounts and withdraw funds up to a set limit upon presentation of documentation. Most capital transactions, including credit operations, direct investment, and personal capital movements, are subject to restrictions or authorisation requirements.

4.4 Residential and Work Visas

Travellers going to Burundi require a passport and a visa. Only those travellers who reside in countries where there is no Burundian embassy are eligible for entry stamps, without a visa, at the airport upon arrival. These entry stamps are not a substitute for a visa, which must subsequently be obtained from the immigration service within 24 hours of arrival. Multiple entry visas valid for three months are available in Burundian embassies abroad. Evidence of yellow fever immunisation must be presented.

Business travellers need to present a business letter (signed by an officer of the company) addressed to the Visa section of the nearest Embassy of Burundi. The letter must state the nature of business to be performed; name and address of reference to be visited; guarantee of return transportation and sufficient funds for the visit. All residential and work permits are issued by the Immigration Department.

4.5 Technical and Promotional Assistance

Generic tourism promotion is undertaken by the Burundi National Tourism Office. The small marketing budget is complemented by very limited private sector marketing initiatives.

Burundi has recently become a member of the East African Community (EAC) whose other members are Kenya, Rwanda, Tanzania and Uganda.

Burundi is also a member of a number of regional blocs or 'pillars' of the African Economic Community (AEC), including the Community of East and Southern African States (COMESA); the Economic Community of the Great Lakes Countries (CEPGL); the Economic Community of Central African States (ECCAS); and the Economic and Monetary Community of Central Africa (CEMAC). In January 2003, the European Union concluded a financial agreement with ECCAS and CEMAC, conditional on ECCAS and CEMAC merging into one organisation, in order to improve their effectiveness.

5. LIST OF KEY CONTACTS

Ministère de l'Aménagement du Territoire, du Tourisme et de l'Environnement

BP 631, Bujumbura
Tel: +257 222 498 97
Fax: +257 222 289 02

Ministère du Commerce, de l'Industrie

BP 492, Bujumbura
Tel: +257 222 222 04
Fax: +257 222 255 95
E-mail: commerceindustrieartisanat@yahoo.fr

Burundi National Tourism Office (Ministère du Tourisme)

BP 902, Bujumbura
Tel: +257 222 023
Fax: +257 229 390

Ministry of Finance (Ministère des Finances)

BP 1830, Bujumbura
Tel: +257 222 242 08
Fax: +257 222 293 90
E-mail: ontbur@cbinf.com

Ministry of Finance (Ministère des Finances)

BP 1830, Bujumbura
Tel: +257 222 239 88
Fax: +257 222 231 28
E-mail: mini-fin@usan.bu.net

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

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

Association des Industriels du Burundi (AIB)

BP 141, Bujumbura
Tel: +257 222 211 19
Fax: +257 222 211 20
Email: aib@speednets.com

Useful Websites

- **East African Community** website contains useful profiles on EAC member states, including Burundi: www.eac.int
- **The British Broadcasting Corporation (BBC)** website provides background information on the recent history, politics and economic development of Burundi and other countries: http://news.bbc.co.uk/2/hi/country_profiles/default.stm