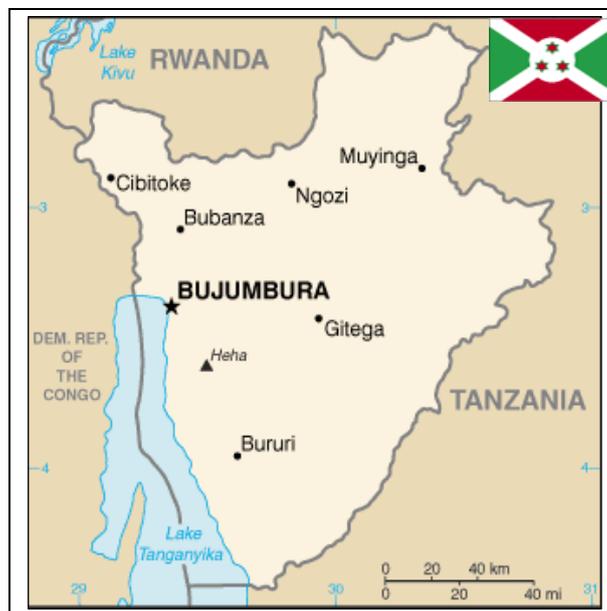




# COUNTRY PROFILE

## BURUNDI



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



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*This overview of the ICT sector has been prepared by BK Consultants on behalf of the organizers. The authors accept sole responsibility for the profile which does not necessarily reflect the views of the organizers.*

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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 4.0 at the end of this report.

**Table 1: Key Economic Indicators 2003-06**

	2003	2004	2005	2006
<b>Population (mn.)</b>	7.200	7.344	7.7	7.641
<b>Population Growth (%)</b>	2.90	2.5	2.00	2.00
<b>GDP (US\$ mn. at current prices)</b>	644.7	748.5	860.9	986.6
<b>GDP per capita (US\$ at current prices)</b>	83	90	107*	125*
<b>GDP growth at constant prices (%)</b>	1.20	4.80	0.90	6.10
<b>Current account balance (US\$ mn.)</b>	(27)	(48)	(89.6)	(167)
<b>Inflation Rate (%)</b>	10.7	8.4	13.0	4.80
<b>Exchange Rate: annual average</b> Burundi Franc per US\$	1.083	1.101	1.081,6	1,030.00

\* estimates

Sources: COMTRADE, World Development Indicators, Oanda.com

### 1.2 Economic Context

In 2006, the 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 sectors. 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, actual GDP growth was estimated to amount *to 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 that Burundi maintains this path, the country 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

In this report, we have chosen to rely on the calculations made by the World Bank (Doing Business Project), estimating the Burundian population to over 7.833 million in 2007. Approximately 10 percent reside in the capital, Bujumbura, and in other urban areas. The overall population density is approximately 282 persons per km<sup>2</sup> in 2007. The total labour force was estimated at approximately 3.0 million persons in 2005, with over 90 percent engaged in the agricultural sector.

### 1.4 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 have also 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.

## **1.5 General educational level**

Unemployment is high in Burundi and labor is plentiful and inexpensive. The unemployment rate was estimated to 14.0% in 2003; and it must have increased till 2007 even though we don't have exact statistics. However, the labor force is relatively unskilled and on-the-job training is essential. Most Burundians only speak French and Kirundi, and business operators should imperatively be able to communicate in French, as the use of English is limited, even in business circles. There are only few people who can speak English. However, we can note that since the government introduced the teaching of English and Kiswahili in primary schools since 2006, and given that Burundi is becoming more integrated with the East African English speaking countries, it's expected that the use of English should improve in the future.

## **1.6 Infrastructure Services**

### **1.6.1 International access**

#### ***Air***

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

#### ***Water***

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

#### ***Road***

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

### **1.6.2 Domestic air services**

There are no scheduled domestic flights at present.

### **1.6.3 Roads**

Most roads are closed or in a poor state, but a few number of road are currently being maintained. The main roads go west from Bujumbura to Muramvya (once the royal city of Burundi) and to Gitega. Both journeys should be possible during the dry season, but any road travel can be difficult in the rainy season.

## 2. ICT SECTOR

### 2.1 Overview

The Burundian telecommunications infrastructure still remains very limited. The mobile network mainly covers the western parts of the country. Internet is available in some western areas, and some Internet cafes are emerging in Bujumbura. But with approximately 90% of the population living in rural areas, the tele-density remains very low; the global telecommunications density is of 3% in average. For illustration, in 2005, the ICT access was computed as follows: 4 per thousand people owned a telephone main line, 20 per thousand people subscribed to Mobile Network, 5 per thousand people were Internet users, 5 per thousand people owned a Personal Computer, and 14% households owned Television.

### 2.2 Telecommunications

There are four telecommunications operators in Burundi, three are private, and only one is public. Two private operators operate only in the mobile network. The only public operator and one private operator are operating in main line network and in mobile network as well. The mobile telephony sector holds a larger percentage of the Burundian market than the fixed network. The following table indicates the allocation of active subscribers (estimated numbers are of September 2007).

Operator	Sector	Main line/Mobile	Number of Subscribers
ONATEL	Public	Main line	30,000
		Mobile (Onamob)	65,000
U-Com (former Telecel Burundi)	Private	Main line (Telem@) & Mobile	160,000
Africell	Private	Mobile	15,000
Econet (former Spacetell)	Private	Mobile	700

- The fixed telephone network has been exploited as a monopoly by **Onatel**, the monopoly is expected to expire in 2008. And a privatisation process is currently underway.
- **U-com**, once **Telecel Burundi** is the primary mobile provider in Burundi. Telecel Burundi was created in 1985 by Miko Rwayitare with 41% participation by Onatel. M. Rwayitare has now bought back the shares and currently owns 99% of the company. U-Com has 160,000 active subscribers and provides the Internet service since May 2007 and has introduced his fixed telephone network (with CDMA WILL, called **Telem@**) by the end of 2006.
- **Africell SA** is the second mobile operator in Burundi. The creation of Africell in 1999 was established in cooperation with Mauritius Telecom that owns 38% of the shares, while the two founders, M. Buisson and M. Busokoza, guarded 43% of the company. Africell has known 15.000 active subscribers, mostly in the capital and others are operating in center of 5 provinces of the 17 Provinces of the country with projects of expanding its network to the rest of the country.
- Econet, once Spacetell Burundi doesn't cover the countryside; it only operates in Bujumbura town.

### 2.3 Internet

There are an estimated 14,000 Web users in Burundi.

Four internet providers exist in Burundi, two of them (Cbinet, Usan Burundi, U-Com) are connected through VSAT:

- **Cbinet** was the first provider to introduce internet in Burundi in 1998; The company has more than 800 subscribers, which causes frequent saturations in spite of its 512 ko band;

- **Usan Bu**, introduced a 256 ko band line in Burundi in 2000; this company has more than 300 subscribers.
- **ONATEL: Provide Internet Connection** by telephone connection since January 2004
- **U-COM**: Provide Internet Services by Telephone connexion since may 2007

While internet licences have remained costly, the demand for internet subscriptions seems to be decreasing as internet subscriptions have consequently remained very expensive in Burundi. The public seems to prefer using the emerging internet cafes around the country, especially in Bujumbura and Gitega.

## **2.4 Regulatory framework and sector regulation**

The 'Agence de Régulation et de Contrôle des Télécommunications (ARCT)' is placed under the jurisdiction of the Burundian Ministry of Defence. All deliverance of licences are studied by the technical personnel of the ARCT, then by its board of administration, followed by the approval of the Ministry of transports and communications and last of all by the national Ministry of Defence. The ARCT equally fills the executive role in terms of disagreements between the telecommunications providers, while also taking care of the tasks of defending the consumer and regulating the prices.

## **2.5 Opportunities**

The Government of Burundi has adopted a new national policy for the ICT sector, in order to especially promote the connection in rural areas of the country.

There is a strong need of rehabilitation of the infrastructure in Burundi (particularly electricity supply and roads). This might impede growth of the ICT sector. However, with support from international donors, both bilateral and multilateral, the rehabilitation of the country's infrastructure is underway. In addition, close co-operation between public and private sectors is encouraged, while potential donor support for capacity building has been identified. These elements might have positive implications for the development of the industry.

Last but not least, one might add that the restoration of peace in the country and region will play a major role in terms of developing any sector what so ever in Burundi.

## 3. INVESTMENT ENVIRONMENT

### 3.1 Investment Framework

#### 3.1.1 Government policy

Burundi has made considerable efforts in order 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 main areas. The procedures of enterprise approval have for example been simplified. Furthermore, the Burundian foreign exchange policy has been simplified.

#### 3.1.2 Investment agencies

The Burundian government will assumedly establish an Investment and Export Promotion Agency in the near future. This should simplify the process of obtaining business licences, while the Agency will be mandated to provide other assistance for investors.

#### 3.1.3 Investment guarantees

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

### 3.2 Investment Incentives

The main business incentives are noted in the Investment Code. The existing Code, which has been in use since 1987 (*Loi No 1/005 du 14 janvier 1987 portant Code des Investissements du Burundi*) and which is constantly being updated, has recently been reviewed and simplified. The present Code offers an exemption on income, property, and construction 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 different criteria: The size of the investment; whether the proposal is, for what planners consider, a “priority” sector; contribution to the national economy; 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.

### 3.3 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.

#### 3.3.1 Commercial banks

There are currently eight main commercial banks in Burundi, of which three have private capital (IBB, BGF, and Finlease Bank). 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)
- Finlease 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 (BNDE).

### **3.3.2 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 projects of the International Finance Corporation (IFC) also apply to Burundi. Other potential financial sources for development projects include the African Development Bank (AfDB), the Preferential Trade Area Bank (PTA) which have headquarter at Bujumbura(Capital of Burundi) 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 educational sector in Burundi.

### **3.3.3 Transfer of Capital and Profits**

Residents may hold foreign exchange accounts, but documentation must be submitted to the central bank. Withdrawals over certain limits require supporting documentation, and central bank approval is required in order 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.

### **3.4 Residential and Work Visas**

Travellers going to Burundi require a passport and a visa. Travellers who reside in countries where there is no Burundian embassy can travel to Burundi without a visa, but must obtain an entry stamp 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. 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.

### **3.5 Promotional Assistance**

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). Burundi is also member of many regional initiatives like the Nile Basin Initiative (NBI), the Organisation for Kagera Basin (OBK) and the International Conference on Great Lakes Region (ICGLR).

## 4. LIST OF KEY CONTACTS

### Ministry of Transport, Postal Services and Telecommunications

BP 2000, Bujumbura  
Tel: +257 222 2923  
Fax: +257 222 6900  
E-mail: [mtpt@onatel.bi](mailto:mtpt@onatel.bi)

### Ministry of National Defense

BP 20, Bujumbura  
Tel : + 257 222 246 11

### Agence de Régulation et de Contrôle des Télécommunications (ARCT)

360, Avenue Patrice Lumumba  
B.P. 6702 BUJUMBURA  
Tél: +257 210 276

### Ministry of Commerce and Industry

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

### Ministry of Finance (Ministère des Finances)

BP 1830, Bujumbura  
Tel: +257 222 239 88  
Fax: +257 222 231 28  
E-mail: [minifin@usan.bu.net](mailto:minifin@usan.bu.net)

### Ministère des Relations Extérieures et de la Coopération

BP 1840  
Tel : +257 22 250 678  
Fax : +257 22 226 313  
E-mail : [rextinfo@cbinf.com](mailto:rextinfo@cbinf.com)

### Banque de la République du Burundi

BP 705, Bujumbura  
Tel: +257 222 251 42  
Fax: +257 222 231 28  
E-mail: [brb@brb.bi](mailto:brb@brb.bi) / Website: [www.brb.bi](http://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](mailto:ccib@ccib.bi) / Website: [www.ccib.bi](http://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](mailto:aib@speednets.com)

### Useful Websites

- **Government of Burundi.**  
Website : <http://www.burundi.gov.bi/>

- **East African Community.** Website contains useful profiles on EAC member states, including Burundi:  
[www.eac.int](http://www.eac.int)
- **Common Market for Eastern and Southern Africa.** Website contains useful profiles on COMESA member states, including Burundi:  
[www.comesa.int](http://www.comesa.int)
- **The Doing Business project...**, a project of the **World Bank Group**, it provides objective measures of business regulations and their enforcement across 178 countries. The team works closely with thousands of professionals around the world.  
[www.doingbusiness.org](http://www.doingbusiness.org)
- **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](http://news.bbc.co.uk/2/hi/country_profiles/default.stm)