BURUNDI

THE LANDSCAPE FOR IMPACT INVESTING IN EAST AFRICA

WITH SUPPORT FROM

GIIN
GLOBAL IMPACT INVESTING NETWORK

OPEN CAPITAL

THE IMPACT PROGRAMME

UKaid
from the British people
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We would especially like to thank our interview participants—without their key insights this report would not have been possible. We include a full list of interviewees in the Appendix.

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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFD</td>
<td>Agence Française de Développement (French Development Agency)</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>BIF</td>
<td>Burundian Franc</td>
</tr>
<tr>
<td>BIO</td>
<td>Belgian Investment Company for Developing Countries</td>
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<tr>
<td>BoP</td>
<td>Base of the Pyramid</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Communauté Économique des Pays des Grand Lacs (Economic Community of the Great Lakes Countries)</td>
</tr>
<tr>
<td>COMESA</td>
<td>The Common Market for Eastern and Southern Africa</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
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<tr>
<td>DFID</td>
<td>The Department for International Development (United Kingdom)</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<tr>
<td>EAC</td>
<td>East African Community</td>
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<td>ESG</td>
<td>Environmental, Social, and Governance</td>
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<td>ETB</td>
<td>Ethiopian Birr</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FMCG</td>
<td>Fast-Moving Consumer Goods</td>
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<td>FMO</td>
<td>Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (Netherlands Development Finance Company)</td>
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<td>GEM</td>
<td>Gross Domestic Product</td>
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<td>GEMS</td>
<td>Growth Enterprise Market Segment</td>
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<td>GIIRS</td>
<td>Global Impact Investing Ratings System</td>
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<td>GIZ</td>
<td>Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)</td>
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<tr>
<td>Growth-stage business</td>
<td>Company has a functioning business model and its current focus is developing new products / services or expanding into new markets</td>
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<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<td>ICC</td>
<td>International Criminal Court</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IRIS</td>
<td>Impact Investing and Reporting Standards</td>
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<tr>
<td>KES</td>
<td>Kenyan Shilling</td>
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<tr>
<td>LP</td>
<td>Limited Partner</td>
</tr>
<tr>
<td>Mature business</td>
<td>Profitable company with a developed and recognizable brand</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
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<td>MSME</td>
<td>Micro, Small and Medium Enterprise</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>Non-focus countries</td>
<td>Countries covered in the study but have limited non-DFI impact investor activity. Namely Burundi, Eritrea, Somalia, South Sudan, and Sudan</td>
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<td>OFID</td>
<td>OPEC Fund for International Development</td>
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<td>OPIC</td>
<td>Overseas Private Investment Corporation</td>
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<td>PE</td>
<td>Private Equity</td>
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<td>PPA</td>
<td>Power Purchasing Agreement</td>
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<td>Purchasing Power Parity</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Area Bank</td>
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<tr>
<td>RDB</td>
<td>Rwanda Development Board</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
</tr>
<tr>
<td>RWF</td>
<td>Rwandan Franc</td>
</tr>
<tr>
<td>SAGCOT</td>
<td>Southern Agricultural Corridor of Tanzania</td>
</tr>
<tr>
<td>SDG</td>
<td>Sudanese Pound</td>
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<tr>
<td>SGB</td>
<td>Small and Growing Business</td>
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<td>SME</td>
<td>Small and Medium-Sized Enterprises</td>
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<td>SOE</td>
<td>State-Owned Enterprises</td>
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<td>SOS</td>
<td>Somali Shilling</td>
</tr>
<tr>
<td>SSP</td>
<td>South Sudanese Pound</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TIC</td>
<td>Tanzania Investment Centre</td>
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<tr>
<td>TZS</td>
<td>Tanzanian Shilling</td>
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<tr>
<td>UGX</td>
<td>Ugandan Shilling</td>
</tr>
<tr>
<td>UN DESA</td>
<td>United Nations - Department of Economic and Social Affairs</td>
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<tr>
<td>UNCTAD</td>
<td>United Nation’s Conference on Trade and Development</td>
</tr>
<tr>
<td>USAID</td>
<td>The United States Agency for International Development</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-Added Tax</td>
</tr>
<tr>
<td>VC</td>
<td>Venture Capital</td>
</tr>
<tr>
<td>Venture-stage business</td>
<td>Sales have begun but cannot sustain the company’s operations. The business model is still being aligned with the realities on the ground</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation, and Hygiene</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
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BURUNDI

SMALL MARKET, GROWING OPPORTUNITY
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INTRODUCTION

Burundi is a small, landlocked country with a population of just over 10 million people. Bordering Rwanda, the Democratic Republic of Congo, and Tanzania, Burundi is strategically situated between the East Africa Community and the Economic Community of Central African States (Figure 1).

Burundi has a nascent private sector with approximately 3,000 registered companies, most of which are small and medium enterprises, providing employment to a total of approximately 37,000 people. While the government of Burundi (GoB) has introduced reforms to foster private sector development and investment, the sector remains constrained by numerous factors including inadequate road networks, unreliable energy, political instability, corruption, limited qualified human capital, underdeveloped regulatory frameworks, and insufficient access to finance.

To date, Burundi has seen limited impact investing activity. Few non-DFI1 impact investors operate in Burundi; however, DFIs have been more active, deploying more than 30 times the amount of capital that other types of impact investors have deployed in known deals.

FIGURE 1: MAP OF BURUNDI

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1 Due to the unique nature and large size of development finance institutions (DFIs), the authors of this report analyzed their activity separately from those of other types of impact investors (“non-DFI”), and present this separate analysis when appropriate. See the Introduction and Methodology section of this report for more details.
COUNTRY CONTEXT

Burundi has experienced periods of sustained internal conflict since independence in 1962, often due to ethnic tensions. During the 1980s, more than 100,000 Hutus were killed by Tutsis, forcing thousands to flee the country. In 1993, a full-scale civil war was triggered by the assassination of then President Melchior Ndadaye. Despite peace talks in the intervening years—including talks facilitated by then South African President Nelson Mandela—Burundi’s conflict continued for more than a decade.

In 2003, Pierre Nkurunziza, leader of the Hutu rebel group Forces for Defense of Democracy (FDD), signed a peace agreement with President Domitien Ndayizeye, ending fighting by one of the major rebel groups. In 2005, the FDD triumphed in parliamentary elections, leading to the election of Nkurunziza as president by parliament. Despite his election, clashes continued until a peace agreement was signed in 2008.\(^2\)

Since his election and re-election in an uncontested poll in 2010, Nkurunziza has implemented various economic measures intended to stabilize the country. Notable efforts include integration into the East Africa Community and revitalization of the Economic Community of the Great Lakes Countries (CEPGL) with Rwanda and the Democratic Republic of Congo (DRC).\(^3\)

At the time of writing, internal tensions continued in the run-up to presidential elections in May 2015. Meanwhile, there is continuing concern that ongoing conflicts in eastern DRC and northwestern Uganda could spill over into Burundi.\(^4\)

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3 Ibid.

Gross Domestic Product

Burundi has experienced steady economic growth over the past decade, averaging approximately 6% annual GDP growth between 2004 and 2013 (Figure 2). In 2013, Burundi’s GDP stood at USD 5.76 billion (PPP), making Burundi one of the smallest economies in the region, outranking only Eritrea and Djibouti in size. GDP growth slowed somewhat in 2009 as Burundi felt the impact of the global financial crisis; however, growth has since increased in recent years.\(^5\)

![Figure 2: GDP (PPP), 2004–2013](image)

Source: IMF World Bank Economic Indicators, April 2014

As is the case in much of East Africa, agriculture employs a significant majority of Burundi’s population. Coffee is the most important agricultural product, grown on approximately 60,000 hectares of land.\(^6\) Together with tea, it also accounts for around 90% of foreign exchange earnings.\(^7\) However, both coffee and tea are susceptible to volatile global prices and past production challenges in Burundi have limited their contribution to Burundi’s growth. Other major crops grown in Burundi include cotton, corn, sorghum, and bananas.

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Foreign Direct Investment

On average, FDI inflows to Burundi grew 65% annually between 2004 and 2013, although there has been significant variation year to year (Figure 3). Burundi’s 2013 FDI of USD 6.8 million is almost twice as high as any other point in the last decade. Nevertheless, this remains the lowest FDI inflow in East Africa. By comparison, Eritrea received close to USD 44 million, the second-lowest in East Africa.  

![Figure 3: FDI Flows, 2004–2013](source: UNCTAD)

A comprehensive breakdown of Burundi’s FDI inflows is not readily available. The Burundian Investment and Promotion Authority (known by its French acronym API) does not distinguish between FDI and domestic investment in its statistics. However, according to their data, 193 investment projects worth BIF 824 billion (approximately USD 588 million) have been approved since 2011, primarily in tourism, energy, agribusiness, transportation, and manufacturing.

Foreign direct investment in Burundi has come from a variety of international sources including Kenya, Switzerland, India, Uganda, and the United States. Burundi’s recovery from civil war has helped to increase both bilateral and multilateral foreign aid. Aid sources currently account for 42% of Burundi’s national income, the second-highest rate in Sub-Saharan Africa. Burundi will likely continue to rely on foreign aid in coming years as it continues to reduce high poverty rates and improve education, as well as build its underdeveloped infrastructure, weak legal system, and administrative capacity.

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10 Ibid.
Inflation and Exchange Rates

Over the last decade, inflation in Burundi has been erratic—swinging from as low as 1% in 2005 to a peak of 26% in 2008 (Figure 4). It has declined since 2011 and was estimated at 9% in 2013. Meanwhile, the Burundian Franc has gradually depreciated against the dollar since 2006. In early 2013, the government attempted to stabilize the Burundian Franc through a managed float, which has served to keep it relatively stable against the US Dollar, with an average exchange rate of BIF 1,550 to the dollar. If the float is revoked, Burundi runs the risk of a further depreciation of the Burundian Franc.

![Figure 4: Inflation and USD/BIF Exchange Rate, 2004-2013](image)

Source: World Bank Indicators, IMF World Bank Economic Outlook, April 2014

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SUPPLY OF IMPACT INVESTING CAPITAL

With the end of the civil war, Burundi is experiencing increased stability that may be suitably attractive to investors. However, with a small total market size and limited economy, investors are less attracted to Burundi than to other countries in the region, as evidenced by limited FDI inflows. As such, only 23 known impact investment transactions have occurred in Burundi, 15 by DFIs and eight by non-DFI impact investors.

Broader Investing Landscape

Burundi has a relatively small financial sector with only seven commercial banks as of 2012. Burundi’s banks represent nearly 75% of the country’s available financial assets, demonstrating a lack of diversity in the financial sector. Burundi’s three largest commercial banks—Interbank Burundi, Burundi Credit Bank, and Burundi Commercial Bank—have total assets of USD 481.7 million combined.

The financial sector does not yet reach the vast majority of the population. Only 2% of the total population has a formal bank account and less than 0.5% can access credit. Similarly, microfinance institutions, though growing, still have limited reach. There are fewer than 30 licensed MFIs in Burundi, which have a penetration rate of just 7% for credit and 26% for savings. Those who can access formal credit have seen interest rates in Burundi decline over the past decade as the country has recovered from civil war. Interest rates have fluctuated from a high of 18% in 2004, to a low of 12% in 2010, but have since risen to 15%.

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17 Ibid.
Impact Capital Disbursed

Burundi has seen very little impact investing activity. Excluding DFIs, only a known USD 1.4 million has been invested through eight deals (Figure 5). The majority of this capital was placed in a single agriculture deal, with the others largely in financial services. Overall, this represents less than 0.1% of all impact investing activity in East Africa.

There are 57 known impact funds that list Burundi as part of their target geography. However, the majority of those funds have large geographic reaches—often global or including all of sub-Saharan African—and Burundi is likely to be a low-priority target.

There is no known additional impact capital committed (and not yet deployed) specifically to investments in Burundi. Although at least USD 679 million in regional impact capital could be deployed in Burundi, it remains unlikely that any notable fraction will actually be invested in the country. However, the potential availability implies that substantial pools of capital could be shifted to investments in Burundi as the climate improves.

Meanwhile, DFIs have deployed significantly more capital in Burundi, with 15 known deals totaling nearly USD 65 million—the highest concentration of DFI capital in the non-focus countries considered for this report (Figure 5). These deals cover a variety of sectors including agriculture, financial services, and infrastructure.

![FIGURE 5: IMPACT INVESTMENTS IN BURUNDI](image)

<table>
<thead>
<tr>
<th>Capital disbursed</th>
<th>Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DFI</strong></td>
<td>USD 64.4 Million</td>
</tr>
<tr>
<td><strong>NON-DFI</strong></td>
<td>USD 1.35 Million</td>
</tr>
</tbody>
</table>

Source: Open Capital Research

Instrument

The limited number of impact investments in Burundi provides little concrete information on the instruments most commonly used by impact investors. Of the eight non-DFI deals, 50% were equity while the rest did not disclose details on the instrument used. In contrast, 80% of deals by DFIs were debt in addition to two guarantees and one equity investment.
DEMAND FOR IMPACT INVESTING CAPITAL

With continuing growth and significant developmental needs, Burundi offers an increasingly interesting proposition to impact investors.

Development Context

Despite recent economic growth, Burundi’s Human Development Indicators (HDI) have remained relatively constant and lag well behind global standards. With a 2013 HDI score of 0.39, Burundi is one of the lowest performers in the world, ranking 180th out of 187 countries on the United Nation’s Human Development Index.21 Over the past six years, Burundi’s average score of 0.36 lags the regional average of 0.43 and is far behind the global average of 0.67 (Figure 6).22

![FIGURE 6: UN HDI SCORES, 2008-2013](image)

Source: UN Human Development Report 2014. Note: 2014 report does not include 2009 HDI scores. 2009 scores shown are calculated as an average of 2008 and 2010 scores

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22 Ibid.
Burundi’s lack of socioeconomic progress has been punctuated by high poverty rates and driven by factors such as limited arable land, few natural resources, and overpopulation— in 2013, Burundi’s population density of 396 people per square kilometer was the third-highest in Africa. Approximately 80% of Burundi’s population lives on less than USD 1.25 per day, more than three times the global average of 25% and nearly 70% higher than the East African average (Figure 7).

Most of Burundi’s population lives on small plots of land and struggles to produce enough food for subsistence. As a result, many people are undernourished and stunting rates are nearly 60%, more than twice the global average (Figure 8).

Access to health services is improving but still insufficient. Burundi averages one doctor per 19,231 inhabitants, almost that recommended by the World Health Organization (WHO) of one doctor per 10,000 inhabitants. Under-5 mortality stands at 104 per 1,000 births, much higher than the regional average of 80 and 120% higher than the global average of 47 (Figure 8).

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26 Ibid.


Burundi’s education system has been severely affected by its civil war. Not only were many rural schools closed, but the conflict created a large population of vulnerable persons who did not have adequate access to education, such as widows, orphans, and the internally displaced. As a result, Burundi has low literacy rates and limited school enrollment. For example, only 7% of Burundians aged 25 and above have received some form of secondary education, well below the regional average of 15% and more than eight times below the global average of 59% (Figure 9). A dearth of qualified teachers, appropriate materials, adequate infrastructure, and needed investment in education continues to contribute to poor educational outcomes among Burundi’s population.

![Figure 9: Key Education Indicators (Latest Available Data Point)](http://hdr.undp.org/sites/default/files/hdr14_statisticaltables.xls)

Source: UN Human Development Report 2014

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Burundi has a population of 10 million and is growing at an estimated 3.3% annually.\(^\text{30}\) Similar to that of its East African neighbors, Burundi’s population is heavily skewed toward the young, with 55% of the population below age 20 (Figure 10).\(^\text{31}\) Approximately 52% of the country is of working age, classified as 15-60 years, providing a relatively large labor force.\(^\text{32}\) However, low levels of education and limited private sector development provide inadequate employment opportunities. As Burundi continues to grow, investment in education, health, and social services—especially for its large segment of youth—will be vital for economic prosperity.

**FIGURE 10: POPULATION BY AGE AND GENDER**

![Population by Age and Gender](image)

Source: UN ESA, World Population Prospects

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\(^\text{32}\) Ibid.
Entrepreneurs

Burundi’s business environment still poses many challenges for those seeking to start a company. One of the primary challenges is access to finance, as Burundi’s financial sector has limited reach in the country, especially in non-urban areas. Even entrepreneurs who can access capital from financial institutions often fail to meet commercial banks’ high collateral requirements. In particular, Burundian banks prefer to secure loans with land, but much of the land in the country is unregistered and lacks title deed to use as security. As a result, entrepreneurs are left without the means to secure a loan.33

ENABLING IMPACT INVESTING: THE ECOSYSTEM

Burundi’s government actively seeks to support business development. Among other measures, this includes the creation of the Investment Promotion Agency (API using the French abbreviation) in 2009. API’s mandate is to develop and promote investment in Burundi by enforcing laws pertaining to investors, providing resources for potential investors, and encouraging reforms that help develop the business environment, including making it easier to start new enterprises and clarifying regulations for businesses.

Regulatory Environment

By and large, Burundi provides foreign investors with the same status as domestic investors, except in matters related to the military, weapons, or munitions, where Burundi’s government limits private investment.34 API’s work has helped improve Burundi’s general regulatory framework for entrepreneurs and investors, reflected in Burundi’s improvement in the World Bank’s 2014 Ease of Doing Business report. The country was ranked 152nd out of 189 nations in 2013, an improvement of 19 positions from the previous year—one of the largest one-year advancements across Sub-Saharan Africa.35 Burundi supports foreign investment in many areas:

• **Investment incentives:** Burundi’s government actively works to attract foreign investment, offering a variety of tax incentives with the intention to spur investment. These tax incentives vary, and to qualify investors must meet specific criteria related to size of the investment, jobs created, and location. For example,

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35 Ibid.
in 2008, the government passed the Investment Code, which provides tax
exemptions for investors creating and distributing goods and services. These
include tax exemptions on assets purchased for new investments, reduced tax on
profits for any investor who employs 50 or more Burundians, and a tax exemption
of up to 5% if a company employs more than 200 Burundians.  

While Burundi uses factors such as location and employment of nationals
to evaluate tax incentives awarded to a business, the government does not
restrict investments based on these factors. In addition, Burundi’s government
has established a Free Economic Zone (FEZ), which provides a variety of
tax incentives for businesses. As a condition of operating in the FEZ, export
companies must purchase inputs and other goods from Burundi whenever
possible.

• **Opening a business in Burundi:** Starting a business in Burundi takes just over one
  month and requires 11 procedures, which compares favorably to other East African
  nations. In general, Burundi does not require entrepreneurs to have a minimum
  amount of capital to register a company except in banking, financial institutions,
  petroleum import and export, and insurance.

• **Local ownership requirements:** Burundian law allows foreigners to hold 100%
equity stakes in any venture. The government does not require that Burundian
ownership in a foreign investment increase over time nor does it require that
businesses owned by foreigners transfer any proprietary technology to Burundian
firms. Burundian regulations, however, do mandate that investors who are issued
permits in oil and mining stipulate Burundi as their elected domicile and function
as a local company.

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38 As of 2009, minimum requirements vary by industry ranging from USD 647 thousand in petroleum
import/export to USD 3 million in banking.

39 “Establishing a Business in Burundi,” Burundi Investment Promotion Authority, available at

40 International Business Publications USA, Burundi Mineral, Mining Sector Investment and Business
Guide Volume 1, available at http://books.google.co.ke/books?id=q6MYk4NbpGIC&pg=PA159
&lpg=PA159&dq=Burundi+domicile+requirements&source=bl&ots=590vnsVxy&sig=
P78O4gNhZ08c37A2QEEeBphbLTM&hl=en&sa=X&ei=SadjVOmYPMGP7AaC5h3QAg
&redir_esc=y#v=onepage&q=Burundi%20domicile%20requirements&f=false.
• **Foreign exchange controls/repatriation of profits:** Burundi’s Investment Code places no restrictions on access to foreign exchange for the purpose of repatriating profits. However, as a practical matter, access is limited due to the Central Bank’s constraints. Burundi’s Central Bank holds, on average, a foreign currency reserve equal to four months of imports while importers of key staple goods such as medicines and agricultural inputs often have priority access to these reserves. Due to limited amounts of foreign currency and limited experience with such transactions, it is not uncommon for foreign investors to experience delays in obtaining foreign currency.\(^{41}\)

• **Expropriation and compensation:** The government is legally allowed to expropriate private property in exceptional circumstances, but it must provide adequate compensation to the property owner in such cases. This general rule varies somewhat for the mining sector, where the government is permitted to require mining operators to cease operations without compensation or indemnity if they are found to be in violation of the mining code. The code is unclear regarding how significant violations must be to merit forced withdrawal.\(^{42}\)

• **Government enterprises:** The government maintains state-run enterprises in the telecommunications and utility industries, including ONATEL, a state-owned telecommunications carrier offering landline, mobile, and internet services and REGIDESO, Burundi’s only producer and distributor of electricity and potable water.\(^{43}\) Though previously state controlled, Burundi’s coffee industry was privatized in 2009.\(^{44}\)

### Ecosystem Players

Burundi lacks a comprehensive ecosystem to support private enterprise development. A few international intermediaries and service providers are active in Burundi, but most do not have local presence, limiting their practical availability. Intermediaries and service providers with prior experience in Burundi include BiD Network and the Global Social Benefit Incubator, which offer training, mentorship, advisory, linkages to investors, and networking between entrepreneurs. The Africa Enterprise Challenge Fund and Global Social Venture Competition provide entrepreneurs with funding and exposure through annual competitions. Other types of intermediaries and service providers include networks linking start-ups and angel investors such as VC4 Africa.

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\(^{42}\) Ibid.

\(^{43}\) Ibid.

\(^{44}\) Ibid.
CHALLENGES AND OPPORTUNITIES FOR IMPACT INVESTORS

Challenges

Despite local and international efforts to build the economy in Burundi, there are several constraints that hamper the development of impact investing. These include:

• **Inadequate infrastructure**: Years of conflict in Burundi have destroyed important infrastructure throughout the country. Lack of an adequate road network and unreliable access to power make it challenging to do business in Burundi and increase costs for entrepreneurs.

• **Corruption**: Corruption is a major hindrance to investment and business in general in Burundi. Corruption is widespread, and evident in issues such as upholding contracts.\(^{45}\) Cabinet members, parliamentarians, and anyone appointed by presidential decree have immunity from prosecution for corruption, further perpetuating a lack of accountability. In 2013, Burundi ranked 157\(^{th}\) out of 177 countries on the Transparency International corruption index.\(^{46}\)

• **Lack of stable political institutions**: Burundi’s underdeveloped political framework struggles to provide the support and stability required for private sector growth. Independent assessments show that the legal system lacks transparency and the capacity to efficiently resolve cases, leading to a large backlog.\(^{47}\) In addition, international partners assert that corruption and Burundi’s neopatrimonial political system hinder the government’s ability to manage public resources efficiently.\(^{48,49}\)

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\(^{46}\) Ibid.

\(^{47}\) Ibid.


Opportunities

Although Burundi presents numerous challenges, opportunities exist for impact investors to support businesses that drive social change while creating jobs, stimulating economic growth, and providing financial returns:

- **Develop local presence**: As Burundi’s economy continues to grow and entrepreneurs develop businesses to meet local needs, an increasing number of impact investment opportunities will arise in Burundi. Investors with staff on the ground to identify and build relationships with promising entrepreneurs will have a distinct advantage in developing a robust pipeline in the country.  

- **Increase renewable energy production**: With a 10% rate of electrification, much of Burundi’s population does not have reliable access to electricity. The government aims to increase the electrification rate to 20% by 2020. While approximately 85% of Burundi’s current capacity of 36MW is provided by hydropower, there remain significant hydropower and renewable energy resources that could be developed. Burundi has identified 156 potential hydropower sites beyond the 29 existing ones, with more than 80% yet to be explored. Opportunities also exist in solar, geothermal, and biomass.

Despite the challenges described above, entrepreneurs increasingly recognize opportunities to provide goods and services to fill gaps in the market. Many of these enterprises have the potential for social impact by incorporating disadvantaged populations as suppliers, consumers, or both. Specific sector opportunities include the following:

- **Agriculture**: Agriculture drives Burundi’s economy and provides an important source of income and subsistence for the majority of the population. However, there is a shortage of agricultural land as the population grows in this geographically small country. Decreasing average plot sizes could create an opportunity to consolidate production and significantly increase yields by shifting to modern farming methods. Investing in agri-businesses to support smallholder and commercial farms through improved inputs, best practices, mechanization, credit, and other services could reduce the country’s dependency on food imports and improve long-term nutritional outcomes.

- **Water and sanitation**: Access to water and sanitation continues to be a problem throughout Burundi, especially in rural areas. In the nation’s capital of Bujumbura, 85% of the population has access to potable water, while only 55% of the rural population does. Private enterprises, potentially in collaboration with the government, could fill this gap and help improve Burundi’s water and sanitation infrastructure.

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• **Social services**: Burundi’s social services, such as education and health care, were decimated by the country’s long civil war. Effects on the education system were especially pronounced as many schools closed and educators fled or were exiled. The system is slowly recovering, but numerous challenges persist, including poor teacher training, insufficient resources, and unequal access to education in secondary and tertiary institutions. Burundi receives foreign aid designated for education and health, and many NGOs and development partners currently work in the space. Businesses add to this ongoing work and help provide sustainable solutions to many of these needs.

ABOUT THE GLOBAL IMPACT INVESTING NETWORK

The Global Impact Investing Network (GIIN®) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see www.thegiin.org.

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