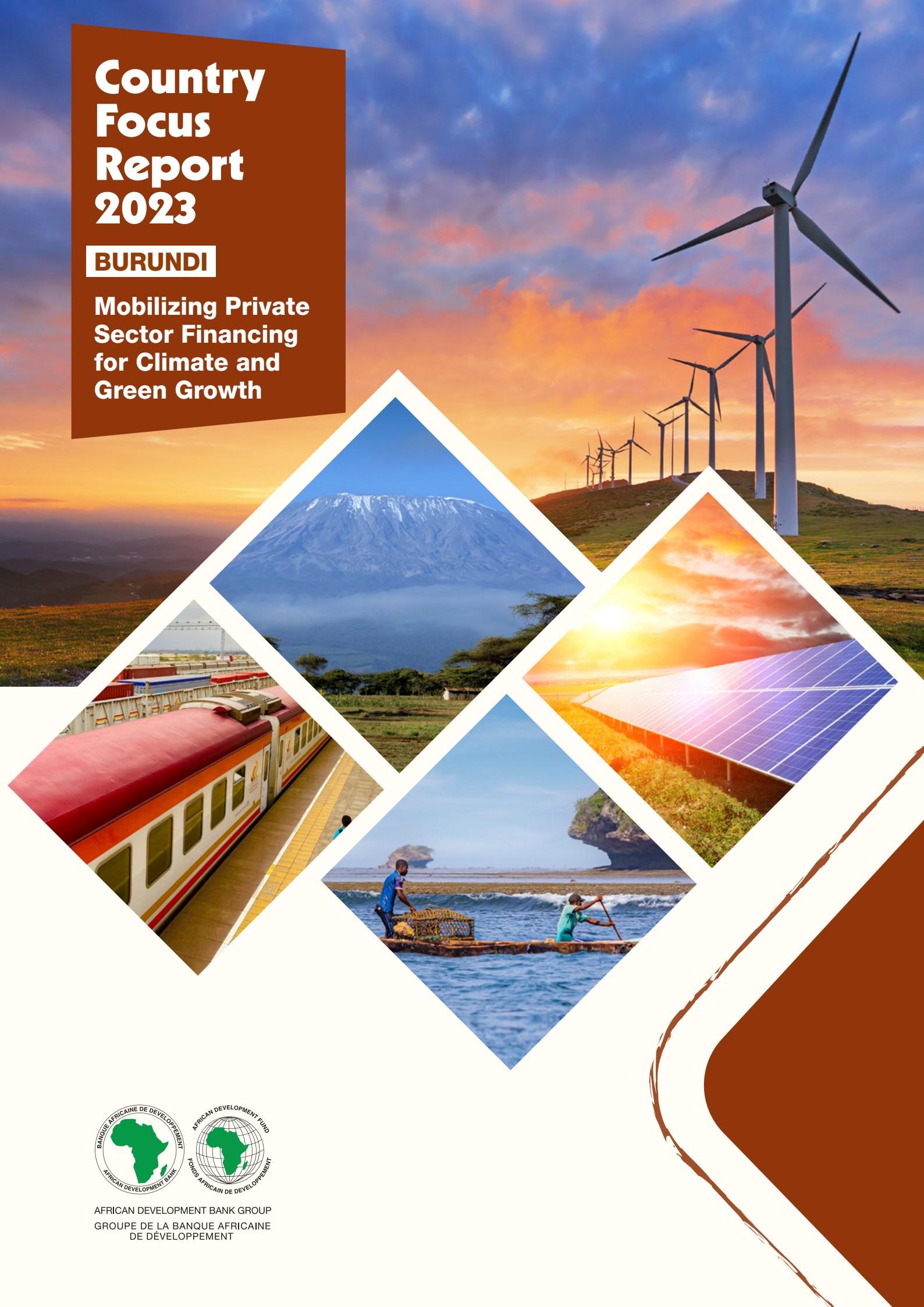


Country Focus Report 2023

BURUNDI

**Mobilizing Private
Sector Financing
for Climate and
Green Growth**

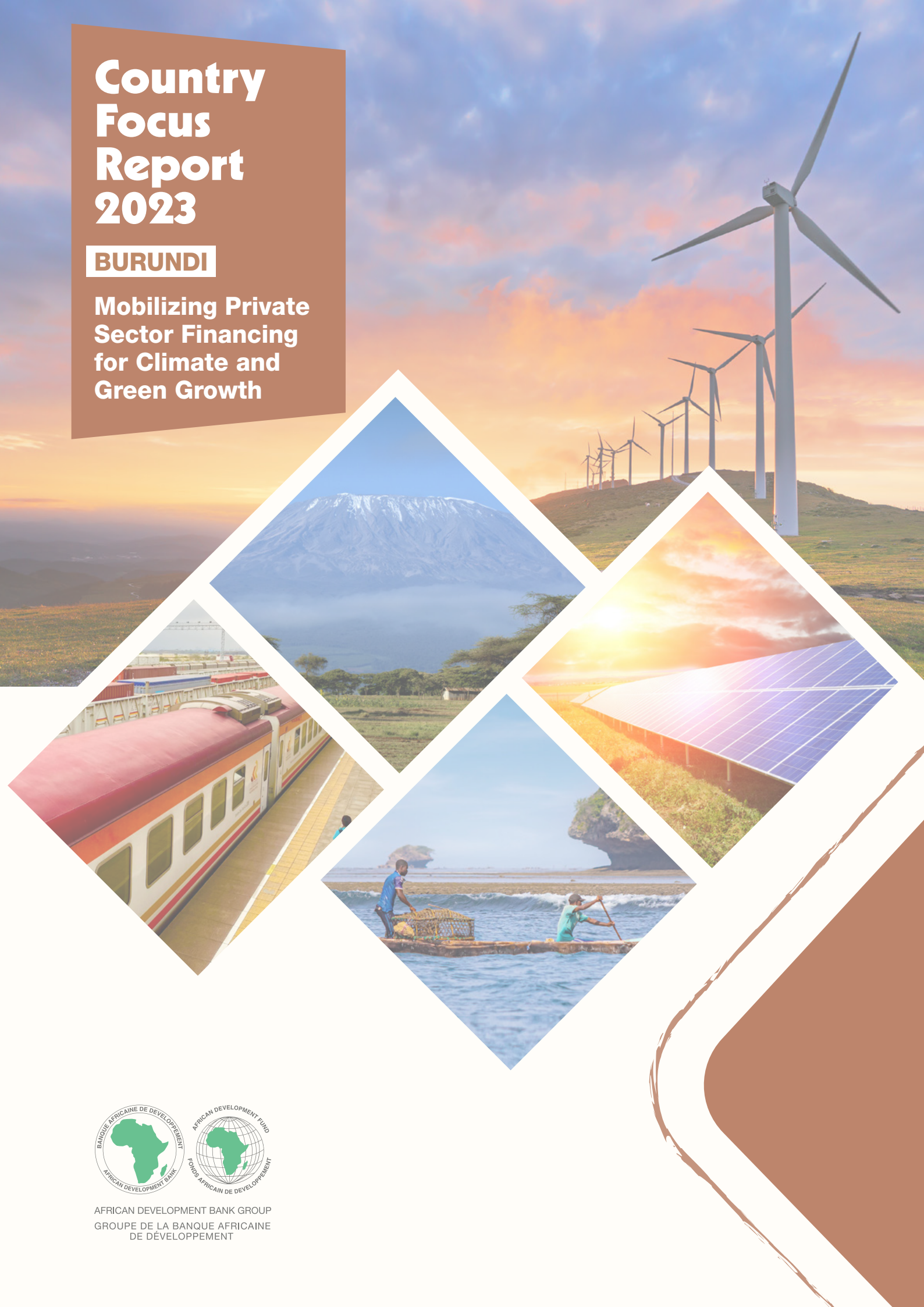


AFRICAN DEVELOPMENT BANK GROUP
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DE DEVELOPPEMENT


Country Focus Report 2023

BURUNDI

Mobilizing Private Sector Financing for Climate and Green Growth



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DE DEVELOPPEMENT



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LIST OF ABBREVIATIONS AND ACRONYMS

AEO	African Economic Outlook
AfDB	African Development Bank
BIF	Burundian Franc
CFR	Country Focus Report
CFCIB	Chambre de Commerce et D'Industrie du Burundi
ECCAS	Economic Community of Central African States
IGEBU	Geographical Institute of Burundi
GCF	Global Climate Finance
GEF	Global Environment Facility
GGI	Green Growth In
GHG	Greenhouse Gas
KAGE	KAZE Green Economy Ltd
MFI s	Microfinance institutions
NDC	Nationally Determined Contributions
ND-GAIN	Notre Dame-Global Adaptation Index
NDP	National Development Plan
OBPE	Burundian Office for the Protection of the Environment
REO	Regional Economic Outlook
RSF	Resilience and Sustainability Facility

KEY MESSAGES

GDP growth for Burundi accelerated to 4.0 percent in 2022 from 3.1 percent in 2021 following a recovery from 0.3 percent contraction in 2020, which was largely attributed to the COVID-19 pandemic. The growth in 2022 was driven by investment in public infrastructure projects. Growth is projected to rise to 4.5 percent in 2023 and 4.6 percent in 2024, driven by public investment in the transport and energy sectors.

Private sector financing for climate change and green growth

Burundi has demonstrated political commitment towards green growth and climate action as shown by the revised nationally determined contribution which, together with other green growth frameworks, emphasise the role of the private sector in generating the finance needed to meet set targets.

While more effective reduction of greenhouse gasses requires additional private sector finance, mobilising private sector finance, however, remains a challenge for Burundi. The domestic private sector is made up of mostly small and medium enterprises limited in ability to finance green growth activities.

As in most African countries, Burundi's engagement with green finance mechanisms is still in its infancy. The commencement of preparation of a new climate change and green growth strategy in 2023 gives an opportunity to engage more effectively in raising private sector finance for green growth.

The major challenges facing the mobilization of private sector finance at scale to meet the country's green growth and climate action goals relate to the high levels of debt (currently estimated at 67 percent of the GDP). These challenges stem from the unaffordability of capital and the low levels of skills and capacities amongst institutions to develop and implement commercially viable green growth and climate action projects.

Burundi has private sector financing opportunities for green growth and climate change but needs better coordination. The following actions are required:

- Increase the financial capacity by taking advantage of several funds and financial instruments available within the region and globally and apply creative financing schemes to help enhance the widespread adoption of renewable energy. Current efforts to raise funds from the Global Climate Fund (GCF) and the Global Environmental Fund (GEF) are welcome developments.
- Global financial institutions should engage better with the Burundi government to identify ways of providing affordable capital for green growth and climate change investments. This should include the use of innovative financing instruments that de-risk private sector investments and fit within the Burundi policy framework.
- The domestic and international private sector should collaborate with the government, MDBs and DFIs and other private sector actors, especially through the Burundi Federal Chamber of Commerce and Industry, to identify key risks to investments and propose ways of addressing them.
- Developed country governments should work with MDBs and DFIs to ensure that the institutions in Burundi have sufficient capital to finance green growth and climate action in the country.

Natural capital for climate finance and green growth

Renewable natural capital plays a major role in the economies of East Africa, Burundi included, especially renewable natural capital. In the coming years action should be taken to prevent loss of forest ecosystems and marine biodiversity in Lake Tanganyika as well as harnessing the returns from these systems in a sustainable manner.

The channels for increasing the returns from natural capital include both domestically and internationally driven actions. On the former, previous work has noted the importance of good governance in the management of the returns from natural capital and in bringing together physical and human capital to add value to exports where opportunities for that are available. On the latter, there is a special role for making greater use of international agreements on climate change, including those from the UNFCCC series and biological diversity to finance higher returns from natural assets.

I. INTRODUCTION

This Country Focus Report (CFR) for Burundi reviews the role of the private sector in the financing of climate change and green growth. It further explores the scope for harnessing natural capital to finance adaptation and mitigation to climate change and to promote green growth. It aims to replicate at the country level the analyses carried out at the continental level in the African Development Bank's (AfDB) main African Economic Outlook (AEO) and Eastern Africa Regional Economic Outlook (REO) reports.

This Burundi CFR for 2023 is structured as follows. Section II discusses Burundi's recent macroeconomic performance and outlook. Section III discusses the private sector financing for climate and green growth in Burundi. Section IV discusses the role of natural capital for climate finance and green growth in Burundi. Section V draws some policy recommendations for the government, the development partners, the domestic and international private sector, and developed country governments.

II. BURUNDI'S ECONOMIC PERFORMANCE AND OUTLOOK

2.1 Recent Macroeconomic and Financial Developments

GDP growth for Burundi accelerated to 4.0 percent in 2022 from 3.1 percent in 2021 following a recovery from 0.3 percent contraction in 2020, which was largely attributed to the COVID-19 pandemic. The growth in 2022 was driven by investment in public infrastructure projects. However, fiscal pressures exacerbated by the economic and financial fallout from Russia's invasion of Ukraine worsened Burundi's budget deficit to 5.1 percent of GDP in 2022 from 2.9 percent of GDP in 2021. The fiscal deficit was financed by grants and loans from abroad, as well as domestic borrowing and internal arrears. Public debt decreased slightly in 2022 and stood at 66.4 percent of GDP against 66.6 percent of GDP in 2021. Headline inflation soared to 18.7 percent in 2022 from 8.4 percent in 2021 reflecting the rise in the cost of imported goods and low domestic food production, with the

former largely attributed to Russia's invasion of Ukraine.

The current account deficit increased from 11.0 percent of GDP in 2021 to 13.4 percent in 2022. The worsening of the external deficit accentuated the shortage of foreign exchange, leading to a depreciation of 2.9 percent of the Burundian franc against the US dollar between the end of August 2021 and August 2022. Reserves were estimated at 1.7 months of imports at end-August 2022 against 3.1 months a year earlier. The financial sector has shown resilience, with nonperforming loans decreasing by 3.2 percent between August 2021 and August 2022.

The momentum of reducing the poverty rate observed between 2014 and 2020 (from 64.6 percent to 62.8 percent) is expected to continue in the medium term in view of important efforts to combat poverty.

Table 1: Macroeconomic Indicators

	2018	2019	2020	2021	2022(e)	2023(p)	2024(p)
Real GDP Growth	5.3	4.5	-0.3	3.1	4.0	4.5	4.6
Real GDP Growth per Capita	2.3	1.2	-3.2	0.4	1.3	1.8	2.0
Inflation	-2.7	-0.6	7.3	8.4	18.7	10.3	9.0
Overall Fiscal Balance, Including Grants (% GDP)	-4.5	-4.4	-6.1	-2.9	-5.1	-4.8	-3.7
Current Account (% GDP)	-10.4	-10.4	-9.3	-11.0	-13.4	-12.1	-6.5

Source: Data from domestic authorities; estimates (e) and prediction (p) based on authors' calculations.

Box 1.1: Impact of Russia's Invasion of Ukraine on Burundi

Burundi is a net importer of major foodstuff including wheat, as well as fuel and fertilizer. It is one of the African countries most impacted by Russia's invasion of Ukraine. The Russian invasion of Ukraine has had negative impacts on the Burundi's economy, especially on prices of goods and services and growth potential. The increases in energy, transport, and fertilizer prices contributed to the surge in inflation, which rose from 8.4% in 2021 to 18.7% in 2022. Fiscal deficit also deteriorated from 2.9% in 2021 to 5.1% in 2022 on account of increased expenditure to meet additional government consumption and subsidies. External accounts also deteriorated with current account balance widening from a deficit of 11% in 2021 to 13.4% in 2022 on account of increased import bills.

GDP growth for Burundi accelerated to 4.0% in 2022 from 3.1% and -0.3% in 2021 and 2020. Growth is projected to rise to 4.5% and 4.6% in 2023 and 2024, driven by public investment in the transport and energy sectors

2.2 Outlook and Risks

Burundi's economic outlook is positive with projected GDP growth rates of 4.5 percent in 2023 and 4.6 percent in 2024, driven by continued public investment in the transport and energy sectors. Measures to boost agricultural production and stabilize the exchange rate will contribute to the decline in the inflation rate, which is estimated to be 10.3 percent in 2023 and 9.0 percent in 2024. Intensified international economic and financial cooperation and inflows of migrant remittances will help reduce the projected current account deficit to 12.1 percent of GDP in 2023 and 6.3 percent of GDP in 2024. The public debt/GDP ratio is expected to increase to 67.6 percent

in 2023 before falling to 65.5 percent in 2024 thanks to fiscal consolidation, exchange rate movements and increased mining exports. However, good economic growth prospects could be undermined by sociopolitical instability and disruptions in farmers' access to fertilizer, which would reduce crop yields and lead to inflationary pressures. Enhanced security and support from partners for the development of the agricultural sector should mitigate these risks. One of the priorities for the government of Burundi would be to improve disaster preparedness and the resilience of the agricultural sector which employs more than 80 percent of the population and contributes to more than 30 percent of the country's GDP.

III. PRIVATE SECTOR FINANCING FOR CLIMATE AND GREEN GROWTH IN BURUNDI

3.1 The imperative for green growth and the role of private sector financing

Burundi remains vulnerable to climate change, and actions are required if the country is to achieve its national medium term development goals.

With its area of 27,834 km² (around 10,748 square miles), Burundi is characterized by five climatic and ecological areas, namely, the low Imbo flat country, the steep mountainous area of Mumirwa, the mountainous Congo-Nile watershed area, the central plateaux and the Kumoso and Bugesera depressions. Burundi's climate is tropical and humid. It is influenced by the altitude which varies from 773 meters to 2670 meters and is characterized by alternating rainy and dry seasons. Burundi sits on two hydrographical basins, namely the Nile Basin with an area of 13,800 km² (about 5,328 square miles) and the Congo basin with an area of 14,034 km² (nearly 5,419 square miles).

Socioeconomic activities in the country are mainly influenced by soil quality, temperature, and precipitations in the different climatic and ecological areas. Thus, differences in the spatial and temporal sharing of precipitations and temperatures due to climate change often have a negative impact on the Burundian population's living style. The main sectors affected by recent climatic change are those of energy, agriculture and livestock, forestry, water

resources, natural ecosystems, landscapes, and health.

Burundi is one of the highly vulnerable countries to climate change in Africa. Although contributing less than 0.1 percent to the total global historical emissions, Burundi is disproportionately affected by extreme risks such as floods and droughts which not only threaten development gains but also risk pulling people into poverty. The country was ranked at 165 out of 181 countries in the 2020 ND-GAIN Index, which summarizes a country's vulnerability to climate change and other global challenges, in combination with its readiness to improve resilience. Based on the index, Burundi was the 22nd most vulnerable country but also the 173rd most ready country to improve resilience.

Since the 1930s, Burundi has experienced an estimated increase of 0.7-0.9°C in its average annual temperature. Changes in the duration of wet and dry seasons have also recently been observed. Total precipitation has declined, and the long wet season ends sooner (often in April) while the short wet season starts later (in October). This means that the 'long dry season' is further prolonged and can now be considered to last from May to September. This intensification of dry and wet seasons in Burundi has resulted in more severe droughts and floods. Burundi has a history of extreme events that are considered climate related. For instance, nationwide, Burundi experienced

Burundi's engagement with green finance mechanisms is still in its infancy. The commencement of preparation of a new climate change and green growth strategy in 2023 gives an opportunity to engage more effectively in raising private sector finance for green growth.

severe droughts, resulting in crop failure and a 35 percent livestock mortality rate (1998 – 2005), as well as severe floods in 2006 and 2007. During the period 1996-2016, over 3 million people in Burundi were affected by drought, in addition to the 94,800 people affected by floods.

More recently, drought was experienced between September 2022 and February 2023 which was followed by floods affecting places like Gatumba in the western part of Burundi, near the border with the Democratic Republic of the Congo. Notably the water levels in Lake Tanganyika have also risen and have become more polluted in recent years. In 2022, landslides were experienced in the Kabezi area within the Bujumbura Province causing massive destruction to infrastructure. Such events have been estimated to result in a loss of 5-17 percent of the country's GDP per event. Further, climate change trends are expected to increase the frequency and intensity of floods and droughts, threatening the country's food security, which is already extremely fragile.

Burundi's climate is expected to continue to change. By 2050, the mean annual temperature is expected to increase by between 1.5 and 2.5°C, and the mean annual rainfall is also projected to increase. This projected increase in rainfall is strongly associated with an increase in high intensity rainfall events rather than in the frequency of rainy days. By 2050, rainfall patterns are likely to be altered such that there will essentially be two six-month seasons, one rainy season lasting from November to April and a dry season covering May to October.

By 2050, animal husbandry is expected to generate greenhouse gas (GHG) estimated at 8168.2Gg ECO2. Concerning the burning of agriculture crop residues, the projection made concerning GHG emissions in 2050 is estimated at 26.27Gg ECO2. For cultivated lands, the projections made estimate GHG emissions at 529,408.4Gg ECO2 and nitrogen manure utilization will see an increased rate estimated at 20 percent at least every five years starting with the year 2005. Forest exploitation CO2 emissions will be about 6529.93Gg ECO2,

woodland transfer with 2887Gg ECO2, land utilization and changes will account for 5488Gg ECO2.

The energy sector GHG emissions will increase in relation to the increase in energy demand. The energy sector will emit in total an amount of 2483.3Gg ECO2. According to the results of the 2005 GHG anthropic emission inventories, the industrial sector is the one which has less GHG emissions. However, the emissions due to the industrial processing sector will eventually increase because of the population increase. CO2 emissions will increase from 0.16Gg in the year 2005 to 0.29Gg in the year 2050, this being an increase of 1.8 times the initial quantity. Methane emissions will go on increasing in relation to solid waste materials produced up to the horizon of 2050. Moreover, there will be an increase of nitrogen hemioxide emissions until the year 2050.

Burundi has demonstrated strong political commitment to green growth and made considerable progress in outlining its green growth and climate action priorities.

The political tools available to the country are defined by the Vision 2025: the National Development Plan (NDP) 2018-2027, the sectoral policy of the Ministry having the environment as its remit, the National Strategy and Action Plan in terms of Biological Diversity, the National Water Policy, the Strategy for Risk Prevention and Disaster Management, the National Strategy to Combat Desertification, and the National Reforestation Program

In terms of management of the environment and climate change, the Ministry in charge of the environment is responsible for coordinating the implementation of the National Policy, the National Strategy, and the Action Plan on Climate Change. In addition, since 1980, the Geographical Institute of Burundi (IGEUBU) was charged with collecting climate data for use in planning and decision making. IGEUBU is also the focal point of the United Nations Framework Convention on Climate Change (UNFCCC).

The Burundian Office for the Protection of the Environment (OBPE), established in October 2014, is a public structure in charge of environmental control and safeguarding. It is responsible for the effective protection of the environment, the preservation of biological diversity, and the fight against desertification and climate change. Its prerogatives also include the implementation of projects and programs of community interest targeting different sectors (environment, agriculture, livestock, etc.). Though it developed a strategy for the period 2015 – 2022, little was achieved as the country suffered an international funding drought following the 2015 protracted political conflict. The OBPE is currently preparing its next strategy for the period beginning 2023/2024.

The Vision 2025 aims to achieve an economic growth rate of 10 percent by 2025 and describes the actions and goals that the government will take to ensure the sustainable development of Burundi. To achieve these goals, Burundi intended to broaden and diversify the productive base by, in particular, increasing the capacities that contribute to the sectors promoting growth while enhancing the participation of the private sector and the diversification of employment and income opportunities. Regarding the energy sector, the Vision aims to reduce wood burning for heating

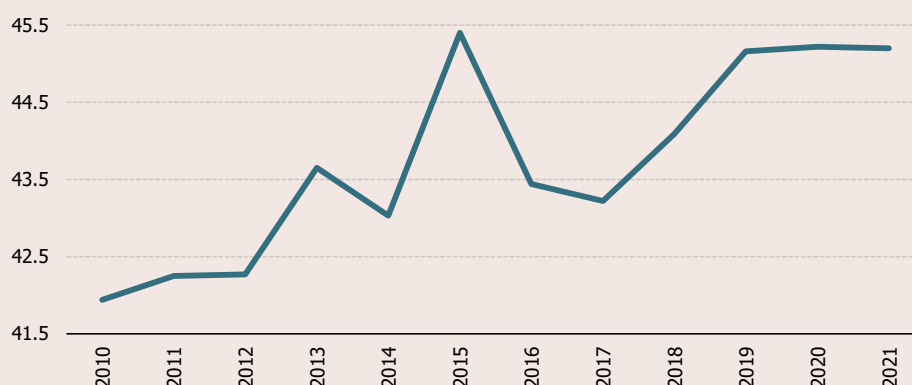
and cooking in households and promote and deploy renewable technologies to provide the population with a better quality of energy, minimize health hazards and reduce the deforestation process.

In support of Burundi’s Vision 2025, the country’s NDP 2018-2027 aims to structurally transform the Burundian economy for robust, sustainable, resilient, inclusive growth, creating decent jobs for all and leading to improved social welfare. It provides a cohesive development framework for all sectoral policies and strategies and reflects the government’s commitment to the 2030 Agenda for Sustainable Development. In addition, it is also the document on which the development of the energy sector is based.

Burundi submitted its updated Nationally Determined Contributions (NDCs)¹ to the UNFCCC in October 2021, which outlines the country’s commitment to developing a climate resilient, low carbon economy. The country’s NDC features a reduction in emissions of 3.04% percent by 2030, or 12.61 percent with international support.

Burundi’s green growth index (GGI) has been stable over the past 12 years.

Figure 2.1a: Burundi’s mean GGI

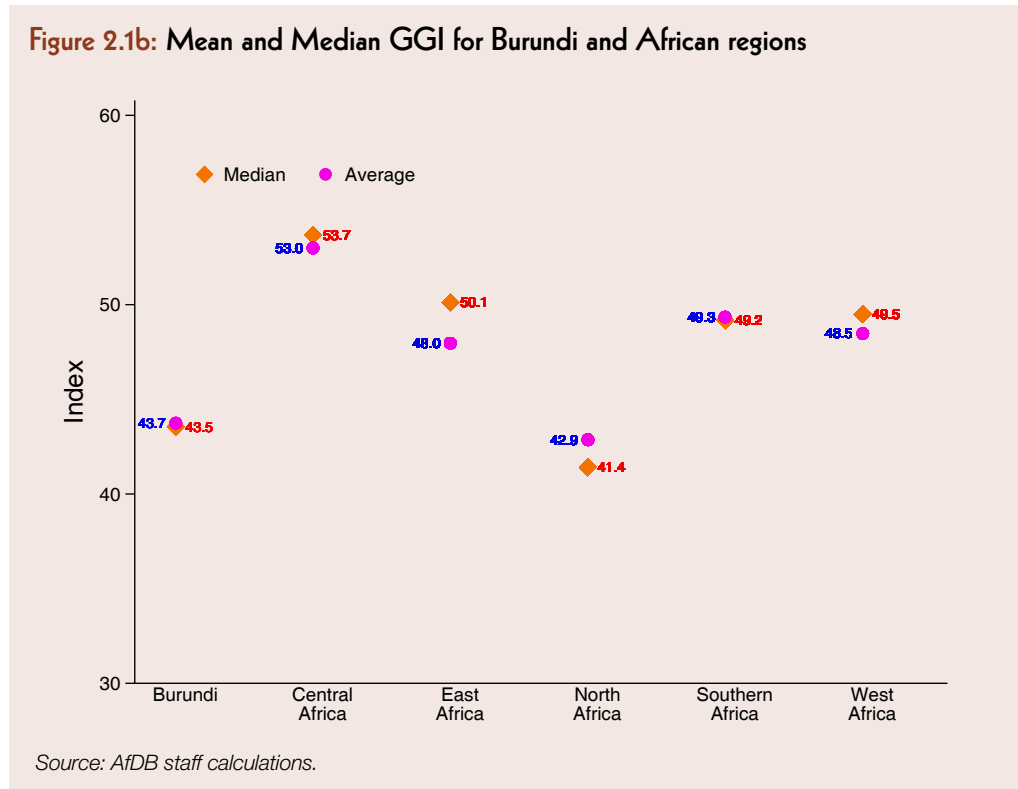


Source: AfDB staff calculations.

¹ <https://unfccc.int/sites/default/files/NDC/2022-06/CDN%20%20%20Burundi%20ANNEXE%201.pdf> .

Burundi's mean GGI was stable but rose over the past 12 years, increasing from 41.94 in 2010 to 45.2 in 2021 (see figure 2.1a). Burundi is one of the moderately performing countries on green growth with a mean index of 43.7 between 2010 and 2021. Burundi's GGI is mainly driven by high performance on GHG emission reduction, waste and material use efficiency, social equity, gender balance and environmental quality. Like most African countries, Burundi underperforms

in relation to green trade and green innovation. Burundi was a moderately performing country on green growth between 2010 and 2021, with a mean index of 43.7 and median index of 43.5 (see Figure 2.1b). This was below the regional scores. For example, the East Africa average of 48.0, Southern Africa's 49.3 and West Africa's 48.5, were all above Burundi's average score.



As shown in Figure 2.2, on the dimensions of green growth, Burundi performs well on GHG emission reduction efforts (96.7) and waste and material use efficiency (89.8). However, the country performs poorly in green investment (2.3), green trade (2.6) and green employment (4.9).

adapting to the effects of floods and droughts in Burundi will require more than 4.6 percent of Burundi's GDP (fig. 2.3), with 4.1 percent of GDP going to floods alone. As alluded to above, floods have increased in recent years causing destruction of infrastructure and at times landslides, as witnessed in Kabezi in 2022.

For Burundi to achieve its green growth and climate action ambitions, the private sector will need to be mobilized at scale.

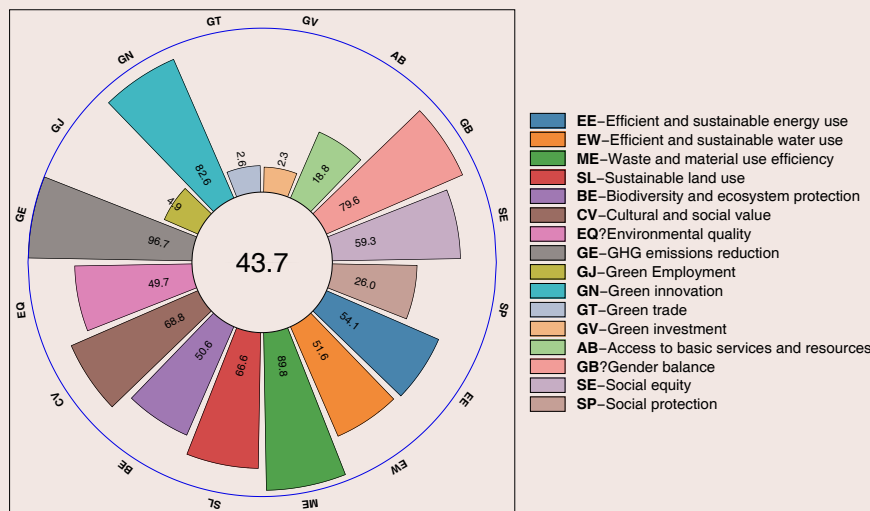
Burundi submitted its revised NDC in October 2021, while making an unconditional pledge to reduce emissions by 3.04 percent by 2030, or 12.61 percent with international support. In its updated NDC, Burundi expanded the geographical and sectoral scope of its adaptation ambition to include the development

Meeting green growth and climate action needs will require modest investments. For example, AEO 2023 assessments show that simply

of a logical framework to monitor and assess the implementation of the priority mitigation and adaptation actions. Women, youth, indigenous communities, researchers, civil society, and

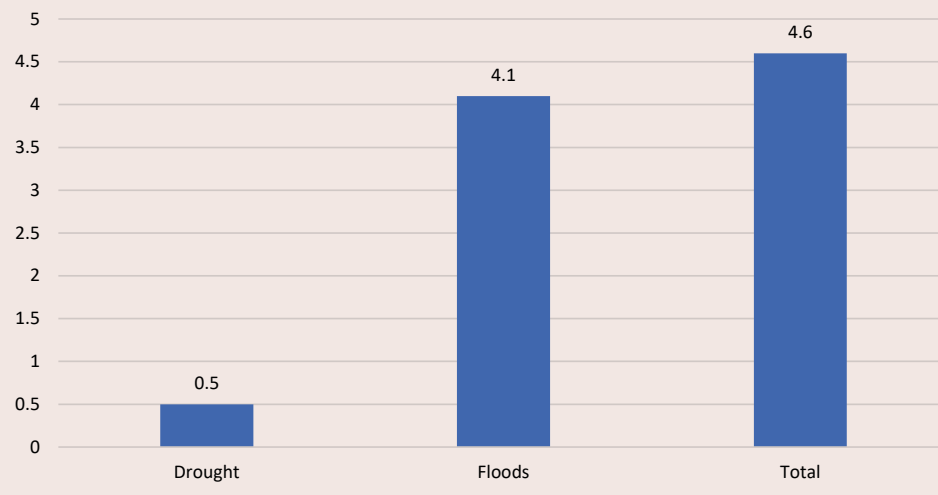
the private sector participated in its revision, helping ensure that the path of climate action in Burundi considers the distinct needs of communities from the ground level up.

Figure 2.2: Distance to targets of green growth indicators in Burundi, average 2010 - 2021



Source: AfDB staff calculations.

Figure 2.3: Upfront private investment opportunities to adapt to droughts and floods in Burundi between 2021 and 2040 (% of GDP)



Note: Figures expressed as a percent of GDP in 2021. Source: Bari and Dessus (2022).

3.2 Private sector finance flows, gaps and needs for green growth and climate action in Burundi

3.2.1 Current flows of finance

The NDC and other national frameworks,

recognise that the private sector can play a role in catalysing other sources of private sector finance, as well as in directing finance towards sectors and areas that are currently underfunded. For instance, the National Development Plan (NDP) 2018-2027 (PND Burundi 2018-2027) notes that implementing

the different projects will require affordable capital from both the public and private sector. The updated NDC also notes that reduction of emissions will be more effective with the mobilization of finance from the international public and private sector. However, as of May 2023, the Ministry responsible for environment noted that the private sector has not been at the forefront of mobilizing finances to address climate change. The main activities of the private sector are corporate social responsibility by some actors like the beer brewers, who have taken active role in disseminating information on climate change and supporting tree planting disparately.

Burundi is currently making efforts to generate funds through various sources including the Green Climate Fund, the Global Environment Facility and from various other partners. Some examples of financial resource mobilization include: raising US\$ 25 million in a joint adaptation project by UNICEF and the WHO to address climate change induced diseases; a US\$ 4.5 million project for increased access to renewable energy in rural communities – (GEF8, STAR Fund); a US\$ 20 million adaptation project for improving the effectiveness of the gestation system of protected areas for biodiversity conservation in Burundi Phase II; US\$ 7.6 million from the UNDP's Environmental Protection Support Programme; landscape restoration for increased resilience in urban and peri-urban areas of Bujumbura (GEF – US\$ 8.9 million, and UNDP 0.5 million); and developing and implementing the adaptation plan for Burundi (US\$ 1.9 million from GCF).

In terms of ongoing operations, through the World Bank Burundi Landscape Restoration and Resilience Project, US\$ 36 million were approved in April 2018 (US\$ 30 million International Development Association and US\$ 6 million GEF Grant). The project closes in March 2024. The main objective of the project is to restore land productivity in targeted degraded landscapes and, in the event of a crisis or emergency, to provide an immediate and effective response to that crisis.

The UNDP also manages the Global Environment Fund Microfinance Program which has supported 76 projects throughout the country between 2019 and 2023. The program has allocated a maximum of US\$ 50,000 to each of the projects. Kirundo Province has been the biggest beneficiary with 24 projects followed by Bujumbura Rural (12), Ngozi (9), Muyinga (6), Kayanza (5), Cankuzo (4), with the rest of the provinces benefitting from three or less projects.

The government has been financing various green growth and climate change operations, mainly implemented by the armed forces. The activities have included tree planting, flood control, infrastructure development and responding to various climate-related disasters. Plans are underway to transfer these operations to civilian authorities at the beginning of the 2023/24 Financial Year.

3.2.2 Private sector finance needs for the future

Burundi will need more than US\$ 1.97 billion annually up to 2030 to meet its climate change needs.

If Burundi continues to receive the same annual amount of climate finance as it received over the period 2016-2020 (US\$ 186 million per year), the resulting financing gap would be between US\$ 178.43 million and US\$ 215.03 million per year over the period 2020-30, or an average of US\$ 196.73 million. This would severely limit the country's ability to build climate resilience and promote green growth. Despite these significant financing needs, the country has not yet mobilized significant climate funds from the private sector due to the low incentive business climate. As alluded to above, the private sector also comprises mainly of small and medium enterprises with limited opportunity to finance green growth.

However, Burundi has a rich natural capital comprising 504,116 ha, or 17.5 percent of the national territory, including 8.65 percent of

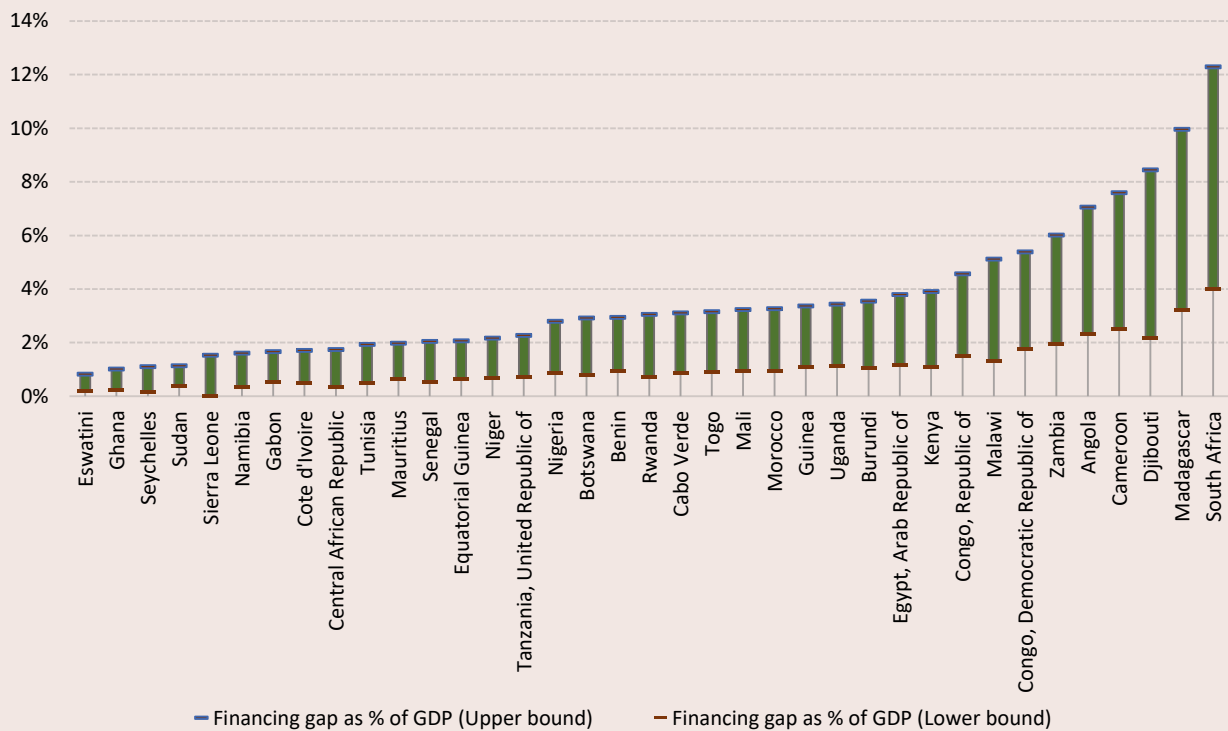
forest ecosystems and 9.46 percent of aquatic and semi-aquatic ecosystems that it could capitalize to contribute to climate finance and green growth. This can be achieved through debt-for-biodiversity agreements to benefit from a double dividend including environmental protection and improving the sustainability of public debt.

Because of its low carbon footprint, Burundi would also benefit from monetizing its reforestation efforts by participating in the carbon market. This would allow the country to mobilize private finance to support green

growth.

The natural attractiveness of the country represents an opportunity to mobilize private investment in the tourism sector (whose revenues represented 4.3 percent of GDP in 2019) through the development and operation of tourist sites by private operators. Current estimates indicate that public finance per capita for Burundi stands at about US\$ 18 with private finance per capita at US\$ 0.8. Figure 2.4 below shows the private climate finance gap for African countries.

Figure 2.4: Breakdown of estimated annual private climate finance gap for African countries, both lower bound and upper bound.



Source: AfDB staff calculations.

3.2.3 Emerging innovative private sector financing mechanisms for green growth and climate action

New and innovative instruments for mobilizing private sector finance towards green growth and climate action in Burundi are emerging, but their use remains constrained.

Burundi has set the target to increase the national rate of access to electricity to 30 percent by 2030 from the current 12 percent which will require the development of the renewable energy sector, particularly solar and hydroelectric. In 2019, the European Union committed funds to facilitate the development of energy projects in Burundi, supported by the private sector. As part of this commitment,

GET.invest Burundi was officially launched in October 2021. It builds on the services of the broader GET.invest program for unlocking financing for sustainable energy projects and businesses and tailored to the national context. GET.invest Burundi works closely with the EU-funded impact investment facility EDFI ElectricFI and with the national association, the Burundi Renewable Energy Association (BUREA).

KAZE Green Economy (KAGE) Ltd is also a social enterprise promoting a green economy in Burundi. KAGE produces innovative eco-friendly charcoal mainly from corn stalks and other biodegradable waste, with the aim of reducing deforestation. The team collects maize stalks from households, dumps, and other such areas, to produce the Kabiof charcoal, which is an odourless coal that does not emit smoke. The company now produces between 300 and 400 kilograms of coal per day. The company hopes that with the arrival of modern machinery and access to electricity, they will be able to increase production to ultimately satisfy the entire demand of the Burundian market.

3.3 Opportunities and barriers for mobilising private sector finance for green growth and climate action

3.3.1 Opportunities for private sector investments

Burundi mobilizes moderate private sector finance as compared to its peers.

Analyses carried out for the AEO 2023 found that public sector finance investments (proxied by public finance investment per capita) were a significant determinant of private sector investment.² However, with private finance per capita at US\$ 0.8, Burundi continues to use public finance much more than other African countries with the same level of public finance investments. Indeed, as alluded to earlier, the government reiterates that private sector financing for green growth remains

² AEO (2023).

negligible. Enabling environment and regulatory frameworks are needed to enable the private sector to actively participate in the financing of climate change and green growth initiatives.

Opportunities for private sector investments in green growth and climate action in Burundi cut across the economy.

Burundi holds various sectoral opportunities for investments in green growth in different sectors, including infrastructure, health, education, transport, water, and other resource management to serve the growing population. Burundi's population is currently estimated at 12.8 million and expected to more than double to 25.3 million by 2050. Most of this population is projected to be composed of the young and middle-aged, and residing in urban areas. This opens investment opportunities for the private sector to invest in the provision of affordable and green urban housing and transport, food, and waste management services. These goods and services will also need to be provided in the rural areas to cover the existing gap.

The Burundi Federal Chamber of Commerce and Industry (Chambre Fédérale de Commerce et d'Industrie du Burundi - CFCIB) is the apex body for private sector organizations in Burundi which presents another opportunity as an avenue through which private sector finance can be mobilized. The Chamber has 14 Sectoral Chambers cutting across sectors such as energy, manufacturing, agribusiness, transport, hotels, trade, mines, youth and women, among others. There are also 10 Provincial Chambers. The Chamber is aware of the damage caused by climate change as it affects infrastructure, agricultural activities, and water pollution. The apex Chamber and its affiliates are currently involved in advocacy, a review of taxation, and investment promotion, among other activities. However, the Chamber and its affiliates are currently not engaged in any climate change and green growth activities, though they are represented in some national

project steering and technical committees. In 2023, some affiliates of the Chamber have been invited to training on Climate Change Transparency organised by the United Nations. This presents an opportunity for building synergy and advocacy for using the Chamber to mobilize private sector finance for green growth and climate change. The Chamber could also mobilize members to engage in carbon trading among other green growth financing activities.

3.3.2 Barriers to private sector investments

a. High cost of capital leading to accumulation of unsustainable debt

Burundi is suffering under the weight of unaffordable capital offered by international lenders including MDBs and DFIs as well as other private sector lenders.

The protracted political conflict of 2015, recent shocks from the Covid-19 pandemic, and the effects of the Russia's invasion of Ukraine have led Burundi to be one of the African countries whose debt levels deteriorated significantly. According to IMF data, Burundi is among the African countries at high risk of debt distress together with Cabo Verde, Cameroon, the Central African Republic, Comoros, Djibouti, Ethiopia, The Gambia, Ghana, Guinea Bissau, Kenya, Malawi, Sierra Leone and Zambia. Article IV of the IMF report of July 2022 notes that Burundi's public debt is sustainable; however, the risk of external debt distress is high. External imbalances are large, with reserve coverage below adequacy levels and a large parallel exchange rate market premium.³ External debt unsustainability is driven by a high cost of lending, characterised by high interest rates and short repayment periods. The high costs of borrowing are driven by lenders actual and perceived risks to their investments, which determine interest rates. These rates are not applied uniformly and are instead calculated on a case-by-case basis.

b. Limited skills to meet green growth and climate action needs

Transition to green growth and the implementation of climate change adaptation and mitigation requires green skills and capacities within key sectors. Burundi lacks sufficient skills and capacities to realise its green growth and climate action plans. Existing skills and capacities are limited to a specific set of sectors, mostly those related to renewable energy as this is where most of the private sector financing is directed towards. The absence of adequate skills and capacities increases the risks that private sector investors and lenders attach to lending, as this means that projects may not be sufficiently implemented on time and to completion. Capacity limitations are experienced even within the national institutions like OBPE and IGEBU charged with implementing climate change activities

c. Lack meaningful coordination on green growth and climate action

Although Burundi has a national green growth and climate change policy framework, there are still gaps in coordination, particularly across different levels of governance which fails to ensure an integrated approach to the mobilization and use of private sector finance. Additionally, although there are institutions that have been set up for mobilising finance for green growth and climate action at the national level, these have not yet been fully focused on mobilising private sector finance. Since most climate and green growth activities have been implemented by the armed forces (2015–2023), ongoing efforts to ensure the handover of these operations to the civilian authorities are welcome. However, better coordination will be needed to ensure that each agency delivers on their mandate. A new MINEAGRRIE program, funded by the International Fund for Agricultural Development, and called the Rural Entrepreneurship Development Program in Burundi (PRODER) included a sub-component

³ 2022 Article IV Consultation -- Press Release; Staff Report; and Statement By The Executive Director For Burundi.

of policy support and institutional strengthening for about 2.5 million US dollars. MINEAGRIE could take this opportunity to update the country's vision in climate finance mobilization and raise awareness among all officials and private sectors on environmental and climate challenges.

Lack of adequate enabling regulatory frameworks and policy coherence: clear and consistent policy frameworks and regulations that incentivize private-sector investment in climate solutions are crucial for attracting private-sector investment (CPI, 2017). Unfortunately, such frameworks are often absent in Burundi, which creates uncertainties for investors. As confirmed by OBPE, in the absence of well harmonized policies, investors find it difficult to assess the risks and returns of investing in climate solutions, which has led to underinvestment in the sector, and the minimal support of the private sector to green growth financing. Otherwise, there is a national rural financial inclusion policy that could be reviewed to be favourable to private investors in the field of environment and adaptation to climate change.

3.3.3 Pathways to mobilizing private sector finance for green growth and climate action in Burundi

There are several pathways that Burundi can use to unlock private sector finance for green growth and climate action. These are discussed below.

a. Deepening domestic financial markets to mobilize domestic finance for green growth.

Burundi's domestic financial markets are small but slowly expanding and could be used to mobilize private sector finance for targeted green growth and climate action projects.

The mobilization of private sector finance through domestic financial markets reduces currency risk. The Burundian domestic

financial markets could offer opportunities towards the mobilization of private sector finance. However, Burundi has a relatively small developing financial sector which is dominated by commercial banks with over 75 percent of the total economy assets. There are nine commercial banks, two governmental institutions, 11 insurance companies and 26 microfinance institutions (MFIs) and National Bank of Economic Development.

The insurance sector is small with private as well as partially government-owned companies. The sector is regulated by the Insurance Regulation and Control Agency, which falls under the Ministry of Finance. The country has not yet established a stock market to mobilize savings for investment. It is only Bank of the Republic of Burundi which issues 91-day treasury bills for purposes of managing the liquidity within the sector.

The national pension system (INSS) covers only five percent of the people, and accounts for about five percent of total financial assets. MFIs have experienced rapid growth over recent years with four percent of Burundians being members of microfinance institutions. There are 26 MFIs offer savings, deposits, and short to medium-term credit.

This prevailing situation greatly limits the ability of Burundi to mobilize domestic private finance for green growth and climate change. However, efforts to expand the financial system provides an opportunity for mobilization of domestic private finance in the future.

b. Engagement with sustainable and green finance through implementation of the policies

Burundi has already developed policies for sustainable finance and it is only their implementation that remains.

IGEBU was designated by the ministry in charge of the environment as the UNFCCC Focal Point. The General Directorate for the

Environment and Forestry was designated by the same ministry as the institution to see to the operation of climate change. Together with the OBPE, these institutions coordinate support to adaptation and mitigation projects and are also designed to attract private sector investment.

c. The development of green skills and capacities needs to be integrated into existing institutions, including education institutions and innovation centres.

Addressing the skills and capacity gap that has been identified in Burundi through recent assessments needs further integration of innovation that contributes to green growth and climate action into institutions of learning to ensure that the workforce is equipped with the skills for mobilising private sector finance. Burundi has made significant progress in terms of the quality of and access to education. Since the introduction of free primary education in 2005, the gross enrollment rate in primary education reached 118 percent during the 2021/2022 school year without significant variation between provinces, gender, or level of income.⁴ These latest developments provide opportunity for harnessing skills for future green finance mobilization.

d. Implementation of fiscal incentives to attract private sector investments particularly towards other sectors that generate soft infrastructure outcomes.

Policies on appropriate fiscal incentives have already been developed at the national level in Burundi and these need to be operationalised to take advantage of the global momentum on green growth and climate action.

Fiscal incentives have already been used in Burundi to direct investments to key sectors, particularly the energy sector and the financing of climate change response activities by the armed forces. Burundi has also implemented various renewable energy projects and developed feed-in tariffs for providers of clean

energy to encourage private sector participation in energy provision. However, the application of these fiscal incentives is limited to only the energy sector. Meeting national green growth objectives will require incentives that apply to other sectors in the economy.

e. The role of MDBs and DFIs

Burundi needs more affordable capital from MDBs and DFIs

MDBs and DFIs can play a more significant role in private sector finance mobilization to Burundi through increasing their risk appetite for investments, providing more affordable capital that has low interest rates and longer repayment periods. MDBs and DFIs can work with the Burundian government and other key private sector actors (particularly financial institutions) to increase the country's credit rating, which will enable it to acquire more affordable capital from other lenders.

As alluded above, efforts are already in place to mobilize resources from GCF and GEF alongside other bilateral partner sources. Burundi should also tap into the IMF's Resilience and Sustainability Facility (RSF) which provides affordable long-term financing to countries undertaking reforms to reduce risks to prospective balance of payments stability, including those related to climate change and pandemic preparedness. The Facility provide longer-term financing to strengthen economic resilience and sustainability by: (i) supporting policy reforms that reduce macro-critical risks associated with climate change and pandemic preparedness; and (ii) augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges.

Collaborations across different stakeholders, particularly between governments and the domestic and international private sector to identify and address primary risks to investments in green growth and climate action.

⁴ <https://www.worldbank.org/en/country/burundi/overview>

Multistakeholder partnerships are important for strengthening collaborations for the mobilization and use of private sector finance in enabling green growth. The Burundian government already recognises the importance of these partnerships and continues to work with private sector associations. For example, the CFCIB represents the interests of the private sector in

dialogue with government on matters of interest to business and is the potential gateway for mobilising private finance for green growth. The Chamber is keen to actively participate in green growth and climate change activities including sensitization for private sector financing of the same.

IV. NATURAL CAPITAL FOR CLIMATE FINANCE AND GREEN GROWTH

4.1 Introduction

Burundi is a small, densely populated country with a topography dominated by hills and mountains interspersed with seasonal and permanent wetlands in the low-lying areas. Burundi's fauna includes large number of species including 716 birds, 215 fish, 163 mammals, 56 amphibians and 52 reptile species. There are currently four rare, 21 vulnerable and 22 endangered species in the flora. Burundi's high population density and extensive agricultural production have resulted in the fragmentation of habitats that foster biodiversity. A number of species, once present in the country, are now believed to be locally extinct. This fauna includes the African slender-snouted crocodile, elephants, giant forest pigs, and the mountain gorilla.

At the root of Burundi's environmental threats is one of the highest population densities in Africa -- approximately 420 persons per sq km of arable land,⁵ Scarcity of land has led individuals to cultivate on hillsides, where soils are shallow, low in fertility, and easily affected by erosion. Cultivation is also spreading to low-lying wetlands, where constructed drainage systems accompanied by siltation from surrounding hillsides is destroying many of these ecologically valuable areas.

4.2 The Evolution of Natural Capital

Natural capital is tracked in two groups: (a) renewable capital, consisting of forest timber, forest non-timber, mangroves, fisheries,

protected areas, cropland, and pastureland; and (b) non-renewable assets, separated into oil, natural gas, coal, and minerals. In addition, non-measured forms of natural wealth, such as renewable energy potential from solar, wind and hydro-resources, landscapes, and marine assets are also reviewed but qualitatively. The data for (a) and (b) is from the World Bank, covering the period 1995-2018.

As seen in Charts 1 and 2 below, Burundi is not one of the most well-endowed when it comes to non-renewable natural resource deposits, especially in mining and quarrying. In 2022, while Tanzania led in Eastern Africa with a value of US\$ 4,699 million, Sudan US\$ 3,344 million, South Sudan US\$ 2,866 million, Burundi came with a low US\$ 17.7 million. This translated to 0.4 percent of Burundi's GDP in 2022, compared to South Sudan where it translated to 60 percent of the GDP.

In terms of forest cover, the country had only 172,000 hectares compared to 45,746,000 for Tanzania which led in the Eastern Africa region in 2020. In terms of the total value of non-renewable assets, Burundi had only US\$ 71.3 million in 2018 compared to, for example, Tanzania with US\$ 6,775 million in the same year. In 2020, Burundi's total natural resource rents accounted to less than three percent of GDP compared to Somalia with 14.8 percent and Sudan 12.4 percent of the GDP.

Further, energy is considered as a catalyst for socioeconomic growth, but only about 11.7 percent⁶ of the country's population had access to electricity as of 2020, the highest level since

⁵ Burundi Biophysical Statistics Summary. Burundi Environmental Threats and Opportunities Assessment (ETOA) 2003. USAID/Burundi Integrated Strategic Plan.

⁶ <https://www.macrotrends.net/countries/BDI/burundi/electricity-access-statistics>.

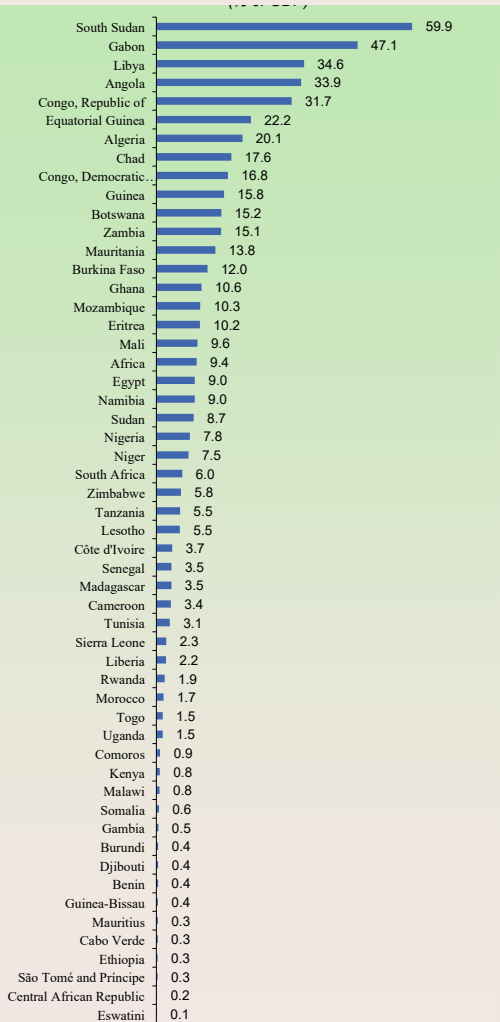
the low level of two percent in 1999. Meanwhile, almost all households in the country use wood and charcoal as the only source of energy for

cooking, which contributes to environmental degradation through deforestation and pollution.

Chart 1 : Value Added: Mining and quarrying, 2022(e) (millions of USD)



Chart 2 : Value Added: Mining and quarrying, 2022(e) (% of GDP)



Source: AfDB staff calculations.

In terms of evolution over time, Burundi's value of natural capital did not change significantly between 1995 and 2018 (Figure 4.1). Over the past decades, Burundi's natural environment has been substantially degraded. The main driver of this environmental degradation has been rapid population growth. To feed the growing population, substantial areas of forest have been cleared for agriculture, and poor agricultural practices have harmed soil fertility and integrity. Burundi's agriculture sector is, therefore, characterized by a low level of

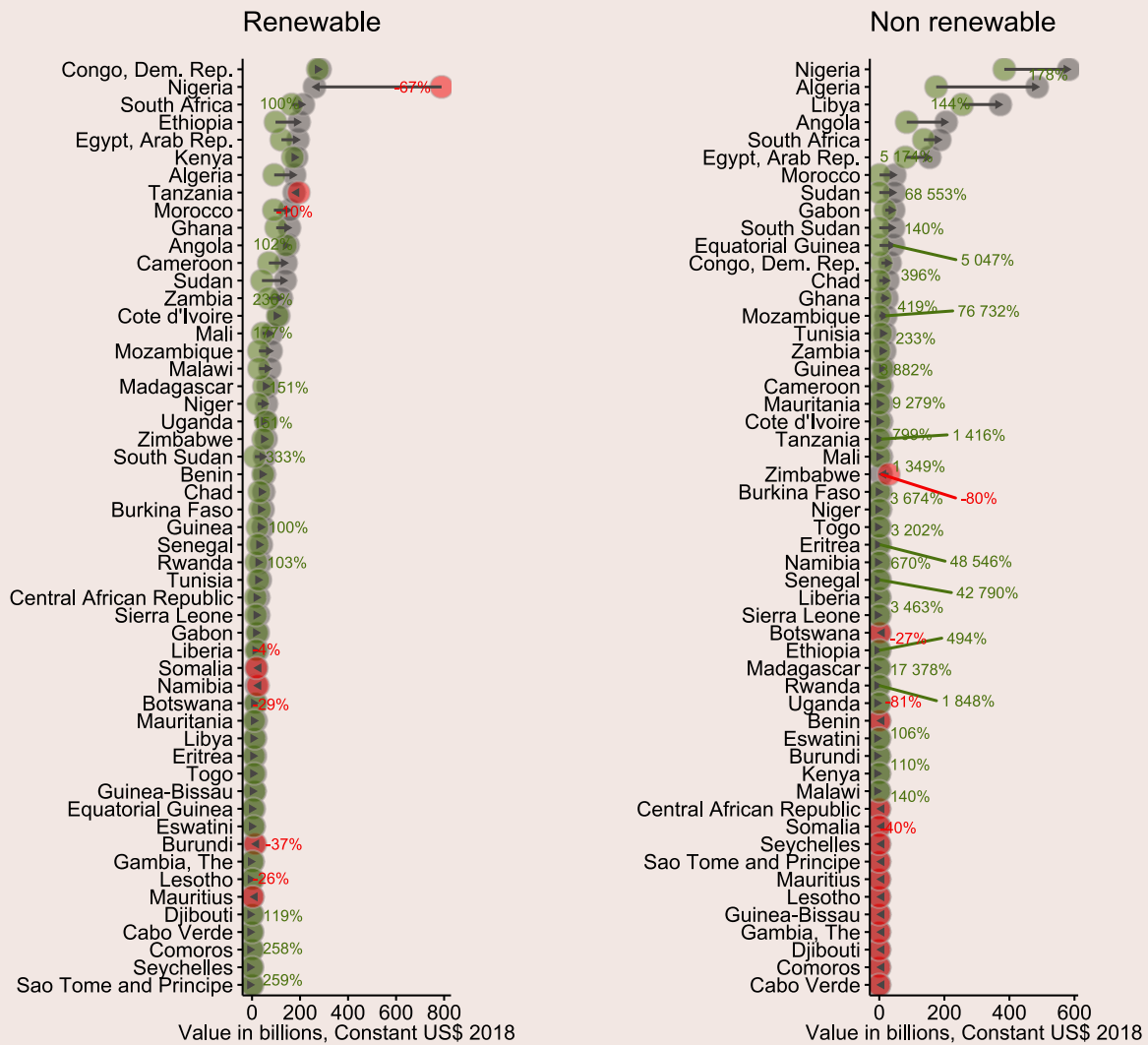
productivity, limited availability of arable land, and loss of fertility. As agriculture is the main source of income and food for the population, the degradation of natural resources significantly undermines the stability and development of the country.

Since September 2015, more than 4 million people have been affected by torrential or heavy rains, water deficits, high winds, floods, and landslides. These climatic events have destroyed 30,000 hectares of crops and

5,000 homes. They also damaged more than 300 classrooms and about 50 bridges. As a reminder, the February 2014 floods caused by the Gasenyi and Gikoma ravines cost a total of BIF 7 billion for infrastructure (that is 0.18

percent of GDP). In 2015, floods and landslides in Rutunga and Nyaruhongoka were national natural disasters that resulted in economic losses of more than BIF 3 billion and more than 1,400 homeless people.

Figure 4.1 : Changes in the Value of Natural Capital for African Countries, 1995-2018



Source: AfDB staff calculations.

The AEO 2023 report notes that the categories of natural capital evaluated do not cover all sources of such nature on the continent. Burundi benefits particularly from sunshine, wind and hydro resources that can generate clean energy. The climate, together with the landscape, fauna and flora form a strong basis for tourism. The contribution of natural capital to the flows of goods and services from all these sources of natural wealth, however, has not been

fully estimated, which then has underestimated their contribution to the economy. For example, the contribution of tourism to Burundi's GDP stood 4.3 percent in 2019 before the COVID-19 pandemic hit the industry. Investment in other contributions of natural wealth, such as solar or hydro in generating electricity, has not been made either and is something that should be done as a matter of urgency. The city of Bujumbura, for example, could benefit greatly

Renewable natural capital plays a major role in the economy of Burundi and action should be taken to prevent loss of forest ecosystems and marine biodiversity in Lake Tanganyika as well as harnessing the returns from these systems in a sustainable manner

from investments in solar power which could light up the dark streets.

4.3 Opportunities for Enhancing the Contribution of Natural Capital in Burundi

The importance of good governance in the management of the returns from natural capital and in bringing together physical and human capital to add value to exports where opportunities for that are available, cannot be underscored. There is also a special role for making greater use of international agreements on climate change and biological diversity to finance higher returns from the substantial endowments of natural assets in the region that can serve the global goals in these domains. To this effect, there is need to mobilize all stakeholders including the private sector in Burundi, through the CFCIB.

4.3.1 Non-Renewable Resources

For non-renewable natural capital, the AEO 2023 report notes that revenues from the extractive sector contribute a lot to the private and public finances of many African countries. At the same time, these countries need to ensure that they receive a fair share of resource rents from these resources and effectively manage the revenues; the negotiated royalty rates for example are often too low. However, obtaining a "fair share" of the revenue from non-renewable resources does not guarantee economic development if the revenues are not well spent. There are issues of corruption and weak institutions in mineral rich countries so that such countries in Africa and elsewhere in the developing world experiencing low growth and high poverty rates.⁷

For East Africa, these issues are less important than for other regions on the continent, where the value of the stocks of such assets are much larger. None of the countries in this sub-region could be considered rich in extractive resources, except for South Sudan, which, on

the estimates for 2018, had US\$ 42 billion in oil reserves, making up 47 percent of all its natural capital. However, Burundi also has deposits of minerals and will soon start exploiting nickel. The establishment of a nickel manufacturing plant in the Zone Economique Spécial Burundi (ZES Burundi) shall benefit from having unlimited supplies of raw material which is competitively priced to make nickel products.

4.3.2 Renewable Resources

Renewable resources are at the heart of sustainable development in East Africa, Burundi included. Currently, in 2023, the Ministry of Agriculture, Forest and Environment is preparing to undertake studies on: (i) water resource inventory and needs; (ii) forest resources inventory and needs; and (iii) land resources management.

Burundi is rich in natural lakes including Lakes Tanganyika, Cohoha, Rweru and Rwihinda. Lake Tanganyika, is at altitude of 774 metres, is 677km long, and is the second deepest lake (1470 metres) in the world, and is the largest freshwater reservoir in Africa (18880 km³). It is also a reservoir of biodiversity hence its classification as a heritage of humanity.

Burundi has forests covering about 172,000 hectares, representing seven percent of the national territory, including 103,000 ha occupied by natural forests and 69,000 ha of artificial forests. The annual rate of deforestation is now nine percent. The causes are mainly the pressure on the forest resources caused by using wood as the main source of energy and by the search for new farmland. The bush fires are also wreaking havoc in the country, burning large areas of wood every year.

Burundi has lost 50 percent of its forest cover in the last 25 years according to the UN Food and Agriculture Organization. There is an alarming situation of deforestation and climate change in Burundi. The forests cover hectareage could disappear in about 25 to 33 years. To

⁷ Barbier 2011.

face these challenges, Greening Burundi⁸ has launched initiatives to ensure climate justice in Burundi and large number trees have already been planted starting in the Bubanza, Cibitoke and Bujumbura Provinces.

Regarding other forms of natural capital, the roles of fisheries and landscapes (for tourism) have been noted. For fisheries Burundi needs to do more to tackle illegal, unreported, and unregulated fishing.

To exploit landscapes more effectively for tourism countries are looking to develop ecotourism further. As alluded to above, the potential for ecotourism in Burundi is significant but not fully realized. If properly utilized, it could yield considerable economic and social benefits for local communities while safeguarding natural resources. While specific data on the revenue generated by ecotourism is not readily available there is evidence that ecotourism is growing and can be a source of additional revenue.

⁸ <https://www.greeningburundi.org/>.

V. CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Conclusion

Burundi has the potential to promote new sectors in the green economy to fuel sustainable, resilient, and inclusive growth that will benefit the people of Burundi for years to come. However, several provisions exist that augur well for the green economy. The Yaoundé Declaration (1999) adopted at the summit of Heads of State of Central Africa and the Treaty relating to the conservation and management of forest ecosystems in Central Africa of February 5, 2005, demonstrated the political commitment of national governments to sustainably manage forest ecosystems. Beyond these general provisions, the Declaration of ECCAS Ministers of May 2012 on the development and promotion of the green economy in Central Africa further illustrates the attraction of states in general, and Burundi in particular, for this new model.

Mobilizing finance for green growth and climate action in Burundi to meet the estimated need will require that the private sector plays a major role. Actions should be taken to leverage the opportunities for private sector investments in adaptation and mitigation of climate change, while reducing the barriers to private sector investments. This will involve tapping into the emerging innovative private sector financing mechanisms for green growth and climate action.

Natural capital also plays a major role in climate finance. Renewable natural capital plays a major role in the economies of East Africa. Work

is needed on estimating the value of renewable energy sources such as sunshine and wind as well as that of landscapes and biodiversity. The Ministry responsible for environment is planning to undertake studies to estimate the volumes of natural capital and the needs. A financial support is required to accompany the Ministry in its vision. All development partners should include environmental protection and adaptation to climate change as a component of new development projects to stimulate private sector financing.

Natural capital has not grown over the last quarter century to keep pace with population and so the per capita level of such wealth has declined. If this is to be reversed in the coming years action will have to be taken to prevent loss of forest ecosystems and marine biodiversity as well as harnessing the returns from these systems in a sustainable manner. More can also be done to exploit clean energy resources. The role of non-renewable assets is much smaller in Burundi compared to other parts of Africa. However, in areas where such resources are present, careful management to the benefit of the country at large, as mentioned, will be important.

For crop and livestock farming, more goods and services can be generated in value terms by investing in new technologies, as well as extending the value chains. This may require bringing in foreign partnerships in selected cases. For forests, there are several incentives that can be introduced to reduce loss or damage to the forests and to increase the efficiency with which carbon can be captured. These should

Mobilizing finance for green growth and climate action will require that the private sector plays a major role alongside effective coordination between national-level and sub-national-level institutions led by the OBPE and the ministry responsible for the environment.

be pursued vigorously. In addition, accessing international mechanisms to market carbon credits at higher prices will increase unit rents a great deal.

Below is a set of recommendations for different sets of stakeholders with indications of whether these should be implemented in the short term [S], medium term [M] or long term [L].

5.2 Policy recommendations for private sector financing for climate change and green growth

5.2.1 National Government

- **Transitioning to a greener economy**, less dependent on natural resources, requires ambitious reforms to unlock new sources of growth, create jobs and reduce poverty and inequality.
- **Strengthening human capital** by promoting education and technical and vocational training from the first years of the school curriculum, and by aligning the education system with real employment opportunities. The high unemployment rate and skills mismatch could thus be reduced, especially among young Burundians. Social protection programs also need to be reviewed and expanded.
- **Diversifying the economy** through the opportunities green growth offers to achieve this goal. Efforts towards this objective include the development and revitalization of agriculture, fisheries, industrial production and exports, the promotion of ecotourism, environmental services, and digital services.
- **Strengthening the business environment** by reforming investment legislation and streamlining investment incentives, including those applicable in special economic zones and increasing access to finance for small and medium enterprises
- **Promoting policies and reforms** in support of greener and inclusive growth, investing in human capital development – through improving the national education system,

promoting market-aligned qualifications and manual skills, and the strengthening of the social protection sector.

- **[S] Ensuring vertical coordination** by national level institutions responsible for facilitating the implementation of green growth and climate action frameworks. This should be led by the OBPE and the ministry responsible for the environment.
- **[S] Implementing rapidly the sustainable financing frameworks** that were developed during the implementation of the current NDP 2018 – 2027.
- **[M, L] Mainstreaming green skills development** into education institutions to ensure that there is a continuous supply of green skills to enable the transition to green growth. This should be led by the Ministère de l'Education Burundi.
- **[M] Developing multistakeholder platforms** that link the domestic private sector with other international actors such as MDBs, DFIs and international private sector institutions that are sources of private sector finance. Already the Chamber of Commerce and Industry has expressed interest to spearhead the engagement of the private sector.

5.2.2 MDBs and DFIs

- **[S] Become less risk averse** by further engaging with the Burundi Government to identify ways to provide affordable capital for green growth and climate change investments. Already, the World Bank, the UN system and other agencies are leading in resource mobilization especially through such sources as GCF and GEF.
- **[M, L] Use innovative financing instruments** that de-risk private sector investments, particularly in non-energy sectors such as water and health infrastructure development. Burundi could also tap into the IMF RSF resources, which can strengthen climate-related spending, monitoring, fiscal planning, public investment management, climate-

related risk management for financial institutions, and disaster risk reduction and management.

- **(M, L) Stimulate private entrepreneurship.**
The private sector is hampered by lack of competitiveness, barriers to investment and the dominance of the public sector in the economy.

5.2.3 The domestic and international private sector

- **[M, L] Collaborate with the national government,** MDBs and DFIs and other private sector actors to identify key risks to investments and propose ways of addressing these investment risks.

5.2.4 Developed country governments.

- **[S] As shareholders of MDBs and DFIs,** developed country governments can instruct these institutions to be less risk averse when financing green growth in Burundi and providing additional capital to these institutions.

5.3 Policy Recommendations for increasing the contribution of natural capital to climate finance and green growth

- a. The Burundi government should increase investment and efficiency to increase rents on cropland and pastureland, taking account of climate change impacts. This is something that needs to be undertaken in the short term and continued in the coming decades, even as new resources such as nickel are exploited.
- b. The Burundi government should promote and enforce stricter policies and regulations protecting forests and preventing illegal logging.
- c. The government should exploit landscapes more effectively for tourism by developing ecotourism further as a short to medium term.
- d. The Burundi government, development partners and developed countries should look at the means for making natural capital more productive in the region through strategic partnerships with state-owned enterprises and foreign investors.

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ANNEX 1: BURUNDI

SELECTED INDICATORS

Indicateurs	Unité	2010	2015	2018	2019	2020	2021	2022 (e)	2023 (p)	2024 (p)
Comptes nationaux										
RNB aux prix courants du marché	Million \$ E.U.	1,917	2,682	2,758	2,731	2,688	2,761	...	...	...
RNB par habitant	\$ E.U.	210	250	240	230	220	220	...	...	...
PIB au prix courants	Million \$ E.U.	2,032	2,811	3,317	3,369	3,475	3,804	4,325	4,848	5,371
PIB aux prix constants de 2010	Million \$ E.U.	2,032	2,403	2,710	2,832	2,824	2,911	3,027	3,163	3,310
Croissance du PIB en termes réels	%	5.1	-0.4	5.3	4.5	-0.3	3.1	4.0	4.5	4.6
Croissance du PIB par habitant en termes	%	0.3	-2.6	2.2	1.1	-3.1	0.4	1.3	1.7	1.9
Valeur ajoutée : Mines et carrières	Million \$ E.U.	10	12	16	15	13	15	18	...	...
Valeur ajoutée : Mines et carrières	% du PIB	0.5	0.4	0.5	0.5	0.4	0.4	0.4	...	...
Valeur ajoutée : Pêche	Million \$ E.U.	...	...	...	...	...	...	...	...	...
Valeur ajoutée : Pêche	% du PIB	...	...	...	...	...	...	...	...	...
Prix et Monnaie										
Inflation (IPC)	%	6.6	5.5	-2.7	-0.6	7.3	8.4	18.7	10.3	9.0
Taux de change (moyenne annuelle)	monnaie locale / \$ E.U.	1,230.7	1,571.9	1,783.1	1,845.5	1,915.1	1,973.5	2,031.8	2,085.8	2,137.1
Finances publiques										
Recettes totales et dons	% du PIB	25.4	16.8	17.7	20.0	20.0	19.9	19.1	18.5	18.6
Dépenses totales et prêts nets	% du PIB	32.6	24.8	22.2	24.4	26.1	22.7	24.2	23.3	22.3
Déficit (-) / Excédent global (+)	% du PIB	-7.2	-8.0	-4.5	-4.4	-6.1	-2.9	-5.1	-4.8	-3.7
Secteur extérieur										
Variation des termes de l'échange	%	85.6	-27.4	9.6	53.3	-12.3	1.6	-18.7	4.5	1.3
Solde des comptes courants	Million \$ E.U.	-301	-358	-346	-349	-322	-418	-579	-585	-340
Solde des comptes courants	% du PIB	-14.8	-12.7	-10.4	-10.4	-9.3	-11.0	-13.4	-12.1	-6.3
Dettes et flux financiers										
Service de la dette	% des exportations	1.4	13.7	9.1	8.7	8.5	7.5	11.4	12.4	11.4
Dettes extérieures totales	% du PIB	22.4	17.5	16.9	18.0	17.5	19.9	19.3	27.6	28.8
Flux financiers nets totaux	Million \$ E.U.	691	257	418	667	464	644	...	...	...
Aide publique au développement nette	Million \$ E.U.	628	367	451	554	481	590	...	...	...
Investissements nets directs en prov. de l'étranger	Million \$ E.U.	1	7	1	1	8	8	...	...	...
Indicateurs Démographiques										
Population totale	Millions	9.1	10.7	11.5	11.9	12.2	12.6	12.9	13.2	13.6
Taux d'accroissement de la population totale	%	4.8	2.2	3.0	3.3	2.9	2.7	2.7	2.7	2.7
Population urbaine	% du total	10.2	11.5	12.7	13.0	13.4	13.8	14.2	14.6	15.0
Espérance de vie à la naissance	ans	57.1	60.2	61.7	62.4	61.6	61.7	62.0	62.5	63.3
Indice synthétique de fécondité	naissances par femme	6.3	5.7	5.4	5.3	5.2	5.1	5.0	4.9	4.8
Pauvreté et répartition des revenus										
Pop. vivant en dessous du seuil national de pauvreté	% of total population	...	...	...	...	...	...	...	...	...
Population vivant en dessous de 2,15 \$ pa	% of total population	...	...	...	...	...	...	...	...	...
Indice de Gini	%	...	...	...	...	...	...	...	...	...
Indicateurs d'emploi										
Participation de la Population Active (total)	%	79.5	79.3	79.6	79.5	78.5	79.1	79.7	79.8	...
Participation de la Population Active (jeune)	%	57.1	52.4	52.4	52.3	51.8	52.1	52.9	53.2	...
Taux de chômage (total)	%	1.6	1.5	1.0	0.9	1.0	1.1	1.0	1.0	1.0
Taux de chômage (Jeune)	%	2.3	2.7	1.7	1.4	1.7	1.7	1.6	1.5	1.5
Bénéfices tirés des ressources naturelles										
Total des bénéfices tirés des ressources naturelles	% PIB	23.9	15.5	12.6	12.9	12.4	...	...	...	...
Bénéfices tirés du pétrole	% PIB	...	...	...	...	...	...	...	...	...
Bénéfices tirés du gaz	% PIB	...	...	...	...	...	...	...	...	...
Bénéfices tirés des minéraux	% PIB	0.2	0.1	...	...	...	...	...	...	...
Bénéfices tirés des forêts	% PIB	23.7	15.4	12.6	12.9	12.4	...	...	...	...
Bénéfices tirés du charbon	% PIB	...	...	...	...	...	...	...	...	...
Ressources renouvelables du capital naturel										
Terres arables	1000 hectares	950.0	1,200.0	1,200.0	1,200.0	1,200.0	...	...	...	...
Terres agricoles	1000 hectares	1,833.0	2,033.0	2,033.0	2,033.0	2,033.0	...	...	...	...
Autres terres	1000 hectares	541.1	255.4	255.4	255.4	255.4	...	...	...	...
Terres forestières	1000 hectares	193.9	279.6	279.6	279.6	279.6	...	...	...	...
Forêt plantée	1000 hectares	113.0	113.0	113.0	113.0	113.0	...	...	...	...
Retraits annuels d'eau douce, total	des ressources internes	2.8	2.8	2.8	2.8	...	...	...	...	...
Production totale de la pêche	Tonnes	17,322.3	21,446.0	21,860.0	21,927.0	21,039.0	...	...	...	...
Financement climatique et croissance verte										
Financement climatique total*	Million \$ EU	...	...	...	...	195.5	...	...	...	...
Indice de croissance verte**	%	41.9	45.4	44.1	45.2	45.2	45.2	...	...	...

Source : Département de la statistique de la BAD; FMI: Perspectives de l'économie mondiale, avril 2023 et Statistiques financières internationales, avril 2023;

Département de la statistique : Plateforme des données (base de donnée), avril 2023; OCDE, Division des systèmes statistiques.

Notes: ... Données non disponibles (e) Estimations (p) Projections

Dernière mise à jour : juin 2023

* Source: Climate Policy Initiative (www.climatepolicyinitiative.org)

**Source : Institut mondial de la croissance verte (GGGI). Les scores de l'indice de croissance verte vont de 1 à 100, 1 ayant la performance la plus faible ou très faible et 100 ayant la performance la plus élevée ou très élevée



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