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Royaume des Pays-Bas

BURUNDI BUSINESS INCUBATOR (BBIN)

FINAL REPORT



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Acronyms

BAP	Burundi Agribusiness Program
BBIN	Burundi Business Incubator
BDS	Business Development Services
EAC	East African Community
IFC	International Finance Corporation
NAR	Dutch Development Cooperation
NGO	Non Governmental Organization
SME	Small and Medium Enterprise
UNDP	United Nations Development Program
USAID	U.S. Agency for International Development

Introduction

In September of 2008, the Dutch Development Cooperation (NAR) and USAID committed to the pursuit of establishing a business incubator to support enterprise creation and development of the private sector. The Burundi Business Incubator (BBIN) was to be aimed at reviving the Burundian entrepreneurship and supporting the re-emergence of a competitive business sector following 15 years of political, economic and social crisis.

A needs assessment and pre-feasibility study at the end of 2008 demonstrated the need for and potential viability of a business incubator, following which USAID and NAR agreed on a plan to finance the creation of the business incubator. The vision was to use an innovative model that would stimulate investment, grow enterprises of different capacities, scale, and geographic mix, and which would be designed as a sustainable institution that would increase its development impact over time through a business oriented model.

With no other structures actively supporting development of the small and medium enterprise sector in Burundi, the potential scope for the BBIN was vast, and USAID and NAR set a wide array of objectives for the institution. They hoped to use the BBIN to complete training of young professionals aspiring to become successful business people, help the business community access market information, improve the alignment of Burundian businesses to be more competitive within the East African Community (EAC), improve equal access to opportunities for Burundian businesswomen, adding a new voice to the lobby for legislation to promote commercial activity, help Burundian entrepreneurs look beyond the borders for new markets, promote responsible business practices (replacing corrupt practices) and creating domestic and regional linkages that would foster and reinforce entrepreneurship in Burundi.

With such a daunting list of objectives for a new local institution in a country with recognized human resource limitations, a very creative approach would be required. The incubator would need to do much more than just provide services to a few enterprises but also tackle the systemic constraints that have been preventing all private enterprises in Burundi from growing.

OVERVIEW - 2012

Today, after nearly three years since the project's formal inception, the BBIN is a not-for-profit social enterprise that provides business development services (BDS) to Burundian businesses and entrepreneurs. These services include business skills trainings, business plan drafting assistance, improving access to finance, coaching and consulting services, and access to a network of current and former Burundian entrepreneurs and business people. The BBIN's most novel product for Burundi is incubation, which provides Small and Medium Enterprises (SMEs) and start-ups with a mix of specifically tailored services for a period of up to three years, allowing them to better deal with the difficult growth phase.

The BBIN was founded by 20 leading local Burundian institutions with a stake in promoting entrepreneurship and small business development. These include banks, insurance companies, universities, microfinance institutions, telecommunication companies, youth groups, and large private companies. Since funding for the BBIN was provided by USAID and the Dutch government, the founding members were asked to provide their time, networks, and knowledge to the new venture. Crucially, founding members were identified and adhered to the BBIN before

any money was truly invested in the creation of the incubator. This ensured greater buy-in by the founding members.

After two years of operations, the BBIN has become Burundi's primary institution in enterprise development. It has trained over 400 individuals in diverse business trainings, has provided access to quality facilities and internet to 15 different companies, and is currently incubating its first five start-ups. It is a key partner not only for local companies, but also for foreign institutions involved in private sector development, notably the IFC and the UNDP. With the help of Dutch based BiD Network, it has organized Burundi's first two national business plan competitions, and is in talks with Burundi's largest telecommunications company to organize the first entirely local business plan competition.

The BBIN has done this all while charging market prices for each and every one of its services. This is despite detractors saying that no one would pay for trainings. Burundians and foreigners also argued that business plans written by individual entrepreneurs would never gain traction, and that qualified Burundian entrepreneurs were more likely to go work for an NGO or a large Burundian company than to start their own business. The BBIN's successes prove them wrong.

This report discusses the approach used to create and build the capacity of the BBIN. The report will cover the start-up phase, at which time DAI took vital steps to ensure strong local ownership for the institution, as well as to develop an appropriate market oriented business model. It will then discuss the BBIN's growth phase and achievements, focusing on how it dealt with multiple issues identified during the start-up phase. It will conclude with a discussion of key achievements, lessons learned and suggestions on how the implementing partner might modify its strategy if starting a new incubator.

Creating the BBIN

In February 2010, USAID using funding from the Dutch Cooperation contracted DAI, its implementing partner for the Burundi Agribusiness Project (BAP), to take on the creation of the BBIN. While the Dutch were funding the technical assistance, USAID had a property under custodianship that they could contribute. The program would follow a two phased activity starting with developing a more detailed business plan, with hard figures on targets for its services and revenue demonstrating the potential for operational sustainability, followed by the creation and capacity building of a local institution to fulfill all the objectives outlined above.

THE BBIN CONCEPT AND BUSINESS PLANNING

In February, 2010, DAI brought in a team of three individuals to carry out the necessary analysis to determine whether a business incubator was truly viable in Burundi and to determine the interest by the Burundian stakeholders in taking ownership and driving the future institution.

In 2010, there was no effective market for training and business development services for SMEs in Burundi. The few local business training courses were either too expensive for the average Burundian entrepreneur or being provided by NGOs at subsidized rates. Years of conflict and NGO interventions had resulted in a strong view among many Burundians that trainings were something one got paid to attend, not the other way around. In order to become sustainable, the BBIN would need to develop the local market for consulting, training, and advisory spaces, where service providers would provide these services at prices that would sustain them and would also fit within the budgets of their clients. So initial market research focused on existing training courses and their costs, existing service providers, the market for office rental (looking at size of space and pricing), knowledge of and demand for training services, amounts people had paid and would be willing to pay, and the market for administrative services (photo-copy, internet, printing, etc). The researched identified what services entrepreneurs were looking for, what they were willing to pay for (and at what price), and where the gaps in the market were. As the service “incubation” did not exist, the research focused on the strengths and weaknesses in businesses and missing elements that could make them stronger.

The DAI team’s ultimate business model was backed by market research, experience, and financials. The BBIN would offer four basic services: space, training, advisory services, and secretarial services. This last service was to help ensure the BBIN was a true “one stop shop” for both companies in incubation and those simply renting space. With these



elements, the design team was able to elaborate initial detailed training and incubation products, with market related pricing to enable it to develop a full business plan, with income statements, balance sheet and cash flow to understand the implications on sustainability.

BBIN OWNERSHIP, GOVERNANCE, AND MANAGEMENT

One of the frequent challenges facing the development of sustainable support institutions is long term ownership and financial viability. Too often, projects deliver services to the targeted clients (in this case SMEs) without a clear picture of who will perform the service in the future and how to do it profitably. This invariably leads to severe challenges of institutional viability.

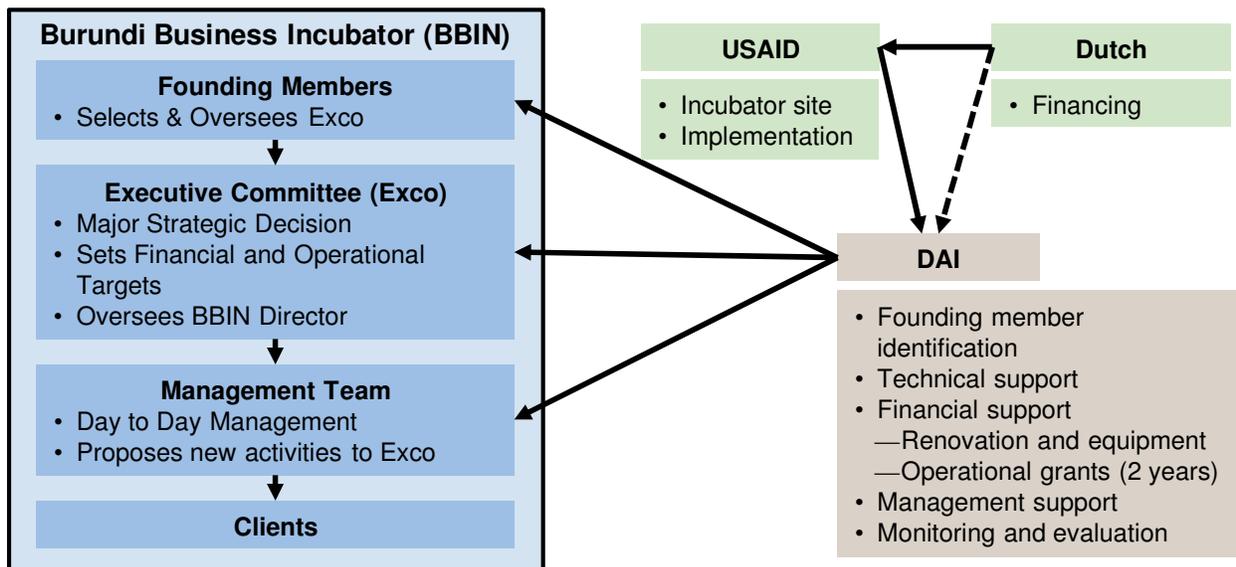
Anticipating this problem, the team institutionalized the incubator from its first day of operation, with a local ownership structure, local registration and a management team that knew it would be responsible for the BBIN after project support was gone.

DAI and USAID reviewed different legal options and settled on the creation of a not for profit institution founded by local stakeholders. While a private ownership model might have been preferable, there were no local companies or investors willing to put their own money into creating a business incubator, an as yet untried concept in Burundi. However, there was strong local interest in the creation of an incubator from associations and service institutions, so DAI approached most of the private sector development focused organizations in Burundi, to recruit their participation in establishing the incubator. These included business member organizations (whose membership would benefit from the BBIN services) like the chamber of commerce, the association of Burundian women entrepreneurs; private institutions (who would benefit from stronger clients) like banks, insurance companies, telecommunications companies, and public service organizations like Rotary International. Membership was entirely voluntary, and the DAI team presented the value proposition to the founding members of the long term potential benefits of an incubator for them and their country. Twenty founding members were retained from within Burundi's private sector stakeholders.

At the first general meeting of the founding members, which approved the statutes and regulations, the founding members elected an Executive Committee (Exco) to act as a supervisory board for the incubator, with an observer from the donor agencies (in this case DAI's Chief of Party), to help the Exco in its discussions and to make sure USAID funding regulations were followed. Submitted in June, the BBIN's statutes were officially approved in July by the Minister of the Interior, and it became a legal institution.

From the first days of the BBIN, the Exco was implicated in all high level decisions. It selected and hired the management team. It approved the BBIN budgets, and held meetings to track the incubator's progress, managed the audit committee, and chaired the selection committee for incubatee clients.

Operationally, the day to day management of the BBIN falls to the BBIN Director who reports to the Exco. Global experience shows that the Director plays a critical role in the success of the incubator. He must be entrepreneurial and treat the incubator like a business, for which he has profit and loss responsibility, not just something to manage. Though this can result in differences of opinions between the Director and the Exco, it is this divergence that leads to creativity, innovation, and ultimately, better management of the BBIN. While the Exco holds the final decision power, the Director is given much leeway in how to achieve his objectives and to propose new means to achieve the BBIN's social and financial goals.



LAUNCHING THE BBIN

The BBIN held an initial launch in July, 2010 to present its new concepts, especially the development of a commercial market for SME business training services. Attended by more than 80 stakeholders, including people who had participated in initial trainings, this preliminary launch started a buzz about the BBIN. Following the completion of all the refurbishing to the BBIN building (including wiring for networks and internet installation), the BBIN was officially opened by the second vice president of Burundi, the U.S. Ambassador and the Dutch Chargé d’Affaires, on November 4th, 2010. The official opening of the incubator was attended by the founding members, representatives of the business community and the diplomatic corps, donors and the press that included a tour of the incubator and a mini trade show of the organizations represented by the Founding Members.



Photo: USAID/Burundi

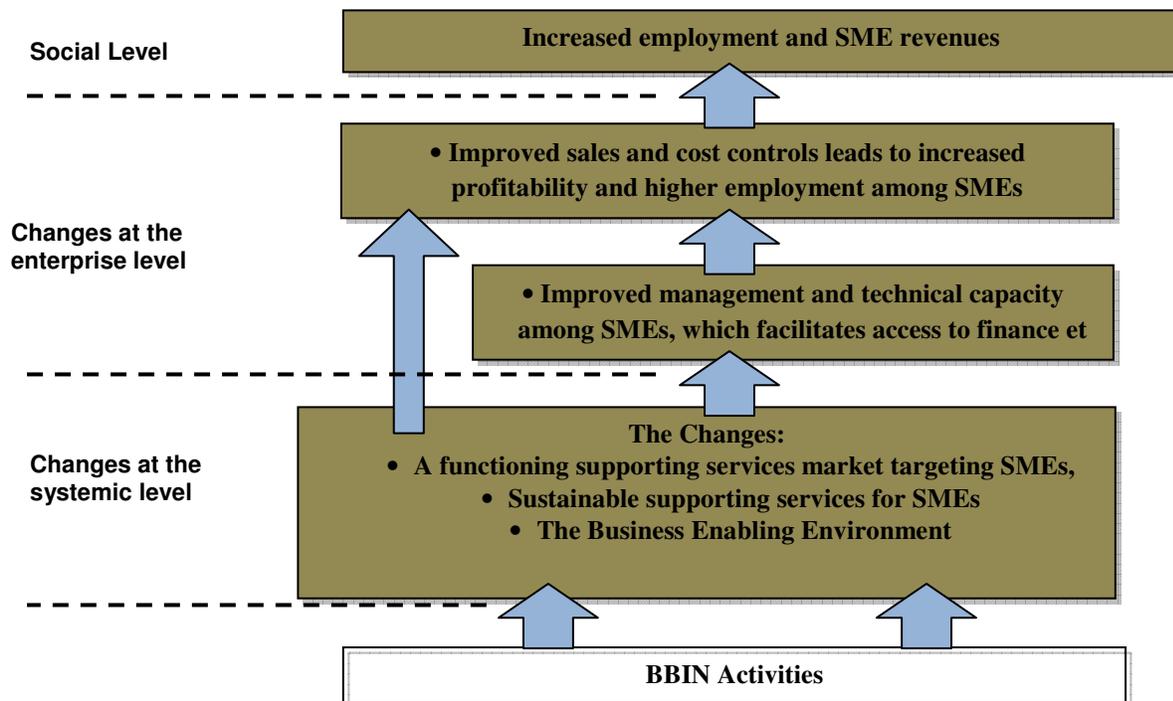
Left to right: Mr. Kornelis Willem Spaans, Chargé d’Affaires of the Netherlands; Second Vice President of Burundi, Gervais Rufyikiri; and the U.S. Ambassador to Burundi, Pamela Slutz at the launch of the first Burundi Business Business Incubator that will boost the private Sector.

Technical Approach

APPROACH TO SYSTEMIC DEVELOPMENT

While the BBIN has a specific objective to become a sustainable institution, it was also intended to serve as a catalyst improving the overall environment supporting SMEs in Burundi.

FIGURE 1: FRAMEWORK FOR THE BBIN IMPACT LOGIC



Systemic changes: the BBIN's activities were designed to have an impact on the overall operation of SME support systems in Burundi. These changes include:

- **Core market:** Changes in the way in which the core transactions at the center of the market occur. For example, change how businesses work with their regular clients by using better marketing procedures, better pricing, and therefore have an uptake in their sales.
- **Supporting services:** Changes in service provision, such as training technology, infrastructure and information. How small firms purchase supporting services such as training or legal advice, how small firms are able to access loans from banks, as well as the development of overall capacity within those supporting services (availability of content and numbers of trainers), and the availability of business support infrastructure in general.
- **Rules:** Changes in the regulations, policy and rules which define and impact on the relations between SMEs and the other actors in the private sector (this was a lesser focus of this project and was addressed only where it is a key binding constraint).

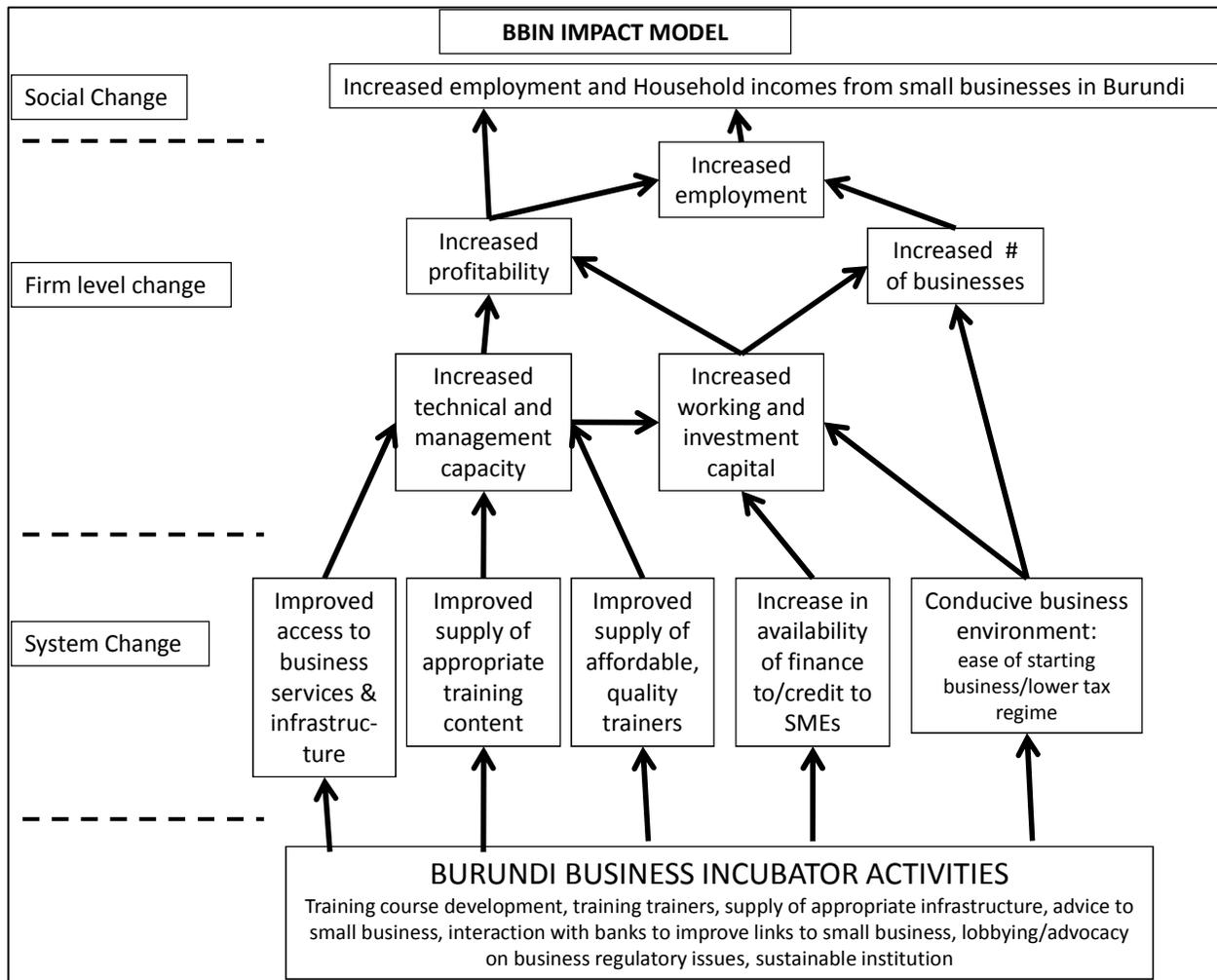
Changes at the firm level: With the improvement in the availability of supporting services and a more favorable regulatory environment for SMEs, the BBIN will be able to impact the management capacity of SMEs and their profitability. The link between the changes at the systemic level and those at the firm level is specific and clear.

Changes at the social level: The overall goal is to have an impact on the overall income and employment in the population, generated by the improved performance of the SMEs.

In the chart on the next page, we identify five changes in the systemic environment which have been targeted by the BBIN and its activities.

- First is the access to services and infrastructure to support SME development. Specifically, this addresses the creation of the BBIN as a sustainable institution to serve SMEs. In addition, if additional incubators are created while imitating the success of the BBIN, this will increase the available infrastructure and services. As of the end of October, 2012, the BBIN is well on its way to sustainability, with more than \$220,000 in reserve and an operational sustainability level of 80 percent.
- Second is the creation of a market for training. This requires two components, training courses with adapted content appropriate for the Burundian SME environment at affordable prices, as well as trainers capable of giving the courses. Neither of these existed before the initiation of the BBIN, which now has 15 courses that it is delivering to SMEs and has helped to develop more than 30 trainers in Burundi. During its first full year (2011), the BBIN delivered 34 million BIF worth of training, and in 2012 should deliver 50 million BIF of training courses, demonstrating that there is a paying SME market for the courses.
- Third is the increase in the availability and offer of credit to SMEs. Here, the role of the BBIN is not to provide the credit itself, but to prepare the SMEs to gain access to credit from banks, as well as to improve the initiatives from the banks to lend to SMEs.
- Finally, the BBIN targets the improvement in the business enabling environment for SMEs. Here, the BBIN's role is to serve as a facilitator of meetings between SMEs and government officials to give a voice to the SMEs, to improve the understanding on the part of the government of the SME's problems, and to organize events to stimulate a more favorable business environment.

FIGURE 2: BBIN IMPACT MODEL



SPECIFIC APPROACHES TO INCUBATION AND TRAINING

Considering that incubation was an unknown product in Burundi in 2010 and that there existed no SME specific market for business training services (one where the SMEs themselves would pay for the training to be received), the BBIN would need to define these products, create awareness within their target market (SMEs), demonstrate their effectiveness and roll them out.

BUSINESS INCUBATION

Business incubation is essentially a subsidized service in support of SMEs that is dependent on the SMEs wanting to set goals and then to achieve them. In order to justify the subsidy, the BBIN has a stated target to incubate “high growth potential” SMEs. The “business incubation” product proposed by the BBIN was one that would support these SMEs with access to space (at below market rates), reductions on the cost of training courses, free advisory services from the BBIN staff and mentors, assistance with the preparation of their financial statements, and reduced rates for many business services such as access to internet, etc. This process would last

up to three years, so clear commitment would be needed the incubatees. To gain access to these subsidized services, the incubated SMEs would need to provide a reciprocal commitment to establish targets and try to achieve them. The BBIN staff would then be able to measure the progress of the SMEs against those targets to justify their continued participation in the program.

It rapidly became apparent that few SMEs in Burundi had any clearly defined targets for growth. In fact almost no SMEs had a real business plan to drive their businesses, letting the businesses develop more organically through trial and error. If an SME did have a business plan, it had usually been drafted by an outside consultant with little involvement from the owner primarily to submit to a bank to access credit, not as a business management tool. So for the BBIN to accept clients, it would have to first help them to develop their business plans, through a program which it defined as “pre-incubation”.

Pre-incubation is a product to provide the potential client SMEs or individuals wishing to create an SME with access to the services needed to develop their business plans and establish their targets. Elements within pre-incubation include training in writing a business plan (what sections go into a business plan, and how to carry out the analysis needed to write the business plan), space with access to internet and services from which to do their research, and a sounding board from the BBIN management on the development of the products. It was expected that the pre-incubation process would allow firms to finalize their business plans and set their targets within 3-6 months, and then be able to gain entry to the formal, long term, incubation process.

MARKET FOR TRAINING SERVICES

Training is a complementary part of the business incubation process. Formally organized courses are needed for the small businesses to be able to learn the skills needed to improve their operations. In 2010, there was no market for training services for SMEs. No one was delivering business management courses on a regular basis for SMEs as there was neither technical content to deliver nor effective demand (i.e. where SMEs would be willing to pay the cost of delivering the courses), so the BBIN needed to set about developing both.

The initial course developed and offered by the BBIN was the “Business Concepts Course” (BCC), developed specifically for Burundi to serve as an introductory course to get down the basic elements of a business for individuals before they started their businesses. However, when it was first tested (sold at a profitable fee rate) on owners of existing successful SMEs, the owners rapidly realized how little they actually knew about how to think about doing business. The course met with rave reviews from these individuals and the next couple of rounds of courses rapidly sold out; in fact the BBIN had to slow down as it did not yet have an adapted follow-on “Business Planning” course for them to take.

The BBIN then proceeded to develop its own courses on “Identifying a Business Idea”, “First Steps to Starting a Business”, and “Business Planning” (which would come after the BCC), creating a sequence of courses for entrepreneurs to take to bring them along the path towards laying the foundation for their business. The courses were of varying lengths and all priced to fit the target market’s purchasing power, while still being profitable to the BBIN.

In addition to the entrepreneurship courses, a series of practical business management courses were needed to support the businesses in their own development, either as incubatees or as external businesses. As very little appropriate content exists in Burundi for this, the BBIN has

gone outside to the IFC, which has developed a range of business management courses for small businesses, using adult education techniques. The BBIN was the main driver behind drawing the IFC into Burundi with its Business Edge program (which led to three other firms getting

Business Champion: from concept to opening in 6 months.

In January 2012, Nina Kabayabaya decided she wanted to leave her job at a local non-government organization and start her own business. Unfortunately, the college educated young woman had no real prior business training or experience. Worse, she couldn't even decide on which of her many potential business ideas she should focus on.

Nina took the BBIN's Business Concept Course and realized two things: she wanted to open a restaurant and that even though she had never done something like this before, the BBIN could help her do it. She decided to enroll in the BBIN's pre-incubation program and develop her business plan. After two months in pre-incubation, she was selected as one of the finalists for the SHIKA business plan competition. Though she didn't win the competition, the hours of mentoring, one on one coaching, and support from the BBIN's staff allowed her to create a good, viable, and realistic plan. In fact, her plan helped her secure a loan from the Banque de Credit de Bujumbura (BCB), one of Burundi's largest banks.

On August 1st, 2012 Nina opened her new restaurant, Champion. Her business idea has become a 5 employee business in just six month. Though she is happy in her work, she is now dealing with the management and operational challenges facing all new business owners. However, she now knows who she can count on for support, and is planning to enroll in the BBIN's Incubation program in early 2013.

franchises to sell the courses), is now introducing these courses into the market.

ENHANCING ACCESS TO CREDIT

The BBIN's approach to helping SMEs access credit stems primarily from its business plan development, which puts the accent on the entrepreneur's ownership of his business plan, and on helping to introduce entrepreneurs to the banks. This has been a secondary thrust of the BBIN's, thus far, but will be accelerating in importance in 2013 as BBIN has a larger number of firms with completed business plans and more incubator clients which are submitting applications to financial institutions. However there have been some indirect results, as noted in the box below,

On the other side of the desk – facilitating access to finance

Amelie Nimbona was frustrated by her job as a mid-level manager in a Burundian bank. Very few of her potential clients could put together a proper loan request. She also knew that her bank, like most banks in Burundi didn't lend based solely on merit. Connections and access to key individuals were important factors which further limited the average Burundian in his quest for financing.

So Amelie quit her job and started SIOB, a consulting firm to assist loan applicants and facilitate their access to credit. Her concept was for her clients to pay her a set fee and a small percentage of the loan she helped to secure. Unfortunately, she quickly discovered that she needed a clear business plan, the same as loan applicants, yet she did not know how to write one.

The BBIN helped Amelie in writing and improving her business plan. Even after she launched her company, she regularly visited the BBIN. In fact, after a discussion with the BBIN director on marketing, she was able to triple her yearly revenue in just three days. She still plans on stopping by in 2013.

improving the systemic aspects of accessing finance.

BUSINESS ENABLING ENVIRONMENT

Thus far, the BBIN's involvement has been primarily as a representative, among others, of private businesses. While many of its founding members are Business Member Organizations (BMOs) and speak for their members, the BBIN is able to provide an outside Burundian

perspective on the current status of the SMEs, insights into their needs, and bring real life examples to bear in the dialogue on the enabling environment. The BBIN's role is to participate in the dialogue and to push on those issues which it sees as the most important for the overall enabling environment.

REACHING OUT BEYOND BUJUMBURA

While the BBIN is based in Bujumbura and business incubators typically focus on a concentrated geographic area, the BBIN's reach has penetrated into the interior of the country. Through its work with local NGOs, such as COPED, linking into the University of Ngozi, or the training in business planning that the BBIN has carried out for numerous other projects and donors (such as GIZ, RET, etc.), the benefits of the BBIN work are penetrating into creating rural enterprises, as well as developing many businesses in urban areas, that are dependent on supply from rural producers.

Reaching into Rural Areas: Sonia SPRL

The rural city of Makamba is located a 138 km Southeast of Bujumbura, and is turning into a trade hub for truck circulating between Burundi and Tanzania. Athanase Ndacasaba, owner of the import/export and agricultural production company SONIA SPRL, sees the change taking place in his city and wants to capitalize on it. He is hoping the BBIN will help him do just that.

Over the course of 2011, Athanase took the BBIN's 1st steps, business concept, and business plan courses. Since then he has added 26 employees, most of which work in the company's fields but some who also act as vendors in different parts of Makamba. Still feeling he needs to improve his business model, he is planning to enroll in the BBIN's pre-incubation program in early 2013 to flesh out his business plan.

PARTNERSHIPS

Within the framework of this impact model, the BBIN alone is not able to achieve the systemic change; it needs many partners in the process and the BBIN has adopted a very participatory approach. The BBIN seeks outside partners to expand awareness of its existence, its technical offering and its reach. Some of the main partners (in addition to its founding partners USAID and the NAR) include:

- Its Founding Members,
- The IFC with whom it has a franchise agreement to market and deliver the IFC developed Business Edge training courses. The IFC provides training of trainers, supervision of training courses, certification of the trainers, and a steady flow of new course materials;
- BidNetwork, a Dutch international NGO, which has supported the development of a business planning competition – SHIKA. SHIKA is serving as a well-adapted tool for stimulating awareness of the BBIN and attracting local clients; BidNetwork has also trained BBIN staff in an “access to finance” course.
- Local partners who are involved in supporting and promoting SHIKA include three financial institutions (BancoBu, IBB, the CECM), and a cellphone company (UComm);
- The U.S. Embassy, which is providing access to English Language trainers; and
- COPED, a local NGO with which it organizes business entrepreneurship courses and is extending its outreach into rural areas, beyond Bujumbura.

The Outputs Leading to Systemic Change

As of the end of October, 2012, the BBIN has made significant progress in becoming recognized as a central player in the realm of SME development in Burundi. It has created a new market for training services, which is growing slowly but surely, but has progressed more slowly on the actual function of incubation of the SMEs.

TRAINING

The BBIN delivered 43 trainings between January 2011 and October 31st 2012. In that time it was able to train 414 different individuals, with an expectation to reach 450 before December 2012. Since some of the individuals came to multiple trainings, the BBIN actually trained 557 participants over the two years of the project. The table below highlights the demographic breakdown of the people trained.

The original 2010 BBIN business plan set a target of 30 percent of its beneficiaries as women and youths. The BBIN has exceeded that target, but hopes to increase the number of women and youths trained until they consistently represent at least 45 percent of beneficiaries by 2015.

TABLE 1: DEMOGRAPHIC BREAKDOWN OF TRAINING PARTICIPANTS

	2011	2012 (thru Oct)	Total
Total number of training participants	249	308	557
Total Number of individuals trained	186	228	414
Total Number of individual women trained	86	78	164
<i>% of women</i>	46%	34%	40%
Number of individuals trained who were employees	37	114	151
Number of individuals trained who were entrepreneurs	78	61	139
Number of individuals trained who were beneficiaries	32	43	75
Number of individuals trained who were students	22	27	49

The BBIN seeks to promote job creation not only by assisting in the creation of new companies, but also by providing support to existing businesses and other institutions involved in private sector development. This last group is captured in table 1 under the term “beneficiaries.”

Most of the BBIN’s new clients in 2012 came from existing businesses, as half of individuals trained were employees. This is explained by two factors:

- 1) The BBIN’s introduction of the IFC’s Business Edge courses which focus on improving financial literacy and general management for existing businesses.
- 2) An increase by companies in the finance sector, notably banks, wishing to train their employees on what is a business plan so that they can better engage with their clients. Indeed the number of individuals from finance companies doubled in 2012.

Both these elements highlight the systemic impact the BBIN is having in Burundi. First, the BBIN is creating and reinforcing a market for paid trainings after an era of heavy distortion by NGOs that provided free trainings. Second, by training both bank employees and entrepreneurs on how to create a business plan, it is starting to create a “common language” between those who hold capital and those who need it for job creation. This will also hopefully lead to more (and better) lending from the banks to SMEs.

Table 2 highlights the sectors that the BBIN has been working with. It shows that in 2012, the BBIN worked with more sectors, highlighting its growing importance within the Burundi business community as well as the value of offering new training modules via the IFC’s Business Edge product.

TABLE 2: INDIVIDUALS TRAINED ACROSS SECTOR OF ACTIVITY

Sectors	2011	2012	Total
Agriculture & Agri-business	39	26	65
Art & Artisans	0	4	4
Insurance	0	4	4
Audit & Finance	17	32	49
Communications	7	3	10
Construction & Real Estate	9	14	23
Education	2	10	12
NGOs with a focus on Private Sector Development	35	43	78
Energy	1	7	8
General Management & Administration	5	22	27
Hospitality & Tourism	3	13	16
IT	7	3	10
Health	2	3	5
Services	13	20	33
Processing and Manufacturing	5	3	8
Legal Services	0	5	5
Telecommunication	0	5	5
Furniture and light manufacturing	0	3	3
Environment	0	4	4
Other	41	4	45
Total	186	228	414

TRAINING TRAINERS AND GETTING ADDITIONAL COURSE CONTENT

Over the first two years, the BBIN sponsored the training of 15 Burundian trainers to dispense the 16 courses that it has material to deliver. In addition, since the BBIN was pivotal in getting the IFC to bring its Business Edge courses to Burundi, it is also responsible for the inclusion of the three additional training companies which are delivering Business Edge training and have

certified another 15 trainers. This is another demonstration of the systemic impact which the BBIN has been trying to achieve in broadening and deepening the market for training services.

INCUBATION

It has been challenging to get SMEs in Burundi to commit to the incubation process. Even though it is a product that provides highly subsidized services to the SMEs, few firms are willing to sign up for the full package of services, largely because they are not willing to commit to the transparency of committing to growth targets and sharing results with the BBIN, but also because they are not yet certain that they will get actual value from the process. Therefore the BBIN has much active marketing and promotion still to do.

As of the end of October, the BBIN had two firms in incubation within the BBIN, and three associated incubated firms (working from their own spaces). These firms had been formally admitted to the incubation process in April of 2012.

SHIKA, A MAGNET FOR INCUBATION

In 2011, recognizing the slow uptake of pre-incubation and incubation services, the BBIN organized a business planning competition, SHIKA, with a 30,000 euro sponsorship from BidNetwork. SHIKA provided significant advertising and publicity for the BBIN to attract potential clients who would be sponsored by the program. The response was significant with over 190 applications from which the BBIN selected the 15 best to be put through a pre-incubation cycle to help them develop their business plans and compete for the top prize of 10 million BIF. The BBIN was able to attract additional sponsorship from the BancoBu, the IBB, and UCOMM, laying the foundation for broader sponsorship of the event in the future. The final awards event was a large success, and the top two awardees are currently among the five firms being incubated by the BBIN.

BUMOCO: Moringa oil and the SHIKA experience

In 2011, after five years of studying how to process the Moringa Oleifera plant, Bernard Rubarika felt he was ready to start producing and selling Moringa based products. He founded BUMOCO and developed prototypes for a Moringa body oil, a Moringa soap, and a Moringa dietary powder that could help fight malnutrition. He started selling the cosmetics around Bujumbura, but knew he needed to improve his strategy, supply chain, and marketing. The problem was that he lacked both the skills and the capital to achieve these goals.

Bernard then heard about the BBIN's SHIKA business plan competition. After being selected as one of the 20 finalists, he received training on how to create a business plan as well as one-on-one coaching. Though he did not win the SHIKA competition, the help he had received at the BBIN would be invaluable to his success and decided to sign up for the BBIN incubation program.

BUMOCO is now housed at the BBIN facility, and Bernard receives strategic and operational advice from the BBIN staff. He currently has orders for over 2,000 bottles of Moringa oil, and is working with the BBIN to smooth out his production process. Once done, he is expected to generate \$3,000 USD in profit a month.

In 2012, the second SHIKA contest has attracted similar interest, though the BBIN made the application process more stringent to focus on getting more viable applications. With 82

applications, the BBIN was able to select 20 candidates (to allow for some drop outs). These have been through the pre-incubation phase and have submitted their business plans for the competition. The award ceremony will occur in mid-December, 2012.

Api-miel: Sweet Success

Denis Nahimana's idea for the BBIN's SHIKA 2011 business plan competition was to create a company that would bring modern bee keeping and honey collecting techniques to Burundi. After the intense training and coaching provided to the 15 competition finalists, he not only had a business plan, but also, thanks to the exposure that came with being a finalist, received funding from the UNDP.

One year later, Api-Miel is a rapidly growing company of thirty. Throughout the entire evolution of the company, Dennis has come back to the BBIN for trainings and advice. He plans on making Api-Miel grow and counts on the BBIN to help him in his future endeavors.

SHIKA has therefore presented a good opportunity to generate exposure of the BBIN and its products to a broader market. However, the successful applicants are sponsored through their pre-incubation, they do not pay for it but receive it for free (however the cost of the pre-incubation service is paid to the BBIN from the sponsors). Therefore, care must be taken to not allow the business plan competition to undermine the BBIN's goal of developing a paying market for business incubation.

The Results (Impact) from training and incubation

A survey on the impact of the BBIN on its pre-incubation, incubation, and training clients receiving services during the six months prior to the end of the technical assistance, highlighted numerous benefits for the various clients. Three sections below highlight the impact on firm level business practices (way they do business), business performance (profitability), and job creation.

BUSINESS PRACTICES

Firms' business practices improve when they develop new products or improve old ones, improve their services, or their management practices. The survey highlighted most impact on product development, improved financial management, and

TABLE 3: BBIN'S IMPACT ON BUSINESS PRACTICES

As a result of BBIN's services have you...	Percentage of Pre-Incubation Clients Responding "Yes" n=13	Percentage of Incubation Clients Responding "Yes" n=5	Percentage of Training Clients Responding "Yes" n=33
Developed new products or improved existing products/ services	8.57%	20.00%	13.10%
Improved marketing	17.14%	60.00%	15.48%
Improved customer service	8.57%	40.00%	11.90%
Improved management skills	8.57%	40.00%	17.86%
Improved business plan	14.29%	Item not offered	Item not offered
Improved business strategies	14.29%	100.00%	11.90%
Improved human resources management	0.00%	20.00%	3.57%
Improved knowledge of alternative sources of financing	11.43%	40.00%	3.57%
Improved financial management and planning	8.57%	60.00%	15.48%
Reduced costs for the company	5.71%	40.00%	7.14%

BUSINESS PERFORMANCE

The following three tables look at the impact on business performance from a financial perspective for each of the three main categories of beneficiaries. The results (measured only on firms having received services during the final six months of the project support period) demonstrate that many of the participants do better, while none of them did worse. Since this was based on a short period after receiving the services, the results are quite good.

TABLE 4: IMPACT ON PRE-INCUBATION CLIENT'S BUSINESS PERFORMANCE

As a result of working with BBIN, is your Business's performance...	n=13	"Better"	"Same"	"Worse"	"Not Sure"	"Not Applicable"
Annual Sales		15.38%	15.38%		7.69%	61.54%
Net Profit		23.08%	23.08%			53.85%
Net Worth		7.69%	30.77%			61.54%

Table 5 highlights the fact that three of the incubated firms have shown some positive results in the few months that they have been under incubation.

TABLE 5: IMPACT ON INCUBATION CLIENTS' BUSINESS PERFORMANCE

As a result of working with BBIN, is your Business's performance...	n=5	"Better"	"Same"	"Worse"	"Not Sure"	"Not Applicable"
Annual Sales		60.00%				40.00%
Net Profit		20.00%	20.00%		20.00%	40.00%
Net Worth		40.00%			20.00%	40.00%

Table 6 shows that participants in the training programs which had businesses (all those in the "applicable" categories), felt that the trainings had a very strong positive relationship on their profitability.

TABLE 6: IMPACT ON TRAINING CLIENTS' BUSINESS PERFORMANCE

As a result of working with BBIN, is your Business's performance...	n=30	"Better"	"Same"	"Worse"	"Not Sure"	"Not Applicable"
Annual Sales	n=30	40.00%	10.00%		3.33%	46.67%
Net Profit	n=30	43.33%	10.00%		6.67%	40.00%
Net Worth	n=29	44.83%	10.34%			44.83%

JOB CREATION

A truly surprising result is that eight of the Training clients and three of the Pre-Incubation clients reported gains of 124 new workers since working with BBIN. Notably, however, is that the Incubation clients have not created any new jobs, although OPEN-IT did create 26 new jobs in 2011 which are not included in this survey.

TABLE 7: IMPACT ON JOB CREATION

Since working with BBIN, have you hired more employees?	Percentage of Pre-Incubation Clients Responding “Yes” n=3	Percentage of Incubation Clients Responding “Yes” n=1	Percentage of Training Clients Responding “Yes” n=8
If “Yes,” how many new workers have you hired?	15	but not full-time employees because they are volunteers	109

A follow-up with the eight Training Clients which have created the 109 jobs reveals that 50 percent are in the agriculture and agri-business sectors while the largest of the job creators is in the environmental and energy sectors. One of the job creators is a semi-finalist from last year.

But the statistics are best captured in some of the individual cases and how Burundians have built on the services available from the BBIN to develop and promote their businesses.

Clean Start for Burundi Family Cleaning

Benjamin Bikorimana is an entrepreneur who has a nose for telling the difference between quality and garbage. In 2008, he came up with the idea of recycling household waste into peat that could replace the more expensive and less environmentally friendly charcoal. The peat also produces less smoke than charcoal, which would be the overall health of the consumer.

After attending the in BBIN’s Business Planning course in March 2012, Benjamin was able to improve Burundi Clean Family’s service while cutting its production costs. This in turn allowed him to win a large contract supplying local military camps with his special peat. He credits the course, for enabling him to create 60 new jobs in seven months.

Challenges and Solutions

The BBIN has faced many challenges on its path thus far, but has been able to work through most of them.

BUILDING OWNERSHIP OF THE INSTITUTION

Local entities created by donor projects after the activity has started usually fail once the founding donor organization departs. In order to ensure that the BBIN is truly a Burundian institution, it was created as a stand-alone institution from day one. The staff of the BBIN, especially the manager, was integrated into all aspects of the institution as it was recognized that the long term success would reside with their competence. The manager has been given a sense of ownership of the institution, that its success resides on him and his staff, and they are accountable.

But staff come and go, so effective governance structures are needed to ensure the long term viability. The ExCo was integrally involved in the management of the BBIN during its first year, but it was during the strategic planning session for 2012 that the ExCo (Mwaro, 2011) mastered the potential of the BBIN. Cogniscent of the importance of maintaining active participation and buy-in from the other founding members, the ExCo called for a similar planning session with all the founding members. The ExCo initiated a full organizational retreat in March, 2012, in Kayanza, at which 19 of the 20 founding members were present. The report from Kayanza, produced in March 2012, serves as a true reference point of the commitment and ownership by the founding members.

GETTING TECHNICAL CONTENT FOR TRAINING MATERIALS.

We have already touched on the difficulty of accessing appropriate technical content. The Business Edge solution appears to be an appropriate one which will bring more than thirty already developed small business training courses to Burundi. However, getting the IFC to finally come to Burundi was a challenge. It took over 15 months of steady contact and pushing of the IFC's managers of the Business Edge program before they finally organized first Business Edge training of trainers. But they are now present and providing good material for the BBIN as well as other training institutions.

EFFECTIVE MARKETING FOR NEW PRODUCTS – ESTABLISHING THE VALUE PROPOSITION

Creating a market is double edged. It takes not only good content and trainers, but also an effective demand from clients. The latter did not exist in 2010, either for training or for business incubation, and the BBIN has been forced to spend much effort marketing its products and making itself known. Building demand for training and incubation products requires a good “value proposition” which can be easily understood by SMEs, but also constant repetition. Building off of the two launches, the BBIN regularly makes targeted presentations to its founding member organizations as well as other likely sources of clients to increase its visibility. These are finally establishing a “value proposition” that paying for appropriate training leads to stronger businesses.

Marketing the business incubation has been even more difficult, so the SHIKA competition has been an effective promotional tool for raising awareness of the value of good business planning, and is starting to be a feeder into the incubation process.

FINDING, TRAINING AND KEEPING THE RIGHT STAFF

One of the big challenges facing a business incubator, which is presumed to know more about entrepreneurship and small business management than anyone else, is finding people with those skills. Since there was no market for small business training or for incubation in 2010, the people with those skill sets were missing in Burundi. So the project had to build them up from scratch. Visits to incubators in other countries established exposure and a specially organized session in South Africa with a leading incubator management company provided a foundation. But most importantly has been the steady on-the-job mentoring provided by the technical assistance team to the BBIN team.

But well trained staff are highly sought after in Burundi, and there has been high turnover among the marketing position and the training manager position. A strong effort is required to get the right people in place and then to reward them properly.

VERY LOW LEVELS OF BUSINESS SKILLS IN BURUNDI

From a pragmatic perspective, the overall level of business skills in Burundi is very low. This creates challenges for an incubation program, where incoming clients need to have a minimum level of expertise, and for trainings that assume the trainees have a minimum level. The BBIN rapidly learned that the level of its target market was quite low and it has responded with simplifying many of its courses, adding more time to complete the courses, and increasing the levels of mentorship during pre-incubation. These add costs to the overall implementation of the incubators services.

HIGH COST OF DOING BUSINESS IN BURUNDI

Burundi is one of the most expensive countries in the world for access to internet and electricity, which are also highly erratic. As these are two services critical to developing new businesses, they represent two of the main costs of the incubator, and place an additional burden on the financial viability of the BBIN. The BBIN is doing its best to spread these costs among its clients.

Financial Status

There has been significant investment on the part of the funders (NAR and USAID). The financial investment to date of \$1.646 million represents the costs associated with the technical assistance to support the BBIN, the improvements and equipping of the buildings, and covering the operating costs of the center for the past 2 years. Equally important, the BBIN has developed a fully functional financial reporting system using Quick Books, that allows it to present its financials in both the Francophone, as well as Anglophone formats. The finance team is able to run the BBIN as a business, providing the right management reports to track its progress.

THE OPERATING GRANT.

In order to develop the BBIN's internal financial management capacity, DAI provided the BBIN with a \$354,000 operating grant which it used to manage all of its expenses, and on which it reported monthly with its financial statements. Initially, while the BBIN had no money of its own to cover costs, DAI advanced the funds to the BBIN, requesting justification. However in early 2012, once the BBIN had built up a sufficient cash reserve, it started spending its own money first, then claiming reimbursement from the BAP.

FINANCIAL SUSTAINABILITY PERSPECTIVES

As of October 31, at the end of its operating grant, the BBIN was at 80 percent operational sustainability (its revenue from sales of training and business services and rental of space actually covers 80 percent of its operating expenses).

CREATING AN ENDOWMENT.

Since its costs had been fully covered under that operating grant, the BBIN was able to save all of its revenue from sale of services and had accumulated over 373 million BIF (about \$220,000) in own assets. This amount serves as its "endowment", to offset any operating losses in the near future as it pushes towards full operational sustainability. A second element in the endowment is the fact that USAID will continue to put the buildings at the disposal of the BBIN, giving them not only free rent for their own operations, but a source of rental income (currently equal to 60 percent of all revenue) into the future.

OPERATIONAL VS. FINANCIAL SUSTAINABILITY

The perspective for the BBIN's long term operating sustainability is very good. The BBIN is expected to reach 90 percent operational sustainability in 2013, with any shortfalls (estimated at 30 million BIF for next year, down from 60 million BIF in 2012) covered out of its cash endowment.

Pure "Financial sustainability" will be more difficult for the BBIN to achieve, since the BBIN still benefits from the long term subsidy provided by the free use of the buildings as a source of rental income.

Conclusions

The BBIN has been much more than an externally funded program to deliver a fixed menu of services. It has been a process of starting up a social enterprise, with strong support from its investors. It is now a dynamic enterprise that is not only pursuing its own financial viability while having a much broader and sustainable impact on the overall business environment.

SYSTEMIC DEVELOPMENT

The approach of focusing on overall systemic development has been critical to expanding the broader supporting market systems for SME development. By creating a viable supporting infrastructure and driving the development of a viable market for training services, the BBIN is gradually changing the business culture in Burundi. It has not only reached its own clients, but has promoted broader and deeper training systems that are reaching many other clients, and are creating healthy competition between the training companies.

By introducing the concept of a business incubator and demonstrating how it can help a broad range of businesses to start or grow, the BBIN is providing a demonstration effect which is being replicated. A number of other programs are now trying to institute incubators in other parts of Burundi.

EVOLUTION OF THE INSTITUTION, ADAPTING TO THE LOCAL ENVIRONMENT

The BBIN has evolved from the original concept, adapting to the local reality. With an initial focus primarily on incubation, the low levels of entrepreneurial business skills presented a challenge. Therefore the first services to be focused on have been basic training to get existing SMEs to understand the value proposition from applying more scientific methods to their work. This relaxing of the focus on “incubation” is allowing the institution to strengthen its base and bring in the clients to be incubated.

BUILDING SUSTAINABILITY AND LOCAL OWNERSHIP FROM THE BEGINNING

Having a clear vision for long term sustainability from the very beginning is critical, with the realization that sustainability requires ownership, which cannot be rushed. It has taken two full years for the ExCo and Founding Members of the BBIN to realize the full potential of the BBIN. Likewise, the BBIN management team is trying new things, determining what works and what doesn't, and now seems to be on a course of their own devising. If less time had been applied to this, it is unlikely that they would be as ready as they are now to take on its long term governance.

IMPORTANCE OF PARTNERSHIPS TO EXPAND OUTREACH

Finally, the BBIN serves not as a standalone business or institution, but as a catalyst for all types of business initiatives in support of business development in Burundi. As it reaches out and develops more partnerships, drawing people and organizations into its focal purpose, it will be able to leverage more resources and ideas to lead to broader and more systemic impact.