I can’t believe it: I made the request this morning, and in less than 24 hours, I created my company at an affordable cost. This should encourage others to formalize their businesses and strive to expand. It is a great opportunity offered to entrepreneurs such as myself. I hope this will last.”

—Juvénal Nininahazwe, entrepreneur

In Burundi, a country still recovering from civil war, regulatory changes offer entrepreneurs new opportunities to rebuild. With IFC and World Bank support, Burundi has pushed ahead with its reform agenda, making it easier for new businesses to register and pay taxes, trade, and obtain building permits. Burundi has been lauded by Doing Business 2013, a joint IFC-World Bank report, as a top reformer (for the second year running), with sustained reforms paving the way for economic growth and job creation.

Results & Impact

- Launched a one-stop shop for business registration, reducing time to one day from 14 days.
- Reduced business registration costs to 18 percent of GDP per capita from 117 percent.
- Increased the number of registered companies to an estimated 1,500 in 2012 from 700 in 2010.
- Simplified the tax regime for small businesses and reduced corporate income tax to 30 percent, in line with the East African Community.
- Streamlined and reduced the cost of construction permitting.

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The Opportunity

Although Burundi’s civil war ended in 2005, the business community still faced a number of challenges, including instability and an unfavorable legal and regulatory environment characterized by high administrative costs, lack of transparency, and limited protections for investors.

During the war, business owners in Burundi grew used to working below the radar, informally, because of the high costs and time-consuming process associated with registering a business and joining the formal sector. Burundi also suffered from a weak financial sector, an inefficient commercial justice system, limited institutional support for small businesses, and subpar infrastructure (especially in the energy sector).

In recent years, the Burundi government decided to take important steps to reform its business environment to create jobs, spur investment, and foster economic growth. These reforms form an essential building block for Burundi’s new private sector development strategy. Burundi also joined the East African Community in 2007, further signaling that it was making progress towards stability and economic development.

Burundi’s government requested World Bank Group support to institute private sector reforms beginning in 2010. The World Bank Group began by helping to speed up and rationalize key processes including registering a business, dealing with construction permits, and restructuring after insolvency.

Our Approach

The World Bank Group’s Burundi Investment Climate Program is aimed at spurring job creation and investment through a series of sustained reforms. One of the main areas targeted for reform was company registration. Previously, it took an average of two weeks to register a business, so many companies remained informal. Now, entrepreneurs can visit Burundi’s one-stop shop for business registration at the Investment Promotion Agency and become formalized within one day. The cost of registering a business has decreased to $35 from $205. Burundi also initiated reforms to reduce the compliance time and costs of paying business taxes by 10 percent for small businesses.

The World Bank Group also supported reforms to speed up Burundi’s construction permit process. This allows small businesses to build the infrastructure they require to grow and thrive. The change was accomplished in part by lowering the cost for geotechnical studies needed for building permits, and by a newly created one-stop shop for construction permits. These reforms reduced the cost of construction permit registration by more than 70 percent.

In addition, Burundi strengthened its regulatory framework for insolvency and restructuring. This is important because during the conflict, many businesses became insolvent and could not survive. By reforming the regulations surrounding insolvency, the government will make it possible for entrepreneurs to free up capital for new development.

To attract investment and thereby create more employment, Burundi also paid attention to specific investor concerns. With World Bank Group support, the government put in place new investor protections, including new requirements for the approval of transactions and mandatory corporate disclosure for boards and in reports. The government, with support from TradeMark East Africa—a not for profit that promotes regional trade and economic integration—is also working to speed up trading across borders, particularly with Tanzania through the elimination of non-tariff barriers to trade.

Burundi’s progress with investment climate reforms has resulted in recognition from the Doing Business report, which named the country as a top reformer for two years running (2012 and 2013). Burundi has shown itself to be committed to sustaining these reforms and improving prospects for all of its citizens.