Report finds improved business regulations for East African SMEs

A new International Finance Corporation and World Bank report shows that the business environment for entrepreneurs in all five economies of the East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) improved in 2010-2011, as the countries implemented critical regulatory reforms.

The report, released on Wednesday, 11 April 2012, compares business regulations and identifies good practices across the EAC on the 11 areas covered by the World Bank Group's annual *Doing Business* report. The report, *Doing Business in the East African Community 2012*, shows that the EAC implemented a combined 10 regulatory reforms across nine areas measured.

Making it easier to do business

The report finds that Burundi is among the top ten most improved economies worldwide in 2010-2011, with four regulatory reforms: dealing with construction permits, protecting investors, paying taxes, and resolving insolvency.

Rwanda, the top performer in the region, made the most progress over the past six years. Worldwide, it made the second-most progress. Over that period, Rwanda implemented 22 reforms, making it easier to do business across nine areas of regulation.

Additionally, the economy has undertaken ambitious land and judicial reforms, introduced new corporate, insolvency, civil procedure, and secured transactions laws. Rwanda has also streamlined and remodeled institutions and processes for starting a business, registering property, trading across borders, and enforcing a contract through the courts.

If each member country were to adopt the region's best practice for each indicator measured by *Doing Business*, East Africa would rank 19 on the ease of doing business, comparable to Germany, rather than 115.

Over the past seven years, regulatory reforms in the EAC have focused on simplifying regulatory processes - such as trading across borders and starting a business. A popular trade facilitation reform among the EAC economies has been implementing electronic systems for customs declaration. Export time in the region dropped from an average of 40 days in 2006 to 29 days in 2011. Meanwhile, import time was cut nearly in half-from 60 days in 2006 to 33 days in 2011.

This is the third report in this series analyzing business regulations in the EAC. The regional report draws on the global *Doing Business* project and its database, as well as the findings from *Doing Business 2012*, the ninth in a series of annual reports investigating the regulations that enhance and constrain business activity globally.

Download the *Doing Business in the East African Community 2012* report (Size: 7.84MB)