



Using “Doing Business” as a catalyst for land policy reform: the case of Burkina Faso

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Background



Burkina Faso



- Western Africa – landlocked Sahelian country - 274,200 sq km
- One of the world least developed countries (GNI/capita: 460 USD)
- Few natural resources and a weak industrial base
- At least 80% of the population engaged in subsistence agriculture

Background



“Doing Business”

- An annual report of the World Bank/IFC investigating on regulations enhancing businesses activity and those that constrain it
- Follows the entrepreneur from the beginning to the end of a basic transaction by recording every step of the process, and the associated time and cost
- Regulations affecting 10 stages of the life of a business are measured (DB indicators): starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business
- Ranks in each stage, and the overall indicators (181 countries are compared) to stimulate reforms

Burkina Faso's situation according to the first publications of the Doing Business Report



**...The investment climate in Burkina Faso was one of the most difficult
More specifically...**

- September 2005: DB publishes rankings for the first time: Burkina Faso is 154th out of 155
- According to the DB 2006 report data, Burkina Faso was ranked among the 10 last countries in the world regarding 5 of the 10 DB indicators which include Registering Property (148th out of 155)
- Government incensed over portrayal in Doing Business; challenged methodology and data
- Occasion for Dialogue with IFC Senior Management
- *“Instead of always telling us we’re doing it wrong, why don’t you come and help us?”*

Advisory Program Response



“Doing Business Better in Burkina Faso”

- **Program objectives**
 - ✓ Simplify procedures, and abolish those that are unnecessary in order to reduce time and administrative burden
 - ✓ Reduce number of procedures and costs
 - ✓ General target : improve the rankings so that Burkina Faso appears in the top quartile (25%) of African countries
- Started in March 2006, organized around 6 of the DB indicators, extended to 8 DB indicators
 - ✓ Joint FIAS – PEP Africa (IFC) staffing and execution
 - ✓ FIAS international best practices expertise
- Swiss funding for \$2 million; 2.5 year program extended to 4 years, small FIAS contribution

How the Program Works



Generally

- Burkinabe team built strong relationship with Ministers, Civil service, Private sector, ...
- 2 stages of reforms, short and medium term: Built confidence of government in tackling deeper reforms
- Use DB Indicators to set agenda
 - ✓ Don't limit scope to improving indicators, but underlying problems
 - ✓ Show progress on indicators; significant improvements easy from the bottom
- Promoting the focus on Investment climate beyond and after the program:
 - ✓ Partnering with other donors to expand the reach of Burkina's reform efforts;
 - ✓ Promoting Public private dialogue to identify regulatory obstacles to Business within and beyond the DB agenda
 - ✓ Promoting institutional arrangements that will make the effort to reform Burkina's investment climate sustainable

How the Program Works



More specifically regarding Property registration

- Property worse than that captured in DB
- Only nascent acceptance of concept of freehold private land ownership
- Most new investments get government land, in 3 stages process that can take up to 3 years
- Most banks loans not effectively collateralized by full freehold title
- Focus on improving these processes, which with reducing transfer costs and streamlining procedures will improve DB indicator

Results...



Generally

- For the first year of its activities (FY07), the Program facilitated reforms in 4 areas (starting a business, employing workers, registering property, enforcing contracts)
- ... and Burkina Faso became one of the fastest reforming countries in Africa and received an award
- This recognition spurred further reform enthusiasm in the country and for the second year of the program (FY08), Burkina Faso undertook a raft of further reforms in several areas
- ... in the 2009 Doing Business report : the country moved up in the ranking from 164 to 148 out of 181 countries; Burkina Faso is among the world top 10 reformers

Results...



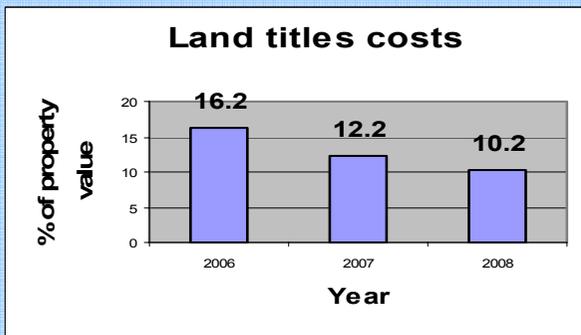
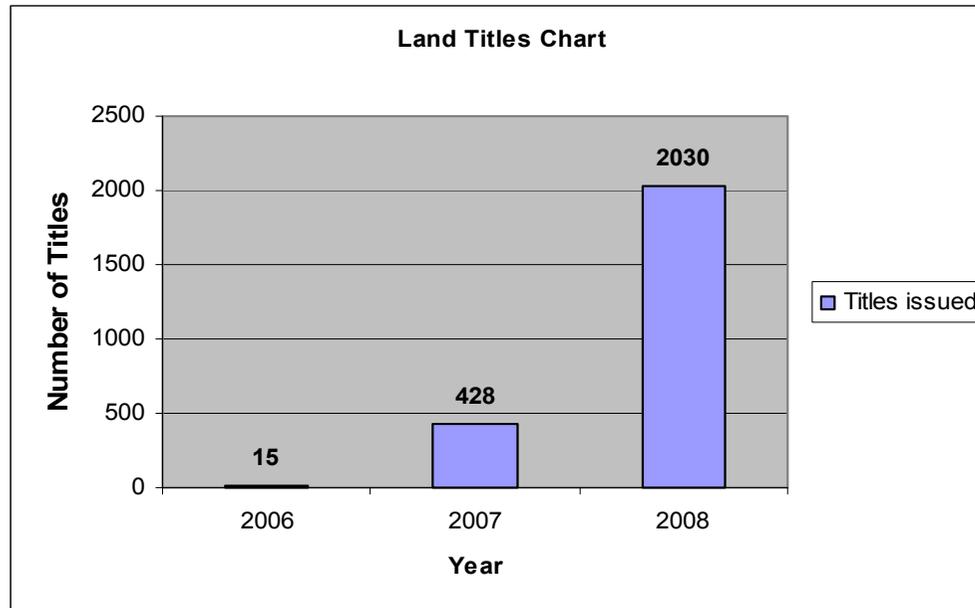
Property reforms

Reforms	Expected Impact
The requirement to receive an authorization to transfer property from the municipality has been eliminated	Cut 1 procedure and 45 days
Payment of fee to publish government's approval and property transfer tax have been merged	Cut 1 procedure
Transfer tax for real property reduced from 15 to 10% and then from 10 to 8%	Reduced cost by 7%
For commercial property, land titles can now be delivered without further investments	Eased access to credit
Fewer documents required to transfer property ("Attestation de situation fiscale" i.e. Tax clearance document) no longer required	Facilitated procedural requirements

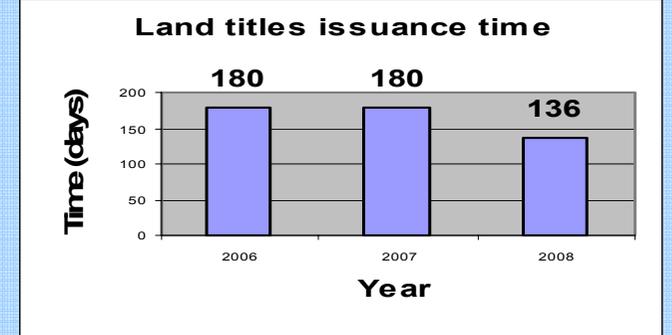
Initial impact ... Property



Substantial progress being realized



Tax revenue, substantial increase.



Next steps



Expand the scope of work

- Further procedures and costs reductions in property (primary titling and transfer) through the implementation of a one stop shop (currently created)
- Partnering with other donors to expand the reach of Burkina's reform efforts:
 - ✓ Investment Climate Facility is already funding the set up of the one stop shop – Will also fund the computerization and the interconnection with other agencies
 - ✓ Create a synergy with the MCA that is already working to ease the access to rural land
- Creating synergy with the upcoming IFC Housing Finance Program that will facilitate access to housing

innovation
partnership
growth

Thank you

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