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The Informal Service Sector
of Bujumbura
A Survey and Critical Analysis

USAID
and
Le Ministère du Travail et de la Formation Professionnelle

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This report is based on a study of the informal service sector of Bujumbura, Burundi. The research was limited to only certain services within the capital. Therefore, the conclusions cannot be generalized to other sectors of the economy such as informal production or formal businesses. The conclusions regarding the regulatory environment and policy implications are limited to that part of Bujumbura's informal service sector that was the subject of the research.

PREFACE

The research presented in this report was conducted under a personal services contract during a six-month period in 1990 by Dr. Elizabeth Adelski. Dr. Adelski is responsible for compiling the tables and drafting parts of the report. She was assisted during the research by Gregory Wong, who also contributed the graphic presentations.

The original study proposal was provided by the Ministry of Labor and Professional Training. Mr. Jean Kabahizi, Director of Studies at the Ministry, provided technical guidance to the team during the entire course of the research and worked closely with USAID to ensure successful research collaboration.

USAID's Private Enterprise Officer, Dr. Donald Hart, suggested the research hypotheses and provided the terms of reference for the research as well as continual technical assistance. Dr. Hart wrote the executive summary, the introduction, and the chapter on policy implications and conclusions.

USAID and the research team would like express their sincere gratitude to professional collaborators who were generous of their time and sound counsel, in particular Carlos Garcia and Eric Demol of the International Labor Organization, Joan Parker and Katherine Warner of REDSO/Nairobi, and Graham White, who supervised all the data input and computer analysis and offered invaluable advice regarding questionnaire design.

All of the enumerators, interpreters, and drivers who worked on the project, traveled in the interior, and explained many aspects of doing business in Burundi deserve appreciation: Robert Bakundukize, Deo Bazagari, Evrard Kiyago, Gabriel Mazimpaka, William Musekelwa, Salvator Ngayimbasha, Patrice Nahokamye, Alexis Sabushimike and Francois Ukobizoba. Finally, we thank the merchants of Bujumbura, without whose patience and cooperation this research could not have been completed.

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EXECUTIVE SUMMARY

INTRODUCTION

This is the first study of Bujumbura's informal service sector and a collaborative effort between USAID and the Government of Burundi Ministry of Labor and Professional Training (MOL). The objectives of the survey are (1) to provide baseline data as a map of part of Burundi's private sector; (2) to further cooperation with the Ministry of Labor; and (3) to provide analyses which will be of use to the Government of Burundi in the formulation of policy and legislation for the microenterprise sector.

The study explores six major hypotheses. The first three hypotheses are related to the economic importance of the informal service sector (level of commercial activity, GDP and fiscal contributions); the others address the degree to which the regulatory environment bars informal entrepreneurs from formal business status, and whether or not the entrepreneurs would prefer formal status if it were available at a reasonable cost. The research also assesses the sector's importance to vocational training and entrepreneurial development.

METHODOLOGY

In consultation with the MOL, the researchers chose the following informal service enterprises for the study: general stores, banana beer bars, flour mills, restaurants, photo studios, hair salons, and electronic repair shops. The census of this population was based on census lists from the administrative offices in Bujumbura's nine urban zones and identified a total of 1,772 of those types of informal services in the city. A stratified, random sample was drawn from this population and 326 informal service owners were interviewed. The research team also conducted 117 interviews in the secondary urban centers of Gitega, Rumonge, and Ngozi, but these data were not analyzed for the present report.

SOCIOECONOMIC PROFILE

The typical owner of an informal service enterprise in Bujumbura is male, Burundian, married, thirty-seven years of age, has six years of education and six other members in his household. Less than one fifth of the owners are women: they do not predominate in any of the sectors surveyed. Three fourths of the owners report that their service enterprise is their principal economic activity, but the majority have other sources of income in addition to these businesses.

The informal services are linked predominately with Bujumbura's central market for supplies and with their neighborhood clientele for sales. Customers from the interior form a significant part of the clientele for one third of these services. The formal sector is less important as a source of supplies and customers; most owners report having no links with that sector. However, 40 percent of the owners have worked in the formal sector, mainly in government offices and parastatals, and almost one fifth are currently employed in formal enterprises.

Salaried workers and family members constitute 90 percent of the labor force; the remainder are apprentices and household servants who work part-time in their employers' shops. The typical laborer is male, Burundian, born outside of Bujumbura and works full-time. Approximately one quarter of these laborers are citizens of the countries that border Burundi. The average monthly salary for a laborer in the informal service sector is 3,700 FBU (\$21). The number of workers employed by the businesses surveyed remained stagnant over a period of four years, reflecting virtually no enterprise growth. None of the owners register their workers with the INSS (National Institute for Social Security), or comply with labor and employment regulations.

Informal services are primarily financed through owners' savings and through loans from relatives and friends. Only 13 percent of the owners have obtained loans from formal financial institutions, and only seven percent have borrowed from informal money lenders.

The study shows that approximately 14 percent of the informal service owners possess a business license (*carte de commerçant*). Respondents indicated that the process for obtaining full legal status is not difficult or time-consuming, although they consider it expensive. They report, however, that formalization confers virtually no advantages for doing business at their level. In fact, increased visibility through business registration with the Chamber of Commerce has a potentially negative consequence by providing easy identification for the levying of various fees. Moreover, the entrepreneurs who are registered only with the municipal authorities, and not the Chamber of Commerce, encounter no regulatory obstacles to daily business operations.

ECONOMIC ANALYSIS

An economic analysis of the data from the 326 enterprises surveyed provides the following information:

Based on owners' estimates, 99 percent of the services surveyed in Bujumbura are worth less than three million FBU (\$17,000), and can be classified as microenterprises. Their average net worth, based on owners' estimates of gross assets, is

265,000 FBu (\$1,500). The average figure for initial investment in a service enterprise is 165,000 FBu (\$943). Calculated at constant 1986 rates, the average increase in value of these enterprises during four years (the average lifespan of the businesses surveyed) is only five percent.

The informal services in Bujumbura generate average annual gross incomes of 465,000 FBu (\$2,660) and show little variation according to the age of the enterprise. This figure is well within the range of earnings previously reported for the informal sector in Bujumbura. Both an earlier World Bank study and this research indicate that the informal sector generates substantial revenues. Two thirds of the owners pay municipal taxes; very few are required to pay income taxes because, according to the Ministry of Finance, their businesses generate incomes mainly for household subsistence.

The following major points can be made about the role of Bujumbura's informal service sector in Burundi's economy, based on 1988 national statistics and this research:

1. Bujumbura's informal service sector generates 823 million FBu annually.
2. The informal service sector's fiscal contribution to the state is disproportionately low (12.9 million FBu in 1989) in comparison to the amount it contributes to the economy (823.3 million FBu).
3. Bujumbura's informal service sector generates two percent of the total value added of Burundi's tertiary sector.
4. Bujumbura's informal service sector contributes nine times the value added of the Novotel, the capital city's largest service enterprise.

CONCLUSIONS AND POLICY IMPLICATIONS

The informal service sector accounts for a significant proportion of all commercial activity in Bujumbura in terms of employment and numbers of enterprises. It also makes a meaningful contribution to GDP. Its fiscal contribution, however, is low in absolute and relative terms. The survey results do not support the hypotheses regarding difficulty of entry to the formal sector. Not only is the process easily negotiated, the informal sector appears to function in a climate of laissez-faire on the part of the administration. Constraints upon its development must be viewed in the context of the low purchasing power of its clientele and the country's macroeconomic problems.

The sector apparently does not provide the type of apprenticeships that would be useful in formal enterprises, and its capacity to absorb more than a fraction of new entrants to the job market is doubtful. This informal sector does teach some basic business skills to owners, but it falls short of creating a class of dynamic entrepreneurs.

The analysis explores policy implications in the areas of business formalization, fiscal policy, credit, and employment. These topics are discussed because legislation and development investment are currently under consideration for each.

The research shows that although the present regulatory legislation does not constitute a barrier to business registration, no positive benefits encourage owners to formalize their businesses. The policy implication is that the government should not consider simplification of procedures a sufficient measure to induce compliance. Facilitative law is also necessary. Formalization should provide access to a legislative framework conducive to investment security, including sanctity of contract and recourse to due process.

The administration's fiscal policy towards the informal sector is relatively benign. The sector's contributions to tax revenue, however, remain small. Greater contribution to local government might be achieved through experimentation with various schemes to reduce tax rates and/or increase collection rates. Consideration should be given to allocating part of the fiscal revenue into activities known to promote business, such as the improvement of local infrastructure.

Although the respondents reported that lack of capital is the major obstacle to developing their businesses, this study does not provide evidence to support their reports. In fact there is evidence that their demand for commercial credit is slight and that low consumer purchasing power is in fact the obstacle to enterprise growth. Traditional credit projects targeting microenterprises would be likely to benefit very few entrepreneurs at high subsidies and disproportionate costs. Consideration should be given to locally organized cooperative savings efforts such as the *tontines* of West Africa.

The sluggish growth of enterprises in the sector, and the stability in numbers of salaried employees, suggests that traditional employment generation projects would not be cost effective. The fact that owners tend to use unpaid family members for additional labor warns that skills training is equally unlikely to generate increased employment.

In conclusion, this research suggests that the administration's non-interventionist stance toward the informal service sector is beneficial. Greater regulation would be likely to depress productive activity, diminish employment, and induce greater degrees of informalization. Public assistance should be preceded by thorough cost-benefit analyses based on data from this and similar surveys, in order to avoid adverse effects on the sector through inappropriate plans to structure it. Ultimately, the actors in the informal sector will most benefit from an overall strengthening of the national economy, which will provide consumers with disposable income, and from an enhancement in the investment climate at all levels.

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INTRODUCTION

RESEARCH ORIGINS AND OBJECTIVES

This report is the result of a collaborative effort between USAID/Burundi and the Ministry of Labor and Professional Training (MOL). In 1989 the MOL proposed three studies of the informal sector in Burundi: two studies of the urban service and production sectors, and a study of informal economic activities in rural areas.

The International Labor Organization (ILO) undertook the study of the informal urban production sector and the rural informal sector. USAID agreed to conduct the study of the informal service sector in Bujumbura and three secondary urban centers. The research is relevant to the objectives of USAID's Burundi Enterprise Promotion Program, a policy reform initiative representing the major thrust of USAID's development assistance strategy in this country. It also serves as an opportunity for USAID to assist a ministry whose activities are central to private enterprise development.

In 1989 USAID conducted a national baseline study of household income and expenditures. A baseline study of the formal private sector is scheduled for completion in 1991. The informal service sector survey is complementary to these two studies. As the second baseline study, this study is intended to deepen the Mission's understanding of the Burundian economy and provide a range of criteria for future evaluation of the Burundi Enterprise Promotion Program (BEPP). Finally, the Mission was aware that various interventions for the informal sector were being discussed at the policy level in Burundi. Accurate information about the sector is essential for planning appropriate interventions. Therefore, one of the principal objectives of the survey is to provide reliable data and analyses for the formulation of sound policy towards the microenterprise and informal sector.

DEFINITIONS

The MOL defines the informal service sector as comprising those activities in which there is no manufacturing or transformation of durable goods. Their list includes:

1. Transportation services (taxis, buses);
2. Hotels;
3. Petty commerce;
4. Stores (food stores, general stores);
5. Bars;
6. Mills;
7. Restaurants;
8. Photo studios;
9. Hair salons;
10. Electronic repair shops

Services four through ten were selected for this study because they constitute the largest part of Bujumbura's service sector, excluding transportation services. The transportation sector was excluded because of its size and its formal, registered status. The research population consists of informal services with fixed establishments, not itinerant entrepreneurs or market vendors.

For the purposes of this research, "urban" is defined as Bujumbura and three primary commercial centers in the interior: Gitega, Ngozi, and Rumonge. This report presents only the data from Bujumbura; a future report will analyze the data from the towns in the interior.

Definitions of the informal sector prove difficult and elusive. Since the term came into use in the early 1970s numerous researchers have explored the phenomenon, but there is no consensus of opinion regarding criteria that can differentiate absolutely between informal (extralegal) and formal (legal) business status. The informal sector in Africa is usually described, rather than defined, as "a large number of economic activities carried out by individual persons or petty enterprises, which generally go unrecorded in official statistics."¹

No official guidelines provide a precise definition of the informal sector in Burundi. Most business activity in the popular quarters, as opposed to the commercial center, are informal. Any business in Burundi is required to obtain a business license (*carte de commerçant*) in order to be legally registered. Preliminary information from a census conducted by the Chamber of Commerce in 1989, however, indicates that less than half of the businesses in Bujumbura have licenses. As many of these unlicensed businesses conform to other criteria that define formality, official registration alone is not a valid criterion for distinguishing formal from informal status. Thus, "formal" and "informal" are relative concepts in Burundi.

¹ ILO, 1985.

This research found that a set of characteristics described in the 1970s by the ILO provides a practical framework for differentiating between formal and informal. The informal sector is characterized by ease of entry, family ownership, small scale of operation, and the acquisition of skills outside formal training systems.² To these our research added: compliance with some but not all legal requirements for operating a business, and microenterprise status. Previous research in Burundi shows that microenterprises here exhibit the ILO characteristics of informality.³ The term "microenterprise" thus is used in this report to denote informal. The term "unstructured" also is used to denote the informal sector, and "structured" and "modern" are used as synonyms for the formal sector. No nuances of meaning are implied in the use of these alternative terms.

THE RESEARCH HYPOTHESES

Six hypotheses oriented this research:

1. The informal service sector comprises a high proportion of all commercial activity in Bujumbura in terms of employment and numbers of enterprises.
2. The sector makes a significant contribution to GDP.
3. The sector makes appreciable fiscal contributions through direct and indirect taxation.
4. Many successful operators in the sector would prefer formal business status if it were available to them at an affordable transaction cost.
5. If barriers to formal status were mitigated, many entrepreneurs would expand their businesses, and the benefits to the economy would increase commensurately.
6. The lifting of barriers would also limit growth of the informal sector by easing a continuous transition of operators and employees from that sector to formal business.

The study also addressed two other questions: (1) To what extent does the informal sector serve as a breeding ground for entrepreneurship? and (2) To what extent is vocational apprenticeship realized in the various informal trades and services?

² ILO, 1972.

³ USAID, 1986b, pp. 2-4.

ORGANIZATION OF THE REPORT

This report is organized into four chapters. The Introduction describes the research origins, objectives, definitions, and the hypotheses tested by the research. The methodology chapter describes the sampling strategy and questionnaire design. The third chapter provides a socioeconomic profile of the research population is a synthesis of the data generated by the survey and an analytic commentary on the data. This chapter includes an analysis of the financial data that provides information for addressing the first three research hypotheses. The fourth chapter presents the conclusions regarding the research hypotheses and discusses the policy implications of the survey results.

The merchants' point of view on compliance with registration and the obstacles to commercial growth is presented in Appendix I. All the tables, including those found in the body of the report, are compiled in Appendix III. Maps, the economist's calculations, the questionnaire, and bibliographic references are included in separate appendices.

Computer printouts of the data are available at USAID.

METHODOLOGY

This survey is designed to generate data compatible with the Ministry of Labor's previous survey of the informal production sector (Garcia 1989). Following the Ministry of Labor's methodology for the survey of that sector, Bujumbura was defined as consisting of nine urban zones (Map I, Appendix VI). Because accurate censuses of the population of informal entrepreneurs are not available from official sources in Bujumbura, lists of the businessmen registered in each zone's administrative offices were used as guides to conduct our own census in each zone. Our census of Bujumbura identified a total of 1,772 informal services in the city.

Other estimates of the number of informal entrepreneurs in the city range from 842 (Mayor's office 1988) to 1,033 (World Bank 1987) to 8,000 (Garcia 1989). The survey conducted by Garcia for the Ministry of Labor in 1989 identified a total of 2,328 entrepreneurs in Bujumbura's informal production sector (Garcia 1989). Our survey identifies a total of 1,772 entrepreneurs in Bujumbura's informal service sector. Both of these surveys of the informal sector found that the censuses of informal businesses available from official sources (the Mayor's office, administrative offices in the urban zones, the Chamber of Commerce) significantly underestimate the number of informal entrepreneurs in the capital. The number of informal enterprises in Bujumbura thus is at least 4,100 (the sum of Garcia's and Adelski's census figures). Note that this number represents only the types of enterprises censused for these two surveys.

The universe for drawing the sample for our survey was defined as those informal service enterprises that were or should have been registered in the administrative offices of each urban zone. This excluded occasional vendors and vendors in the urban markets; the former are not required to register and the latter are registered with the Mayor's office. A stratified random sample was drawn for each type of service in each zone in the city. The two strata consisted of small enterprises (0-3 employees) and large enterprises (4-10 employees), following Garcia's methodology (Garcia 1989). The sample size for each type of service was based on the size of its universe, the research director's assessment of its heterogeneity, and the guidelines of Garcia's survey. Overall, eighteen percent of the informal services censused in Bujumbura were surveyed. Table 1 summarizes the population and sample sizes for the survey in Bujumbura.

The survey questionnaire was designed in French, then pretested and revised by the researchers. The final version was formatted in order to ensure efficient and accurate data input and analysis (Appendix V). A team of eight enumerators was trained by

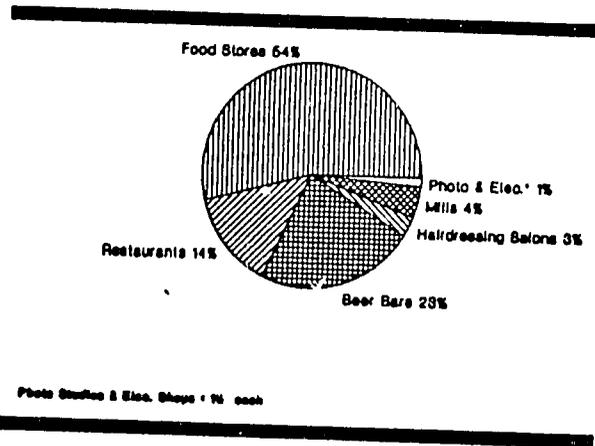
the researchers to administer the questionnaires. A total of 326 interviews were conducted in Bujumbura during the months of May and June. The survey data were input, verified and analyzed under the direction of the Research Director.

The Population and Sample Size of Informal Services in Bujumbura

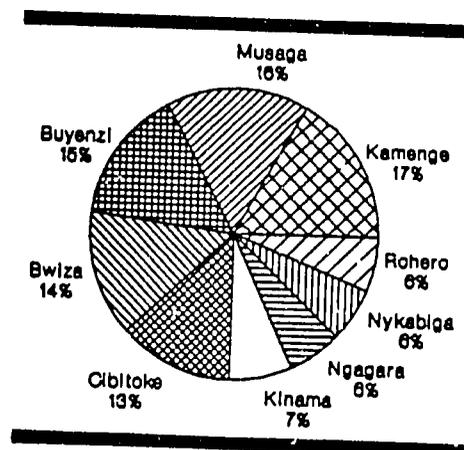
	Population, number large*	Sample, large	Population, number small*	Sample, small	Total popu- lation	Total sample
Food stores (10% sample)	5	5	951	95	956	100
Restaurants (20% sample)	117	25	131	26	248	51
Beer bars (20% sample)	1	1	414	82	415	83
Hairdressing salons (100% sample)	2	2	49	46**	51	46
Hills (33% sample)	1	1	78	24	79	25
Photo studios (100% sample)	0	0	9	8**	9	8
Electronic repair shops (100% sample)	1	1	13	12	14	13
TOTALS:	127	35	1,645	293	1,772	326

* Large = 4-10 employees, small = 0-3 employees.
 ** 100% sample not done because owners were not available for interviews.

Distribution of the Seven Types of Informal Services in Bujumbura



Location of Informal Services in Bujumbura



Three cities in the interior were also surveyed: Gitega, Ngozi and Rumonge. The survey team used the administrative offices' lists in each commune as guides for doing a census of the informal services in each city. A stratified random sample of each type of service was surveyed in these three cities, producing a total of 117 interviews from Burundi's secondary urban centers (Table 2). The data from the interior will be analyzed in a future report.

SOCIOECONOMIC PROFILE

A SOCIAL PROFILE OF THE INFORMAL SERVICE SECTOR

The salient social characteristics of informal services and their owners in Bujumbura include the following:

1. Eighty-two percent of the owners are male, 70 percent are Burundian and 57 percent have a maximum of six years of education.
2. Twenty-two percent of the owners were born in Bujumbura, 16 percent in Rwanda, 15 percent in Gitega, and 14 percent in Bururi.
3. Informal services are the principal economic activity for three quarters of all owners, although the majority of these have other sources of income.
4. Forty percent of the owners have worked in the formal sector, one third have experience in other informal commercial activities and 41 percent have had a business before opening their service enterprises.
5. Salaried workers and family members constitute 90 percent of the labor force.
6. Bujumbura's central market is a major resource for the informal entrepreneurs for supplies, commercial experience and the location of their other enterprises.
7. Links with the rural areas provide agricultural products, clients and labor for the informal service sector; there are few links with the formal commercial sector.
8. One third of these services have no bookkeeping systems.
9. Two thirds of the informal service owners paid municipal taxes in 1989, only 14 percent were required to pay income taxes, and approximately five percent possess a valid *carte de commerçant*.

Demographic Characteristics

The typical owner of an informal service enterprise in Bujumbura is male, Burundian, married, thirty seven years of age, has six years of education and six other members in his household (Table 3). Less than one fifth of the owners are women and they do not predominate in any of the sectors surveyed (Table 4). Only

one quarter of the owners have attended secondary school and only 9 percent have educations beyond that level (Tables 3 and 5). More than half (64 percent) are from Bujumbura and three other regions in Burundi (Gitega, Bururi and Muramvya; Table 3), and approximately 30 percent are citizens of the countries that border Burundi (Table 3).

Informal Service Enterprises in the Urban Household Economy

The large majority of the owners (72 percent) report that their service enterprise is their principal economic activity; that is, their major source of income (Table 7). However, two thirds do have other sources of income in addition to their service businesses: other businesses, land in the interior or working spouses (Table 8, column one). Selling merchandise in Bujumbura's central market or operating a food store are the owners' most common other commercial activities (Table 9). These data provide some interesting insights into the role of informal services in the urban household economy. First, although these businesses may be an individual's principal economic activity, for most people they are only one activity among several that constitute an individual's and his household's economic strategy. Two thirds of the owners report having other sources of income, but our data do not specify other household members' economic activities that contribute to household income. Another factor to consider is the size of these businesses: our data show that they are small businesses (zero to ten employees), which probably limits their contributions to household income. Thus it cannot be assumed that these businesses are the owners' or households' economic mainstays. Previous research shows that the Burundi household economy comprises the economic activities of various household members (USAID/Burundi 1989). A reasonable perspective on these service enterprises is to view them as only one activity, and not necessarily the most important one, in the urban household's economic system.

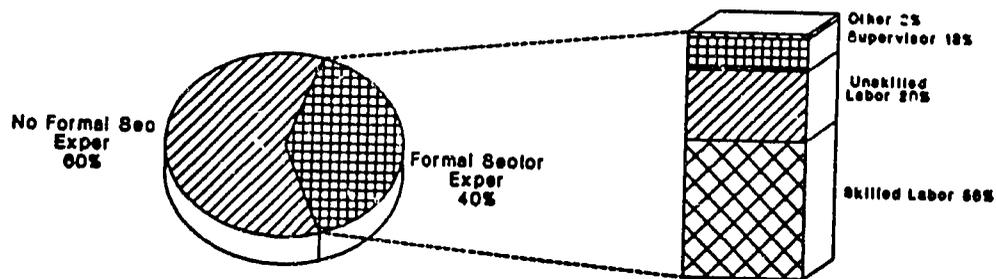
Informal Merchants' Origins and Training

The proprietors of Bujumbura's informal services come from both the informal and formal sectors, as Table 10 shows. One quarter held salaried jobs in the private sector before opening their present businesses, and one third were engaged in informal commercial activities (the first two activities listed in Table 10). The central market of Bujumbura apparently is an important part of the city's informal commercial activity: 18 percent of the owners were market vendors before opening their present business (Table 10), and 28 percent presently work as vendors in the market as well as operating their service enterprises (Table 9). Forty one percent of the proprietors surveyed have operated a business prior to their present service enterprise (Table 11). These proprietors reported that their first businesses were closed mainly

because of low profits, that is, insufficient revenue and insufficient clients (Table 11).

Forty percent of the people surveyed have worked in the formal sector, mainly in government offices and state enterprises (Table 12). A complete list of the formal enterprises where the respondents have worked is given on page one of the code list in Appendix VI. More than half of the respondents with experience in the formal sector (56 percent) reported working as skilled manual laborers but this category includes positions such as cooks, waiters and drivers (Table 12). The average length of employment in the formal sector is six years; short-term contracts and low salaries are two of the primary reasons cited for leaving work (Table 12).

ISS Owner's Work Experience in The Formal Sector



of. Table 12.

Few entrepreneurs have received training in technical schools or through apprenticeships in either the formal or informal sector (Table 14). The technical schools attended by the respondents were mainly the government "centres socio-educatifs" that offer one or two years training in trades such as plumbing or tailoring. The entrepreneurs define apprenticeships as working for a salary in a formal enterprise or working in an informal enterprise, with or without a salary, in order to learn a skill (cooking, hairdressing, photography). Such employment does not constitute a formal apprenticeship that specifies a length of time and level of skill

to be acquired. As a previous study of the informal sector notes, apprenticeship in Bujumbura is learning through "imitation and observation in the shortest possible time" (World Bank 1987). Formal apprenticeships, however, probably are not necessary to qualify people to run most of the services surveyed -- restaurants, food stores and beer bars.

Reasons for Doing Business in Bujumbura

The three major reasons reported for owning service businesses in Bujumbura are low start-up costs, previous experience in the same business, and profitability (Table 16). Low start-up costs are a major reason reported by the three services that represent most of the population surveyed (restaurants, food stores and beer bars). The skills cited as necessary to run a service enterprise are primarily the ability to make clients feel welcome and to do arithmetic (Table 16). Asking the owners what skills they needed and used to run their businesses confounded them; their primary response was that growing up and working was sufficient training to run a business. Forty three percent reported that they needed additional training but this was partly motivated by the belief that the interview was part of an aid project. Their overwhelming perception is that more capital and bigger businesses, not training, will increase their revenues.

General Characteristics of Informal Service Enterprises

The general characteristics of the enterprises surveyed are summarized in Table 18. The large majority are sole proprietorships (86 percent) that were created by the owner himself (93 percent; column one, Table 18). Very few services are owned by non-family associations (five percent), or business partners, and very few are purchased in operation (four percent). Most business properties are rented (55 percent) at an average cost of 4,100 FBU (\$23) per month. About one third of the business properties belong to the owners, which generally means that the business occupies part of the household's compound. Only one third of the services have access to both water and electricity (most of the mills use diesel fuel). Most owners (58 percent) report that they work seven days per week for an average of seven hours per day. Thirty nine percent report that they work longer hours, 9-14 hours per day. The "open-and-close" phenomenon noted by other studies in Bujumbura is apparent in the service sector: 40 percent of the services surveyed have opened since 1989 (Table 19) and only one third have been in operation four years or more.

The characterization of microbusinesses as lacking adequate bookkeeping systems is valid, according to our data. One third of the businesses surveyed keep no financial records at all (Table 20). One third of the owners keep a record of accounts receivable,

a skill that they report is necessary to run a business. Almost half of the owners report keeping books to record revenues or expenditures, but some observations showed that these books are irregular and unclear. Electronic repair shops and photo studios also tend to have receipt books in order to keep track of their clients and services (Table 20).

The equipment owned for operating these service enterprises is limited to the essentials, as Table 21 shows. Almost all of the restaurants (92 percent) cook on *imbaburas* (charcoal braziers) rather than stoves. The refrigerators or freezers that restaurants and food stores own often are broken and stocked with ice, rather than run on electricity. The repair shop owners and hairdressers report that the tools and equipment they need for their trades are not readily available in Bujumbura.

Bujumbura's central market is the major source of supplies for the informal services, particularly restaurants and food stores (Table 22). Few owners (18 percent) have links with the formal business sector as their major source of supplies (Table 22). Formal businesses are the source of supplies for the services that use specialized, imported commercial products and spare parts (repair shops, mills, photo studios, hair salons; Table 23). And restaurants and food stores purchase some packaged foods from the formal wholesalers and large stores. It is mainly the beer bar owners (men who sell non-commercial varieties of locally brewed banana beer) who have virtually no links with the formal sector but do have links with the interior (Table 23): much of their beer is produced in Cibitoke, and every week they travel north to buy it.

Burundi's interior provides three resources to the informal service sector: agricultural products (supplies), clients who come to Bujumbura (sales), and labor (Table 24). Overall two thirds of the owners report having some type of commercial contact with the interior, although the restaurants, food stores and bars have more links with the rural areas than do the other services (Table 24). Many owners of restaurants, food stores and bars buy their supplies (rice, beans, plantains, banana beer) in rural areas and towns, or from the farmers who bring their products to Bujumbura and sell them directly to these establishments (Table 24). Owners report that part of their clientele in Bujumbura consists of visitors from the interior, including those who come to the capital for the services of the electronic repair shops, mills, photo studios and hairdressers (Table 24). And rural Burundi provides labor for the capital's informal services, according to one third of the owners (Table 24). These data show that the informal service sector's commercial relationships with the interior and Bujumbura's central market are much stronger than their links with the capital's formal business sector.

**Major Sources of Supplies:
Where the Bujumbura ISS Merchants
Purchase Their Supplies**

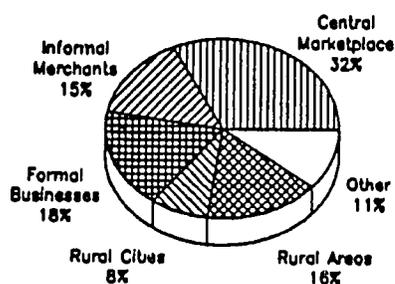


Table 22.

Labor

The general characteristics of the labor employed in the informal service sector are summarized in Table 25. Currently there are 605 people active in the enterprises surveyed, not counting the owners. Salaried workers and family members constitute most of the labor force at present. The former represent 63 percent of all workers and the latter represent 29 percent. The other workers presently employed in the services surveyed are apprentices and household servants who work part-time in their employers' shops. There are 54 owners (17 percent) who report having no employees at all in their shops.

The typical laborer is male (82 percent), Burundian (76 percent), born outside of Bujumbura (78 percent) and works full-time (81 percent). Approximately one quarter of the laborers are from Gitega, a greater proportion than from any other region of the

prevents a more precise estimation of the sector's contribution to the capital's use of labor and wage income.

Taxes and Formalization

Sixty percent of the entrepreneurs surveyed paid municipal taxes in 1989 (Table 33). According to the entrepreneurs and officials in the urban zones there are various reasons for exoneration from these taxes, such as illness, old age, penury and having a new or small business. According to personnel in the Ministry of Finance there are no exonerations from paying taxes but they accept the fact that the officials in each zone make independent decisions in the matter. Although in theory the informal services are required to pay taxes to the municipality of Bujumbura, the zones' officials actually can waive this requirement.

Interviews with the officials responsible for censusing and taxing businesses in the urban zones (the *chefs de quartier*) provide some insight into this situation. Their criteria for defining a taxable enterprise are hazy but instructive: the most important factor is the number of clients and amount of revenue the business generates, which determines the owner's financial capacity to pay municipal taxes. Thus entrepreneurs who are judged to be just making a living may be exonerated from paying these taxes. The type of building occupied by the business (durable materials, size, condition) is another factor in their decision. The businesses surveyed for this research do not pay taxes based on the number of their employees. According to the officials, they decide which businesses in their zone should be taxed and then submit their list to the Mayor's office. The amount of municipal taxes paid by an informal service in 1989 ranged from 2,000 to 42,000 FBU (\$11 - \$240); one third paid 6,000 FBU or \$34 (Table 34).

The types of microenterprises surveyed generally are not required to pay income taxes, according to personnel in the Ministry of Finance. The Ministry's rationale is that this sector generates revenue for household subsistence rather than large profits; in addition, annual profits of up to 100,000 FBU are not taxed (Tax Department, personal communication). Also, the Ministry does not have sufficient resources to identify and collect taxes from these numerous and often evanescent businesses (Tax Department, personal communication). This position toward the informal sector may reflect the recognition that the enforcement of tax regulations would be detrimental to both the sector and the state.

According to the owners' reports, none of them register their workers with the INSS (National Institute for Social Security), so they are not in compliance with the labor laws. In theory the owners are required to register their workers and pay a 5.5 percent tax on their salaries to the INSS.

There are requirements for operating a legally registered business in Burundi, although this research shows that these are not known or enforced at the level of the informal service sector. According to Burundi's Commercial Code, every business is required to have a permit (*carte de commerçant*). Eight requirements must be fulfilled in order to obtain this permit and establish a formal business:

1. Registration with the Ministry of Justice's Registry of Commerce;
2. Establishment of a tax account with the communal and national authorities;
3. Establishment of a savings account with CADEBU (the Savings Bank of Burundi);
4. Payment of annual fees to the Chamber of Commerce;
5. Proof of a business rental lease or property ownership title;
6. Permission to operate from the provincial governor;
7. Establishment of inventory and financial records in compliance with the Business Records (*Livres de Commerce*) Decree;
8. Compliance with the Labor Laws.

However, according to the zones' officials (*chefs de quartier*), the requirements for opening a business in their areas of jurisdiction are quite different and do not necessarily include obtaining the *carte de commerçant*. They report three requirements for establishing a business:

1. Authorization from the Directeur de Commerce de l'Interior, which actually seldom is required;
2. Authorization from the Directeur de l'Hygiene, for restaurants;
3. Registration of the owner's name, type of business and address with the administrator of the zone.

According to both the officials and the entrepreneurs, the third requirement is the most important and automatically registers the business with the Mayor's office/municipality. Neither the officials nor the owners report the necessity of complying with the legal requirements listed above, including obtaining a *carte de commerçant*. As the data in this chapter and Appendix III show,

there are no disadvantages for the service owners for noncompliance with the requirements of Burundi's Commercial Code, or for operating without a *carte de commerçant*. Interviews with the service owners and officials in the city zones and Chamber of Commerce show that the requirements for legally registering a business are perceived differently by the different members of the business community. For the informal service sector there are no penalties for noncompliance and no real advantages for compliance to these requirements. The label "informal" thus loses meaning in terms of the problems assumed to be caused by extralegal business status.

Information from other sources indicates that legal registration and formal business status in Burundi are moot points in general. The Chamber of Commerce conducted a census in Bujumbura in 1989 and identified a total of 1,700 businesses (Chamber of Commerce, personal communication). The census indicates that approximately 25 percent of these are registered with the Tribunal de Commerce in the Ministry of Justice, the first requirement on the above list, and only 17 percent have a *carte de commerçant*. Seventy nine of these businesses, including well known restaurants, hotels and stores on the city's main streets, are formal establishments. But only 66 percent are registered with the Ministry of Justice and only 48 percent have *cartes de commerçant*. The formal entrepreneurs themselves report that compliance with the Commercial Code/legal business status is necessary for operating transportation services (taxis, buses) and for non-nationals. Like the results of our research, this information indicates that the requirements of Burundi's Commercial Code are not applied uniformly to the business sector and therefore that compliance with legal requirements is not a useful definition of formal business status.

The types of formalities fulfilled by the informal entrepreneurs surveyed for this research are summarized in Table 35. Almost all of them (93 percent) have registered their businesses in the urban zones where they operate. Apparently only 82 percent understand that this automatically registers them with the municipality. Very few have registered with the Ministry of Finance or the Chamber of Commerce (21 percent and 14 percent respectively, Table 35). One third of the owners report having a *carte de commerçant*, which entails having an account at CADEBU, but further research shows that this figure is inflated. Follow-up interviews with a subsample of these owners show that in fact they do not have a *carte de commerçant* at all, that someone else in their family does or that they are licensed to operate another business, usually a transport service. We estimate that about 45 people, or 14 percent of those surveyed, actually have a *carte de commerçant*. And it must be noted that theoretically this card is not valid unless the annual fees are paid to the Chamber of Commerce. Only nineteen people reported paying their fees this year (payable by April) and follow-up interviews show that this

figure also is inflated. Our conclusion is that approximately fifteen people, or five percent of those surveyed, have a *carte de commerçant* and have paid their fees this year so that it is valid. The card-owners themselves report that neither possession nor validity makes much difference in doing business: they seldom use their cards to make purchases at the wholesalers, and there is no verification of the payment of annual fees to the Chamber of Commerce.

Legal Requirements Fulfilled by ISS Owners

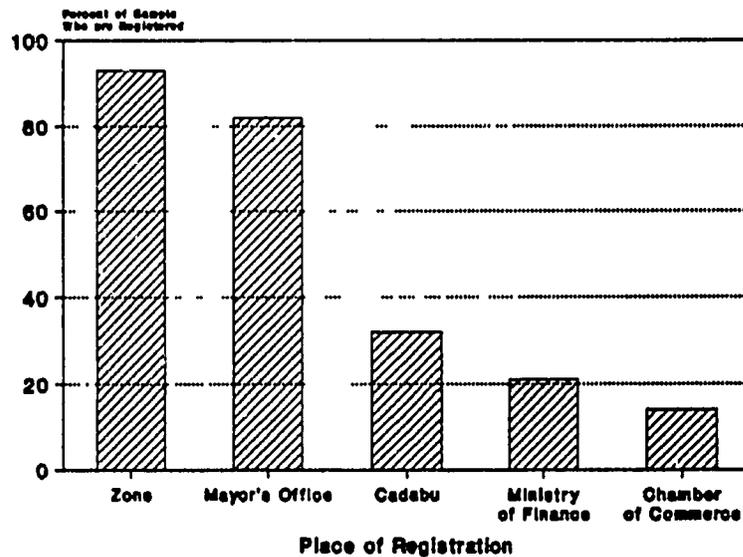


Table 35.

More owners of food stores, mills and photo studios report having *cartes de commerçant* than those with other types of services (Table 36). The former may use their cards to buy goods from wholesalers and the two latter tend to be bureaucrats (*fonctionnaires*) or owners of more than one business, which may account for having cards. Non-nationals generally report that they follow business regulations and have *cartes de commerçant* in order to avoid problems with the authorities, but the proportion of non-nationals with cards is only one third, the same as that reported by the Burundian entrepreneurs (Table 36). The distribution of the *carte de commerçant* in the population surveyed thus shows no pattern that would indicate its importance for a

particular type of service or entrepreneur. The advantages of having a *carte de commerçant* reported by the entrepreneurs are summarized in Table 38. The primary benefit they perceive is being in order with the authorities. About one third of the entrepreneurs report that there are no advantages in having this business permit (Table 38).

According to personnel at the Chamber of Commerce, the purpose of requiring merchants to have a *carte de commerçant* is to identify, control and help them. The permit gives merchants the right to buy goods from wholesalers and importers. The wholesalers are supposed to record the identification number of the buyers' permits so that the government inspectors can identify them and control speculation. The Chamber of Commerce reports that at present there are no penalties for the merchants who do not have a *carte de commerçant*, and could not specify the type of help presently offered to registered businessmen (personal communication). This indicates that the system for organizing the formal business sector is not functional and that, as the entrepreneurs themselves report, there is little practical value in possessing a *carte de commerçant*.

AN ECONOMIC PROFILE OF THE INFORMAL SERVICE SECTOR

This analysis is based on data from the survey of 326 informal services in Bujumbura. Self-reported data and the figures based on self-reported data are identified as such. Two factors must be noted in this section of the report:

1. Self-reported data are unverified estimates; however, because people generally underestimate positive information (e.g. income, profits) the self-reported figures below should be conservative.
2. For the purposes of this research the term daily turnover means total daily cash receipts. Net weekly income is the owner's estimate of net weekly cash income; the value of the owner's labor is not deducted from this estimate. Current worth of the enterprise means the owner's estimate of the present value of his stock and equipment only.

We point out that this analysis of the informal service sector and the extrapolations from our data are presented only as indicators of the relative contribution of the sector to the household economy; they are not presented as definitive statistics.

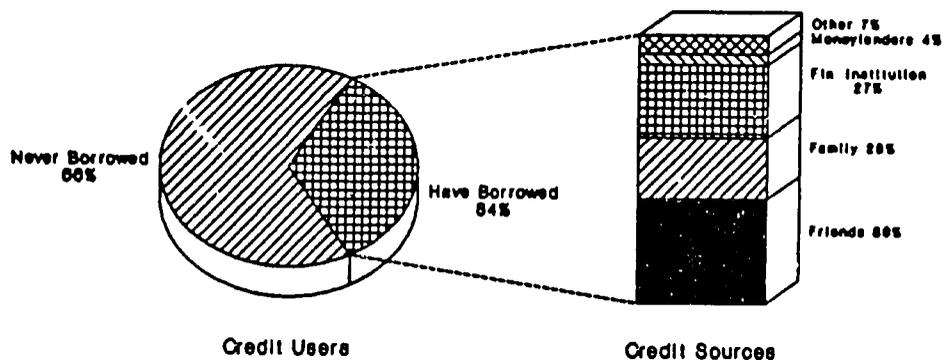
These are the major economic characteristics of Bujumbura's informal service sector, based on the owners' self-reports:

1. Nearly half of the owners have bank accounts but 80 percent never have solicited a bank loan. Only 13 percent have ever received a bank loan.
2. Ninety-nine percent of the services surveyed in Bujumbura are worth less than three million FBU and therefore can be classified as microenterprises (USAID/Bujumbura 1989).
3. Average start-up cost at the 1990 exchange rate = 165,450 FBU, \$945 (175 FBU = \$1 USD).
4. The average estimated current worth of a service enterprise at the 1990 exchange rate is 265,000 FBU, \$1,514.
5. Average weekly expenditures on supplies = 20,184 FBU, \$115.
6. Average weekly turnover = 25,685 FBU, \$147.
7. Average net weekly income = 4,488 FBU, \$26.
8. Average gross annual income calculated on the basis of factor costs = 465,000 FBU or \$2,657. (See Appendix IV for calculations).
9. Average gross annual income for those businesses of more than five years of age is 458,000 FBU or \$2,617, not significantly different from the above. (Calculated on the basis of factor costs; see Appendix IV).

Loans and Savings

One third of the owners surveyed have borrowed money for their present service enterprise (Table 27). Family and friends are the most common sources of business loans; the formal financial sector--banks, CADEBU--are the least common. The median figure for loans from both family and friends is 20,000 FBU (\$114); the average amount of loans is higher, 64,000 FBU (\$366) and 49,400 FBU (\$282), respectively (Table 28) (The median is the 50th percentile, or midpoint of the data's distribution). One fifth of the owners have solicited loans from a bank or other financial institution, and two thirds of them received the loans (Table 29). Banks furnished half of the loans to the informal entrepreneurs and CADEBU furnished one third (Table 29).

Where Bujumbura's ISS Owners Borrow Money For Their Businesses
Table 27



average loan from family = 64,000 FBu
 average loan from friend = 49,400 FBu
 average institution loan = 300,000 FBu

Most entrepreneurs (68 percent) reported that they borrowed money for commercial objectives: to start a new business or develop an existing one (Table 30). The average amount borrowed from a bank is 850,320 FBu (\$4,859; Table 30). The approval rate for those who solicited loans is relatively high (65 percent), but in terms of the total number of entrepreneurs interviewed only 43 people, or 13 percent, have received loans from the formal financial sector. The majority of the owners (80 percent) have not ever sought bank loans because they believe that they would not qualify. They reported that they do not have collateral, do not know the application procedure, and that their businesses are too small to qualify for bank loans (Table 31).

Almost half of the entrepreneurs report having bank or savings accounts (Table 32). Most people (60 percent) report that their businesses contribute to the household income, earning money to pay their weekly food bills for example, but do not generate savings (Table 32). The average amount of savings generated by these services during the twelve months preceding the survey is reported as 24,000 FBu (\$139; Table 32). Like all self-reported

financial data, this figure should be interpreted only as an estimate because people routinely under-report their profits. The lowest savings were reported from photo studios and the highest from restaurants, mills, and repair shops (Table 32).

Start-up Costs

Most of the services surveyed have been in operation for three years or less. The start-up costs discussed here do not take into account the effect of inflation during this time. Starting a service business in Bujumbura requires about three and a half years to save an average of 165,000 FBU (\$943) for start-up costs. The most common source of start-up funds is personal savings (79 percent); loans from banks or moneylenders in the formal sector are rare (Table 39). It takes most entrepreneurs between one and three years to accumulate sufficient capital to open a service enterprise (Table 40). The distribution of start-up costs is presented in Table 40. The median figure for all sectors is 60,000 FBU (\$343). The average investment is 165,000 (\$943), reflecting the higher cost of buying photographic equipment or a mill. Only one-third of the entrepreneurs spent more than 100,000 FBU (\$571) on start-up costs and most of these investments were between 110,000 and 500,000 FBU (\$629 - \$2,857).

Expenditures on equipment constitute most of these start-up costs. Almost all of the owners (93 percent) reported buying the essential equipment for their services when they began operations (stoves, refrigerators, cameras, hairdryers; see Table 21), at a median cost of 23,500 FBU (\$134, Table 41). Fewer owners spent money on rent and deposits (55 percent) or construction (36 percent) to house their enterprises, and these expenditures were lower (Table 41).

Weekly Expenditures on Supplies and Transportation

Table 42 summarizes the owners' weekly expenditures on supplies and transportation. Supplies, or primary materials, for restaurants are foodstuffs (beans, rice, plantains, manioc); for food stores are items such as sodas, sugar, salt, soap; for bars is the banana beer that is purchased once or twice a week in Cibitoke and Rumonge; for repair shops are solder and spare parts; for mills are diesel fuel and oil; for photo studios are film, paper and chemicals; and for hair salons are mainly alcohol and cotton as the clients often bring their own hairdressing products. The median expenditure is 12,000 FBU per week, or \$69 (Table 42). One third of the owners report spending less than that, a maximum of 5,000 FBU (\$29) per week, on the supplies necessary to operate their services.

Restaurants and food stores spend significantly more on weekly supplies than other services. Their average expenditures are

36,000 and 31,000 FBU respectively while the mills and repair shops that buy fuel and spare parts regularly spend an average of 5,800 and 7,700 FBU respectively (Table 42). The large number of restaurants and food stores in Bujumbura, compared to the other services in the city, and their comparatively high expenditures on supplies is an indirect measure of consumer spending patterns and an indication of their economic importance in the urban service sector. On the same basis of comparison, banana beer bars absorb considerably less of the urban consumers' money (Table 42).

Expenditures on transportation for the services in Bujumbura are not high: the average weekly cost for all sectors is 1,500 FBU (\$9). More than half (55 percent) of the entrepreneurs spend a maximum of 500 FBU (\$3) per week on transportation (Table 42). Many owners of restaurants and food stores report that people from the interior deliver supplies directly to their businesses or that they pay the porters in the central market 100 FBU to deliver bulk goods. The bar owners spend more money than the other entrepreneurs as they travel to Cibitoke to buy their beer, at an average cost of 3,500 FBU (\$20) each week (Table 42).

Estimated Current Worth of Services

Based on a prior study by USAID that classifies businesses having gross assets of less than three million FBU as microenterprises, the services surveyed belong in this category (USAID/Burundi 1989). Based on owners' estimates, the average current worth of a service enterprise is 265,000 FBU or \$1,514; the median figure is 93,000 FBU, or \$531 (Table 43). (This estimate is based on the value of their stock and equipment only, as noted in the introduction to this chapter). Half of the services currently are reported to be worth a maximum of 89,500 FBU or \$511. This estimation was most easily made by the owners who periodically take inventory--those with food stores--and those with equipment that represents the value of their business -- mills, photo studios, hair salons. Mill owners report that their mills have appreciated in value during the past few years; generally they are the 15 percent of the respondents whose businesses are worth more than 500,000 FBU (Table 43).

A comparison of the owners' initial expenditures to start their services and their estimates of current worth indicates that their enterprises have increased slightly in value in the past four years. Using both medians and averages to calculate the change in value for a service during the past four years, the average age of the services surveyed, shows an increase of approximately one third in terms of 1990 currency. This drops to an increase of only five percent adjusting for inflation.

Services' Increase in Current Worth Since Start-up

	<i>Initial Investment*</i> (at 1986 exch. rate, \$1 = 115 FBu)	<i>Current worth</i> (at 1990 exch. rate, \$1 = 175 FBu)	<i>Percent increase</i>
Median	60,000 FBu (\$522)	93,000 FBu (\$531)	1.7%
Average	165,000 FBu (\$1,435)	265,000 FBu (\$1,514)	5%

* Calculated at 1986 rates because the average age of the services surveyed was 4 years.

Daily Turnover and Weekly Net Income

The data on daily turnover and weekly net income were reported by the owners themselves and therefore are presented only as indicative figures. They are indicative because most owners do not keep accurate records and cannot check their estimates, as well as because those who earn more tend to conceal it by reporting less. The owners' calculations of weekly net income generally include their expenditures on supplies, transportation, and rent; they generally do not include expenditures on salaries and taxes.

The distribution of daily and weekly revenues generated by Bujumbura's service sector is presented in Table 44. The average daily turnover is 4,670 FBu (\$27); the median is 3,000 FBu (\$17). Two thirds of the owners report earning less than that average, up to a maximum of 4,500 FBu per day (\$26) and only 8 percent report earning more than 10,000 FBu (\$57) per day. Restaurants, food stores and electronic repair shops generate the largest daily turnovers and, except for the latter, more than the average.

Weekly net income falls into a similar range: the average is 4,488 FBu (\$26), and the median is 3,000 FBu (\$17). The value of the owner's labor and other salaries is not deducted from these

estimates, as noted in the introduction to this section. Seventy one percent of the owners earn less than the average weekly income of 4,488 FBu (\$26). Only 10 percent report earning more than 10,000 francs (\$57) per week. Repair shops, restaurants and food stores generate the largest weekly incomes, higher than the average (Table 44).

Using these figures of weekly net income to estimate the annual income earned by a service enterprise gives a range of 114,000 FBu (\$650) to 188,000 FBu (\$1,077). This is a rough estimate based on fifty work weeks per year and the average cost of one paid worker. Previous research reports an annual income of 215,000 FBu (\$1,230) for those households that engage in commercial activities (Hill 1988). USAID's recent survey shows that work in the commercial sector contributes a substantial amount to household income, an average of 207,600 FBu annually (\$1,200) (USAID/Burundi 1989). The figures on annual income reported by this research on the informal service sector thus are comparable to those previously reported as household income from commercial activities.

Calculating the annual income for each type of service surveyed produces a wider range of figures. The annual income for each type of service presented in the table below is based on the average net weekly income reported by each sector, a fifty-week work year and a salary expenditure for one paid worker.

Average Annual Net Income

<i>Sector</i>	<i>Net income (FBu/USD)*</i>
Photo studios	84,000 / \$480
Beer bars	104,000 / \$594
Mills	174,000 / \$994
Food stores	199,000 / \$1,137
Hair salons	234,000 / \$1,337
Restaurants	264,000 / \$1,509
Repair shops	315,000 / \$1,800

* 175 FBu = \$1 USD

According to calculations of gross annual income based on factor costs, annual income does not vary significantly according to the age of the enterprise. The average gross annual income for all the services surveyed is 465,000 FBu (\$2,657) (see Appendix

IV). The average gross annual income for services of more than five years of age is 458,000 Fbu (\$2,617), which is two percent less than the first average. The table below summarizes these data.

Gross Annual Income By Age of Enterprise

<i>Age group</i>	<i>Value added by age group (millions Fbu)</i>	<i>Average gross annual income</i>	<i>Percent of total value added</i>	<i>Percent of population</i>
< 2 years	73.7	485,000	49 percent	47%
2 - 5 years	43.3	425,000	29 percent	31%
> 5 years	33.0	458,000	22 percent	22%
All enterprises	150.0	465,000	100 percent	100%

This is the first study of Bujumbura's informal service sector; the only comparative data available on income generated in the informal sector is from the 1987 World Bank report on informal production. Based on their figures of gross monthly income, the average gross annual income for an informal production enterprise is 636,000 Fbu (\$5,530, at the 1986 rate of 115 Fbu/\$1 USD). Gross annual income for an informal production enterprise ranges from 156,000 Fbu to 1,032,000 Fbu (\$1,356-\$8,974, at 1986 rates). The latter figure seems quite high but some enterprises (garages, mechanics) reported gross monthly incomes as high as 86,000 Fbu (\$748). Our research shows that the average gross annual income for an informal service enterprise is 465,000 Fbu or \$4,044 (at 1986 rates). Our figure is well within the range of earnings previously reported for the informal sector in Bujumbura. The incomes reported in the informal production sector seem high but higher prices for the work done in garages, carpentry shops and mechanical repair shops probably accounts for that. Both the World Bank study and this research indicate that the informal sector generates substantial revenues. The income data from the production and service sectors are compared in the following table.

Gross Annual Incomes: A Comparison of the Informal Service and Informal Production Sectors*

	<i>Range</i>		
	<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>
Services	84,000 Fbu \$730	315,000 Fbu \$2,739	465,000 Fbu \$4,044
Production	156,000 Fbu \$1,357	1,032,000 Fbu \$8,974	636,000 Fbu \$5,530

* *Figures for the production sector are based on the 1987 World Bank report; all figures are calculated at the 1986 exchange rate of 115 Fbu = \$1 USD.*

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CONCLUSIONS AND POLICY IMPLICATIONS

THE RESEARCH HYPOTHESES

The following conclusions regarding the research hypotheses are based on the results of this study:

Hypothesis 1: The informal service sector comprises a high proportion of all commercial activity in Bujumbura in terms of employment and numbers of enterprises.

The informal service sector comprises approximately 40 percent of all of the informal businesses in Bujumbura and 20 percent of all businesses, formal and informal, in the capital city. The 5,000 people actively engaged in the informal service sector in Bujumbura alone represent 20 percent of all salaried employees in the formal private sector of Burundi. These data support the hypothesis above.

Hypothesis 2: The sector makes a significant contribution to the GDP.

Bujumbura's informal service sector generates 823.3 million Fbu annually, which is 2 percent of the value added of Burundi's tertiary sector and 0.6 percent of the national GDP. These services generate average gross annual incomes per enterprise of 465,000 Fbu or \$2,657, which is ten times the GDP per capita. Because national economic accounts in Burundi are not disaggregated by city or province, we can compare the sector as a whole to the largest modern service enterprise in Bujumbura, the Hotel Novotel. Using this as a point of reference, the informal service sector generates nine times the value added of the Novotel and employs twenty-nine times as many salaried employees. These data support the second hypothesis.

Hypothesis 3: The sector makes appreciable fiscal contributions through direct and indirect taxation.

It was not possible to measure the sector's payment of indirect taxes, but given its limited forward linkages to the modern sector, we infer that its fiscal contribution through indirect taxes is low. The sector contributed 9.8 million Fbu (\$56,000) to municipal taxes, 2.5 percent of all municipal taxes collected in Bujumbura in 1989. Income taxes collected from the informal sector in 1989 were approximately 3 million Fbu. As these figures are low in absolute and in relative terms, the third hypothesis is not supported.

The final set of hypotheses are all corollaries of a single premise, that an excessively complicated regulatory system

obstructs a natural tendency towards formalization among prospering microenterprises.

Hypothesis 4: Many successful operators in the sector would prefer formal business status if it were available to them at an affordable transaction cost.

Hypothesis 5: If barriers to formal status were mitigated, many entrepreneurs would expand their businesses, and the benefits to the economy and to society would correspondingly increase.

Hypothesis 6: The lifting of barriers would also limit growth of the informal sector by easing a continuous transition of owners and employees from that sector to the modern one.

The research does not support these hypotheses, or their underlying premise. It does not identify any particular regulations that have a direct, negative effect on the informal sector. At present the government allows the sector to function largely outside the regulatory structure. This position reflects a permissive, laissez-faire stance towards informal status, as well as the intention to grant administrative responsibility to the local authorities. We conclude that it is the national economic context in Burundi that poses constraints on the informal service sector's commercial development. Insufficient revenue and clients were cited by a third of the research population as the major reasons for closing an informal business. The effects of limited consumer purchasing power and competition are evident in the entrepreneurs' low profit margins.

This research also addresses two questions that were not formulated as hypotheses: (1) To what degree is vocational apprenticeship realized in the informal service sector? (2) To what degree does the sector serve as a breeding ground for future successful entrepreneurs in structured businesses?

Apprenticeship is neither common nor formal in the unstructured service sector. Apprentices constitute only 6 percent of the people currently working in the sector, and, as previously reported, their role consists of "learning by imitation in the shortest possible time" (World Bank 1987). People generally acquire the necessary technical skills by working in a service enterprise as paid labor. More extensive vocational apprenticeship is unnecessary because, for the most part, the types of services surveyed do not require specialized skills.

The informal service sector is a breeding ground for entrepreneurship only to a limited degree. The limited revenues of entrepreneurs restricts their commercial growth. Entrepreneurs

tend to diversify their economic activities rather than to concentrate on one, improve a set of skills, develop a growth business, and "graduate" to the formal sector. Entrepreneurial success--owning more than one business, or developing a profitable one--may be related more closely to personality than to the particular skills acquired in the informal sector. Research on the formal sector would provide more insight into this question by identifying entrepreneurs who have "graduated" from the informal sector, and analyzing how they have handled the transition. The present research indicates that working in the informal sector does teach some basic business skills and provides experience for managing small-scale enterprises.

Lack of historical data precludes assessment of the growth potential of the informal service sector. Inferences from revenues reported by the ISS and from the virtual absence of informal credit markets suggest, however, that growth is limited. The capacity of the sector to absorb a significant percentage of the estimated 60,000 new yearly entrants to the job market thus should not be overestimated. The informal service sector does not represent a growing, major contributor to employment or to the economy of Bujumbura, although it does have a role in both, and cannot be ignored in any evaluation of the urban economy and labor force. Its repression would engender serious consequences both for its active participants as well as for the social strata it serves. Policy concerning the sector should be considered in terms of these research conclusions.

POLICY IMPLICATIONS

One of the principal objectives of this research is to provide data which will contribute to the formulation of appropriate national policies in Burundi. We note, however, the limitations of this study. First, the data are from Bujumbura only; second, they do not necessarily accurately represent other parts of the informal sector. Any conclusions extrapolated beyond the informal service sector should therefore be checked against information from other studies in Burundi. The conclusions are intended to encourage public officials and donors to examine policy proposals in the light of new information, and to help them assess the potential economic and social returns of development assistance projects aimed at the microenterprise sector.

This brief analysis will explore implications of the survey data for a few areas of primary concern to the Burundian structural adjustment initiative and to the international donor community.

These areas are:

- o legalization and formalization of business*
- o fiscal policy*
- o labor and employment*
- o credit*

Legalization and Formalization

One third of the merchants interviewed claimed to hold a business license, although we estimate that no more than 14 percent actually possess the *carte de commerçant*. They generally are aware of the requirements for obtaining the license and indicate that they do not consider the process difficult. Although they consider the fees expensive, the fact is that the transaction cost for formalization appears moderate. Transaction costs comprise expenses resulting from cash outlay for permits and licenses, and legal fees, as well as the costs of lost time from productive business activity. There is ample evidence that the legal registration of a small, unincorporated business in Burundi has become a fairly rapid, unencumbered process. The fact that even 14 percent of the owners of the informal service sector possess a business license, including non-nationals, suggests both ease of acquisition and an absence of discrimination against non-nationals at this level.

Based on this research, we conclude that registration procedures for sole proprietorships do not constitute a major constraint on small business development in Bujumbura. Virtually all the businesses surveyed are registered with the administrative officials in their urban zones. This local registration apparently is sufficient to permit visible, continuous commerce from a fixed establishment.

The perceived advantages of full compliance with registration are very few. While owners of food stores with some forward linkages to formal wholesalers say that the *carte de commerçant* allows them access to certain controlled commodities in times of shortage, others view the permit as little more than a shield to minor harassment by the authorities. Over a third of the research population perceives no advantage whatsoever in possessing the license.

The unattractiveness of and consequent indifference towards full legal status indicates a weakness in the local administrative system. Previous research has demonstrated that voluntary compliance with formal legality occurs when a formal system confers

greater efficiency than an extralegal system.⁴ Our research indicates that acquiring legal business status does not provide greater efficiency for doing business in Bujumbura, at least at the microenterprise level. While much has been done to eliminate regulatory obstacles, much clearly remains to be done to create a legal system which facilitates legal and economic efficiency for these businesses.

A facilitative legal system would assure the businessman of protection from unfair or discriminatory treatment by the authorities. It would protect him through the ability to enforce contracts, give him access to services and agencies that grant real assistance to business, and ease his access to formal credit. This would benefit the business community as well as the government. Cooperation with the administration would generate revenues for infrastructural improvements that in turn enhance economic activity.

At the present time in Burundi there is an attitude of laissez-faire towards the informal sector. At the same time, there is a desire to regulate the sector's activities through a *code de l'artisanat* as well as to enforce payment of dues to the Chamber of Commerce and Industry. In the absence of positive benefits, such codification and enforcement are likely to compromise further the low level of productivity of the sector. Perceiving increased visibility as a threat, informal entrepreneurs may recede from the sorts of activities that lead to growth in sales and employment.

The administration cannot ignore the informal sector. Rather than seek to develop it, however, the government should concentrate on creating a business climate which encourages successful entrepreneurs to establish themselves in the legal framework early in their careers. In the meantime, it may be wise to abstain from imposing controls on the informal sector, except those necessary for the protection of the citizenry.

Fiscal Policy

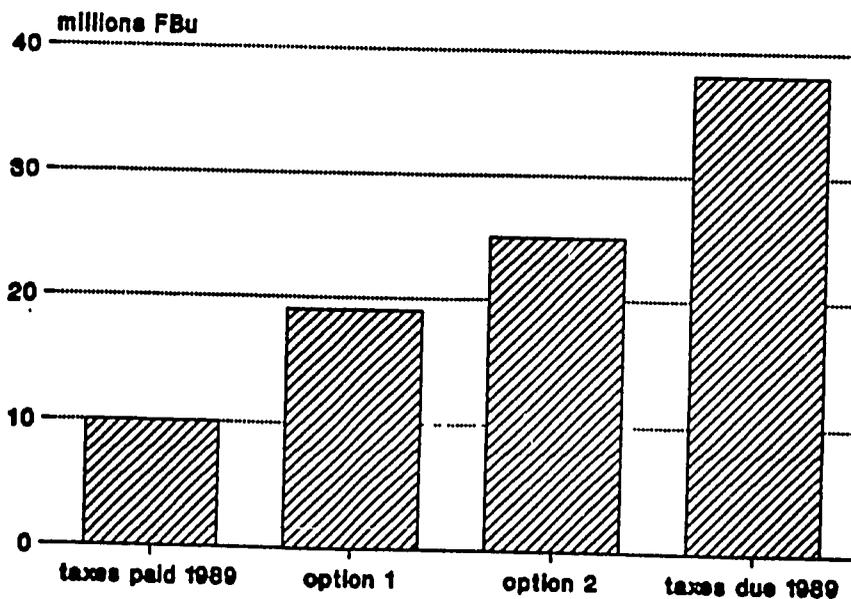
This study provides information on direct taxes through payments of income taxes and municipal taxes, which are excise taxes on commercial activity. The informal service sector's fiscal contribution from income tax payments is very low. The Department of Internal Revenue in the Ministry of Finance reported that limited resources prevent the Department from collecting taxes from the entire informal service sector. Moreover, it does not tax businesses that generate only subsistence incomes. As a result, the Department uses its resources to collect taxes from the minority of informal services that are relatively prosperous.

⁴. DeSoto, 1989, p. 245.

Under-payment of taxes is not, however, confined to the informal sector: one quarter of Bujumbura's municipal taxes due were not paid in 1989, and tax deficits from the informal sector appear to be lower on a relative basis (and much lower in absolute terms) than those from the modern sector. It would, therefore, be inappropriate to recommend a more vigorous application of the rules to the informal sector alone. Such a conclusion would compound unfairness with counterproductive fiscal policy, since vigorous tax collection on the informal sector would be likely to encourage concealment by the entrepreneurs. Preferable options may be to 1) consider various strategies of reduced tax assessment and higher recovery rates and 2) assure that the informal businessmen perceive the direct benefits of paying their taxes.

The following graph illustrates the 1989 payments of municipal taxes and two hypothetical totals (option 1 and option 2). Option 1 is based on lowering tax rates by 50 percent with 100 percent collection; option 2 postulates an increase in tax rates of 25 percent and collection only from the businesses above the median figure for weekly net income of 3,000 FBu.

Municipal Taxes and Alternative Tax Strategies



These alternatives are presented only as a hypothetical demonstration, not as recommendations. But an improved tax strategy is only a beginning: previous studies show that the

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voluntary payment of taxes is in proportion to the perceived fairness of the assessments and to the visible benefits that accrue to the community from tax revenues. These benefits might include improved local infrastructure, specific projects requested by the business community, and negotiated matching funds from donor partners.

Employment

The informal service sector of Bujumbura has none of the larger enterprises or substantial equity investments found in some of the large cities of the Third World. Nearly 90 percent of the businesses surveyed have fewer than four workers, including family members, and the average number of paid employees is one. Among the owners only 40 percent have ever worked in a formal enterprise. The sector resembles more the classic description of employer of last resort than a hotbed of entrepreneurial dynamism.

Nonetheless, the approximately 2,200 salaried employees of the informal service sector represent the equivalent of 13 percent of all workers in the formal private sector of Bujumbura Province. Although the absolute numbers appear low, the comparison with employment in the formal sector shows the informal sector's importance in the labor market and warns against policy measures that could decrease employment.

Employment in the informal service sector has increased more slowly than in the rest of the economy.⁵ The total number of workers in informal services increased by six percent during the past four years but the number of *salaried* employees decreased slightly, replaced by family members and apprentices. During this period the labor market in Burundi grew by five percent with a reduction of two percent in permanent jobs.⁷ The informal service sector thus has a limited but positive role in absorbing some of the 60,000 entrants to the job market each year. The question is, what type of development assistance will support this role?

We have calculated the cost of job creation in the informal service sector as equivalent to US\$ 1,200, compared to US\$ 57,000 for the Novotel (Appendix IV). This calculation is based upon the figure of 2,200 salaried employees, the number currently employed in the informal service sector. If an employment generation project were able to create jobs at the same cost as the informal sector--an unlikely prospect--the break-even point for a \$1 million

5. Ministry of Labor, *Revue de Statistiques de Travail*, 1989.

6. The ILO has found that the share of the informal sector in the African labor market has declined in general. See, ILO, *African Employment Report, 1988* (JASPA, Addis Ababa, 1989)

7. *ibid.*

project would be 833 jobs. This would represent an employment growth rate of 38 percent in the informal sector, clearly an unrealistic target. Given the restraints on development of the sector imposed by the overall economy, the elementary level of education of its employees, and the low interest expressed in skills training, it is unlikely that traditional employment generation projects would have much effect. Before allocating development resources at high opportunity cost to such a project, therefore, rigorous cost-benefit analyses should be performed in the earliest stages of planning.

Credit

Two thirds of the informal entrepreneurs interviewed reported that lack of capital is the major obstacle to their business development. Eighty percent reported that money was the form of assistance they most need, and only five percent expressed the need for training in order to develop their businesses. This demand for capital and lack of interest in training bears investigation.

Types of Assistance Wanted by Informal Service Owners

Type* of assistance	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
Capital	58%	61%	60%	66%	54%	40%	38%	50%
Vehicle	3%	4%	5%	5%	0	0	0	0
Credit	24%	22%	31%	22%	0	44%	25%	11%
Technical training	1%	0	1*	1%	0	0	13%	2%
Training in accounting	<1%	2%	0	0	0	4%	0	0
Tools	4%	0	0	0	8%	0	13%	22%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

First of all, it is not clear on the basis of this study, or others, that lack of credit is the prime constraint facing these enterprises.⁹ Only one third of the owners reported having borrowed money, and three quarters reported that they paid all start-up costs from personal savings, which they accumulated in an average

⁹. Cf. Sonia Hannan "Informal Entrepreneurship..."

of three years. Only seven percent reported having borrowed from informal moneylenders, from which we can reasonably infer the virtual absence of an informal money market.⁹ Interest rates in Burundi during the latter part of the 1980s have been moderate, and capital has been in sufficient supply that informal lending at above-market rates would almost certainly have occurred in the face of real demand. The belief of the informal entrepreneurs that capital would enable them to expand their businesses reflects absence of market analysis, or an understanding of the limited finances of consumer demand.¹⁰

One must seriously question, in such a case, whether the injection of credit would induce enterprise development, whether indeed the capacity and ability to absorb capital productively is present, and whether easy access to credit could depress the sound practice of personal saving. In view of the contemporary clamor in development circles for small enterprise credit, these questions must be studied closely. One must also distinguish between small business credit and credit to micro and informal enterprises. Microenterprise credit will most often be minimalist credit, and the question has been raised in research circles whether it is possible to run a minimalist lending program that is cost-effective and productive of sufficient surplus to replicate the lending efforts.¹¹

If this analysis is correct, credit projects targeting the informal service sector are likely to benefit only a few entrepreneurs and incur disproportionate costs paid for with recurrent subsidies. This does not imply, however, that any related efforts are doomed to be fruitless. But the low borrowing and self-financing characteristics of the Bujumbura informal sector suggest that operation of the credit system should come from the entrepreneurs themselves. The *tontines* and *susu* clubs of West Africa are well documented and may be applicable to Burundi.

9. This is not to deny the existence of well-established informal markets for illegal currency exchange.

10. A recent IFC report on entrepreneurship in Africa reached conclusions similar to those presented in this chapter about the wisdom of placing development emphasis on the informal sector to stimulate economic and employment growth. It also comments that the "rate of growth of individual enterprises depends upon market conditions and the overall economic climate, as well as the competence of their entrepreneurs.

11. Tyler Biggs, et al., "On Minimalist Credit Programs," Harvard Institute for International Development, 1990.

CONCLUSION

The informal service sector has an important but not predominant role in Bujumbura's economy. Its existence is not only a reaction to barriers to entry in the formal sector; it is a response to consumer demand. This sector serves the daily needs of the majority of the urban population, the poor, and in so doing contributes to the urban economy and employment.

Public intervention in the informal sector can take two forms: regulatory enforcement and assistance. Enforcement may serve to protect the citizenry, in which case it can be viewed as positive intervention. Such activity could impose regulations on the sale of food, medicines, and cosmetic services in the interest of public health.

Enforcement may also include mandatory business registration in order to collect income taxes and association fees, or to assure compliance with labor regulations. The consequence of this kind of enforcement probably would increase the informalization of business, at the cost of jobs and affordable products and services for the poor. Given its marginal profitability and the failure of its enterprises to achieve significant growth in equity, the informal service sector of Bujumbura probably could not withstand much increase in regulatory enforcement.

The issue of public assistance is less clear. Failure to understand the sector can lead to forms of intervention ill-suited to the long-term needs of the beneficiaries. Vocational projects, for example, often omit market studies for the proposed trades and do a disservice to the local economy as well as to the students, who find no remuneration for their skills. Entrepreneurial projects flounder because training needs assessments are too often presumptive and willfully blind to the economic constraints surrounding the informal sector.

The informal service sector in Bujumbura does not appear to be unduly burdened by existing policies. It probably would benefit little from vocational or entrepreneurial training. While it certainly lacks capital, it is not evident that capital should come as credit, but as consumer purchasing power.

The results of this research suggest that a watchful laissez-faire is the most prudent position the GRB and donor partners can assume towards the sector at the present time. Such an approach would enjoin wariness toward any effort to codify or organize the informal sector. It would advocate using developmental resources to alleviate the causes of informality by promoting general economic growth and improving the investment climate at all levels.

Appendix I.
Constraints on Business Development and Formalization:

THE MERCHANTS' PERSPECTIVE

According to the informal merchants, the major constraints on commerce are:

1. Lack of capital which limits the expansion and diversification of their services.
2. Lack of clients and low consumer purchasing power.

**OBSTACLES TO DOING BUSINESS IN BUJUMBURA:
THE INFORMAL ENTREPRENEUR'S VIEW**

The entrepreneurs summarize the major constraint on commercial activities and development in the informal service sector with one short phrase. lack of capital. They consistently report that their lack of capital is the primary obstacle to developing their businesses (Table 49). According to this analysis, their businesses are small and undiversified because they lack sufficient investment capital to improve them. Therefore they offer a limited range of services, and attract a clientele with low purchasing power. They believe that larger, diversified enterprises would attract more clients with greater purchasing power, and increase their revenues. Their analysis does not take into account the limited finances of consumer demand that constitute the other and equally important half of the economic equation.

Other constraints on doing business are reported to be much less important. The entrepreneurs report that the secondary obstacles to business development are their lack of personal property with utilities, and vehicles; they are therefore obliged to rent them in the expensive urban market (Table 49). The absolute lack of responses indicating that formalization requirements or government regulations constrain informal commerce or its development is a significant statement for this study.

The informal entrepreneurs' prescription for commercial development, injecting capital into the sector, is questionable. First, there is no proof that their clientele could support more sophisticated and expensive services than presently exist in Bujumbura. The informal sector in Africa is characterized as a sector of, by and for the poor, and that description generally is appropriate in Bujumbura (ILO 1985). Second, if larger services were created, competition based on the advantages of economy of

scale would reduce the number of existing enterprises. The density of micro-services in the city -- there are about 1,000 micro-food stores (boutiques)-- causes intense competition and controls profit margins, as consumers have numerous choices should one service raise its prices. The advantage of this situation is that it allows numerous micro-merchants to exist, even though it limits their revenues.

The owners' diagnosis of the type of assistance needed to develop their sector is the same: capital. Eighty two percent of the owners asked for capital and credit to develop their services, as Table 50 shows. The types of assistance commonly diagnosed by development programs as necessary for micro-enterprise development -- training in technical skills or accounting -- are not at all the primary concerns reported by the entrepreneurs themselves. In fact, one quarter of the entrepreneurs stated that they need no assistance to expand their businesses, other than capital (Table 51). Only 11 percent reported the need for additional training in management and only 14 percent the need for additional education. Their evaluation of doing business in Bujumbura thus focuses on the limits imposed by their limited financial resources. It does not include the limitations imposed by low consumer purchasing power, a significant oversight.

THE INFORMAL ENTREPRENEURS' OPINIONS REGARDING FORMAL BUSINESS STATUS

Formal business status holds few advantages for the micro-services in Bujumbura and, perhaps even more important, their informal status is not actively penalized. All the entrepreneurs in our sample theoretically should have a *carte de commerçant* but only 103 report having one. Follow-up interviews indicate that fifty entrepreneurs, or only 15 percent of our sample, actually have cards. The major reasons reported for having a *carte de commerçant* are to be in compliance with the authorities and to buy from wholesalers. The entrepreneurs report that the cost of obtaining the card is expensive (approximately 5,000 Fbu/\$29 plus annual fees of 3,000 Fbu/\$17), but in general the process is easy and not time-consuming (a few days to two weeks). It is most often used for paying taxes and operating transportation services such as taxis. It is obligatory for the latter. Most people reported that having a *carte de commerçant* neither helps nor hurts their businesses, or that it is expensive and not useful. The situation was summed up by one entrepreneur who said that he does not pay his fees or use his card, but that having one gives him a sense of security.

From the entrepreneurs' point of view, the disincentives for legally registering a business are greater than the incentives. We emphasize that this conclusion applies only to the micro-service sector that was the subject of this research. There are incentives

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for formalization and obtaining a *carte de commerçant*: the process is neither onerous nor time consuming, the owner is in legal order with government regulations, and he has priority for purchasing goods wholesale. There also are disincentives for formalization: it costs money, the Chamber of Commerce provides no services for the registered businessman, and it makes him visible to the administration. Visibility is perhaps the key point: registered businesses are visible to the Minister of Justice, the Chamber of Commerce, and the Ministry of Finances. As a result they can be identified and required to pay taxes and follow the regulations of the Commercial Code.

DOING BUSINESS IN BUJUMBURA: THE FORMAL MERCHANTS' VIEW

The formal merchants' view of doing large-scale business provides some interesting insights into private enterprise in Bujumbura. The information in this section comes from interviews with six formal merchants and is presented as a commentary from the other side of the fence. We consider these entrepreneurs formal because of their location and size, they own the bakeries, pharmacies and stores patronized by the expatriates and wealthy nationals.

These merchants are quite different from the micro-service entrepreneurs who are the subject of this report. They have no experience in the informal sector, but have worked from nine to forty two years in Burundi's formal sector. They employ an average of thirty six workers, register all their workers with the National Institute for Social Security (INSS), and pay up to forty six million FBu in taxes annually. However, they exhibit some interesting similarities to the informal entrepreneurs: one does not have a *carte de commerçant*, one has not paid his fees this year for the card, and two do not have accounts at CADEBU. Half of these merchants said that there are no advantages to having a *carte de commerçant* and half said that its only advantage is being in compliance with the authorities.

They report that lack of capital and credit is the major constraint on their expansion, and all but one report that credit is the only type of assistance they need to develop their businesses. Like the informal entrepreneurs, half of them state that they need no assistance for development other than capital. Their diagnosis of what the private sector needs to develop is more credit at lower interest rates and lower taxes. Only two people suggested training in technical skills, computer use, or English.

Unlike the informal entrepreneurs, however, the formal merchants point out other factors that constrain business growth. Low consumer purchasing power is reported as a primary constraint on commerce. One merchant said that business is profitable only because exports to neighboring countries compensate for limited

APPENDIX I. THE MERCHANTS' PERSPECTIVE

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profits in the domestic market; another said that marketing studies are needed to determine what will sell in the domestic market. Another obstacle to growth at this level is the limited availability of imported goods. The formal businessmen thus recognize that some potential for development exists in the local market, although low consumer purchasing power is a significant constraint on commercial development.

Appendix II.

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Appendix III.

TABLES

Table 1. The Population and Sample Size of Informal Services in Bujumbura

	<i>Population, number large*</i>	<i>Sample, large</i>	<i>Population, number small*</i>	<i>Sample, small</i>	<i>Total popu- lation</i>	<i>Total sample</i>
Food stores (10% sample)	5	5	951	95	956	100
Restaurants (20% sample)	117	25	131	26	248	51
Beer bars (20% sample)	1	1	414	82	415	83
Hairdressing salons (100% sample)	2	2	49	46**	51	46
Mills (33% sample)	1	1	78	24	79	25
Photo studios (100% sample)	0	0	9	8**	9	8
Electronic repair shops (100% sample)	1	1	13	12	14	13
TOTALS:	127	35	1,645	293	1,772	326

* Large = 4-10 employees, small = 0-3 employees.

** 100% sample not done because owners were not available for interviews.

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Table 2. The Population and Sample Size of Informal Services in Gitega, Ngozi, and Rumonge

	<i>Population</i>			<i>Sample*</i>		
	<i>Gitega</i>	<i>Ngozi</i>	<i>Rumonge</i>	<i>Gitega</i>	<i>Ngozi</i>	<i>Rumonge</i>
Food Stores (10% sample)	130	57	101	13	6	10
Restaurants (20% sample)	29	12	36	6	3	7
Beer Bars (20% sample)	51	45	48	11	9	10
Hairdressing Salons (100% sample)	6	2	7	6	2	7
Mills (33% sample)	11	11	4	4	4	1
Photo studios (100% sample)	2	3	1	2	3	1
Electronic repair shops (100% sample)	8	2	8	2	2	2
TOTALS:	237	132	199	50	29	38

* *The only large services in the secondary urban centers were three large restaurants that were included in the sample*

APPENDIX III. TABLES

Table 3. Demographic Characteristics of Informal Service Owners

Gender

Male	82%
Female	18%

Age: average age is 37 years

20-30 years	28%
31-40 years	43%
41-50 years	18%
51-60 years	9%
61-72 years	2%

Years of education: average is 6 years of education

0 years	17%
1-6 years	52%
7-12 years	22%
13+ years	9%

Birthplace

Bujumbura city	22%
Rwanda	16%
Gitega	15%
Bururi	14%
Muramvya	13%
Kayanza	4%
Bujumbura province	4%
Zaire	3%
Ngozi	2%
Rutana	2%

Nationality

Burundi	70%
Rwandan	16%
Zairian	12%
Other African	1.5%
Other non-African	<1%

Number of household members: average is 6

1-3 members	18%
4-6 members	27%
7 members	11%
8-10 members	25%
11-15 members	16%
16-24 members	3%

Father's occupation

Agriculture	59%
Government employee	12%
Salaried job (private sector)	10%
Merchant	8%
Artisan	6%
Other	5%

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APPENDIX III. TABLES

Table 4. Owner's Gender by Type of Enterprise

<i>Type of enterprise</i>	<i>Male</i>	<i>Female</i>
	<i>Percent/Number of owners</i>	<i>Percent/Number of owners</i>
Restaurant	82% / 42	18% / 9
Food store	79% / 79	21% / 21
Banana beer bars	81% / 67	19% / 16
Electronic repair shops	100% / 13	0 / 0
Mills	84% / 21	16% / 4
Photo studios	88% / 7	12% / 1
Hairdressing salons	80% / 37%	20% / 9
	82% 266	18% 60

Table 5. Owners' Level of Education by Type of Enterprise

<i>Type of enterprise</i>	<i>Percent of sample/Number</i>	<i>Years of Education</i>			
		<i>0</i>	<i>1-6</i>	<i>7-12</i>	<i>13+</i>
Restaurant	16% / 51	18%	51%	24%	8%
Food stores	31% / 100	7%	62%	19%	12%
Banana beer bars	25% / 83	35%	58%	7%	0%
Electronic repair shops	4% / 13	0%	23%	62%	15%
Mills	8% / 25	8%	32%	40%	20%
Photo studios	2% / 8	0%	0%	50%	50%
Hairdressing salons	14% / 46	16%	47%	29%	9%
	100% 326				

average = 6 years of education

Table 6. Owners' Level of Education by Birthplace

<i>Birthplace</i>	<i>Percent of owners/Number</i>	<i>Years of Education</i>			
		<i>0</i>	<i>1-6</i>	<i>7-12</i>	<i>13+</i>
Bujumbura city	22% / 70	16%	37%	33%	14%
Rwanda	16% / 51	6%	65%	23%	6%
Gitega	15% / 50	30%	64%	6%	0
Bururi	14% / 46	20%	52%	15%	13%
Muramvya	13% / 41	12%	64%	17%	7%
Kayanza	4% / 12	8%	67%	25%	0
Bujumbura province	4% / 12	33%	42%	25%	0
Zaire	4% / 11	0%	0%	55%	27%

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APPENDIX III. TABLES

Table 7. Owners' Principal Economic Activity at Present

<i>Principal activity</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
This business	72%	82%	67%	84%	69%	48%	38%	76%
Another business	12%	12%	14%	6%	8%	32%	25%	9%
Salaried job (private sector)	7%	2%	9%	2%	15%	2*	2/25%	7%
Government employee	5%	2%	5%	1*	1*	3/12%	0	4/9%
Agriculture	2%	2%	3%	2%	0	0	1*	0
Daily wage labor	0	0	0	0	0	0	0	0
Other	2%	0	2%	4%	0	0	0	0

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

Table 8. Owners' Other Sources of Income at Present

<i>Principal activity</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
No other income	35%	27%	23%	47%	8/62%	16%	1*	57%
Other business, same type	10%	14%	16%	6%	1*	16%	0	1*
Other business, different type	23%	31%	21%	22%	1*	40%	50%	13%
Salaried job (private sector)	8%	1*	12%	2*	15%	3/12%	25%	7%
Government employee	6%	8%	6%	1*	1*	16%	1*	9%
Rental property	12%	12%	15%	11%	0	16%	1*	7%
Land/fields	14%	14%	18%	19%	0	1*	38%	1*
Working spouse	13%	20%	17%	1*	0	12%	25%	20%
Working								

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Table 9. Owners' Other Commercial Activities at Present

<i>Other activities</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Have another enterprise	33%	41%	40%	26%	1/8%	56%	50%	15%
Have one other enterprise	82%	76%	88%	77%	1*	79%	75%	86%
Have two other enterprises	16%	24%	10%	18%	0	2/14%	25%	14%
Have three other enterprises	2%	0	1*	1*	0	1*	0	0

Type of other enterprises presently owned, among those with other enterprises:

Restaurants	9%	4%	3%	1*	0	0	1*	1*
Food stores	28%	8%	12%	4%	0	3%	0	1*
Beer bars	12%	2*	2*	7%	0	1*	0	0
Repair shops	1*	0	0	0	1*	0	0	0
Mills	10%	2*	3%	0	0	4%	2*	0
Hair salons	2*	0	0	0	0	1*	0	1*
Commerce (central market)	28%	2*	14%	7%	0	2*	0	3%
Other**	19%	7%	6%	3%	0	3%	0	1*

* absolute number of cases rather than percent.

** taxi and bus services are common commercial activities.

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Table 10. Owner's Principal Activity Before Starting Present Business

Principal activity	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
Another business	15%	27%	10%	11%	2*	28%	25%	9%
Merchant in Bujumbura's central market	18%	18%	27%	23%	0	1*	0	2*
Government employee	13%	18%	11%	8%	23%	28%	1*	11%
Salaried job (private sector)	25%	14%	22%	23%	23%	20%	50%	48%
Agriculture	14%	10%	15%	25%	0	1*	0	2*
Daily wage labor	1%	0	1*	2*	0	0	0	1*
This same business	3%	4%	1*	0	23%	1*	0	2*
Other	11%	10%	12%	7%	15%	3%	1*	17%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

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Table 11. Owners' Previous Business Experience

<i>Experience</i>	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Had another business	41%	61%	39%	40%	23%	44%	50%	27%

Type of business (-- indicates <5% response):*

Restaurant	6%	20%	3*	2*	1*	1*	1*	1*
Food store	12%	14%	18%	6%	0	24%	1*	1*
Beer bar	--	2*	--	18%	0	--	--	1*
Repair shop	--	--	--	--	1*	--	--	--
Photo studio	--	--	--	--	--	--	1*	--
Hair salon	--	--	--	--	--	--	--	11%
Commerce (central market)	14%	20%	19%	17%	1*	1*	--	2*

Reasons for closing previous business:

Insufficient revenue	32%	21%	30%	40%	75%	25%	40%	43%
Insufficient clients	28%	18%	5%	5%	25%	0	20%	0
Problems with supplies	3%	3%	0	5%	0	8%	0	7%
Illness	3%	3%	5%	5%	0	8%	0	7%
Find a better job	8%	10%	9%	8%	0	8%	0	0
Other	44%	45%	51%	37%	0	51%	40%	43%

The average length of time in a previous business is 4 years.

** absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.*

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Table 12. Owners' Work Experience in the Formal Sector

Work experience in the formal sector:
have worked in the formal sector 40%
presently working in the formal sector 13%

Where:

government/parastatals	34%
OCIBU	3%
Hatton-Cookson	2%
COTEBU	2%
Peche Industrielle	2%
CFL	2%

Capacity:

technician/skilled	
manual laborer	56%
unskilled manual labor	29%
team leader	7%
supervisor	6%
other	2%

Number of years: average = 6 years

<1 - 2 years	32%
3 - 5 years	28%
6 - 8 years	16%
9 - 10 years	9%
11 - 15 years	8%
16+ years	7%

Reason for leaving:

short-term contract	14%
insufficient salary	13%
the business closed	8%
look for a better job	8%
illness	5%
discrimination against foreigners	4%
other reasons (marriage, business closed)	25%
still working in the formal sector	13%

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Table 13. Work Experience in the Formal Sector, by Type of Service Enterprise

Experience	Restau- rants (51)	Food stores (100)	Beer bars (53)	Repair shops (13)	Mills (25)	Photo studio (3)	Hair salons (46)
Have worked in formal sector	33%	37%	24%	62%	64%	75%	59%
Presently working in formal sector	17%	36%	3%	30%	26%	33%	19%
<i>Capacity:</i>							
Skilled laborer/technician	67%	54%	52%	80%	58%	56%	48%
Unskilled laborer	21%	29%	45%	7	11%	44%	45%
Team leader	8%	7%	3%	20%	16%	0	5%
Supervisor	0	8%	0	0	10%	0	0
Other	4%	2%	0	0	5%	0	2%
<i>Reason for leaving*:</i>							
Discrimination against foreigners	0	2%	3%	20%	5%	0	7%
Business closed	0	10%	11%	10%	5%	11%	7%
Insufficient salary	22%	13%	10%	10%	26%	11%	5%
Illness	4%	4%	10%	0	0	11%	7%
Short-term contract	18%	11%	31%	20%	0	0	12%
Look for a better job	0	11%	11%	0	11%	0	8%
Other reasons	39%	13%	21%	10%	27%	34%	35%

* The response "still working" accounts for the percent missing from each sector.

Table 14. Owners' Training and Apprenticeship, by Sector

Type of training	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (53)	Repair shops (13)	Mills (25)	Photo studio (3)	Hair salons (46)
Technical school	12%	7%	5%	<1%	32%	8%	37%	6%
Apprenticeship, informal sector	34%	31%	31%	25%	57%	33%	50%	32%
Apprenticeship, formal sector	35%	31%	50%	50%	43%	33%	50%	21%
Other training	19%	7%	<1%	0	8%	6%	0	1%

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Table 15. Type of Training and Apprenticeship for Those Who Have Had Training, All Sectors

Type of Training	Technical School	Apprenticeship
Electronic repairs	22%	8%
Hairdressing	5%	21%
Tailoring	12%	5%
Garage	10%	12%
Soldering	5%	--
Restaurant	--	7%
Carpentry	--	10%
Masonry	--	7%
Electrician	--	6%
Other	34%	6%

Table 16. Owner's Reasons for Doing Business, and the Skills Reported as Necessary

Reasons and skills	All sectors (326)	Restaurants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
<i>Reasons for having present type of enterprise:</i>								
Low start-up cost	44%	47%	27%	81%	15%	2*	25%	39%
Profitable	28%	39%	32%	23%	1*	44%	25%	11%
Experience in the field	33%	29%	31%	16%	92%	16%	75%	54%
Other work not available	12%	12%	6%	16%	1*	1*	0	28%
Compatibility with other work	3%	6%	11%	4%	0	15%	1*	5%
Ease of management	21%	12%	43%	7%	0	36%	1*	9%
<i>Skills reported as necessary for present enterprise:</i>								
Mathematics	41%	53%	53%	40%	0	48%	50%	9%
Welcome clients	67%	84%	63%	81%	23%	32%	50%	63%
French	3%	1*	2*	1*	0	0	25%	9%
Know market prices	29%	33%	46%	22%	15%	2*	63%	7%
Give credit	10%	16%	10%	11%	0	1*	1*	9%
Accounting	6%	4%	11%	2*	0	2*	1*	2*
Technical skills	37%	47%	15%	24%	92%	40%	100%	22%
Estimate costs	11%	18%	15%	0	1*	24%	25%	2*

* = absolute number of respondents

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Table 17. Training Requested by Owners

	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
<i>Percent of owners that reported they need additional training:</i>								
	43%	45%	50%	25%	92%	29%	75%	48%
<i>Type of additional training reported as necessary**:</i>								
Management	11%	14%	21%	5%	0	16%	0	1*
Accounting	7%	6%	15%	4%	0	12%	0	0
Education	14%	12%	18%	13%	1*	1*	0	17%
Technical skills	20%	27%	12%	4%	92%	12%	63%	33%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.
 ** = multiple responses allowed, so does not add up to 100%

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Table 18. Characteristics of Owners' Present Enterprises

Charac- teristics	All sectors	Restau- rants	Food stores	Beer bars	Repair shops	Mills	Photo studio	Hair salons
<i>Ownership:</i>								
Self	86%	78%	88%	89%	62%	88%	75%	96%
Family enterprise	9%	12%	8%	7%	15%	12%	25%	4%
Non-family association	5%	10%	4%	4%	23%	0	0	0
Cooperative	0	0	0	0	0	0	0	0
<i>Origin of enterprise:</i>								
Created by owner	93%	88%	93%	96%	100%	92%	88%	93%
Inherited	2%	1*	2	0	0	4%	0	1*
Gift	<1%	0	1%	0	0	4%	0	0
Bought in operation	4%	10%	4%	4%	0	0	0	4%
Other	<1%	0	0	0	0	0	1*	0
<i>Number of days owner works per week:</i>								
Less than one	3%	4%	7%	0	0	1*	1*	0
One - Five	25%	16%	22%	41%	23%	32%	1*	11%
Six	14%	14%	10%	4%	31%	16%	38%	28%
Seven	58%	66%	61%	55%	46%	52%	38%	61%
<i>Business property and building:</i>								
Owned	37%	40%	44%	33%	23%	80%	25%	11%
Rented	55%	58%	55%	66%	69%	20%	75%	39%
Loaned	<1%	0	0	1*	0	0	0	0
Public space	7%	0	0	0	1*	0	0	0
Other	<1%	1*	1%	0	0	0	0	50%
<i>Utilities at business:</i>								
Water and electricity	31%	29%	43%	11%	38%	32%	25%	42%
Water	5%	10%	6%	5%	0	0	0	0
Electricity	20%	14%	21%	10%	62%	48%	75%	9%
None	44%	47%	30%	75%	0	20%	0	49%
<i>Average monthly rent (FBu/USD, 175 FBu = \$1):</i>								

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Table 19. Number of Years Present Enterprises Have Been in Operation

<i>Number of years in operation</i>	<i>Year started</i>	<i>Percent of enterprises</i>
Less than one year	1990	18%
One year	1989	22%
2 - 3 years	1987-88	26%
4 - 5 years	1985-86	15%
6 - 10 years	1980-84	9%
11 - 20 years	1970-79	7%
21 - 30 years	1960-69	3%

Average = 4.3 years.

Table 20. Accounting Systems in Informal Service Enterprises

<i>Type of accounting</i>	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
None	33%	24%	11%	49%	38%	36%	0	61%
Book of credit	34%	35%	53%	39%	15%	1*	1/13%	5/11%
Book of receipts	48%	45%	55%	37%	62%	64%	100%	17/37%
Book of expenditures	45%	47%	57%	33%	38%	56%	5/63%	16/35%
Inventory	13%	12%	27%	1*	0	1*	2/25%	4/9%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

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Table 21. Type and Source of Equipment in Informal Service Enterprises

<i>Equipment</i>	<i>Percent owning equipment</i>	<i>Source</i>		
		<i>New*</i>	<i>Used*</i>	<i>Artisanal manufacture*</i>
<i>Restaurants</i>				
Stove (electric, gas)	8%	3/6%	1	0
Refrigerator or freezer	38%	6/12%	11/22%	2/4%
<i>Food Stores</i>				
Refrigerator or freezer	67%	23/23%	41/41%	3/3%
Scale, 0-10 kgs.	87%	53/53%	33/33%	1
Scale, 10+ kgs.	13%	7/7%	6/6%	0
<i>Banana beer bars</i>				
Metal bowls	96%	64/77%	16/33%	0
Plastic jerry cans	89%	2/13%	72/87%	0
<i>Electronic repair shops</i>				
Soldering iron (electric)	92%	6/46%	6/46%	0
Voltage meter	100%	7/54%	6/44%	0
<i>Mills</i>				
Mill	100%	14/56%	6/24%	5/20%
<i>Photo studios</i>				
Camera (first)	100%	3/38%	5/62%	0
Camera (second)	88%	2/25%	5/62%	0
Camera (third)	38%	1	2/25%	0
Background screen	38%	0	3/38%	0
Enlarger	100%	3/38%	5/62%	0
<i>Hair salons</i>				
Hair dryer, standing	20%	5/11%	4/9%	0
Hair dryer, hand-held	22%	5/11%	5/11%	0
Electric clippers	33%	13/28%	2/4%	0

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Table 22. Major Source of Supplies for Service Enterprises

<i>Major source of supplies</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Central market, Bujumbura	32%	47%	73%	0	0	2/8%	0	6/13%
Small merchants (informal)	15%	20%	17%	1*	3/23%	2/8%	0	33%
Formal enterprises	18%	0	6%	0	69%	68%	75%	43%
Rural cities	8%	4/8%	1*	27%	0	0	0	0
Rural areas	16%	4/8%	0	48%	0	1*	0	0
Private individuals	3%	2*	1*	3/4%	0	0	25%	2*
Other	8%	7/14%	2*	9/11%	1*	12%	0	0

Supplies purchased on vendor credit:

	30%	37%	30%	52%	0	1*	0	62%
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* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

Table 23. Informal Services' Links with the Formal Sector

<i>Links</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Supplies	34%	31%	31%	1*	85%	72%	88%	61%
Sales	2%	4%	0	0	23%	8%	0	0
Labor	0	0	0	0	0	0	0	0
Credit	3%	4%	3%	0	0	8%	1*	2*
Technical service	4%	0	0	0	1*	20%	75%	0
Transport	2*	1*	1*	0	0	0	0	0
No links with the formal sector	63%	67%	69%	98%	15%	1*	1*	39%

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Table 24. Informal Services' Links with the Interior

<i>Links</i>	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Supplies	49%	59%	46%	95%	1*	12%	0	0
Sales	24%	25%	6%	19%	69%	44%	63%	39%
Labor	30%	45%	35%	42%	0	16%	0	2*
Vendor Credit	10%	8%	6%	27%	0	1*	0	0
Transport	7%	10%	14%	4%	0	0	0	0
No links with the interior	32%	27%	43%	4%	31%	40%	38%	57%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

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Table 25. Labor, All Sectors

Percent of enterprises employing different types of labor:

	Unpaid apprentices	Paid apprentices	Paid workers	Family members	Other/servants
At beginning	<1%	3%	69%	28%	<1%
At present	2%	4%	54%	36%	4%

Number of workers presently employed by informal enterprises:

No. of workers	0	1	2	3	4	5	6-10
% of enterprises	17%	39%	22%	10%	4%	3%	5%

Laborers' gender (all categories of laborers).

Male	82%
Female	18%

Laborers' birthplaces:

Gitega	23%
Bujumbura city	22%
Bururi	12%
Muramvya	10%
Bujumbura province	6%
Kayanza	4%
Rwanda	10%
Zaire	3%

Laborers' nationalities:

Burundi	76%
Zairian	8%
Rwandan	14%
Other African nationality	2%

Full- or part-time:

Full-time (40 hours/week)	31%
Part-time	19%

Monthly salary, all sectors*:

median =	2,500 FBU (\$14)
average =	3,700 FBU (\$21)

All sectors.	
0 (family)	22%
1,000 - 1,600 (\$6 - \$10)	7%
2,000 - 3,600 (\$11 - \$22)	47%
4,000 - 4,000 (\$20 - \$27)	7%
5,000 - 7,500 (\$29 - \$45)	11%
8,000 - 10,000 (\$46 - \$57)	4%
10,000 - 30,000 (\$69 - \$171)	2%

Median salary, by sector	
Restaurants.	2,500 (\$14)
Food stores:	2,500 (\$14)
Beer bars:	2,500 (\$14)
Repair shops:	4,000 (\$23)
Mills:	4,000 (\$23)
Photo studios:	4,000 (\$23)
Hair salons:	7,000 (\$40)

*175 FBU = \$1 USD.

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Table 26. Change in the Service Sector's Labor Force Since Start-Up

	At start-up:		At present:		
	Number of workers/force	Percent of labor	Number of workers/force	Percent of labor	Percent increase during 4 years*
Unpaid apprentices	3/1%	<1%	10/2%	2%	+70%
Paid apprentices	16/3%	3%	23/4%	4%	-3%
Paid workers	393/69%	61%	381/63%	54%	-3%
Family members	158/28%	35%	176/29%	36%	+10%
Other/servants	2/<1%	<1%	15/2%	4%	+87%
TOTALS:	572/100%	100%	605/100%	100%	+6%

* Based on the number of workers in columns one and four; the informal services' average length of time in operation = 4.3 years.

Table 27. Loans and Sources of Loans for Informal Services

	All sectors (326)	Restaurants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
Have borrowed money	110/34%	17/33%	35/35%	32/39%	1*	8/32%	2/25%	15/33%

Source of the loan, among those who have borrowed **:

Family	32/33%	6/29%	9/20%	12/34%	0	2/15%	0	3/17%
Friends	54/39%	7/33%	15/33%	19/54%	1*	4/31%	2*	6/33%
Money-lenders	6/4%	2*	1*	3/9%	0	0	0	0
Bank	22/16%	1*	11/24%	1*	0	5/31%	0	4/22%
CADEBU	9/7%	4/19%	4/9%	0	1*	2/15%	1*	3/17%
Other	9/7%	1*	6/13%	0	0	0	0	2/11%
TOTALS	136/100%	21/31%	46/99%	35/97%	2*	13/100%	3*	18/100%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

** multiple responses allowed, so a total of 136 loans were solicited by the 110 respondents

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Table 30. Bank Loans: Objectives and Amounts

Loans	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
<i>Objectives*:</i>								
Start-up new								
business	11/25%	1/13%	31%	0	0	4/57%	0	1/12%
Develop ongoing								
business	11/25%	2/25%	25%	1/50%	0	0	1**	3/38%
Other commercial								
objective	8/18%	3/37%	13%	0	0	2/29%	0	1/12%
Non-commercial								
objective	11/25%	2/25%	31%	0	1**	0	0	3/38%
Other	3/7%	0	0	1/50%	0	1**	1**	0

* Percent = of those who obtained bank loans.
 ** Absolute number.

Amount of bank loans, all sectors:*

median = 300,000 FBU (\$1,714),
 average = 850,320 FBU (\$4,859)

15,000 - 40,000	9%
(\$86 - \$229)	
50,000 - 100,000	16%
(\$286 - \$571)	
150,000 - 195,000	9%
(\$857 - \$1,114)	
200,000 - 275,000	16%
(\$1,143 - \$1,571)	
300,000 - 500,000	16%
(\$714 - \$2,857)	
600,000 - 1,000,000	11%
(\$3,429 - \$5,714)	
1,200,000 - 2,000,000	14%
(\$6,857 - \$11,429)	
3,500,000 - 5,200,000	9%
(\$20,000 - \$29,714)	

* 175 FBU = \$1USD

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Table 31. Owners' Reasons for Not Soliciting Bank Loans

<i>Reasons*</i>	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
No need	14%	10%	22%	12%	1/8%	2/8%	1/13%	6/13%
Do not know procedure	20%	22%	17%	29%	1/8%	2/8%	0	9/20%
No bank account	16%	14%	7%	33%	1/8%	2/8%	0	9/20%
No collateral	25%	24%	24%	33%	5/38%	2/8%	1/13%	12/26%
Other reasons**	14%	18%	10%	12%	6/46%	4/16%	2/25%	5/11%

- * Multiple responses allowed, so columns do not add up to 100%.
- ** The other major reasons given for not soliciting bank loans were that the businesses were too small, the owners felt they had no chance of being given a loan, and the owners were foreigners.

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Table 33. Taxes Paid by Informal Services in 1989

	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Paid taxes in 1989	68%	61%	67%	75%	4/31%	64%	6/75%	78%
<i>Type of taxes paid:</i>								
Municipal taxes	60%	57%	67%	55%	4/31%	64%	6/75%	63%
Income taxes*	14%	12%	25%	0	1/8%	5/20%	1/13%	6/13%

* *Income taxes = taxes on salaries and profits paid to the Minister of Finance.*

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Table 35. Legal Requirements for Business Registration Completed by Informal Service Owners

Requirements	All sectors (326)	Restaurants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
<i>Registration:</i>								
Zone (quartier)	93%	100%	99%	84%	92%	100%	100%	85%
Municipality (Mayor)	82%	80%	91%	77%	62%	88%	100%	72%
Ministry of Finance	21%	29%	36%	0	1/8%	36%	2/25%	15%
Chamber of Commerce	14%	20%	28%	0	1/8%	1/4%	1/13%	4/9%
<i>Owners having the obligatory account at CADEBU:</i>								
CADEBU	32%	37%	47%	6/7%	1/8%	56%	5/63%	24%
<i>Owners having a carte de commerçant:</i>								
Carte de Commerçant	32%	35%	52%	9/11%	1/8%	52%	5/63%	7/15%
<i>Among owners having a carte de commerçant, percent who paid annual fees in 1989 to have a valid card:</i>								
1989 Fees	44/42%	8/42%	18/35%	1/13%	1/100%	7/54%	5/100%	5/71%
<i>Among owners having a carte de commerçant, percent who paid annual fees in 1990 to have a valid card:</i>								
1990 Fees	19/18%	3/17%	9/17%	2/25%	0	2/15%	1/20%	2/29%

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Table 36. Owners Having a *Carte de Commerçant*, by Type of Enterprise and Nationality

Type of enterprise (and sample size):

Restaurant	(51)	18/35%
Food store	(100)	52/52%
Banana beer bar	(83)	9/11%
Electronic repair shop	(13)	1/8%
Mill	(25)	13/52%
Photo studio	(8)	5/63%
Hairdressing salon	(46)	7/15%
All sectors	(326)	105/32%

Nationality:

Burundi	(227)	71/31%
Zairian	(39)	12/31%
Rwandan	(54)	18/33%
Other African nationality	(5)	3/60%
Other non-African nationality	(1)	1/100%

Table 37. Year the *Carte de Commerçant* was Obtained by Owner

1970-79	12/12%
1980-84	31/30%
1985-87	32/31%
1988-90	28/27%

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Table 38. Advantages of Having a Carte de Commerçant Reported by Owners

<i>Reported advantages</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Credit at wholesalers	3%	6%	3%	0	8%	0	25%	2%
Counsel from the Chamber of Commerce	2%	4%	0	0	0	0	13%	4%
Priority at wholesalers	17%	20%	37%	4%	8%	4%	13%	2%
In order with authorities	37%	39%	51%	22%	31%	40%	50%	33%
No advantages	37%	39%	27%	47%	38%	36%	38%	41%

Table 39. Source of Start-Up Funds for Informal Service Enterprises

<i>Source of money for start-up</i>	<i>All sectors (326)</i>	<i>Restaurants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
Personal savings	79%	82%	83%	82%	69%	68%	88%	72%
Family loan	9%	12%	9%	10%	1*	2*	0	9%
Inheritance	3%	1*	3*	6%	0	0	0	1*
Bank loan	4%	2*	3*	0	0	24%	1*	2*
Moneylender	10%	8%	11%	12%	15%	2*	1*	2*
Gift	10%	10%	11%	11%	1*	1*	0	13%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

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Table 40. Length of Time and Amount of Start-Up Expenditures, All Sectors

Number of years of saving to start a business:

None	19%
Less than one year	19%
1 - 3 years	33%
4 - 6 years	16%
7 - 10 years	9%
11 - 25 years	4%

Average = 3.6 years.

Amount of start-up costs: median = 60,000 FBu (\$343),
average = 165,450 FBu (\$945)*

All sectors:

*Average start-up costs
by sector:*

0	3/1%
300 - 4,500	9%
(\$25)	
5,000 - 15,000	11%
(\$29 - \$86)	
16,000 - 30,000	12%
(\$91 - \$171)	
31,000 - 49,000	7%
(\$177 - \$280)	
50,000 - 60,000	11%
(\$286 - \$343)	
61,000 - 80,000	10%
(\$349 - \$457)	
81,000 - 100,000	7%
(\$463 - \$571)	
110,000 - 150,000	7%
(\$629 - \$857)	
151,000 - 300,000	13%
(\$863 - \$1,714)	
310,000 - 500,000	8%
(\$1,771 - \$2,857)	
510,000 - 3,500,000	4%
(\$2,914 - \$20,000)	

Restaurants:	168,000	(\$960)
Food stores:	177,000	(\$1,011)
Beer bars:	34,000	(\$194)
Repair shops:	67,000	(\$383)
Mills:	635,000	(\$3,630)
Photo studios:	295,000	(\$1,686)
Hair salons:	134,000	(\$766)

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Table 41. Start-Up Expenditures for Informal Service Enterprises, All Sectors

Total start-up costs: median = 60,000 Fbu (\$343)
average = 165,450 Fbu (\$945)

Start-up Expenditure Range (Fbu)	Start-up Expenditure Range (\$)	Percentage
0		3/1%
300 - 4,500	(\$25)	9%
5,000 - 15,000	(\$86)	11%
16,000 - 30,000	(\$171)	12%
31,000 - 49,000	(\$280)	7%
50,000 - 60,000	(\$343)	11%
61,000 - 80,000	(\$457)	10%
81,000 - 100,000	(\$571)	7%
110,000 - 150,000	(\$857)	7%
151,000 - 300,000	(\$1,714)	13%
310,000 - 500,000	(\$2,857)	8%
510,000 - 3,500,000		4%
(\$2,914 - \$20,000)		

Initial expenditures on equipment: 93% of the owners invested in equipment; median = 23,500 Fbu (\$134); average = 91,525 Fbu (\$523).

Start-up Expenditure Range (Fbu)	Start-up Expenditure Range (\$)	Percentage
0		24/7%
200 - 4,000	(\$23)	13%
4,500 - 9,500	(\$54)	9%
10,000 - 17,000	(\$97)	11%
17,500 - 23,000	(\$131)	10%
23,500 - 43,000	(\$246)	20%
45,000 - 99,000	(\$566)	10%
100,000 - 247,000	(\$1,411)	10%
250,000 - 503,000	(\$2,874)	6%
530,000 - 2,000,000		4%
(\$3,029 - \$11,421)		

Initial expenditures on rent and deposits: 55% of the owners reported these expenditures; median = 3,000 Fbu (\$17); average = 7,739 Fbu (\$44).

Start-up Expenditure Range (Fbu)	Start-up Expenditure Range (\$)	Percentage
0		15%
500 - 4,500	(\$26)	12%
5,000 - 7,500	(\$43)	13%
8,000 - 12,000	(\$69)	15%
14,000 - 26,000	(\$149)	10%
30,000 - 182,000		5%
(\$171 - \$1,040)		

Initial expenditures on construction: 36% of the owners invested in construction; average and median expenditures = 20,000 Fbu (\$114).

Start-up Expenditure Range (Fbu)	Start-up Expenditure Range (\$)	Percentage
0		64%
500 - 4,500	(\$26)	8%
5,000 - 17,000	(\$97)	10%
20,000 - 90,000	(\$514)	11%
100,000 - 500,000		7%
(\$571 - \$3,429)		

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Table 42. Weekly Expenditures on Supplies and Transportation, All Sectors

Weekly expenditures on supplies*: median = 12,000 FBU (\$69)
 average = 20,184 FBU (\$115)

<i>All sectors</i>	<i>Average weekly expenditures by sector:</i>
None 5/2%	Restaurants: 36,000 (\$206)
30 - 950 13%	Food stores: 31,000 (\$177)
(\$5)	Beer bars: 15,000 (\$86)
1,000 - 2,800 11%	Repair shops: 7,700 (\$44)
(\$6 - \$11)	Mills: 5,800 (\$33)
3,000 - 5,000 8%	Photo studios: 4,900 (\$28)
(\$17 - \$29)	Hair salons: 3,300 (\$19)
5,400 - 9,000 8%	
(\$31 - \$52)	
10,000 - 14,800 12%	
(\$57 - \$85)	
15,000 - 25,500 22%	
(\$86 - \$146)	
26,000 - 40,000 14%	
(\$149 - \$229)	
41,000 - 94,000 9%	
(\$234 - \$537)	
100,000 - 150,000 3%	
(\$571 - \$857)	

Weekly expenditures on transportation*: median = 420 FBU (\$2),
 average = 1,496 FBU (\$9).

<i>All sectors:</i>	<i>Average weekly expenditures by sector:</i>
None 22%	Restaurants: 1,300 (\$7)
50 - 500 33%	Food stores: 740 (\$4)
(\$3)	Beer bars: 3,500 (\$20)
520 - 1,000 12%	Repair shops: 880 (\$5)
(\$3 - \$6)	Mills: 954 (\$5.50)
1,050 - 1,800 8%	Photo studios: 390 (\$2)
(\$6 - \$10)	Hair salons: 444 (\$2.50)
2,000 - 4,000 15%	
(\$11 - \$23)	
4,500 - 9,000 8%	
(\$26 - \$51)	
10,000 - 17,000 2%	

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Table 43. Current Worth of Informal Service Enterprises, Estimated by Owners (Stock and Equipment)

Worth of enterprises, all sectors: median = 93,000 FBU (\$531)
 average = 265,000 FBU (\$1,514)*

All sectors:

1,000 - 10,000	11%
(\$6 - \$57)	
10,025 - 29,000	11%
(\$60 - \$166)	
30,000 - 56,000	14%
(\$171 - \$320)	
60,000 - 89,500	13%
(\$343 - \$511)	
90,000 - 100,000	8%
(\$514 - \$571)	
104,000 - 150,000	7%
(\$594 - \$857)	
160,000 - 250,000	10%
(\$914 - \$1,429)	
280,000 - 450,000	11%
(\$1,600 - \$2,571)	
500,000 - 900,000	9%
(\$2,857 - \$5,143)	
1,000,000 - 5,000,000	6%
(\$5,714 - \$28,571)	

Average current worth, by sector:

Restaurants:	260,000	(\$1,486)
Food stores:	303,500	(\$1,734)
Beer bars:	50,000	(\$286)
Repair shops:	256,000	(\$1,463)
Mills:	859,000	(\$4,900)
Photo studios:	361,000	(\$2,063)
Hair salons:	251,000	(\$1,434)

* = 175 FBU = \$1 USD

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Table 44. Revenue: Gross Daily Turnover and Weekly Net Income, All Sectors

*Owners' estimates of daily turnover: median = 3,000 FBu (\$17),
average = 4,670 FBu (\$27).*

<i>All sectors:</i>		<i>Average daily turnover by sector:</i>	
200 - 900	15%	Restaurants:	7,700 (\$44)
(\$5)		Food stores:	5,900 (\$34)
1,000 - 2,500	28%	Beer bars:	3,600 (\$21)
(\$5 - \$14)		Repair shops:	4,300 (\$25)
2,600 - 5,000	32%	Mills:	3,400 (\$19)
(\$14 - \$29)		Photo studios:	1,400 (\$8)
5,500 - 10,000	17%	Hair salons:	2,100 (\$12)
(\$37 - \$57)			
12,000 - 20,000	6%		
(\$69 - \$114)			
22,000 - 40,000	2%		
(\$126 - \$229)			

*Owners' estimates of net weekly income: median = 3,000 FBu (\$17),
average = 4,488 FBu (\$26).*

<i>All sectors:</i>		<i>Average net weekly income by sector:</i>	
None	2%	Restaurants:	6,000 (\$34)
150 - 950	10%	Food stores:	4,700 (\$27)
(\$5)		Beer bars:	2,800 (\$16)
1,000 - 2,500	35%	Repair shops:	6,300 (\$36)
(\$5 - \$14)		Mills:	4,200 (\$24)
2,600 - 5,000	35%	Photo studios:	2,400 (\$14)
(\$15 - \$29)		Hair salons:	5,400 (\$31)
5,200 - 8,500	8%		
(\$30 - \$49)			
10,000 - 15,000	6%		
(\$57 - \$86)			
17,000 - 60,000	4%		
(\$97 - \$343)			

APPENDIX III. TABLES

Table 45. The Informal Service Sector's Contribution to Burundi's GDP

GDP, informal service sector, Bujumbura	823,286,000 Fbu
GDP, Burundi (Banque de la Republique du Burundi, 1988)	145,723,000,000 Fbu
GDP, Burundi's tertiary sector, formal + informal sectors	43,466,000,000 Fbu
Contribution of Bujumbura's informal service sector to the tertiary sector's GDP	2%

Table 46. The Informal Service Sector's Fiscal Contribution Through Direct Taxes

Income taxes paid, informal service sector, Bujumbura	3,132,000 Fbu
Municipal taxes paid, informal service sector, Bujumbura	9,749,000 Fbu
Contribution of Bujumbura's informal service sector to national direct taxes	12,881,000 Fbu
National direct tax receipts, Burundi	5,047,700,000 Fbu

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Table 47. State Losses from Taxes Not Paid by Bujumbura's Informal Service Sector, 1989

Municipal Taxes

Municipal taxes due, informal service sector, research sample	6,924,000 FBu
Revenue lost to Bujumbura from unpaid municipal taxes, research sample, (74% of amount due was unpaid)	5,147,000 FBu
Revenue lost to Bujumbura from unpaid municipal taxes, informal service sector, Bujumbura	28,237,000 FBu = 7% of municipal tax receipts

Chamber of Commerce Fees

Fees due to the Chamber of Commerce, informal service sector, research sample	807,500 FBu
Revenue lost to the Chamber of Commerce from unpaid fees, research sample (94% of amount due was unpaid)	762,500 FBu
Revenue lost to the Chamber of Commerce from unpaid fees, informal service sector, Bujumbura	4,430,000 FBu
<u>Total revenue</u> lost to the state from unpaid taxes and fees, informal service sector, Bujumbura	32,667,000 FBu

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Table 48. A Comparison of Bujumbura's Informal Service and Hotel Novotel

	<i>Hotel* Novotel</i>	<i>Bujumbura's informal service sector</i>	<i>The informal service sector is/has:</i>
Value-added (millions of FBu)	91.3	823.3	9 times larger
Number of salaried employees	77	2,196	29 times more employees
Total annual salaries (millions of FBu)	62.1	89.4	1.4 times more wage-income
Productivity of capital ratio (value-added/ investments)	.12	1.75	More productive use of capital
Productivity of labor ratio (value-added/ number of salaried employees)	1.19	.38	Less productive use of labor
Cost of creating a job (investment/ number of salaried employees)	10	.21	Lower cost of creating a job

* Source: SCEP 1990.

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Table 49. Owners Reports: Problems at Start-Up and Obstacles to Present Development of Informal Services

	<i>All sectors (326)</i>	<i>Restau- rants (51)</i>	<i>Food stores (100)</i>	<i>Beer bars (83)</i>	<i>Repair shops (13)</i>	<i>Mills (25)</i>	<i>Photo studio (8)</i>	<i>Hair salons (46)</i>
<i>Problems reported at start-up:</i>								
Lack of supplies	3%	0	3%	2%	8%	0	0	7%
Lack of clients	38%	36%	36%	37%	23%	36%	38%	48%
Lack of experience	5%	10%	6%	2%	0	4%	0	2%
Lack of capital	19%	16%	22%	23%	15%	8%	13%	13%
Other*	22%	26%	14%	19%	46%	36%	38%	20%
No problems	9%	4%	12%	10%	8%	8%	13%	9%
<i>Obstacles to business development at present:</i>								
High price of supplies	10%	31%	7%	6%	0	0	25%	2%
Lack of credit	16%	18%	19%	8%	15%	16%	63%	11%
Lack of consumer purchasing power	9%	12%	7%	11%	8%	4%	25%	7%
Lack of skilled labor	3%	8%	2%	0	8%	0	13%	4%
Lack of capital	67%	69%	79%	69%	54%	56%	63%	50%
Lack of tools	9%	10%	1*	1*	8%	0	38%	37%
Lack of equipment	21%	29%	11%	13%	15%	8%	63%	52%
Other*	35%	27%	23%	34%	77%	60%	25%	50%

* Mainly: lack of personal property with utilities, and lack of vehicles.

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Table 50. Types of Assistance Wanted by the Informal Service Owners

Type* of assistance	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
Capital	58%	61%	60%	66%	54%	40%	38%	50%
Vehicle	3%	4%	5%	5%	0	0	0	0
Credit	24%	22%	31%	22%	0	44%	25%	11%
Technical training	1%	0	1*	1%	0	0	13%	2%
Training in accounting	<1%	2%	0	0	0	4%	0	0
Tools	4%	0	0	0	8%	0	13%	22%

* = absolute number of cases rather than percent; the sample size is given in parentheses underneath each sector.

Table 51. Types of Assistance Other Than Capital Wanted by the Informal Service Owners

Type* of assistance	All sectors (326)	Restau- rants (51)	Food stores (100)	Beer bars (83)	Repair shops (13)	Mills (25)	Photo studio (8)	Hair salons (46)
Vehicle	14%	16%	18%	13%	0	29%	0	2%
Technical training	3%	6%	0	0	8%	4%	38%	7%
Training in accounting	2%	2%	3%	0	0	4%	0	0
More clients	15%	12%	10%	24%	0	29%	0	9%
None, other than capital	27%	18%	37%	27%	23%	17%	0	24%

* Multiple responses allowed, so columns do not add up to 100%.

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Appendix IV.

ECONOMIC ANALYSIS OF THE SURVEY DATA

ETUDE SUR LE SECTEUR INFORMEL DES SERVICES

Rapport établi pour USAID par Dirk Laeremans et Karen Meyers

Introduction

Le but de ce rapport est de mesurer la contribution du secteur informel des services (SSI) au PIB d'une part et aux recettes fiscales des instances publiques d'autre part.

Ces contributions sont calculées à partir d'une enquête qui a été effectuée à Bujumbura pour un échantillon de 326 sociétés de service du SSI. Le total du SSI à Bujumbura couvre un total de 1772 unités.

Les résultats sont généralisés au niveau de la ville de Bujumbura et dans la mesure du possible, pour le pays.

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

I. Utilisez les données pour démontrer la contribution au PIB
du secteur informel. (approximation)

1. Calcul du PIB [SSI]- au coût des facteurs.

(Secteur Bujumbura - échantillon 323 entreprises)

Formule:

Contribution au PIB = somme de la valeur ajouté du secteur
informel

= frais annuels + bénéfice

= salaires + frais d'equipment + loyer
+ frais de transport + bénéfice.

Résultat: 136.109.899 FBU

Tableaux de calcul en annexe I

2. Contrôle de la fiabilité des données: 2ième méthode de

calcul du PIB [SSI] au coût des facteurs.

(secteur Bujumbura - échantillon 323 entreprises)

Formule: contribution au PIB = recettes annuelles
- achats annuels

Résultat: 150.068.500 FBU

Tableaux de calcul en annexe II

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

3. Evaluation de la fiabilité des données.

La divergence entre les deux modes de calcul du PIB est de 10.3%.

Ceci nous amène à conclure que les données sont cohérentes et utilisables pour le calcul de la contribution au PIB du secteur informel de services.

La divergence est probablement due au fait que les enquêtés "sous-estiment" leurs bénéfices. Etant donné que le bénéfice est utilisé dans la première formule, nous pensons plus fiable l'utilisation de la deuxième formule. A partir de maintenant, nous utiliserons le chiffre de 150.058.500 FBU pour la suite de nos calculs.

4. Généralisation des résultats.

- a) Généralisation du PIB calculé sur base des données recueillies par les enquêteurs pour toute la ville de Bujumbura.

Formule: $(\text{PIB du SSI [échantillon 323} \\ \text{entreprises}] \times 1772) / 323$

Résultat: 823.286.012 FBU

Remarques: le chiffre de 1772 entreprises pour le secteur informel de service pour toute la ville de Bujumbura a été fourni par USAID. 3 des 326 entreprises de l'échantillon, ne contenaient pas suffisamment de données pour pouvoir contribuer au résultat.

- b) Généralisation du PIB [SSI] de Bujumbura (cfr.a) pour le Burundi.

Pour faire une estimation de la contribution du SSI au PIB du Burundi, partant des résultats pour la ville de Bujumbura, nous allons prendre la répartition des unités de production du secteur informel (non agricole) entre le milieu urbain et le milieu rural comme base de calcul.

Vu le fait qu'il n'y a pas de données disponibles sur la répartition des unités de production entre la ville de Bujumbura et le reste du pays, nous sommes obligés d'accepter une légère faute: le milieu urbain ne correspond pas tout à fait avec la ville de Bujumbura mais vu la concentration des activités non-agricoles dans la capitale, nous pouvons considérer le nombre d'unités de production du milieu urbain comme une bonne estimation pour Bujumbura.

~~Nous considérons que la répartition des unités de production~~

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

et le milieu rural) est proportionnel à la répartition des unités de service du secteur informel. Ceci génère une deuxième imprécision que nous sommes obligé d'accepter, faute de données sur le SSI.

Formule: (PIB [SSI] Bujumbura)
* (total unités de production SI)
/ (unités de production SI urbain)

Résultat: 823.286.012 (*1)* 145.275 (*2) / 7.509 (*3)
= 15.927.936.530

Sources

(*1) cfr. calcul 4 a)

(*2) Bureau d'études du ministère du travail, Revue de Statistiques du travail n°7; p 64 tableau 312

(*3) cfr. (2°)

5. Contribution du PIB [SSI] -Burundi- au PIB

a) Contribution au PIB total

Formule: (estimation du PIB -secteur informel-)
/ (PIB total)
X 100

Résultat: 15.927.936.530 FBU (4°)
/ (145.723.000.000 FBU (5°))
X 100
= 10.9 %

Sources

(4°) cfr. calcul 4 b)

(5°) Banque de la République du Burundi, Rapport annuel 1988
p2 tableau 1: Produit Intérieur Brut.

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

b) Contribution au PIB (secteur de service)

Formule: (estimation du PIB [SSI])
/ PIB [secteur tertiaire]
X 100

Résultat: 15.927.936.530 FBU
/ 42.643.000.000 FBU
X 100
= 37.4 %

6. Tableau récapitulatif contribution au PIB [SSI]

- PIB au coût des facteurs (SSI - Bujumbura) (échantillons de 323 entreprises)	150.068.500
- PIB au coût des facteurs (SSI - Bujumbura)	823.286.012
- PIB au coût des facteurs (SSI - Burundi)	15.927.936.530
- Part du SSI dans le PIB total (Burundi)	10.9 %
- Part du SSI dans le secteur tertiaire (Burundi)	37.4 %

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

II Utilisez les données pour évaluer la contribution fiscale du

SSI aux impôts directs et indirects.

L'enquête fournit assez de données pour faire une estimation des recettes fiscales directes. Les impôts indirects comprennent différentes catégories de taxes, pour lesquels il n'y a aucune donnée disponible au niveau du questionnaire.

Les impôts indirects comprennent (*)

- Les recettes sur le commerce extérieur

- Les recettes sur le commerce intérieur

- . Taxe de consommation
- . Taxe sur les transactions
- . Taxe de développement sur la bière (redevable par la Brarudi)
- . Fonds industriel, artisanal et social
- . Fonds spécial pour le carburant

Source (*): Banque de la République, Rapport Annuel 1988;
p 33 tab.16.

D'autre part, l'enquête fournit des renseignements sur la taxe municipale (cfr II.2.a)) et sur les cotisations payées à la Chambre de Commerce (cfr II.2.b))

1. Calcul des impôts directs

(SSI de Bujumbura, échantillon de 323 entreprises)
Les impôts directs comprennent les impôts sur les revenus professionnels et les impôts sur les bénéfices des entreprises.

Les données fournies par l'enquête des 323 entreprises du secteur informel de Bujumbura ne donnent pas le détail des deux formes d'impôts directes. Ils mentionnent les taxes payés au ministère des finances.

Formule:

Impôts directs payés = somme (taxes payées au ministère des
finances)

(323)

Résultat = 570.900 (*)

ai

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

2. Calcul des taxes municipales et des cotisations payées à la

Chambre de Commerce

SSI de Bujumbura - échantillon de 323 entreprises

a) Les taxes municipales:

Remarque

Les Taxes sur la bière sont entièrement redevable par la Brarudi dans la législation actuelle et n'interviennent pas pour l'étude du secteur informel.

Nous avons considéré la taxe sur la bière comme un impôt municipal sur l'exercice d'une activité commerciale.

Les taxes municipales comprennent:

- . La taxe sur le transport
- . La taxe municipale pour l'exercice d'une activité.

Formule:

La totalité des montants payés pour les différentes catégories de taxes ont été obtenu par addition des paiements des 323 enquêtés.

Résultats:

Taxe de transport:	102.300
Taxe municipale pour l'exercice d'une activité:	1.674.700

Total taxes municipales	1.777.000

b) Cotisations Chambre de Commerce

Résultat: 2500 (1') X 18 payé 45.000

Source:

(1') Barème des cotisations, fournis par la chambre de commerce:

Boutiques et petits commerçants: 2000 FBU
Magasins de détails et taxis : 3000 FBU
Moyenne adopté pour le SI : 2500 FBU

92'

f.

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

3. Généralisation des résultats

a) Généralisation des données recueillis par les enquêteurs pour la ville de Bujumbura.

Formule: Taxe payée X 1772/323

Résultats (ville de Bujumbura):

- Impôts directs (= taxes payées au ministère des finances)
= 570.900 FBU X 1772/323
= 3.131.996

- Taxes municipales :
= 1.777.000 FBU * 1772/323
= 9.748.743 FBU

- Cotisation Chambre de Commerce :
Vu le fait que très peu d'enquêtés ont payé la cotisation pour la Chambre de Commerce, nous n'appliquons pas la généralisation sur ce résultat.

b) Généralisation des données pour le Burundi

- Impôts directs

Remarque: le fait que les réponses sur les questions de la taxe directe ne fournissent pas de détail sur la répartition entre l'IPR et l'impôt sur le bénéfice présente un handicap pour la généralisation des données au niveau du pays. En effet, pour la généralisation de l'IPR, on utiliserait le nombre de personnes actifs dans le secteur informel comme variable de répartition alors que pour la généralisation de l'impôt sur le bénéfice, le nombre d'unités de production représente une meilleure division.

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

Afin d'estimer la contribution des impôts directs du secteur informel pour la totalité du pays, nous utiliserons la moyenne entre les deux clefs de répartition mentionnées ci-dessus. Suite à cette imprécision, la généralisation des données ne peut donner une idée assez vague sur la contribution des impôts directs aux recettes fiscales de l'état.

Formules et résultats

- . Division par unité de production (cfr. I.4.b))

$$\begin{aligned} & \text{Impôts directs payés} \times 145.275 / 75 / 7.509 \\ & = 60.594.050 \text{ FBU} \end{aligned}$$

- . Division par nombre de personnes actifs (SI, Non-Agricole)

$$\begin{aligned} & \text{Impôts directs payés} \times (\text{personnes actifs SI, NA}) \\ & / (\text{personnes actifs milieu urbain SI, NA}) \\ & = 3.131.996 \text{ FBU} \times 409.277 / 41097 (2^\circ) \\ & = 31.190.937 \text{ FBU} \end{aligned}$$

- . Moyenne

$$\begin{aligned} & (60.594.050 \text{ FBU} + 31.190.937 \text{ FBU}) / 2 \\ & = 45.892.493 \text{ FBU} \end{aligned}$$

Source:

(2°) Bureau d'études du ministère du travail, revues des statistiques du travail n°7; p 66 tableau 331

- Taxes municipales (division par unité de production)

Remarque:

Vu le fait qu'il n'y a pas d'information sur les montants payés en dehors de Bujumbura, une généralisation au niveau du pays nous semble très peu fiable.

qu

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

4. Contribution du secteur informel aux revenus fiscaux de

l'état

Dans le tableau ci-dessous, la contribution du SSI dans les revenus d'impôt directes de l'état est calculé en %.

Tableau

	S.I.	Tot. Recettes état (3')	% SI
Taxes directes	45.892.493	5.047.700.000	0.91%

Sources

(3') Banque de la République, Rapport annuel 1988; p 33
tableau 16.

Le tableau démontre que la contribution du SSI dans les recettes fiscaux de l'état sont de 1.18 % pour les taxes directes.

III Évaluez les pertes du gouvernement dues au taxes non-

payées par le secteur informel.

1. Méthode de travail

Afin d'estimer les pertes de l'état, nous allons d'abord calculer les impôts dûs, pour ensuite les comparer avec les impôts qui ont été payés. (cfr. résultat question II).

2. Calcul des impôts directs dûs

a) Impôt sur les revenus professionnels

L'impôt sur les revenus professionnels se calcule à base de tables fournies par le ministère des finances. L'impôt est calculé par tranche de revenus et dépend du nombre de personnes à charge du contribuable.

Il est important de remarquer que très récemment (06/90) le taux d'imposition a changé dans le sens où la première tranche de 100.000 FBU (par an) ne sera plus taxé du tout, ce qui peut sensiblement diminuer les recettes de l'état provenant du secteur informel.

Les nouvelles tables, tenant compte de ce changement ne sont pas encore disponible. Nous avons donc fait les calculs de l'IPR avec les tables en vigueur jusqu'à nouvel ordre.

Formule:

somme (IPR de tous les revenus attribuées par mois) X 12
(323)

Résultat : 1.288.644 FBU

Tableaux de calcul en Annexe IV

b) Impôts sur le bénéfice

Le taux d'imposition sur le bénéfice est de 45 %.
Toutefois, si le montant ainsi obtenu est inférieur à 1 % du chiffre d'affaire (CA), l'impôt dû est égale à 1 % du C^a.

Source:

Ministère de la fonction publique, Recueil de la Législation Fiscale du Burundi - Volume I: Code des Impôts et Taxes; février 1984

Formule: somme (impôts sur bénéfice dû sur base du bénéfice (323) et du chiffre d'affaire par enquêté.)

Résultat : 30.555.635 FBU

Tableaux de calculs en annexe V.

c) Total impôts directs dus

Formule: IPR + taxe sur le bénéfice

Résultat: 1.288.644 FBU + 30.555.635 FBU
= 31.844.279 FBU

3. Calcul des taxes municipales dus

La taxe municipale est imposée selon le type d'activité de

91

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

l'entreprise. La décision n°531.0201/0001 du 12.05.1989, relative aux taxes municipales et plus spécialement article 5 (taxes municipales, relatives aux activités commerciales, artisanales et industrielles) donne le détail de cette imposition.

Formule: somme (taxe due par type d'entreprise [tab. art 5])
(323)

Résultat: 6.924.000 FBU

Tableau de calcul en annexe VI

4. Calcul des cotisations Chambre de Commerce dues

Nous avons supposé que les 323 enquêtés étaient tous redevable de la cotisation pour la Chambre de Commerce.

Formule: nombre d'enquêtés X moyenne de la cotisation due

Résultat: $323 \times 2.500 \text{ FBU} = 807.500 \text{ FBU}$

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

5. Evaluation des pertes

a) Pertes pour l'état (SI - échantillon de 323 entreprises)

Les pertes de revenus fiscaux pour l'état proviennent des impôts directs non-payés.

Formule: Impôts dûs (SSI) - Impôts payés (SSI)

Résultat: 31.844.279 FBU - 570.900 FBU
= 30.702.479 FBU

b) Pertes pour la municipalité (SI - échantillon de 323 entreprises)

Les pertes de taxes pour la municipalité proviennent des taxes sur les activités commerciales non-payé. Les taxes sur les transport devraient normalement être payées, vu le contrôle très régulier des véhicules.

Formule: Taxe (s/activité commerciale due)
- Taxe payé

Résultat: 6.924.000 FBU - 1.777.000 FBU
= 5.147.000 FBU

c) Pertes pour la Chambre de Commerce

Formule: Cotisation due - cotisation payée

Résultat: 807.500 FBU - 45.000 FBU
= 762.500 FBU

APPENDIX IV. ECONOMIC ANALYSIS OF THE SURVEY DATA

6. Généralisation des résultats

La généralisation des résultats afin d'estimer la perte de revenus fiscaux pour l'état d'une part et la perte de revenus pour la municipalité d'autre part sera faite au niveau de la ville de Bujumbura.

Nous estimons qu'une généralisation au-delà n'a aucun sens vu le manque total de données pour la zone en dehors de Bujumbura.

Généralisation:

- Impôts directs:

30.702.479 FBU X 1772 / 323
= 168.435.891 FBU

- Taxes Municipales:

5.147.000 FBU X 1772 / 323
= 28.236.793 FBU

- Cotisation Chambre de Commerce

807.500 FBU X 1772 / 323
= 4.430.000 FBU

Informal Service Sector Study
USAID and the Ministry of Labor

Bujumbura
April, 1990

1. Questionnaire number

_____ 01

2. Date

day/month/year

3. Type of enterprise

- restaurant = 1
- food store = 2
- banana beer bar = 3
- electronic repair shop = 4
- mill = 5
- photo studio = 6
- hair salon = 7

4. Quartier

- Bujumbura, Ngagara = 11
- Bujumbura, Rohero = 12
- Bujumbura, Musaga = 13
- Bujumbura, Buyenzi = 14
- Bujumbura, Bwiza = 15
- Bujumbura, Cibitoke = 16
- Bujumbura, Kinama = 17
- Bujumbura, Nyakabiga = 18
- Bujumbura, Kamenge = 19
- Gitega = 01
- Ngozi = 02
- Rumonge = 03

5. Address, street and number: _____

Name of enumerator: _____

Name of controller: _____

(19)

I. Demography

7. The owner of the enterprise is: (20)
- | | | |
|--|-----------|---|
| | man = 1 | ┌ |
| | woman = 2 | |
8. What is your marital status? ┌
- | | | |
|--|---------------|--|
| | married = 1 | |
| | single = 2 | |
| | separated = 3 | |
| | divorced = 4 | |
| | widowed = 5 | |
9. How many people are there in your household, including yourself and the servants? ┌┌
10. What is your age? ┌┌
11. How many years did you attend school? ┌
12. Where were you born? ┌┌
- | | | | |
|--|------------------------|------------------------|--|
| | Bujumbura capital = 1 | Muramvya = 11 | |
| | Bujumbura province = 2 | Muyinga = 12 | |
| | Bururi = 3 | Ngozi = 13 | |
| | Cankuzo = 4 | Rutana = 14 | |
| | Cibitoke = 5 | Ruyigi = 15 | |
| | Gitega = 6 | Bubanza = 16 | |
| | Karuzi = 7 | Zaire = 17 | |
| | Kayanza = 8 | Rwanda = 18 | |
| | Kirundo = 9 | Other African = 19 | |
| | Makamba = 10 | Other non-African = 20 | |
13. If the owner was not born in Bujumburra: how many years have you lived in the CAPITAL of Bujumbura? ┌┌
- (less than a year = 99)
4. What is your nationality? ┌
- | | | |
|--|-----------------------|--|
| | Burundi = 1 | |
| | Zairoise = 2 | |
| | Rwandan = 3 | |
| | other African = 4 | |
| | other non-African = 5 | |

15. What is/was your father's principal occupation?
(One answer).

- farmer = 1
- artisan = 2
- merchant = 3
- bureaucrat (government/parastatal employee) = 4
- salariéd job = 5
- other = 6

16. What is your principal occupation now, with which you earn most of your income? (One answer).

- this enterprise = 1
- another enterprise of mine = 2
- salariéd job = 3
- bureaucrat (government/parastatal employee) = 4
- farmer = 5
- daily laborer = 6
- other = 7

17. What other sources of income do you have in addition to this enterprise? (Multiple responses).

- 1=yes
- another enterprise of the same type
- another enterprise of a different type
- salariéd job
- bureaucrat (government/parastatal employee)
- rental property
- land or a field
- working spouse
- working children
- other
- none

18. What was your principal occupation BEFORE you started this business? (One answer).

- another business of my own = 1
- merchant in the central market = 2
- bureaucrat (government/parastatal employee) = 3
- salariéd job = 4
- farmer = 5
- daily laborer = 6
- this same enterprise = 7
- other = 8

19. Have you ever worked in a big, modern business (like Supermarché Dimitri, Novotel or INSS)?

- yes = 1 (go to question 20)
- no = 2 (go to question 21)

20. Fill in the table below for each big, modern business where the respondent has worked.

A. In which modern business have you worked? (Use the CODE).

B. In what capacity?

- 1 = unspecialized manual laborer
- 2 = specialized manual laborer/technician
- 3 = team leader
- 4 = supervisor
- 5 = other

C. How many years? (99 = less than a year)

D. What was your PRINCIPAL reason for quitting your job in the modern business? (One response).

- 1 = foreigner
- 2 = the business closed
- 3 = insufficient salary
- 4 = illness
- 5 = short-term contract
- 6 = look for a better job
- 7 = other

A. B. C. D.

Name of business	Position	Years	Reason

X, X, X, X, 0, 2

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4. Have you had training in a technical school?

Have you worked as an apprentice?

A. 1=yes, 2=no.

B. In which discipline? (Use the CODE).

C. Where did you receive your training or work as an apprentice?

- 1 = in a business like mine (informal)
- 2 = in a modern business (formal)
- 3 = technical school
- 4 = training center
- 5 = other

D. How many years?
(99 = less than a year)

	A.	B.	C.	D.
Training	Yes/No	Field	Wh.	Years
Tech. Sch.				
Tech. Sch.				
Apprent.				
Apprent.				
Other				
Other				

X, X, X, X 0, 3,

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(43)

22. Have you had another business of your own that is closed now?

yes = 1
no = 2

23. If yes:

A. What type of business? (Use the CODE).

B. How many years? (99 = less than a year).

C. What was your PRINCIPAL reason for closing the business? (One response).

- 1 = insufficient income
- 2 = lack of clients
- 3 = difficulties obtaining primary materials
- 4 = illness
- 5 = to look for more remunerative work
- 6 = other

A. B. C.

Type of business	Years	Reason

(73)

105

24. At present, how many other businesses do you have in addition to this one, of your own or with partners?

(74)

LL

(75)

25. If the respondent has other businesses:

A. What type of business? (Use the CODE).

B. How many years? (99 = less than a year).

X, X, X, X, 0, 4

A.

B.

Type of business	Years

LL LL

LL LL

LL LL

LL LL

LL LL

LL LL

(30)

II. General Characteristics of the Business

26. Who owns this business?

- you yourself = 1
- family enterprise = 2
- partnership (non-family) = 3
- cooperative = 4
- other = 5

(31)

27. When did you open your business in this location?

(month/year)

28. Did you create the business yourself, or did you inherit it or receive it as a gift?

- created it myself = 1
- inheritance = 2
- gift = 3
- bought it in operation = 4
- other = 5

29. What are your reasons for opening THIS type of business rather than another type? (Multiple responses).

1 = yes

- low start-up costs
- profitable
- experience/knowledge of business
- could not find other work
- compatible with other work
- ease of management
- other

30. What skills do you need to run your business? (Multiple responses).

1=yes

- mathematics
- treat clients well
- French
- knowledge of market prices
- to give credit
- accounting
- technical skills of the field
- ability to estimate costs
- other

Do you need additional training?

- yes = 1 (go to question 32)
- no = 2 (go to question 33)

(53)

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18. How much is the monthly rent for your business?

X, X, X, X, 0.5



19. Do you have water and electricity in your business?
(One response).

- water and electricity = 1
- water = 2
- electricity = 3
- neither water nor electricity = 4

┌

(13)

III. Background

40. How did you obtain the money to begin this business?
(Multiple responses).

- 1 = yes (14)
- personal savings
- loan from family
- inheritance
- loan from a bank or other financial institution
- loan from moneylenders
- gift
- other

41. How many years did you save in order to open this business? (99 = less than a year).

42. How much money did you spend to start this business?

43. Did you buy equipment when you started this business?

- yes = 1
- no = 2

How much did you spend on equipment?

44. Did you spend money on rent and rent advances when you started this business?

- yes = 1
- no = 2

How much did you spend?

45. Did you spend money on construction when you started this business?

- yes = 1
- no = 2

How much did you spend?

46. What is the value of your business now?

47. If the amount in question 46 is bigger than the amount in question 42:

Where did you obtain the money to develop your business? (One response).

- profits from this same business = 1
- money from sources other than this business = 2
- both = 3 (61)

48. What equipment do you own for this business?

CODE for source:
 purchased new = 1
 purchased used = 2
 artisanal manufacture = 3
 other = 4 (62)

- 1. Restaurants:
 - Stove (electric, gas)
 - Refrigerator or freezer
- 2. Food stores:
 - Refrigerator or freezer
 - Balance, small (0-10 kgs)
 - Balance, large (10+ kgs)
- 3. Banana beer bars:
 - Metal bowls
 - Plastic jugs
- 4. Electronic repair shop:
 - Soldering iron
 - Television
 - Meter to measure current
- 5. Mill:
 - Mill
- 6. Photo studios:
 - Screen
 - Camera
 - Camera
 - Camera
 - Enlarger (77)
- 7. Hair salon:
 - Hair dryer, electric
 - Hair dryer, manual
 - Electric clippers
 - Chair with wheels
 - Table with mirror

X, X, X, X, 0, 6

IV. Labor

49. When you opened this business, how many people worked here OTHER than you yourself?

- 1. how many unsalaried apprentices?
- 2. how many salaried apprentices?
- 3. how many salaried workers?
- 4. how many family members?
- 5. other?

(21)

(62)

51. How many salaried workers that work for you now in this business are registered with the INSS?

┌┐

V. Finances

52. Do you have a written accounting system to manage your business?

What do you use?
(Multiple responses).

1 = yes

- notebook of credit for the clients
- receipt book
- record of expenditures
- order book
- notebook for bottled drinks
- notebook for bread
- periodic inventory
- book of operating costs
- other
- none

53. Have you every borrowed money for this busines?

┌

yes = 1 (go to questions 54-58)
no = 2 (go to question 55)

(74)

(39)

60. How much money have you saved from this business during the past twelve months?

61. Do you have a bank account or a savings account?

┌

yes = 1

no = 2

62. If yes, what type of bank account? (One response).

┌

obligatory, CADEBU = 1

for the business only = 2

for personal affairs only = 3

for both business and personal affairs = 4

(47)

VI. Income and Expenditures

(48)

63. Where do you buy MOST of your supplies?
(One response).

- in the central market of Bujumbura = 1
- from small merchants = 2
- from big, modern businesses = 3
- in the urban centers in the interior = 4
- in the rural areas = 5
- from private individuals = 6
- other = 7

64. Do you buy your supplies on credit?

- yes = 1
- no = 2

65. Do you buy some of your supplies or equipment
abroad?

- yes = 1 (go to question 66)
- no = 2 (go to question 67)

66. If yes: what supplies or equipment do you
buy abroad? (Multiple responses).

1 = yes

- spare parts
- electronics
- special tools
- packaged food
- photography supplies
- other

67. How much do you spend on supplies each week?

68. Last week, how much did you spend on transport
related to your business?
(Total: personnel + merchandise + products)

69. What is the average amount of your daily
earnings, including credit?

(77)

~~X~~~~X~~~~X~~~~X~~ 1.0

70. How much profit do you make each week
from this business?

(13)

VII. Formalization and Taxes

71. Did you pay taxes last year?

yes = 1 (go to question 72)
no = 2 (go to question 73)

(14)

72. If yes:

A. What kind of taxes? 1 = yes
2 = no

B. How much per year?

C. How many times per year do you pay?

1 = once a year
2 = twice a year
3 = three times a year
4 = four times a year
5 = monthly
6 = weekly
7 = other

	A.	B.	C.
Taxes	Y/N	Amount	Times
Zone/ Municipal			
Minister of Finances			
Beer/week			
Transport			
Other			
Other			

U | | | | | | | | | | U

U | | | | | | | | | | U

U | | | | | | | | | | U

U | | | | | | | | | | U

U | | | | | | | | | | U

U | | | | | | | | | | U

(68)

117

73. At present, where is your business registered?
(Multiple responses).

(69)

1 = yes

- the zone
- Mayor's office
- INSS
- Minister of Finance
- Chamber of Commerce
- other

]]
]]
]]
]]
]]

74. At present, do you have an obligatory account at CADEBU?

yes = 1
no = 2

]

75. Do you have a Carte de Commerçant?

yes = 1 (go to questions 76-78)
no = 2 (go to question 79)

]

76. If yes: in which year did you obtain your Carte de Commerçant?

]

77. If yes: have you paid the annual fees to the Chamber of Commerce for your Carte de Commerçant this year?

yes = 1
no = 2

]

78. If yes: did you pay the annual fees to the Chamber of Commerce for your Carte de Commerçant last year?

yes = 1
no = 2

]

(80)

18

82. AT PRESENT, what type of assistance do you MOST need to develop your business? (One response).

(26)

- capital = 1
- vehicule = 2
- \ credit = 3
- technical training = 4
- training in accounting = 5
- tools = 6
- = 7

other, specify: _____

NONE = 8

83. AT PRESENT, what type of assistance do you most need to develop your business, OTHER than capital? (One response).

- vehicule = 1
- technical training = 2
- training in accounting = 3
- more clients = 4

other, specify: _____

NONE = 6

(27)

THANK YOU!

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Appendix VI.

CODE LIST

Code for birthplace and region of origin:

- | | |
|-------------------------|-------------------------------|
| 1. Bujumbura (city) | 11. Muramvya |
| 2. Bujumbura (province) | 12. Musinga |
| 3. Bururi | 13. Ngoyi |
| 4. Cankuzo | 14. Rutana |
| 5. Cibitoke | 15. Ruyigi |
| 6. Gitega | 16. Bubanza |
| 7. Karuzi | 17. Zaiie |
| 8. Kayanza | 18. Rwanda |
| 9. Kirundo | 19. Other African country |
| 10. Makamba | 20. Other non-African country |

Code for nationality:

1. Burundian
2. Zairian
3. Rwandan
4. Other African nationality
5. Other non-African nationality

Code for formal business, question 27.

- | | |
|-------------------------|--|
| 1. AMSAR | 28. Cercle de Gitega |
| 2. Brarudi | 29. Novotel |
| 3. Verrudi | 30. Old East |
| 4. BTC | 31. Boulangerie Aristo |
| 5. Chanic | 32. BCB |
| 6. UTENA | 33. Phillips |
| 7. RAFINA | 34. STB |
| 8. METALUSA | 35. ISABU |
| 9. BF-FINA | 36. Hotel Gyro (defunct) |
| 10. Hatton-Cookson | 37. New Look (hair salon) |
| 11. BRI | 38. International development agencies |
| 12. Maurice Delens | 39. MECARUDI |
| 13. COCEIRAT | 40. Chanic |
| 14. Hydrobur | 41. Cercle Nantique |
| 15. OTRACO | 42. Kohinoci |
| 16. RudiPaints | 43. Club des Vacances |
| 17. Fabriplastique | 44. Peche Industrielle |
| 18. Supermarche Dimitri | 45. Maison David |
| 19. NANY | 46. Garage Toyota |
| 20. COTERU | 47. FERUSA |
| 21. OCIRU | 48. CHAMA |
| 22. Burundi Palace | 49. SET |
| 23. Other | 50. SOCOFETROL |
| 24. Hotel de l'Amitie | 51. CFL |
| 25. Ministry offices | 52. La Cremaillere (defunct) |
| 26. Pharmacy | 53. Hotel Mastere |
| 27. Alumerterie Moderne | 54. Restaurant Cambrinus |

APPENDIX VI. CODE LIST

- | | |
|------------------------------|----------------------------------|
| 55. Embassy offices | 78. Cooperative Ngagara, Kamenge |
| 56. College St. Esprit | 79. SNCA |
| 57. Economat | 80. Bancobu |
| 58. SIP | 81. Typomeca |
| 59. LOVINCO | 82. Siliuco |
| 60. SUPOBU | 83. Bakery (Mianon, Gatutu) |
| 61. SAVONOR | 84. Bon Accueil |
| 62. Arnolac | 85. Hospital |
| 63. Societe Theicole de Tora | 86. Tanzanian Embassy |
| 64. CEDUCA | 87. OPA |
| 65. Sonimport Export | 88. Chamukiza |
| 66. Pharmakina | 89. Aurel Tindoton |
| 67. Melodica | 90. ISA in Gitega |
| 68. AIDR | 91. Trestas |
| 69. Abaccf | 92. Churches |
| 70. Bata | 93. ONL |
| 71. Impaludi | 94. Garage Kwibuka (Gitega) |
| 72. Sonaco | 95. Bragita |
| 73. Stavros | 96. Station Phalan |
| 74. Cercle Hippique | 97. Huilerie de Rumonge |
| 75. Ruzizi | |
| 76. Station Mobil | |
| 77. SGEEM | |

Code for type of enterprise and discipline (questions 21, 23, 25):

- | | |
|---------------------------|--|
| 1. Restaurant | 21. Weaving |
| 2. Food store | 25. Interior decoration |
| 3. Banana Beer Bar | 26. Traditional carpentry |
| 4. Electronic repair shop | 27. Pottery |
| 5. Mill | 28. Pillow making |
| 6. Photo studio | 29. Auto body work, painting, battery charging |
| 7. Hair salon | 30. Masonry |
| 8. Carpentry | 31. Hat making |
| 9. Tailoring | 32. Ironworking |
| 10. Mechanics | 33. Oil pressing |
| 11. Cobbling | 34. Repair of fish nets |
| 12. Soldering | 35. Tanning |
| 13. Basketry | 36. Painting |
| 14. Jewelry making | 37. Knitting |
| 15. Watchmaking | 38. Traditional ironworking |
| 16. Bicycle repair | 39. Wood sculpting |
| 17. Bakery | 40. Car wash |
| 18. Industrial carpentry | 41. Motorcycle repairs |
| 19. Tile-making | 42. Plumbing |
| 20. Embroidery | 43. Electrician |
| 21. Dyers | 44. Commerce |
| 22. Dry cleaning/ironing | 45. Other |
| 23. Sculpting | |

APPENDIX VI. CODE LIST

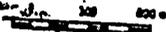
Code for enumerator:

1. Gregoire
2. Deogratias
3. Vital
4. Salvator
5. Robert
6. Francois
7. Gabriel
8. Alexis
- 9.
10. Louis
11. Elizabeth

Code for Controller:

1. Elizabeth
2. Gregoire

Echelle 1:30 000



- 01
- 02
- 03
- 04
- 05
- 06
- 07
- 08
- 09
- 10

- A Place de l'Indépendance 02
- B Place de la République 02
- C Au Euro 03
- D Au Burundi 02
- E Au France 02
- F Sebene 02
- G Immigration 02
- H Buiding administratif 02
- I Parc et Chaussées 02
- J Place du Faouzan 02

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