



January 2015 Newsletter:

# 2015 IS AFRICA'S YEAR OF OPPORTUNITY

## Foreword from Our CEO

2015 will be an exciting and demanding year for ICF as we bring to a close Phase I of our operations, and prepare for Phase II.

I encourage all our partners and stakeholders to continue their concerted collaboration and support of our work.

William Asiko - CEO of ICF Africa



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# ICF's Objectives for 2015



In this year, we will be bringing to a close the first phase of ICF's work which has spanned seven years, starting from the organisation's inception in 2007.

The second phase of ICF will continue the important work of helping African governments to create a conducive environment where businesses can grow, thrive and contribute to economic development. We will focus our efforts on preparing for the second phase through fundraising initiatives.

We will also continue working with our current 30 projects to help ease and improve tax processes, commercial justice, customs clearance, business licensing, and financial markets.

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## ICF Activity Map



### Cape Verde Privatization & Public-Private Partnerships

ICF and the Africa Development Bank are supporting the Government of Cape Verde to increase economic growth and reduce the public debt burden in Cape Verde by privatizing selected state owned enterprises and increasing private sector participation in key strategic sectors. The project will operationalize the Privatisation & Public-Private Partnership Unit providing legal, regulatory and institutional support to the Unit.

The privatisations and public-private partnerships are expected to stimulate private sector investments in the provision of public services like transport, water and electricity. Private sector involvement is also expected to improve the quality of these services, and contribute to the wider transfer of knowledge, technology and management skills.



## Seychelles Public-Private Partnerships

ICF and the Africa Development Bank are supporting the Government of Seychelles in developing a comprehensive legal, regulatory and operational framework for Public-Private Partnerships (PPPs) as a means to stimulate private sector development, and to support government capacity to leverage resources for infrastructure development and public service delivery. This includes the provision of clear rules for prospective investors, as well as creation of new funding and procurement methods for infrastructure development which leverage private investment.



## East African Community (EAC) Harmonization of Commercial Laws

ICF is working with the EAC to harmonise the commercial laws of partner states in key priority areas affecting EAC regional economic integration.

By establishing a synchronised legal framework for partner states, the private sector will benefit from improved access to financial services. This will increase cross-border investments and bring the EAC closer to total economic integration.

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# Facilitating The Growth of Small Businesses in Africa

For many entrepreneurs, starting a business is about necessity. The decision is not about building on a skill or an innovation – it is about putting food on the table for families and communities. In light of this reality, if starting a business is difficult or expensive, then this impedes the potential to change the livelihoods of millions and the important economic development that a robust small business sector creates.

It's been noted in many reports and studies that the small business sector is the foundation of most of the growing economies across the globe and has - post the financial crisis of 2009 only become a focus of many governments recently. This is especially important considering that small businesses in developed countries contribute around 50 percent to the GDP and those in Asia contribute around 40 percent. In Africa the picture is very similar and in most cases the small business sector is the largest employer. In South Africa the small business sector employs 60 percent of the labour force and contributes approximately 34 percent of the country's Gross Domestic Product (GDP). In Ghana this sector contributes 70 percent of GDP and over 92 percent of businesses in the country.

Given the impact of the sector on economies, governments have been slow to react to this opportunity and often facilitating the development of growth in the small business sector takes time and lacks political will. This is especially true in the African context where foreign investment dominates most of the economic conversations as this brings with it the promise of more jobs, fast-tracked economic development and the delivery of industrialisation.

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Now with the case for fostering entrepreneurship front and centre for many governments, the barriers to the creation of a sustainable and growing small business sector across the continent needs to be addressed. Some governments have made great strides in this regard but a recent Global Entrepreneurship Monitor Global Report of 2013 it notes that there is still some work to be done.

The report identifies a number of factors that impact entrepreneurship globally and the inclusion of these in an economy are beneficial to fostering small business growth. These factors include:

- Financial support
- General government support
- Specific regulations
- Market openness
- Research and Development (R&D) transfer
- Entrepreneurship education
- Cultural norms
- Values relating to entrepreneurship

The report reveals that the presence of these factors is lower in Africa than in developed economies. This is especially true in Sub-Saharan Africa, where low ratings were noted; and in particular with regards to R&D transfer.

What needs to happen is very clear – the small business sector needs to be nurtured and promoted as part of the growth expectations of the African economy. This will be done by including the factors above and most importantly highlighting success stories and instilling a sense of community in these businesses.

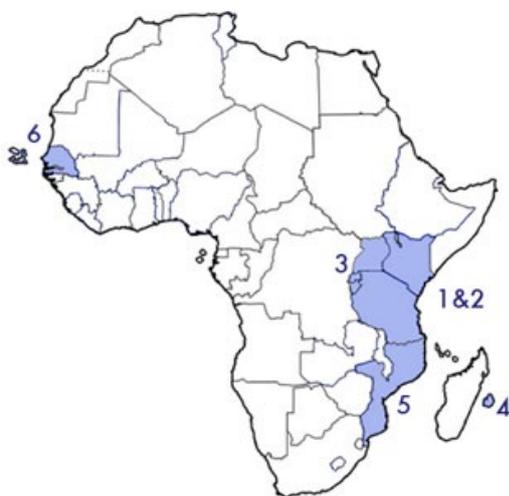
At ICF we have been working with seven governments throughout the continent on removing some of the red tape associated with starting a business. This is helping to reduce the time and costs associated with registering a business. For instance, the introduction of online business registration in Rwanda reduced the cost of registering a business from US\$433 to US\$25. This is especially important for small businesses which often have limited resources.

This is just a small part of what needs to be done to support the growth of small business in Africa and enable them to have a bigger impact on national economies. Much more needs to be done and African governments need to be on the forefront of this effort.

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# ICF Facts

## 2014 ICF Completed Projects



1. EAC Anti-counterfeit and Piracy Laws and Policy
2. EAC Harmonization of Commercial Laws
3. Rwanda: Kigali Construction Permit
4. Mauritius Modernization of Registrar of Companies
5. Mozambique Modernization of Tax Payer Services
6. Senegal Modernization of Tax Authority
7. Pan African Capacity Building



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## In Next Month's Edition... Doing business in Africa

Next month, we look at the factors that affect doing business in Africa. According to the World Bank's Doing Business Report 2015, this includes factors such as registering a business, dealing with construction permits and paying taxes.

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# ICF Funding and Support

ICF provides a unique partnership between the private sector, African governments and development organisations to deliver a better investment climate for Africa. We continue to seek additional funds to enable us to increase the scope and impact of our work.

## Development Partners

ICF receives support from the following governments:



And also from:



## Corporate Partners

ICF also receives support from the following companies:



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