

Rwanda: Investment Climate Permit Project

The challenge:

In 2009, businesses in Rwanda faced major legal and regulatory constraints in three areas:

- 1) Commercial contracts enforcement was time consuming and expensive, making businesses and banks reluctant to enter into contracts with third parties.
- 2) Business formalization and intellectual property registration processes had shortcomings, making it difficult for businesses to comply with the Companies Act, to access finance, and to invest and innovate.
- 3) Business and landowners in Rwanda were operating within a legal vacuum unable to use their land assets as collateral for loans. The granting of land titles was done after the land had been developed, making it difficult for land owners to use the land as collateral for accessing loans to develop it. Stringent building regulations also placed an impractical burden on developers and presented yet another hurdle to the effective registration of titles.



The solution:

ICF partnered with the Government of Rwanda to strengthen and speed up the pace of investment climate reforms in Rwanda and reduce the cost and risk of doing business in the country. This was done by addressing constraints in the areas of commercial disputes resolution, business registration and land registration. The total cost of the project was US\$ 20.9m. Of this, ICF provided US\$ 8.3m and the Government of Rwanda provided US\$ 12.6m.

Impact:

Commercial dispute resolution: it now takes an estimated 120 days to resolve a commercial dispute instead of the previous 5 years; the pre-2007 backlog of over 3,333 commercial cases has been cleared; the commercial court is well equipped with a case management and document archiving system as well as skilled personnel. Over US\$ 20m has been freed up due to the quick resolution of commercial disputes.

Business Registration: businesses can now register in 2 days instead of 16; there are only 2 procedures for registration and the fee is now \$25 instead of the previous \$433 (free online). Over 10,000 businesses have registered since June 2010. A self-sufficient Office of the Registrar has been established and is operational.

Land registration: Computerisation of the land registry through the newly established Land Information Administration System has improved titling and boosted mortgage registration, which stands at US\$ 1 billion since June 2010.

Project duration: May 2007 – March 2011

The Investment Climate Facility for Africa is a grant providing organisation that works with African Governments to improve the environment in which businesses operate. ICF engages closely with implementing Government bodies throughout the life of the project. For more information about ICF please visit www.icfafrica.org