



The Investment Climate Facility for Africa



September 2014 Newsletter:

ICF TAKES ON COMMERCIAL JUSTICE, PROPERTY RIGHTS AND CONTRACT ENFORCEMENT

Foreword from our CEO

A modern and efficient judicial system is vital in boosting investor confidence and protecting commerce and trade. ICF works closely with Governments and the private sector to improve efficiencies in the delivery of commercial justice and to speed up the resolution of disputes.

William Asiko - CEO of ICF Africa



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Commercial Justice, Property Rights and Contract Enforcement

Security for investors and boundary disputes



Business and property owners need to have trust in courts which can efficiently resolve any commercial disputes that may arise. The efficiency of commercial courts in Africa can be improved through training of court officials, including specialized training in commercial law for Judges and Magistrates, and moving toward an electronic registry and recording equipment.

An efficient and modernized court process breeds confidence in the commercial judicial system as it increases accountability and transparency, which is also vital to ensure peace of mind for investors. An efficient process also leads to a decrease in the time it takes to resolve commercial disputes, thus saving the State and the parties involved time and money.

ICF works with African Governments to improve the legal systems involved with commercial law to reduce the costs incurred by business and property owners to resolve disputes.

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ICF Activity around Commercial Justice Property Rights and Contract Enforcement



Mauritius: Modernisation of the Judiciary

ICF is working with the Mauritian Judiciary to modernize the commercial legal system. With ICF's support, the Judiciary aims to reduce the time and cost of lodging commercial cases in the Mauritian Supreme Court.



Tanzania: Modernization of the Judiciary

ICF supported Tanzania's project to improve and modernize their courts. Modern audio recording systems have been implemented in four courts in Dar es Salaam while 40 judges, 35 registrars and 35 clerks received computer training.



Mali: Alternative Dispute Resolution

ICF has helped to improve Mali's commercial justice sector by strengthening the Chamber of Commerce and Industry's Alternative Dispute Resolution mechanism.

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African tax system needs a 21st century facelift to sustain revenue

Turning tax administration from a manual process to an online one for an entire African country may appear daunting, but Governments could reap the revenue and time-saving benefits it brings.

The African Economic Outlook (AEO) said in a 2010 report that Africa has the potential to increase revenue from both private income and corporate income tax simply by improving the tax collection processes.

"Efficient tax collection also strengthens public resource mobilization without over-taxing the economy," AEO said.

The organization indicated that short-term tax policy options in "most" African countries are constrained by their manual tax administration processes.

"Therefore, upgrading tax administration is a pre-requisite to reducing income inequality through progressive taxation," said AEO.

While it is up to relevant African Governments to decide on a tax policy that works for them, ICF is an organization that can assist in the administrative side of overhauling a tax system.

In Rwanda for example, ICF has helped the country's Revenue Authority to digitize the tax collection process in order to reduce the time and costs businesses incur in paying tax.

Businesses now can file their VAT, income and employment tax returns within a few minutes, instead of the previous 23 days, thanks to an online tax filing system.

A 2014 research report by the African Tax Administration Forum (ATAF) showed that there were still concerns about online security which resulted in a "low uptake" of electronic filing systems on the continent.

According to ATAF, however, training, accountability and a commitment to the implementation of electronic filing systems can address these concerns.

“Overall, an integrated and comprehensive ICT (Information and Communication Technology) system is crucial for sustainability and growth of tax revenues,” ATAF said in their report.

It is vital for African Governments to take their tax processes into the 21st century, as it can result in a win-win situation for the State as well as taxpayers.

As the AEO and ATAF argue, tax revenue is increased and made sustainable by improving the collection process. At the same time businesses and individual taxpayers benefit by being able to file their tax returns with relative ease.

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ICF CHIEF EXECUTIVE OFFICER

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This is the first Annual Report since my appointment as CEO of ICF and I would like to begin by paying tribute to all those who have worked so hard to build ICF from scratch in 2007, into the organization that it is today. By the end of 2013, ICF had invested over US\$ 110 million in 64 projects in 19 countries across Africa. ICF's total project footprint in Africa, including regional projects, is 33 countries. This is a phenomenal achievement in a period of just 6 years. It is even more remarkable that over 50% of these projects were complete by the end of 2013.

In next month's edition...

Infrastructure Facilitation

Fundamental infrastructure is essential for providing services to the public and attracts the investment Governments need to reach their economic potential.

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