

**February 2016 Newsletter:
DOING BUSINESS IN AFRICA 2016**

Doing business in Africa 2016

We are seeing a number of positive trends when it comes to doing business in Africa today. These include continuing improvements in the regulatory environment, which is an area that ICF is deeply involved in, as well as ongoing urbanisation and a growing middle class, both of which create consumer demand and investor interest. This article includes information on a number of new and interesting investments in Africa.

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Doing Business 2016

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A Note From Our CEO

ICF is passionate about the role we play in assisting governments to implement business environment reforms, which are often precursors to investment growth. Our newsletter this month gives information about some significant new global investments across Africa, as well as taking a closer look at two countries on opposite sides of the continent, namely Senegal and Mauritius.

William Asiko - CEO of ICF Africa



ICF Business Reform Projects Help to drive forward Senegal's economy

ICF, together with the Government of Senegal, has been implementing projects on customs modernisation, tax reform and construction permits. The construction permits project is currently taking place in the Dakar region, and aims to implement an electronic system for issuing construction permits quickly and cost effectively, thereby stimulating the real estate industry.

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Beneficiary Story: Mauritius

In Mauritius, the registered documents of all movable and immovable property are held by the Registrar General's Department (RGD). The Government of Mauritius has partnered with ICF to transform the RGD from a paper-based organisation to an e-Service organisation, to great effect. The project has involved the processing of over 13 million pages of deeds dating as far back as 1804.



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ICF Activity Map: Doing Business in Africa

During our nine years of existence thus far, we are humbled at the opportunities we have had, across the continent as well as across diverse business arenas, to play a role in assisting governments with their business reform processes. Here we take a look back at our projects across Africa, both past and present.

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Doing Business in Africa 2016

Around the world, governments and multinational corporations are increasingly setting their sights on Africa as a new frontier for doing business. Potential investors want to understand where and how to invest in the most rewarding and efficient manner.

In this regard, the World Bank’s annual Doing Business report offers valuable information on 189 economies around the globe by ranking countries according to how conducive their business environment is, based on a number of different factors. These rankings give detail on how easy it is for business to engage in a number of crucial activities like register and obtain licenses, pay taxes, obtain construction permits, and much more. Such rankings give investors an indication on how well a country is able to attract and grow new businesses - to the benefit of its overall economic growth and, ultimately, the enrichment of its citizens’ lives.

According to the Doing Business 2016 report, a number of African countries have made great strides in improving their business environments. As outlined in a previous ICF article, Sub-Saharan Africa accounted for almost a third of the improved global regulatory reforms, as well as half of the world’s top 10 improvers, namely; Uganda, Kenya, Mauritania, Senegal and Benin.

In fact, this marks the second year in a row that Senegal and Benin were featured in the Doing Business report’s list of the top ten countries that have made the most improvements with regards to the creation of a business-friendly environment.

ICF has been working with some of these countries to help them improve their business environments and make it easier for businesses to thrive. ICF has worked with the Senegal Government to help bring improvements in three different areas: it has helped to improve trade facilitation by modernizing the cargo clearance process and reducing cargo dwell time from 17 days to 3; a tax modernization initiative has established an online system which enables large taxpayers to declare and pay their taxes in 15 minutes instead of the previous 12 days; and it has established an electronic system for the issuance of construction permits in the region of Dakar.

ICF has also been working with the Government of Senegal to improve tax administration in the country. The first phase of ICF support introduced a new legal framework that streamlined regulatory and administrative tax procedures. The second phase of the project aims to increase the number of taxpayers who are using these electronic services. We will bring you more details in our next article.

Members of the Organization for the Harmonization of Business Law in Africa were also singled out by the report as doing particularly well. According to the Report, “14 of the 17 economies implemented business regulation reforms in the past year—29 in total.” ICF has been working with the Organisation for the Harmonisation of Business Law in Africa, also known as OHADA, (Organisation pour l’Harmonisation en Afrique du Droit des Affaires) to help simplify and harmonise business laws among the 17 member states. This includes the reforming and adoption of the Commercial Act and the Securities Interest and Mortgages Act. Adoption of these two Acts is already helping to improve access to credit in member countries, as lending banks now accept a much wider range of assets as collateral. Benin is one of these 17 member states. When we look at overall trends regarding doing business in Africa, we see a number of positive signs. These include continuing improvements in the regulatory environment; an ongoing demand for resources, in which Africa is abundantly blessed; a young and fast-growing population, which creates a significant labour force; and ongoing urbanisation and a growing middle class, both of which create consumer demand and

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investor interest.

Recent developments indicate that companies (both local and foreign) are taking advantage of the improved business environment across Africa. Here are a few examples:

In 2014, Coca Cola announced that it will invest \$17 billion in Africa in companies involved in the soft drink beverage and food industries between 2010 and 2020. Already it has acquired a 40% stake in Nigeria's largest juice market, TGI Group's Chi Ltd, which sells beverages such as Chivita 100% and Chi Ice Tea.

The British financial services company AXA Insurance has invested \$83-million – in exchange for eight per cent in equity in the company – in the Africa Internet Group, which owns e-commerce company Jumia and nine other e-ventures in Africa.

Some 100 local companies have expressed interest in energy investment in Tanzania, following moves from the Tanzanian Government to encourage local investors to become involved in the generation, transmission and distribution of power.

Global power generation company Cummins Cogeneration Limited signed a partnership agreement with Nigerian power generation company Sapele Power Plc on 3 February 2016, with the intention of building one of Africa's largest gas-fired power plants in Nigeria.

The ongoing interest in investing in Africa was also showcased by the recently-held tenth Biennial US-Africa Business Summit, which took place in Addis Ababa, Ethiopia. The Summit brought together more than one 1,400 delegates from Africa, the United States, Europe, Asia and the Middle East. Attendees included investors, government officials and private sector representatives. It was the first time that the Summit, sponsored by the Corporate Council on Africa (CCA), had taken place in Africa in almost ten years.

The US-Africa Business Summit was an important event for governments and private sectors across the continent. It showed once again that confidence is rising from both foreign as well as local investors, and that more opportunities to invest in Africa are opening up all the time across a number of different industries.

ICF is happy to be a part of this growing development that is seeing African countries improve their investment climates so that all businesses can operate in a friendlier environment. We look forward to bringing you more information on our projects and collaborations across the continent throughout 2016 as the year unfolds.

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ICF business reform projects help to drive forward Senegal's economy

The economic foundations of the West African country of Senegal include industries encompassing agriculture, natural resources and commodities, while tourism and the hospitality industry are also growing in importance. Against this relatively diverse economic background, ICF, together with the Government of Senegal, has been particularly involved in projects in the areas of customs modernisation to facilitate trade across borders, tax reform and construction permits.



The customs modernisations projects have been successfully completed, while the tax and construction permits projects continue into 2016. In 2012, one of the customs modernisations projects that ICF supported, the GAINDE 2000 electronic pre-clearance system, won the UN Public Service Awards in the category of 'Improving the Delivery of Public Services', for its electronic Single Window for facilitating foreign trade and customs processes.

Facilitating foreign trade and customs formalities. Global practice generally outlines three main steps when clearing the import and exports of goods across borders, namely: customs pre-clearance, customs clearance and finally the release of the goods from the port or airport. In Senegal, these three stages are handled by different institutions and prior to May 2008, they were not interconnected in, leading to a lengthy and cumbersome process for clearing goods.

GAINDE 2000, a public-private partnership in Senegal, managed the pre-clearance process; the Customs Authority managed the clearance process and the Port Authority manages the release of goods. Information from GAINDE's electronic pre-clearance system had to be manually inputted into the Customs Authority's electronic clearance system.

Two ICF projects worked to tackle the integration and improvement of the pre-clearance and clearance customs processes, namely the 'Paperless Single Window Customs System Project, Phase I and II' and the 'Modernization of Customs Authority Project'. The former project focused on the relationship between the customs pre-clearance and clearance stages. The latter project enhanced efficiencies further during the clearance stage.

Phase I of ICF support to the Paperless Single Window Customs Systems Project, refined GAINDE's system, enabling electronic pre-clearance documents to be submitted directly into Customs' electronic system. This resulted in the reduction of the pre-clearance process from two days to seven hours.

Phase II of ICF support modernized the Customs' clearance stage by introducing electronic submission of customs declarations. This helped to reduce the average declaration and clearance times for both imports and exports.

The Modernization of Customs Authority Project then focused on the customs clearance step, which had previously been very fragmented. The project streamlined, automated and digitised the Customs clearance processes, integrating the clearance system into one common electronic trade data platform. It also introduced a new regulatory and administrative framework for the customs clearance procedures.

As a final result of these two projects, cargo dwell time for imports has been reduced substantially from 17 days to 3 days. It is estimated that private sector opportunity cost savings derived from this improvement exceeded US\$ 150 million over the 2008-2013 period.

ICF has been working with the Government of Senegal to improve tax administration in the country. The first phase of ICF support introduced a new legal framework that streamlined regulatory and administrative tax procedures. This was



to increase transparency of tax payments as well as to reduce the time and cost requirements for tax administration. The project established e-Tax and e-Payment systems, automated existing administrative processes and digitised existing tax records.

The project has showcased two major results

Firstly, the declaration and payment of taxes through the Large Taxpayer Office now takes only 15 minutes instead of two days. Secondly, the processing of corporate taxes reimbursements and VAT refunds now takes 15 days and 30 days respectively, instead of the previous 175 days.

ICF is currently implementing a second phase of support which aims to enhance the eServices system to increase the number of taxpayers who are using these electronic services. This will be done by enhancing the e-Payment system and improving operations within the tax services centre.

Construction Permits Project

Part of the construction permit process includes verification on whether the proposed structure meets the required building codes. In Senegal, obtaining a construction permit had traditionally been a long process, taking an average of 90 days. This resulted in a number of illegal and unsafe constructions.

ICF is therefore working with the Government of Senegal to reduce the time and costs of processing construction permits in the Dakar region. A successful implementation of the project will pave the way for a national roll-out, to benefit the safe and timeous construction of new buildings countrywide. Overall, the project is intended to reduce processing time substantially, as well as costs, and to encourage the process of obtaining a construction permit for greater safety in a growing urban environment.

Conclusion

The reforms in Senegal's customs processes, tax administration and construction permits are expected to play an important role in the continuing improvement of the country's investment climate. These improvements will have a great impact on the various elements of Senegal's diverse and growing economy, stimulating the growth of enterprises and the creation of jobs.

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Mauritius modernizes asset registration

The Registrar General's Department (RGD) is responsible for the registration and storage of all asset related documents in Mauritius. This includes documents related to movable and immovable property transactions.

Until recently, RGD operated a paper based registry which contained over 13 million pages of deeds dating as far back as 1804. This system made it difficult for RGD to process the large volume of documents. In addition, individuals and company representatives had to go to RGD offices to register documents, like transfer of property ownership, transfer of shares, motor vehicle registration, erasure of mortgages and so on. To search for documents, stakeholders had to look through physical paper files.

In an effort to improve the business environment, the Government of Mauritius partnered with ICF to transform RGD from a traditional paper based service organization to an e-Service organization. And indeed it has.

The e-Registry system, introduced under the project allows members of the public and businesses to upload



Veruna Punchoo, Notary at Maitre Patrice Avrillon monitoring the status of a registered deed using the e-Registry system.

documents, submit registrations, make payments and receive documents concerning their asset registrations online. It also allow them to monitor the status of their registration. All 13 million pages of deeds have been digitized and stakeholders can search for them electronically at RGD. The private

sector could not be any more relieved by this news. From notaries, to financial institutions to car dealers, all are reaping benefits from the system which went live in June 2015. Veruna Punchoo is a notary at the notarial offices of Maitre Patrice Avrillon in Port Louis, Mauritius.

Commenting on her relief after the introduction of the system, Veruna Punchoo said, "It is quite remarkable that the system has eliminated the need for our clerks to submit the original deed at RGD. The introduction of the eRegistry system has made transacting with RGD

a smooth experience. I can process and monitor multiple transactions by simply logging on to the RGD website. The system also allows me to access electronic copies of all the transactions that I have processed. This to me feels more secure as there is a much lower risk of losing an e-copy."

The MeRP project has contributed towards the amendment and adoption of eight laws including the Electronic Transaction Act, thus permitting the usage of electronic documents and signatures by businesses Mauritius. "RGD has contributed in building the reputation of Mauritius as an eService provider," said Sadmadevi Gukhool, RGD's Principal Registration Officer. "Now the environment is completely paperless."

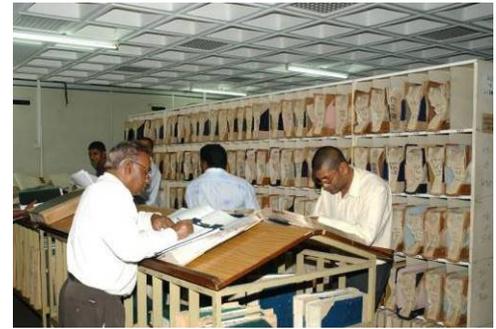
One of the processes involved in notarizing deeds includes searching and verification of information on assets. For example, when registering property, one needs to search whether there is a mortgage associated with that property, past owners, value of property, size of property and so on. In the previous manual system searches involved going through piles of RGD's handwritten archived records.

This was not only a time consuming process, but it also made it quite easy for one to tamper with the handwritten records.



Members of the public performing a search on RGD's handwritten archives, a tedious and time-consuming process.

Vanessa Ramdee, an intern at the notarial offices of Maitre Patrice Avrillon, faced a challenge searching through RGD's records. "My first assignment required me to do detailed searches on assets that we were preparing deeds for. At that time, the only way of conducting a search was by flipping through the pages of RGD's handwritten and archived paper files," Vanessa said. "The archived files were not stored in any particular order and this made the searching process more challenging. The files were quite chunky, and if you were not well built you would have problems pulling files from the top shelves," Vanessa added.



Members of the public conduct searches electronically at RGD's search room introduced under the MeRP project, co-funded by ICF.

This is no longer the case. RGD's new electronic search room allows stakeholders like Vanessa to retrieve information within a matter of minutes by a simple click of the mouse. Notarial offices aren't the only ones that have been able to reap the benefits of a good information management system. Other businesses have also benefited. Lida Allaghen is a Sales Executive at Bronze Peacock, a car dealership company in Port Louis, and was among the first users of the system.



Deputy Prime Minister Hon Charles Gaetan Xavier-Luc Duval (second left) hands the winning trophy to Mr. R Goorayah, Deputy Registrar General (second right).

At Bronze Peacock, Lida is able to process registrations of motor vehicles much quicker. The system has enabled her to work more efficiently as she can scan and upload documents for registration from the convenience of her office. Through the system, she is also able to track the progress of the documents.

"The good thing with the e-Registry system is that everything can be done from our office. It used to take us up to one day to register a vehicle at RGD. Now, it is a different ball game altogether because at most I would finish the process of registering documents within two hours. This is good for us as a business because our customers demand quick services," said Lida. Today, Lida is able to use the time saved from registrations on marketing activities for Bronze Peacock.

As a result of this project, RGD has received recognition for being the most outstanding government department in Mauritius. In November 2015, the Mauritius Ministry of Civil Service and Administrative Reforms awarded RGD the 2014 Grand Prize of the Public Service Excellence Award (PSEA), together with the award for Innovation and Improvement. The awards recognized RGD for its efficiency, customer centred delivery and innovation and improvement.

Speaking about the award, Mrs. Deviantee Sobarun, RGD Registrar General, said, "I dedicate this Award to all the staff of the RGD as well as stakeholders who have been working heart and soul for the smooth implementation of projects at the RGD, including the present one, the MeRP. They have understood our message that change is necessary to move ahead and make progress."

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In Next Month's Issue: Property Rights

Economic experts acknowledge that economic prosperity and property rights are closely linked. In our next issue we will take a closer look at attitudes to property rights in Africa, including where we have seen particular improvements, as well as how legally-entrenched property rights can assist in stimulating investment opportunities and economic growth.

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.

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