ICF The Investment Climate Facility for Africa

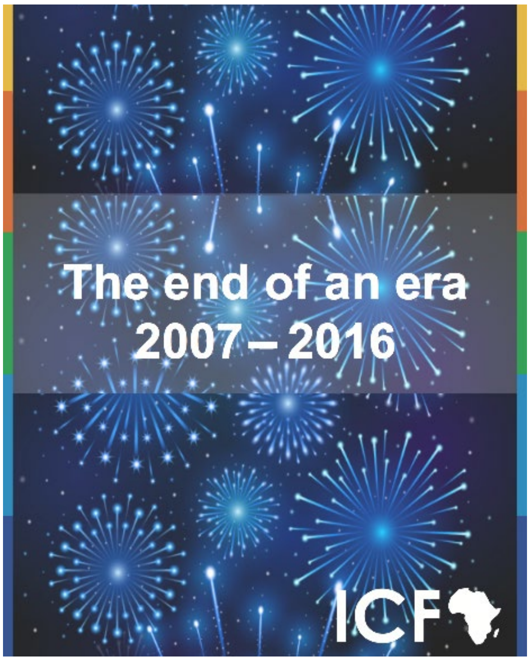
PARTNERS IN BUILDING THE FUTURE

November 2016 Newsletter

ICF COMES TO AN END: LAST NEWSLETTER

ICF - the end of the journey

For the past nine years, ICF had one goal – to work with African governments and the private sector to improve the investment climate in Africa. Now, nine years later, we have successfully completed this mandate and will therefore close at the end of December 2016. We are honoured to have been able to play a critical role in facilitating the improvement of the investment climate in Africa. Read more about our nine year journey in this article.



READ

The last ICF newsletter

It's with sadness that we announce that this is the last newsletter that you will receive from us as ICF's mandate has come to an end. We thank you for all your support over the years.

We invite you to download our Completion Report to know more about ICF's incredible journey in the past nine years. It is only through the great collaboration with our Donors, African Governments and the African private sector that we were able to achieve a tremendous impact on the development of African economies.

DOWNLOAD REPORT

A CEO foreword for the final newsletter

ICF is a story of success shared with African governments, donors and the private sector. In the past nine years we have been able to work with 21 Africa governments and 3 regional blocks, which has enabled us to create tangible investment climate improvements for a total of 36 African countries. ICF is now coming to a close and on behalf of ICF I would like to thank each and every one of you for their incredible support. I also urge African governments to continue making Africa a great place to do business.

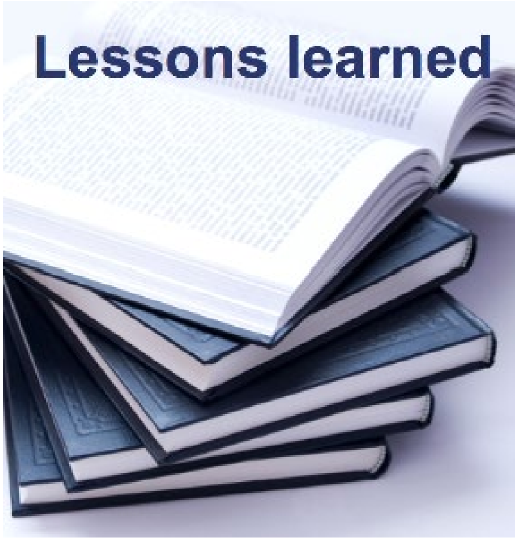
William Asiko - CEO of ICF Africa

Where it all began and ICF's legacy

ICF's journey started with The Commission for Africa's 2005 report 'Our Common Interest' and an endorsement by the G8 at the Gleneagles Summit. ICF was charged with the mandate to enable business, as a means of creating wealth, employment and economic growth,ultimately resulting in better livelihoods and the well-being of communities across Africa. Read this article for more information about how ICF started and the great work that was done in our eight priority areas.

READ

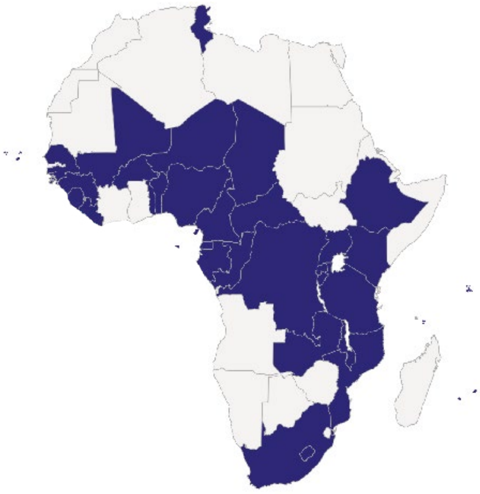
Lessons learnt & recommendations for the way forward



Our journey to deliver over 70 projects over the past nine years of operations has yielded a rich vein of learning experiences for ICF and we feel strongly that we have a responsibility to reflect on how we have delivered it. In this spirit of open exchange and collaborative learning, ICF has documented various aspects of project implementation that serve as lessons to inform future project design, implementation and completion. Follow the link to find out more.

READ

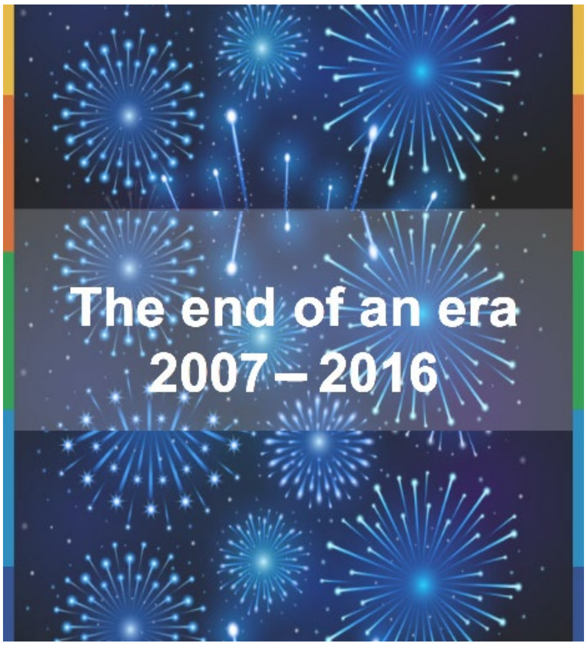
Activity Map - ICF Business Registration and Licencing Projects



Since our establishment in 2007, ICF's sole mandate was to boost Africa's economic growth by removing barriers to doing business in the continent. We have worked with 21 countries and three regional blocks, creating an impact for a total of 36 countries on the African continent. Click here to see how our initiatives assisted in improving the investment climate in these countries and made it easier for businesses to operate.

VIEW MAP ONLINE

ICF - the end of the journey



For the past nine years, ICF had one goal – to work with African governments and the private sector to improve the investment climate in Africa. Now, nine years later, we have successfully completed this mandate and will therefore close at the end of December 2016.

Since our establishment in 2007, ICF's sole mandate was to boost Africa's economic growth by removing barriers to doing business in the continent.

We had three overarching objectives driving this mandate:

1. Build effective coalitions with businesses and governments in order to identify and implement priority projects that drive Africa's investment climate

2. Work with governments to create a conducive legal, regulatory and administrative environment for businesses at all levels to invest, grow and create jobs

3. Improve Africa's image as an investment destination by effectively telling the story of rapid improvements in the investment climate

In collaboration with key stakeholders, ICF identified eight priority areas that could bring immediate and medium term improvement to Africa's investment climate. We worked with our partners in these areas to achieve results in a short period of time, and with little resources. Our work in these eight priority areas was as follows:

- Improving access to commercial justice by modernising judicial systems, establishing commercial courts and creating alternative methods for dispute resolution;

- Establishing simple, transparent, efficient and cost effective ways for businesses to formalise their enterprises through faster registration and licensing;

- Modernizing cargo clearance systems at ports to significantly reduce dwell times and increase overall port capacity;

- Creating online systems for paying taxes to make it easier for businesses to meet their tax obligations;

- Assisted governments in creating the space for private sector participation in the provision of public infrastructure in order to bridge infrastructure deficits;

- Modernised land administration systems to enable individuals and commercial property owners to register their land and secure their property rights in simple and transparent ways;

- Strengthened the capacities of African financial markets to deepen access to financial services and provide alternate forms of financing to the private sector, especially smaller enterprises; and

- Built the capacities of small and medium enterprises to enable them to participate more effectively in the available markets and take advantage of other economic opportunities.

ICF has had a tremendous impact on the development of African economies. With quick initiatives, clear targets and tangible results, we have made it easier to do business in Africa. We have worked with 21 countries and three regional blocks, creating an impact for a total of 36 countries on the African continent.

Throughout our journey we have delivered over 70 projects and witnessed an extraordinary shift in the investment climate across Africa. We are honoured to have been part of this shift through the reforms we have implemented, and are happy that we could have played a critical role in facilitating the improvement of the investment climate in Africa.

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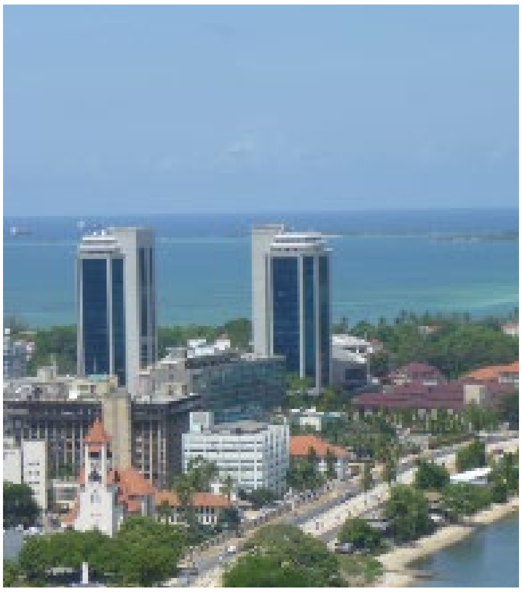
Where it all began and ICF's legacy

challenges when trying to operate in Africa. Despite the increased awareness among international business communities of the investment potential that African countries had to offer, much cynicism remained about whether things will ever really change in Africa. It was therefore fundamental to further enable business, as a means of creating wealth, employment and opportunities, ultimately resulting in better livelihoods and the increased well-being of communities across the continent.



The Commission for Africa, in its 2005 report 'Our Common Interest' highlighted the critical importance of the investment climate as a key driver of economic growth. The Commission called for a renewed commitment to promoting growth and prosperity on the continent and called attention to a proposal for the establishment of an investment climate facility to address barriers to investment in Africa.

This initiative was also endorsed by the G8 at a summit hosted by the British Prime Minister in 2005. Following this Gleneagles Summit, a series of countries and corporations pledged to provide financial support to an Investment Climate Facility for Africa for a seven-year term. These included countries like the UK, Germany and South Africa, and corporations like Coca-Cola, Standard Bank and Unilever. The Government of Tanzania agreed to incorporate the facility in Dar es Salaam.

And so in April 2007 ICF began its operations with its first project, a partnership with the Government of Rwanda to improve business registration, commercial justice, and land registration.

Nine years later ICF has completed the mandate set out at the Gleneagles Summit. Looking at some of the results we have achieved over the years, we are extremely proud to announce that we have been able to achieve the objectives that were set out at that Summit.

Here are some the results highlights from our eight priority areas:

Contract enforcement
Facilitating improvements to the continent's commercial justice systems is highly beneficial to the investment climate and was therefore a key focus for ICF.

ICF completed 19 commercial justice projects in 10 countries and two regional blocks including Mauritius, Togo, Zambia and Tanzania. In Mauritius, we helped establish a Fast Track in the Commercial Division of the Supreme Court which has reduced the time from trial to judgement to just 36 days for commercial cases.

We also established mechanisms for alternative dispute resolution like mediation, arbitration and adjudication. This included helping to set up the Kigali International Arbitration Court and the Lagos Arbitration Court, as well as promoting Ivory Coast's Court of Arbitration.

Business Registration and Licensing
Businesses need a simple, transparent, efficient and cost effective way of formalising their enterprises. ICF interventions assisted African governments to create simplified electronic business registration and licensing systems to improve access to these services.

ICF helped to set up business registration and licensing systems in 8 countries, including Burkina Faso, Cape Verde, Liberia and Mozambique. In Cape Verde, country-wide extended business registration services enables business to be registered in just one day. In Burkina Faso, it used to take 40 days to register a business, but following ICF interventions it now only takes five days. The set-up of one-stop-shops for business registration in Liberia saw a steady increase of business registrations and enabled Liberia to move from the 141st place to 35th place in the World Bank's Doing Business Report ranking for starting a business, within a period of four years.

Ease of starting a business will stimulate the increase of new businesses, positively affect job creation, income wealth distribution and economic growth.

Trade facilitation

Cargo delays at African ports create major restrictions to trade and is a major stumbling block for economic development. ICF worked with seven countries to implement single window systems for trade that led to a reduction in cargo dwell time by eliminating manual and inefficient processes. These countries include Senegal, Burkina Faso, Kenya, Sao Tome & Principe and Tanzania. The new electronic systems and procedures are faster, cost effective and more transparent. The time and cost to move goods through cargo clearance has been lowered considerably.

For example, in Senegal, cargo dwell time for imports was reduced significantly from 17 days to just three. In Sao Tome & Principe, the number of days to import and export went down from 28 days to 16 days, according to the World Bank's Doing Business methodology.

Taxation

ICF interventions in this area focussed on simplifying and streamlining tax procedures and creating online systems for processing and paying taxes in eight countries, including Ethiopia, Rwanda, Zambia, Senegal and Cape Verde. Modernised revenue operations will lead to efficient tax collection systems to benefit both the private sector and Governments.

In Rwanda, our support has reduced the time to process income, pay as you earn, and value added taxes from 23.5 days to instantaneous due to a new online system. In Zambia, we helped to reduce the time to file, process and pay income tax from 10 days to one.

Infrastructure facilitation

With our projects we aimed to create an enabling environment and regulatory framework for private sector participation in public infrastructure and also to strengthen the capacity of African governments to bridge infrastructure deficiency and meet the basic service needs of citizens. We have worked with several countries including Cape Verde, Sierra Leone, Rwanda, Tanzania and Seychelles.

In Sierra Leone, we implemented a project that was specifically aimed at easing the burden of transport between the capital city and the international airport, and ICF resultantly established an airport transfer unit that is responsible for licensing, monitoring and regulating transport in the private sector. Clear lines of responsibility and accountability were also established through an airport transfer regulatory framework.

In Rwanda, our initiatives were focussed on the energy and power sector. We built the capacity of the Ministry of Infrastructure and related energy institutions to create bids, negotiate and contract with the private sector.

Property rights

Procedures that govern land tenure in many African countries tend to be complex, uncertain and opaque which makes it difficult to know who owns or has occupancy rights to land. ICF interventions in the property rights sector assisted governments to establish electronic land registries with the aim of decreasing time and financial cost (for both the client and the authorities). Our interventions focused on countries like Rwanda, Burkina Faso and Sierra Leone.

In Burkina Faso it now only takes 21 days to register a property, compared to the 182 days required before. There are now only five procedures involved for transferring property, instead of the previous eight. In Rwanda, our support helped to reduce the number of days it takes to register property from 371 days to 2 days; the computerization of the land registry also helped to pave the way for an electronic mortgage registration system.

Financial markets

ICF focused on strengthening African financial markets by widening geographical coverage, increasing the scope of services offered and strengthening capacities in Ethiopia, Tunisia and Seychelles. This was done in an effort to foster investor participation and encourage knowledge sharing across the continent to unlock Africa's potential.

In Ethiopia, our project was aimed at improving the Ethiopia Commodity Exchange (ECX) through the introduction of an electronic trading system. As a result, the ECX's trading capacity was greatly increased from 200 transactions per day to 10,000 per hour, creating room for many more commodities to be traded.

In Tunisia, our support helped the Tunisia Stock Exchange to increase stock literacy in the country and the region. In Seychelles, our intervention provided a foundation for the Government to widen the scope and variety of financial services available in the country.

Capacity building

Capacity is a major challenge in Africa and many companies, including small enterprises, struggle to find employees with the appropriate skill set and knowledge for their business. A long-term solution to curb capacity challenges in Africa requires structural changes to education systems across the continent, but inroads can be made through simple and inexpensive initiatives.

ICF worked with South Africa, Tanzania and the Common Market for Eastern and Southern Africa (COMESA) to help increase the capacities of local governments and small enterprises. In South Africa, our support helped to improve the capacities of five municipal councils in providing better services to their communities, resulting in the reduction of the number of service provision complaints, petitions and service delivery protests.

In Tanzania, our SME capacity building project saw 1,024 individuals trained on business management skills – including business owners and employees. In the COMESA region, a pilot project trained 480 local producers from six countries on food safety standards so they can supply to multinational supermarkets and hotels.

Results for the continent

From 2005 to 2015 Sub-Sahara Africa experienced sustained growth, with its Gross Domestic Product increasing by an annually average of 5-6%. ICF is proud to be part of this incredible transformation through its collaboration with African governments and the African private sector.

We are confident that our legacy, the blueprint for public-private partnership that we leave behind in Africa, will allow others to build their own success long after ICF's departure.

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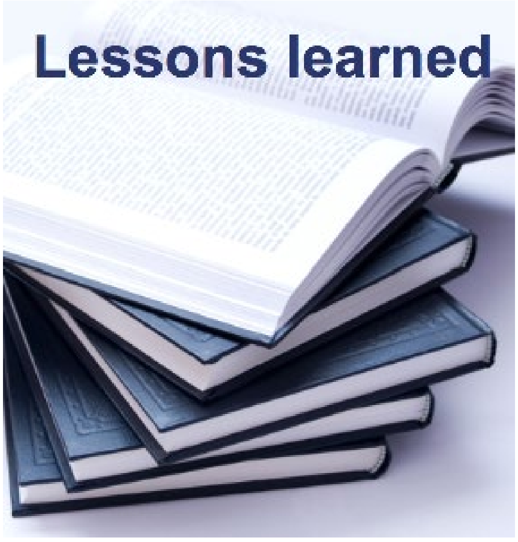
Lessons learnt & recommendations for the way forward



Our journey to deliver over 70 projects over the past nine years of operations has yielded a rich vein of learning experiences for ICF and our partners and we feel strongly that we have a responsibility not just to report on what we've delivered but also to reflect on how we have delivered it.

Some initiatives have been an unmitigated success, surpassing even our own ambitions, whilst others have been extremely challenging to implement. We believe that we can scale up the impact of our work – and the impact of other initiatives in this field beyond ICF –by sharing our experiences candidly and stimulating a conversation into how best to engage on these critical issues.

In this way, we hope to accelerate the pace and scale of successful investment climate initiatives and enable others to save critical time and resource that may currently be directed into areas where we have already ventured and prepared the ground for reform. In this spirit of open exchange and collaborative learning, ICF has documented various aspects of project implementation that serve as lessons to inform future project design, implementation and completion. These are as follows:

Pre-approval Processes

National budget cycles should be taken into consideration during the project development stage. Project Agreements that are signed after approval of the National Budget may experience challenges in sourcing funds for government contributions during implementation, causing delays in implementation.

Projects which are approved during general election periods are also likely to experience delayed implementation. Prior to approval, the adoption of relevant regulations, decrees, or laws by the beneficiary government and approval of ICF Procurement Guidelines by national procurement authorities, help reduce the risk of delays in implementation.

Project Management Team

Leadership matters. Projects with strong leadership, ownership and a dedicated, full time team are usually successfully implemented. Project Directors in particular must be assigned as full time staff.
Management capacity is often limited in post-conflict countries so all projects should be initiated with the creation of a project management team, whose members may well benefit from technical assistance or skills transfer provided by partner institutions.

Roles and responsibilities need to be clearly articulated in order to maintain clear accountability in delivery (i.e. through performance based contracts) and clear lines of communication should be maintained between all parties in order to promote ownership.

Financial Management

Disbursement schedules for government contributions in the Project Agreement should be adhered to during implementation in order to ensure projects are delivered on schedule and on budget. Projects also need to account for donor and Government contributions. Financial management should adhere to basic financial governance principles such as segregation of duties, reconciliation of the bank account, keeping comprehensive and accurate records about expenditures and maintaining appropriate checks and balances.

Operations

ICF Procurement Guidelines should be shared and understood by the Project Procurement Officer as well as the national procurement agency in order to facilitate shared understanding of and realistic planning for procurement activities, particularly regarding timelines for procurement. In cases where there is a preferred supplier/consultant to provide goods/render services under the single sourcing method, this should be stipulated in the Project Agreement in order to avoid delays in the procurement process.

For larger and/or more complex projects, a change management specialist is required to sensitize users to the new systems. Resistance to reform can be a major barrier to successful implementation so in addition to training, appointing a change management specialist strengthens the project management team's ability to foster ownership of the system and/or reforms by all stakeholders.

Communication campaigns geared towards building awareness of the changes being implemented through the project need to be adequately budgeted for and implemented at various levels throughout the project life.

Campaigns that only take place when the product is launched do not provide adequate time for users to be sensitized and if key stakeholder groups are not aware of the reforms which have been delivered, and therefore do not engage with the new systems, the value of the reform will be limited. Consultant contracts should be deliverable-based in order to boost accountability by ensuring that payments are made against verifiable outputs.

A Project Operations Manual allows both the project management team and the funder to establish a clear and shared understanding of the roles and responsibilities of that team and the Steering Committee, the stages of seeking non-objection from ICF in the procurement process and establishing financial management procedures. Decision-making and implementation often moves more quickly when there is ICF presence at the project sites. Regular site visits allow ICF to gain a contextual understanding of the environment in which the project is being implemented and to adapt the approach as required.

Governance

Steering Committees (SCs) should have fewer than 8 members in order to facilitate regular, well-attended meetings. SC members should have sufficient levels of authority to make decisions on behalf of the institution they represent. The SC should also meet quarterly to ensure the project management team is committed and that project implementation is on schedule and benefits from their support.

Infrastructure

When designing investment climate reforms that save time, reduce bureaucracy and simplify procedures, administrations and institutions need to be virtually connected. This requires governments to have the right infrastructure for communication (i.e. high speed broadband connectivity) to accelerate the flow of information between those institutions, particularly where large volumes of data are involved.

Skills

Effective implementation of investment climate reforms requires high calibre leadership skills, a detailed technical understanding of the specific reforms and exposure to countries applying best practice standards.

Countries with a higher skills base are more likely to succeed in implementing end-to-end investment climate reforms than those with limited skills so South-South learning platforms can be invaluable. In order for end users to maximize the value and benefits they derive from investment climate reforms, basic IT skills are necessary to enable them to adequately use new systems. There is a need for broader reform programs in education systems across Africa to produce entry level administrators with the necessary skills in areas such as ICT, management and leadership.

Recommendations:

Since ICF was established nine years ago, we have witnessed an extraordinary shift in the investment climate across the continent. Economies that were relatively closed, with complex bureaucratic systems and limited accountability between government and citizens are opening up, becoming more regionally and globally competitive and as a result, the inflows of capital have been transformative for many societies.

The investment climate shapes people's trust and confidence in doing business in countries. It is the foundation upon which jobs are created, businesses are established and grown, and governments raise tax revenue to fund vital social services, leading to sustainable development and ultimately poverty alleviation.

Therefore, it is critical not only to analyse and address all sources of inefficiency and friction, but it is also vitally important to communicate proactively and widely about the reforms being undertaken to build trust in the reform process and its outcomes. In this way, the diverse stakeholders for any given reform understand both the limitations of the status quo and the potential benefits of the reform so they are appropriately motivated to support its implementation.

Strong change management and engagement throughout the implementation process is important to build public anticipation of the benefits of reform – taking it out of the technical domain and framing it as a people-centric initiative which will make a meaningful difference to people's lives and livelihoods.

This approach is already yielding results. Investors and governments alike have demonstrated a great appetite for reform and one of the most encouraging trends we have seen through our work is that successful reform is often the departure point for further reform –accelerating and deepening the impact and rendering it more sustainable. A progressive, demand-centric approach to attracting and retaining investment thus becomes embedded in a nation's administrative culture and infrastructure and re-shapes the way it engages investors and citizens.

In that sense, we believe we have barely scratched the surface in terms of investment climate reform in Africa. We envisage that the real impact of our work will continue to be realized over the years to come.

Governments will see the reform process as a key pillar in building their competitive advantage. Organizations such as ICF can play a catalytic role in pioneering new models for reform and scaling up the impact of the reforms by linking governments across the continent to share experiences and exchange best practice, pooling vital skills and knowledge. This is the ultimate test of an African-led, public private partnership and we are honoured to have opened up this space for so many people to benefit.

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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:

Germany

Ireland

Netherlands

South Africa

UKaid

United Kingdom

And also from:

AFRICAN DEVELOPMENT BANK GROUP
Building today, a better Africa tomorrow

IFC International Finance Corporation
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Corporate Partners

ICF also receives support from the following companies:

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Coca-Cola

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