

ICF Business Registration and Licensing Projects



The Challenge:

Starting a business in many African countries can be a cumbersome, lengthy and often expensive process. Bureaucratic business registration systems often rely on manual processes which require documents to be manually approved and passed from one process to the next. Many businesses also require licenses from

various issuing authorities in order to start operations. This adds to the registration procedures and involves excessive paperwork, multiple trips to government offices and long waiting times, resulting in heavy time and cost burdens for businesses. As a result, many micro and small businesses opt to operate informally, denying themselves the security and benefits that come with being a legal entity including access to finance, whilst also denying the Government potential tax revenue. Ultimately, this has a negative effect on the growth of the private sector and the country's economic development as a whole.

The Solution:

Businesses need a simple, transparent, efficient and cost effective way of formalizing their enterprises. Government can provide this by modernizing its business registration and licensing systems that enable businesses to submit company registration applications, file returns and make payments online. This can be accomplished by using information technology and process re-engineering to simplify, streamline and automate processes and procedures required for legalizing an enterprise, ultimately making the process more appealing to businesses. ICF interventions in this area help African governments to create simplified electronic business registration and licensing systems and to extend access to these services.

The Impact:

Business registration and licensing is the legal entry point for any enterprise to start operations. Making this entry point simple and easily accessible is crucial as it opens the door for private sector growth and reduces time and cost-related regulatory burdens on businesses. Ease of starting a business is expected to stimulate increase in the number of businesses, creating a positive effect on job creation, income wealth distribution, and economic growth. Enterprises that would have otherwise operated on the periphery are incentivized to formalize, providing government with much needed tax revenue and creating competition and growth in their respective sectors. Modernized systems also help to prevent forgery of hard copy documents, increase transparency, limit corruption and increase revenue for governments.

The Projects:

- As of March 2016, ICF had 12 completed and ongoing projects in 8 countries in the business registration and licensing sector with a total commitment of US\$ 21.61m.

Project Name	Expected Results
Cape Verde – Business Life Cycle Services	<ul style="list-style-type: none"> Extended business registration services country wide, enabling businesses to be registered in 1 day. Reduced the time to process a wholesale license from 15 days to 2 days Reduced the time to process a tourism license from 30 days to 10 days Reduced the time to process an industrial license from 15 days to 3 days Reduced the time to process a civil construction license from 30 days to 10 days Reduced the average cost of wholesale and retail licenses from US\$ 770 to US\$ 380
Burkina Faso – Business Registration and Construction License	<ul style="list-style-type: none"> Reduced the number of days it takes to register a business from 40 days to 5 days Reduced the number of procedures needed to register a business from 12 procedures to 4 Reduced the number of days to process a construction permit from 226 days to 22 days
Mauritius – Registrar of Companies	<ul style="list-style-type: none"> Reduced the time taken to incorporate a company from half a day to half an hour Reduced the time taken to deliver certified copies from 2-3 days to same day delivery Established a call center which handles 75% of all customer queries
Rwanda – Business Life Cycle Services and Rwanda Investment Climate Project	<ul style="list-style-type: none"> Reduced the time taken to register a business from 16 days to 6 hours; Reduced the cost of business registration from US\$ 433 to US\$ 40, and now to zero. Introduced the practice of insolvency

The Future:

ICF continues to engage in the business registration and licensing sector and demand for new projects in this area remains high. As ICF moves towards its Phase II status, particular attention will be paid to business registration project interlinkages with other priority areas such as PPPs, trade facilitation, taxation, and SME development.