

The Investment Climate Facility for Africa

Making Africa an even better place to do business



About ICF

The Investment Climate Facility for Africa (ICF) works to remove the barriers that exist to doing business in Africa, recognising that a healthy investment climate is vital for the continent's wider economic growth.

We are a unique and unprecedented partnership between private companies, development partners and African governments, founded on the notion that the public and private sectors need to work together to enable the continent to finally realise its very real investment potential.

ICF is the only pan-African body, based in Africa, explicitly and exclusively focused on improving the continent's investment climate. We are a facility to catalyse change

and, as such, are committed to making a substantial and lasting impact in just seven years of operation.

We measure our success against higher levels of investment, faster economic growth, enhanced business opportunities and sustained returns for investment.

After over three years of operation, our projects are already delivering tangible improvements to investment climates across the continent. With the continued support of our partner corporations, development organisations and governments, we are confident real and sustainable change can be achieved, bringing long lasting benefits for Africa.



ICF Strategy

We work with receptive African governments and the private sector to deliver **grant-funded projects** and **proactive programmes** that deliver tangible change. Our strategy for making the continent an even better place to do business, involves systematically focusing on areas where practical steps can be taken to remove identified constraints and problems.

ICF Objectives

We have three primary objectives:

- 1 Build the environment for investment climate improvements by encouraging, developing and working with coalitions to drive change, and by supporting dialogue between businesses and governments
- 2 Get the investment climate right by working in partnership with governments to create a legal, regulatory and administrative environment that enables businesses of all sizes and at all levels to grow, invest and create jobs
- 3 Encourage business to respond by improving Africa's image as an investment destination by publicising improvements in the investment climate

We recognise that improving Africa's investment climate is a huge undertaking and are concentrating our efforts on eight priority areas that we believe will have maximum impact:

- 1 Property rights and contract enforcement
- 2 Business registration and licensing
- 3 Taxation and customs
- 4 Financial markets
- 5 Infrastructure facilitation
- 6 Labour markets
- 7 Competition
- 8 Corruption and crime

Fundamentals

Our projects address the basic fundamentals that hamper the growth of businesses, especially SMEs, namely: practical struggles with bureaucracy, regulation, red-tape and poor infrastructure.

SMEs

A thriving SME sector is crucial to a healthy, sustainable economy – in high income countries, SMEs contribute more than 50% of gross GDP, whereas in Africa they contribute just 10%. This untapped potential makes SMEs vital to Africa's economic future – not just in terms of GDP, but to fuel entrepreneurialism, job creation and innovation. By improving the systems, processes and infrastructure on which these smaller businesses depend, ICF's projects will deliver profound dividends for the economy in the long term.

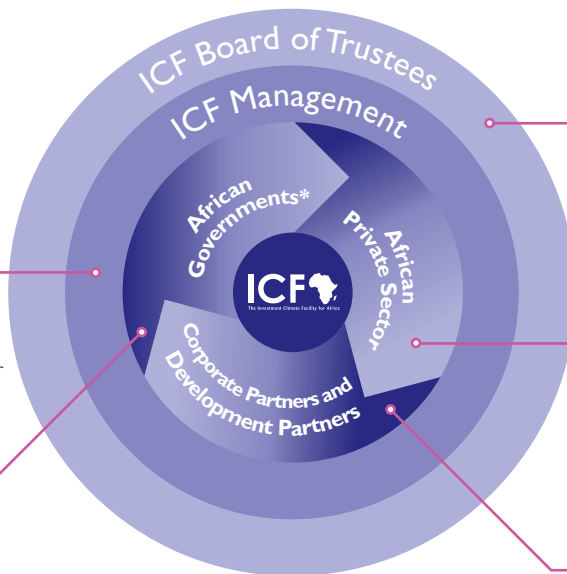
How We Work

ICF Management

- Work with partners to harness expertise and develop projects
- Plan, implement and monitor projects
- Report to ICF Board and promote progress to key stakeholders
- Manage relationship with current and potential donors

African Governments*

- Identify priorities for intervention and submit applications for funding (projects can be public, private or public/private)
- Work with ICF Management to deliver projects



ICF Board of Trustees

- Overall strategic direction and policy
- Allocation of funding
- Performance monitoring

African Private Sector

- Identify priorities for intervention and submit applications for funding (projects can be public, private or public/private)
- Work with ICF Management to deliver projects

Corporate Partners and Development Partners

- Provision of funding
- Support to ICF Management via secondment of staff, deployment of techniques, sharing of skills & expertise

Benefits of Intervention

Corporate Partners

- Direct involvement in improvement of Africa's investment climate
- Unique CSR opportunity and chance to share expertise/experience
 - Tangible return on investment in terms of an improved business environment to operate in

Development Partners

- Opportunity to impart knowledge, experience and expertise
- Chance to complement existing initiatives without expanding resource

African Governments

- Strengthened investment climate
- Improved regional integration
- Improved infrastructure
 - Increased revenue streams opened up
 - Increased GDP

African Private Sector

- Improved infrastructure
- Streamlined processes
 - Cost benefits
 - Greater security
- Increased access to credit
- Improved productivity leading to increased revenue

Africa

- Improved business environment and healthy investment climate
- Strengthened private sector, especially SMEs
- Increased job creation
- Enhanced competitiveness, increased cross-border and international trade
- Enhanced investor confidence, increased domestic and foreign investment
- Long-term, sustainable economic prosperity



* Governments must subscribe to NEPAD's Africa Peer Review Mechanism

If you would like to get involved, either as a funder or a recipient, please visit our website www.icfaf.org for more information and to download an application form.



ICF CEO

ICF's CEO is Omari Issa, a Tanzanian citizen with extensive business experience in the public and private sectors. He has firsthand experience of the realities of doing business in Africa, having previously worked as Executive Director and COO of Cotel International. Prior to this, he spent 14 years with the IFC and six years with the World Bank.

African Governments

African governments are the key stakeholder and main beneficiary of ICF. We work in partnership with receptive governments to identify priorities for intervention and develop practical responses. Any government applying for ICF support must subscribe to, or support, NEPAD's Africa Peer Review Mechanism – an important demonstration of a country's commitment to improved governance.

So far ICF has received strong support from a number of governments and is working on various partnership projects. We invite applications from other governments and policy makers similarly committed to delivering an improved investment climate for Africa.



Corporate Partners

ICF is backed by a number of Corporate Partners who not only provide financial support, but also their skills and expertise through the secondment of managers and specialists, or through the deployment of tested techniques and processes.

Representatives of ICF's Corporate Partners also sit on the Technical Advisory Committee (TAC), which meets regularly to review ICF progress and contribute thoughts and counsel on project activity.



Development Partners

ICF's Development Partners provide financial support to ICF and play a key advisory role by drawing on their expertise and experience to provide counsel to the Management team. Members of ICF's Development Partners sit on the Technical Advisory Committee (TAC) alongside representatives from ICF's Corporate Partners.

ICF works closely with Development Partners to avoid any duplication of activity. We do not seek to compete with other organisations but instead strive to complement existing initiatives and fill any 'gaps' that may exist.



ICF Board of Trustees

Niall FitzGerald, KBE, ICF Co-chair and Chair of the Board is Deputy Chairman of Thomson Reuters and has wide knowledge of Africa acquired through 37 years of working with Unilever.

Benjamin Mkapa, ICF Co-chair and Chair of International Relations, was President of Tanzania from 1995 to 2005. He was also a member of the Commission for Africa.

Johannes-Jürgen Bernsen served the DEG (German Investment and Development Corporation) for more than thirty years in various functions, the last seven years as MD.

Henri Bonpun joined Unilever in 1960, retiring as Africa Business Group President in 1998. He was also a member of the ICC Africa Partnership initiative.

Baroness Lynda Chalker served as Minister of State for Africa and Minister for Overseas Development in the UK. She is an independent adviser on African development.

Neville Isdell is the former Chairman of the Board of Directors and CEO of The Coca-Cola Company. He chairs the International Business Leaders Forum and is a trustee of the World Wildlife Fund.

Sam Jonah, KBE, is the Executive Chairman of Jonah Capital and President-Designate of AngloGold Ashanti. He is also the Chancellor of the University of Cape Coast Ghana.

William Kalema is the former Chairman of the boards of the Uganda Investment Authority and Uganda Breweries. He chairs a number of charitable institutions in East Africa.

Nkosana Moyo is Vice-President and COO of the African Development Bank Group. He has held senior positions at the IFC, Actis and as Minister of Industry and International Trade for Zimbabwe.

Gobind Nankani is Executive Director of the International Growth Center. He is Chairman of the Economic Advisory Council in Ghana and the former Vice President for Africa at The World Bank.

Dipak Patel is a former Minister for Commerce, Trade and Industry in the Zambian government. He was also Chair-Coordinator of the Least Developed Countries WTO negotiations in 2005.

Lazarus Zim is the Chairman of Kumba Iron Ore and President of the South African Chamber of Mines. He was CEO of Anglo American South Africa and Managing Director of MTN International.

Board of Trustees L to R: Johannes-Jürgen Bernsen, Henri Bonpun, Sam Jonah, Nkosana Moyo, William Kalema, Neville Isdell, Benjamin Mkapa, Gobind Nankani, Niall FitzGerald, Baroness Lynda Chalker, Dipak Patel, Lazarus Zim



Project Strategy

ICF's project strategy includes tackling a particular issue or problem on a pilot basis in a country where the conditions for successful improvements are optimal. Once success has been achieved in that country, ICF will then work with other countries to introduce the proven process and share key learnings. In such a way ICF is delivering tangible and long-lasting improvements across the continent on a step-by-step basis.

Project activity concentrates on three strategic themes:

- 1 Intra African trade
- 2 Facilitation of business development and expansion
- 3 Facilitation of financial and investment environment

Within these, ICF is focusing on five priority themes where it has already achieved considerable success and where project learnings and achievements can be easily shared and rolled out to new countries:

- Business registration and licensing
- Commercial justice
- Land registration
- Taxation
- Customs

Business Registration and Licensing

Costly and inefficient business registration systems can be detrimental to new businesses, especially those that are small or medium in size. Time and cost effective business registration improves access to credit for SMEs, and strengthens the private sector. It also helps formalise the economy with important benefits to government and civil society.

Testimonial on Burkina Faso

In Burkina Faso, ICF is working with the Government to refine and streamline the existing business registration system. The project will create a reliable electronic data base of registered businesses, and establish a series of one-stop-shops, greatly reducing the time and costs associated with registering a business. Until recently, it took up to 34 days to register a business in Burkina Faso, providing little incentive for owners to formalise their businesses. Now, thanks to ICF support, starting a business in Ouagadougou and Bobo-Dioulasso takes just six days, resulting in significant time and cost savings for business owners.



Commercial Justice

A healthy business environment is as much about investor confidence as it is about opportunities and resources so a weak or ineffective judicial system can have a severe and direct impact on a country's investment climate. Facilitating improvements to the continent's commercial justice systems is a key focus for ICF and projects have received strong support from the private sector, law firms and law associations who are all keen to collaborate with Government to improve processes.

Testimonial on Rwanda

In Rwanda, listed by the World Bank as top global reformer in its 2010 Doing Business Report, a partnership between the Government and ICF is improving Rwanda's commercial justice system. Two years into the three year project, a dedicated commercial court system has already been established. Four new commercial courts are fully operational, a pre-existing backlog of 3,333 pending cases have been cleared, as well as 2,224 additional cases. A new legal library with 800 reference books has also opened to support legal teams when preparing for cases.



Land Registration

Effective land registration provides land owners with property rights, security and access to credit. Registered land improves security for investors, helps prevent boundary disputes and increases investment in the property sector.

Testimonial on Burkina Faso

ICF's land registration project in Burkina Faso is helping to increase access to credit, which is particularly important to SMEs. Due to red tape, high costs and long delays, only 5,100 land titles have been registered in Burkina Faso in the last 74 years. The establishment of a one-stop-shop for land registration is believed to be the first of its kind in the sub-region. Since its introduction the time it takes to issue a new land title has gone down from more than six months to 18 days and the time it takes to transfer existing title deeds has decreased from 182 days to four days, greatly improving the ease of doing business in Burkina Faso.



Taxation

Efficient tax and VAT systems encourage greater compliance and help to formalise the economy which brings important benefits to government and civil society. They also benefit businesses which make fewer and simpler payments.

Testimonial on Lesotho

ICF recently completed a pilot project to simplify and rationalise assessment, administration and collection of VAT in Lesotho. A diagnostic study was conducted on the Lesotho Revenue Authority's (LRA) VAT administration systems, resulting in the implementation of a number of measures to improve efficiency. Tangible benefits to business include the simplification of processes with a unique TIN and fewer steps saving time and positively affecting businesses' cash flow. Now business owners can file VAT directly with three banks in Lesotho and payment will be received on the same day and in half the time. The time it takes to register at the regional offices of the LRA has also gone down from 14 to just two days.

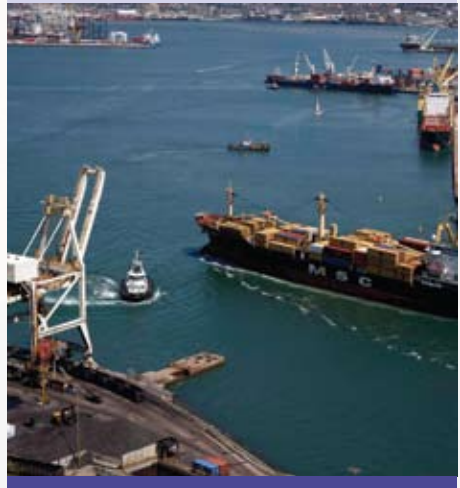


Customs

Streamlined customs processes can help encourage cross-border and international trade. By stimulating new business opportunities, robust customs systems can help enhance competitiveness and ensure greater compliance.

Testimonial on Senegal

ICF is working with the Senegalese Government on three projects to modernise the country's customs system. In Senegal, there are three stages to clear goods for importing or exporting: pre-clearance; clearance and release of goods. ICF's first project in Senegal reduced the time it takes to issue pre-clearance declarations from two days to just seven hours. The second project will render the clearance process entirely paperless, reducing the time it takes to clear customs from 18 to nine days. The third project will streamline and automate the custom declaration system, reducing the time it takes to process the declaration and release of goods in the Port of Dakar from 33 days to just five, delivering significant improvements to local and international businesses trading in Senegal.



The Importance of Investment Climates

ICF was established on the basis of a growing recognition that a healthy investment climate is vital for the continent's economic growth.

This was well articulated in the Report for the Commission for Africa (2005) which highlighted the profound need for African governments to play an active role in creating business environments that unlock local, regional and foreign investment potential.

ICF firmly believes that unless the fundamentals that hamper Africa's businesses are addressed, long-term economic growth will continue to elude the continent.

Creating a fertile investment climate in which domestic markets can flourish is the only way that long-term dividends will be paid to both local and foreign investors. If Africa can create this enabling business environment – and doing so costs a lot less than mobilising significant foreign direct investment – then the benefits will be clear for all investors.

The good news is that the broad base of support which ICF has received from African governments and institutions is evidence of a growing consensus that investment climate improvement is crucial for wider economic growth.

From changing institutional policies, simplifying access to land or business licenses, facilitating the passage of goods traded across borders, or taking decisive measures to improve governance, the actions of these governments are the very building blocks of our success.

We would welcome applications from donors, governments and policymakers who share our vision to take practical steps to remove the barriers to doing business in Africa.

The application form for project funding is available on our website www.icfafrica.org

How to Get Involved

How could my organisation support ICF?

We encourage financial and technical support from the public and private sector in Africa and beyond through funding, secondment of staff and the sharing of best practice and expertise. Any interested parties should get in touch with info@icfafrica.org.

How do you apply for funding?

You can apply for funding from ICF by downloading a project application form from www.icfafrica.org or by telephoning +255 22 212 9211. You can also email info@icfafrica.org to request an application form.

To merit ICF funding, a project application must:

- Produce a significant positive impact on the investment climate within a reasonable period
- Involve the government and the local private sector
- Outline clearly defined, observable and measurable indicators to measure impact
- Reflect a broad range of interests (i.e. not a single business or narrow group of stakeholders)
- Complement existing programmes and fill a gap
- Be part-funded by the respective government or organisation to ensure commitment to the improvement process

Contact

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