

## **PRESS RELEASE**

### ***Kenya and Tanzania seek to increase their competitiveness***

**Nairobi, August 29, 2007**—A workshop to compare licensing reforms in Kenya and Tanzania is being held in Nairobi this week. The purpose of the workshop is to bring together both countries regulatory policy makers and World Bank Group officials to share experiences and best practices on regulatory management and reform.

The workshop will also be a precursor and testing ground for a possible East African Conference on Regulatory Reform in 2008.

Like many other nations the world over, excessive regulatory risks and costs are key obstacles to doing business in the east African nations. They discourage domestic and foreign investment as flawed regulation translates into major constraints on growth, productivity and the formal economy.

On the other hand, an efficient, transparent and accountable regulatory business environment can be a significant factor in stimulating innovation and attracting new investment.

Kenya and Tanzania have recognized this and thus positioned regulatory reform at the core of investment climate and private sector development reforms. Within the last 2-5 years, both countries have embarked on ambitious and bold approaches to improve the regulatory business environment.

In Kenya, the Licensing Reform Committee, which was mandated to establish the number of licenses in the country, established that there were over 1,325 licenses that the business community had to comply with.

The Kenyan Government has eliminated over 110 licenses and simplified eight others. It is targeting to eliminate 424 other licenses and simplifying 607 others. To curb this and more licenses, the committee has also drafted the Business Regulation Bill 2007 and Licensing Laws (Repeals and Amendments).

The Business Regulation Bill 2007 will establish a Business Regulatory Reform Unit and the Electronic Regulatory Registry. The Reform Unit, which is based at the ministry of Finance, will act as a sieve of all business regulations and licenses and will vet any proposed new business licenses. The proposed registry will also serve as a single point of information where potential investors can, with the touch of a button, find out the licenses required to start a business.

The Licensing Laws (Repeals and Amendments) Bill once passed by Parliament will remove licenses that hampered the growth of sub sectors like film, scrap metal, industrial alcohol licenses, among others. In a bid to make Kenya a 24 hour business centre, the Bill also proposes to do away with licenses that had put a limit on the number of hours business people could conduct business.

The reforms, which are being jointly conducted by the Kenyan Government with the assistance of the FIAS—a multi donor advisory service of the World Bank Group, with financial support

from the United Kingdom's Department for International Development (DFID) and the Japanese Government, have also led to the simplification of the local authorities single business permit.

The Tanzanian Government Better Regulation Unit has also made significant progress and is currently preparing a Regulatory Policy Paper which may take into account some of the important lessons from the Kenyan licensing reform.

Partially due to the novelty of many of the initiatives, insights and lessons from the two countries are not widely shared with reformers in other countries and this workshop will avail the avenue for more cooperation on lessons learnt by both countries. The workshop is being organized by FIAS with the support of DFID, the Danish International Development Agency (DANIDA) and the Dutch Ministry of Foreign Affairs.

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