
African entrepreneurs must pressure their governments to regulate their business environments



By [Diane Tonge](#)

Although many African companies will be hit by the current global slowdown, there is a lot that local entrepreneurs and their governments can do to improve their business environments, says Arthur Levi, former head of the World Bank's private sector arm, International Finance Corporation (IFC) Europe.

The key to development in Africa is local entrepreneurship, but this can only flourish in an environment that is transparent and which supports businesses, maintains Levi.

He wants business communities to push for reforms to ensure that individual countries can be given a jump-start to achieve progress in the next five years.

This, he points out, is in the hands of Africans themselves and is completely independent of external aid and external investment.

Levi says getting, for example, a local notary to carry out procedures in a timely way often requires entrepreneurs “to encourage him quite actively” – that is, pay a bribe – which is “very expensive.”



“If you can do without, do away with that kind of encouragement,” Levi argues, “you can speed up your procedures, save money and encourage investment.”

Levi was a moderator and guest speaker at the EMRC Africa Finance & Investment Forum held in Paris last month. He has spent 30 years with the IFC and the World Bank, and has lived in Africa.

He told participants at the Forum: “Let’s be honest with each other: many of these procedures are in place to encourage local prosperity of the few at the expense of the many.”

“And the extent that you can do away with these procedures and reduce them, things really get much easier for everybody.”

He adds there is a growing consensus worldwide that regulation of businesses and the institutions that enforce that regulation are key to growth and success.

A series of annual World Bank/IFC publications called “**Doing Business**” analyses economic outcomes and identifies impediments to development, he says.

They show how long it takes to start up a small or medium-size business and outline factors such as costs, procedures, how long it takes to register properties, paying taxes, trading across borders and enforcing contracts.

“Of the 181 countries that were in this survey for 2008, the average rank for all the African countries was 138. And the average rank for the high-income OECD countries was 27.”

“I am sure this might surprise some of you, but probably not many of you. But everyone talks about where Africa is going, how it’s going, how it can go, etc. But the hands of Africa are with you guys!”

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