Doing Business in Kenya 2016

COMPARING BUSINESS REGULATION FOR DOMESTIC FIRMS IN 11 COUNTIES WITH 188 OTHER ECONOMIES

WORLD BANK GROUP

Julien Vilquin
Global Indicators Group – Development Economics
Nairobi - September 13, 2016
Dealing with red tape
What Subnational Doing Business adds

we . . .

- go beyond the largest business city
- cover regulations at all levels of government
- capture local differences
- provide replicable good practice examples
- help counties tell their stories and compete
- use media appeal & local government participation to promote reform
Third report of the Subnational *Doing Business in Kenya* series

- **2010**
  - 11 cities
  - Baseline for 4 indicators

- **2012**
  - 13 cities
  - Updated 4 indicators
  - Measured progress over 2 years in 11 locations
  - Data as of: March 2012

- **2016**
  - 11 counties
  - 4 indicators expanded
  - Progress over 4 years and impact of the devolution
  - Data as of April 15, 2016

Project milestones - engagement throughout

Kick-off (June 2015)
- Explaining the project and the methodology to the contributors and to the local authorities.

Data collection Right-of-Reply meetings (Aug 2015 – April 2016)
- Tailoring surveys, data collection & verification
- Confidential consultation with local authorities.

Analysis & Report Drafting (May-August 2016)
- World Bank team to draft a report analyzing the results and providing guidance for reforms.

Publication (September 2016)
- Launching the report.
- Creating ownership of the Project.
- Encourage Peer-to-Peer learning.

Engagement in Key

Doing Business in Kenya 2016
Measuring 11 counties across 4 indicators

11 Counties

Busia  
Kakamega  
Kisumu  
Mombasa  
Narok  
Uasin Gishu

Isiolo  
Kiambu  
Machakos (1st time)  
Nairobi  
Nyeri

4 indicators

Starting a business  
Dealing with construction permits  
Registering property  
Enforcing contracts

Doing Business in Kenya 2016
## Where is doing business easier in Kenya—and where not?

<table>
<thead>
<tr>
<th>County (City/Town)</th>
<th>Starting a business</th>
<th>Dealing with construction permits</th>
<th>Registering property</th>
<th>Enforcing contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DTF score Rank</td>
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<td>DTF score Rank</td>
<td>DTF score Rank</td>
</tr>
<tr>
<td>Busia (Malaba)</td>
<td>82.26 7↑</td>
<td>70.35 2↑</td>
<td>50.91 4↑</td>
<td>59.46 1</td>
</tr>
<tr>
<td>Isiolo (Isiolo)</td>
<td>82.44 6↑</td>
<td>70.18 3↑</td>
<td>39.67 11↑</td>
<td>58.35 4</td>
</tr>
<tr>
<td>Kakamega (Kakamega)</td>
<td>81.57 11↑</td>
<td>63.02 10↑</td>
<td>47.98 10↑</td>
<td>56.74 11</td>
</tr>
<tr>
<td>Kiambu (Thika)</td>
<td>83.64 2↑</td>
<td>63.87 9↑</td>
<td>48.63 8↑</td>
<td>56.97 10</td>
</tr>
<tr>
<td>Kisumu (Kisumu)</td>
<td>82.26 7↑</td>
<td>70.49 1↑</td>
<td>50.31 6↑</td>
<td>58.24 7</td>
</tr>
<tr>
<td>Machakos (Machakos)</td>
<td>83.41 3↑</td>
<td>67.11 5↑</td>
<td>48.33 9↑</td>
<td>57.90 9</td>
</tr>
<tr>
<td>Mombasa (Mombasa)</td>
<td>82.91 4↑</td>
<td>66.22 8↑</td>
<td>51.62 2↑</td>
<td>58.96 2</td>
</tr>
<tr>
<td>Nairobi (Nairobi)</td>
<td>82.76 5↑</td>
<td>56.17 11↑</td>
<td>54.27 1↑</td>
<td>58.27 6</td>
</tr>
<tr>
<td>Narok (Narok)</td>
<td>81.92 10↑</td>
<td>66.33 7↑</td>
<td>49.89 7↑</td>
<td>58.01 8</td>
</tr>
<tr>
<td>Nyeri (Nyeri)</td>
<td>82.26 7↑</td>
<td>68.86 4↑</td>
<td>50.68 5↑</td>
<td>58.37 3</td>
</tr>
<tr>
<td>Uasin Gishu (Eldoret)</td>
<td>83.73 1↑</td>
<td>66.34 6↑</td>
<td>51.03 3↑</td>
<td>58.28 5</td>
</tr>
</tbody>
</table>

### Rank

- Busia (Malaba) - 1st
- Isiolo (Isiolo) - 2nd
- Kisumu (Kisumu) - 3rd
- Nairobi (Nairobi) - 4th
- Mombasa (Mombasa) - 5th
- Uasin Gishu (Eldoret) - 6th
- Machakos (Machakos) - 7th
- Nairobi (Nairobi) - 8th
- Uasin Gishu (Eldoret) - 9th
- Kisumu (Kisumu) - 10th
- Isiolo (Isiolo) - 11th

*Doing Business in Kenya 2016*
Who has made it easier to do business since 2012?

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<th>Registering property</th>
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<tbody>
<tr>
<td></td>
<td>National</td>
<td>Local</td>
<td>National</td>
</tr>
<tr>
<td>Busia (Malaba)</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Isiolo (Isiolo)</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
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<td>Narok (Narok)</td>
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<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>
Starting a business – main findings

Kenyan entrepreneur spends one month less starting a business than in 2010

Business start-up is:
- Easiest in Uasin Gishu
- Cheapest in Nyeri (18.1% of GNIpc)
- Fastest in Uasin Gishu and Mombasa (20 days)
Huduma, a bold reform effort
E-construction permit in Kisumu

Local improvement in Kisumu

- Total time: 2012 - 14 days, 2016 - 8 days
- Kenya average (2016)
- Kisumu
  - Time for building plans approval (days)
  - Total time (days)
Registering property – Reform in Nairobi

Most of the land records were digitalized

+2 on the quality of land administration index.

Unified Form

Cut delays
Enforcing contracts – change ongoing
Kenya would rank 92 globally (vs. 108 today) if counties adopted local good practices.
What can be improved, an example from starting a business

<table>
<thead>
<tr>
<th>Suggested reforms</th>
<th>Relevant agencies and other stakeholders</th>
</tr>
</thead>
</table>
| **Starting a business** | Local  
| ▪ Step up the communications campaign to educate the public about reforms and foster their implementation  
| ▪ Streamline and merge preregistration procedures  
| ▪ Enable the Huduma Centers across the country to register a business  
| ▪ Streamline all registration and postregistration procedures  
| ▪ Allow for online registration and online payments  
| ▪ Automate postregistration procedures  
| ▪ Implement and enforce a risk-based approach to issuing business permits and make them easier to attain | ▪ County Government  
| ▪ Huduma Center  
| National  
| ▪ Companies Registry |
Thank you!

Questions

For more information, visit: www.doingbusiness.org/kenya
Who improved the most across 3 or more areas measured by *Doing Business* in 2014/15?

<table>
<thead>
<tr>
<th>Economy</th>
<th>Ease of doing business rank</th>
<th>Reform making it easier to do business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Starting a business</td>
<td>Dealing with construction permits</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>58</td>
<td>✓</td>
</tr>
<tr>
<td>Uganda</td>
<td>122</td>
<td>✓</td>
</tr>
<tr>
<td>Kenya</td>
<td>108</td>
<td>✓</td>
</tr>
<tr>
<td>Cyprus</td>
<td>47</td>
<td>✓</td>
</tr>
<tr>
<td>Mauritania</td>
<td>168</td>
<td>✓</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>87</td>
<td>✓</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>41</td>
<td>✓</td>
</tr>
<tr>
<td>Jamaica</td>
<td>64</td>
<td>✓</td>
</tr>
<tr>
<td>Senegal</td>
<td>153</td>
<td>✓</td>
</tr>
<tr>
<td>Benin</td>
<td>158</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Kenya**

*Doing Business 2015*
- Distance to frontier: 53.60
- Country rank (of 189): 129

*Doing Business 2016*
- Distance to frontier: 58.24
- Country rank (of 189): 108

*100 is best practice*