

PEF ADVOCACY ACTION ON STREAMLINING CROSS SECTORAL LICENSING REQUIREMENTS IN GHANA

The process of acquiring licenses and permits for business operations are key determinant of private sector development and economic growth and for that matter, the nature and mode of implementation of these licenses and permits have great effects on the private sector. Any delays caused in acquiring these licenses and permits add to the cost of doing business.

A study of the regime for business registrations in Ghana was carried out in 2008 at the request of the Ministry of Trade and Industry. The study reviewed the time and cost for complying with requirements for registration with the Companies Registry, Internal Revenue Service, and various local government authorities.

As a follow up to that study, in 2009 the USAID sponsored a research study to identify all licensing, permits and certification requirements affecting businesses in Ghana. The study showed that, about a total of **145** or more business licenses, permits and certification requirements were in force in Ghana and affected businesses to varying degrees. The Federation realized that addressing all **145** requirements at a go may be difficult to tackle so decided to identify those permits, licenses and certificates that affect all businesses, in effect those that are cross-sectoral. With support from the Business Sector Advocacy Challenge (BUSAC) Fund, PEF in 2010-2012 conducted a research study that identified cross sectoral licensing requirements in Ghana.

The seven (7) identified cross-sectoral licensing/permits and certification requirements administered by respective agencies are;

1. Business registration and commencement certificate issued by the Registrar General's Department
2. Environmental permit issued by the Environmental Protection Agency (EPA) under the supervision of the Ministry of Environment Science and Technology
3. Environmental certificate also issued by the Environmental Protection Agency (EPA) under the supervision of the Ministry of Environment Science and Technology
4. Fire Certificate issued by the Ghana National Fire Service under the Ministry of Interior
5. Building/Construction Permit (renovation permit and demolition permit) issued by the MMDA's and Town and country planning department under the Ministry of Local Government and Rural Development and the Ministry of Environment Science and Technology respectively
6. Business operating permit issued by various MMDA's under the Ministry of Local Government and Rural Development

7. Factories, Shops and Offices Certificate issued by the Factories Inspectorate Department under the Ministry of Employment and Social Welfare

To further identify the constraints and challenges in administering the issuance of these permits, licenses and certificates, the research continued to engage the respective administering agencies to seek answers to the perennial delays associated with the issuance.

However, the Federation decided to segregate the Registrar Generals' registration from the other six to be tackled later.

The Research on the six cross sectoral licensing/permit/certificate requirements identified several challenges associated with the administration and acquisition of these permits, licenses and certificates. The Federation then engaged the relevant stakeholders Private Sector (including PEF member Associations and Chambers), Administering Agencies, Oversight Ministries, respective Select Committees and Donor Partners) at different locations and times to dialogue and recommend appropriate solutions to address these challenges. The recommendations emanating from these dialogue and breakfast meetings were presented to the respective agencies for action.

PEF realized later that just presenting the recommendations to the agencies was not achieving the objectives in reducing the burdensome bureaucratic delays, embarked on a new strategy to work with the respective agencies not only to advocate for streamlining the processes but also to seek to assist the agencies to address their short comings to empower them to administer their services efficiently.

PEF in **2013** sought and was granted the support of BUSAC to undertake the new advocacy action to work with the respective agencies, their supervisory ministries, respective select committees and Private Sector (including PEF member Association and Chambers) to draft recommendations into cabinet memos and draft legislation that would not only reform the processes and procedures and amend some of the archaic laws but with requisite reforms to bring the requirements to meet current business trends. The funds from BUSAC, allowed PEF to engage the services of a legal firm to join the staff of PEF to assess the processes through series of meetings with the heads of the respective agencies to review the current state of the issuance of these permits. Subsequently, position papers incorporating recommendations by the private sector stakeholders were jointly developed by PEF and the respective agencies. To gain the buy-in of the oversight ministries and parliamentary select committees, PEF continued with series of meetings which brought together diverse private sector stakeholders (including PEF member Associations and Chambers), heads of the respective agencies, their respective oversight ministries as well as the Chairman and Ranking Member of each Select Committee in Parliament where the position papers outlining the various recommendations were presented and validated by the participants. These meetings offered the private sector players the opportunity to critic and evaluate the implementation

of the various recommendations at the agency level. Outcomes of these meetings showed great support from the top hierarchy of the Agencies, Ministries and Parliamentary Select Committees.

As a result of PEF's Advocacy action, three (3) of the agencies have initiated amendment processes aimed at reviewing respective legislations to cater for the recommendations proposed. At the end of these engagements, a draft Bill was developed.

PEF's Final dialogue meeting (retreat) with the members of four (4) Parliamentary select committees together with the agencies, oversight ministries, Ministry of Trade and Industry, private sector stakeholders, some Donor Partners and other key stakeholders from research and academia was held on the 26th-28th of February 2016 at Capital View Hotel in Koforidua. This meeting reviewed the proposed draft Bill and made some changes to the draft. The outcome of the meeting resulted in a decision to hold a breakfast meeting to finally deliberate on the proposed Bill. The breakfast meeting was organized on the 15th of June 2016 at Coconut Groove Regency Hotel. At the meeting, members adopted the various recommendations (**see annex 1**) but requested that the creation of a National Permitting Agency be shelved for now. Rather an omnibus Bill may be the most viable means to amend the variety of legislation to effectuate the needed reforms. PEF is now pursuing this angle with selected Ministries to achieve that end.

PEF embarked on a final Media Campaign on the 7th of June 2016 to sensitize the general public through the media on the outcome of the series of advocacy actions that started in 2009 to date.

Lessons from the Activities indicate the need for continuous dialogue with the select committees to ensure that the necessary amendments and reforms are effected when requests by the various agencies and oversight Ministries reach Parliament for discussion.

Annex 1: GENERAL CHALLENGES AND RECOMMENDATIONS AFFECTING LICENSING REGIME

No	Challenge	Affected entities	Recommendations
1	Uncoordinated/Disjointed inspection by agencies	Private sector	Adoption of Collaborative joint inspection mechanism
2	Absence of an electronic application platform	<u>All Agencies</u>	Use of an Electronic/Internet Platform with complementary bank accounts. - Introduction of a digital database for future tracking and research
3	Understaffing	EPA	Recruitment of additional technical staff
4	Low awareness creation on application processes and procedures	GNFS TCPL	Sustained Public Awareness creation -Brochure explaining requirements, processes and timelines
5	Low financial resources - No retention of users fees (All user fees charged are paid into the consolidated fund)	DFI	Retention of user fees for administrative purposes and innovative processes
6	No consultation with private sector in fixing fees - Fees structure not based on cost of services	Private sector	Well-structured Consultation with private sector in fixing user fees based on cost of services

AGENCY SPECIFIC CHALLENGES AND RECOMMENDATIONS

No	Challenges	Affected Agencies	Recommendations
1	Outdated/Old laws	<u>2 Agencies</u> TCPL DFI	Repeal or Amendment of Cap 84 of 1945 to reflect current trends - Adoption and implementation of the new Land Use and Spatial Planning Bill Review of Factories, Offices and Shops Act, 1970 (Act 328) to reflect current trends.
2	Absence of a formalized training programme/manuals to train inspectors	<u>2 Agencies</u> TCPL GNFS	Adoption of formalized training manuals or curriculum to train and upgrade the skill set of staff