

Kenyans defy Covid 19 to register 144,502 businesses in 2020

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The Business Registration Service in the Attorney General's Chambers registered a total of 144,502 business entities in 2020, up 41,080 from 103,422 in 2019 representing a 40% increase as Kenyans sought alternative revenue streams by formalizing their businesses despite challenges posed by the Covid 19 pandemic containment measures.

According to the CEO of the BRS Mr. Kenneth Gathuma, the increase in businesses registered was informed by digitalization and automation of processes to the e-Citizen platform in line with the government policy of transforming service delivery to the public using digital platforms to improve on efficiencies for the Ease of Doing Business Reforms resulted in the rise of registrations.

Mr. Gathuma noted that the Business Registration Service has reduced time taken to set up a business by 28% from 32 business days to 14.

Gathuma further noted, "by moving the registration services online, it has created seamless processes where Kenyans conduct four of the seven procedures needed to register a business".

"In 2020, a total of 94,115 business names were registered, up from 33,803 representing a 56% increase compared with 2019. Name reservation and registration of businesses was merged into one step on the eCitizen portal. This merging of processes has reduced the number of steps taken from 7 to 1 and time from 14 days to 1-3 days to start a business after the applicant submits the correct information", said the CEO.

At the close of 2020, Gathuma noted, 49,037 private companies were registered compared with 42,085 in 2019, a 16.5% increase whereas public companies stood at 103 from 77 registered in 2019 representing 34% rise.

He added that a total of 622 Companies Limited by Guarantee were registered, up from 369 registered in 2019 and 472

Limited Liability Partnerships were registered compared with 414 in 2019, adding that in contrast, BRS registered 153 foreign companies from 165 in 2019 representing a 7% decline.

"Kenya's economic outlook may remain uncertain as long as the COVID-19 pandemic containment measures are in force and with the Country currently experiencing the third wave, BRS projects sustained registration of business entities this year with the continuous re-engineering of processes to facilitate ease of doing business in Kenya. The Service has also put in place various interventions like use of Movable Property Security Rights to enable new and existing businesses access credit from lending institutions", said the CEO.

He said this places SMEs and MSMEs at a vantage point and boosts growth of investments and private capital, since this affords them the opportunity to access credit at competitive terms since they can borrow from a variety of lenders including private individuals.

He said although 1.7 million Kenyans lost their jobs due to Covid 19 containment measures while the economy shrunk by 1.5 per cent in 2020, Kenyans continued to register SMES, proving their resilience and central role in the country's development.

SMEs, the CEO further said are critical instruments in promoting economic growth and reducing unemployment triggered by the COVID-19 and have contributed to the improvement of Kenya's ranking in the Access to Credit Indicator in the Ease of Doing Business which depicts the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending in Kenya.

"Digitalization and automation of processes in business registrations has helped Kenya reach the third most improved investment destination globally, rising 80 places in the ranking to number 56 in the world", said Mr Gathuma.

PROCESS	2020	2019
Business Names	94115	60312
Private Companies	49037	42085
Public Companies	103	77
Companies Limited by Guarantee	622	369
Limited Liability Partnerships	472	414
Foreign Companies	153	165