In 2009, IFC helped the government of the Pacific Island nation of Tonga cut the time business owners require to register their business from one month to just one day, supporting private sector growth by allowing businesses to begin trading quickly and easily.

In 2006, civil unrest led to bloody riots in the Tongan capital of Nuku'alofa. Although devastating, the events also presented an opportunity for modernization during the subsequent clean-up. After fires had swept through the capital, burning down the country’s paper-based business registry, Tonga rebuilt the company registry with the help of New Zealand software and IFC expertise.

Unlike the old registry, the online version is transparent and easy to use—features that cut down the steps required for business registration and go a long way in enabling enterprises to develop, grow, and become more competitive.

**A MODEL FOR EFFICIENCY**

Using the same software model as the New Zealand Companies Registry, the Tonga government, with IFC’s help, designed and implemented a system specifically tailored for Tonga. Supported by the New Zealand Ministry of Economic Development, the registry’s information is hosted on servers in New Zealand. New computer equipment allows staff to scan paper applications and process them electronically.

“Using the old system, it used to take up to two weeks for a registration certificate to be finalized because it had to be personally signed by the minister, but under the new system it can be as quick as 30 minutes, depending on the speed of the internet,” Penisimani Latu, Deputy Registrar at the Ministry of Labour, Commerce and Industries, said.

“After losing both the original records and the back-ups in the 2006 fires, the new system allows us to ensure that information is secure and also gives us peace of mind not to worry about the information if something happens again.”

Company records are now searchable online, easing business processes for legal firms, banks, government departments, and business owners.

“The new system is great because there’s a lot less paperwork, it’s very simple, and it has really sped things up,” lawyer Dana Stephenson said. Stephenson regularly submits business registration applications on behalf of clients.

Bank staff members also appreciate the benefits of not having to search through paperwork, which also resulted in an inspection fee under the old system.

According to Leta Havea Kami, Deputy Managing Director of Operations at Tonga Development Bank, “We’ve gone from using paper records to having nothing at all when they were lost in the fires, and now we have everything online, so it’s just a huge step and very useful.”

The electronic registry was launched in December 2009, followed by a widespread awareness campaign with IFC help to urge business owners to re-register.
Re-registered business owner Kathy Burenivalu, CFO of the money transfer company Fexco Pacific in Tonga, believed the electronic records are more efficient. “We can use the time saved in these processes for more important business matters.”

**COLLABORATION BETWEEN IFC AND ADB IN TONGA**

In order to introduce an electronic registry, changes had to be made to Tonga’s Companies Act 1995 to allow applications and general reporting to be done electronically. The necessary amendments were identified through a joint project between IFC and Asian Development Bank consultants.

“The Asian Development Bank and IFC consultants approached the work as a team,” Terry Reid, Legal Advisor to the Asian Development Bank, said. “Although there was a clear division of tasks and responsibilities, the amending bill was drafted as a team, ensuring that the bill supported the needs of the electronic registry which was being designed.

“The process supporting the passing of the bill was led by us, and the regulations were drafted by IFC with input from us. Since the act and registry were enacted, IFC and the Asian Development Bank have continued to work together in answering queries from stakeholders,” Reid added.

**LOOKING AHEAD**

New software will soon be introduced, further reducing the number of procedures and amount of time required to register a business by allowing online applications to be made.

“We are migrating our information to a new database that lets people apply online, giving them a choice between online or paper forms,” Latu explains. “We’re hoping to have the online application process in place before the end of the year.

The success of Tonga’s electronic business registry using New Zealand software and servers has led to a decision by the Papua New Guinea company registry to implement a similar version in Papua New Guinea, with IFC support. In addition, the Asian Development Bank is in the process of rolling out registries supported by New Zealand in the Solomon Islands and Vanuatu.

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**Results**

- **Number of days taken to register a business** reduced from 7 to 1 in 2010, compared to 32 days in 2008
- **Registration process streamlined** to reduce paperwork and move to a computerized system
- **Total estimated cost savings/benefits to business** totaling TOP $2.7 million per year
- **More than 540** of the 1,366 companies on record have re-registered using the new system

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