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### Zimbabwe jumps 15 scores on the Doing Business Rankings 2020

With five legislative reforms recognized by Doing Business Index (DB) and a 4% improvement in the Distance to Frontier score, Zimbabwe improved its ranking by 15 places from 155 to 140/190.

- Zimbabwe reduced constraints to **Starting a Business** by improving online name search and reducing the Harare Municipality business licensing fee.
- Dealing with **Construction Permits** was also made faster by streamlining plan approvals.
- **Property Registration** was made easier by reducing the time taken to transfer property and enhancing transparency by publishing official statistics on land disputes for the previous calendar year.
- Zimbabwe strengthened **Access to Credit** by giving secured creditors priority during insolvency proceedings and made **Resolving Insolvency** easier by introducing a new reorganization procedure, allowing creditors to vote on the reorganization plan, and granting debtors the possibility of obtaining post-commencement finance.

We caught up with Mr Mhlanga, Principal Secretary in the Office of the President and Cabinet to find out more about the business reforms.

**Congratulations on the recent achievement of Zimbabwe on the Doing Business Index, how did you receive the news and are you satisfied with the pace of reforms?**



*Mr Mhlanga, Principal Secretary*

implementation phase to ensure positive impact of the reforms on the intended beneficiaries.

Government has also extended the coverage of the reforms beyond the doing business indices to include other strategic business focus areas such as Mining, Agriculture, Industry, Exports, SMEs among others. Besides the reforms focusing on the legislative, procedural, costs and other administrative bottlenecks, institutionally, an interim One Stop Investment Centre was set up, amalgamating agencies involved in investment related businesses. The One Stop Investment Centre will be transformed into Zimbabwe Investment and Development Agency (Bill currently under Parliamentary consideration), and become a prime institution for promoting investment, economic growth and sustainable development. Government will be satisfied with the reforms once the country's ranking is within top 100, ensuring the achievement of the targets for Vision 2030, "Zimbabwe to become an Upper Middle-income Country".

**What necessitated the reform process?**

The reforms were necessitated by the following among other issues:

The Government of Zimbabwe received the news with great joy as this is a great improvement. When the reforms commenced in 2015, the country was ranked 171 out of 189 countries. Despite these achievements, a lot still needs to be done in deepening and accelerating the reforms. For instance, where legislative instruments were enacted, the Government has already started embarking on the post enactment

- ✓ High costs (and duplication in some Government agencies) of doing business hence Government was now perceived to be levying for administrative support and recurrent expenditure rather than for the facilitation of economic growth and development.
- ✓ Some of the administrative procedures and legislation were outdated from the current realities of Doing Business therefore necessitating urgent review and amendment.
- ✓ The need to streamline and rationalize the institutions that deal with investment cost and time spent visiting and interfacing with scattered and multiple investment related agencies as well as the need to transform bureaucratic inertia to business and citizen centricity.
- ✓ High cost of doing business caused by poor infrastructure and utilities such as electricity and water.
- ✓ Low competitiveness of Zimbabwean products on the international market.

**What in your opinion have been the most difficult reforms to implement?**

The reforms that have not been completed were caused by procrastination and resistance to change in fear of institutional changes that are likely to be brought about by the reforms either as rationalization and re-organization of structures or loss of revenue generation capacity. The involvement of several agencies on a single reform sometimes causes delays in completion. For instance, the Paying Taxes Technical Working Group has not moved on this aspect since 2015 as the implementation involves National Social Security Authority, Zimbabwe Manpower Development Fund Act and Zimbabwe Revenue Authority (ZIMRA) with the requirement to amend some institutional legislation to allow ZIMRA to collect taxes on behalf of these entities. Some reforms need to be complimented by robust ICT systems as they are implemented through online applications.

For instance, some of the requirements on starting a business are internet based. The slow and low connectivity has resulted in downtime of the internet hence affecting reforms such as Starting a Business and Registering Property where internet connectivity plays a critical role in the success of the reforms. Some reforms are delayed by fiscal constraints. For instance, the Credit Registry requires huge capital outlay to procure its software.

**Of what benefit is an improved business environment in Zimbabwe?**

The main benefit of implementing the Ease of Doing Business reforms is to facilitate the development of a thriving and robust private sector for high growth of the economy and inclusive social development by improving the business operating environment in order to attract Investment; improving performance of the public sector institutions to deliver quality services; creation of value for money through lowering or eliminating duplicate transactional costs charged by various Government agencies to existing and prospective investors and Enabling quick business decisions that are favorable to both businesses and clients.

**Do you think reforms are bearing fruit?**

Yes, the reforms are to date, 9 out of the 13 pieces of legislation which, either, needed amendment or enactment were assented to including the Companies and Other Business Entities Act, which is one of the key pieces of legislation for doing business in Zimbabwe. In addition, four Commercial Courts have been established in major cities. In addition to the legislative and institutional reforms, some administrative procedures have also been reviewed and streamlined to reduce the attendant bottlenecks.

The Zimbabwe Reconstruction Fund (ZIMREF) is a World Bank administered multi-donor trust fund that has received contributions of US\$40 million from Denmark, European Union, Norway, Sweden, Switzerland, UK and the World Bank's State and Peace Building Fund. ZIMREF aims to support the strengthening of Zimbabwe's systems for reconstruction and development. Visit our website to find out more. For feedback and comments please email [ckhuphe@worldbank.org](mailto:ckhuphe@worldbank.org)

