



Government of Zimbabwe

PROGRESS REPORT ON THE EASE OF DOING BUSINESS REFORMS

03 March 2017

1.0 Background

As an important component of the accelerated implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim ASSET) 2013-2018, Government is implementing various reform measures across the entire public sector. The main objectives of these reforms are to:

- i) Improve the business operating environment in Zimbabwe in order to boost local and foreign investment;
- ii) Improve performance of the public sector institutions in delivering quality services to the people;
- iii) Reduce the cost and ease of doing business; and
- iv) Create value for money.

All these reforms are underpinned by the Integrated Results Based Management, which focuses on achievement of positive development results (outputs and outcomes).

In pursuit of these reforms, the Government of Zimbabwe, working in collaboration with multiple stakeholders that include development partners, Civil Society, Private Sector, Academia and various interest groups embarked on the Ease of Doing Business Reforms in September 2015. The reforms are being spearheaded by the Office of the President and Cabinet (OPC). The reforms focused on the 10 global indices of doing business as follows:

- Starting a Business;
- Protecting Minority Investors;

- Enforcing Contracts
- Resolving Insolvency;
- Getting Credit;
- Paying Taxes;
- Trading Across Borders;
- Construction Permits;
- Registering Property; and
- Getting Electricity.

Zimbabwe has focused on nine of the areas except Getting Electricity. Getting Electricity is being dealt with in other broader reform initiatives being instituted by the Government in the energy sector.

In pursuit of these Ease of Doing Business Reforms, five Technical Working Groups (TWGs) were constituted to deal with the following areas:

- Starting a Business and Protecting Minority Investors;
- Enforcing Contracts and Resolving Insolvency;
- Getting Credit;
- Paying Taxes and Trading Across Borders; and
- Construction Permits and Registering Property.

Since the commencement of the Ease of Doing Business Reforms, a number of milestones have been recorded, both on the legislative and administrative fronts. It is pleasing to note that a lot of milestones have been achieved in areas such as registering property, starting a business and getting credit. The achievement of the results has been enabled and sustained through the adoption of the Rapid Results Approach whose thrust is achievement of results in a “*business unusual manner*”.

2.0 Milestones Achieved to date

2.1 Legislative Milestones

Significant progress has been made in drafting nine pieces of legislation and a number of Statutory Instruments (SIs).

Following an intensive multi-stakeholder review process, the OPC established a Taskforce chaired by the Permanent for Secretary of Justice, Legal and Parliamentary Affairs in order to expedite the legislative processes and enactment. This Task Force has representation at the highest levels from all the affected Ministries, Agencies and the Clerk of Parliament in order to draft the necessary legislation and Statutory Instruments for approval by Cabinet. The Task Force has received technical support from the World Bank in looking at legislative frameworks and Statutory Instruments in other countries.

In order to fast track the legislation through Parliament, there has been extensive consultation with the Law Society of Zimbabwe and members of relevant Parliamentary Portfolio Committees.

The nine Bills are detailed below:

Name of Bill	Area of Impact- The Bill will	Current Status
1. Deeds Registry Act	Provide for online deployment of deeds registry	Bill awaiting Stakeholder Consultation in Parliament
2. Judicial Laws Ease of Settling Commercial Disputes Bill (combines three Bills)	Increase financial jurisdiction of small claims court. -Establish a Commercial Court and reducing time taken to resolve commercial disputes cases.	Bill awaiting Stakeholder Consultation in Parliament
3. Shop Licensing Act	Streamline processes and regulations for time taken for licensing of shops.	Bill awaiting Stakeholder Consultation in Parliament
4. Insolvency Act	Overhaul Insolvency regulations to reduce time taken to settle insolvency matters	Bill awaiting Printing for First Reading in Parliament
5. Movable Property Security Interest Bill	Allow for the establishment of a Collateral Registry to improve access to credit for all citizens	Bill awaiting Stakeholder Consultation in Parliament
6. Estate Administrators and Insolvency Practitioners Act	Provides for governing the administrators of estates	Bill awaiting Stakeholder Consultation in Parliament
7. Companies Act	Overhaul/ amend the current Act to be in line with modern business practice and	Bill going for Peer Review. To be submitted for consideration by Cabinet Committee on Legislation

	consolidation of different types of corporations	before mid March 2017 and is expected to be enacted into law in the first half of 2017.
8. Regional Town and Country Planning Act	Reduce the time taken and procedures for issuing construction permits	Bill currently being drafted by the Attorney General's Office
9. Public Procurement Act	Create a National Procurement Authority responsible for Monitoring and Evaluation of procurement, Setting Standards and Guidelines. Decentralise procurement to Ministries, Departments and Agencies to improve on transparency and accountability	The Bill is with Parliament. Stakeholder consultations on the Bill were completed. Bill now awaits Senate consideration before enactment.

2.2 Administrative Milestones

The World Bank Doing Business 2017 report recognised Zimbabwe as a reformer in the following areas of business regulation:

i) Dealing with construction permits: Zimbabwe made dealing with construction permits faster by streamlining the building plan approval process.

ii) Registering property: Zimbabwe made registering property easier by launching an official website containing information on the list of documents and fees for completing a property transaction, as well as a specific time frame for delivering a legally binding document that proves property ownership.

iii) Getting credit:

- The Banking Act Amendment No. 12/2015 was promulgated on 13 May 2016, to provide for the establishment of the Credit Registry at the Reserve Bank as well as licensing and supervision of private credit bureaus by the Reserve Bank.
- The Act also provides for the collection of credit data from other credit providers such as credit stores, public utilities and mobile network operators and the various credit schemes operated by

Government Ministries; ranging from Youth Funds, Women's Funds and those for Small to Medium Enterprises (SMEs).

- The Reserve Bank finalised the licensing framework for private credit bureaus and all the operating institutions are expected to have been licensed by 30 June 2017.
- The Credit Registry system was acquired from Credit-info; a company based in the Czech Republic and successfully deployed at the Reserve Bank and went live at the beginning of January 2017.

iv) Starting a Business

- Implementation of the online company name search application system, which began in April 2016 at the Zimbabwe International Trade Fair (ZITF), has seen a total of 3386 name searches being processed online. This reduced the turnaround time for name search applications from seven days to one day. An average of 60 applications are being received and processed online every day.
- The Ministry of Local Government, Public Works and National Housing, through a General Notice, published in the Government Gazette in March 2016 waived the need for advertising by businesses operating in designated areas. This reduced the time required to obtain a shop licence from 56 days to five days by Local Authorities. Various Local Authorities are at various stages of effecting the General Notice.
- The computerisation of the NSSA processes reduced the manpower registration turnaround time from 14 days to one day.

v) Trading Across Borders

Reforms to improve export processes are underway with Single Window being introduced at Beitbridge Border Post. This will be replicated at other border posts. So far, 11 Statutory Instruments have been published to support the business environment and establish a single window at ports of entry. Two more, from the National Biotechnology Institute and the Environmental Management Authority, related to Trading Across Borders will be published by the end of March 2017.

vi) Public Procurement

- The Public Procurement Bill was published in the Government Gazette of 21 October 2016 for Parliamentary review.

The procurement process for e-Government equipment to capacitate Ministries, Local Authorities, Hospitals, Universities, Polytechnics and Government National Training Centres was initiated. The draft structure and job descriptions for the new Authority were developed.

vii) Paying Taxes

In order to facilitate payment of taxes, the Zimbabwe Revenue Authority (ZIMRA), National Social Security Authority (NSSA) and Zimbabwe Manpower Development Fund (ZIMDEF) signed an inter-agency agreement in order to create a single window for payment of taxes. The relevant Ministries are in the process of putting in place relevant legislation in order to effect the reforms. The single window is expected to increase revenue for the organisations.

3.0 Sectoral Approach to Ease of Doing Business Reforms

Given the success that has been registered on general Ease of Doing Business Reforms, Government decided to undertake a Sectoral Approach in order to comprehensively address the most urgent issues affecting the investment and business operating environment in key sectors of the economy.

The following sectors have been targeted: Local Authorities, Transport Sector, Export Sector, Tourism and Enablers. Remarkable progress is being made in these sectors. For instance:

Road Freight and Passenger Transport

Achievements:

- The Ministry of Finance and Economic Development approved with effect from 1st January 2017 through SI 16 of 2017 the reduction of duty on luxury buses imported by approved importers from 40% to 5% in response to a request by Crossborder Bus Operators Association (CBOA);

- The Environmental Management Agency (EMA), through a General Notice has adjusted the night driving restrictions from the previous 18:00 to 06:00 hours to the recommended 20:00 to 05:00 hours for freight transporters;
- All Government Agencies have signed a Memorandum of Understanding agreeing to the creation of a single window for purposes of simplifying the licensing processes; eliminate duplications and reduce waiting time at the border, operating costs and reduce costs through the implementation of e-Government platforms.

Corporate Governance Reforms

Parastatals were previously a key driver in Zimbabwe's economy as they contributed 40 percent of GDP, but they are currently draining budgetary resources.

In order to ensure that the sector plays its role and facilitates economic growth and development, Government has undertaken corporate governance reforms in the sector. Key amongst the reform measures are the Draft Public Entities Corporate Bill and the Remuneration Framework for Boards and Senior Management, which await Cabinet approval.