



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 thrust of these reforms is as follows:

- a) improve the business operating environment in Zimbabwe in order to boost local and foreign investment;
- b) Improve performance of the public sector institutions in delivering quality services to the people;
- c) Reduce the cost and ease of doing business;
- d) Creation of 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, the 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. The reforms focused on the 10 global indices of doing business in the following areas:

- 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 reform initiatives being implemented by Government in the energy sector.

In pursuit of these reforms, five Technical Working Groups (TWGs) were constituted to deal with 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.

It is now one and half years since the Ease of Doing Business Reforms commenced, and it is pleasing to note that a lot of milestones have been achieved in such areas as **registering property, starting a business**

and getting credit. The achievement of the results have been enabled and sustained through the adoption of the Rapid Results Approach whose thrust is achievement of results in a “**business unusual manner**”. Since the commencement of the Ease of Doing Business reforms in September 2015, a number of milestones have been recorded both on the legislative and administrative fronts.

Legislative Milestones

Significant progress has been made in drafting nine pieces of legislation and a number of statutory instruments.

Following an intensive multi-stakeholder review process which incorporated a number of interest groups, and in order to expedite the legislative processes and enactment, a Task Force, chaired by the Secretary for Justice, Legal and Parliamentary Affairs was established by the Office of the President and Cabinet. 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 been provided technical support by 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 and members of relevant portfolio committees in parliament in order to get their inputs and feedback.

The Nine Bills are detailed below:

Name of Bill	Area of Impact	Current Status
1. Deeds Registry Act	Will provide for online deployment of deeds registry	Bill Awaiting Stakeholder Consultation in Parliament
2. Judicial Laws Ease of Settling Commercial Disputes bill (combines 3 bills)	Increasing financial jurisdiction of small claims court Establishing a Commercial Court and reducing time taken to resolve commercial cases.	Bill Awaiting Stakeholder Consultation in Parliament
3. Shop Licencing Act	Streamlining processes and regulations for time taken for licencing of shops.	Bill Awaiting Stakeholder Consultation in Parliament
4. Insolvency Act	Overhaul of Insolvency regulations to reduce time taken to settle insolvency matters	Bill Awaiting Printing for First Reading in Parliament
5. Movable Property Security Interest Bill	Allowing for 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	Provisions for governing the administrators of estates	Bill Awaiting Stakeholder Consultation in Parliament
7. Companies Act	Overhaul of the Act to be in line modern business practices and also incorporates different types of different entities and also provides protection for minority shareholders amongst other provisions	Going for Peer Review. To be submitted for consideration by Cabinet Committee on Legislation 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	Improve the time taken and procedures for issuing construction permits	Currently being drafted by the Attorney General's Office
9. Public Procurement Act	Creation of National Procurement Authority responsible for Monitoring and Evaluation of procurement, Setting Standards and Guidelines. Decentralization of procurement to Ministries, Departments and Agencies	The Bill is currently with Parliament awaiting stakeholder consultations

	(MDAs) to improve on transparency and accountability	
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Administrative Milestones

Zimbabwe was recognized in the Doing Business 2017 report as a reformer in the following three areas of business regulation:

1. **Dealing with construction permits:** Zimbabwe made dealing with construction permits faster by streamlining the building plan approval process.
2. **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.
3. **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 licencing and supervision of private credit bureaus by Reserve Bank.
 - The Act also provides for the collection of credit data from other credit providers such as credit stores, public utilities, mobile network operators and the various credit schemes operated by government ministries, ranging from Youth Funds, Women’s Funds, and those for SMEs.
 - The Reserve Bank finalized the licensing framework for private credit bureaus and we expect all the operating institutions to have been licensed by 30 June 2017.

- The Credit Registry system was acquired from Credit-info, a company based in Czech Republic and successfully deployed at the Reserve Bank which went live at the beginning of January 2017.

4. 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 3 386 name searches being processed online. An average of 60 applications are being received and processed online every day. This reduced the turnaround time for name search applications from 7 days to 1 day.
- The Ministry of Local Government 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 number of days to obtain a shop license from 56 days to 5 days by local authorities, various local authorities are at various stages of putting the General Notice into effect.
- The computerization of the NSSA processes reduced the manpower registration turnaround time from 14 days to 1 day.

5. Trading Across Borders

Reforms to improve export processes underway with a Single Window being introduced at Beitbridge Border Post which will be replicated in other border Posts. Eleven Statutory instruments have already 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.

6. 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, and Hospitals including Universities, Polytechnics and Government National Training Centers was initiated. Draft structure and job descriptions for the new Authority were developed.

7. Paying Taxes

In order to facilitate payment of taxes, ZMRA; NSSA and 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 put into effect the reforms. The single window is expected to increase revenue for the relevant organizations.

Sectoral Approach to Ease of doing Business Reforms

Given the success that has been registered on the Ease of Doing Business reforms, Government decided to undertake a Sectoral Approach to Ease of Doing Business in order 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 for reform: Local Authorities, Transport Sector, Export Sector, Tourism and Enablers. Remarkable progress is being made on these sectors. For instance:

Road Freight and Passenger Transport

Achievements

- 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%. CBOA had requested a reduction of duty on buses and luxury coaches;
- 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 duplication , reduce waiting time at the border operating costs and reduce costs through the implementation of e-government platforms .

- **Corporate Governance Reforms**

The parastatal sector is currently a drain on the budgetary resources but was once a key driver in the Zimbabwe economy, as operations in this sector previously constituted 40 per cent of the country's GDP.

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 is the **Draft Public Entities Corporate Bill**, which awaits Cabinet approval. **The Remuneration Framework for Boards and senior management** was developed and is awaiting Cabinet approval.