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Doing Business Report – Namibia down one place to 107

The World Bank has released its annual Doing Business Report 2019 on 31 October 2018. The World Economic Forum's Global Competitiveness Report, released just a fortnight ago, and the World Bank's Doing Business Report provide among others governments, investors and financial institutions with information on factors crucial for investors. The Doing Business Report covers ten areas, such as the ease of starting a business, dealing with construction permits, getting electricity or registering property, with a total of 45 indicators. The country receives a score for each of the indicators. The total score determines the ranking of the country compared to other countries.

The highlights:

- Namibia **scored slightly better** in the latest report than last year. The score improved by 0.24 to 60.53. However, the **country dropped one rank** from 106 to 107 out of a total of 190 countries.
- Namibia **ranks seven** out of 14 member states of the **Southern African Development Community** like last year. While **five SADC member states improved** the ranking by up to five places (Mauritius) and one country maintained the ranking (South Africa), most SADC countries dropped by up to seven places (Tanzania).
- **Mauritius remained the top performer** within SADC moving up five ranks to rank 20. Two other countries outside SADC, but in the region, showed impressive improvements, namely **Kenya and Rwanda**. Kenya moved up by 19 ranks to place 61 and Rwanda by 12 ranks to place 29. **Rwanda is the second most competitive economy in Africa** after Mauritius, a ranking it achieved over a relative short period of time.
- Namibia **improved the ranking in three** out of the ten indicators, namely in **dealing with construction permits** (up by 24 places to rank 83), **enforcing contracts** (up by one to rank 58) and in **registering property** (also up by one to rank 174). The country **maintained the ranking** regarding **starting a business at 172** out of 190 countries.
- In contrast, **Namibia lost ground in six categories**: Getting electricity (down by three to 71), getting credit (down by five to 73), paying taxes (down by 2 to 81), protecting minority investors (down by ten to 99), resolving insolvency (down by two to 125) and trading across borders (down by four to 136).
- Namibia **scored better in five out of the 45 indicators** and slipped in one. The score in the indicator 'ease of shareholder suits index' dropped from seven out of ten to six. The time to register property decreased from 52 days to 44 and the quality of land administration improved from 8.5 to 9.5 out of 30. Likewise the score for the quality of judicial processes increased from 9.5 to 10.5 out of 18. The

building quality control index rose by two points to 8.5 out of 15. Finally, the cost of getting electricity as a share of per capita has continuously improved over the years to 304.4%.

- The improved scores in some indices, however, resulted in a better ranking in only three indicators, while despite declining costs for getting electricity Namibia dropped three ranks in this category.

Since NDP 4 in 2012, Namibia aims at being the most competitive economy in Africa. This target is repeated in the Harambee Prosperity Plan and NDP5. We have missed the target again by a wide margin. Even though Namibia maintained the score in most indicators, the country slipped ranks again, which clearly indicates that other countries have made more progress over the years. The number of days to start a business remains unchanged at 66 since 2010 despite the establishment of the Business and Intellectual Property Authority (BIPA). Despite the launch of the NamBizOne portal there is no progress with the single window facility, which would accelerate business registrations. New technologies are hardly used to ease business registrations. Registration applications cannot be submitted by email, neither proof of payment. Furthermore, opening hours at BIPA, for instance, are business unfriendly.

Namibia also aims at becoming a logistics hub for southern Africa. Although the country improved the ranking in trading across borders from 151 in 2010 to 136 now, the ranking has deteriorated from 123 out of 189 in 2016. The declining ranking is another example for progress by other countries, since Namibia maintained the scores in all indicators since 2016. The administrative processes that result in long times and high cost to comply with export requirements compared to import requirements need to be reviewed, not only to support the ambition to become the logistics hub, but in order to ease access to foreign markets for Namibian businesses.

Although the score in the quality of land administration improved, it remained in the lowest 30%. The speedy implementation of resolutions taken at the land conference concerning urban land reform and related matters could improve the access to urban land as well as the time and cost of registration.

Namibia performs better regarding paying taxes than in 2010 (rank 97), but the trend reversed since 2016 (rank 74). The roll-out of the integrated tax administration system and the establishment of the Namibia Revenue Agency could result in a better ranking for this indicator.

Overall, the results of both the Global Competitiveness Report and the Doing Business Report need to be analysed thoroughly and decisive steps need to be taken to address the poor performance. As the Minister of Finance stressed several times in his Mid-Year Budget Review Speech, improving competitiveness is vital to attract domestic and foreign direct investment that will create jobs and generate income. We cannot afford to continue with business as usual.