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World Bank releases the Doing Business 2018 report

The World Bank has released its annual ‘Doing Business 2018’ report on 31 October 2017. Like last year, 190 countries are included in the analysis. The assessment is based on ten areas such as starting a business, getting electricity, dealing with construction permits etc. Below is a summary of some of the highlights:

- Namibia improved her ranking slightly from rank 108 in last year’s report to 106 this year. The improvement, however, recovered only some ground the country has lost since 2012 when Namibia ranked 78.
- Namibia maintained her ranking within the now 16 SADC member states – rank 7. In 2014 and 2016 Namibia ranked sixth, while in 2015 the country ranked fifth. The ranking indicates that considerable efforts are required to become the most competitive economy in SADC, let alone on the continent.
- Namibia improved in two out of the ten areas, namely ‘Getting electricity’ and ‘Enforcing contracts’. The country’s quality of judicial processes is rated 9.5 this time compared to 6.5 out of 18 last year. This resulted in an improvement by 39 places from rank 98 to rank 59 this year. The reliability of electricity supply is better rated this year at 6 out of 8 than last year, which led to a much-improved ranking – rank 68 up from 124 last year.
- However, Namibia’s ranking dropped in all other areas; slightly in some, but significantly in others. Of concern is certainly the drop in ranking regarding ‘Dealing with construction permits’ by 40 places to rank 107 this year. The reasons are an increase in the number of procedures (12 now up from 10) and consequently an increase in the number of days it takes to get the permit – 160 days compared to 137. The lengthier process resulted in an increase in the costs for getting the permit from 0.5% of the value to 2.5%. Given the high prices for residential property and the contraction in the construction industry, these areas warrant urgent attention.
- Namibia also slipped substantially regarding ‘Resolving insolvency’ by 26 places to rank 123 mainly because the strength of the insolvency framework is being regarded weaker this year (6.0) than last year – 7.5 out of 16.
- Another area of concern is the ranking in terms of ‘Trading across borders’. Namibia dropped five ranks to rank 132 simply because other countries improved and moved forward, while time and costs of imports and exports have not changed for Namibia. In order to become the logistics hub for southern Africa the border procedures have to be streamlined and costs have to be cut.
- There has been no improvement in any indicators for ‘Getting credit’. Therefore, the score remained at 60.0 like last year, but the country slipped six places to rank 68, because other countries improved their scores.

- The same applies to ‘Starting a business’. Namibia scored the same as last year (68.9), but moved down two ranks to rank 172 out of 190 countries. The launch of NamBizOne, a single-window platform, has apparently not have had any positive impact so far on the procedures (10) and time (66 days) it takes to start a business. In order to stimulate economic growth and job creation, concerted efforts by all institutions involved are needed to make a single-window for registrations a reality.
- Paying taxes (decline in ranking from 74 to 79), Protecting minority investors (drop from 81 to 89) and Registering property (down from 174 to 175) remain areas for substantial improvements.

The improvement is in contrast to the decline in competitiveness according to the World Economic Forum’s Global Competitiveness Report 2017-18 that was released in September 2017. However, the GCR uses a different methodology and is in part based on the Executive Opinion Survey. The results point often in the same direction: Lack of reform in Namibia results in declining competitiveness, while other countries are moving ahead. Namibia’s main challenges of poverty, income inequality and unemployment will only be overcome if a more conducive environment for the private sector to invest and operate is created. New technologies offer opportunities to reduce bureaucratic processes, time and costs.