Doing Business in South Africa 2018

Comparing Business Regulation for Domestic Firms in 9 Urban Areas and 4 Maritime Ports with 189 Other Economies
Subnational Doing Business—going beyond business capitals

- go beyond the largest business city
- cover regulations at all levels
- capture local differences
- provide replicable good practices
- help cities tell their stories and compete
- use local government participation to promote reform
Subnational *Doing Business* creates data for informed policymaking

Generates micro-level data on business regulations globally comparable.

Identifies bottlenecks, highlights opportunities for improvement and presents good practices.

Creates baseline that can be used to measure progress over time.
Showcases potential for improvement through the emulation of good practices

Sharing best practices on construction permitting from *Doing Business in Kenya 2016*

- **Kiambu’s** fast-track procedures to obtain a construction permit
- **Busia’s** efficient processing time
- **Kakamega’s** relatively low cost to obtain a permit

If Nairobi adopted these good practices, it would move from the bottom 20% to top 40% of economies globally

Replicating the best practices at the subnational level is an easy win for reform-minded policy makers

*Source: Subnational Doing Business database*
Second benchmarking in 9 urban areas and 4 maritime ports

9 urban areas
Buffalo City (East London)
Cape Town (Cape Town)
Ekurhuleni (Germiston)
eThekwini (Durban)
Johannesburg (Johannesburg)
Mangaung (Bloemfontein)
Msunduzi (Pietermaritzburg)
Nelson Mandela Bay (Port Elizabeth)
Tshwane (Pretoria)

4 maritime ports
Cape Town
Durban
Ngqura
Port Elizabeth
No location has the top performance in all areas

<table>
<thead>
<tr>
<th>Location</th>
<th>Dealing with construction permits</th>
<th>Getting electricity</th>
<th>Registering property</th>
<th>Enforcing contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Distance to frontier score (0–100)</td>
<td>Ranking (1–9)</td>
<td>Distance to frontier score (0–100)</td>
<td>Ranking (1–9)</td>
</tr>
<tr>
<td>Buffalo City (East London)</td>
<td>71.66</td>
<td>6</td>
<td>59.40</td>
<td>5</td>
</tr>
<tr>
<td>Cape Town (Cape Town)</td>
<td>75.48</td>
<td>1</td>
<td>79.81</td>
<td>1</td>
</tr>
<tr>
<td>Ekurhuleni (Germiston)</td>
<td>71.81</td>
<td>4</td>
<td>52.09</td>
<td>6</td>
</tr>
<tr>
<td>eThekwini (Durban)</td>
<td>73.65</td>
<td>2</td>
<td>69.40</td>
<td>2</td>
</tr>
<tr>
<td>Johannesburg (Johannesburg)</td>
<td>68.16</td>
<td>8</td>
<td>68.77</td>
<td>3</td>
</tr>
<tr>
<td>Mangaung (Bloemfontein)</td>
<td>71.25</td>
<td>7</td>
<td>59.82</td>
<td>4</td>
</tr>
<tr>
<td>Msunduzi (Pietermaritzburg)</td>
<td>73.17</td>
<td>3</td>
<td>47.59</td>
<td>8</td>
</tr>
<tr>
<td>Nelson Mandela Bay (Port Elizabeth)</td>
<td>71.70</td>
<td>5</td>
<td>42.19</td>
<td>9</td>
</tr>
<tr>
<td>Tshwane (Pretoria)</td>
<td>66.25</td>
<td>9</td>
<td>51.24</td>
<td>7</td>
</tr>
</tbody>
</table>
Performance varies widely across regulatory areas
Processes are still complex and costly, however they are relatively fast.
There is still room for improvement in the quality of regulation
Since 2015, the largest improvements were in 2 areas:

- Cape Town
- eThekwini
- Johannesburg
- Nelson Mandela Bay
- Mangaung

Getting Electricity
Registering Property
There were smaller improvements in construction permitting

- **Cape Town**
  - Building plans approval: 37 days in 2018 vs. 45 days in 2015
  - Precast approval: 18%

- **Nelson Mandela Bay**
  - Precast approval: 35 days in 2018 vs. 40 days in 2015
  - Precast approval: 12%

- **Mangaung**
  - Occupancy certificate: 20 days in 2018 vs. 24 days in 2015
  - Occupancy certificate: 17%

- **Tshwane**
  - Occupancy certificate: 5 days in 2018 vs. 7 days in 2015
  - Occupancy certificate: 30%
Three locations now monitor the reliability of electricity supply using SAIDI/SAIFI

More than 120 *Doing Business* economies

Reliability of supply and transparency of tariffs index (0-8 points)

<table>
<thead>
<tr>
<th>Location</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town</td>
<td>0 points</td>
<td>6 points</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>0 points</td>
<td>4 points</td>
</tr>
<tr>
<td>eThekwini</td>
<td>0 points</td>
<td>4 points</td>
</tr>
</tbody>
</table>
Two locations also reduced time to connect to the grid

- 5 more than months

- 1 week
Mangaung cut time to transfer property—through better coordination and automation

Mangaung eliminated one step and reduced the time to obtain a rates clearance certificate by nearly a month.
Globally 43% of economies perform better on the quality of land administration.
Smaller improvements in filing time may signal future reforms

Buffalo City cut time to file and serve process by 35 days

- Monitoring and supervision
- Division of tasks
- Collaboration with local attorneys

South Africa average (32.4 days)
Doing Business measures three areas of cross-border trade:

**EXPORTING**
- Domestic transport
- Border compliance
- Documentary compliance

**IMPORTING**
- Domestic transport
- Border compliance
- Documentary compliance

- Johannesburg, South Africa
- Durban port
- New York City, United States
- Berlin, Germany
- HS 87 Vehicles
- HS 8707 Auto parts
There is still room to streamline export processes in South Africa.

- Average of economies exporting fruits and nuts (HS 08):
  - 55.43

- Port of Cape Town:
  - 35.10

- Average of economies exporting machinery and mechanical appliances (HS 84):
  - 76.40

- Port of Port Elizabeth:
  - 55.33

- Port of Ngqura:
  - 54.08

- Turkey exporting vehicles (HS 87):
  - 94.18

- Port of Durban:
  - 51.56

Distance to frontier score (0–100)
The way forward: addressing cross-cutting issues

1. Coordination within municipalities
2. Collaboration at different levels of government
3. Proper resource allocation and implementation
4. Improved prospect for future reform successes
The potential for improvement—through the emulation of good practices—is striking.

South Africa (Johannesburg)
Distance to frontier score in Doing Business 2018 (0–100)

- Getting electricity: 68.77
- Dealing with construction permits: 68.16
- Registering property: 59.68
- Trading across borders: 59.64
- Enforcing contracts: 54.10

Best South African performance
Hypothetical distance to frontier score (0–100)

- Getting electricity: 82.77
- Dealing with construction permits: 76.12
- Trading across borders: 69.25
- Registering property: 60.05
- Enforcing contracts: 59.12
Thank you!

www.doingbusiness.org/southafrica

for more information