

## SUBNATIONAL DOING BUSINESS

# Doing Business in South Africa 2015



*Doing Business in South Africa 2015* is the first World Bank Group sub-national report studying the ease of doing business in the country. It compares business regulations affecting domestic firms in all eight metropolitan municipalities and the local municipality of Msunduzi. Regulations relevant to six stages in the life of a small to medium-size firm are measured: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts, and trading across borders. In each of these areas, the report highlights good practices that can be leveraged to empower local entrepreneurs and firms.

### DOING BUSINESS IN SOUTH AFRICA 2015

*Doing Business in South Africa 2015* goes beyond the largest business city—Johannesburg—to identify good regulatory practices, uncover administrative bottlenecks, and provide recommendations based on examples from the country and the other 188 economies measured by the global *Doing Business* project.

The subnational study was requested and substantially funded by the National Treasury of the Republic of South Africa. The project was implemented in collaboration with the National Treasury, the Department of Trade and Industry and the South African Cities Network.



**FULL REPORT AVAILABLE AT:**  
[www.doingbusiness.org/SouthAfrica](http://www.doingbusiness.org/SouthAfrica)

### MAIN FINDINGS

- South African entrepreneurs face different regulatory hurdles depending on where they establish their businesses. This is due to varying efficiency levels at the public agencies in charge of the six areas benchmarked—starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts and trading across borders—and discrepancies in the interpretation of national legislation.
- There is no relationship between the size of the city (as measured by population) and the rankings, and no single city performs equally well on all indicators. Johannesburg and Cape Town, the largest urban centers, are the top performers on registering property and dealing with construction permits, respectively, while Mangaung, the second least populous city, leads the getting electricity and enforcing contracts indicators.
- Local policy makers can achieve tangible improvements by replicating good practices already successfully implemented in other cities. Local improvements will not only advance the standing of one location within South Africa, but also make a significant difference on the global scale: If a hypothetical city were to adopt the good practices found across the 9 cities in dealing with construction permits, getting electricity and enforcing contracts, it would surpass the average performance of the OECD high-income economies in all 3 areas.

- Starting a private company is easier in Tshwane, Johannesburg and Ekurhuleni, where it takes 6 procedures, 46 days and costs 0.3% of income per capita.
- Dealing with construction permits is easier in Cape Town and Nelson Mandela Bay and more difficult in Johannesburg and Mangaung. The number of steps required range from 15 in Nelson Mandela Bay to 22 in Mangaung.
- Getting an electricity connection across South Africa's cities takes on average the same number of procedures as in OECD high-income economies, but it is more expensive and the process takes twice as long.
- For property registration, differences in implementation exist despite the shared national legislative framework—it takes 24 days to register property in Buffalo City, but 52 days in Mangaung.
- It is easier to enforce a contract in Mangaung—resolving a commercial dispute there requires 29 procedures, takes 473 days, and costs approximately 29.4% of the claim value.
- South African ports perform better than their regional peers but are slow and expensive when compared globally—long dwell times and high inland transportation and port costs are the main obstacles for traders.

## MEDIA CONTACT:

### Indira Chand

Email: [ichand@worldbank.org](mailto:ichand@worldbank.org)

Phone: +1 202 458 0434

Washington, D.C.

### Zandile Ratshitanga

Email: [zratshitanga@worldbank.org](mailto:zratshitanga@worldbank.org)

Phone: +27 (0) 12-742-3107

Pretoria

## ABOUT SUBNATIONAL DOING BUSINESS

*Subnational Doing Business* studies capture differences in business regulations and their enforcement across locations in a single country. The reports provide data on the ease of doing business in selected areas, rank each location, and recommend reforms to improve performance at the local level in each area.

Since 2005, subnational *Doing Business* projects have benchmarked almost 400 locations in 55 countries and have recorded 389 business regulatory reforms. [www.doingbusiness.org/subnational](http://www.doingbusiness.org/subnational)

## WHY SUBNATIONAL?

### ▪ Offers a new diagnostic tool

Applying the methodology used in the cross-country global *Doing Business* report in a number of locations in the same country or region, the projects create micro-level data on various areas of business regulation. This allows the participating locations to compare their business regulations among themselves and with 188 economies worldwide.

### ▪ Motivates regulatory improvements

The studies uncover bottlenecks, provide policy recommendations and identify local good practices that can easily be replicated without changing the country's legal and regulatory framework. The studies motivate regulatory improvements, mainly through peer-to-peer learning.

### ▪ Measures progress over time

Repeated benchmarking measures progress over time and creates incentives to maintain the reform effort, even when governments change. The studies become a public-policy tool to guide policymakers throughout the business regulatory reform cycle.