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**
Generates micro-level data on business regulations globally comparable.

Diagnostic Tool

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

Reform Instrument

Creates baseline that can be used to measure progress over time.

Monitoring Device
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>
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</tr>
<tr>
<td>Buffalo City (East London)</td>
<td>71.66</td>
<td>59.40</td>
<td>57.81</td>
<td>51.48</td>
</tr>
<tr>
<td>Cape Town (Cape Town)</td>
<td>75.48</td>
<td>79.81</td>
<td>54.69</td>
<td>54.71</td>
</tr>
<tr>
<td>Ekurhuleni (Germiston)</td>
<td>71.81</td>
<td>52.09</td>
<td>58.48</td>
<td>55.58</td>
</tr>
<tr>
<td>eThekwini (Durban)</td>
<td>73.65</td>
<td>69.40</td>
<td>54.58</td>
<td>55.74</td>
</tr>
<tr>
<td>Johannesburg (Johannesburg)</td>
<td>68.16</td>
<td>68.77</td>
<td>59.68</td>
<td>54.10</td>
</tr>
<tr>
<td>Mangaung (Bloemfontein)</td>
<td>71.25</td>
<td>59.82</td>
<td>59.73</td>
<td>59.01</td>
</tr>
<tr>
<td>Msunduzi (Pietermaritzburg)</td>
<td>73.17</td>
<td>47.59</td>
<td>52.78</td>
<td>58.78</td>
</tr>
<tr>
<td>Nelson Mandela Bay (Port Elizabeth)</td>
<td>71.70</td>
<td>42.19</td>
<td>57.93</td>
<td>54.85</td>
</tr>
<tr>
<td>Tshwane (Pretoria)</td>
<td>66.25</td>
<td>51.24</td>
<td>59.39</td>
<td>56.14</td>
</tr>
</tbody>
</table>
Performance varies widely across regulatory areas

Doing Business rank (1–190 economies)

- Cape Town: 75.48
- Tshwane: 66.25
- Nelson Mandela Bay: 42.19
- Mangaung: 59.01
- Port of Durban: 59.64
- Buffalo City: 51.48
- Msunduzi: 52.78
- Port of Port Elizabeth: 69.25

- Highest DTF score, South Africa
- Lowest DTF score, South Africa
- Average DTF score, South Africa
- Average DTF score, BRIC
- Average DTF score, OECD high income

Dealing with construction permits
Getting electricity
Registering property
Enforcing contracts
Trading across borders

25% top performers
25% bottom performers
Processes are still complex and costly, however they are relatively fast.
There is still room for improvement in the quality of regulation

Dealing with construction permits
- 3 economies (global best performers on quality index)*
  
- South Africa average
- OECD high income
- BRIC
- East Asia & Pacific

Getting electricity
- Malaysia, United Kingdom and 26 economies (global best performers on quality index)**
  
- OECD high income
- BRIC
- South Africa
- East Asia & Pacific

Registering property
- Singapore (global best performer on quality index)
  
- OECD high income
- BRIC
- South Africa
- East Asia & Pacific

Enforcing contracts
- Australia (global best performer on quality index)
  
- BRIC
- OECD high income
- East Asia & Pacific
- South Africa
Since 2015, the largest improvements were in 2 areas:

- Getting Electricity
  - Cape Town
  - eThekwini
  - Johannesburg
  - Nelson Mandela Bay

- Registering Property
  - Mangaung
There were smaller improvements in construction permitting.

- **Cape Town**
  - Building plans approval: 45 days, 18% improvement.
  - Preconstruction approval: 37 days, 12% improvement.
  - Occupancy certificate: 24 days, 30% improvement.
- **Nelson Mandela Bay**
  - Building plans approval: 40 days, 12% improvement.
  - Preconstruction approval: 35 days, 17% improvement.
- **Mangaung**
  - Building plans approval: 24 days, 17% improvement.
  - Preconstruction approval: 20 days, 18% improvement.
  - Occupancy certificate: 5 days, 30% improvement.
- **Tshwane**
  - Building plans approval: 7 days, 40% improvement.
  - Preconstruction approval: 5 days, 30% improvement.
  - Occupancy certificate: 37 days, 18% improvement.

**Time (days):**
- 0 5 10 15 20 25 30 35 40 45 50
- **Tshwane**
  - Occupancy certificate: 0 5 10 15 20 25 30 35 40 45 50
- **Mangaung**
  - Occupancy certificate: 0 5 10 15 20 25 30 35 40 45 50

**2018 vs 2015**
- **2018:** Yellow bars
- **2015:** Blue bars
Three locations now monitor the reliability of electricity supply using SAIDI/SAIFI.

More than 120 *Doing Business* economies

<table>
<thead>
<tr>
<th>Location</th>
<th>Reliability of supply and transparency of tariffs index (0-8 points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town</td>
<td>0 points 6 points</td>
</tr>
<tr>
<td>eThekwini</td>
<td>0 points 4 points</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>0 points 4 points</td>
</tr>
</tbody>
</table>

Doing Business in South Africa 2018
Two locations also reduced time to connect to the grid

<table>
<thead>
<tr>
<th>Location</th>
<th>Connection Fee Estimate</th>
<th>Connection Works</th>
<th>Others*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelson Mandela Bay</td>
<td>68</td>
<td>105</td>
<td>17</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>30</td>
<td>105</td>
<td>8</td>
</tr>
<tr>
<td>South Africa average</td>
<td>39</td>
<td>66</td>
<td>10</td>
</tr>
<tr>
<td>Tshwane</td>
<td>30</td>
<td>68</td>
<td>12</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>60</td>
<td>42</td>
<td>7</td>
</tr>
<tr>
<td>Mangaung</td>
<td>50</td>
<td>45</td>
<td>11</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>25</td>
<td>60</td>
<td>19</td>
</tr>
<tr>
<td>eThekwini</td>
<td>29</td>
<td>60</td>
<td>11</td>
</tr>
<tr>
<td>Cape Town</td>
<td>25</td>
<td>60</td>
<td>6</td>
</tr>
<tr>
<td>Buffalo City</td>
<td>30</td>
<td>45</td>
<td>1</td>
</tr>
</tbody>
</table>

Time (days)

- Connection fee estimate
- Connection works
- Others*

More than 5 months

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

Time to register a property (days)

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)

Filing and service

75 days

-35 days

40 days
Doing Business measures three areas of cross-border trade:

**Exporting:**
- Domestic transport
- Border compliance
- Documentary compliance

**Importing:**
- Domestic transport
- Border compliance
- Documentary compliance
There is still room to streamline export processes in South Africa

Distance to frontier score (0–100)

- 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

Doing Business in South Africa 2018
The way forward: addressing cross-cutting issues

- Coordination within municipalities
- Collaboration at different levels of government
- Proper resource allocation and implementation

Improved prospect for future reform successes
The potential for improvement—through the emulation of good practices—is striking.
Thank you!

www.doingbusiness.org/southafrica

for more information