

# Unpacking the Challenges of Implementing the Ease of Doing Business in the Mining Sector in Zimbabwe

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## ABSTRACT

This study sought to examine the challenges of implementing the ease of doing business (EODB) in the mining sector in Zimbabwe. The study used both quantitative and qualitative research methodologies where 25 mining managers were purposively selected while simple random sampling was used to select 90 mining employees. Data collection methods included online interviews, document review and direct observations. The results revealed that the Government of Zimbabwe had made some strides in its endeavour to improve the business environment through the promulgation of the relevant legislation, however a lot needs to be done in this area. It was also found that numerous benefits arose from proper implementation of the EODB in Zimbabwe which is poised to improve the business environment including the mining sector, culminating in the increase in productivity, economic growth and subsequently raising the people's standards of living. Future researchers should interrogate the effects of corruption on the implementation of the EODB in Zimbabwe.

**Key words:** 'EODB, implementation, reforming, productivity, challenges, and opportunities.

## INTRODUCTION

The ease of doing business (EODB) elucidates how easy or difficulty it is for domestic and foreign investors to incorporate an entity and do business within the precincts of national legislation. Since the EODB is a numerical scale for comparing variables or an index published by the World Bank, it is a composite number that contains various parameters that determine the EODB. The EODB helps to simplify the country's rules and regulations that govern the markets for companies, with minimal government interference in obtaining permits, licenses, and other protocols that an investor must complete before starting a business (World Bank, 2022).

The World Bank launched the EODB in 2003, but Zimbabwe adopted this concept in 2004 in an endeavour to lure both foreign and local investors. In 2014 Zimbabwe made concerted efforts to improve the country's EODB index ranking and this was buttressed by the new mantra in 2018 'Zimbabwe is open for business' (World Bank, 2018). This is in sync with Hamdani and Yafeh (2012) who noted that a number of economies have also come up with numerous reforms meant to improve the EODB.

The various EODB reforms and efforts portrays the value attached to this business concept towards economic development of the nations. However, little action is being realized in terms of adopting the governance principles enshrined in the EODB (World Bank, 2020). There is empirical evidence of macroeconomic instability that promotes distortions, arbitrage and corruption. The forex auction in Zimbabwe which must be a spot market that achieve the function of an efficient price discovery mechanism

seem to be on the downside (World Bank, 2022). Moreover, the ZIDA is yet to redress issues of long and costly compliance levels as well as dealing with overlapping mandates for regulators. This indicates that there are challenges being faced on trying to implement the EODB. The existing knowledge relates to the EODB across the whole economic sectors such as agriculture, tourism, mining and manufacturing. There is sparse research in relation to the challenges on successful implementation of EODB looking at whole spectrum of the economy. More importantly, this research migrates from bracketing the challenges but focuses on the mining sector since the proper and adequate adoption of EODB in the mining sector provides hope to the economic recovery of Zimbabwe (ZIMASSET, 2013).

### **Statement of the Problem**

There is premium tag attached to the appropriate implementation of EODB, and since its launch by the World Bank in 2003, most countries in the world have adopted this important concept, Zimbabwe included. In Sub-Saharan Africa, Mauritius, Rwanda, Seychelles, Botswana to mention but just a few have excelled in the implementation of the EODB and Zimbabwe is still lagging behind (World Bank, 2020). The World Bank (2020) revealed that Zimbabwe was ranked number 140 out of 190 countries in the implementation of the EODB in 2020. Since its inception in 2018, the Second Republic of Zimbabwe adopted strategies aimed at improving the EODB under the mantra “Zimbabwe is open for business.” Despite the promulgation of the expected high end reforms towards EODB, little or no effect has been recognized in the mining sector as some of the mines close or fail to kick-start (Herald, 2022). The current research aims to determine factors derailing implementation of the emulated EODB reforms in the mining sector in Zimbabwe.

### **Research Objective**

- To determine the challenges of implementing the EODB in the mining sector in Zimbabwe.

### **Research Questions**

- What are the conditions necessary for the implementation of EODB in the mining sector in Zimbabwe?
- What are the benefits or opportunities arising from proper implementation of the EODB in the mining sector in Zimbabwe?
- What reforms were implemented to improve the EODB in the mining sector in Zimbabwe?
- What are the challenges associated with the implementation of the EODB in the mining sector in Zimbabwe?

## **RESEARCH METHODOLOGY AND DESIGN**

The study used both qualitative and quantitative research approaches (Leedy and Ormrod, 2014) to unpack the challenges of implementing the EODB in the mining sector in Zimbabwe. The population of the study included the mining companies, academics, and policy makers. Simple random sampling and purposive samplings were used to select research respondents and participants. Data collection methods used included online interviews, document reviews and direct observations (Zikmund, Babin, Carr, Griffin, 2010). The qualitative aspect was based on a pilot study with purposively selected participants. The results from the pilot study then allowed the researcher to come up with an appropriate research questionnaire for the quantitative research. This allowed confirmation of the qualitative results to enable generalization of the quantitative research findings.

## **PRESENTATION OF RESULTS AND DISCUSSION OF RESEARCH FINDINGS**

The section is divided into four subsections including this introduction. Sub-section 3.1 provides conditions

necessary for the implementation of EODB. In sub-section 3.2 we describe the benefits of EODB in the mining sector in Zimbabwe. Lastly, the challenges of implementing the EODB in the mining sector in Zimbabwe are presented in sub-section 3.4.

### Conditions Necessary for EODB in the Mining Sector in Zimbabwe

**Table 1: Results on research participants’ view on conditions necessary for EODB in the Mining sector in Zimbabwe**

Conditions necessary for EODB	Not Very Necessary %	Not Necessary %	Neutral %	Necessary %	Very Necessary %
Good government policy	0	0	10	37	53
Stable power supply	0	0	9	45	46
Political stability	0	6	10	25	59
Availability of labour	2	7	4	32	55

#### Good government policy

Results on table 1 shows that 90% of participants thought good government policy is either necessary or very necessary for EODB in the mining sector. Good government policy promotes EODB in the mining sector. This is in congruency with Amponsah and Sarpong (2020) who previously opined that good government policy is revered because it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. The government has made various efforts to reduce corruption levels through establishment of the Zimbabwe Anti-Corruption Commission whilst a Police Anti-Corruption Unit was also established in 2018.

#### Stable power supply

Table 1 reveal that 91% of the respondents viewed that stable power supply is either necessary or very necessary for EODB in the mining sector. Likewise, Amponsah and Sarpong (2020) had previously found that good power quality is important in the mining sector, as the impact of insufficient power supply on electrical systems/appliances can be significant. Power cuts result in downtime resulting in business disruptions and even creating more faults. This has an effect on customers as they may lose confidence in the supply patterns and migrate to other comparable mining companies. Poor power quality also results in higher energy costs in the mining sector due to the inefficient use of power. This demonstrates the importance of good power supply in the mining sector.

#### Political stability

Table 1 demonstrates that 84% of the participants accepts that political stability is very necessary or necessary for EODB in the mining sector. Bose (2022) also earlier found that political stability is a condition in a country that precludes the possibility of open revolt as the mass thinks that the government is governing correctly, people are content, the leaders are far from corrupt, and citizens benefit from all the policies. This was also ushered by the qualitative respondents who thought that political stability is by no means the norm in human history. In same view, Amponsah and Sarpong (2020) appropriately found that if a country does not need to worry about conflicts and radical changes of regimes, the people can concentrate on working, saving, and investing. The recent empirical literature tends to portray that among the factors found to reduce corruption are decades-long tradition of democracy and political stability. Zimbabwe currently has a stable political environment.

### Availability of labour

Table 1 also explains that labour availability is very important or necessary for EODB in the mining sector. Brima (2019) rightly said that labour is one of the four factors of production. He also clearly believed that a nation with abundant land and minerals but no manpower cannot achieve economic growth and prosperity. Amponsah and Sarpong (2020) reinforced the findings when they found that mining activities require an adequate and efficient workforce to operate properly. In addition, Bose (2022) rightly asserted that effective use of skills and training of employees to meet new market demands helps to make the production process more efficient.

### Benefits of EODB in the Mining Sector in Zimbabwe

The EODB is a concept that can help to develop economies. It aims to institute and improve favourable investment climate in the country, prevent graft and corruption, reduce red tape, and invigorate productivity and sustainable growth, promote extensive network, and increase tax revenue and create job opportunities (World Bank, 2020).

**Table 2: Results on the participants’ perception on the benefits of EODB**

	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %
Economic growth	0	0	9	36	40
Improve investment climate in the country	0	0	11	45	44
Prevent graft and corruption	0	0	1	48	51
Reduce red tape	0	0	8	42	50
Extensive trade network	3	1	21	44	31
Increased tax revenue	2	5	11	39	43
Job creation	0	3	25	34	38

### Economic growth

The results on table 2 shows that 76% of the respondents strongly agreed or agreed that economic growth is an important benefit of EODB in the mining sector. The findings were in synch with qualitative respondents on pilot study who claimed that the mining industry has the potential to significantly enhance gross domestic product (GDP) growth and foreign exchange earnings and also provide end-use industries a competitive edge by obtaining essential raw materials at reasonable rates. In the same spirit, Bose, (2022) held that minerals are precious natural resources that serve as essential raw materials for fundamental industries and, therefore, the growth of the mining industry is essential for the overall sustainable economic development of a nation. This therefore, is the main thrust of the EODB. Bose (2022) had earlier correctly asserted that success depends on reliable authorities that creates robust policies and ensure judicious compliance to the regulatory requirement irrespective of position or prominence in the society so as to create conducive environment for economic development. This entails that with the explicit articulation of the economic reforms and proper implementation of EODB success is ease to achieve. Economic growth is embedded in the doing business concept and is meant to attract both foreign and local mining investors (World Bank, 2017).

### Improve investment climate in the country

Table 2 reveals that majority (80%) of the respondents strongly agreed or agreed that EODB improves investment climate in the country. The findings cements Kituyi (2005)’s previous notion that EODB creates

an enabling environment for increased private investment by both local and foreign investors and is a key government priority in order to enhance investment. The existence of vibrant EODB measures proffers opportunities to improve the investment climate. This entails why Kituyi (2005) previously shared that enhanced investment climate is anchored on the enabling environment.

### **Prevent graft and corruption**

The results shows 99% of the respondents strongly agreed or agreed that proper implementation of EODB prevent graft and corruption. The findings suggest that respondents almost totally agreed that EODB promotes removal of corruption tendencies among the public officials as there will be ease to follow and straight-forward regulatory requirements to conduct business. In this regard and conformity with the results, De Simone and Shah (2012) articulated that EODB is usually attached to legal prohibitions against corruption and serious criminal and civil penalties are directed at the perpetrators. This relates to putting appropriate codes of conduct and ethics for public officials and this acts as deterrent measures or sanctions to would be offenders.

EODB supports article 5 of UNCAC, which have core principles associated with the prevention of corruption in the public sector that is the rule of law, proper management of public affairs and public property, integrity, transparency, and accountability. Accordingly, USAID (2017) advanced that at basic level, all countries should have systems that rewards appropriate behaviour and penalizes corrupt behaviour in the public sector. It is the researcher's view that the system should include extrinsic motivation such as a decent wage, merit based appointments and promotions (Kwon, 2014). Furthermore, the need for public sector accountability cannot be over-emphasised. Accountability requires that a wide range of stakeholders such as anti-corruption officers, private sector organisations, end-users, civil society, academia, the media and the general public – participate in public sector processes and in the procurement process in particular (USAID, 2017; Heroles, 2012; Landell-Mills, 2013).

### **Reduce red tape**

Table 2 disclose that 92% of the respondents had the opinion that EODB reduces red tape. The findings portrays that respondents have confidence with the EODB concept as some of the qualitative participants had earlier pinpointed out that sometimes structures can slow the decision-making process between the top and bottom of the organization. Research participants suggest that embracing EODB can be influential in eliminating duplicate system so as to remove sources of frustration for workers who are trying to simply do their job. It is in the same line of thinking that Papazov (2022) found that organisations that make quick and wise decisions have a strategic competitive advantage because they do not waste time waiting for someone to give a nod on something everyone knows it can be done in a particular way.

Interestingly, Van der Waldt, 2018; De Simone and Shah, 2012 similarly found that countries such as Philippines among others promulgated the Anti-Red Tape Acts in an endeavour to promote integrity accountability, proper management of public affairs and public property as well as to establish effective practices aimed at the adoption of simplified procedures that reduce red tape and expedite transactions in government. The EODB aims to cut red tape and make starting and operating business in the country, especially in the mining sector easier (World Bank, 2019). The Republic of Philippines generated the following six (6) key reforms from the legislation: expediting of business permits and licenses; deadlines for government transactions; online registration for business; anti-corruption policy; accountability; creation of citizen's charter. These reforms are poised to create an environment conducive for doing business. The adoption of the concept of EODB by Zimbabwe aptly demonstrates the commitment of the country to reduce red tape in government transactions (World Bank, 2017).

## **Extensive Trade Network**

Table 2 shows that 75% of the respondents had the opinion that EODB promotes realization of extensive trade network. The results are in congruence with Papazov (2022) who aptly opined that countries that managed to institute robust doing business concept reforms gathered momentum in the form of numerous technical and management institutions with the highest international standards supported by regional and bilateral free trade agreements. This has greatly fostered a continuous increase in the realization of extensive trade network. Therefore, Papazov, 2022; World Bank, 2019 were correct to affirm that the implementation of the EODB provides an environment conducive for networking in the global economy hence the need to continuously review the doing business concept on the mining sector cannot be over-emphasised (Papazov, 2022 & World Bank, 2019).

Resultantly, the endeavour should be that the entrepreneur's interface with ecosystem should be a pleasant experience. Together with the political and administrative will, and an endeavour to move closer to international best practices, governments should dedicate steps in translating their goals and objectives for EODB for entrepreneurs (Lahiri, 2021). In this fast paced, innovative, and robust business ecosystem, economies are required to enhance their digital infrastructure to further strengthen their startup ecosystem. Further, it is also essential that the entrepreneur must focus on finding innovative solutions that are adaptable across the world, instead of focusing on the local market alone (Lahiri, 2021).

## **Increased Tax Revenue**

The table 2 is also clear that 82% of the respondents perceived that EODB is influential in increasing tax revenue. Manuela & Chiara (2015) and World Bank (2021)'s findings are in support of the current results as postulated that the EODB has the tendency of improving trade and increasing productivity which in turn tend to increase revenue to all business sectors. In view of the above, collecting taxes and fees is a fundamental way to generate public revenues that make it possible to finance investments in human capital, infrastructure, and the provision of services to citizens and businesses. Both local and foreign direct investments play a pivotal role in the development of the economy. Similarly, taxes have a key role to play in making growth sustainable especially in the context of developing countries (Manuela & Chiara, 2015).

## **Job Creation**

The results indicated that 72% of respondents believed that the EODB encourages the proliferation of entrepreneurs in an economy which then create employment opportunities. Entrepreneurs can boost the economic growth by introducing innovative technologies, products and services that pave way for various job creation. The findings are similar to Kritikos (2014)'s earlier assertion that an environment conducive for business breeds innovativeness that manifest itself in the increase of mining companies which offers different employment opportunities. Based on the research findings it may be correct to argue that entrepreneurs are vital to the competitiveness of the economy and that in most cases they establish new jobs. Therefore, productive entrepreneurs can invigorate the economy by creating jobs (Kritikos, 2014).

## **Reforms Undertaken by the Government of Zimbabwe to Promote EODB in the Mining Sector**

Accordingly, Government has been engaging a number of Development Partners for technical assistance and these include the World Bank and other bilateral partners. Furthermore, Government is also drawing lessons from the experiences of other countries ranking high with regards to EODB (World Bank, 2020). Recently, from the region, Zimbabwe has been hosting experts from the Rwanda Development Board (USAID, 2017).

**Table 3: Results on the respondents’ opinion in relation to reforms undertaken by the government to promote EODB in the mining sector**

	Very Poor %	Fair %	Very Good %	Excellent %	Outstanding %
Legislative milestones	9	75	10	6	0
Administrative procedures	39	40	15	4	2
Bilateral investment	19	66	9	6	0
One stop shop investment centre	0	15	78	12	5
Exchange control liberalisation	10	39	33	10	8
Labour market flexibility	30	49	13	8	0

### Legislative Milestones

The results indicate that majority (75%) of the respondents thought that there is exist a fair approach in relation to the formulation of legislature that enhances EODB in the country. The findings are in synch World Bank (2019)’s correct assertion that the following necessary legislative reforms were enacted into law, Banking Amendments, Deeds Registry, Judicial Laws Ease of Settling Commercial Disputes, Movable Property Security Interests; and Public Procurement and Disposable of Public Assets.

In addition, according to Government of Zimbabwe (2020), the responsible authorities promulgated a new overall Investment Act, which removed investment provisions scattered under various pieces of legislation such as Exchange Control Regulations, Finance Act, ZIA Act, Immigration and various other line Ministries statutes. The new Zimbabwe Investment and Development Agency (ZIDA) Act [Chapter 14:37] consolidate and harmonise the various investment related legislative pieces into a single omnibus Act. The act provide for the protection, promotion, entry and facilitation of investment; establishes the ZIDA; introduces One Stop Investment Services Centre and repeals the Zimbabwe Investment Authority Act [Chapter 14:30], the Joint Ventures Act [Chapter 22:22] and the Special Economic Zones Act [Chapter 14:34]; and to provide for matters connected these issues (Government of Zimbabwe, 2020).

### Administrative procedures

Table 3 indicate that 39% of the respondents had an opinion that administrative procedures reforms in relation to EODB were very poor while 40% thought to be fair. Only 21% thought the reforms were very good, excellent and outstanding. It is surprising since the findings seems to contradict the concerted efforts by government to streamline EODB initiatives. For instance, the document review results tend to establish that a lot of administrative procedures have been reviewed and streamlined to facilitate the EODB (World Bank, 2021). The key reforms include registering of property, construction permits, public procurement reforms, starting a business and ease of trading. The Zimbabwe Land Commission has also been set up to deal with various land disputes (Government of Zimbabwe, 2020).

### Bilateral Investment Protection

As shown on table 3, 66% of research participants thought reforms on bilateral investment protection on EODB were fair while 15% thought were very good or excellent. The results portrays that respondents generally assume that the government is making some positive strides towards achieving the mantra of “Zimbabwe is open for business”. This is supported by the fact that the country has signed and ratified 12 Bilateral Investment Promotion and Protection Agreements (BIPPA) with Denmark, Germany, Switzerland, Netherlands, China, India, Russia, Kuwait, Iran, South Africa, Yugoslavia and the OPEC Fund (World Bank, 2019). Furthermore, the country also signed a total of 20 BIPPA that awaits ratification,

while a further 23 BIPPAs are being negotiated (World Bank, 2020). Moreover, Zimbabwe have pledged its commitment to ensuring safety of all foreign investments through honouring its obligations under the various BIPPAs (World Bank, 2019).

### **One Stop Shop Investment Centre**

Table 3 also show that 78% of the respondents had the view that the reform of establishing a One Stop Shop Investment Centre in relation to EODB was very good, 17% thought was excellent or outstanding. The results suggest that respondents welcomed the gesture of One Stop Shop Investment Centre that was established on section 5 under the Zimbabwe Investment and Development Agency Act [Chapter 14:37] (Government of Zimbabwe, 2020). This important step towards EODB enabled the merging of the Zimbabwe Investment Authority, Special Economic Zones, Zimtrade, currently focusing on export promotion and the Joint Venture Unit for potential business investors to transact at same point.

The One Stop Investment Services Centre among others consists of the following desks, ZIMRA desk, a desk on the general investment division of the Agency; public private partnerships desk; special economic zones desk; a desk to represent the Office for the Registration of Companies and Other Business Entities established in terms of section 5 of the Companies Act [Chapter 24:03] and a desk to represent the Ministry responsible for mines and minerals (Government of Zimbabwe, 2020).

### **Exchange Control Liberalisation**

The results on table 3 reveal that only 10% of the respondents viewed that exchange control liberalization reform is very poor while the other 90% had an opinion that it is fair, very good, excellent or outstanding in relation to promote EODB. The research findings suggest that respondents are witnessing a marginal improvement towards embracing EODB concept. The results are in congruence with World Bank (2019) which aptly opined that foreign investors can freely remit investment income such as dividends and profits realised from their investments to various destinations without seeking prior Reserve Bank approval and also requests to remit investment income to external destinations are handled at commercial banks without coming to Reserve Bank. Similarly, World Bank (2021) alluded that foreign investors divesting from Zimbabwe can remit their initial capital, plus appreciation proceeds.

### **Labour Market Flexibility**

The results on table 3 portrays that 30% of the respondents viewed that reforms on labour market flexibility was very poor in relation to embracing EODB. Nearly half of the respondents thought labour market flexibility reforms are being fair in trying to promote EODB. The results tend to reflect the challenges faced by employees and employers in the labour market due to high unemployment rate and the brain drain to greener pastures. This has an effect on the labour market flexibility as employers might have more bargaining power against employees. However, it is worthwhile to note that labour laws in Zimbabwe were reviewed in order to reconcile interests of both employers and employees, also aligning them to improved productivity, critical for a conducive investment environment. Following Government negotiations with both employer and employee organisations, the Tripartite Negotiations Forum Act (2019) was established to confer powers and functions on the Forum in relation to consultation, cooperation, social dialogue and negotiation on social and economic issues by Government, organized business and organised labour; and to provide for matters connected therewith or incidental thereto (Tripartite Negotiations Forum Act, 2019).

### **Challenges in the Implementation of EODB in the Mining Sector in Zimbabwe**

There are a myriad of challenges that are associated with the implementation of the EODB in Zimbabwe. However, the following are some of the most prevalent issues: the cost of starting business and doing



business; shortage of energy and electricity; lack of access to finance; and high taxes and low cross border trade (World Bank, 2017).

**Table 4: Results in relation to participants’ perception on the challenges in the implementation of EODB in the Mining Sector in Zimbabwe**

	Not Very Often %	Not Often %	Neutral %	Often %	Very Often %
Cost of starting business	0	7	8	39	46
Shortage of energy and electricity	0	6	15	41	37
Lack of access to finance	2	1	18	39	40
High taxes	0	4	9	52	35
Low cross border trading	1	8	12	50	29
Investor protection	0	2	7	47	44

### Cost of starting business

The results showed that 85% of the respondents view that the cost of starting business is not conducive EODB. This is a reflection that the majority of the respondents perceive that starting a mining business is quite involving maybe it’s because starting official mining activities requires a lot of capital not only in Zimbabwe but in the whole world. For instance, Schuler (2011) shared that in South Africa, opening a mine and separation plant can cost from R7534.30 million to R15.07 billion, depending on the location, element, ore grade, and a variety of other factors. The qualitative respondents had also earlier argued that numerous national economies continue to face significant obstacles in an endeavour to institute a mining enterprise. Starting a mining business in most cases is hindered by burdensome and costly regulations, which discourage artisanal entrepreneurs from entering the formal mining sector. Financial issues, number of protocols and the period taken to complete the protocols heavily entangle the ability to start a business in the mining sector. Therefore, radically reforming the mining sector regulatory process is considered as an indispensable instrument to embrace EODB (World Bank, 2019).

From documentary review, it is correct to argue that in Zimbabwe, the cost of registering a mining claim is a bit on the upper side and is likely to discourage both local and foreign investors. It was established that according to statutory instrument 40/2022, the cost of registering an approved prospectors license is three thousand United States Dollars (US\$3 000), while the registration fee for base minerals is five hundred sixty three (US\$563). However, there are other charges that need to be met such as environmental assessment fees and tax obligations.

In support of the above observation, Moorthy and Jason (2016) noted that in many economies entrepreneurs continue to face a myriad of challenges to enter a foreign country when starting a mining business and the pitfall is high in the mining sector of Zimbabwe. Furthermore, in congruence of supra view, it can be reliably argued that starting mining business in most countries is normally stalled by the arduous and costly regulations, which negatively affect the desire of both local and foreign investor to invest in the country.

Subsequently, in order to address the challenges alluded to supra, the Government promulgated the Zimbabwe Investment and Development Agency Act (Chapter 14:37), commonly known as the ‘ZIDA Act’, which is designed to regulate both local and foreign investments in Zimbabwe. The legislation is also poised to enhance planning and implementing investment promotion strategies to encourage investment from both domestic and foreign investors as well as managing the One-Stop Investment Service Centre (OSISC). The OSISC was instituted as a one-stop shop to proffer investment services such as investment promotion company registration and licensing process (Government of Zimbabwe, 2020). However, the net effect of ZIDA is yet to be seen but there seem to be light at the end of the tunnel.

In Sub-Saharan Africa, only Mauritius has scraped the cost of starting business and this is assumed to significantly reduce the time required in dealing with mining business set up. According to Ngwenya (2016), the effort being taken by Zimbabwe in reforming the economy particularly the mining sector as a major milestone could in the future match Mauritius and Singapore on effectively implementing the EODB, so as to lure various investors into the country (World Bank, 2018).

### **Shortage of energy and electricity**

The results revealed that 78% of the participants agreed that the access to energy and electricity is an often or very often challenge to the EODB implementation in the mining sector. Economic development is mostly anchored on energy and access to electricity. The results professed that the cost it takes to permanently power a mining entity, a newly constructed warehouse or business infrastructure is a bit problematic in Zimbabwe (World Bank, 2019). In this vein, De Zayas (2017) appropriately averred that efficiency of connection processes; reliability of supplies, transparencies of tariff index measurements, and the valuation of electricity tariffs should be considered. The World Bank (2018) revealed that the ability to access electricity is a panacea for economic development and prosperity in all sectors of the economy globally.

It is important to note that the obtained results contrasts World Bank (2020) which echoed that the world over, the energy sector has made remarkable strides in improving access to electricity in recent years. Dehejia (2017) noted that the world population with access to electricity increased from 83 percent in 2010 to 90 percent in 2018 and the population without access to electricity number fell from 1.2 billion to 789 million. On the other hand, Zimbabwe face many challenges to power its mining sector (Balance, Maruzani and Vengesai, 2020). The Zimbabwe Electricity Supply Authority (ZESA)'s capacity was 845 megawatts against the projected domestic demand of 2,200 megawatts (Balance, Maruzani & Vengesai, 2020).

### **Lack of access to finance**

Table 4 show that 79% of the respondents were of the view that lack of access to finance have a negative bearing on the EODB implementation. The results relays the existence of poor performing financial markets whereby little exist for saving and lending in Zimbabwe. This entails that those who have the need to borrow cannot find lenders who have attractive lending rates due to the high demand from potential borrowers. The obtained results are in conformity with Jotwani (2016) who rightly disclosed that there is a correlation between availability of financial resources and EODB. Accordingly, a number of economists have agreed that finance can facilitate the process of EODB. In numerous countries across Africa, access to financial resources for the purposes of starting business such as mining and manufacturing, is very limited. Jotwani (2016) concluded that the availability of sound and viable credit facilities is imperative for the EODB particularly the mining sector in Zimbabwe.

Ngwenya (2016) confirms that most countries in the Sub-Saharan Africa have their own share of index below 5.0. This therefore indicates that financial access is still way below the expected standard of 5.0 and above. An analysis made by the World Bank (2019) in respect of the depth of credit information index requirements in Zimbabwe, revealed that the strength of legal rights index is six (6) and the depth of credit information is seven (7) while credit bureau coverage is fifty point two percent. The analysis revealed that Zimbabwe is lagging behind in terms of the ease of getting credit. It can be argued that the economic challenges spurred by the harsh illegal embargoes led to the economic meltdown in Zimbabwe resulting in poor credit facilities.

### **High taxes**

Table 4 shows that 87% of respondents viewed that high taxes was an often and very often challenge to the implementation and embracing of EODB in the mining sector. The results reflects that respondents were not comfortable with the existing taxing system. For instance, currently several government agencies, including

local authorities are involved in the collection of mineral revenue and these include Zimbabwe Revenue Authority (ZIMRA), Environmental Management Agency (EMA), Ministry of Mines and Mining Development (MMMD), Zimbabwe Mining Development Corporation (ZMDC) and Minerals Marketing Corporation of Zimbabwe (MMCZ). This has raised concern that the various uncoordinated collections not only compromise viability of the mining sector, but also present transparency and accountability challenges over mineral revenues accruing to the country.

This clearly shows that the taxing environment is not accommodative. The direct tax instruments include corporate income taxes, additional profit tax, withholding taxes, aids levy, capital gains tax and pay as you earn taxes. As this is not enough, there are other indirect tax instruments such as marketing commission fee, value added tax, royalties, mineral export taxes and custom duties. More-so there are other non-tax instruments that have to be paid such as environmental licenses/permits, prospecting licenses, Engineering Council of Zimbabwe fees, Radiation Protection Fees, Standard Development levy and labour levy.

Ukama (2021) in support claimed that in Zimbabwe, there are so many taxes that need to be paid religiously at different stages such as sales tax, land tax, fuel tax, property tax, dividend tax, property transfer tax, capital-gains tax, financial transaction tax, waste collection tax, vehicle and road levies, and any other small taxes or fees. Investors are also required to pay taxes and mandatory contributions in a given year. However, economic reforms taking place are poised to come up with a novel tax framework that can lessen the burden on potential investors (Sanyanga, 2015). In an effort to redress these challenges government is in the process of reviewing the mining fiscal regime to ensure that the country maximizes the benefits from its mineral resources, while at the same time encouraging investment in the sector.

### **Low cross border trade**

Table 4 also show that 82% of the respondents thought that low cross border trade is an often or very often challenge to embracing of EODB. The results obtained reflects after effects of COVID 19 pandemic era whereby exports and imports generally decreased. In addition, a mining entity's ability to trade overseas can be hampered by a range of factors like inadequate infrastructure, inefficient port operations, excessive documentation requirements, burdensome and time-consuming customs procedures, heavy-handed inspections and audits by different government agencies which is a case in point in Zimbabwe set up.

Improving infrastructure naturally plays an important part in enhancing trade, but so do policies and regulations that promote efficient border crossing and the emergence of reliable logistics services, particularly for landlocked economies. Previous research also shows that other areas of the regulatory environment for business, such as the sharing of credit information and efficient debt enforcement through the courts, play an important complementary part in boosting trade.

Similarly global trade policy has shifted its focus mainly from tariffs to trade facilitation, inclusive of eliminating trade related transaction cost. In this regard, New Zealand is highly resilient to fast and efficient cross-border trade (World Bank, 2020). Resultantly, according to the Government of Zimbabwe (2018), this development is expected to improve the EODB, particularly trading across borders. The World Bank (2020) revealed that in Zimbabwe the cost of exporting goods/services (excluding gold and other precious minerals) in terms of documentary compliance is US\$285 and the time to complete the procedures is ninety-nine (99) hours. In order to import goods and services, the compliance cost is US\$170 whilst two hundred twenty-eight (228) hours is expended on completing the protocols. Recently the government of Zimbabwe prohibited the export of some minerals before value addition.

### **Investor protection**

The results reflected that 91% of the respondents had an opinion that investor protection was an often and a very often challenge to the implementation of EODB. The results are in congruence with a study carried out

by Mendoza et al. (2014) who found that investor protection is key to enhancement of investment and economic growth. As such, Ariet (2017) and Mclean et al (2012) were correct on their high regard for the concept of investor protection on embracing EODB. In their studies, they found that lack of investor protection has the capacity to discourage both foreign and domestic investors from doing business. They went on to appropriately state that countries that have made the relevant reforms enjoy influx of investors and economic growth (World Bank, 2018).

In view of the above, Barclay (2013) had previously intimated that lack of appropriate compliance to contracts discourages both foreign and local investors to continuously expand their business portfolios. Barclay (2013) encouraged governments to ensure contracts are not violated and in the event of the contract being violated stiffer penalties should be imposed to deter the would be violators in this regard.

Courts are delaying resolving contract disputes contributes to the increase on investors' vulnerability on unresolved cases. A number of developing countries have promulgated laws that help to protect the minority investors to enhance their confidence in the economy. Mauritius is ranked number 15 on the global ranking and the region's average is 104 with Zimbabwe slightly above the region's average ranking at 95 (World Bank, 2019). According to World Bank (2020), the fact that Government of Zimbabwe has exerted significant efforts in protecting investors is an indication of the desire to ensure that the implementation of the EODB is realised. In this regard the extent of director-liability index is 2.0 yet the maximum is 10.0 and the corporate transparency index is 3.0 while the expected standard is 10.0, shareholder rights index is at 6.0 which is better as compared to others (World Bank, 2020).

## **IMPLEMENTATION OF THE RELEVANT REFORMS**

The relevance of EODB indicators can be constrained by structural and institutional reform priorities, methodologies, and assumptions divorced from the reality faced by local small and medium enterprises. Doing business indicators have serious limitations in capturing binding business environment constraints. The ability of specific individual indicators to reflect the specific business areas they cover, is also limited (World Bank, 2020).

Several countries have launched reform initiatives, with coordinating agencies leading the reform agenda. In a number of countries those agencies have later pursued broader or deeper reforms not captured by the doing business indicators (spillover effects). It is argued that the EODB rankings facilitate World Bank Group engagement related to the business environment, but lack of granularity limits the indicators ability to monitor and evaluate reforms. Doing business indicators are perceived to be more useful for initial policy dialogue and engagement than as explicit objectives and monitoring tools (World Bank, 2020).

Generally the EODB indicators limitations, are attributed to shortcomings in their defined topical coverage and in the representativeness of the base case scenario. Given its challenging task of collecting data for 190 countries every year, doing business has stylized or simplified its coverage of certain areas. This involves the use of base case scenarios, intended to enhance comparability between countries and coverage of only one or two cities.

The reliance on intermediaries (for example, lawyers, accountants, freight forwarders) greatly streamlines data collection relative to surveys. Yet these measures can constrain the representativeness of reported data (World Bank, 2019, 2020).

The implementation of the reforms proved to be very difficult as the World Bank tried to find out whether reforms were actually implemented and in what manner, the World Bank just takes governments' words for its use. Theoretically, Goods and Services Tax (GST) was supposed to make it cheaper to do business and

boost economic growth by simplifying tax payments. Recently, the World Bank released the EODB Index showing that India had improved its rank by 30 places, jumping from 130 to 100. However, there are tens of millions of unemployed youth, and jobs are not being created faster enough. One would think that the EODB Index would reflect these facts (Devadiga, 2013).

## CONCLUSION

The EODB has radically transformed economies in countries where the concept has been adopted, efficiently and effectively implemented. Both foreign and domestic investment has been enhanced and productivity increased. Naturally these economic activities lead to an increase in GDP culminating into improved standard of living for the general public. Governments should therefore take several steps to improve the EODB in their countries and thereby realising several benefits for the citizens.

## CONTRIBUTION ORIGINALITY

This paper contributes to the deep analysis of the challenges bedeviling the implementation of the EODB and the benefits or opportunities arising from the orthodox execution of this concept. Since the advent of the EODB significant strides have been realised, nevertheless, more must be done in analysing country specific implementation challenges.

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