

## Private sector growth and the cost of doing business

The cost of doing business poses a big challenge to the participation of the private sector in the economy. A vibrant private sector is largely dependent on a sound business environment that makes it possible for private sector players to conduct business with much ease. According to international standards as developed by the world bank in the “**cost of doing business analysis**” an effective business environment has to take into account the following; access to credit, trade across borders, regulatory environment (Types of licenses), protecting investors, registering property, enforcing contracts, getting electricity and dealing with contraction permits. It is worth noting that the cost of doing business has had adverse effects on small businesses.

## Factors promoting the cost of doing business in Zambia

While Zambia has been making steady progress in easing the cost of doing business as acknowledged by the World bank doing business report for 2012, which ranked Zambia 84 out of 183 countries surveyed, However, there are still challenges in terms of; regulatory framework, registering property, cost of credit, company registration and trading across borders.

## Regulatory Framework

The statutes to which businesses in Zambia are subjected too include the following , among others;

- ❑ **Public Health Act:** The law is enforced by the local authorities and provides that trading premises be kept clean and free from infection
- ❑ **The Industrial Relations Act and Employment Act:** This govern general regulation of contracts of service, including the minimum wage and liability in case of death or injury at work
- ❑ **The Factories Act:** Stipulates standard of cleanliness, ventilation, lighting, sanitary conveniences and safety
- ❑ **Environmental Protection Act:** Compels all enterprise to abide by its regulation

\* Many small traders fail to adhere to these regulations. The major reasons advanced by traders are that; these regulations are too numerous to deal with and costly. Furthermore, some small traders argue that there are no adequate clean trading places to guarantee small traders to comply with the Public health Act.

## Registering Property

The procedure to register property is still complex and affects small business. According to the world Bank doing business report 2012, it takes 90 days to register property in Zambia.

## High Cost of Financial Credit

The unfavorable conditions from financial institutions makes it impossible for small traders to access credit. There are high interest on repayment and the requirement of collateral, make it impossible for many small traders to access funds from financial institutions.

## Distance to Company Registration Centre's

To operate a business it needs to be registered with a business name, the body which registers business names is the Patents and Companies Registration Agency (PACRA). Many small traders especially in rural areas have to travel long distances to go to nearest branch any branch of PACRA to register their businesses.

## Trading Across Borders

Import and Export requirements are too complex for many businesses especially Small business.

## Private Sector Development Reform Programme (PSDRP)

The Zambian government through the Ministry of Commerce Trade and Industry established the Private Sector Development Reform Programme (PSDRP). The PSDRP aims at reducing the cost of doing business and encouraging competitiveness in the private sector. One of the most recent and noticeable achievements of the PSDRP are; the establishment of the "Electronic Registry for Business Licensing". This supplies data on all the licences and permits that are required to successfully establish and operate a business in the country. With internet connectivity the public can access government services, easing the procedures required in business start-ups and compliance to licensing regulation.

## Patents and Companies Registration Agency (PACRA)

PACRA falls under the Ministry of Commerce Trade and Industry and is responsible for efficient and effective registration and protection of commercial and intellectual property rights in order to promote innovation and orderly trade for the benefit of the nation. The Agency has implemented a lot of reforms aimed at having an effective company registration system. There has been a reduction in the time needed to

register a company to about 48 hours. Furthermore, company registration forms have been made available online for easy access to the public. There are other stakeholders that have been advocating for favorable conditions for business firms. For instance, many NGO's have been calling for easy access to affordable credit for small businesses.

## Economic Equity and Development Programme JESUIT CENTRE FOR THEOLOGICAL REFLECTION

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## A JUST MARKET SYSTEM

*"The Cost of Doing Business in Zambia"*



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