

PMRC: THE BUSINESS REGULATORY ACT 2014

Does It Deliver in Improving The Zambian Business Licensing Environment?

The current business-licensing environment in Zambia is complex, bureaucratic and inhibiting private sector development. Businesses face compliance with multiple licenses, numerous regulatory agencies, and a complicated legislative framework. The lack of guidelines for new licenses and alternative revenue generation methods for regulatory authorities has led to increasing costs. The cost of business licensing reached 4.9% of GDP in 2007. Difficult procedures delay investment of multi-national firms and present a serious obstacle to 20% of urban micro, small and medium enterprises.

COST OF BUSINESS LICENSING REACHING

4.9% OF GDP
IN 2007

WHAT IS THE BUSINESS REGULATORY ACT?

The Business Regulatory Act No. 3 of 2014 was introduced on 21 March 2014 in an attempt to address issues with licensing and provide for an efficient, cost-effective and accessible business licensing system in Zambia. The main functions of the Act include:



Guidelines and procedures for the introduction of new business licenses;



A centralised database and e-registry providing information on all licenses;



A single licensing system for each sector;



Regional service centres connected to regulatory agencies; and



A 'silence if consent' principle to speed up applications;



A Regulatory Review Agency and Committee to oversee and advise on business-licensing activities.

Despite the vital need for reforms, limitations in the legislation significantly reduce the potential to achieve reform benefits. There is need for clarity and amendment of key components of the legislation such as:

- 'Single licensing system'** is defined as a regulatory service centre rather than a system to streamline and reduce licenses within a sector;
- Each sector will have a 'single licensing system' (or service centre)** suggesting multiple service centres rather than a one stop shop;
- Regulators are required to use systems 'as far as possible'** unless they have 'compelling reasons' not to, indicating significant loopholes in the Act.

Considerable effort is needed to effectively implement the Act and transform the current complex environment to promote much-needed economic growth and development in Zambia.

WHAT DOES THE BUSINESS REGULATORY ACT MEAN FOR...

THE PRIVATE SECTOR?



Lack of clarity on where to apply for licenses and how service centres will operate



Potential cost increases to cover additional Act requirements



Improvements in online access to information regarding business licensing



Reassurance that new licenses will be based on stakeholder consultation and enforced assessment procedures

...THE REGULATORS?



Obligation to engage the Regulatory Agency and Committee for the introduction of new licenses



Additional standards and procedures with which to comply



Requirement to coordinate with other regulatory bodies for all licensing procedures included in service centres

PMRC RECOMMENDATIONS

1



- Review definition of 'single licensing system' and consequences for individual sector service centres, and remove loopholes in Act to ensure compliance

2



- Review existing licensing legislation to ensure harmonisation of processes and regulations, and consider reforms in light of other policies to promote private sector growth

3



- Undertake stakeholder consultation, training and awareness creation and ensure coordination, communication, and support from Government and regulatory agencies to implement reforms

