NATIONAL COMPETITIVENESS COMMISSION

COMPETITIVENESS BULLETIN

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The Effects of Laws and Regulations on Zimbabwe's Competitiveness and the Role for Regulatory Impact Assessment

NATIONAL COMPETITIVENESS COMMISSION

Enhancing Zimbabwe's Global Competitiveness

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1. INTRODUCTION

1.1 The business regulatory environment is critical for competitiveness of any nation, including Zimbabwe. Laws and regulations are policy tools used by Government to manage the affairs of the state. They are meant to support well-being and promote economic growth and development of a nation.

1.2 As a result, the ultimate objective is to create a supportive business environment that encourages innovation and investment in the economy. The combined impact is enhanced productivity, efficient markets, economic growth, and improved living standards.

1.3 However, not always would these laws and regulations yield intended objectives. When not designed properly, they can bring unintended consequences to the business environment, and adversely impact on competitiveness.

1.4 They can have significant negative side effects on targeted groups, other stakeholders, business environment, the economy and the society. Poorly designed laws and regulations, especially those governing business operations *herein referred to as business regulations*, may have strong implications on competitiveness of the country's products, domestically and globally.

***Competitiveness** is herein defined as a set of institutions, policies, and factors that determine the level of productivity of a country. It, therefore, sets the level of prosperity that an economy can reach and allows firms to compete successfully in the national and global economy.*

Alternatively:

It's the ability of a firm or a nation to offer products and services that meet the quality standards of domestic and global markets at prices that provide adequate return on the resources employed or consumed in producing them.

1.5 If properly designed, business regulations can propel a country's competitiveness. Literature acknowledges a positive relationship between quality business regulations and competitiveness.

1.6 At global level, Zimbabwe was deemed uncompetitive, as it was ranked number 127 out of 141 world countries in 2019. However, Government is seized with several initiatives designed to improve the country's regulatory environment to improve competitiveness and investment opportunities in the country.

1.7 The establishment of new institutions, the Zimbabwe Investment Development Agency (ZIDA) and the National Competitiveness Commission (NCC) to spearhead the review of new and existing regulations impeding business investment and business competitiveness is a clear demonstration of the country's commitment to improve the business regulatory environment, ease of doing business, investment and overall national competitiveness.

1.8 Government also set up high-level, Inter-Ministerial Committees led by the Office of the President and Cabinet (OPC) to complement ZIDA and NCC efforts on improving the regulatory business environment as well as reducing the cost of doing business.

1.9 Notably, the interventions made by the Committee led to the amendment of the Deeds Registry Act, Judicial Laws Ease of Settling Commercial Disputes Act, Public Procurement Act, Companies Act and repealing of the Indigenization and Economic Empowerment Act, among others. As a result of these efforts Zimbabwe's ranking on the Doing Business improved by 21 ranks from 2019 to number 140/190 in 2020.

Unfavourable policies, business regulations, administrative processes and procedures hampers the country's competitiveness.

1.10 Despite, the above positive development, the 2021 Sugar Value Chain Competitiveness Report and the 2021 and 2022 Zimbabwe Competitiveness Reports (ZCRs) noted that, the country's competitiveness is greatly hampered by the unfavourable policies, business regulations, administrative processes, and procedures. It is believed that poorly designed regulations without adequate key stakeholder consultations are among chief factors weighing down Zimbabwe's global competitiveness.

1.11 Cognisant of this, it is critical to unpack and analyse the law-making process in relation to competitiveness. This will assist in identifying regulatory gaps and recommending appropriate measures aimed at improving the country's business regulatory environment.

2. LAW MAKING PROCESS IN ZIMBABWE AND THE COMPETITIVENESS CONCEPT

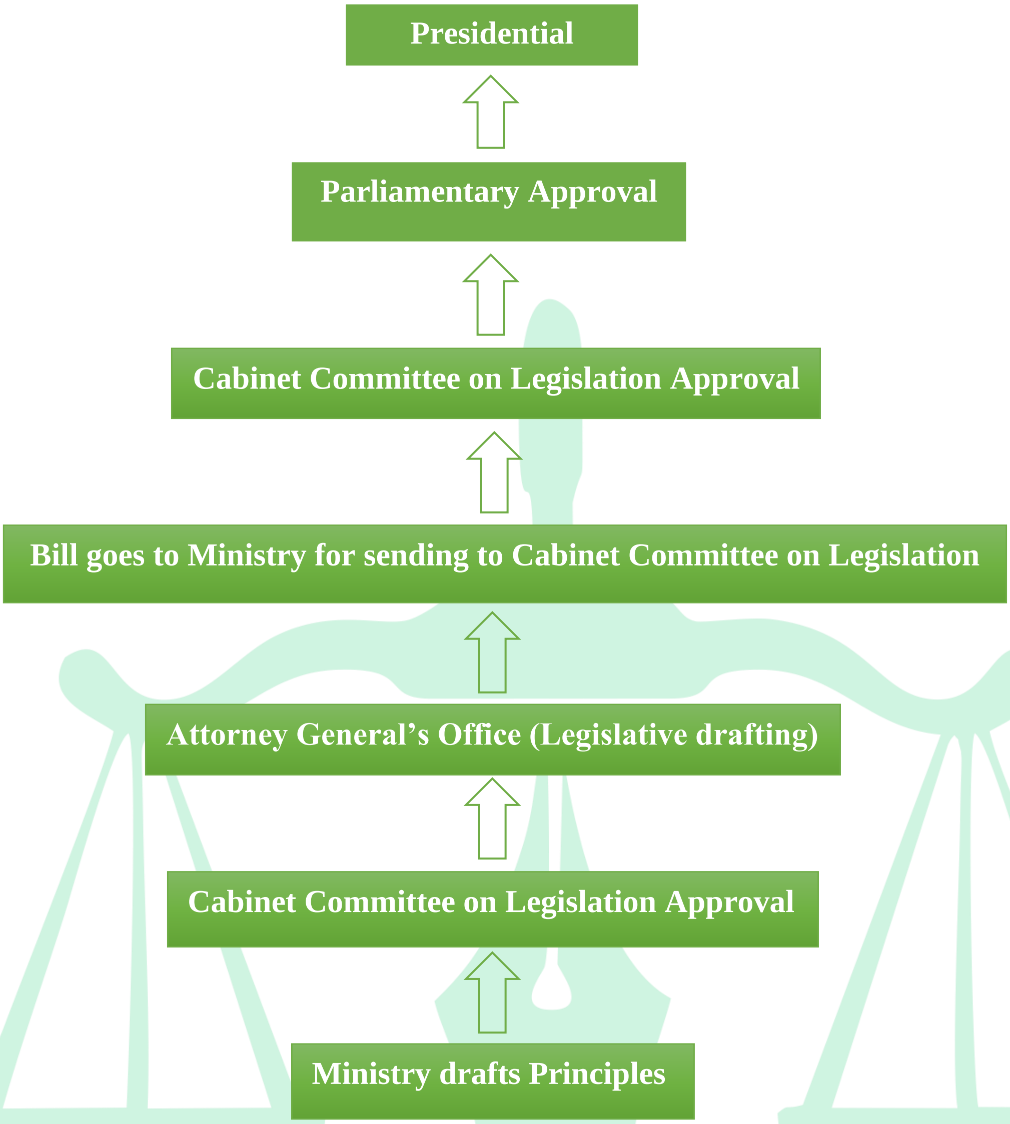
2.1 The quality of the business environment plays an important role in shaping the competitiveness of industry. Businesses, however, do not operate in a vacuum and are regulated by the Government. Regulation is a key function of Government, necessary to achieve policy objectives such as the functioning of the market (economic regulations) or the prevention of harm to people (social regulations), the environment (environmental regulations), or fiscal regulations. The role of Government is to manage the affairs of the state, aiming to maximise social welfare and minimise social problems.

The quality of business environment is key in shaping the competitiveness of industry'

2.2 Government, with the objective of improving the quality of regulations and ease of doing business in Zimbabwe, has, in recent years, created independent commissions and other stakeholders and mandated them to review regulations and propose appropriate recommendations.

2.3 Currently, the review of business regulations impeding competitiveness as well as easing of doing business are reviewed by the National Competitiveness Commission (NCC) and the Zimbabwe Investment Development Authority (ZIDA), respectively.

Drafting of Bills Process



2.4 In line with the Constitution of Zimbabwe, the power to make business laws in Zimbabwe is vested in the Legislature, which is the Parliament and the President. The Legislature has the authority to initiate, prepare, consider, or reject any legislation. This power of making primary law[1] must not be delegated. However, Parliament may delegate power to make subsidiary legislation[2] that must be aligned to the scope and purpose of the Act. To avoid ambiguity as to what extent

[1] Refers to Acts of Parliament

[2] Statutory Instruments

statutory instruments may be made, the Act must specify the limits of the power and the specific subject matter to which statutory instruments may be made.

2.5 Statutory instruments must be laid before the National Assembly in terms of its Standing Orders and submitted for scrutiny before the Parliamentary Legal Committee. The Constitution promotes public access and involvement in legislative processes.

2.6 The Parliamentary Legal Committee acts as an examiner to ensure that every Bill, draft statutory instrument, and those published in the Gazette does not contravene any provision of the Constitution. With the aim of achieving inclusivity and comprehensiveness, Ministries, and the Parliamentary Legal Committee at preliminary stages of the law-making process, as enshrined in section 141 of the constitution, conduct stakeholder and public consultations.

Public Consultations

2.7 Public consultations are a constitutional procedure/requirement and does not specify conditions to be met. As a result, important concerns such as the quality aspects are not often considered. These regulations have rarely been subjected to quality evaluation or reviews to understand if they are still consistent with macroeconomic, social, fiscal, and legal developments in the country.

3. UNBUNDLING THE COMPETITIVENESS EFFECTS OF REGULATIONS ON BUSINESSES

3.1 Laws and regulations can affect businesses competitiveness in 3 channels which directly influence productivity. These channels include ***cost competitiveness, innovation*** **and** ***international competitiveness*****.** Thus, laws and regulations affect productivity through the firm's cost structures, firm's capacity to innovate or both.

Business competitiveness is affected by laws and regulations through cost competitiveness, innovation and international competitiveness'

3.2 This implies that policies that reduce costs, induce productivity and improve competitiveness and vice versa. Similarly, policies that facilitates innovation are pro-productivity and those that dispel innovation deter productivity.

3.3 The international competitiveness channel puts the first two on an international perspective, to ensure the effects on the global economy are considered. For instance, if a policy increases any of the costs associated with the first channel, affected firms may be at a disadvantage compared with their international competitors who may not face similar regulatory burdens. At the end the those who are affected by the policy are likely to lose business in favour of international competitors.

3.4 Thus, policies that are set domestically may affect businesses at international level. It is therefore important to consider differential likely impacts of laws and regulations on domestic and foreign firms.

Channel 1: Cost Competitiveness

3.5 Regulatory Costs encapsulates all the costs attributable to the adoption/compliance of a regulatory requirement. The costs can be direct or indirect and can be borne by any economic agent (business, consumers, Government, or other groups).

3.6 According to the Organisation for Economic Cooperation and Development (OECD) 2014 report, compliance costs, in majority of the economies, forms the largest component of regulatory costs borne by businesses. They are defined as costs that are incurred by businesses in undertaking actions necessary to comply with the regulatory requirements. They can be a once-off expenditure incurred by businesses to adjust and adapt to the new rules or can be sustained on a regular basis if a regulation imposes specific periodic behaviour.

3.7 The 2022 OECD report noted that there is a direct link between regulatory costs and cost competitiveness. For instance, imposition of a regulation that demands new reporting requirements by businesses is likely to impose additional costs to businesses. Those additional costs are either borne by the businesses themselves or are passed to the next node along the business value chain.

3.8 Whatever the case, additional costs increase the cost of doing business thereby negatively impacting the cost competitiveness of businesses. Usually, additional costs distort efficiencies in production (productive efficiency) and subsequently profit.

3.9 It is also critical to note that regulations do affect production systems through factors that include land, labour, capital and enterprises.

Cost of Land

3.10 Regulations directly affect the cost of land through taxation measures or indirectly through planning and zoning requirements. Given that land is an input in most economic activities, any increase to its cost can have widespread effects on the economy. Thus, an increase in the price of land affects competitiveness as it becomes more expensive to undertake economic activities. Extremely, the additional costs of land may force incumbent firms to exit the market and/or create substantive barrier to prospective market entrants, both of which affect competitiveness.

Cost of Labour

3.11 Regulations also affect competitiveness through a change in the costs of labour borne by employers. Such costs are sometimes defined as wages, benefits, and taxes on labour. Regulation as a result thus affect the cost of labour in three ways:

3.12 Firstly, regulatory proposals may directly affect labour costs if they alter retirement age, minimum wage, or social insurance contributions (or other taxes on labour). For instance, regulations that affect the hiring of employees may entail compliance costs that directly affect the price of labour.

3.13 Sometimes such regulations affect the cost of labour and adversely affect firm's ability to produce goods and services. Minimum wage laws, for example, increase the price of labour, pushing up firm's costs thereby affecting competition and competitiveness. Table 1 shows Zimbabwe's Gross Minimum Wage against regional comparator countries.

Table 1: Statutory Nominal Gross Monthly Minimum Wage

Country	Zimbabwe	South Africa	Zambia	Botswana	Mauritius
Gross Monthly Minimum Wage	$150	$251	$61.7	$127	$241

Source: ILOSTAT[3] and the 19.10.2022 Zimbabwe Cabinet Briefing (Note that Zimbabwe has no Statutory Minimum Wage)

[3] https://www.ilo.org/shinyapps/bulkexplorer38/?lang=en&segment=indicator&id=EAR_4MMN_CUR_NB_A&ref_area=BWA

3.14 Table 1 indicate that countries which are ranked better in Africa on the GCI rankings, Mauritius, and South Africa for instance, have a higher minimum wage threshold than other regional partners. Although high minimum wage laws are associated with high production costs, they are also positively related with labour productivity as highly motivated workers are often more productive than lowly paid disgruntled workers.

3.15 Secondly, policies might indirectly impact labour costs by affecting labour mobility, employment protection legislation, labour market rigidities, labour demand or labour costs savings.

3.16 Finally, policies may impose additional compliance costs related to employment such as higher health and safety standards and additional reporting requirements from new labour laws. Changes in labour costs increase firm costs and this in turn affects competitiveness, by, for example, forcing firms to reduce output, or at an extreme, to close.

Cost of Capital

3.17 Regulation can impact the cost of capital and consequently affect competitiveness. For instance, laws can regulate finance terms with effect of increasing associated cost, and thereby affecting competitiveness. Table 2 compares the cost of capital in Zimbabwe which is proxied by lending interest rates against regional comparator countries.

Table 2: Zimbabwe's Lending Interest Rates vs Comparator Countries, 2022

Country	Zimbabwe	South Africa	Botswana	Namibia	Rwanda	Mauritius
Rate (%)	131.8	8.8	6.1	8.6	16.4	7.5

Source: World Bank

3.18 The table reveals that cost of capital in Zimbabwe is extremely high when compared with other regional partners. Whereas Botswana was lending at 6.1%, Mauritius at 7.5%, Namibia 8.6%, South Africa at 8.8% and Rwanda at 16.4% in 2022, Zimbabwe was lending at 131.8%. High lending interest rates discourages investment, restricting market competition and impede competitiveness.

Channel 2: Innovation Competitiveness

3.19 Business regulations that promote innovation, enables firms to gain a competitive advantage over their competitors both in domestic and global markets. Of critical importance, innovation promotes efficiency through introduction of new products and production methods, resulting in higher quality goods and services.

3.20 However, the effect of regulation on innovation is not one-directional. In fact, the relationship is like a double-edged blade. A regulation can either hinder or promote innovation depending on the way a policy is developed. Thus, regulations can support innovation thereby improving competitiveness or dampen innovation thereby discouraging competitiveness.

3.21 Many factors such as macroeconomic and regulatory environment as well as institutional arrangements, among others, that may hamper innovation can under certain conditions drive innovation so that no specific "magic formula" exists to guide regulators in developing an innovation-friendly policy. As such regulatory impacts on innovation and subsequently competitiveness must be assessed on a case-by-case basis.

3.22 Government efforts on embracing Innovation and Information & Communication Technology (ICT) is commendable. The ICT and Innovation sector is guided by the Research Act [Chapter 10:22] of 1986 and its subsequent amendments; Second Science, Technology and Innovation Policy of Zimbabwe (2012); Zimbabwe National Policy for Information & Communication Technology (2016); Science Technology Engineering and Mathematics (STEM) Scientific and Industrial Research and Development Centre; reform of the education curricular from Education 3.0 to Education 5.0; and Centre for Education; Innovation, Research and Development (CEIRD) (2021). These underscore the critical role of Innovation and ICT in achieving transformation, growth, inclusiveness, sustainability, innovation and partnerships.

3.23 To date, the country has operationalised six (6) innovation hub, namely: University of Zimbabwe, Harare Institute of Technology, National University of Science and Technology, Midlands State University, Chinhoyi University of Technology and Bindura University.

Channel 3: International Competitiveness

3.24 Competitiveness goes beyond the purely domestic productivity dimension, to incorporate considerations associated with the positioning of a country within the broader international environment.

3.25 Regulations are known to affect not only domestic cost competitiveness but also firm's propensity to export, their capacity to gain entry to new markets as well as the playing field throughout the globe.

3.26 For instance, an imposition of a regulatory proposal that affects production costs may place Zimbabwean producers at a competitive disadvantage vis-à-vis firms producing similar goods outside Zimbabwe. Similarly, imposition of export related costs such as the recent 1% export tax places Zimbabwean exports at a competitive disadvantage relative to other countries.

Documentary Compliance Costs

3.27 Table 3 compares Zimbabwe's documentary compliance costs with regional comparator countries. Zimbabwe's cost to export is higher than that of South Africa, Rwanda and Mauritius, which are among the best performers in terms of competitiveness within the region. However, the country's performance is better than Botswana, Namibia and Botswana.

Table 3: Zimbabwe's Documentary Compliance Costs vs Comparator Countries, 2020

Measure	Zimbabwe	South Africa	Zambia	Botswana	Namibia	Rwanda	Mauritius
Cost to Export: Documentary Compliance	USD170	USD55	USD200	USD179.2308	USD347.5	USD110	USD128.125
Cost to Import: Documentary Compliance	USD150	USD73	USD175	USD66.61538	USD62.5	USD121.0714	USD165.625

Source: World Bank Ease of Doing Business Report

Border Compliance Costs

3.28 The cost to export in relation to border compliance for Zimbabwe is lower than that of Botswana, Mauritius, Namibia and South Africa. However, the cost is still higher than that of Namibia and Rwanda and has a bearing on the country's competitiveness.

Table 4: Zimbabwe's Border Compliance Costs vs Comparator Countries, 2020

Measure	Zimbabwe	South Africa	Zambia	Botswana	Namibia	Rwanda	Mauritius
Cost to Export: Border Compliance	USD 285	USD 1257	USD370	USD 316.5385	USD 745	USD 183.3333	USD 302.625
Cost to Import: Border Compliance	USD 561.6667	USD676	USD380	USD 66.61538	USD145	USD 282.1429	USD 372.125

Source: World Bank Ease of Doing Business Report

3.29 However, an assessment of the subsequent impacts on competitiveness would therefore not be complete without considering the potential differential impact of the regulatory proposal on domestic and foreign firms.

Technical Barriers to Trade and Sanitary and Phytosanitary Standards

3.30 Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Standards (SPS) for instance, though may be developed to achieve public policy objectives, their potential impact on cross-border flows maybe otherwise. As such the need for quality regulations in an economy cannot be overlooked. Table 5 compares Zimbabwe's SPS and TBT measures with comparator countries.

Table 5: SPS and TBT measures: Notified SPS and TBTs for Zimbabwe vs Comparator Countries, 2023

Measure	Zimbabwe	South Africa	Zambia	Botswana	Namibia	Rwanda	Mauritius
SPS	0	2	0	0	0	17	0
TBT	0	2	0	1	3	127	0

Source: ePing SPS & TBT Platform[4] .

[4] https://epingalert.org/en/Search?domainIds=1&countryIds=C716

3.31 Evidence abound that Zimbabwe, Zambia and Mauritius have not notified any SPS and TBT in 2023. Whilst Rwanda have notified 17 SPS measures and 127 TBTs in 2023, South Africa notified 2 SPS and 2 TBTs, Botswana 1 TBT and zero SPS and Namibia 3 TBTs and zero SPS measures.

3.32 TBTs and SPS measures may either restrict or promote trade. When they are legitimate, they promote trade, competition, and competitiveness whereas when they are disguised as trade protectionist measures, they restrict trade, competition, and competitiveness.

3.33 Thus, the issue is not about the magnitude of measures but the legitimacy of the measures. Rwanda may have enormous but legitimate TBTs and SPS measures which stimulate competition and Zimbabwe may have few but disguising measures which restrict competition. What matters in this regard is the firms' compliance costs which have an inverse relationship with competitiveness.

3.34 Often, the international impacts of regulations are conferred through international trade channel which is an essential component of competitiveness. As a result, domestic policy makers should consider the international impact of their regulations.

3.35 It is important to note that regulatory proposals that increases trade costs damages the international competitiveness of domestic firms. Regulations may be burdensome on trade as they add extra costs that are generally borne by the exporting firms. Sometimes the exporting firms pass the burden to the final consumer rendering exports price uncompetitive.

3.36 In other words, if costs are too high, firms might respond by avoiding trade with the target country, thereby reducing the markets in which they are active and losing further new market potential, thereby hampering their competitiveness.

3.37 The negative effects of burdensome regulations on trade accumulate and intensify as products cross international borders and spill through the production process to affect consumers in the importing country, who are likely to face reduced choices and higher prices.

3.38 Furthermore, burdensome domestic regulations may in some cases prompt firms to relocate to areas where the regulatory environment is less stringent, thereby contributing to a reduction in the international competitiveness of the domestic country.

3.39 Regulations may create costs for traders if they differ significantly between trade partners. These include, information, specific and conformity assessment costs, among others. Often these costs arise from regulators working in isolation and not considering the interoperability of regulatory frameworks in their rulemaking decisions.

3.40 Regulatory divergence is likely to impede trade and by extension competitiveness more than trade tariffs and other tax-related costs. Services sector, however, is likely to be more impacted as it is more heavily regulated. While different sectors and countries may experience a variety of costs, ultimately three main categories of divergence-related costs exist.

Information Costs

3.41 These are costs which accrue to firms for identifying, gathering, and processing information on the regulatory requirements for offering products on the destination market that are different from or additional to those applying on the home market.

3.42 The magnitude of information costs depends on the transparency and heterogeneity of countries' regulatory regimes. The opaquer and more different the regulatory regimes are, the higher are the information costs incurred by traders.

Specification Costs

3.43 These are costs which accrue to firms selling on a regulated market for specifying their product, production process or labelling to comply with regulation different from that prevailing in the home market (product rules). Such costs are directly linked to the process of production or supply of service in accordance with the requirements of a given market.

3.44 Costs may include additional production costs (i.e., labour and input costs such as related to separate production lines and equipment) to meet the requirements of a specific market, or costs arising from diminished economies of scale. It is expected that specification costs increase as product rules in the importing country diverges more significantly from those in the exporting country.

Conformity Assessment Costs

3.45 These are costs which accrue to firms for verifying and demonstrating to the authorities in the destination country that their products, production processes or services comply not only with home market regulations but also with the regulations of the destination market in the importing country.

3.46 Conformity assessment costs may stem from diverging assessment methods such as diverging laboratory testing, certification, inspection, or audit procedures, resulting in their unnecessary duplication causing additional time delays as well as the need for staff, capital, inputs, or fees.

4. KEEPING ZIMBABWE'S REGULATORY ENVIRONMENT CLEAN: THE ROLE FOR REGULATORY IMPACT ASSESSMENT

4.1 The National Development Strategy 1 (NDS1) (2021 – 2025) underscores the need to enhance national competitiveness and improve both the Global Competitiveness and Ease of Doing Business rankings to below 100 by 2025. To achieve this goal, greater attention should be on improving the quality of business regulations, administrative processes, doing business procedures and the overall national competitiveness, among other issues.

4.2 It is critical to note that, in 2020, the country was ranked number 120 out of 190 world economies in the ease of doing business ranking and number 127 out of 141 in the 2019 Global Competitiveness Index rankings. The country is, however, not at ease with such 3-digit GCI rankings and seeks to reduce it to 2-digit by 2025.

4.3 Cognisant of this, Government, in 2017, created the National Competitiveness Commission, and mandated it, among other functions, to review all existing and new business regulations on the cost of doing business and recommend amendments or repeals where appropriate to enhance competitiveness (S 6(I)c of the NCC Act). NCC has, however, is in the process of adopting the RIA concept as an appropriate tool for achieving better designed regulations aimed at maximising social welfare and minimising unnecessary costs for business.

Regulatory Impact Assessment

4.4 Regulatory Impact Assessment (RIA) is a tool or methodology used to assess the effects of regulations on business operations. It is a key instrument used to improve the quality of regulatory decision-making and reducing administrative costs. Porter (2011) however, defined RIA as a set of institutions, policies, and factors that determine the level of productivity of a country.

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4.5 Implementation of RIA has seen countries performing better in terms of competitiveness when compared with their peers. RIA is widely used within the member countries of the Organization for Economic Co-operation and Development (OECD), and to date an increasing number of developing countries are implementing RIA procedures in their regulatory governance systems. These countries include European Union, United Kingdom, Germany, Indonesia, Thailand, Kazakhstan, South Africa, Zambia and Kenya, among others.

4.6 Governments set out the regulatory framework for business operations as well as the rules governing the market in which business operate. The regulatory business environment has a direct influence on how the market functions and how business enter, operate, expand, and exit the market.

4.7 The regulatory environment can either promote or hamper business operations. Like fish in the water which is fine when water is clean and not contaminated, businesses thrive when the regulatory environment is clean and not contaminated by toxic regulations.

4.8 Government Agencies issue numerous business regulations every year in form of primary legislations, secondary legislations, such as Statutory Instruments (SIs) guidelines, circulars, manuals, and formats notifications. These regulations govern the operation of businesses by setting out the legal requirements for achieving policy objectives.

4.9 As such, regulations are necessary for a well-functioning, market-based economy, but they do not always achieve their social and/or economic goals. Regulations can, however, have significant negative effects on businesses. It is therefore important to put a filter (RIA) within the country's regulatory governance cycle to remove toxic regulations.

4.10 Thus, RIA acts as a gauge used to test the quality of regulations. It therefore filters toxic regulations thereby managing the quality of the regulatory inflow and stock.

4.11 The major important benefit of RIA is that it provides crucial information to decision-makers on whether and how to regulate with a view to achieve public policy goals. Significant benefits of RIA derive from adopting a structured, rational thinking, decision-making, and consultation process. A well-functioning RIA system assists policymakers in identifying the potential outcomes of proposed regulations and determine whether regulations will achieve the intended objectives.

4.12 Specifically, the implementation of RIA in Zimbabwe will assist in the following:

- Improvement in Global Competitiveness Rankings;
- Improvement in Doing Business Rankings;
- Improvement in investor confidence and increase in investments;
- Reduced business risks; and
- Increased growth and welfare.

4.13 Zimbabwe's regulatory business environment has for a long time been considered business unfriendly. Business owners, business associations, media, international observers and organisations and key indices measuring the business environment in Zimbabwe have called out the country's unconducive regulatory business environment. To this end, the introduction of RIA is undebatable.

Relationship between Regulatory Impact Assessment and Competitiveness

4.14 Competitiveness and the regulatory environment of a country are key to economic growth and development as well as improvement of the standards of living for Zimbabwe. To this end, continued implementation of policies, strategies and programmes that addresses competitiveness gaps is key if the country is to successfully enhance all competitiveness aspects of the economy. However, this requires concerted efforts by all stakeholders, including Government, Private Sector, amongst others.

4.15 Regulations can have unintended negative effects and, as a result, limit the competitiveness of business. One of the most obvious (negative) effects of regulations is that it increases the costs of doing business. Other regulations may distort the healthy competition in the marketplace, for example, by creating market barriers, or disrupt innovation, or impeding international trade.

4.16 RIA, therefore, assists Governments to improve the regulatory policy-making process, the regulatory business environment and thus, competitiveness. Thus, RIA improves competitiveness through improving the regulatory business environment.

4.17 Businesses strive in a favourable regulatory business environment with high quality regulations, as the cost of doing business is minimised, and healthy competition is enhanced. Quality of the business environment is a key driver supporting business productivity, innovation and growth. RIA, therefore, is a low hanging fruit for Zimbabwe's competitiveness.

5. CONCLUSION AND RECOMMENDATIONS

In conclusion, the implications of poor regulatory business environment on Zimbabwe's competitiveness are important for policy makers and industry. The role of RIA in improving the quality of country's regulatory business environment and the ultimate global competitiveness is critical.

To this end, the Commission is of the view that:

1. *Adoption of RIA in Zimbabwe, as a tool to improve the country's regulatory business environment will enhance competitiveness. RIA should be incorporated in the national development planning and law-making processes.*
2. *Enhance collaboration Businesses through respective Business Membership Organisations (BMOs) and the Commission, on regulations negatively affecting their business operations, firm, and industry competitiveness as well as national competitiveness through RIA.*
3. *Institutionalisation of RIA by Regulatory Authorities, to enable self-test on competitiveness impact before the regulations come on stream.*

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