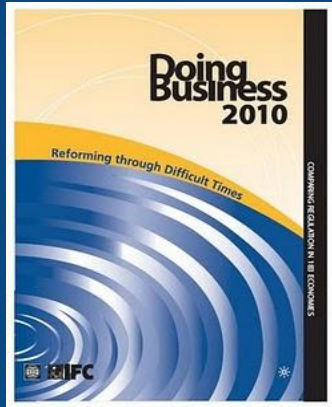


# Doing Business Reform Advisory

**Dahlia Khalifa**  
**Washington DC**

**September 22, 2010**

# Doing Business report – Overview



- Goal is to provide an objective basis for measuring aspects of the regulatory environment for business.
- Focus is on regulations relevant to the life cycle of a small to medium-sized domestic business based on standardized case and is fact-based
- Objective: strong and efficient regulations, accessible to all. A fundamental premise of Doing Business is that economic activity requires rules that are transparent and easy to comply with. These include rules that establish and clarify property rights and reduce the cost of resolving disputes, rules that increase the predictability of economic interactions and rules that provide contractual partners with core protections against abuse.
- The *Doing Business* data are collected in a standardized way through surveys and follow-up interactions. The data is based on a simple business case and the relevant laws and regulations to ensure comparability across economies and over time. Surveys are administered through more than 8,200 local experts, including lawyers, business consultants, accountants, freight forwarders, government officials and other professionals routinely administering or advising on legal and regulatory requirements.
- DB project has expanded from 5 indicator sets in 133 economies to 10 in 183 economies (with an 11<sup>th</sup> indicator in piloting).
- DOES NOT measure all aspects of the business environment such as financial market regulation, macroeconomic variables, market size, proximity to markets, security, environmental regulation, quality of infrastructure, corruption, or labor market skills.

# Doing Business indicators – 10 areas of business regulation

Start-up	Expansion	Operations	Closing
<ul style="list-style-type: none"> <li>Starting a business</li> </ul> <p><i>Minimum capital requirement, procedures, time and cost</i></p>	<ul style="list-style-type: none"> <li>Registering property <i>Proc, time and cost</i></li> <li>Getting credit <i>Credit information systems</i> <i>Movable collateral laws</i></li> <li>Protecting investors <i>Disclosure and liability in related party transactions</i></li> <li>Enforcing contracts <i>Proc, time and cost to resolve a commercial dispute</i></li> </ul>	<ul style="list-style-type: none"> <li>Dealing with construction permits <i>Proc, time and cost</i></li> <li>Employing workers <i>Flexibility in hiring, work schedule, redundancy procedures</i></li> <li>Paying taxes <i>Payments, time and Total Tax Rate</i></li> <li>Trading across borders <i>Documents, time and cost</i></li> </ul>	<ul style="list-style-type: none"> <li>Closing a business</li> </ul> <p><i>Time, cost and recovery rate</i></p>
Entry	Property rights Investor protection Access to credit	Administrative burden Flexibility in hiring	Recovery rate Reallocation of assets

# Main types of reforms measured by Doing Business

<b>Institutional</b>	<b>“One stop shop”, better organization of administrations and civil service reform</b>
<b>Law</b>	<b>Commercial code, company law, collateral law, bankruptcy, labor law, Tax law</b>
<b>Judicial</b>	<b>Civil procedures, case management, performance measurement of judges</b>
<b>Egovernment</b>	<b>IT solutions, government websites, intranet and extranet</b>
<b>Regulatory</b>	<b>Inspections, licensing, simplified and standardized forms, publication of circulars and instructions</b>

# Top 30 on the ease of Doing Business 2010

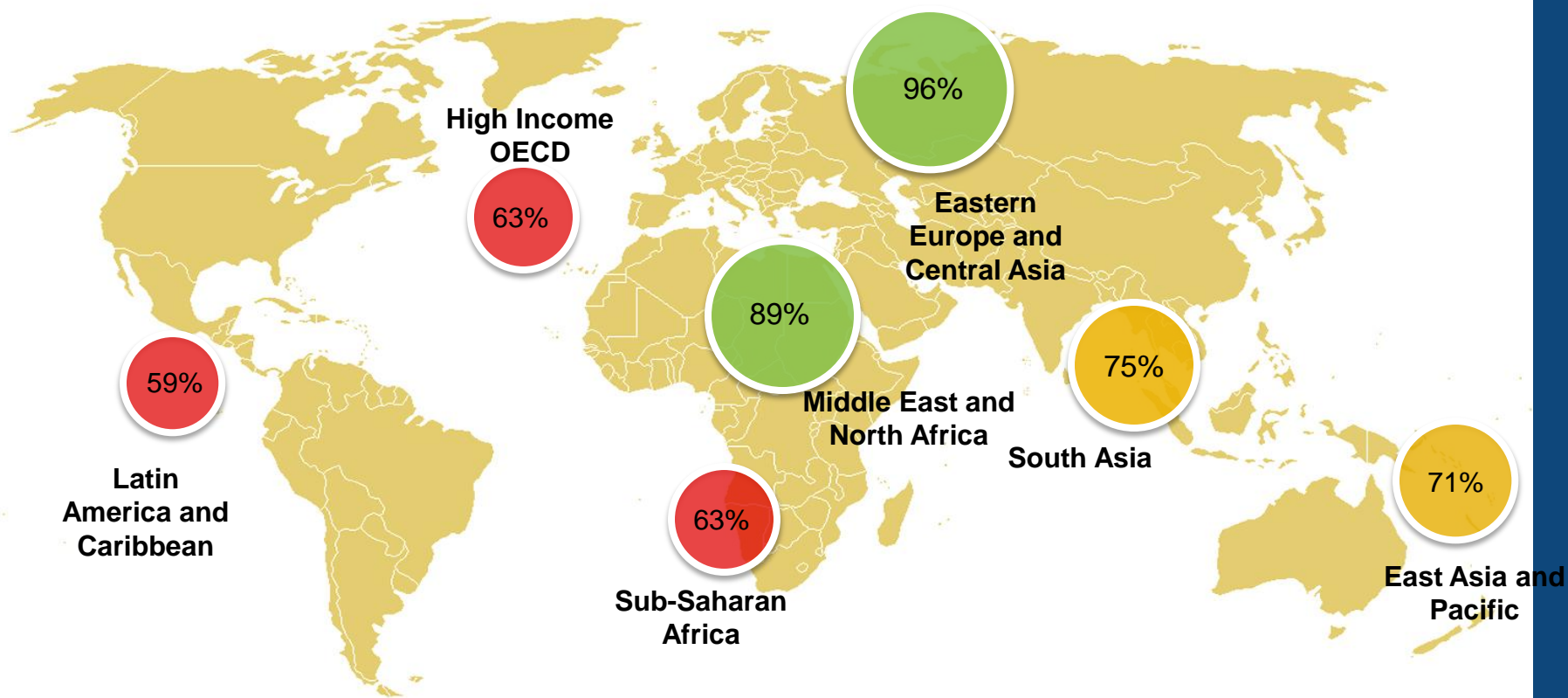
	1. Singapore		16. Finland
	2. New Zealand		17. Mauritius
	3. Hong Kong, China		18. Sweden
	4. United States		19. Korea, Rep.
	5. United Kingdom		20. Bahrain
	6. Denmark		21. Switzerland
	7. Ireland		22. Belgium
	8. Canada		23. Malaysia
	9. Australia		24. Estonia
	10. Norway		25. Germany
	11. Georgia		26. Lithuania
	12. Thailand		27. Latvia
	13. Saudi Arabia		28. Austria
	14. Iceland		29. Israel
	15. Japan		30. Netherlands

# The top 10 reformers in 2008/09

Economy	Starting a business	Dealing with construction permits	Employing workers	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
Rwanda	✓		✓	✓	✓	✓		✓		✓
Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		
Macedonia FYR	✓	✓	✓	✓	✓	✓	✓			
Belarus	✓	✓	✓	✓			✓	✓		
United Arab Emirates	✓	✓						✓		
Moldova	✓			✓			✓			
Colombia	✓	✓		✓	✓	✓	✓	✓		✓
Tajikistan	✓	✓			✓	✓				✓
Egypt, Arab Rep.	✓	✓			✓				✓	
Liberia	✓	✓								

# Eastern Europe and Central Asia reformed the most, followed by Middle East and North Africa

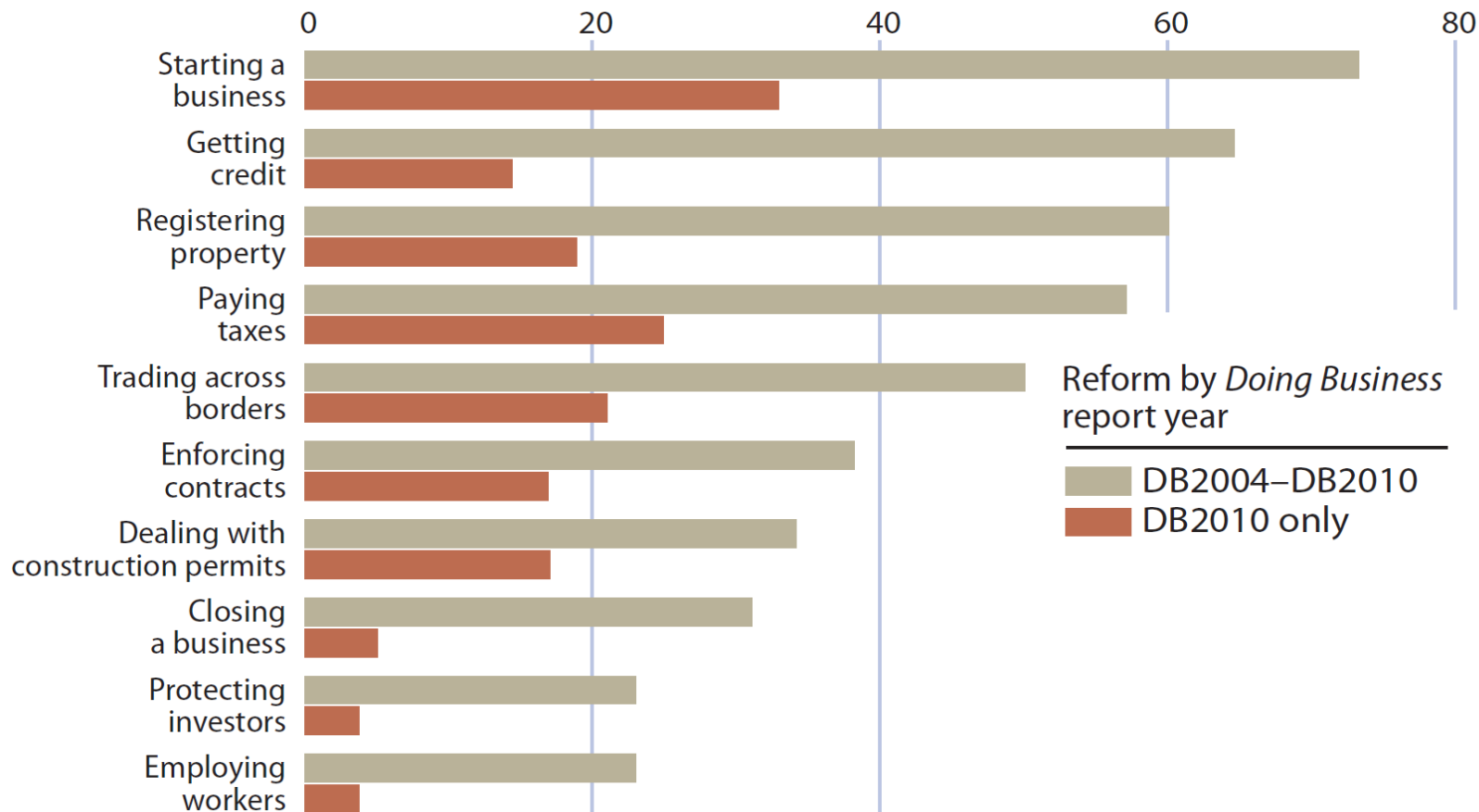
Percentage of countries with at least one positive reform



# 287 reforms in 131 economies in 2008/09 made it easier to do business

## Three-quarters of economies have made it easier to start a business

Share of economies implementing reforms in each *Doing Business* topic (%)

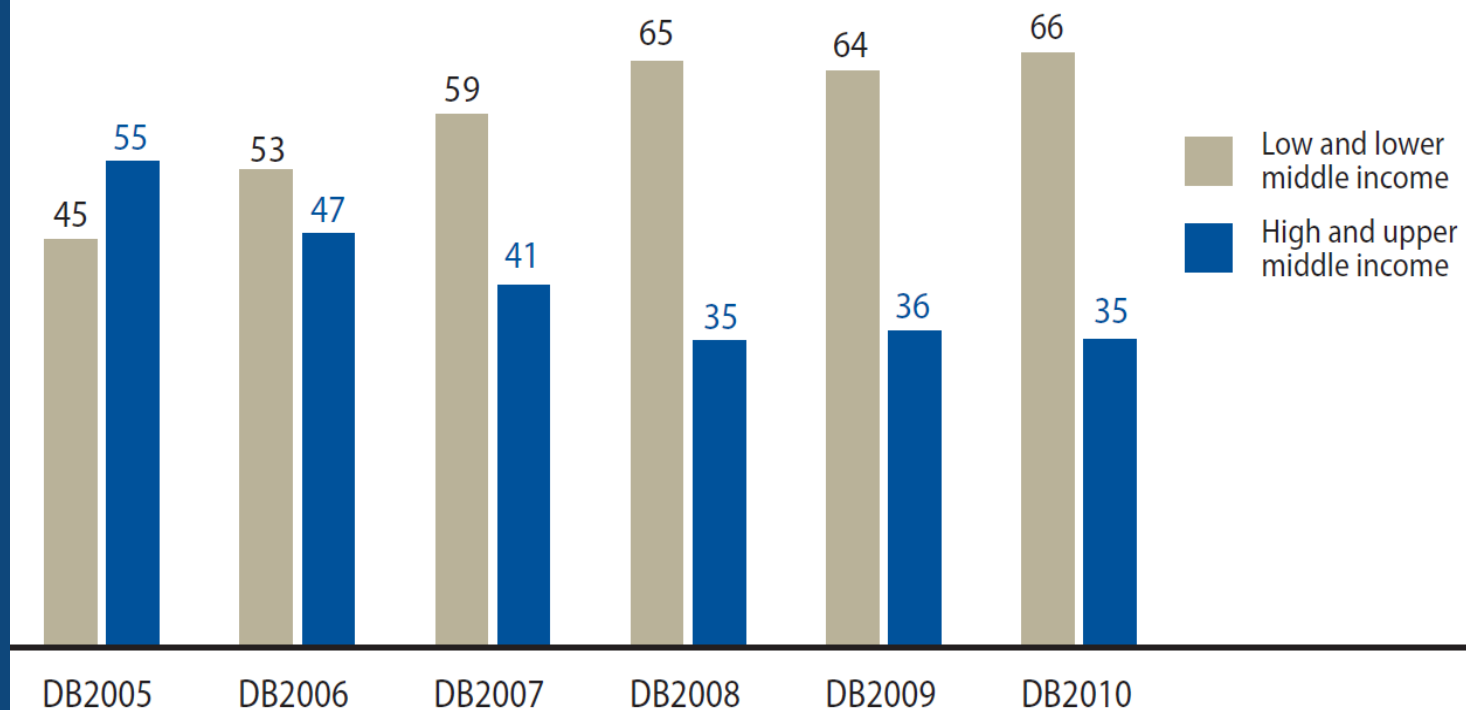




# Reforms gained momentum in Developing Economies

## Reforms more likely in low- and lower-middle-income economies

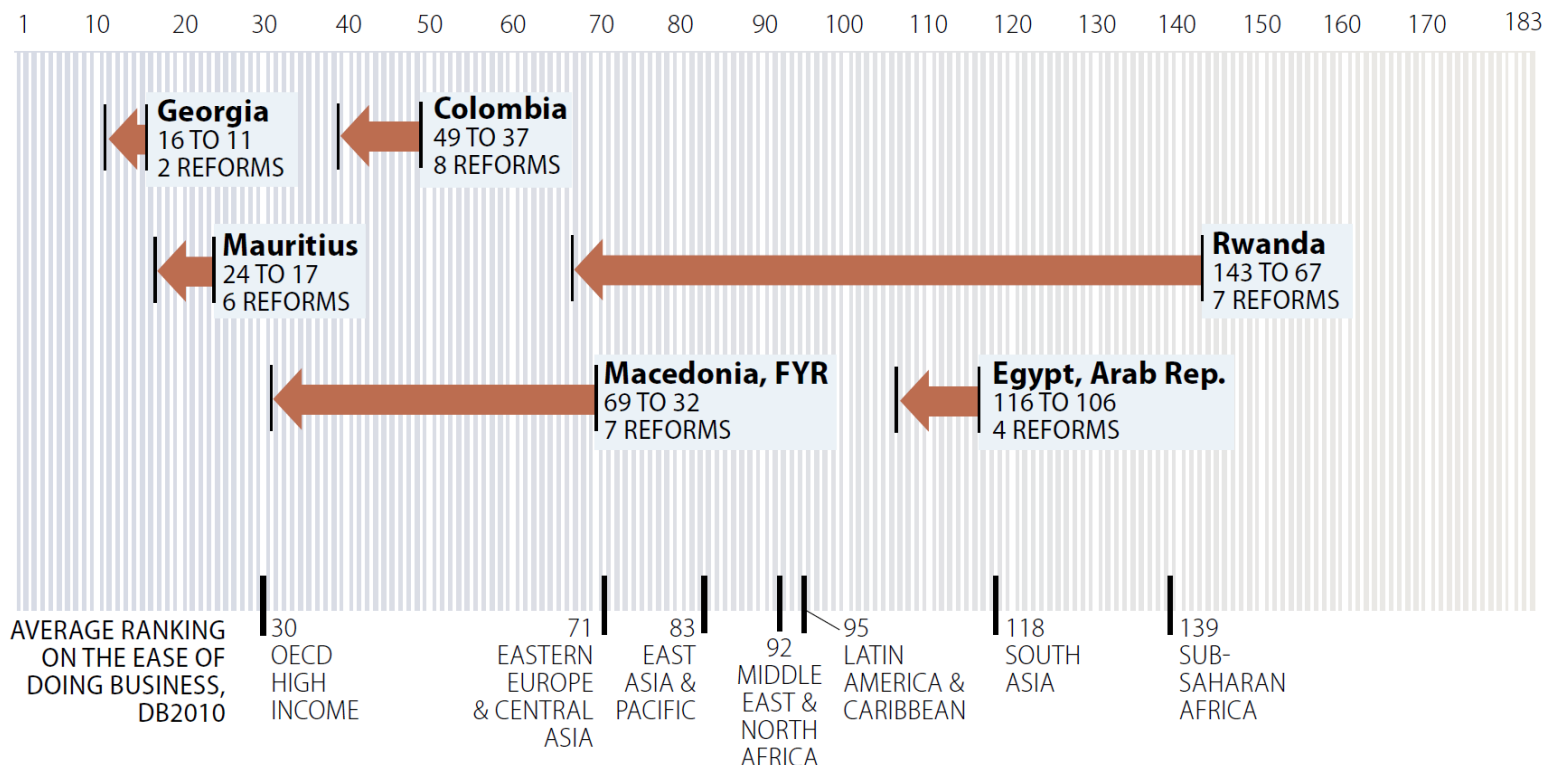
Distribution by income group of reforms making it easier to do business (%)



Source: Doing Business database.

# Broad reform programs more common in developing economies

Improvement in the ranking on the ease of doing business, DB2009–DB2010



- ✓ Following a longer-term agenda aimed at increasing the competitiveness of their firms.
- ✓ Continually pushing forward and staying proactive.
- ✓ Following a clear direction in their policy agenda while responding to new economic realities.

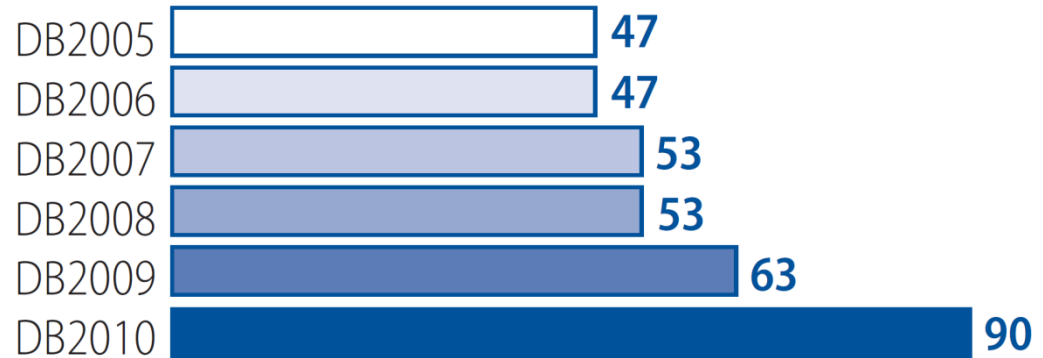
# Learning from others

## Middle East & North Africa

(19 economies)

Share of economies with at least 1 reform making it easier to do business (%)

by *Doing Business* report year



“What I like about *Doing Business* ... is that it creates a forum for exchanging knowledge. It’s no exaggeration when I say I checked the top ten in every indicator and we just asked them “What did you do”? If there is any advantage to starting late in anything, it’s that you can learn from others.”

Dr Mahmoud Mohieldin, Egypt’s Minister of Investment, and *Doing Business* 2010 top reformer

# Doing Business drives reforms – Peruvian minister vows to achieve top 25 ranking by 2011

El Comercio Jul 17, 2009.pdf - Adobe Reader

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MINISTRO GARRANZA CON LA MIRA PUESTA EN EL 2011

## MEF liderará iniciativa para mejorar clima de negocios

■ La meta es pasar del puesto 62 al 25 del ránking Doing Business

■ Propone reformas en apertura de negocios, pago de tributos, entre otros

CHRISTIAN NAVARRO ROJAS

El ministro de Economía y Finanzas, Luis Carranza, anunció la puesta en marcha de un plan para mejorar el clima de negocios en el Perú y de esta manera procurar hacia el 2011 una mejora en la competitividad del país. "El plan de estímulo económico es un paquete estructurado a corto plazo, pero no hay que quitar la mirada en el largo plazo", comentó.

¿DE QUÉ SE TRATA? Carranza considera que es momento para un segundo impulso en las reformas que ha emprendido el Gobierno en materia económica, más allá de los esfuerzos

de Confiep, es evidente que las compañías peruanas deben mejorar su competitividad, pero no hay que descuidar los temas de educación, ciencia y tecnología, que hacen sostenibles estas mejoras. De la misma opinión es Jorge Chávez, presidente de la consultora Maximixe, quien afirma que ceñimos un ránking como el Doing Business no es una panacea.

Asimismo, César Peñaranda, director ejecutivo del Instituto de Economía y Desarrollo Empresarial de la CCL, señaló: "Cualquier acción que se emprenda en mejorar la productividad de los negocios es bienvenida".

Fernando Zavala, ex ministro de Economía, señala que "esta reforma le impone una nueva agenda al Estado", así como una nueva dinámica a los organismos involucrados. Pero para Zavala, quizá lo más importante es que un ministerio técnico y que tiene funciones que involucran a todo el Estado por fin liderará el tema de la competitividad, de la misma manera que se ataca un tema medular: las trabas burocráticas en

DEUDA DE VENEZUELA  
Alcalde de Victoria al por Gama

■ Empresas del e no pueden cobrar trabas burocráticas del régimen de C

El alcalde del distrito toría, Alberto Sánchez, pidió agilizar la cancelación de la deuda de US\$500 mil varias empresas venen con los empre Gamarra desde hace 6

En un comunicaco, Sánchez pidió al p Hugo Chávez que auto mesa en dólares del paí, pese a que las imp venezolanas ya hicieron de los montos fact moneda local en el Bar nezuela, conjuntamente documentación exigida

Como se sabe, las re divisas en Venezuela ti ser aprobadas por el deturmo.

RECLAMOS Pedro Gamio, presidente de confecciones sostuvo que si bien es que el alcalde de La Victoria posición por Gamarra, a Chávez lo debe hacer

**Por una mayor competitividad**  
Sieta son las áreas por mejorar, según la propuesta del MEF. En las tres primeras se requieren reformas urgentes.

Puesto meta en el ránking internacional: 25 ◀ Puesto actual en el ránking internacional: 62

Área	EE.UU.	Chile	Colombia	Perú
Apertura de negocios	6	55	79	116
Permisos de construcción	2	54	62	115
Cumplimiento de contratos	6	65	149	119
Comercio exterior	1	53	96	93
Pago de impuestos	5	41	85	141
Registro de propiedad	5	39	41	78
Protección al inversionista	2	18	24	38

Fuente: MEF / Doing Business 2009

EL COMERCIO

**Economía en progreso**

Luis Carranza señaló que la economía de EE.UU. yatócó fondo, cuando se elabore el Marco Macroeconómico Multianual.

**CLAVES**

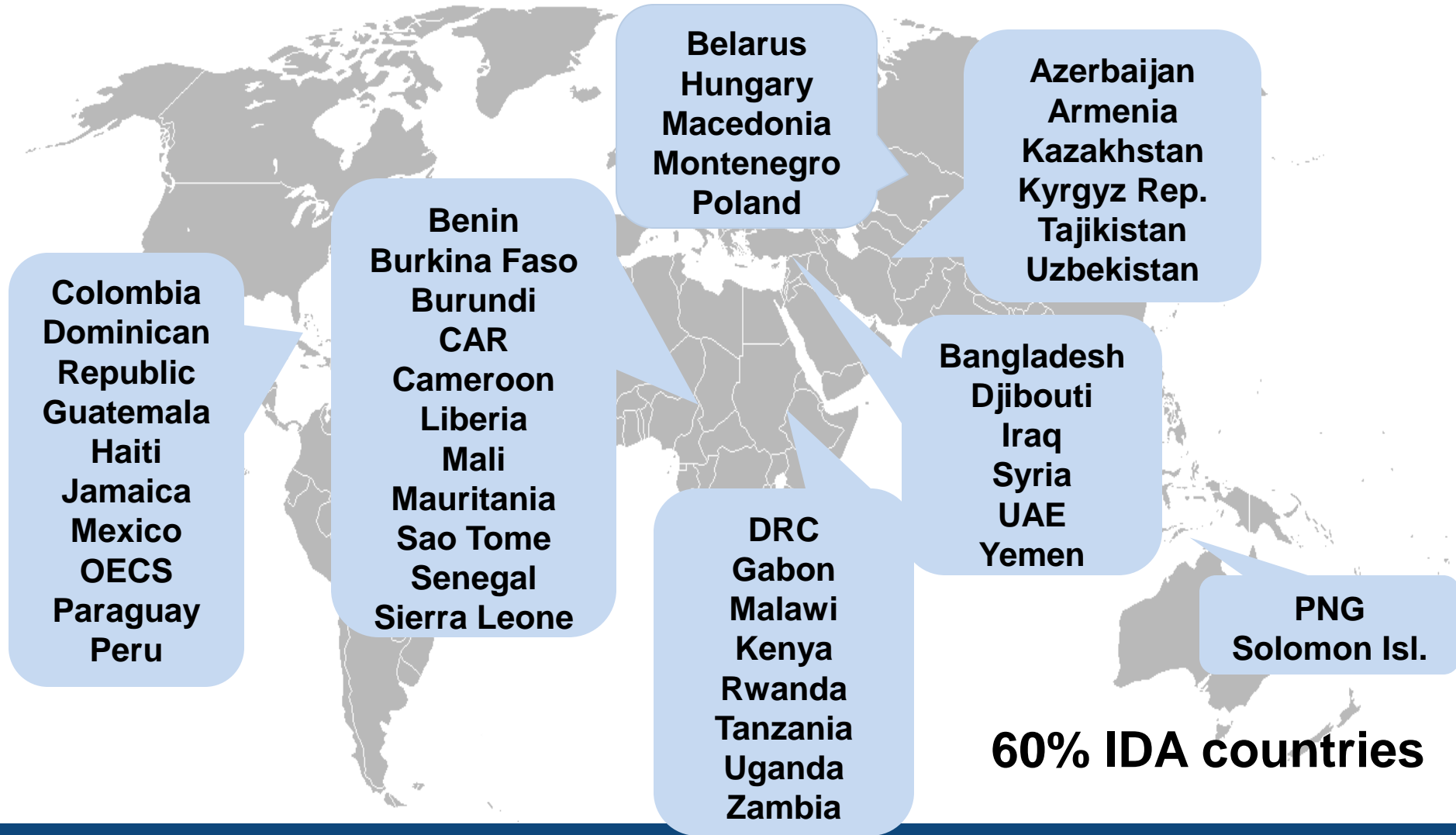
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# In 2 years, Doing Business Reform Advisory Unit has worked in more than 30 countries



# Scope of work follows the DB topics

**Objective: Help countries improve their business environment in the areas measured by Doing Business**

- **Starting a business**
- **Dealing with construction permits**
- **Registering property**
- **Getting credit**
- **Protecting investors**
- **Paying taxes**
- **Trading across borders**
- **Enforcing contracts**
- **Closing a business**

# Standard delivery model with WBG partners

## Delivery Model:

### Phases

### Partners

1. Receive government request

2. Prepare DB Reform Memo

3. Discussions with the government

- Identify priority areas for reform
- Reform action plans
- Deliver a TA reform program

4. Monitoring & evaluation

CIC product teams,  
IC AS regional teams,  
WB Sector and Country  
Units

DB Project

# Getting organized for Reform: Improving the Investment Climate is a complex challenge

- ✓ Get reform onto the national agenda.
- ✓ Complex coordination issues - Reforms are often “Inter-ministerial” by nature (e.g. **“One stop shop”, E-government**)
- ✓ Identify the most important constraints, and sequence reforms. Short term, medium term, e.g. **Reducing minimum capital requirements, court reform**
- ✓ Creating initial mechanisms to drive, monitor and sustain reform.
- ✓ Packaging reforms to be both credible and feasible.
- ✓ Mobilizing support for reform.
- ✓ Creating incentives and capacity to implement reform.
- ✓ Communicate plans and results