A World Bank Group Flagship Report

14TH EDITION

Doing Business 2017

Equal Opportunity for All

Comparing Business Regulation for Domestic Firms in ***190*** *Economies*

WORLD BANK GROUP

1818 H Street NW, Washington DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org

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- *Doing Business 2017* is the 14th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulation and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.
- *Doing Business* measures aspects of regulation affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. *Doing Business* also measures features of labor market regulation, which is not included in the ranking.
- Data in *Doing Business 2017* are current as of June 1, 2016. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why.
- This publication presents selected content from *Doing Business 2017*. The full report can be downloaded from the *Doing Business* website at http://www.doingbusiness.org.

Doing Business **2017**

Foreword

Now in its 14th edition, the *Doing Business* report demonstrates the power of a simple idea: measure and report the actual effect of a government policy.

In the summer of 1983, a group of researchers working with Hernando de Soto got all the permits required to open a small garment business on the outskirts of Lima, Peru. Their goal was to measure how long this took. I read de Soto's book, *The Other Path*, decades ago, but I was so astonished by the answer it reported that I remember it today: 289 days.

De Soto's conjecture, which turned out to be right, was that measuring and reporting would create pressure for improvements in the efficiency of government. In the foreword to the revised edition of his book that he wrote in 2002, de Soto reports that because of changes to regulations and procedures, the same business could get all the required permits in a single day.

In a letter published in the Winter 2006 issue of the *Journal of Economic Perspectives*, Simeon Djankov describes how de Soto's idea grew into this report. When Joseph Stiglitz was the World Bank Chief Economist, he selected the topic and picked the team for *The World Development Report 2002: Building Institutions for Markets*. Djankov, who was a member of this team, reached out to Andrei Shleifer, a professor at Harvard, who had done research on the effects that different legal systems had on market development. Shleifer and co-authors agreed to work on some background papers for the *World Development Report* that would examine new data on such processes as getting the permits to start a new business that could be compared across countries. In 2003, this data collection effort yielded the first *Doing Business* report, which presented five indicators for 133 countries.

The *Doing Business* report has had the same effect on policy in many economies that de Soto's initial effort had in Peru. In 2005, it was possible to get the permits to start a business in less than 20 days in only 41 economies. In 2016, this is possible in 130 economies. This history should give us the optimism and impatience to keep launching new ideas and to keep striving for better results. The progress to date should give us optimism. The large amount that remains to be done should make us impatient.

Doing Business 2017 highlights the large disparities between high- and low-income economies and the higher barriers that women face to starting a business or getting a job compared to men. In 155 economies women do not have the same legal rights as men, much less the supporting environment that is vital to promote entrepreneurship.[1] *Doing Business 2017* gives prominence to these issues, expanding three indicators—starting a business, registering property and enforcing contracts—to account for gender discriminatory practices. But why the gender focus?

Research shows that gender gaps exist in women's access to economic opportunities. While women represent 49.6% of the world's population, they account for only 40.8% of the formal workforce. In emerging markets between 31 and 38% of formal small and medium-size enterprises have at least one woman owner, but their average growth rate is significantly lower than that of male-owned firms.[2] Gender gaps in women's entrepreneurship and labor force participation account for an estimated total income loss of 27% in the Middle East and North Africa, a 19% loss in South Asia, a 14% loss in Latin America and the Caribbean and a 10% loss in Europe.[3] Globally, if all women were to be excluded from the labor force income per capita would be reduced by almost 40%.[4]

To capture ways in which governments set additional hurdles for women entrepreneurs, *Doing Business 2017* considers for the first time a number of gender-specific scenarios. The area of company incorporation, for example, now explores whether companies owned by women have the same registration requirements as companies owned by men. It finds that in some economies women must submit additional paperwork or authorizations from their husbands. In the case of property transfers there is a new focus on property ownership and how different sets of rights between men and women affect female entrepreneurs' access to credit. Finally, when it comes to gender equality in court, the enforcing contracts indicator now highlights places where a woman's testimony is given less weight in court than a man's, thereby putting her at a fundamental disadvantage in commercial dealings. *Doing Business* now incorporates these considerations to better reflect the ease of doing business for the widest range of entrepreneurs in a given economy, female entrepreneurs included. The adjustments build on several years of methodology development and cross-country data collection by the *Women, Business and the Law* project, housed in the Global Indicators Group.

Doing Business 2017 also contains a discussion of the role business regulatory reform may play in the global goal to reduce income inequality. Of course there are many determinants of income inequality, including economic growth patterns, the levels and the quality of investments in human capital and the prevalence of bribery and corruption, among many others. Yet some are linked to the regulatory environment for entrepreneurship. Potential entrepreneurs are often discouraged from setting up businesses if the requirements to do so are overly burdensome. When this is the case entrepreneurs often resort to operating within the informal sector which has less protection for labor conditions and is more vulnerable to economic shocks. Having simple, transparent rules for registering a business, paying taxes, getting credit and registering property helps create a level playing field for doing business. Evidence from 175 economies reveals that economies with more stringent entry regulations often experience higher levels of income inequality as measured by the Gini index.[5]

At its core, *Doing Business* seeks to provide quantitative measures of business regulation in 11 regulatory areas that are central to how the private sector functions. A growing body of literature shows that government action to create a sound, predictable regulatory environment is central to whether or not economies perform well and whether that performance is sustainable in the long run.[6] Regulation can aid to correct and prevent traditional types of market failures, such as negative externalities, incomplete markets and information asymmetries. However, regulation can also be used as an intervention when market transactions have led to socially unacceptable outcomes such as improper wealth distribution and inequality.[7] Governments have the ability to design and enforce regulation to help ensure the existence of a level playing field for citizens and economic actors within a society.[8]

Business regulations are a specific type of regulation that can encourage growth and protect individuals in the private sector. The role of the private sector is now almost universally recognized as a key driver of economic growth and development. Nearly 90% of employment (including formal and informal jobs) occurs within the private sector—this sector has abundant potential that should be harnessed.[9] Governments can work together with the private sector to create a thriving business environment. More specifically, effective business regulation can encourage firm start-up and growth as well as minimize the chance for market distortions or failures. Of course, a discussion of the benefits of business regulation must be accompanied by a parallel discussion of its costs. Many businesses complain about the negative impacts of excessive regulation—or as it is more commonly known, "red tape." The answer is not always more regulation; rather, the more effective answer advocated by *Doing Business* is smarter regulation, that aims to strike a balance between the need to facilitate the activities of the private sector while providing adequate safeguards for the interests of consumers and other social groups.

More economies are taking up the challenge for reform. New Zealand is the economy with the highest ranking this year, taking over from Singapore. Sub-Saharan African economies are also improving their *Doing Business* scores at a rate that is three times that of OECD high-income economies. This rate of improvement reflects a low base, but is nonetheless encouraging. Indeed, over the past decade there has been more than a doubling in the number of countries in Sub-Saharan Africa that are engaged in one or more business regulatory reforms—a total of 37 economies in this year's report. The overarching goal of *Doing Business* is to help entrepreneurs in low-income economies face the easier business conditions of their counterparts in high-income economies. The data show persuasively that it is facilitating that convergence, and for that we should celebrate.

The story I told above about an idea launched in 1983 in Peru by Hernando de Soto reminds us that ideas gain power as they pass from person to person, each of whom improves, extends, or challenges the contributions of others. In the best case, this process of exchange and improvement connects professors in universities, employees of organizations such as the World Bank, government officials, members of civil society organizations, business owners and ordinary citizens. Ideas about improving our institutions will themselves improve only if they keep circulating through this network of people.

We welcome your continued feedback on the *Doing Business* project. As I start in the role of the World Bank's Chief Economist, I am astonished by how much room for improvement there is in everything that people do. This heightens my sense of impatient optimism about the potential for meeting the Bank's two goals: ending extreme poverty and promoting shared prosperity. *Doing Business* helps us make progress on one crucial strategy for meeting these goals—offering market opportunities to everyone. It should also inspire us to be more ambitious about how to carry out other complementary strategies. We depend on you, the reader, to help us shape, improve, extend and replicate this project. You keep its ideas in motion. You give them power.

NOTES

1. World Bank 2015a.
2. World Bank Group 2011.
3. Cuberes and Teignier 2014.
4. Cuberes and Teignier 2014.
5. McLaughlin and Stanley 2016.
6. Hall and Jones 1999; Rodrick 1998; Jalilian, Kirkpatrick and Parker 2006.
7. Parker and Kirkpatrick 2012.
8. Bufford 2006.
9. World Bank Group 2013.

Paul M. Romer
Chief Economist and
Senior Vice President
The World Bank
Washington, DC

Doing Business 2017

Overview

The opportunity to find a job or develop one's business idea is crucial for most people's personal satisfaction. It creates a sense of belonging and purpose and can provide an income that delivers financial stability. It can raise people out of poverty or prevent them from falling into it.

But what does one need to find a job or to start a business, especially if that job or business is in the private sector? Many things are needed, but well-functioning markets—that are properly regulated so that distortions are minimized—are crucial. Governments play a pivotal role in establishing these well-functioning markets through regulation. If the land registry is not required to provide reliable information on who owns what, for example, the efficacy of the property market is undermined making it difficult for entrepreneurs to acquire property, put their ideas to practice and create new jobs. Without well-regulated credit information sharing systems it is difficult for credit markets to thrive and be more inclusive. A properly functioning tax system is also key. Where the burden of tax administration is heavy—making it difficult to comply with tax obligations—firms will have an incentive to avoid paying all taxes due or may opt for informality, thereby eroding the tax base.

To start a business, entrepreneurs need a business registration system that is efficient and accessible to all. *Doing Business* data on Argentina, for example, show that it takes 14 procedures to start a new business, double the global average of just seven. So it is perhaps unsurprising that there are only 0.43 formal new businesses per 1,000 adults in Argentina. By contrast, in Georgia—where three procedures are sufficient to start a business—there are over 5.65 formal new businesses per 1,000 adults.

Failure is part of taking risks and innovating. For people to be willing to start a new business there needs to be a well-developed system in place for closing businesses that do not succeed. In addition to the complicated entry process in Argentina, if the business fails only 23 cents on the dollar are recovered after going through an insolvency proceeding. By contrast, in the Czech Republic the same business failure would have a recovery rate of 67 cents on the dollar. This higher recovery rate also helps to explain the larger number of new businesses in Prague (at 3.42 formal new businesses per 1,000 adults) than in Buenos Aires.

OLD AND NEW FACTORS COVERED IN *DOING BUSINESS*

Doing Business focuses on regulation that affects small and medium-size enterprises, operating in the largest business city of an economy, across 11 areas.[1] Ten of these areas—starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency—are included in the distance to frontier score

- *Doing Business* measures aspects of regulation that enable or prevent private sector businesses from starting, operating and expanding. These regulations are measured using 11 indicator sets: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.
- *Doing Business 2017* expands the paying taxes indicators to cover postfiling processes—tax audits, tax refunds and tax appeals—and presents analysis of pilot data on selling to the government which measures public procurement regulations.
- Using the data originally developed by *Women, Business and the Law*, this year for the first time *Doing Business* adds a gender component to three indicators—starting a business, registering property, and enforcing contracts—and finds that those economies which limit women's access in these areas have fewer women working in the private sector both as employers and employees.
- New data show that there has been an increase in the pace of reform—more economies are reforming and implementing more reforms.
- *Doing Business* has recorded over 2,900 regulatory reforms across 186 economies since 2004. Europe and Central Asia has consistently been the region with the highest average number of reforms per economy; the region is now close to having the same good practices in place as the OECD high-income economies. A number of countries in the region—Georgia, Latvia, Lithuania, and the former Yugoslav Republic of Macedonia—are now ranked among the top 30 economies in *Doing Business*.
- Better performance in *Doing Business* is on average associated with lower levels of income inequality. This is particularly the case regarding the starting a business and resolving insolvency indicator sets.

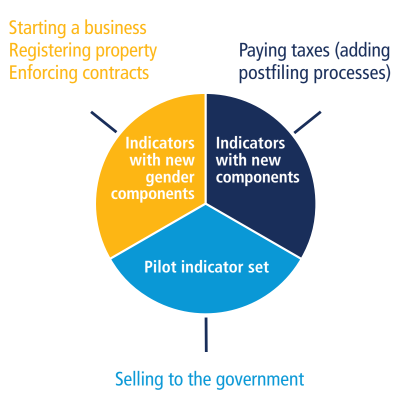
and ease of doing business ranking. *Doing Business* also publishes indicators on labor market regulation which are not included in the distance to frontier score or ease of doing business ranking. The economic literature has shown the importance of such regulations for firm and job creation, international trade and financial inclusion. For more discussion on this literature, see the chapter About *Doing Business*.

Over time, *Doing Business* has evolved from focusing mainly on the efficiency of regulatory processes to also measure the quality of business regulation. *Doing Business* not only measures whether there is, for example, a fast, simple and affordable process for transferring property but also whether the land administration has systems in place that ensure the accuracy of the information about that transfer.

This year *Doing Business* expands further by adding postfiling processes to the paying taxes indicators, including a gender component in three of the indicators and developing a new pilot indicator set on selling to the government (figure 1.1). Also for the first time this year *Doing Business* collects data on Somalia, bringing the total number of economies covered to 190.

Although conceptually important, these changes have a small impact on the distance to frontier and the overall doing business ranking. In paying taxes, the new postfiling processes component accounts for only 25% of the overall indicator set and, furthermore, there is a positive correlation between the old and new part of the indicator.[2] Economies that have efficient processes for paying taxes during the regular filing period also tend to have efficient processes in the postfiling period. For the most part, the formal regulatory environment as measured by *Doing Business* does not differentiate procedures according to the gender of the business owner. The addition of gender components to three separate indicators has a small impact on each of them and therefore a small impact overall. However, even if business regulation as measured by *Doing Business* is gender blind in the majority of economies, this does not mean that in practice men and women have equal opportunities as business owners. Firms owned by women, for example, tend to be smaller and less profitable than firms owned by men.[3]

FIGURE 1.1 What is changing in *Doing Business*?



Source: Doing Business database.

While economies that do well in the existing dimensions of the regulatory environment covered by *Doing Business* also tend to do well in the new aspects measured this year, it nevertheless is important to document regulatory practices in these new areas. Doing so helps to document standards of good practices in new areas of regulation which policy makers can use to chart out reforms and set benchmarks. For more information on the *Doing Business* methodology, see the data notes.

Taxes

The paying taxes indicator set is expanded this year to include postfiling processes—those processes that occur after a firm complies with its regular tax obligations. These include tax refunds, tax audits and tax appeals. In particular *Doing Business* measures the time it takes to get a value added tax (VAT) refund, deal with a simple mistake on a corporate income tax return that can potentially trigger an audit and good practices in administrative appeal processes.

The VAT refund is an integral component of a modern VAT system. The VAT has statutory incidence on the final consumer, not on businesses. According to the tax policy guidelines set out by the Organisation for Economic Co-operation and Development (OECD) a VAT system should be neutral and efficient.[4] Some businesses will incur more VAT on their purchases than they collect on their taxable sales in a given tax period and therefore should be entitled to claim the difference from the tax authorities. *Doing Business* data show that OECD high-income economies process VAT refunds the most efficiently with an average of 14.4 weeks to issue a reimbursement (even including some economies where an audit is likely to be conducted).

To analyze tax audits the *Doing Business* case study scenario was expanded to assume that a company made a simple error in the calculation of its income tax liability, leading to an incorrect corporate income tax return and consequently an underpayment of due income tax liability. The firm discovered the error and voluntarily notified the tax authority. In 74 economies—even following immediate notification by the taxpayer—the error in the income tax return is likely to trigger an audit. And in 38 economies this error will lead to a comprehensive audit of the tax return. OECD high-income economies as well as Europe and Central Asia economies have the simplest processes in place to correct a minor mistake in the income tax return. For an analysis of the data for the indicators, see the case study on paying taxes.

Gender

This year for the first time *Doing Business* adds gender components to three indicator sets included in the distance to frontier score and ease of doing business ranking. These are starting a business, registering property and enforcing contracts. This addition is based on data originally collected by *Women, Business and the Law*[5] and updated by *Doing Business*.

Why is it important to incorporate a measure of gender differences? First, around half of the world's population is female and therefore it is important that *Doing Business* measures aspects of regulation that specifically impact this large group. For some years now the *Women, Business and the Law* data have shown, for example, that in some economies a female entrepreneur faces more obstacles than her male counterpart for a variety of economic and business activities. To the extent that these obstacles are ignored, the *Doing Business* data will be incomplete. More importantly, over the last two decades we have learned a great deal about the relationship between various dimensions of gender inequality and economic growth.[6]

There is ample evidence that those economies that have integrated women more rapidly into the workforce have improved their international competitiveness by developing export-oriented manufacturing industries that tend to favor the employment of women. For the most part, legal gender disparities have been shown to have a strong link with female labor force participation.[7] Studies have also shown a clear link between economic growth and development and female labor force participation.[8]

Gender discrimination limits choices and creates distortions that can lead to less efficient outcomes. An employer's decision not to hire a woman based solely on her gender can lead to lower productivity for that particular firm. Where this practice is widespread it can have negative effects at the macro level—an economy's output and growth potential can be lower because of gender discrimination.[9]

The *Women, Business and the Law* team has documented and measured the legal disparities that are relevant to a woman's economic empowerment. Economies where there are more gender differences (as measured by *Women, Business and the Law*) perform worse on average on several important economic and social development variables: formal years of education for women compared to men are lower, labor force participation rates for women compared to men are lower, the proportion of top managers who are women is lower, the proportion of women in parliament is lower, the percentage of women that borrow from financial institutions relative to men is lower and child mortality rates are higher.[10]

Doing Business builds on the work of *Women, Business and the Law* by adding gender components to three indicator sets this year. Starting a business now includes two case studies—one where the entrepreneurs are men and one where the entrepreneurs are women—in order to address a previous lack of data on those economies where women face a higher number of procedures. Registering property now measures legal gender differentiations in property rights for ownership, use and transfer. And enforcing contracts was expanded to measure whether women's and men's testimony have the same evidentiary weight in civil courts. These three areas were selected because there is enough evidence to show their relevance for economic development and because they fit well within the *Doing Business* methodology. One new area—quotas for women in corporate boards—was studied but not included in this year's report because the evidence in this area has been mixed so far (box 1.1).

Several studies highlight the importance of equal opportunities for women entrepreneurs, creating the need to measure the differences faced by women entrepreneurs when starting a new business.[11] Research also shows the importance of equal rules regarding property rights for men and women. One study finds that after a reform to the family law in Ethiopia that established more equitable property rights over marital property between spouses, there was an increase in female labor force participation and in more productive sectors.[12] Another study finds that after changes were made to the Hindu Succession Act improving inheritance rights for women in India, there was an increase in education for girls.[13] Improving land tenure security benefits all, but a study of Rwanda's land tenure regularization program showed that women benefit the most.[14]

Twenty-three economies impose more procedures for women than men to start a business. Sixteen limit women's ability to own, use and transfer property. And in 17 economies, the civil courts do not value a woman's testimony the same way as a man's.

Three gender-related measures were added to the starting a business indicator set—whether a woman requires permission to leave the house, whether there are gender-specific identification procedures and whether a married woman requires her husband's permission to start a business. In 17 economies a married woman cannot leave the house without her husband's permission by law. Although in practice this law may not be enforced, it still reduces women's bargaining power within the household and can undermine their ability to pursue a business venture. In three economies the process of obtaining official identification is different for men and women. The official identification document is a pre-requisite to starting a business. *Doing Business* has not traditionally captured the process of obtaining identification in starting a business; it is assumed that the entrepreneur has identification before deciding to create a new business. However, when capturing gender-specific procedures it is crucial to include female-specific requirements. In Benin, for example, a married woman must present a marriage certificate when applying for identification but the same requirement does not apply to a married man. In four economies a woman requires her husband's explicit permission to start a business. This is the case in the Democratic Republic of

BOX 1.1 Women in corporate boards

Building on *Women, Business and the Law* data, this year *Doing Business* collected data on regulation that imposes quotas for women in corporate boards as well as sanctions and incentives for meeting those quotas. The data show that nine economies have such provisions. Seven of the nine economies that define quotas for women in corporate boards or impose penalties for noncompliance are OECD high-income economies—namely Belgium, France, Germany, Iceland, Israel, Italy and Norway. This type of regulation exists in other regions of the world but it is less common. The law in India, for example, requires that publicly-listed companies have at least one director that is a woman. Any business appointing a woman to a management position in Sierra Leone is now eligible for a tax credit equal to 6.5% of that female manager's compensation.

Although the data were collected, they were not included in the *Doing Business* indicators because the empirical evidence on the value of quotas for women in corporate boards is mixed. For example, some studies have questioned the link between women in the boardroom and firm performance, finding either no relationship between gender diversity and performance or even a negative relationship.[a] A Norwegian law mandating 40% representation of women in corporate boards is probably the most researched regulation in this area. One study finds that there were no significant reductions in gender wage gaps.[b] Another study of the same regulation reports a significant drop in stock prices when the law was made public and a deterioration in operating performance.[c] Nevertheless, another study found that firms with women in corporate boards undertake fewer workforce reductions than firms with only male board members.[d]

However, there are patterns of positive firm outcomes connected to the presence of women in important decision-making positions. Quoting a broad range of studies, the World Bank argues that low gender diversity in corporate boards "is seen by many as undermining a company's potential value and growth. Higher diversity is often thought to improve the board's functioning by increasing its monitoring capacity, broadening its access to information on its potential customer base, and enhancing its creativity by multiplying viewpoints. Greater diversity implies that board directors can be selected from a broader talent pool."[e] Indeed, there is evidence that companies benefit from fostering an increase in the number of women board directors. A study comparing the top and bottom quartiles of women board directors at *Fortune 500* companies found that where there were higher numbers of women on the board the companies thrived.[f] Analyzing financial measures such as return on equity, return on sales, and return on invested capital, this study established that companies with more women board directors were able to outperform those with fewer by between 42 and 66%.

There is also evidence that companies with greater participation of women in boards tend to have stronger ethical foundations. According to a report from the index provider MSCI, bribery, fraud or other corporate governance scandals are less common in corporations with more women on their boards. The dataset used in this analysis included 6,500 boards globally.[g]

a. van Dijk and others 2012; Adams and Ferreira 2009.
b. Bertrand and others 2014.
c. Ahern and Dittmar 2012.
d. Matsa and Miller 2013.
e. World Bank 2011.
f. Joy and others 2007.
g. Lee and others 2015.

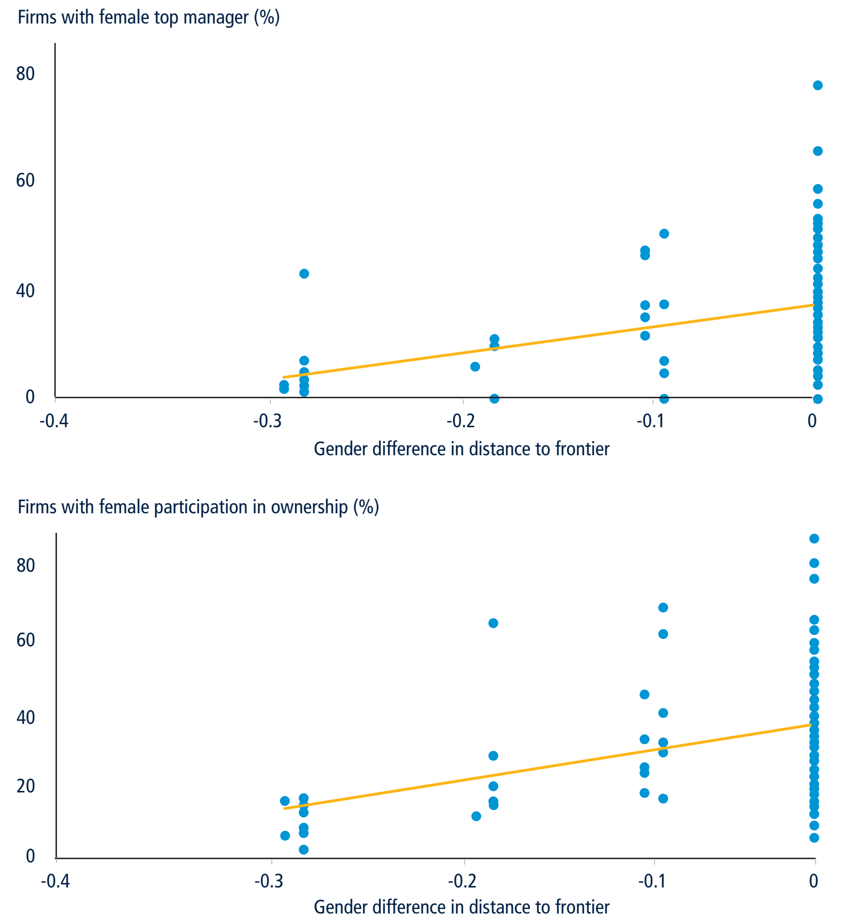
Congo, where by law a married woman needs the authorization of her husband to incorporate a business.

The registering property indicators now include two aspects regarding ownership rights. *Doing Business* measures whether unmarried men and unmarried women have equal ownership rights to property. Only two economies—Swaziland and Tonga—grant fewer rights to unmarried women. However, when the same question is used to compare the property rights of married men with married women, differences arise in 16 economies. Restrictions on property ownership are far more common for married women because these are normally linked to family and marriage codes.

Restrictions for women on starting a business are more frequent in economies in both the Middle East and North Africa and Sub-Saharan Africa. The restrictions measured in registering property are more prevalent in Sub-Saharan Africa, while those measured in enforcing contracts are more present in the Middle East and North Africa. However, these types of restrictions are present in every region except Europe and Central Asia. Only one OECD high-income economy still has a restriction—in Chile the law provides fewer property rights to married women than to married men.

Economies with more restrictions for women tend to have on average lower female labor force participation and a lower percentage of female labor force relative to male. The same relationship applies to women's participation in firm ownership and management (figure 1.2). In fact, the new gender components added to the distance to frontier have a

FIGURE 1.2 Less equal business regulation is associated with fewer women running firms



Sources: Doing Business database; Enterprise Surveys database (http://www.enterprisesurveys.org), World Bank.
Note: The relationship between the percentage of firms with female participation in ownership and the difference in distance to frontier due to the addition of gender components in three topics is significant at the 1% level after controlling for income per capita. The same applies when the analysis is done using the percentage of firms with a female top manager.

strong association with outcomes that represent women's economic empowerment. These results are associations and cannot be interpreted in a causal fashion.

Procurement

Public procurement is the process of purchasing goods, services or works by the public sector from the private sector. Overall, public procurement represents on average 10 to 25% of GDP, making the procurement market a unique pool of business opportunities for the private sector.[15] This year *Doing Business* includes an annex with analysis of a pilot indicator set on public procurement regulation called "selling to the government." The procurement process is studied across five main areas: accessibility and transparency, bid security, payment delays, incentives for small and medium-size enterprises and complaints mechanisms. For accessibility and transparency, the annex discusses data on whether information is accessible to prospective bidders and how that information can be accessed. For bid security, the indicators measure the amount that prospective bidders need to pay upfront in order to be considered in the bidding process and the form of the security deposit. For payment delays, the annex discusses data on the time it takes for the firm to receive payment from the government after the contract is completed and the service has been delivered. The incentives for small and medium-size enterprises component measures whether economies have set up specific legal provisions or policies to promote fair access for small and medium-size enterprises to government contracts. And for the complaints mechanism component, the indicators measure the process to file a grievance regarding a public procurement project including who can file a complaint, where to file a complaint and the independence of the review body as well as what remedies are granted.

The data show that 97% of the 78 economies analyzed have at least one or more online portals dedicated to public procurement and that close to 90% of economies impose a bid security deposit requirement that suppliers must fulfill for their bid to be considered. In 37% of the economies included in the selling to the government indicators, payment occurs on average within 30 days while in 48% of the economies suppliers can expect to receive payments between 31 and 90 days following completion of the contract. This analysis is presented in the annex on selling to the government and the data are available on the *Doing Business* website.

ECONOMIES WITH MORE BUSINESS-FRIENDLY REGULATIONS

Doing Business scores economies based on how business friendly their regulatory systems are using the distance to frontier score and the ease of doing business ranking. The distance to frontier score measures the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005 or the third year in which data were collected for the indicator. For the getting electricity indicators, for example, the frontier is set at three procedures, 18 days and no cost to obtain a new electricity connection in the economy's largest business city. The worst for the same group of indicators is set at

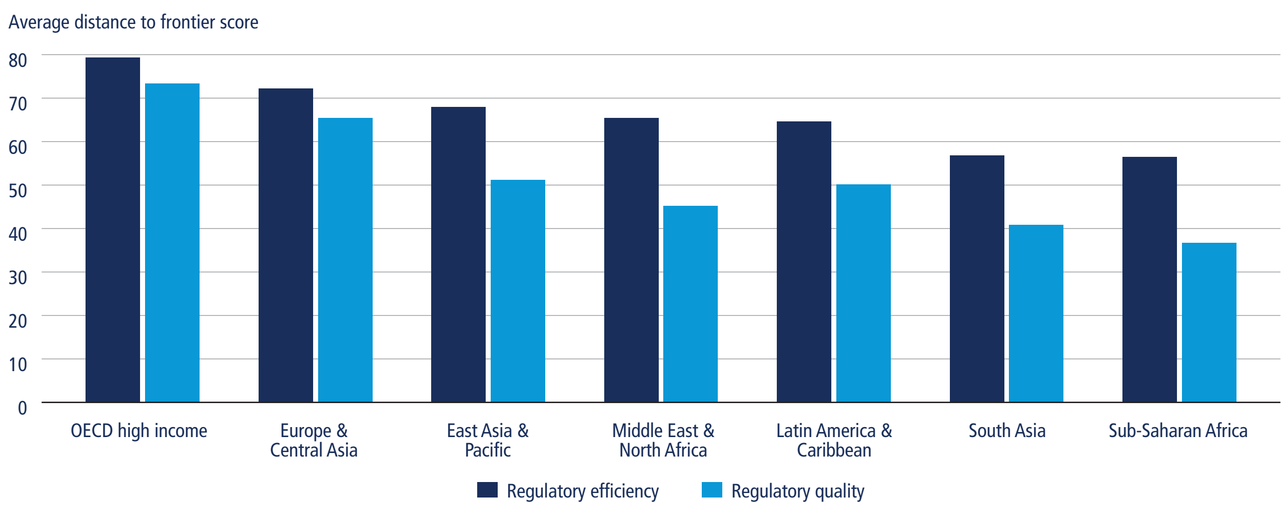
9 procedures, 248 days and 81 times the economy's income per capita as the cost. In addition, the getting electricity indicators measure the reliability of electricity supply and transparency of tariffs through an index ranging from 0 to 8; in this case 8 is the frontier score. For example, in the case of reliability and transparency, an economy with a score of 6 would be considered to be 75% of the way to the frontier and would have a distance to frontier score of that value. The ease of doing business ranking is based on economies' relative positions on the distance to frontier scores on ten different *Doing Business* indicator sets. For more details, see the chapter on the distance to frontier and ease of doing business ranking.

There was some change in the 20 economies with the top scores due mainly to the implementation of business regulatory reforms (table 1.1) and, to a much lesser extent, on account of the methodology changes mentioned above. Austria, Georgia and Latvia join the top 20 economies this year. Georgia implemented five reforms as measured by *Doing Business*. And Latvia implemented two – it improved access to credit information (by launching a private credit bureau) and made it easier to file taxes (electronically). Although the top 20 economies already have simple, effective and accessible business regulations, they continued to implement reforms this year with a total of 20 reforms implemented among them. Hong Kong SAR, China, for example, made starting a business less costly by reducing the business registration fee while Sweden made it easier to transfer property and Norway made enforcing contracts easier by introducing an electronic filing system.

OECD high-income economies have on average the most business-friendly regulatory systems, followed by Europe and Central Asia (figure 1.3). There is, however, a large variation within those two regions. New Zealand has a ranking of 1 while Greece has a ranking of 61; FYR Macedonia stands at 10 while Tajikistan is at 128. The Sub-Saharan Africa region continues to be home to the economies with the least business-friendly regulations on average. However, this year the regional improvement in the distance to frontier score for Sub-Saharan Africa was almost three times as high as the average improvement for OECD high-income economies. Nevertheless, there is still a long way for Sub-Saharan Africa to go: it takes 60 days on average to transfer property in that region, for example, compared to only 22 days for the same transaction in OECD high-income economies.

Following the expansion of the scope of the indicators in last year's report, *Doing Business* now provides further clarity on the differences between well-designed and badly designed regulation. New data on the quality of regulation make it easier to identify where regulation is enabling businesses to thrive and where it is enabling rent seeking. *Doing Business* measures the quality of regulation by focusing on whether an economy has in place the rules and processes that can lead to good outcomes, linked in each case to *Doing Business* measures of efficiency. Scores are higher for economies that, for example, have a land administration system that maintains a dependable database and produces credible titles that are respected as reliable by the legal system. Another way that *Doing Business* measures regulatory quality is through the building quality control index, which evaluates the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes and professional certification requirements that ultimately

FIGURE 1.3 The biggest gaps between regulatory efficiency and regulatory quality are in the Middle East and North Africa and in Sub-Saharan Africa



Source: Doing Business database.

Note: The distance to frontier score for regulatory efficiency is the aggregate score for the procedures (where applicable), time and cost indicators from the following indicator sets: starting a business (also including the minimum capital requirement indicator), dealing with construction permits, getting electricity, registering property, paying taxes (also including the postfiling index), trading across borders, enforcing contracts and resolving insolvency. The distance to frontier score for regulatory quality is the aggregate score for getting credit and protecting minority investors as well as the regulatory quality indices from the indicator sets on dealing with construction permits, getting electricity, registering property, enforcing contracts and resolving insolvency.

TABLE 1.1 Ease of doing business ranking

Rank	Economy	DTF score	Rank	Economy	DTF score	Rank	Economy	DTF score
1	New Zealand	87.01 ↑	65	Azerbaijan	67.99 ↑	128	Tajikistan	55.34 ↑
2	Singapore	85.05 ↑	66	Oman	67.73 ↑	129	Cabo Verde	55.28
3	Denmark	84.87 ↑	67	Jamaica	67.54 ↑	130	India	55.27 ↑
4	Hong Kong SAR, China	84.21 ↑	68	Morocco	67.50 ↑	131	Cambodia	54.79 ↑
5	Korea, Rep.	84.07 ↑	69	Turkey	67.19	132	Tanzania	54.48 ↑
6	Norway	82.82 ↑	70	Panama	66.19	133	Malawi	54.39 ↑
7	United Kingdom	82.74 ↑	71	Botswana	65.55 ↑	134	St. Kitts and Nevis	53.96
8	United States	82.45	72	Brunei Darussalam	65.51 ↑	135	Maldives	53.94
9	Sweden	82.13 ↑	73	Bhutan	65.37 ↑	136	Palau	53.81 ↑
10	Macedonia, FYR	81.74 ↑	74	South Africa	65.20	137	Mozambique	53.78
11	Taiwan, China	81.09 ↑	75	Kyrgyz Republic	65.17 ↑	138	Grenada	53.75
12	Estonia	81.05 ↑	76	Malta	65.01 ↑	139	Lao PDR	53.29 ↑
13	Finland	80.84	77	Tunisia	64.89 ↑	140	West Bank and Gaza	53.21 ↑
14	Latvia	80.61 ↑	78	China	64.28 ↑	141	Mali	52.96 ↑
15	Australia	80.26 ↑	79	San Marino	64.11 ↑	142	Côte d'Ivoire	52.31 ↑
16	Georgia	80.20 ↑	80	Ukraine	63.90 ↑	143	Marshall Islands	51.92 ↑
17	Germany	79.87	81	Bosnia and Herzegovina	63.87 ↑	144	Pakistan	51.77 ↑
18	Ireland	79.53 ↑	82	Vietnam	63.83 ↑	145	Gambia, The	51.70 ↑
19	Austria	78.92 ↑	83	Qatar	63.66	146	Burkina Faso	51.33 ↑
20	Iceland	78.91 ↑	83	Vanuatu	63.66 ↑	147	Senegal	50.68 ↑
21	Lithuania	78.84 ↑	85	Tonga	63.58	148	Sierra Leone	50.23 ↑
22	Canada	78.57	86	St. Lucia	63.13	149	Bolivia	49.85 ↑
23	Malaysia	78.11	87	Uzbekistan	63.03 ↑	150	Niger	49.57 ↑
24	Poland	77.81 ↑	88	Guatemala	62.93 ↑	151	Micronesia, Fed. Sts.	49.48
25	Portugal	77.40 ↑	89	Samoa	62.17 ↑	152	Kiribati	49.19 ↑
26	United Arab Emirates	76.89 ↑	90	Uruguay	61.85 ↑	153	Comoros	48.69 ↑
27	Czech Republic	76.71 ↑	91	Indonesia	61.52 ↑	154	Togo	48.57 ↑
28	Netherlands	76.38 ↑	92	Kenya	61.22 ↑	155	Benin	48.52 ↑
29	France	76.27 ↑	93	Seychelles	61.21 ↑	156	Algeria	47.76 ↑
30	Slovenia	76.14 ↑	94	Saudi Arabia	61.11 ↑	157	Burundi	47.37 ↑
31	Switzerland	76.06	95	El Salvador	61.02	158	Suriname	47.28 ↑
32	Spain	75.73 ↑	96	Trinidad and Tobago	60.99	159	Ethiopia	47.25 ↑
33	Slovak Republic	75.61 ↑	97	Fiji	60.71	160	Mauritania	47.21 ↑
34	Japan	75.53 ↑	98	Zambia	60.54	161	Zimbabwe	47.10 ↑
35	Kazakhstan	75.09 ↑	99	Philippines	60.40 ↑	162	São Tomé and Príncipe	46.75 ↑
36	Romania	74.26 ↑	100	Lesotho	60.37 ↑	163	Guinea	46.23 ↑
37	Belarus	74.13 ↑	101	Dominica	60.27	164	Gabon	45.88
38	Armenia	73.63 ↑	102	Kuwait	59.55	165	Iraq	45.61 ↑
39	Bulgaria	73.51 ↑	103	Dominican Republic	59.35 ↑	166	Cameroon	45.27 ↑
40	Russian Federation	73.19	104	Solomon Islands	59.17 ↑	167	Madagascar	45.10 ↑
41	Hungary	73.07 ↑	105	Honduras	59.09	168	Sudan	44.76
42	Belgium	73.00	106	Paraguay	59.03	169	Nigeria	44.63 ↑
43	Croatia	72.99 ↑	107	Nepal	58.88	170	Myanmar	44.56 ↑
44	Moldova	72.75 ↑	108	Ghana	58.82 ↑	171	Djibouti	44.50 ↑
45	Cyprus	72.65 ↑	108	Namibia	58.82	172	Guinea-Bissau	41.63 ↑
46	Thailand	72.53 ↑	110	Sri Lanka	58.79 ↑	173	Syrian Arab Republic	41.43
47	Mexico	72.29 ↑	111	Swaziland	58.34 ↑	174	Liberia	41.41
47	Serbia	72.29 ↑	112	Belize	58.06	175	Timor-Leste	40.88
49	Mauritius	72.27 ↑	113	Antigua and Barbuda	58.04	176	Bangladesh	40.84 ↑
50	Italy	72.25 ↑	114	Ecuador	57.97 ↑	177	Congo, Rep.	40.58
51	Montenegro	72.08 ↑	115	Uganda	57.77 ↑	178	Equatorial Guinea	39.83
52	Israel	71.65 ↑	116	Argentina	57.45 ↑	179	Yemen, Rep.	39.57
53	Colombia	70.92 ↑	117	Barbados	57.42 ↑	180	Chad	39.07 ↑
54	Peru	70.25 ↑	118	Jordan	57.30 ↑	181	Haiti	38.66 ↑
55	Puerto Rico (U.S.)	69.82 ↑	119	Papua New Guinea	57.29 ↑	182	Angola	38.41
56	Rwanda	69.81 ↑	120	Iran, Islamic Rep.	57.26 ↑	183	Afghanistan	38.10
57	Chile	69.56 ↑	121	Bahamas, The	56.65	184	Congo, Dem. Rep.	37.57 ↑
58	Albania	68.90 ↑	122	Egypt, Arab Rep.	56.64 ↑	185	Central African Republic	36.25
59	Luxembourg	68.81 ↑	123	Brazil	56.53	186	South Sudan	33.48
60	Kosovo	68.79 ↑	124	Guyana	56.26 ↑	187	Venezuela, RB	33.37
61	Greece	68.67	125	St. Vincent and the Grenadines	55.91	188	Libya	33.19
62	Costa Rica	68.50 ↑	126	Lebanon	55.90	189	Eritrea	28.05 ↑
63	Bahrain	68.44 ↑	127	Nicaragua	55.75 ↑	190	Somalia	20.29 ↑
64	Mongolia	68.15 ↑						

Source: Doing Business database.

Note: The rankings are benchmarked to June 2016 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. For the economies for which the data cover two cities, scores are a population-weighted average for the two cities. An arrow indicates an improvement in the score between 2015 and 2016 (and therefore an improvement in the overall business environment as measured by *Doing Business*), while the absence of one indicates either no improvement or a deterioration in the score. The score for both years is based on the new methodology.

lead to safe buildings. Efficient business regulatory systems allow entrepreneurs to achieve business-related tasks simply, quickly and inexpensively. Therefore, an economy scores better on the metric for regulatory efficiency if it has a system in place that allows entrepreneurs to start a business through a small number of steps, in short time and at lower cost.

Regulatory efficiency and regulatory quality go hand in hand. Economies that have efficient regulatory processes as measured by *Doing Business* also tend to have good regulatory quality. However, the gap between the two measures varies significantly by region. In OECD high-income economies, the average distance to the frontier score for regulatory efficiency is 79.4 while regulatory quality lags at 73.4. In the Middle East and North Africa and Sub-Saharan Africa the gap between efficiency and quality is larger: on efficiency these regions score 65.4 and 56.5 while on quality they score 45.2 and 36.7, respectively.

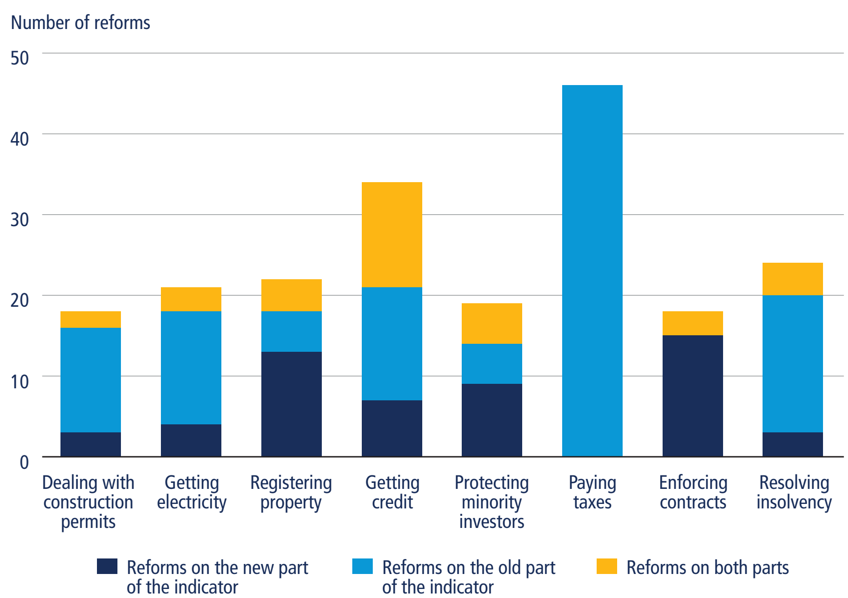
ECONOMIES WITH THE LARGEST IMPROVEMENTS IN BUSINESS REGULATION IN 2015/16

In 2015/16, 137 economies worldwide implemented 283 business regulatory reforms. This represents an increase of more than 20% compared to last year. In fact, the number of economies that implemented at least one reform increased from 122 to 137, indicating that there are more economies trying to improve in the areas measured in *Doing Business*. And 139 economies made an improvement in the distance to frontier score; doing business is now easier and less costly in those economies compared to last year. With 49 reforms, starting a business continues to be the indicator set with the highest number of reforms followed by paying taxes with 46. Of the economies in Europe and Central Asia, 96% implemented at least one *Doing Business* reform. Sub-Saharan Africa is the region with the second-highest incidence of reforms, with 77% of economies implementing at least one reform captured by *Doing Business*.

Ten economies are highlighted this year for making the biggest improvements in their business regulations—Brunei Darussalam, Kazakhstan, Kenya, Belarus, Indonesia, Serbia, Georgia, Pakistan, the United Arab Emirates and Bahrain. The ease of doing business ranking for these economies ranges from 144 in Pakistan to 16 in Georgia; on average it is 62. Compared to previous years there is a lower number of top improvers from Sub-Saharan Africa even though this region accounts for over a quarter of all reforms globally.

There are several possible explanations for the increase in reform intensity. One is that economies are increasingly interested in improving business regulatory conditions and therefore are reforming more. Another is that there are more areas where reforms can be captured following the expansion of the *Doing Business* methodology. The data indicate that both factors have contributed. A substantial number of the reforms implemented this year are in areas that were added since *Doing Business 2015* (figure 1.4). Around 26% of the reforms implemented in the expanded indicator sets were only made in these new areas. And another 17% concern both the new and old indicators. Indeed, over 40% of all reforms affected at least one of the components added since *Doing Business 2015*. The frequency of reform in the new areas varies substantially by topic, with the most reforms occurring within the enforcing contracts and registering property indicators. In registering property, for example, this year the cadastral maps have been digitized and made available online in Jakarta and Surabaya, Indonesia. The online application provides customers with access to a spatial database that allows them to check property boundaries. And in enforcing contracts, the government of Rwanda introduced the Integrated Electronic Case Management

FIGURE 1.4 *Doing Business* reforms in 2015/16 in the areas added since *Doing Business 2015*



Source: Doing Business database.

Note: The new components added since *Doing Business* 2015 are: the building quality control index in dealing with construction permits, the reliability of supply and transparency of tariffs index in getting electricity, the quality of land administration index in registering property, 3 points in the strength of legal rights index and 2 points in the depth of credit information index in getting credit, extent of shareholder governance index in protecting minority investors, post-filing in paying taxes, quality of judicial processes index in enforcing contracts and strength of insolvency framework index in resolving insolvency.

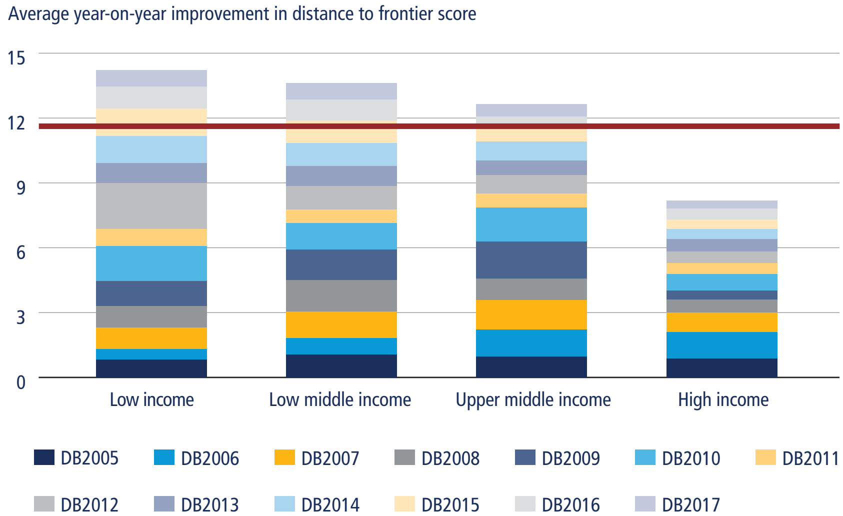
System in Kigali city courts and all commercial courts.

For a full discussion of the 283 reforms implemented in 2015/16 and more information on the top improvers, see the chapter on reforming the business environment.

ECONOMIES WITH THE LARGEST IMPROVEMENTS IN BUSINESS REGULATION SINCE 2003

Each year *Doing Business* captures substantive reforms implemented by economies across all ten indicator sets included in the ease of doing business ranking. Since *Doing Business 2005* over 2,900 business regulatory reforms have been implemented in 186 economies. Only Kiribati, Libya, Somalia and South Sudan have not implemented a reform captured by the *Doing Business* indicators. The majority of these reforms have been made in low-income and middle-income economies, leading to more significant improvements in business regulation compared to high-income economies. The gap between high-income economies and low-income economies is therefore narrowing when it comes to the quality and efficiency of business regulation (figure 1.5).

FIGURE 1.5 Low-income economies have made bigger improvements over time in the quality and efficiency of business regulation

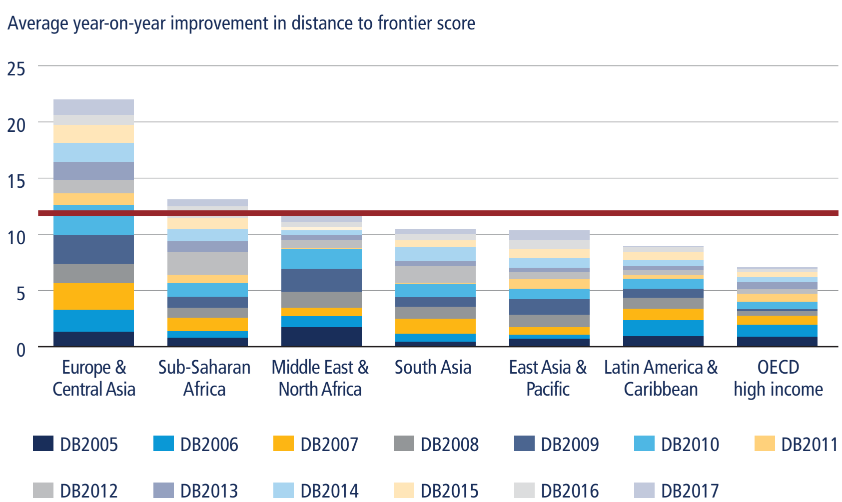


Source: Doing Business database.
Note: The red line shows the average global improvement in the distance to frontier score since 2004. The measure is normalized to range from 0 to 100, with 100 representing the frontier. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

The reform intensity varies considerably across regions. With over 26 reforms per economy since 2004, Europe and Central Asia is the region that has reformed the most intensely since *Doing Business* began gathering data on business regulation. The global average is around 15 reforms per economy. These reforms have produced significant improvements in business regulation. Since 2004, economies in Europe and Central Asia have improved over 20 points on average in the distance to frontier score, moving into second position in the regional rankings behind the OECD high-income economies for the most business-friendly regulations (figure 1.6).

How did Europe and Central Asia accomplish this? The most reformed *Doing Business* areas in Europe and Central Asia are starting a business, paying taxes and getting credit. Georgia, FYR Macedonia, Kazakhstan, Belarus, Armenia, and the Russian Federation have made the most reforms in Europe and Central Asia, implementing over 30 reforms each since 2004. Moreover, seven countries in the region—Armenia, Belarus, Georgia, Kazakhstan, Lithuania, FYR Macedonia

FIGURE 1.6 Europe and Central Asia has made a substantially bigger improvement in business regulation over time than any other region



Source: Doing Business database.
Note: The red line shows the average global improvement in the distance to frontier score since 2004. The measure is normalized to range from 0 to 100, with 100 representing the frontier. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

and Ukraine—reformed across all *Doing Business* indicators. Another 13 economies implemented reforms in eight to 10 areas measured by *Doing Business*. This shows that economies tend to expand their reform efforts to encompass multiple business regulatory environments rather than choosing a narrow reform path.

The region with the lowest average number of reforms per economy is East Asia and the Pacific with 13 reforms per economy since 2004. This is partly due to the fact that the Pacific islands have been slow to reform. The OECD high-income economies have the lowest average improvement, mainly because of reduced room for progress. It is hard to advance by much when you are already close to the top.

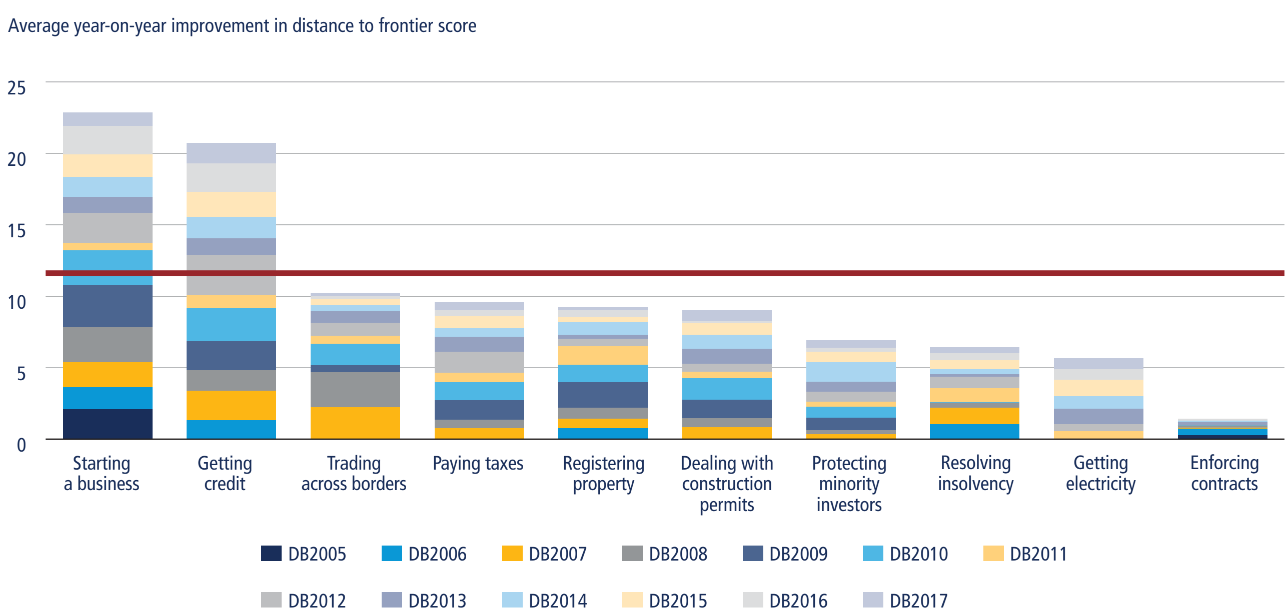
Reforming the requirements for starting a business is by far the most common area for reform—586 reforms have been captured by the starting a business indicator set since 2004 (figure 1.7). Only 14 economies have not improved their business registration processes. One of these economies is República Bolivariana de Venezuela, where it takes 230 days to start a new business, significantly higher than the global average of 21 days (down from 51 days in 2003). In the past year, República Bolivariana de Venezuela has actually made the process more time consuming—an increase of 44 days—by limiting the work schedule of the public sector amidst an energy crisis.

The indicator set with the second highest number of reforms is paying taxes, with 443 reforms implemented since 2004. But reforms captured within the getting credit indicators—although there were only 400 recorded—have resulted in a bigger improvement in the distance to frontier score. The data also show that court systems, as captured in both the enforcing contracts and resolving insolvency indicator sets, are the institutions reformed least frequently.

THE RELATIONSHIP BETWEEN BUSINESS REGULATION AND INCOME INEQUALITY

A recent World Bank report focusing on poverty and shared prosperity provides new evidence on the status of income inequality worldwide. Domestic income inequality has fallen in more economies than it has risen since 2008 (across a sample of 81 economies). However, the global average for domestic income inequality is larger today than 25 years ago.[16] Indeed, income inequality is an important concern. Excessive income inequality can have many negative effects, including political instability and civil unrest. The determinants of income inequality have been widely studied in the economic literature—what increases it, what can reduce it and its negative consequences. For example, policies such as early childhood development, universal education and health care

FIGURE 1.7 Economies have improved regulatory processes the most in the area of starting a business



Source: Doing Business database.

Note: The red line shows the average global improvement in the distance to frontier score since 2004. The measure is normalized to range from 0 to 100, with 100 representing the frontier. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

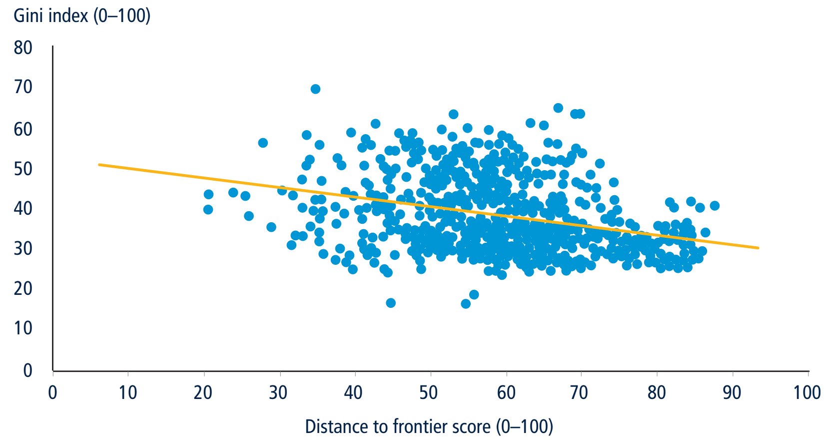
and infrastructure investments in roads and electrification have been shown to have positive effects in reducing income inequality.[17]

Several recent studies link weaker economic growth to higher income inequality, although there is a debate on the validity of these results.[18] Growth analysis is typically based on cross-country data across multiple years. These data tend to have statistical characteristics that make it harder to identify causality and understand the links between variables. Furthermore, the data on inequality in a large cross-country setting and over time is very limited and often may be imputed between years. With that caveat in mind, studies linking economic growth and inequality find that, for example, higher income inequality is associated with a smaller tax base and therefore lower tax collection and more indebtedness by governments.[19] There is also a gender component to income disparity; the data show that where there are higher levels of gender inequality, there are also higher levels of income inequality.[20] Gender inequality exists at various levels: educational, access to assets and overall low investment in girls and women.[21]

A considerable body of evidence confirms that cross-country differences in the quality of business regulation are strongly correlated with differences in income per capita across economies.[22] But can business regulation also be a factor in understanding income differences across individuals within an economy? Business regulation that is transparent and accessible makes it easier for people of all income levels to access markets, develop their businesses and navigate the bureaucratic world. People of low income are more likely to benefit from transparent regulation because, unlike wealthy individuals, they cannot afford experts to help them navigate the system and are more likely to be excluded from economic opportunities when business regulation is cumbersome. In fact, research shows that where business regulation is simpler and more accessible, firms start smaller and firm size can be a proxy for the income of the entrepreneur.[23] *Doing Business* data confirms this notion. There is a negative association between the Gini index, which measures income inequality within an economy, and the distance to frontier score, which measures the quality and efficiency of business regulation when the data are compared over time (figure 1.8).

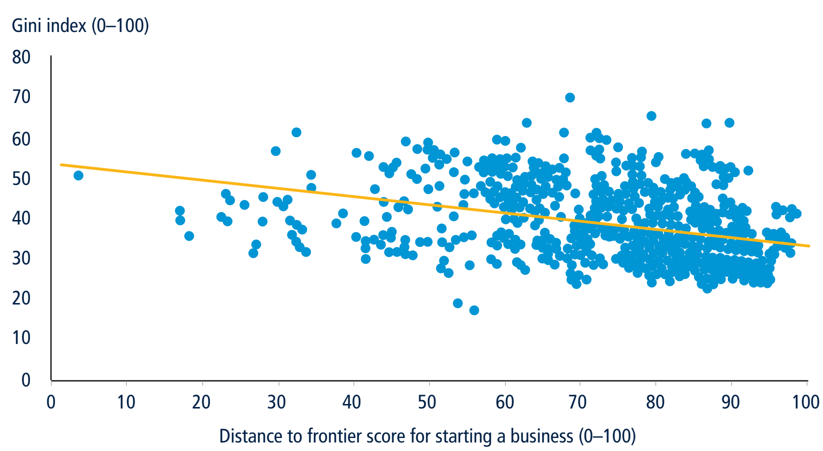
Data across multiple years and economies show that as economies improve business regulation, income inequality tends to decrease in parallel. Although these results are associations and do not imply causality, it is important to see such relation. The results differ by regulatory area. Facilitating entry and exit in and out of the market—as measured by the starting a business and resolving insolvency

FIGURE 1.8 Economies with more business-friendly regulation tend to have lower levels of income inequality on average



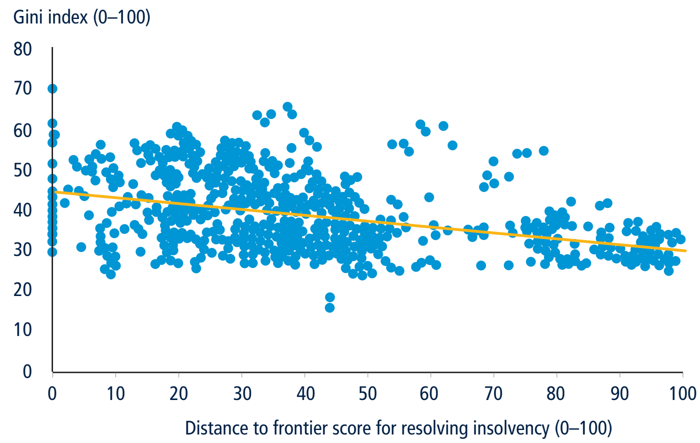
Sources: Doing Business database; PovcalNet (http://iresearch.worldbank.org/PovcalNet/index.htm), World Bank.
Note: The figure compares distance to frontier score to the Gini index as calculated in PovcalNet. The data ranges from 2003 to 2013 and includes 713 observations. The correlation between the Gini index and the distance to frontier score is -0.33. The relationship is significant at the 1% level after controlling for income per capita and government expenditure.

FIGURE 1.9 Economies where it is easier to start a business tend to have lower levels of income inequality on average



Sources: Doing Business database; PovcalNet (http://iresearch.worldbank.org/PovcalNet/index.htm), World Bank.
Note: The figure compares the starting a business indicator distance to frontier score to the Gini index as calculated in PovcalNet. The data ranges from 2003 to 2013 and includes 713 observations. The correlation between the Gini index and the distance to frontier score is -0.35. The relationship is significant at the 1% level after controlling for income per capita and government expenditure.

FIGURE 1.10 Economies where it is easier to close a business tend to have lower levels of income inequality on average



Sources: Doing Business database; PovcalNet (http://iresearch.worldbank.org/PovcalNet/index.htm), World Bank.
Note: The figure compares the resolving insolvency indicator distance to frontier score to the Gini index as calculated in PovcalNet. The data ranges from 2003 to 2013 and includes 713 observations. The correlation between the Gini index and the distance to frontier score is -0.40. The relationship is significant at the 5% level after controlling for income per capita and government expenditure.

indicators—have the strongest link with income inequality reduction (figures 1.9 and 1.10). These two *Doing Business* indicators are focused on equalizing opportunities and access to markets.

CONTENTS OF THIS YEAR'S REPORT

This year's report presents six case studies and two annexes. The case studies focus on the areas that are included in the ease of doing business ranking while the annexes cover areas not included in the ranking. The case studies and annexes either present new indicators or provide further insights from the data collected through methodology changes implemented in the past two years.

The getting electricity case study highlights the importance of a reliable power supply for business and discusses the challenges and successes of four very different economies—Cameroon, Guatemala, Indonesia and Pakistan. This year, two case studies on getting credit are presented, one focusing on the strength of legal rights index and one focusing on the depth of credit information. The case study on the strength of legal rights index discusses two approaches to the reform process, one where the economy completely discards the existing laws and regulation and creates a new overarching framework for secured transactions and another where the economy makes piecemeal reforms while preserving the existing overarching framework. The case study on the depth of credit information highlights the importance of a well-functioning credit bureau or registry for financial inclusion and discusses how they can increase their coverage by broadening the sources of information. The case study on protecting minority investors analyzes the reforms that focus on the newest parts of the indicator. Reforms implemented in India and Switzerland are discussed in detail. The case study on paying taxes presents and analyzes the new data on postfiling processes. Finally, the case study on trading across borders discusses the importance of single windows and electronic systems for simplifying trade logistics and reducing corruption.

The two annexes present the data analysis for two topics, labor market regulation and selling to the government. Selling to the government is a pilot indicator this year, covering 78 economies.

NOTES

1. For 11 economies the data are also collected for the second largest business city (see table 12A.1 in the data notes).
2. The correlation between the old part and the new part of the paying taxes indicator set is 0.92.
3. Amin 2010; Bruhn 2009.
4. OECD 2014a.
5. World Bank Group 2015a.
6. Klasen 1999; Duflo 2012.
7. Gonzales and others 2015.
8. Elborgh-Woytek and others 2013; Duflo 2012; Revenga and Shetty 2012; World Bank 2011.
9. Esteve-Volart 2000 and 2004.
10. Iqbal and others 2016.
11. OECD 2012.
12. Hallward-Driemeier and Hasan 2012.
13. Deininger and others 2010.
14. Ali and others 2014.
15. The European Union estimates that public procurement amounts to between 10 and 25% of GDP globally (see http://ec.europa.eu/trade/policy/accessing-markets/public-procurement/). The WTO estimates that public procurement represents between 10 and 15% of GDP (https://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm).
16. World Bank 2016a.
17. World Bank 2016a.
18. Kraay 2015.
19. Aizenman and Jinjarak 2012.
20. Gonzales and others 2015.
21. Dollar and Gatti 1999; World Bank 2011.
22. Marimon and Quadrini 2008; Barseghyan 2008; Freund and Bolaky 2008.
23. Klapper and others 2006.

Doing Business 2017

About *Doing Business*

The foundation of *Doing Business* is the notion that economic activity, particularly private sector development, benefits from clear and coherent rules: Rules that set out and clarify property rights and facilitate the resolution of disputes. And rules that enhance the predictability of economic interactions and provide contractual partners with essential protections against arbitrariness and abuse. Such rules are much more effective in shaping the incentives of economic agents in ways that promote growth and development where they are reasonably efficient in design, are transparent and accessible to those for whom they are intended and can be implemented at a reasonable cost. The quality of the rules also has a crucial bearing on how societies distribute the benefits and finance the costs of development strategies and policies.

Good rules are a key to social inclusion. Enabling growth—and ensuring that all people, regardless of income level, can participate in its benefits—requires an environment where new entrants with drive and good ideas can get started in business and where good firms can invest and expand. The role of government policy in the daily operations of domestic small and medium-size firms is a central focus of the *Doing Business* data. The objective is to encourage regulation that is designed to be efficient, accessible to all and simple to implement. Onerous regulation diverts the energies of entrepreneurs away from developing their businesses. But regulation that is efficient, transparent and implemented in a simple way facilitates business expansion and innovation, and makes it easier for aspiring entrepreneurs to compete on an equal footing.

Doing Business measures aspects of business regulation for domestic firms through an objective lens. The focus of the project is on small and medium-size companies in the largest business city of an economy. Based on standardized case studies, *Doing Business* presents quantitative indicators on the regulations that apply to firms at different stages of their life cycle. The results for each economy can be compared with those for 189 other economies and over time.

FACTORS *DOING BUSINESS* MEASURES

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency (table 2.1). *Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

- *Doing Business* measures aspects of business regulation affecting domestic small and medium-size firms defined based on standardized case scenarios and located in the largest business city of each economy. In addition, for 11 economies a second city is covered.
- *Doing Business* covers 11 areas of business regulation across 190 economies. Ten of these areas—starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency—are included in the distance to frontier score and ease of doing business ranking. *Doing Business* also measures features of labor market regulation, which is not included in these two measures.
- *Doing Business* relies on four main sources of information: the relevant laws and regulations, *Doing Business* respondents, the governments of the economies covered and the World Bank Group regional staff.
- More than 39,000 professionals in 190 economies have assisted in providing the data that inform the *Doing Business* indicators over the past 14 years.
- This year's report expands the paying taxes indicator set to cover postfiling processes—what happens after a firm pays taxes—such as tax refunds, tax audits and administrative tax appeals.
- *Doing Business* includes a gender dimension in four of the 11 indicator sets. Starting a business, registering property and enforcing contracts present a gender dimension for the first time this year. Labor market regulation already captured gender disaggregated data in last year's report.

TABLE 2.1 What *Doing Business* measures—11 areas of business regulation

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

How the indicators are selected

The choice of the 11 sets of *Doing Business* indicators has been guided by economic research and firm-level data, specifically data from the World Bank Enterprise Surveys.[1] These surveys provide data highlighting the main obstacles to business activity as reported by entrepreneurs in more than 130,000 firms in 139 economies. Access to finance and access to electricity, for example, are among the factors identified by the surveys as important to businesses—inspiring the design of the *Doing Business* indicators on getting credit and getting electricity.

The design of the *Doing Business* indicators has also been informed by theoretical insights gleaned from extensive research and the literature on the role of institutions in enabling economic development. In addition, the background papers developing the methodology for each of the *Doing Business* indicator sets have established the importance of the rules and regulations that *Doing Business* focuses on for such economic outcomes as trade volumes, foreign direct investment, market capitalization in stock exchanges and private credit as a percentage of GDP.[2]

Some *Doing Business* indicators give a higher score for more regulation and better-functioning institutions (such as courts or credit bureaus). Higher scores are given for stricter disclosure requirements for related-party transactions, for example, in the area of protecting minority investors. Higher scores are also given for a simplified way of applying regulation that keeps compliance costs for firms low—such as by easing the burden of business start-up formalities with a one-stop shop or through a single online portal. Finally, *Doing Business* scores reward economies that apply a risk-based approach to regulation as a way to address social and environmental concerns—such as by imposing a greater regulatory burden on activities that pose a high risk to the population and a lesser one on lower-risk activities. Thus the economies that rank highest on the ease of doing business are not those where there is no regulation—but those where governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector.

The distance to frontier and ease of doing business ranking

To provide different perspectives on the data, *Doing Business* presents data both for individual indicators and for two aggregate measures: the distance to frontier score and the ease of doing business ranking. The distance to frontier score aids in assessing the absolute level of regulatory performance and how it improves over time. This measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005 or the third year in which data were collected for the indicator. The frontier is set at the highest possible value for indicators calculated as scores, such as the strength of legal rights index or the quality of land administration index. This underscores the gap between a particular economy's performance and the best performance at any point in time and to assess the absolute change in the economy's regulatory environment over time as measured by *Doing Business*. The distance to frontier is first computed for each topic and then averaged across all topics to compute the aggregate distance to frontier score. The ranking on the ease of doing business complements the distance to frontier score by providing information about an economy's performance in business regulation relative to the performance of other economies as measured by *Doing Business*.

Doing Business uses a simple averaging approach for weighting component indicators, calculating rankings and determining the distance to frontier score.[3] Each topic covered by *Doing Business* relates to a different aspect of the business regulatory environment. The distance to frontier scores and rankings of each economy vary, often considerably, across topics, indicating that a strong performance by an economy in one area of regulation can coexist with weak performance in another (figure 2.1). One way to assess the variability of an economy's regulatory performance is to look at its distance to frontier scores across topics (see the country tables). Morocco, for example, has an overall distance to frontier score of 67.50, meaning that it is two-thirds of the way from the worst to the best performance. Its distance to frontier score is 92.34 for starting a business, 83.51 for paying taxes and 81.12 for trading across borders. At the same time, it has a distance to frontier score of 33.89 for resolving insolvency, 45 for getting credit and 53.33 for protecting minority investors.

FACTORS *DOING BUSINESS* DOES NOT MEASURE

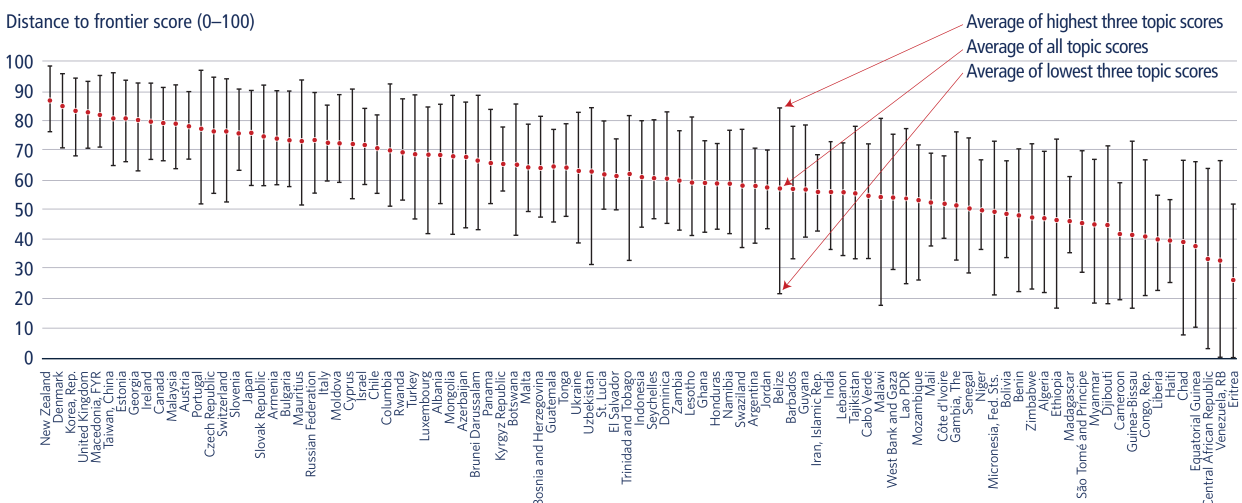
Many important policy areas are not covered by *Doing Business*; even within the areas it covers its scope is narrow (table 2.2). *Doing Business* does not measure the full range of factors, policies and institutions that affect the quality of an economy's business environment or its national competitiveness. It does not, for example, capture aspects of macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption or the quality of the labor force.

The focus is deliberately narrow even within the relatively small set of indicators included in *Doing Business*. The time and cost required for the logistical process of exporting and importing goods is captured in the trading across borders indicators, for example, but they do not measure the cost of tariffs or of international transport. *Doing Business* provides a narrow perspective on the infrastructure challenges that firms face, particularly in the developing world, through these indicators. It does not address the extent to which inadequate roads, rail, ports and communications may add to firms' costs and undermine competitiveness (except to the extent that the trading across borders indicators indirectly measure the quality of ports and border connections). Similar to the

TABLE 2.2 What *Doing Business* does not cover

Examples of areas not covered
Macroeconomic stability
Development of the financial system
Quality of the labor force
Incidence of bribery and corruption
Market size
Lack of security
Examples of aspects not included within the areas covered
In paying taxes, personal income tax rates
In getting credit, the monetary policy stance and the associated ease or tightness of credit conditions for firms
In trading across borders, export or import tariffs and subsidies
In resolving insolvency, personal bankruptcy rules

FIGURE 2.1 An economy's regulatory environment may be more business-friendly in some areas than in others



Source: Doing Business database.

Note: The distance to frontier scores reflected are those for the 10 *Doing Business* topics included in this year's aggregate distance to frontier score. The figure is illustrative only; it does not include all 190 economies covered by this year's report. See the country tables for the distance to frontier scores for each *Doing Business* topic for all economies.

indicators on trading across borders, all aspects of commercial legislation are not covered by those on starting a business or protecting minority investors. And while *Doing Business* measures only a few aspects within each area that it covers, business regulation reforms should not focus only on these aspects, because those that it does not measure are also important.

Doing Business does not attempt to quantify all costs and benefits of a particular law or regulation to society as a whole. The paying taxes indicators measure the total tax rate, which, in isolation, is a cost to businesses. However, the indicators do not measure—nor are they intended to measure—the benefits of the social and economic programs funded with tax revenues. Measuring the quality and efficiency of business regulation provides only one input into the debate on the regulatory burden associated with achieving regulatory objectives, which can differ across economies. *Doing Business* provides a starting point for this discussion and should be used in conjunction with other data sources.

TABLE 2.3 Advantages and limitations of the *Doing Business* methodology

Feature	Advantages	Limitations
Use of standardized case scenarios	Makes data comparable across economies and methodology transparent, using case scenarios that are common globally	Reduces scope of data; only regulatory reforms in areas measured can be systematically tracked; the case scenarios may not be the most common in a particular economy
Focus on largest business city[a]	Makes data collection manageable (cost-effective) and data comparable	Reduces representativeness of data for an economy if there are significant differences across locations
Focus on domestic and formal sector	Keeps attention on formal sector—where regulations are relevant and firms are most productive	Unable to reflect reality for informal sector—important where that is large—or for foreign firms facing a different set of constraints
Reliance on expert respondents	Ensures that data reflect knowledge of those with most experience in conducting types of transactions measured	Indicators less able to capture variation in experiences among entrepreneurs
Focus on the law	Makes indicators "actionable"—because the law is what policy makers can change	Where systematic compliance with the law is lacking, regulatory changes will not achieve full results desired

Source: Doing Business database.

a. In economies with a population of more than 100 million as of 2013, *Doing Business* covers business regulation in both the largest and second largest business city.

ADVANTAGES AND LIMITATIONS OF THE METHODOLOGY

The *Doing Business* methodology is designed to be an easily replicable way to benchmark specific aspects of business regulation. Its advantages and limitations should be understood when using the data (table 2.3).

Ensuring comparability of the data across a global set of economies is a central consideration for the *Doing Business* indicators, which are developed around standardized case scenarios with specific assumptions. One such assumption is the location of a standardized business—the subject of the *Doing Business* case study—in the largest business city of the economy. The reality is that business regulations and their enforcement may differ within a country, particularly in federal states and large economies. But gathering data for every relevant jurisdiction in each of the 190 economies covered by *Doing Business* is infeasible. Nevertheless, where policy makers are interested in generating data at the local level, beyond the largest business city, *Doing Business* has complemented its global indicators with subnational studies (box 2.1). Coverage was extended to the second largest business city in economies with a population of more than 100 million (as of 2013) in *Doing Business 2015*.

Doing Business recognizes the limitations of the standardized case scenarios and assumptions. But while such assumptions come at the expense of generality, they also help to ensure the comparability of data. Some *Doing Business* topics are complex, and so it is important that the standardized cases are defined carefully. For example, the standardized case scenario usually involves a limited liability company or its legal equivalent. There are two reasons for this assumption. First, private, limited liability companies are the most prevalent business form (for firms with more than one owner) in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into business when potential losses are limited to their capital participation.

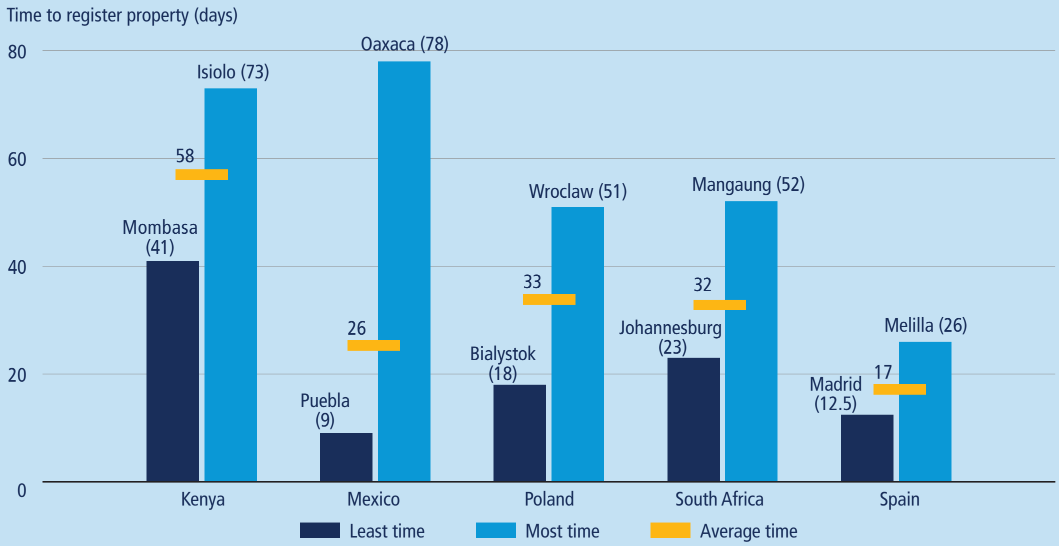
Another assumption underlying the *Doing Business* indicators is that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not be aware of what needs to be done or how to comply with regulations and may lose considerable time trying to find out. Alternatively, they may intentionally avoid compliance—by not registering for social security, for example. Firms may opt for bribery and other informal arrangements intended to bypass the rules where regulation is particularly onerous—an aspect that helps explain differences between the de jure data provided by *Doing Business* and the de facto insights offered by the World Bank Enterprise Surveys.[4] Levels of informality tend to be higher in economies with particularly burdensome regulation. Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer

BOX 2.1 Comparing regulation at the local level: subnational *Doing Business* studies

Subnational *Doing Business* studies, which are undertaken at the request of governments, expand the *Doing Business* analysis beyond an economy's largest business city. They measure variation in regulations or in the implementation of national laws across locations within an economy (as in Poland) or a region (as in South East Europe).

Data collected by subnational studies over the past three years show that there can be substantial variation within an economy (see figure). In Mexico, for example, in 2016 registering a property transfer took as few as 9 days in Puebla and as many as 78 in Oaxaca. Indeed, within the same economy one can find locations that perform as well as economies ranking in the top 20 on the ease of registering property and locations that perform as poorly as economies ranking in the bottom 40 on that indicator.

Different locations, different regulatory processes, same economy



Source: Subnational *Doing Business* database.
Note: The average time shown for each economy is based on all locations covered by the data: 11 cities in Kenya in 2016, 32 states in Mexico in 2016, 18 cities in Poland in 2015, 9 cities in South Africa in 2015 and 19 cities in Spain in 2015.

While subnational *Doing Business* studies generate disaggregated data on business regulation, they go beyond a data collection exercise. They have been shown to be strong motivators for regulatory reform at the local level:

- Results can be benchmarked both locally and globally because the data produced are comparable across locations within the economy and internationally. Comparing locations within the same economy—which share the same legal and regulatory framework—can be revealing: local officials struggle to explain why doing business is more challenging in their jurisdiction than in a neighboring one.

- Highlighting good practices that exist in some locations but not others within an economy helps policy makers recognize the potential for replicating these good practices. This can yield discussions about regulatory reform across different levels of government, providing opportunities for local governments and agencies to learn from one another and resulting in local ownership and capacity building.

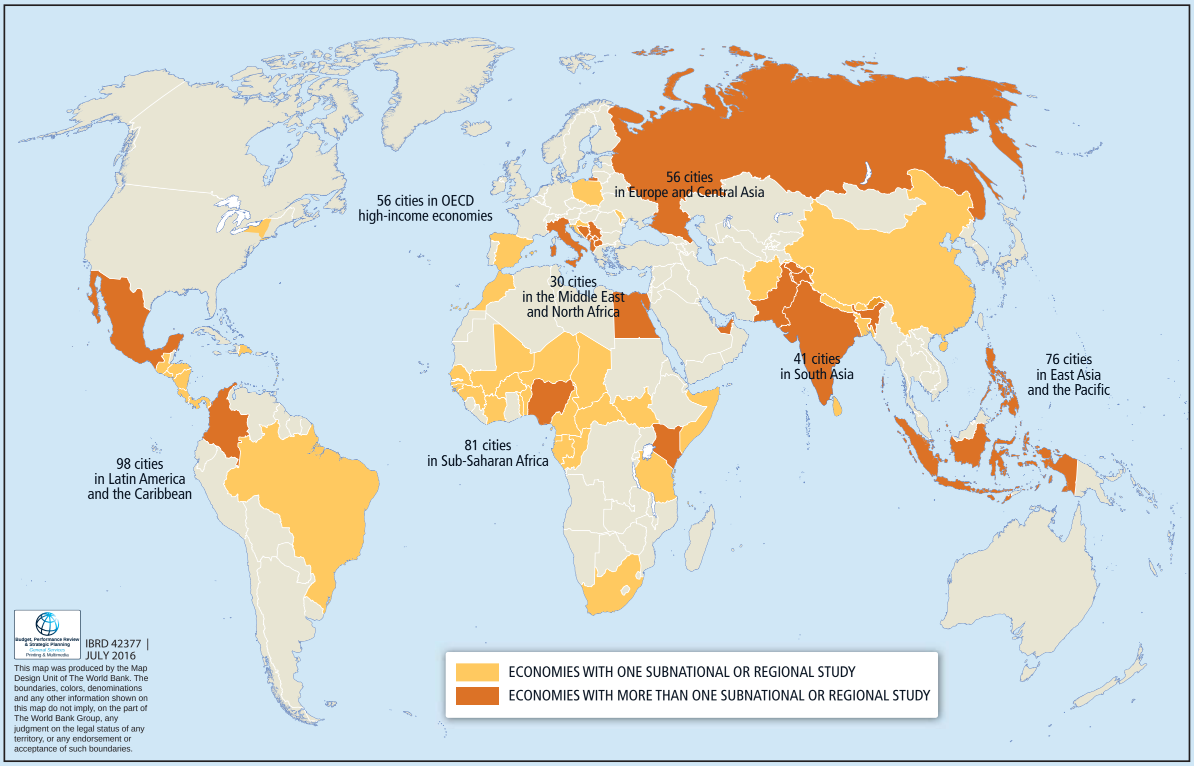
Since 2005 subnational reports have covered 438 locations in 65 economies (see map). Seventeen economies—including the Arab Republic of Egypt, Mexico, Nigeria, the Philippines, and the Russian Federation—have undertaken two or more rounds of subnational data collection to measure progress over time. This year subnational studies were completed in Kenya, Mexico and the United Arab Emirates. Ongoing studies include those in Afghanistan (5 cities), Colombia (32 cities), three EU member states (22 cities in Bulgaria, Hungary and Romania) and Kazakhstan (8 cities).

Subnational reports are available on the Doing Business website at http://www.doingbusiness.org/subnational.

(continued)

BOX 2.1 Comparing regulation at the local level: subnational *Doing Business* studies (*continued*)

Subnational studies cover a large number of cities across all regions of the world



Source: Subnational *Doing Business* database.

workers—and these workers remain outside the protections of labor law and, more generally, other legal protections embedded in the law.[5] Firms in the informal sector are also less likely to pay taxes. *Doing Business* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of regulatory reform.

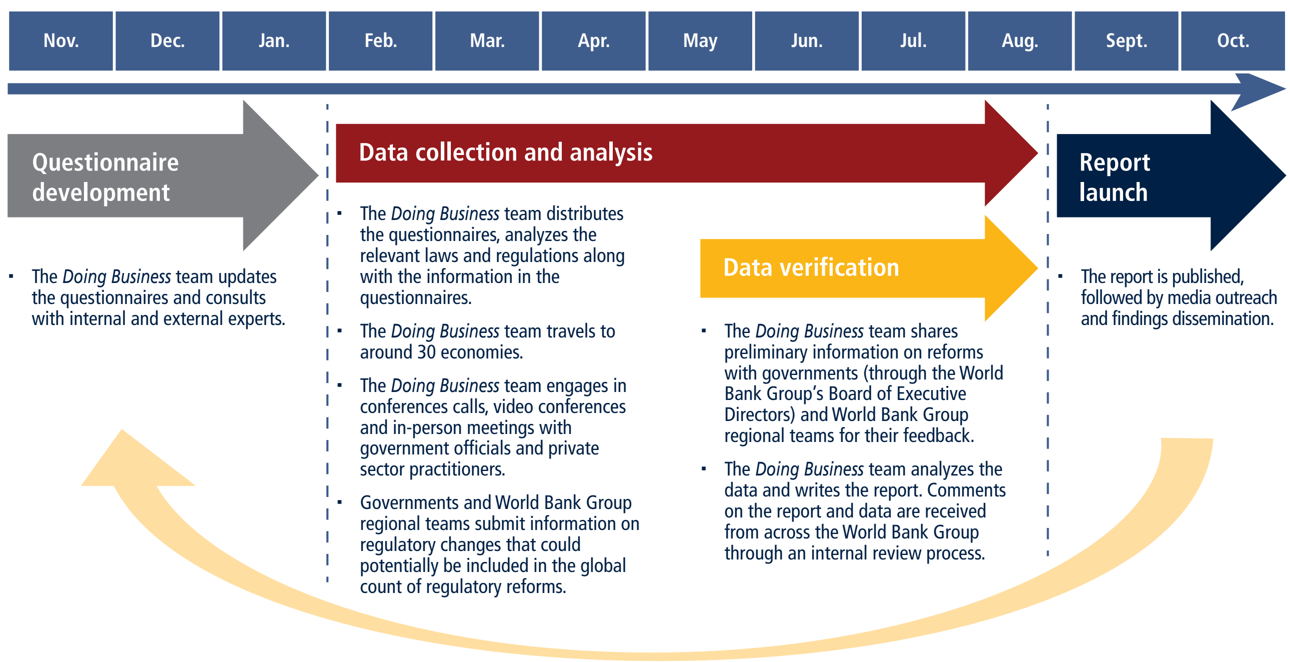
DATA COLLECTION IN PRACTICE

The *Doing Business* data are based on a detailed reading of domestic laws and regulations as well as administrative requirements. The report covers 190 economies—including some of the smallest and poorest economies, for which little or no data are available from other sources. The data are collected through several rounds of communication with expert respondents (both private sector practitioners and government officials), through responses to questionnaires, conference calls, written correspondence and visits by the team. *Doing Business* relies on four main sources of information: the relevant laws and regulations, *Doing Business* respondents, the governments of the economies covered and the World Bank Group regional staff (figure 2.2). For a detailed explanation of the *Doing Business* methodology, see the data notes.

Relevant laws and regulations

The *Doing Business* indicators are based mostly on laws and regulations: around 60% of the data embedded in the *Doing Business* indicators are based on a reading of the law. In addition to filling out questionnaires, *Doing Business* respondents submit references to the relevant laws, regulations and fee schedules. The *Doing Business* team collects the texts of the relevant laws and regulations and checks the questionnaire responses for accuracy. The team will examine the civil procedure code, for example, to check the maximum number of adjournments in a commercial court dispute, and read the insolvency code to identify if the debtor can initiate liquidation or reorganization proceeding. These and other types of laws are available on the *Doing Business* law library website.[6] Since the data collection process involves an annual update of an established database, having a very large sample of respondents is not strictly necessary. In principle, the role of the contributors

FIGURE 2.2 How *Doing Business* collects and verifies the data



is largely advisory—helping the *Doing Business* team to locate and understand the laws and regulations. There are quickly diminishing returns to an expanded pool of contributors. This notwithstanding, the number of contributors rose by 58% between 2010 and 2016.

Extensive consultations with multiple contributors are conducted by the team to minimize measurement error for the rest of the data. For some indicators—for example, those on dealing with construction permits, enforcing contracts and resolving insolvency—the time component and part of the cost component (where fee schedules are lacking) are based on actual practice rather than the law on the books. This introduces a degree of judgment by respondents on what actual practice looks like. When respondents disagree, the time indicators reported by *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Doing Business respondents

More than 39,000 professionals in 190 economies have assisted in providing the data that inform the *Doing Business* indicators over the past 14 years.[7] This year's report draws on the inputs of more than 12,500 professionals.[8] Table 12.2 in the data notes lists the number of respondents for each indicator set. The *Doing Business* website shows the number of respondents for each economy and each indicator set.

Selected on the basis of their expertise in these areas, respondents are professionals who routinely administer or advise on the legal and regulatory requirements in the specific areas covered by *Doing Business*. Because of the focus on legal and regulatory arrangements, most of the respondents are legal professionals such as lawyers, judges or notaries. In addition, officials of the credit bureau or registry complete the credit information questionnaire. Accountants, architects, engineers, freight forwarders and other professionals answer the questionnaires related to paying taxes, dealing with construction permits, trading across borders and getting electricity. Information that is incorporated into the indicators is also provided by certain public officials (such as registrars from the company or property registry).

The *Doing Business* approach is to work with legal practitioners or other professionals who regularly undertake the transactions involved. Following the standard methodological approach for time-and-motion studies, *Doing Business* breaks down each process or transaction, such as starting a business or registering a building, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction.

There are two main reasons that *Doing Business* does not survey firms. The first relates to the frequency with which firms engage in the transactions captured by the indicators, which is generally low. For example, a firm goes through the start-up process once in its existence, while an incorporation lawyer may carry out 10 such transactions each month. The incorporation lawyers and other experts providing information to *Doing Business* are therefore better able to assess the process of starting a business than are individual firms. They also have access to current regulations and practices, while a firm may have faced a different set of rules when incorporating years before. The second reason is that the *Doing Business* questionnaires mostly gather legal information, which firms are unlikely to be fully familiar with. For example, few firms will know about all the many legal procedures involved in resolving a commercial dispute through the courts, even if they have gone through the process themselves. But a litigation lawyer should have little difficulty in providing the requested information on all the processes.

Governments and World Bank Group regional staff

After receiving the completed questionnaires from the *Doing Business* respondents, verifying the information against the law and conducting follow-up inquiries to ensure that all relevant information is captured, the *Doing Business* team shares the preliminary descriptions of regulatory reforms with governments (through the World Bank Group's Board of Executive Directors) and with regional staff of the World Bank Group. Through this process government authorities and World Bank Group staff working on most of the economies covered can alert the team about, for example, regulatory reforms not included by the respondents or additional achievements of regulatory reforms already captured in the database. The *Doing Business* team can then turn to the local private sector experts for further consultation and, as needed, corroboration. In addition, the team responds formally to the comments of governments or regional staff and provides explana ions of the scoring decisions.

Data adjustments

Information on data corrections is provided in the data notes and on the *Doing Business* website. A transparent complaint procedure allows anyone to challenge the data. From November 2015 to October 2016 the team received and responded to more than 240 queries on the data. If changes in data are confirmed, they are immediately reflected on the website.

USES OF THE *DOING BUSINESS* DATA

Doing Business was designed with two main types of users in mind: policy makers and researchers.[9] It is a tool that governments can use to design sound business regulatory policies. Nevertheless, the *Doing Business* data are limited in scope and should be complemented with other sources of information. *Doing Business* focuses on a few specific rules relevant to the specific case studies analyzed. These rules and case studies are chosen to be illustrative of the business regulatory environment, but they are not a comprehensive description of that environment. By providing a unique data set that enables analysis aimed at better understanding the role of business regulation in economic development, *Doing Business* is also an important source of information for researchers.

Governments and policy makers

Doing Business offers policy makers a benchmarking tool useful in stimulating policy debate, both by exposing potential challenges and by identifying good practices and lessons learned. Despite the narrow focus of the indicators, the initial debate in an economy on the results they highlight typically turns into a deeper discussion on areas where business regulatory reform is needed, including areas well beyond those measured by *Doing Business*.

Many *Doing Business* indicators can be considered actionable. For example, governments can set the minimum capital requirement for new firms, invest in company and property registries to increase their efficiency, or improve the efficiency of tax administration by adopting the latest technology to facilitate the preparation, filing and payment of taxes by the business community. And they can undertake court reforms to shorten delays in the enforcement of contracts. But some *Doing Business* indicators capture procedures, time and costs that involve private sector participants, such as lawyers, notaries, architects, electricians or freight forwarders. Governments may have little influence in the short run over the fees these professions charge, though much can be achieved by strengthening professional licensing regimes and preventing anticompetitive behavior. And governments have no control over the geographic location of their economy, a factor that can adversely affect businesses.

While many *Doing Business* indicators are actionable, this does not necessarily mean that they are all "action-worthy" in a particular context. Business regulatory reforms are only one element of a strategy aimed at improving competitiveness and establishing a solid foundation for sustainable economic growth. There are many other important goals to pursue—such as effective management of public finances, adequate attention to education and training, adoption of the latest technologies to boost economic productivity and the quality of public services, and appropriate regard for air and water quality to safeguard public health. Governments must decide what set of priorities best suits their needs. To say that governments should work toward a sensible set of rules for private sector activity (as embodied, for example, in the *Doing Business* indicators) does not suggest that doing so should come at the expense of other worthy policy goals.

Over the past decade governments have increasingly turned to *Doing Business* as a repository of actionable, objective data providing unique insights into good practices worldwide as they have come to understand the importance of business regulation as a driving force of competitiveness. To ensure the coordination of efforts across agencies, economies such as Colombia, Malaysia and Russia have formed regulatory reform committees. These committees use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 40 other economies have also formed such committees. In East Asia and the Pacific they include: Brunei Darussalam; Indonesia; the Republic of Korea; the Philippines; Taiwan, China; and Thailand. In the Middle East and North Africa: the Arab Republic of Egypt, Kuwait, Morocco, Saudi Arabia and the United Arab Emirates. In South Asia: India and Pakistan. In Europe and Central Asia: Albania, Croatia, Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Poland, Tajikistan, Ukraine and Uzbekistan. In Sub-Saharan Africa: the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Burundi, Guinea, Kenya, Liberia, Malawi, Mali, Mauritius, Nigeria, Rwanda, Sierra Leone, Togo, Zambia and Zimbabwe. And in Latin America: Chile, Costa Rica, the Dominican Republic, Guatemala, Mexico, Panama and Peru. Governments have reported more than 2,900 regulatory reforms, 777 of which have been informed by *Doing Business* since 2003.[10]

Many economies share knowledge on the regulatory reform process related to the areas measured by *Doing Business*. Among the most common venues for this knowledge sharing are peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and to share their experiences.

Think tanks and other research organizations

Doing Business data are widely used by think tanks and other research organizations, both for the development of new indexes and to produce research papers.

Many research papers have shown the importance of business regulation and how it relates to different economic outcomes.[11] One of the most cited theoretical mechanisms on how excessive business regulation affects economic performance and development is that it makes it too costly for firms to engage in the formal economy, causing them not to invest or to move to the informal economy. Recent studies have conducted extensive empirical testing of this proposition using *Doing Business* and other related indicators. According to one study, for example, a reform that simplified business registration in Mexican municipalities increased registration by 5% and wage employment by 2.2%—and, as a result of increased competition, reduced the income of incumbent businesses by 3%.[12] Business registration reforms in Mexico also resulted in 14.9% of informal business owners shifting to the formal economy.[13]

Considerable effort has been devoted to studying the link between government regulation of firm entry and employment growth. In Portugal business reforms resulted in a reduction of the time and cost needed for company formalization, increasing the number of business start-ups by 17% and creating 7 new jobs per 100,000 inhabitants per month. But although these start-ups were smaller and more likely to be female-owned than before the reform, they were also headed by less experienced and poorly-educated entrepreneurs with lower sales per worker.[14]

In many economies companies engaged in international trade struggle with high trade costs arising from transport, logistics and regulations, impeding their competitiveness and preventing them from taking full advantage of their productive capacity. With the availability of *Doing Business* indicators on trading across borders—which measure the time, procedural and monetary costs of exporting and importing—several empirical studies have assessed how trade costs affect the export and import performance of economies. A rich body of empirical research shows that efficient infrastructure and a healthy business environment are positively linked to export performance.[15]

Improving infrastructure efficiency and trade logistics bring documented benefits to an economy's balance of trade and individual traders but delays in transit time can reduce exports: a study analyzing the importance of trade logistics found that a 1-day increase in transit time reduces exports by an average of 7% in Sub-Saharan Africa.[16] Another study found that a 1-day delay in transport time for landlocked economies and for time-sensitive agricultural and manufacturing products has a particularly large negative impact, reducing trade by more than 1% for each day of delay.[17] Delays while clearing customs procedures also negatively impact a firm's ability to export, particularly when goods are destined for new clients.[18] And in economies with flexible entry regulations, a 1% increase in trade is associated with an increase of more than 0.5% in income per capita, but has no positive income effects in economies with more rigid regulation.[19] Research has also found that—although domestic buyers benefit from having goods of varying quality and price to choose from—import competition only results in minimal quality upgrading in OECD high-income economies with cumbersome regulation while it has no effect on quality upgrading in non-OECD economies with cumbersome regulation.[20] Therefore, the potential gains for consumers from import competition are reduced where regulations are cumbersome.

Doing Business measures aspects of business regulation affecting domestic firms. However, research shows that better business regulation—as measured by

Doing Business—is associated with higher levels of foreign direct investment.[21] Furthermore, foreign direct investment can either impede or promote domestic investment depending on how business friendly entry regulations are in the host economy. In fact, foreign direct investment has been shown to crowd out domestic investment in economies with costly processes for starting a business.[22] Another study showed that economies with higher international market integration have, on average, easier and simpler processes for starting a business.[23]

Recent empirical work shows the importance of well-designed credit market regulations and well-functioning court systems for debt recovery. For example, a reform making bankruptcy laws more efficient significantly improved the recovery rate of viable firms in Colombia.[24] In a multi-economy study, the introduction of collateral registries for movable assets was shown to increase firms' access to finance by approximately 8%.[25] In India the establishment of debt recovery tribunals reduced non-performing loans by 28% and lowered interest rates on larger loans, suggesting that faster processing of debt recovery cases cut the cost of credit.[26] An in-depth review of global bank flows revealed that firms in economies with better credit information sharing systems and higher branch penetration evade taxes to a lesser degree.[27] Strong shareholder rights have been found to lower financial frictions, especially for firms with large external finance relative to their capital stock (such as small firms or firms in distress).[28]

There is also a large body of theoretical and empirical work investigating the distortionary effects of high tax rates and cumbersome tax codes and procedures. According to one study, business licensing among retail firms rose 13% after a tax reform in Brazil.[29] Another showed that a 10% reduction in tax complexity is comparable to a 1% reduction in effective corporate tax rates.[30]

Labor market regulation—as measured by *Doing Business*—has been shown to have important implications for the labor market. According to one study, graduating from school during a time of adverse economic conditions has a persistent, harmful effect on workers' subsequent employment opportunities. The persistence of this negative effect is stronger in countries with stricter employment protection legislation.[31] Rigid employment protection legislation can also have negative distributional consequences. A study on Chile, for example, found that the tightening of job security rules was associated with lower employment rates for youth, unskilled workers and women.[32]

Indexes

Doing Business identified 17 different data projects or indexes that use *Doing Business* as one of its sources of data.[33] Most of these projects or institutions use indicator level data and not the aggregate ease of doing business ranking. Starting a business is the indicator set most widely used, followed by labor market regulation and paying taxes. These indexes typically combine *Doing Business* data with data from other sources to assess an economy along a particular aggregate dimension such as competitiveness or innovation. The Heritage Foundation's Index of Economic Freedom, for example, has used six *Doing Business* indicators to measure the degree of economic freedom in the world.[34] Economies that score better in these six areas also tend to have a high degree of economic freedom.

Similarly, the World Economic Forum uses *Doing Business* data in its Global Competitiveness Index to demonstrate how competitiveness is a global driver of economic growth. The organization also uses *Doing Business* indicators in four other indexes that measure technological readiness, human capital development, travel and tourism sector competitiveness and trade facilitation. These publicly accessible sources expand the general business environment data generated by *Doing Business* by incorporating it into the study of other important social and economic issues across economies and regions. They prove that, taken individually, *Doing Business* indicators remain a useful starting point for a rich body of analysis across different areas and dimensions in the research world.

Doing Business has contributed substantially to the debate on the importance of business regulation for economic development. By expanding the time series and the scope of the data with the recent methodology expansion, *Doing Business* hopes to continue being a key reference going forward.

NEW AREAS INCLUDED IN THIS YEAR'S REPORT

This year's *Doing Business* report includes data for one new economy, Somalia, expands the paying taxes indicators, includes gender dimensions in four indicator sets and adds a new annex on selling to the government.

For any new indicators or economies added to the distance to frontier score and the ease of doing business ranking, the data are presented for the last two consecutive years to ensure that there are at least two years of comparable data.

Paying taxes

The paying taxes indicator set is the last to be expanded as part of the methodology improvement process started three years ago that affects 9 of the 10 areas covered in the ease of doing business ranking. Only the starting a business indicators remain under the original methodology.

The paying taxes indicator set assesses the number of payments, time and total tax rate for a firm to comply with all tax regulations. This year's report adds a new indicator to include postfiling processes. Under postfiling processes, *Doing Business* measures value added tax refund, corporate income tax audits and administrative tax appeals. Under value added tax refunds, *Doing Business* measures how long it takes to comply and to obtain back the value added tax paid on a capital purchase (including any value added tax audits associated with it). Under the corporate income tax audits, *Doing Business* focuses on the time it takes and the process to complete a tax audit when a firm mistakenly declares a lower tax liability than it should have. *Doing Business* also measures good practices in the tax appeals process, such as independence from the tax collecting agency, but those are not scored. In this year's report there is a case study dedicated to analyzing the results of this methodology expansion.

Adding gender components

This year's *Doing Business* report presents a gender dimension in four of the indicator sets: starting a business, registering property, enforcing contracts and labor market regulation. Three of these areas are included in the distance to frontier score and in the ease of doing business ranking, while the fourth—labor market regulation—is not.

Doing Business has traditionally assumed that the entrepreneurs or workers discussed in the case studies were men. This was incomplete by not reflecting correctly the *Doing Business* processes as applied to women—which in some economies may be different from the processes applied to men. Starting this year, *Doing Business* measures the starting a business process for two case scenarios: one where all entrepreneurs are men and one where all entrepreneurs are women. In economies where the processes are more onerous if the entrepreneur is a woman, *Doing Business* now counts the extra procedures applied to roughly half of the population that is female (for example, obtaining a husband's consent or gender-specific requirements for opening a personal bank account when starting a business).

Within the registering property indicators, a gender component has been added to the quality of land administration index. This component measures women's ability to use, own, and transfer property according to the law. Finally, within the enforcing contracts indicator set, economies will be scored on having equal evidentiary weight of women's and men's testimony in court.

The labor market regulation indicators have included data on gender components for the past two years. These data include: whether nonpregnant and nonnursing women can work the same night hours as men; whether the law mandates equal remuneration for work of equal value; whether the law mandates nondiscrimination based on gender in hiring; whether the law mandates paid or unpaid maternity leave; the minimum length of paid maternity leave; and whether employees on maternity leave receive 100% of wages.

Selling to the government

The analysis uses a new pilot indicator set, selling to the government, which measures public procurement regulation and is presented as an annex to this year's report. The procurement process is analyzed across five main areas: accessibility and transparency, bid security, payment delays, incentives for small and medium-size enterprises and complaints mechanisms. Accessibility and transparency covers whether information is accessible to prospective bidders and how that information can be accessed. The analysis on bid security discusses the amount that prospective bidders need to pay upfront in order to be considered in the bidding process and the form of the security deposit. For payment delays, the annex presents the time it takes for the firm to receive payment from the government after the contract is completed and the service has been delivered. The incentives for small and medium-size enterprises component measures whether economies have set up specific legal provisions or policies to promote fair access for small and medium-size firms to government contracts. And for the complaints mechanism component, the annex discusses the process to file a grievance regarding a public procurement project, including who can file a complaint, where to file a complaint and the independence of the review body and what remedies are granted.

NOTES

1. Data from the World Bank Enterprise Surveys and *Doing Business* complement each other as two sides of the same coin. They both provide useful information on the business environment of an economy, but in significantly different ways. The scope of *Doing Business* is narrower than the Enterprise Surveys. However, by focusing on actionable indicators related to business regulation, *Doing Business* provides a clear roadmap for governments to improve. *Doing Business* uses standardized case scenarios while the Enterprise Surveys use representative samples. For more on the Enterprise Surveys and the differences between the Enterprise Surveys and *Doing Business*, see the website at http://www.enterprisesurveys.org.
2. These papers are available on the *Doing Business* website at http://www.doingbusiness.org/methodology.
3. For getting credit, indicators are weighted proportionally, according to their contribution to the total score, with a weight of 60% assigned to the strength of legal rights index and 40% to the depth of credit information index. In this way each point included in these indexes has the same value independent of the component it belongs to. Indicators for all other topics are assigned equal weights. For more details, see the chapter on the distance to frontier and ease of doing business ranking.
4. Hallward-Driemeier and Pritchett 2015.
5. Schneider 2005; La Porta and Shleifer 2008.
6. For the law library, see the website at http://www.doingbusiness.org/law-library.
7. The annual data collection exercise is an update of the database. The *Doing Business* team and the contributors examine the extent to which the regulatory framework has changed in ways relevant for the features captured by the indicators. The data collection process should therefore be seen as adding each year to an existing stock of knowledge reflected in the previous year's report, not as creating an entirely new data set.
8. While about 12,500 contributors provided data for this year's report, many of them completed a questionnaire for more than one *Doing Business* indicator set. Indeed, the total number of contributions received for this year's report is more than 15,700, which represents a true measure of the inputs

received. The average number of contributions per indicator set and economy is more than seven. For more details, see http://www.doingbusiness.org/contributors/doing-business.

9. The focus of the *Doing Business* indicators remains the regulatory regime faced by domestic firms engaging in economic activity in the largest business city of an economy. *Doing Business* was not initially designed to inform decisions by foreign investors, though investors may in practice find the data useful as a proxy for the quality of the national investment climate. Analysis done in the World Bank Group's Global Indicators Group has shown that countries that have sensible rules for domestic economic activity also tend to have good rules for the activities of foreign subsidiaries engaged in the local economy.
10. These are reforms for which *Doing Business* is aware that information provided by *Doing Business* was used in shaping the reform agenda.
11. The papers cited here are just a few examples of research done in the areas measured by *Doing Business*. Since 2003, when the *Doing Business* report was first published, 2,182 research articles discussing how regulation in the areas measured by *Doing Business* influences economic outcomes have been published in peer-reviewed academic journals. Another 6,296 working papers have been posted online.
12. Bruhn 2011.
13. Bruhn 2013.
14. Branstetter and others 2013.
15. Portugal-Perez and Wilson 2011.
16. Freund and Rocha 2011.
17. Djankov, Freund and Pham 2010.
18. Martincus, Carballo and Graziano 2015.
19. Freund and Bolaky 2008.
20. Amiti and Khandelwal 2011.
21. Corcoran and Gillanders 2015.
22. Munemo 2014.
23. Norbäck, Persson and Douhan 2014.
24. Giné and Love 2010.
25. Love, Martinez-Peria and Singh 2013.
26. Visaria 2009.
27. Beck, Lin and Ma 2014.
28. Claessens, Ueda and Yafeh 2014.
29. Monteiro and Assunção 2012.
30. Lawless 2013.
31. Kawaguchi and Murao 2014.
32. Montenegro and Pagés 2003.
33. The 17 indexes are: the Millennium Challenge Corporation's Open Data Catalog; the Heritage Foundation's Index of Economic Freedom (IEF); the World Economic Forum's Global Competitiveness Index (GCI), Networked Readiness Index (NRI, jointly with INSEAD), Human Capital Index (HCI), Enabling Trade Index (ETI) and Travel and Tourism Competitiveness Index (TTCI); INSEAD's Global Talent Competitiveness Index (GTCI) and Global Innovation Index (GII, jointly with Cornell University and the World Intellectual Property Organization); Fraser Institute's Economic Freedom of the World (EFW); KPMG's Change Readiness Index (CRI); Citi and Imperial College London's Digital Money Index; International Institute for Management Development's World Competitiveness Yearbook; DHL's Global Connectedness Index (GCI); PricewaterhouseCoopers' Paying Taxes 2016: The Global Picture; and Legatum Institute's Legatum Prosperity Index.
34. For more on the Heritage Foundation's Index of Economic Freedom, see the website at http://heritage.org/index.

Reforming the Business Environment in 2015/16

Efficient business regulation leads to greater market entry, job creation, higher productivity and improved levels of overall economic development.[1] Even though the scope of the *Doing Business* indicators is limited by necessity, there is well-established evidence that moving from the lowest quartile of improvement in business regulation to the highest quartile is associated with significant increases in annual economic growth per capita.[2] A large body of literature indicates that the simplification of business entry regulation results in higher numbers of new businesses and an increased rate of employment.[3] Research covering 172 economies in the period from 2006 to 2010 shows that each additional business regulatory reform is associated with an average increase of 0.15% in economic growth. Indeed, business regulatory reforms might have helped to mitigate the effects of the 2008 global financial crisis since economies that undertook more reforms experienced higher economic growth rates.[4]

Regulation is necessary to maintain efficient, safe and orderly societies. *Doing Business* focuses on the development of streamlined, necessary and competent regulatory practices that facilitate private sector development rather than create unnecessary bureaucratic obstacles and opportunities for rent seeking. *Doing Business* advocates adherence to established good practices like free access to information, transparency of fees and the use of online services. Since the publication of the first *Doing Business* report, governments around the world have implemented over 2,900 reforms striving to align domestic business regulation with the good practices advocated by *Doing Business*. Many governments use *Doing Business* indicator sets to formulate and monitor their reform efforts. The Indian government, for example, has committed to improving its *Doing Business* ranking by steadily implementing reforms across all indicators (box 3.1).[5]

In Japan the government aims to improve the economy's *Doing Business* ranking from 19 (among 31 OECD high-income economies) to the top three. To achieve this goal, Haidar and Hoshi (2015) outlined 31 reform recommendations classified into six different categories depending on whether the reform was administrative or legal and on the level of potential political resistance.[6] Proposed administrative changes with low political resistance include the electronic submission and processing of export and import documents, fast-track procedures for property transfers and the consolidation of bureaucratic processes at the Legal Affairs Office. Administrative changes with medium political resistance focus on the reduction of the number of procedures to obtain a construction permit, development of specialized commercial courts and expansion of case management systems. An administrative change that will most likely face high political resistance is the introduction of performance measures for judges due to the division of power between the legal system, the government and the business environment.[7]

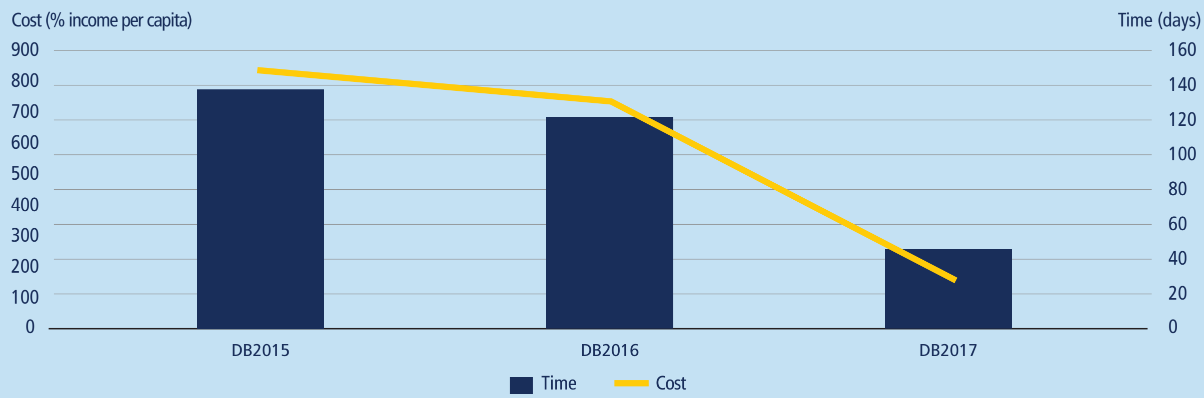
- In the year ending June 1, 2016, 137 economies implemented 283 total reforms across the different areas measured by *Doing Business*, an increase of over 20% from last year.
- *Doing Business* has recorded more than 2,900 regulatory reforms making it easier to do business since 2004.
- The economies showing the most notable improvement in performance on the *Doing Business* indicators in 2015/16 were Brunei Darussalam, Kazakhstan, Kenya, Belarus and Indonesia.
- Reforms inspired by *Doing Business* have been implemented by economies in all regions. But Europe and Central Asia continues to be the region with the highest share of economies implementing at least one reform—96% of economies in the region have implemented at least one business regulatory reform.
- Starting a business continues to be the most common reform area with 49 reforms, followed by paying taxes with 46.
- Increasingly, the competitiveness of cities is seen as an important driver of job creation and economic growth. By focusing on cities, subnational *Doing Business* studies contribute to the improvement of their competitiveness, providing information to policy makers on how to reform the business regulatory environment.

BOX 3.1 India has embarked on an ambitious reform path

The current government of India was elected in 2014 on a platform of increasing job creation, mostly through encouraging investment in the manufacturing sector. Soon after the elections policy makers realized that for this to occur substantial improvements would need to be made to the country's overall business regulatory environment. The *Doing Business* indicators have been employed as one of the main measures to monitor improvements in India's business climate. As a result of the election platform-driven reform agenda, over the past two years the *Doing Business* report has served as an effective tool to design and implement business regulatory reforms.

The data presented by the *Doing Business* indicators have led to a clear realization that India is in need of transformative reforms. The country has embarked on a fast-paced reform path, and the *Doing Business 2017* report acknowledges a number of substantial improvements. For example, India has achieved significant reductions in the time and cost to provide electricity connections to businesses. In 2015/16 the utility in Delhi streamlined the connection process for new commercial electricity connections by allowing consumers to obtain connections for up to 200 kilowatt capacity to low-tension networks. This reform led to the simplification of the commercial electricity connection process in two ways. First, it eliminated the need to purchase and install a distribution transformer and related connection materials, as the connection is now done directly to the distribution network, leading to a reduction in cost. Second, the time required to conduct external connection works by the utility has been greatly reduced due to the low-tension connection and there is no longer a need to install a distribution transformer. As a result, the time needed to connect to electricity was reduced from 138 days in 2013/14 to 45 days in 2015/16. And in the same period, the cost was reduced from 846% of income per capita to 187%.

Over the past three years, the utility in Delhi has substantially reduced the time and cost of obtaining an electricity connection



Source: Doing Business database.

Furthermore, India has made paying taxes easier by introducing an electronic system for paying employee state insurance contributions. In the area of trade, as of April 2016 the Customs Electronic Commerce Interchange Gateway portal allowed for the electronic filing (e-filing) of integrated customs declarations, bills of entry and shipping bills, reducing the time and cost for export and import documentary compliance. The portal also facilitates data and communication exchanges between applicants and customs, reducing the time for export and import border compliance. Additionally, an Integrated Risk Management System has become fully operational and ensured that all the consignments are selected based on the principles of risk management. Furthermore, the government of India adopted the Companies (Amendment) Act (No. 21) in May 2015. The amendments were published in the official gazette and immediately entered into force upon notification by the Ministry of Corporate Affairs. As a result, the minimum capital requirement for company incorporation was abolished and the requirement to obtain a certificate to commence business operations was eliminated. To improve court efficiency, the passage of the Commercial Courts, Commercial Divisions and Commercial Appellate Divisions Act of 2015 established effective mechanisms for addressing commercial cases. And in May 2016 the government of India enacted the Insolvency and Bankruptcy Code (IBC), which—when it comes into effect—will overhaul the 60-year-old framework for company liquidation and introduce new insolvency practices.

The experience of implementing reforms based on *Doing Business* data has demonstrated to the government the significance of establishing clear stakeholder feedback mechanisms to close the gaps between policy formulation and implementation. Finally, the government has also acknowledged the need to implement reforms across the country—not just in Mumbai and Delhi, which are the cities covered by *Doing Business*. Lawmakers have recommended the implementation of a large number of reforms across all states, going beyond the scope of *Doing Business*.

Regulatory reforms inspired by *Doing Business* have been implemented by economies in all regions. Rwanda, which ranks second in Africa in *Doing Business 2017*, is an example of an economy that used *Doing Business* as a guide to improve its business environment. From *Doing Business 2005* to *Doing Business 2017* Rwanda implemented a total of 47 reforms across all indicators. Rwanda is one of only 10 economies that have implemented reforms in all of the *Doing Business* indicators and every year since *Doing Business 2006*.[8] These reforms are in line with Rwanda's Vision 2020 development strategy, which aims to transform Rwanda from a low-income economy to a lower-middle-income economy by raising income per capita from $290 to $1,240 by 2020.[9]

Doing Business is widely used by policy makers in Sub-Saharan Africa to advance their reform agendas. Some of these economies have established units dedicated to specific reform action plans targeting the *Doing Business* indicators. In Kenya, for example, the Ease of Doing Business Delivery Unit operates under the leadership of the Ministry of Industrialization and the Deputy President, meeting on average every two weeks to discuss progress on an established action plan. The meeting is chaired by either the Deputy President or the Minister of Industrialization, while several stakeholder agencies are responsible for implementing measures stated in the action plan.

In Burundi, the investment climate reform agenda is overseen by the Office of the Second Vice President. The dedicated Doing Business Intelligence Committee comprises several ministers and is supported by an executive secretariat, which assumes the day-to-day work and reform coordination as well as public-private dialogue and communication on current reforms. Nigeria's government, which came to power in 2015, has placed a strong emphasis on increasing the country's competitiveness. In early 2016 Nigeria established the Presidential Enabling Business Environment Council, which is chaired by the Vice President; the Federal Minister of Industry, Trade and Investment is the vice-chairman. The Council's main mandate is the supervision of the competitiveness and investment climate agenda at the federal and state levels, while the Enabling Business Environment Secretariat is charged with day-to-day reform implementation.

Similarly, the Prime Minister of Côte d'Ivoire is the champion of the investment climate reform agenda and chairs the National Interdepartmental Doing Business Committee. The prerogative of this committee, which includes public and private sector stakeholders, is to formulate the reform agenda and to ensure the high-level monitoring of its implementation. Its permanent secretariat assumes coordination and implementation of the established reform agenda. In Zimbabwe, the Office of the President and Cabinet oversees the *Doing Business* reform initiative using a Rapid Results Initiative approach. The Chief Secretary to the President and Cabinet is the strategic sponsor of the Initiative. Permanent Secretaries from more than 10 ministries are responsible for implementing measures outlined in the action plan for each of the *Doing Business* indicators.

Recently some reform efforts have advanced beyond the geographic boundaries of individual states. In 2015, 10 economies came together to form the Association of Southeast Asian Nations (ASEAN) Economic Community, a single market economy for goods, services, capital and labor, which—once it is realized—could result in a market larger than the European Union or North America. This year the 10 ASEAN economies implemented a total of 31 reforms across the *Doing Business* indicators—including six reforms in the area of paying taxes and six reforms in the area of getting credit. Malaysia, for example, introduced an online system for filing and paying goods and services tax and strengthened credit reporting by beginning to provide consumer credit scores.

ASEAN can also learn from other Asia-Pacific Economic Cooperation (APEC) economies how to reform and create a uniform business environment. The APEC Ease of Doing Business (EoDB) initiative set a goal of an APEC-wide improvement of 25% by 2015 in five *Doing Business* indicators: starting a business, dealing with construction permits, getting credit, trading across borders and enforcing contracts. This goal—of making doing business faster, cheaper and easier—was endorsed by APEC leaders in 2009. By 2015 APEC economies reached an improvement of 12.7% and launched the EoDB Action Plan (2016-2018) to further this effort. The new target was an improvement of 10% by 2018 in the existing five priority areas using the baseline data of 2015.[10] The main overarching objectives across the recommendations are simplifying and streamlining business processes, creating electronic platforms and establishing a single-interface service.

HIGHLIGHTS OF REFORMS MEASURED IN *DOING BUSINESS* IN 2015/16

The private sector is universally recognized as being a key driver of economic growth and development. Nearly 90% of employment, including formal and informal jobs, occurs within the private sector, which has an abundant potential that should be harnessed.[11] Governments in many economies work together with the private sector to create a thriving business environment. One way of doing this is through implementing effective business regulation that ensures that all actors have fair and equal opportunities to participate in a competitive market. More specifically, effective business regulation can encourage firm creation and growth and minimize market distortions or failures. *Doing Business* continues to capture dozens of reforms implemented through its 11 indicator sets.

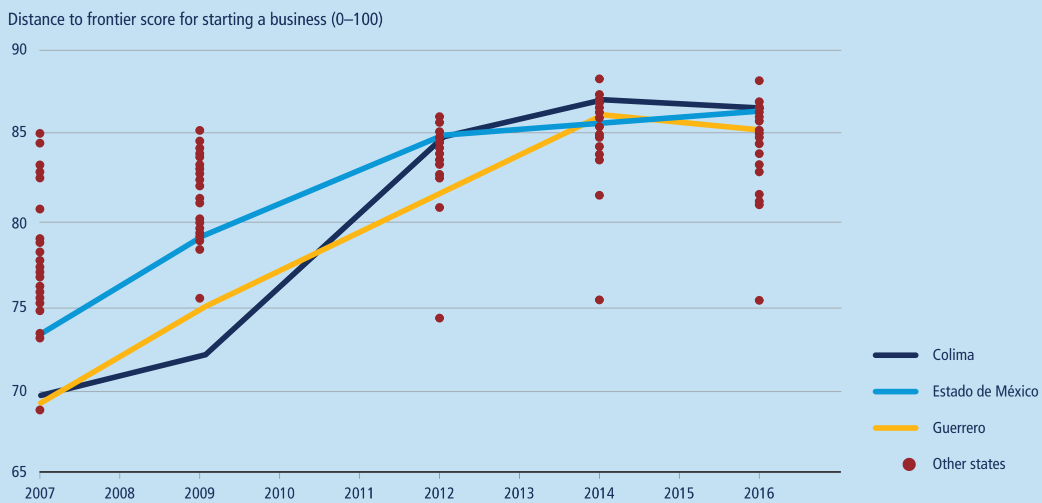
BOX 3.2 Subnational *Doing Business* studies in Mexico and Colombia: reforming through competition and collaboration

In 2005 Mexico requested that the World Bank expand the *Doing Business* benchmarks beyond Mexico City to assess the business regulatory environment across states, arguing that the capital city was not representative of Mexico as a whole. A decade later subnational *Doing Business* studies have been replicated across the globe, measuring 438 locations in 65 economies and recording 583 regulatory reforms. The strong demand for subnational *Doing Business* studies proves that comparisons among locations within the same economy and the sharing of good practices are strong drivers of reform.

By leveraging the methodology of *Doing Business* and combining it with a strong engagement strategy with local authorities, subnational *Doing Business* studies increase ownership of the reform agenda at all levels of government. The results from repeated benchmarking exercises in Colombia and Mexico—three and six rounds, respectively—and the growing commitment from government partners in these countries provide examples of how subnational *Doing Business* studies can be used as a public policy tool to identify local differences, guide reform efforts and track progress over time.

Over the course of the subnational series in Mexico, the number of states reforming has increased considerably. Greater buy-in from different government institutions has also expanded the range of reforms. The first two rounds recorded reforms in the majority of the states, but not all. However, soon after the first study, competition and collaboration spurred the reform momentum and, since 2012, all the 32 states have embarked on an active path to reform. States and municipalities began to expand their reform efforts to a larger number of areas. They did this by strengthening intragovernmental collaboration—between state, municipal and national authorities—and reaching out to the judiciary. With the support of the judiciary, Mexico introduced legal reforms to facilitate contract enforcement. Between 2012 and 2016 the Mexican states of Colima, Estado de México, Puebla, San Luis Potosí and Sinaloa reformed in all four areas measured by the project. Subnational *Doing Business* has recorded a total of 252 regulatory improvements across all states in Mexico to date.

In Mexico the top improvers started out as the worst performers



Source: Doing Business database.
Note: Among Mexican states Colima, Estado de México and Guerrero have made the most improvement on the starting a business indicator set since 2007.

In Colombia 100% of locations reformed after the first benchmark in 2008. The third round in 2012 covered 23 locations and recorded a total of 62 reforms across all indicators. Those locations that had initially ranked poorly—the large business centers such as Medellín, Bucaramanga and Cartagena—improved the most that year. The findings of the subnational studies spurred technical assistance programs implemented by the national government to support local reforms. The fourth round, in 2017, will expand the geographic coverage to measure all departments (states) in Colombia for the first time.

The findings of subnational *Doing Business* studies not only encourage competition but also inspire peer-to-peer learning initiatives by highlighting good practices in an economy. Peer-to-peer learning can be one of the most powerful drivers of reforms, particularly when good practices are replicated within the cities of the same economy. Cities with inefficient business regulation benefit the most from such practice, learning from a wealth of information available on national good practices. It is therefore not uncommon to see cities that performed poorly in a business regulatory area to show a steep improvement in the next round of measurement.

(continued)

BOX 3.2 Subnational *Doing Business* studies in Mexico and Colombia: reforming through competition and collaboration (*continued*)

In Colombia the cities of Neiva and Cartagena stand out. Neiva, which ranked last in Colombia's subnational *Doing Business* study in 2008, established an "anti-red tape" committee, bringing together the municipality, chamber of commerce, business associations and representatives of national agencies, such as the police and the tax authority. This committee met every month to propose changes to the regulatory environment and monitor progress. As a result, Neiva launched a one-stop shop for business registration which connected the municipal and state governments, eliminating 11 procedures required to start a business and speeding up the process by five weeks.

After finishing near the bottom of the ranking on the ease of starting a business twice in a row, the Mayor of Cartagena put forward an ambitious plan to eliminate the bottlenecks identified by subnational *Doing Business*. In a joint effort between the city and the private sector, Cartagena was able to implement reforms that reduced the time to register a company by half and costs by over 60%. As a result, Cartagena rose from a ranking of 21 on the ease of starting a business in 2008 to a ranking of 6 in 2012.

Mexican states have also made marked improvements in their performance in the subnational *Doing Business* studies. In 2007 Colima, Estado de México and Guerrero were several of the states where it was most challenging to start a business. It took on average two months and 18% of income per capita for entrepreneurs to formally start their business. In 2016 it takes entrepreneurs in Colima, Estado de Mexico and Guerrero no more than two weeks to start a business and on average their costs have been reduced by half.

Competitive cities can be drivers of job creation and economic growth. By focusing on cities, the subnational *Doing Business* studies contribute to the improvement of their competitiveness, providing information to policy makers on how to reform the business regulatory environment. Ultimately, competitive cities can help eliminate extreme poverty and promote prosperity for all citizens.[a]

a. Kilroy, Mukhim and Negri 2015.

In 2015/16, 137 economies implemented 283 reforms across different areas measured by *Doing Business*. The most reformed indicators this cycle are starting a business, paying taxes and getting credit. The region with the highest share of reforms across all topics is Europe and Central Asia, continuing a trend begun well over a decade ago (table 3.1). Indeed, 96% of economies in the region have implemented at least one business regulatory reform recorded by *Doing Business 2017*. Kazakhstan, Georgia and Belarus are regional leaders on the total count of reforms, implementing seven, five and four reforms, respectively.

In 2015/16, 29 economies implemented a net of at least three reforms improving their business regulatory systems or related institutions as measured by *Doing Business*. These 29 include economies from all income groups: low-income (seven economies), lower-middle-income (nine), upper-middle-income (eight) and high-income (five). Ten economies in Sub-Saharan Africa made a net of at least three reforms making it easier to do business in 2015/16.

The 10 economies showing the most notable improvement in performance on the *Doing Business* indicators in 2015/16 were Brunei Darussalam, Kazakhstan, Kenya, Belarus, Indonesia, Serbia, Georgia, Pakistan, the United Arab Emirates and Bahrain (table 3.2). These economies together implemented 48 business

TABLE 3.1 Economies in Europe and Central Asia have the highest share of reformers in 2015/16

Area of reform	Number of reforms in 2015/16	Region with the highest share of reformers in 2015/16
Starting a business	49	Middle East & North Africa
Dealing with construction permits	18	Europe & Central Asia
Getting electricity	21	Europe & Central Asia
Registering property	22	Europe & Central Asia
Getting credit	34	East Asia & Pacific
Protecting minority investors	19	Europe & Central Asia
Paying taxes	46	Europe & Central Asia
Trading across borders	32	South Asia
Enforcing contracts	18	Europe & Central Asia
Resolving insolvency	24	Sub-Saharan Africa

Source: Doing Business database.
Note: The labor market regulation indicators also recorded 21 regulatory changes in the *Doing Business 2017* report. These changes are not included in the total reform count.

TABLE 3.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2015/16

Economy	Ease of doing business rank	Change in DTF score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Brunei Darussalam	72	5.28			✔		✔	✔	✔		✔	✔
Kazakhstan	35	4.71	✔	✔	✔			✔		✔	✔	✔
Kenya	92	3.52	✔		✔	✔		✔				✔
Belarus	37	3.22			✔	✔	✔	✔				
Indonesia	91	2.95	✔		✔	✔	✔		✔	✔	✔	
Serbia	47	2.59	✔	✔		✔						
Georgia	16	2.45			✔	✔		✔	✔	✔		
Pakistan	144	2.08				✔	✔			✔		
United Arab Emirates	26	2.07	✔	✔	✔	✔		✔				
Bahrain	63	2.05	✔				✔			✔		

Source: Doing Business database.

Note: Economies are selected on the basis of the number of reforms and ranked on how much their distance to frontier score improved. First, *Doing Business* selects the economies that implemented reforms making it easier to do business in 3 or more of the 10 areas included in this year's aggregate distance to frontier score. Regulatory changes making it more difficult to do business are subtracted from the number of those making it easier. Second, *Doing Business* ranks these economies on the increase in their distance to frontier score from the previous year. The improvement in their score is calculated not by using the data published in 2015 but by using comparable data that capture data revisions and methodology changes. The choice of the most improved economies is determined by the largest improvements in the distance to frontier score among those with at least three reforms.

regulatory reforms across all of the areas measured by *Doing Business*. Overall, the 10 top improvers implemented the most regulatory reforms in the areas of getting electricity and registering property—with seven reforms for each indicator set. These economies also actively reformed in the areas of starting a business and protecting minority investors, with six reforms in each area. Kazakhstan and Georgia joined the list of top improvers for the fourth time in the past 12 years.

Two economies from East Asia and the Pacific made it to the list of 10 top improvers. Brunei Darussalam made the biggest advance toward the regulatory frontier in 2015/16, thanks to six business regulatory reforms. Brunei Darussalam, for instance, increased the reliability of power supply by implementing an automatic energy management system to monitor outages and service restoration. To improve access to credit, it began distributing consumer data from utility companies. Brunei Darussalam also passed a new insolvency law, offering protections for secured creditors during an automatic stay in reorganization proceedings. In addition, Brunei Darussalam strengthened minority investor protections by making it easier to sue directors in case of prejudicial related-party transactions and by allowing the rescission of related-party transactions that harm companies.

Indonesia made starting a business easier by abolishing the paid-in minimum capital requirement for small and medium-size enterprises and encouraging the use of an online system for name reservation. In Jakarta, a single form to obtain company registration certificates and trading licenses was also created. Getting electricity was made easier in Indonesia by reducing the time for contractors to perform external work thanks to an increase in the stock of electrical material supplied by the utility. In Surabaya, getting electricity was also made easier after the utility streamlined the process for new connection requests. In addition, Indonesia digitalized its cadastral records and launched a fully automated geographic information system, making it easier to register a property. Moreover, Indonesia established a modern collateral registry and introduced a dedicated procedure for small claims for commercial litigation. In the area of trading across borders, it improved the customs services and document submission functions of the Indonesia National Single Window. Finally, Indonesia made paying taxes easier by introducing an online system for filing tax returns and paying health contributions.

Economies in Europe and Central Asia continued to reform actively in 2015/16. Kazakhstan and Georgia increased the reliability of the electricity supply by starting to penalize utilities for having poor power outage indicators. Both economies also strengthened minority investor protections by increasing shareholder rights in major decisions, clarifying ownership and control structures and requiring greater corporate transparency. In the area of trading across borders, Kazakhstan made exporting less costly by eliminating two documents previously required for customs clearance; Georgia made import and export documentary compliance faster by improving its electronic document processing system. Belarus improved its business climate by establishing a one-stop shop at the electricity utility, launching an electronic geographic information system for property registration, providing consumer credit scores to banks and regulated financial institutions and by introducing remedies in cases where related-party transactions are harmful to the company. Owing to streamlined processes and time limits, Serbia reduced the time needed to start a business, obtain a building permit and transfer property.

Pakistan and Bahrain improved access to credit information by adopting new regulations that guarantee by law borrowers' rights to inspect their credit data. Trading across borders also became easier by improving infrastructure and streamlining procedures in Bahrain and introducing a new electronic platform for customs clearance in Pakistan. Among other reforms, the United Arab Emirates made dealing with construction permits easier by implementing risk-based inspections and streamlining the final joint inspection with the process of obtaining a completion certificate. The United Arab Emirates also reduced the time required to obtain a new electricity connection by implementing a new program with strict deadlines for reviewing applications, carrying out inspections and installing meters. Additionally, the United Arab Emirates introduced compensation for power outages.

Removing obstacles to start up a business

Studies have shown that removing excessive bureaucratic formalities in the startup process has numerous benefits for both economies and entrepreneurs. Some of these gains include higher levels of firm formalization, economic growth and greater profits.[12] Governments embark on various reform paths to improve business incorporation processes and encourage entrepreneurship. In 2015/16, 49 reforms were captured by the starting a business indicator set, ranging from removing redundant processes required to operate formally to expanding the use of modern technology and creating or improving one-stop shops.

Onerous incorporation processes cost entrepreneurs time and money. During 2015/16 one-third of the reforms captured by the starting a business indicators involved streamlining the formalities for registering a business. The government of Sri Lanka, for example, waived the stamp duty on issued shares. Similarly, by repealing a requirement to have registration documents signed before a commission of oaths Ireland, Kenya and Uganda significantly reduced the time needed by entrepreneurs to start a business. All of these actions have significantly reduced the number of interactions between entrepreneurs and government officials, thereby lowering opportunities for rent-seeking.

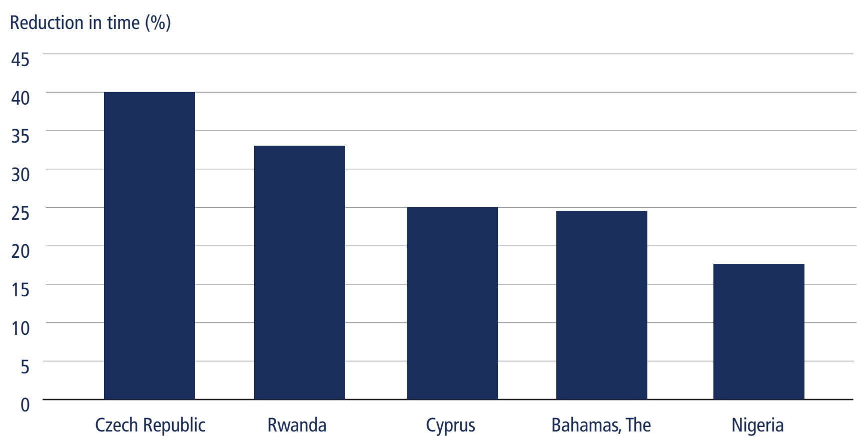
Governments continue to improve their efficiency through the use of technology. In the past year, *Doing Business* data show that economies that implement online procedures see a reduction in the time taken to start a business (figure 3.1). In 2015/16, 20% of economies reforming company startup processes either introduced or improved online portals. The Nigerian Corporate Affairs Commission, for example, launched an online registration portal allowing companies to reserve their names electronically. Rwanda now has a fully functioning electronic portal that combines company registration, information on tax obligations and duties and value added tax registration—saving entrepreneurs an average of two days and eliminating two interactions with government officials.

Several economies also reformed their one-stop shops for business registration in 2015/16. Cyprus merged the process of registration for value added tax and corporate income tax. Likewise, Malta's companies register and inland revenue department merged their operations to allow the automatic generation of tax identification numbers. The Arab Republic of Egypt created a unit inside its one-stop shop to facilitate and streamline interactions between entrepreneurs and various governmental agencies. Egyptian entrepreneurs now have fewer direct interactions with regulatory agencies when completing both registration and postregistration procedures.

Streamlining the process of obtaining a building permit

The construction industry is a vital sector of an economy. It stimulates growth by

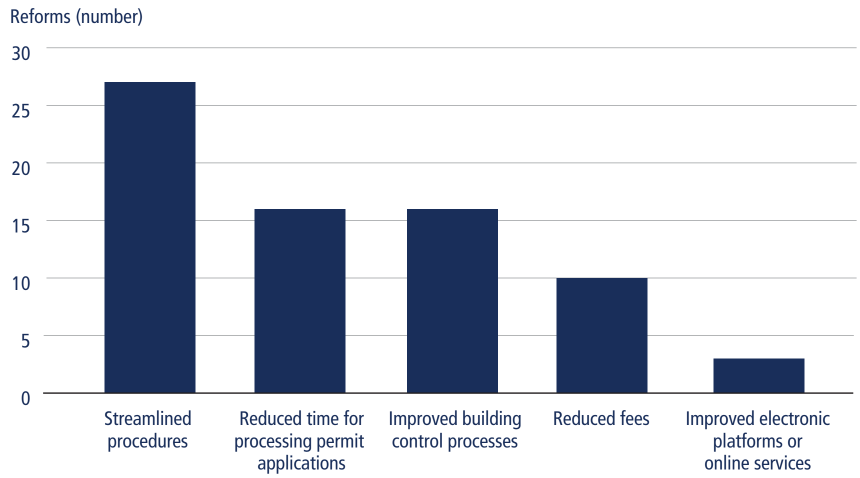
FIGURE 3.1 Economies implementing online procedures in 2015/16 have reduced the time needed to start a business



Source: Doing Business database.

attracting sizeable investments and supporting supply chains, thereby generating employment and contributing to the process of capital formation.[13] Research suggests that the construction industry is responsible for 6% of global GDP—or a 5% share of GDP in developed economies and an 8% share in developing economies.[14] Over the past three years economies have mostly focused their construction-permitting reforms on streamlining procedures and improving coordination among the various agencies involved in the process. Other common areas of improvement included reducing the time and cost incurred by builders, followed by improving electronic platforms and building quality control processes (figure 3.2).

FIGURE 3.2 Construction reforms have mostly focused on streamlining procedures over the past three years



Source: Doing Business database.

In the area of construction, five of 18 economies reduced the time it takes to obtain a building permit in 2015/16. Algeria and Cameroon, for example, enforced the processing time limits prescribed by law. Similarly, the Democratic Republic of Congo improved building quality controls and compliance with legal time limits to obtain a building permit. Zimbabwe streamlined the approval process for construction permits by improving interagency coordination between the Harare City Council and architectural agencies.

Five economies—Cameroon, Côte d'Ivoire, Madagascar, the Philippines and the United Arab Emirates—improved their performance on the building quality control index by increasing the transparency of building regulations. In the Philippines, for example, the Department of Building Official Services of Quezon City updated its website to list the required preapprovals needed to obtain a construction permit. With respect to cost reduction, both France and San Marino reduced the fees for obtaining a building permit.

Botswana's Gaborone City Council abolished a requirement to present a rates clearance certificate when applying for a building permit, thereby easing bureaucratic requirements. Poland eliminated a requirement to obtain technical conditions for utilities and clearance from the public roads administrator. Kazakhstan introduced a single window portal to streamline the approvals process to obtain a building permit. The Russian Federation abolished the requirement to obtain an approval to fence construction sites in St. Petersburg. Capitalizing on advancements in modern technology, Serbia made it mandatory to request a building permit online through the e-permit system. Likewise, Singapore enhanced its electronic one-stop shop, making the process of obtaining approvals from different authorities easier. Finally, Albania's Constitutional Court lifted a moratorium on issuing construction permits. As a result, the issuance of building permits has been resumed.

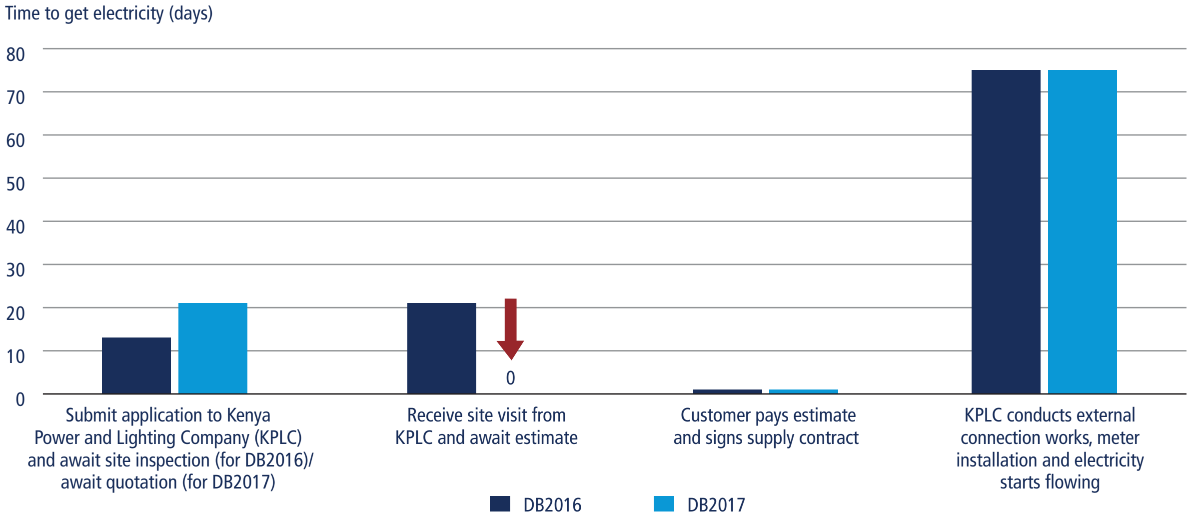
Making access to electricity more efficient and reliable

A reliable electricity supply—as well as an efficient connection process—is linked to better firm performance, especially in industries that require a steady supply of electricity.[15] In fact, a reliable electricity supply is associated with higher firm production efficiency and higher levels of foreign direct investment.[16] A more efficient connection process is associated with positive electricity sector outcomes, such as higher rates of electrification and lower numbers of bribe payments.[17] Economies can substantially improve their business environment by investing in the electricity sector.

One index included in the getting electricity indicator set is the quality of supply and transparency of tariffs index. In 2015/16, seven economies—Algeria, Brunei Darussalam, Bulgaria, Georgia, Kazakhstan, the Lao People's Democratic Republic and the United Arab Emirates—implemented reforms in this capacity. To improve the reliability of the power supply the utility in Bulgaria is now using an automatic energy management system, SCADA (Supervisory Control and Data Acquisition), to monitor power outages and to restore the service. And the utility in Algeria improved the level of transparency in the electricity sector by publishing electricity tariffs online.

Of the 21 reforms captured by the getting electricity indicators, 17 economies implemented reforms improving the efficiency of the electricity connection process. Such reforms included the streamlining of connection procedures, the reduction of connection fees and the creation of one-stop shops. Belarus, for example, established a one-stop shop at the utility that fulfills

FIGURE 3.3 Kenya's reform led to a reduction in time and streamlined connection procedures



Source: *Doing Business* database.

all utility connection-related services, including the design and construction of the distribution line. Kenya streamlined the process of getting electricity by introducing the use of a geographic information system that allows the utility to provide price quotes to customers without conducting a site visit. Moreover, all substations, transformers and meters are now mapped on the system which is also linked to well-documented cadastral maps. Customers simply submit all required documentation and wait for quotes to be directly prepared by the utility office (figure 3.3).

Recent amendments to the Construction Law of Poland eliminated the need for an excavation permit, which previously was required for the utility to extend low voltage grids and build medium voltage transformer stations. The utility is now able to carry out external connection works without having to wait for an excavation permit to be issued. As a result of this reform Poland decreased the total time needed to obtain an electricity connection by 11 days.

Improving the quality of land administration

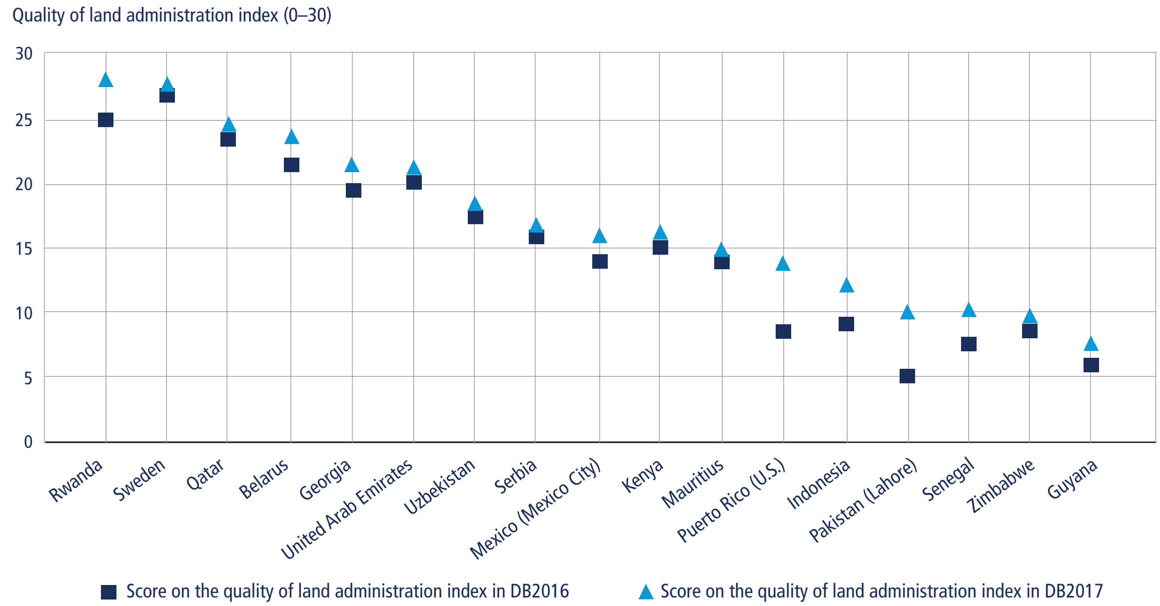
Registered property rights are necessary to support investment, productivity and growth.[18] Evidence from economies around the world suggests that property owners with registered titles are more likely to invest[19]—and they have a higher likelihood of getting credit when using property as collateral. It is essential that governments have reliable, up-to-date information in cadasters and land registries to correctly assess and collect taxes. In 2015/16, 22 economies made it easier for businesses to register property by increasing the efficiency of property transfers and improving the quality of land administration. In 17 of these economies, reforms improved the reliability of infrastructure and the transparency of information of land administration systems (figure 3.4).

Among the 190 economies included in *Doing Business*, Rwanda made the largest improvement on the registering property indicators in 2015/16. The Rwanda Natural Resources Authority introduced a fast track procedure for commercial property transfers, and improved the transparency of the land registry by establishing a land administration services complaints mechanism and by publishing statistics on property transfers. Mexico—another significant improver—modernized its land management infrastructure. Over the past two years, the Mexico City government acquired new information technology infrastructure which enabled it to digitize all recorded land titles and create an electronic database of land ownership.

Among all regions, Sub-Saharan Africa accounts for the largest number of reforms in 2015/16, a total of seven out of 22. Zambia, for example, decreased the property transfer tax. Senegal improved the transparency of information by publishing a list of all required documents, service standards and official fees needed to complete any type of property transaction. In Europe and Central Asia, four economies implemented changes pertinent to the registering property indicators. In 2015, Belarus introduced the new geographic information system which provides free access to information on land plot boundaries and technical information on geospatial location. Additionally, Serbia reduced the time required to transfer a property while Georgia increased coverage of all maps for privately held land plots in Tbilisi.

Indonesia implemented measures to digitize land plans and maps in both Jakarta and Surabaya. As a result of these efforts, the cadastral maps were made publicly available through an online portal. The new online platform provides open

FIGURE 3.4 Seventeen economies improved their score on the quality of land administration index in 2015/16



Source: Doing Business database.

access to the geospatial information system, allowing clients to review and verify boundaries of land plots in Indonesia. Pakistan was the sole economy in South Asia to reform property transfers. Starting in 2007, the Punjab province of Pakistan launched the Land Records Management and Information Program to strengthen the capacity of land administration institutions in Lahore. During a five-year period, the project deployed an automated land records system and improved the quality of services provided by the land agency.

Strengthening access to credit

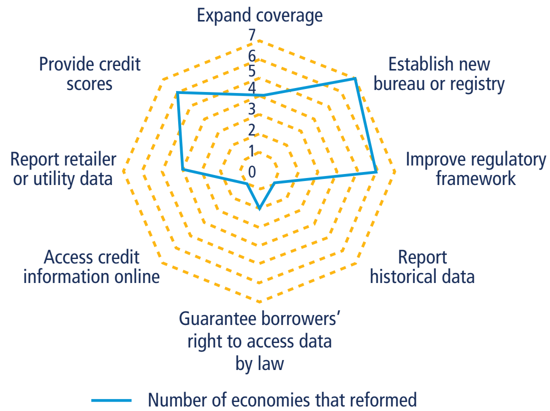
Nine economies—Armenia, Brunei Darussalam, The Gambia, Indonesia, the former Yugoslav Republic of Macedonia, Malawi, Nigeria, Papua New Guinea and Vanuatu—implemented reforms to strengthen access to credit by transforming and adopting new laws regarding secured transactions, including in some cases by creating an operational unified collateral registry. The parliament enacted a new law in Armenia which establishes a modern and unified collateral registry. Indonesia made registrations, amendments and cancellations at the collateral registry available to the general public through an online portal, Fidusia Online. The Gambia introduced a new law which established a centralized, notice-based collateral registry, a reform that increased The Gambia's legal rights index score by 4 points. Furthermore, Malawi and Papua New Guinea introduced new secured transactions legislation and established modern unified collateral registries. Both registries are now fully operational, resulting in an improvement in the ability of small businesses to obtain credit as they can now use firm assets as collateral.

Twenty-seven economies implemented reforms improving their credit information systems in 2015/16 (figure 3.5). Guyana and Tanzania made the largest improvements by expanding borrower coverage. Tanzania's credit bureau, Creditinfo, expanded its borrower coverage from 4.97% to 6.48% of the adult population, aided in part by signing agreements with retailers and merchants to share credit data on their customers. Similarly, Creditinfo Guyana, which became operational in May 2015, expanded its borrower coverage from 2.40% to 16.40% of the adult population through obtaining data from one microfinance institution, one trade creditor and one water utility company as well as from six private commercial banks.

Over the past *Doing Business* cycle, six economies established legal frameworks to improve the functioning of credit reporting markets, most of them in Sub-Saharan Africa. Mozambique, for example, enacted a new law that allows the establishment of a credit bureau. The national assemblies of Burkina Faso and Togo passed the Uniform Law,[20] providing the legal framework for the establishment, licensing, organization of activities and supervision of credit bureaus. This same law was previously adopted in Côte d'Ivoire, Mali, Niger and Senegal, where new credit bureaus became operational in February 2016.

Several other economies improved features of existing credit reporting systems. In six economies, credit bureaus and registries began offering credit scores to banks and other financial institutions to help them assess the creditworthiness of borrowers. In Thailand, for example, the National Credit Bureau started offering consumer and commercial credit scoring.

FIGURE 3.5 Main reform features in the area of getting credit—credit information



Source: Doing Business database.
Note: The scale represents the number of economies with the particular reform feature.

Credit scores pool information across many creditors as well as some public information sources. Such scores offer lenders information that is otherwise unavailable to any individual creditor, including total exposure, number of outstanding loans and previous defaults. This, in turn, aids the decision making of lenders when assessing loan applications.

Brunei Darussalam, China, Tanzania and Tunisia expanded the scope of information collected and reported by credit reporting service providers by distributing data from retailers or utility companies. Economies also enacted reforms guaranteeing borrowers' rights to access and inspect their data. In Bahrain, for example, clients of a credit bureau have the right to obtain a free credit report once every 12 months, to add information to their credit report and to file a complaint or objection related to the accuracy or limitation of the information contained in their credit report. In Pakistan there is a legal obligation for a credit bureau to provide a borrower with a copy of a credit report.

Strengthening the rights of minority shareholders

Firm-level research on a sample of nearly 1,000 firms in the United States shows a robust negative association between restrictions on shareholder rights and the market value of firms relative to the total value of their assets. The more shareholder rights are limited the more undervalued firms tend to be.[21] Moreover, an analysis of controlled companies—where ownership is concentrated typically in the hands of the founding family—highlights that sound corporate governance should be comprised of two strategies: enhancing the rights of minority shareholders and moderating the powers of the controlling shareholder.[22]

To comply with internationally-accepted good practices, in 2015/16 19 economies strengthened the rights of minority shareholders. Georgia enacted amendments to the Law on Securities Market and the Law on Entrepreneurs. These amendments directly address shareholders' rights with respect to preemptive rights, voting rights, ownership and control. As a result, Georgia's score increased from 6 to 7 on the extent of shareholder rights index and from 4 to 8 on the extent of ownership and control index.

Fiji, Morocco, Saudi Arabia and Vietnam introduced greater requirements for corporate transparency into their laws and regulations. Such laws promote detailed disclosure of primary employment, appointments and remuneration of directors, ensure detailed and advance notice of general meetings of shareholders, oblige members of limited liability companies to meet at least once per year and allow shareholders to add items to the meeting agenda. These reforms resulted in an improvement in the scores of these four economies on the corporate transparency index.

Croatia, Kenya, Mauritania, Niger, Sri Lanka and Ukraine introduced legal changes focused on mitigating the potential prejudicial effect of conflicts of interest, particularly in the context of related-party transactions. Croatia, for example, now requires that directors disclose in detail to the management board and supervisory board of their company all relevant facts about the nature, relationship and existence of their conflicts of interest before considering any proposed resolution to enter into a major transaction. Likewise, in Ukraine, interested directors and interested shareholders are now excluded from the vote approving the transaction in which they have a conflict of interest. Lastly, Sri Lanka introduced a Code of Best Practices on Related Party Transactions in 2013, at first on a voluntary basis. Since January 2016 all companies listed on the Colombo Stock Exchange must comply with its requirements, which include board approval of such transactions and detailed disclosure by board members.

Enhancing electronic tax filing systems

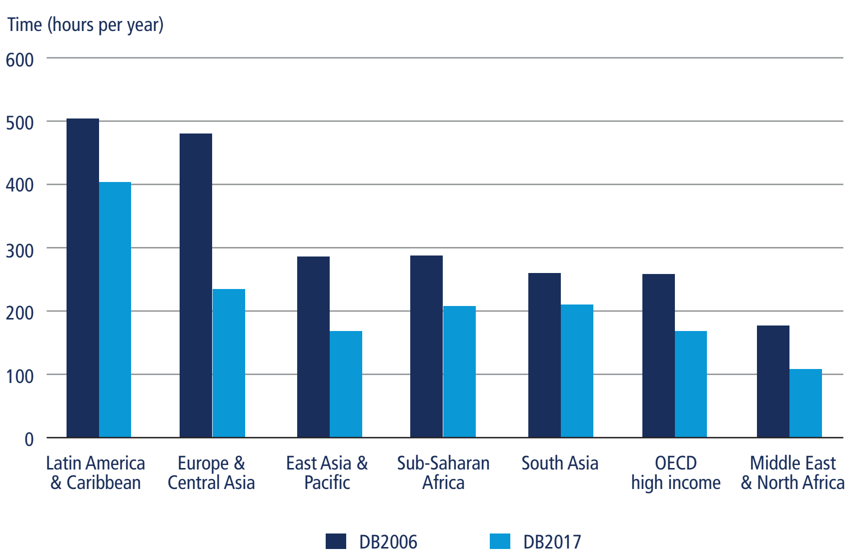
Properly developed, effective taxation systems are crucial for a well-functioning society. In most economies taxes are the main source of federal, state and local government revenues that are needed to fund projects related to health care, education, public transport and unemployment benefits, among others. The corporate tax burden has a direct impact on investment and growth. And tax administration efficiency is as important to businesses as effective tax rates.[23] A low cost of tax compliance and efficient tax-related procedures are advantageous for firms. Overly complicated tax systems are associated with high levels of tax evasion, large informal sectors, more corruption and less investment.[24] Tax compliance systems should be designed so as not to discourage businesses from participating in the formal economy. Modern tax administrations seek to optimize tax collections while minimizing administration costs and taxpayer compliance costs.

Of the 46 reforms captured by the paying taxes indicators, 26 economies either implemented new online systems for filing and paying taxes or improved the already existing online platforms in 2015 (figure 3.6). Italy, for example, introduced two improvements to its online system used by business taxpayers for filing labor taxes and mandatory contributions. Employers are now only required to enter personal information about employees once—at the beginning of employment and then it is carried forward automatically to future periods—and the payment process for labor taxes and mandatory contributions has been upgraded. The system now allows the previous period's payment request to be copied into the current one—it retains all relevant information such as taxpayer identification and the purpose and destination of the payment.

Singapore was one of the first economies to introduce an electronic system for public administration. In 1992 the Inland Revenue Authority of Singapore developed an integrated and computerized tax administration system, making internal processes more efficient by freeing staff from unproductive bureaucratic tasks. As a result, between 1992 and 2000 the time needed to issue tax assessments decreased from 12–18 months to 3–5 months.[25] Singapore continues to improve its tax compliance system even though it is among the best performers on the paying taxes indicators. In 2015 the online system underwent further upgrades, allowing for fewer delays in filing returns for corporate income tax and value added tax.

Other reforms were enacted to lower tax costs for businesses. Profit tax rates were reduced in nine economies while seven economies—Angola, Hungary, Italy, Jamaica, Jordan, Kosovo and Spain—either allowed more corporate expense deductions or higher fixed asset tax depreciation. The Dominican Republic decreased its corporate income tax rate while Jordan increased the depreciation rates for certain fixed assets. And eight economies abolished certain taxes. Azerbaijan, for instance, abolished vehicle tax for residents.

FIGURE 3.6 Electronic systems for filing and paying taxes save compliance time worldwide



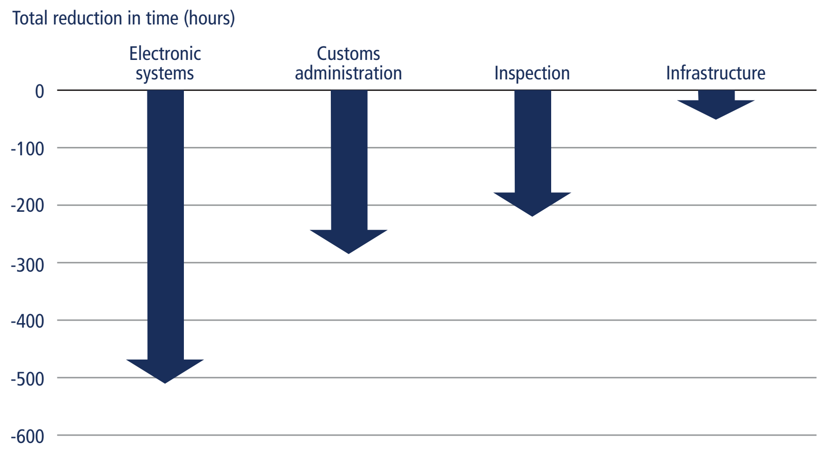
Source: Doing Business database.

Facilitating international trade through electronic solutions

Largely because of the progress made in tariff reduction over the last several decades, the focus of global trade policy and reforms has now shifted from trade tariffs to trade facilitation. A better logistics performance in the trade sector is strongly associated with trade growth, export diversification and economic growth.[26] In 2013, World Trade Organization (WTO) member countries signed the Trade Facilitation Agreement (TFA) committing to implement border management policies that make it easier to export and import goods across borders. A recent study suggests that, if the TFA is fully implemented by all member countries, the time spent in customs would be reduced by an average of 1.6 days for imports and 2 days for exports. By the time of the TFA's full implementation the estimated global welfare gain is expected to be $210 billion per year, with estimates ranging from $16 to $33 annually for each resident of WTO member countries.[27]

Among trade reformers, many economies made trading across borders easier by improving their existing electronic systems for both imports and exports, reducing the cost and time of documentary and border compliance (figure 3.7). Argentina, for example, introduced a new Import Monitoring System for products qualified for automatic licenses which is less restrictive and faster than the one previously used. Georgia reduced document processing times by enhancing its electronic document processing system as well as introducing an advanced electronic document submission option. The latter allows electronic registration of containers shipped by sea, eliminating the outdated process of manual registration of containers. Kosovo reduced the time and cost of documentary and border compliance for exporting by advancing its automated customs data management

FIGURE 3.7 Implementation of electronic systems had the most significant impact on time reduction among those economies reforming in trade in 2015/16



Source: Doing Business database.

Note: The time reduction captures reforms that were implemented and had a positive impact on time for the trading across borders indicators from from June 2015 to June 2016. The reforms recorded during this period can be aggregated into four wide-ranging categories: electronic systems, customs administration, inspections and infrastructure.

system, streamlining customs clearance processes and implementing the Albania-Kosovo Transit Corridor.

Another common feature of trade reforms in 2015/16 is the introduction of—and for some economies, the advancement of—the ASYCUDA (Automated System for Customs Data) World system, an automated customs data management system that facilitates both export and import processes. In Afghanistan the customs department introduced a series of technical improvements to the online document processing system. Both Grenada and Jamaica made significant upgrades to their electronic platforms, resulting in a substantial decrease in the time required for international trade processes. Their systems allow for the electronic submission of customs declarations and supporting trade documents. As a result, customs brokers no longer need to go to several customs clearance officers or government agencies to validate documents. Kosovo, Nepal and St. Lucia also eliminated the use of paper documents by upgrading their ASYCUDA World systems, allowing for payments and submissions of export declarations to be done electronically.

Enhancing judicial efficiency

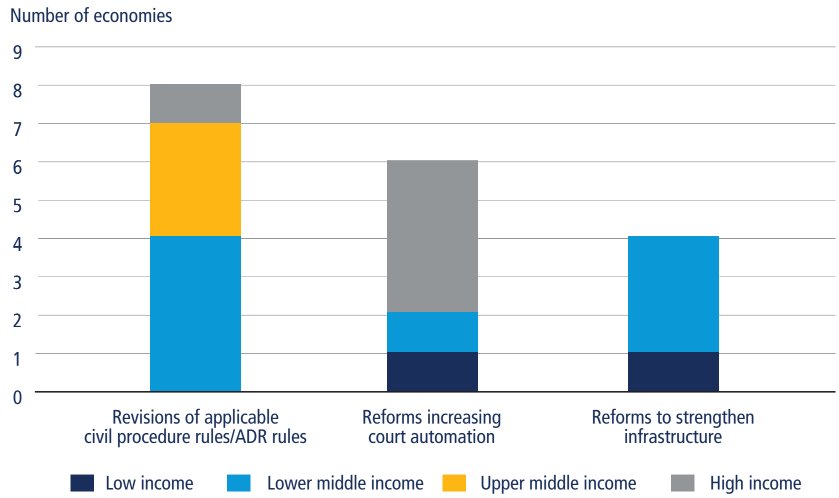
Efficient contract enforcement is essential to economic development and sustainable growth.[28] Economies with an efficient judiciary in which courts can effectively enforce contractual obligations have more developed credit markets and a higher level of overall development.[29] A stronger judiciary is also associated with more rapid growth of small firms[30] and enhanced judicial system efficiency can improve the business climate, foster innovation, attract foreign direct investment and secure tax revenues.[31] Conscious of the important role played by judicial efficiency, governments have been active in reforming different aspects measured by the *Doing Business* enforcing contracts indicators. Worldwide, revisions of alternative dispute resolution legislation and applicable civil procedure rules was the most common reform feature in 2015/16. However, none of the low-income economies made reforms in this area (figure 3.8).

Low-income and middle-income economies, predominantly in Sub-Saharan Africa and East Asia, have focused their reform efforts on strengthening judicial infrastructure. Côte d'Ivoire and Indonesia, for example, introduced dedicated simplified procedures for the resolution of small claims. Similarly, India and Niger strengthened their institutions by introducing dedicated venues to resolve commercial disputes. The presence of specialized commercial courts or divisions can make a significant difference in the effectiveness of a judiciary. Specialized courts can reduce the number of cases pending before main first-instance courts, leading to shorter resolution times within the main trial court. Commercial courts and divisions also tend to promote consistency in the application of the law, increasing predictability for court users.

Other economies, mainly high-income economies, have focused their reform efforts on attaining a higher level of court automation. Brunei Darussalam, Hungary, Norway and Spain have introduced an electronic system to file initial complaints with the competent court. Electronic filing streamlines and accelerates the process of commencing a lawsuit. Reducing in-person interactions with court officers also minimizes potential opportunities for corruption and results in speedier trials, better access to courts and more reliable service of process. These features also reduce the cost to enforce a contract—court users save in reproduction costs and courthouse visits while courts save in storage, archiving and court officers' costs.

Some economies have pushed their automation efforts even further by introducing sophisticated and comprehensive electronic case management systems. In January 2016, for example, Rwanda implemented the Integrated Electronic Case Management System, a web-based application that integrates five main institutions of the justice sector, throughout Kigali's courts.[32] Among other features, the system allows for the automatic registration of lawsuits, electronic organization and scheduling of cases and automated claims processing. Rwandan authorities expect the system to result in considerable cost and time savings along with

FIGURE 3.8 Revisions of applicable civil procedure rules and ADR rules has been the most common reform feature in 2015/16



Source: Doing Business database.

increased transparency and more reliable statistical data on court operations.

Many economies have concentrated their reform efforts on making complex revisions of their civil procedure laws. A third of reforms in 2015/16 entailed approvals of entirely new codes of civil procedure. Bolivia, Brazil, Ecuador, Kazakhstan, Niger and the Syrian Arab Republic are among the economies that implemented such reforms. Several economies, mainly in the Europe and Central Asia region, have approved changes to their mediation laws in an attempt to strengthen alternative dispute resolution mechanisms.

Promoting efficient bankruptcy regimes

Bankruptcy laws are strongly linked to collateral eligibility requirements, access of firms to loans and long-term debt and the level of firms' financing relative to their size.[33] When it comes to bankruptcy reforms, speeding up the resolution of debt disputes may improve the likelihood of timely repayment. Increasing the protection of creditors and their participation in bankruptcy proceedings may lower the cost of debt and lead to a higher aggregate credit level. Moreover, economies that introduce new reorganization mechanisms may reduce failure rates among firms.[34] Efficient bankruptcy regimes with orderly procedures for the sale and distribution of assets can improve loan terms, leverage ratios and bank recovery rates.[35]

Doing Business recorded 24 reforms in the area of resolving insolvency, mainly in Sub-Saharan African economies, in 2015/16. Substantial regulatory reform efforts have been undertaken by the 17 member states of the Organization for the Harmonization of Business Law in Africa, known by its French acronym OHADA. The organization adopted a revised Uniform Act Organizing Collective Proceedings for Wiping Off Debts in 2015, which introduced a simplified preventive settlement procedure for small companies and a new conciliation procedure for companies facing financial difficulties, encouraging an agreement between a debtor and main creditors. The OHADA Uniform Act also introduced provisions on cross-border insolvency that were implemented in all 17 OHADA member states. Similarly, Kenya adopted a new Insolvency Act which closely follows the insolvency framework of the United Kingdom. The new law introduced the mechanism of administration—a form of reorganization that allows insolvent companies to continue operating while negotiating a settlement with creditors.

Another region with active reformers in the area of insolvency is East Asia and the Pacific, where Brunei Darussalam, Thailand and Vanuatu made notable progress. Brunei Darussalam completely overhauled its insolvency framework. Prior to the reform, insolvency provisions for liquidation of corporate entities were included in the Companies Act and some rules were incorporated in the Bankruptcy Act, which applied to individuals. The latest reform created a designated legal act encompassing all provisions related to corporate insolvency and reflecting many modern good practices. Companies in Brunei Darussalam now have access to reorganization proceedings in the form of judicial management. Although the insolvency reform in Thailand was less comprehensive it represented a significant achievement in line with initiatives implemented in other economies in East Asia and the Pacific. Thailand expanded the application of its reorganization framework so that not only large companies—but also small and medium-size enterprises—can take advantage of this mechanism. This step is expected to provide relief to many viable companies which otherwise would be forced to cease operations.

Changing labor market regulation

Regulation is important to ensure efficient functioning of labor markets and adequate protection for workers. Studies have shown that labor market regulation can have an impact on aggregate job flows, productivity and informality.[36] The challenge for governments is to strike the right balance between flexibility of employment regulation and worker protection.[37] In 2015/16, 21 economies changed labor rules. Some made their labor regulation more flexible, others more stringent and in some economies the changes were in both directions. Most of the reforms were implemented in Sub-Saharan Africa and EU member states.

Nine economies changed regulation of fixed-term contracts. Norway amended the legislation to allow the use of fixed-term contracts for permanent tasks for a 12-month period. Angola permitted the use of fixed-term contracts for permanent tasks and extended their maximum duration to 120 months. Kazakhstan reformed the legislation to allow for two extensions of fixed-term contracts. By contrast, several economies made regulation of fixed-term contracts more rigid. In Zambia fixed-term contracts can no longer be used for permanent tasks. The Netherlands, Poland, Portugal and the United Arab Emirates reduced the maximum duration of fixed-term contracts and in Zimbabwe the maximum duration of fixed-term contracts was left to the discretion of the Employment Council.

Two economies introduced minimum wages in 2015/16. Myanmar established the first national minimum wage and São Tomé and Príncipe introduced the first minimum wage for the private sector. In addition, Mexico eliminated geographic differences related to minimum wages.

Several economies changed regulation of working hours. Cyprus and Hungary, for example, amended the legislation to allow stores to be open on Sundays. Kazakhstan reduced the premium for work on weekly holidays and Angola changed the premiums for overtime and night work as well as work on weekly holidays.

Moreover, seven economies changed the legislation governing redundancy rules and costs. In Kazakhstan, employers are no longer required to reassign an employee to a different position within the company before making the employee redundant. The Netherlands introduced severance pay for redundancy dismissals for employees with at least two years of continuous employment. Zimbabwe significantly reduced the severance package for redundancy dismissals, which was previously among the highest in the world. Angola and Myanmar increased severance pay requirements for some workers and decreased for others, depending on the length of job tenure. The Comoros reduced the length of notice period and the amount of severance pay for redundancy dismissals and Saudi Arabia increased the notice period for redundancy dismissals.

Finally, in 2015/16 four economies reformed legislation in the area of job quality. The Democratic Republic of Congo enacted a law that prohibits gender discrimination in hiring and Liberia adopted a Decent Work Act that establishes equal remuneration for work of equal value. Cabo Verde introduced unemployment insurance while Brazil expanded eligibility for unemployment benefits.

NOTES

1. Barseghyan 2008; Bruhn 2013; Dabla-Norris, Ho and Kyobe 2016; Deininger and others 2015; Haidar 2012; Kaplan, Piedra and Seira 2011; Monteiro and Assunção 2012.
2. Divanbeigi and Ramalho 2015.
3. Bertrand and Kramarz 2002; Klapper and others 2006; Ciccone and Papaioannou 2007; Bjørnskov and Foss 2008; Dreher and Gassebner 2013.
4. Haidar 2012.
5. Mishra, Nair and Vishwanath 2016.
6. Haidar and Hoshi 2015.
7. Haidar and Hoshi 2015.
8. World Bank 2016b.
9. Rwanda, Ministry of Finance and Economic Planning 2000.
10. Asia-Pacific Economic Association 2015.
11. World Bank Group 2013.
12. Motta, Oviedo and Santini 2010; Klapper and Love 2011; Fritsch and Noseleit 2013.
13. Ozkan, Ozkan and Gunduz 2012.
14. World Economic Forum 2016; Lewis 2009.
15. Geginat and Ramalho 2015.
16. Abotsi (2016) finds that the number of power outages experienced in a typical month has a negative impact on the production efficiency of firms in Africa. He also finds that the number of power outages experienced in a typical month has a negative and significant impact on foreign ownership of firms in Africa.
17. Geginat and Ramalho 2015.
18. Deininger 2003.
19. Galiani and Schargrodsky 2009.
20. The Uniform Law on the Regulation of Credit Information Bureaus (BICs) in the member states of the West African Economic and Monetary Union (UEMOA).
21. Cremers and Ferrell 2014.
22. Lan and Varottil 2015.
23. For more on the World Bank Enterprise Surveys, see the website at http://www.enterprisesurveys.org.
24. Djankov and others 2010.
25. Bird and Oldman 2000.
26. Arvis and others 2010.
27. Hillberry and Zhang 2015.
28. Esposito, Lanau and Pompe 2014; Dakolias 1999; Ball and Kesan 2010; Klerman 2006; Dam 2006.
29. Dam 2006.
30. Islam 2003.
31. Esposito, Lanau and Pompe 2014.
32. These include the Rwanda National Police, National Public Prosecution Authority, the judiciary, Civil Litigation, Rwanda Correctional Services, the bar association and all citizens who interface with justice institutions.
33. Araujo, Ferreira and Funchal 2012.
34. Klapper and Love 2011.
35. Cirmizi, Klapper and Uttamchandani 2010.
36. See World Bank 2012a; Martin and Scarpetta 2011; Loayza and others 2005.
37. World Bank 2012a.

TABLE 3.3 Who reduced regulatory complexity and cost or strengthened legal institutions in 2015/16—and what did they do?

Feature	Economies	Some highlights
Making it easier to start a business		
Simplified preregistration and registration formalities (publication, notarization, inspection, other requirements)	Barbados; Benin; Bolivia; Equatorial Guinea; Fiji; Hong Kong SAR, China; Ireland; Kenya; Myanmar; Niger; Papua New Guinea; Saudi Arabia; Sierra Leone; Sri Lanka; Thailand; Uganda; Vanuatu	Benin eliminated the need to notarize company bylaws. Equatorial Guinea made the process of starting a business easier by eliminating the need to obtain a copy of the business founders' criminal records. Ireland made starting a business easier by removing the requirement for a founder to swear before a commissioner of oaths when incorporating a company. Thailand made starting a business easier by creating a single window for registration payment.
Abolished or reduced paid-in minimum capital requirement	Algeria; Angola; Bahrain; Bosnia and Herzegovina; Burkina Faso; Chad; Indonesia; Mali; Oman; Qatar	Mali reduced the cost of starting a business by reducing the paid-in minimum capital required to register a company. Oman made starting a business easier by removing the requirement to pay the minimum capital within three months of incorporation.
Cut or simplified postregistration procedures (tax registration, social security registration, licensing)	Brazil; China; Colombia; Cyprus; Ecuador; Israel; Kazakhstan; Republic of Korea; Lao PDR; Madagascar; Malawi; Malta; Oman; Rwanda; Serbia; Turkey	Brazil made starting a business faster by implementing an online portal for business licenses in Rio de Janeiro. Lao People's Democratic Republic made starting a business faster by implementing simplified procedures for obtaining a license and registered company seal.
Introduced or improved online procedures	The Bahamas; Cyprus; Czech Republic; Indonesia; Republic of Korea; Morocco; Nigeria; Rwanda; South Africa	The Bahamas made starting a business easier by allowing local limited liability companies to register online. Indonesia made starting a business easier by allowing the use of the online system for name reservation.
Introduced or improved one-stop shop	Arab Republic of Egypt; Indonesia; Malta; Niger; Rwanda; United Arab Emirates	The Arab Republic of Egypt and Niger made starting a business easier by merging procedures at the one-stop shop.
Making it easier to deal with construction permits		
Reduced time for processing permit applications	Algeria; Cameroon; Democratic Republic of Congo; Iraq; Zimbabwe	Algeria enforced legal time limits to process building permit applications. Cameroon put in place a reception desk to check for the completeness of building permit applications upon submission to reduce processing times.
Streamlined procedures	Albania; Botswana; Kazakhstan; Poland; Russian Federation; Serbia; Singapore; United Arab Emirates	Botswana abolished the requirement to submit a rates clearance certificate. Poland eliminated the requirements to obtain technical conditions for utilities, as well as the clearance from the administrator of the public road.
Adopted new building regulations	Albania	Albania lifted the moratorium on issuing construction permits in June 2015.
Improved building control process	Cameroon; Côte d'Ivoire; Madagascar; Philippines; United Arab Emirates	Côte d'Ivoire made procedural information concerning the process of obtaining a building permit openly accessible. The Philippines increased the transparency of building regulations by publishing the required pre-approvals to obtain a building permit.
Reduced fees	France; San Marino	France adopted a fixed fee schedule for warehouses and slightly reduced the tariff per square meter for building fees. San Marino set a fixed fee for building permits.
Introduced or improved one-stop shop	Serbia; Singapore	Serbia made it mandatory to request a building permit online through the e-permit system. Singapore improved its one-stop shop, CORENET (Construction and Real Estate Network) e-submission system.
Making it easier to get electricity		
Improved regulation of connection processes and costs	Belarus; Lithuania	Belarus made it cheaper to obtain a new electricity connection by setting fixed prices for connections to electric networks and revising the connection fee structure.
Improved process efficiency	Albania; Azerbaijan; Belarus; Czech Republic; Dominican Republic; Hong Kong SAR, China; India; Indonesia; Iraq; Kazakhstan; Lithuania; Moldova; Poland; Portugal; United Arab Emirates	Lithuania introduced time limits for the utility to connect clients. The Dominican Republic made getting an electricity connection faster by enacting time limits for the utility to approve electrical connection plans. Portugal made getting an electricity connection faster by reducing the time required to approve electrical connection requests.
Streamlined approval process	Brunei Darussalam; Hong Kong SAR, China; Kenya	Hong Kong SAR, China, streamlined the processes of reviewing applications as site inspections can now be conducted without involving the customer. Kenya introduced the use of a geographic information system which eliminated the need to conduct a site visit.
Facilitated more reliable power supply and transparency of tariff information	Algeria; Brunei Darussalam; Bulgaria; Georgia; Kazakhstan; Lao PDR; United Arab Emirates	The utility in Lao PDR started fully recording the duration and frequency of outages to compute annual SAIDI and SAIFI. Algeria made getting electricity more transparent by publishing electricity tariffs on the websites of the utility and the energy regulator.

TABLE 3.3 Who reduced regulatory complexity and cost or strengthened legal institutions in 2015/16—and what did they do?

Feature	Economies	Some highlights
Making it easier to register property		
Increased reliability of infrastructure	Belarus; Indonesia; Mauritius; Mexico; Pakistan; Puerto Rico (U.S.)	Indonesia digitized its cadastral records and set up a geographic information system. In Pakistan the Punjab province launched the Land Records Management and Information Program in order to strengthen the capacity of land administration institutions in Lahore. In Puerto Rico (U.S.), the Registry of Immovable Property was digitized and the majority of land records became accessible in digital format.
Increased transparency of information	Guyana; Kenya; Qatar; Senegal; Singapore; United Arab Emirates; Uzbekistan; Zimbabwe	Senegal made the list of documents, service standards and official fees to complete a property transaction available online and also updated the cadastral map. The United Arab Emirates published the list of service standards for any operation at the Dubai Land Department.
Reduced taxes or fees	The Bahamas; Comoros; Zambia	The Bahamas decreased the property transfer tax from 10% to 2.5% of the property value. Zambia reduced the property transfer tax from 10% to 5% of the property value.
Increased administrative efficiency	Morocco; Rwanda; Sweden	Sweden introduced a new administrative process for automatic registration of mortgages and renewal of ownership.
Setting up effective time limits	Serbia	Serbia introduced effective time limits for the registration of property rights at the real estate cadaster.
Increased geographic coverage	Georgia	Georgia reached full coverage of all maps for privately held land plots in the main business city.
Strengthening legal rights of borrowers and lenders		
Created a unified and/or modern collateral registry for movable property	Armenia; The Gambia; Indonesia; FYR Macedonia; Malawi; Nigeria; Papua New Guinea	Armenia strengthened access to credit by adopting a new law on secured transactions that establishes a modern and centralized collateral registry.
Introduced a functional and secured transactions system	The Gambia; FYR Macedonia; Malawi; Papua New Guinea	The Gambia strengthened access to credit by adopting the Security Interests in Moveable Property Act. The new law on secured transactions implements a functional secured transactions system. The law regulates functional equivalents to loans secured with movable property, such as financial leases and sales with retention of title.
Allowed for general description of assets that can be used as collateral	FYR Macedonia	The former Yugoslav Republic of Macedonia implemented new laws which allow for the general description of assets granted as collateral.
Expanded range of movable assets that can be used as collateral	Papua New Guinea	Papua New Guinea introduced a new law that broadens the scope of assets which can be used as collateral to secure a loan.
Granted absolute priority to secured creditors or allowed out-of-court enforcement	The Gambia; Papua New Guinea; Vanuatu	The Gambia introduced a new law that allows out-of-court enforcement.
Granted exemptions to secured creditors from automatic stay in insolvency proceedings	Brunei Darussalam	Brunei Darussalam adopted a new insolvency law that contemplates protections for secured creditors during an automatic stay in reorganization proceedings.
Improving the sharing of credit information		
Expanded scope of information collected and reported by credit bureau or registry	Brunei Darussalam; China; Tanzania; Tunisia	In Brunei Darussalam the credit registry began distributing data from two utility companies in its credit reports with information on their clients' payment histories.
Improved regulatory framework for credit reporting	Armenia; Burkina Faso; Mozambique; Myanmar; Togo; Zimbabwe	Zimbabwe strengthened its credit reporting system by amending an act to allow for the establishment of a credit registry.
Established a new credit bureau or registry	Côte d'Ivoire; Latvia; Mali; Malta; Niger; Senegal; Solomon Islands	Côte d'Ivoire, Mali, Niger and Senegal established a new credit bureau, Creditinfo VoLo, which banks can consult to assess the creditworthiness of consumer and commercial borrowers.
Guaranteed by law borrowers' right to inspect data	Bahrain; Pakistan	Bahrain introduced amendments to the Central Bank of Bahrain and Financial Institutions Law guaranteeing borrowers' right to inspect their own data.
Introduced bureau or registry credit scores as a value added service	Belarus; Cambodia; China; Malaysia; Morocco; Thailand	In Cambodia the credit bureau began offering credit scoring in June 2015 to facilitate the assessment of the repayment capacity of borrowers.
Introduced online access to the credit information	Mauritania	Mauritania provided banks and financial institutions online access to the data of the credit registry.
Expanded borrower coverage by credit bureau or registry	Guyana; Lesotho; Pakistan; Tanzania	Guyana expanded the number of borrowers listed by its credit bureau with information on their borrowing history from the past five years to more than 5% of the adult population.

TABLE 3.3 Who reduced regulatory complexity and cost or strengthened legal institutions in 2015/16—and what did they do?

Feature	Economies	Some highlights
Strengthening minority investor protections		
Increased disclosure requirements for related-party transactions	Croatia; Kenya; Mauritania; Sri Lanka; Ukraine	Croatia amended its companies act to require that directors disclose in detail all relevant facts about the nature, relationship and existence of their conflicts of interest in a proposed transaction.
Enhanced access to information in shareholder actions	FYR Macedonia; Niger	Niger amended its civil procedure code and addressed the allocation of legal expenses at the conclusion of a civil action.
Expanded shareholders' role in company management	Belarus; Arab Republic of Egypt; Fiji; Georgia; Kazakhstan; FYR Macedonia; Morocco; Saudi Arabia; Ukraine; United Arab Emirates; Uzbekistan; Vanuatu; Vietnam	Vanuatu's new companies act stipulates that the sale of 50% of the assets of a company must be approved by the shareholders and that changes to their rights must be approved by the affected shareholders.
Increased director liability	Belarus; Brunei Darussalam; Kenya; Mauritania; Ukraine; Vietnam	Vietnam adopted a law that mandates that liable directors repay profits derived from a transaction in which they had a conflict of interest.
Making it easier to pay taxes		
Introduced or enhanced electronic systems	Albania; Argentina; Brunei Darussalam; Cyprus; El Salvador; Georgia; India; Indonesia; Italy; Jamaica; Japan; Kosovo; Latvia; Malaysia; Moldova; Mongolia; Montenegro; Netherlands; Philippines; Portugal; Singapore; Spain; Tajikistan; Turkey; Uganda; Uruguay	Albania launched an upgraded online platform for filing corporate income tax, value added tax and labor contributions as of January 1, 2015. One consolidated online return for mandatory contributions and payroll taxes was integrated within the online system. The Philippines introduced online filing and payment of health contributions as of April 1, 2015.
Reduced profit tax rate	Dominica; Dominican Republic; Guatemala; Peru; Portugal; San Marino; Senegal; Tajikistan; Uzbekistan	Portugal reduced the corporate income tax rate from 23% to 21% as of January 1, 2015. Senegal reduced the maximum corporate income tax collectable. San Marino allowed companies incorporated after January 1, 2014, to benefit from a 50% corporate income tax reduction for the first six years of activity.
Reduced labor taxes and mandatory contributions	Japan (Osaka); Netherlands; New Zealand; Uzbekistan	The Netherlands reduced the rates for health insurance contribution, special unemployment contribution and unemployment insurance contribution as of January 1, 2015.
Reduced taxes other than profit tax and labor taxes	Algeria; Angola; Argentina; Cyprus; Italy; Montenegro; Netherlands; Singapore; Slovak Republic; Spain; Tajikistan	Algeria reduced tax on professional activity from 2% to 1% of turnover as of July 1, 2015. Cyprus increased the discount rate for immovable property tax from 15% to 20% in 2015.
Merged or eliminated taxes other than profit tax	Azerbaijan; Bosnia and Herzegovina; Jamaica; Japan; New Zealand; Puerto Rico (U.S.); Singapore; Spain; Vietnam	Bosnia and Herzegovina abolished the tourist fee at the end of January 2015. Puerto Rico (U.S.) abolished the national gross receipt tax in 2015.
Allowed for more deductible expenses or depreciation	Angola; Hungary; Italy; Jamaica; Jordan; Kosovo; Spain	Angola increased the tax deduction for bad debt provisions from 2% to 4%. Italy increased the rate of the notional interest deduction from 4% to 4.5% in 2015.
Simplified tax compliance processes or decreased number of tax filings or payments	Algeria; Angola; Burundi; Georgia; Mauritania; Portugal; Senegal; Slovak Republic; Togo; Vietnam	Burundi introduced a new unique tax return and eliminated the personalized value added tax declaration form. Mauritania reduced the frequency of filing and payment of value added tax returns.
Making it easier to trade across borders		
Introduced or improved electronic submission and processing of documents for exports	Afghanistan; Azerbaijan; Georgia; Haiti; India; Indonesia; Islamic Republic of Iran; Jamaica; Jordan; Kosovo; Kuwait; Madagascar; Mauritania; Nepal; Oman; Pakistan; Paraguay; St. Lucia; Togo; Uganda; Vietnam	Georgia reduced export document processing time from 48 hours to 2 hours by improving its document processing system. Jamaica and Nepal reduced export documentary compliance time. Kosovo introduced electronic payments electronic submission of export declarations and reduced export documentary compliance time. Oman and Paraguay introduced a new online single window that decreased export border compliance time.
Introduced or improved electronic submission and processing of documents for imports	Afghanistan; Argentina; Azerbaijan; Brazil; Georgia; Ghana; Grenada; Haiti; India; Indonesia; Islamic Republic of Iran; Jordan; Kosovo; Kuwait; Madagascar; Mauritania; Morocco; Nepal; Niger; Oman; Pakistan; Rwanda; St. Lucia; Togo; Vietnam	Argentina introduced a new Import Monitoring System, which reduced the time for import documentary compliance from 336 hours to 192 hours. Ghana, Niger and Rwanda removed the pre-arrival assessment inspection for imports which reduced import documentary compliance time.
Entered a customs union or signed a trade agreement with major trade partner for exports and imports	Kosovo; Kyrgyz Republic	The Kyrgyz Republic reduced time for exporting by 10 hours and the cost of exporting by $85 by becoming a member of the Eurasian Economic Union. Albania and Kosovo launched an Albania-Kosovo Transit Corridor that decreased the export compliance time by 15 hours.
Strengthened transport or port infrastructure for exports	Jordan	Infrastructure improvements in Jordan decreased border compliance time by 2.1 hours for exports.
Strengthened transport or port infrastructure for imports	Bahrain; Haiti; Jordan	Bahrain, Jordan and Haiti improved infrastructure and streamlined procedures which decreased export border compliance.
Reduced documentary burden for exports and imports	Antigua and Barbuda; Kazakhstan	Antigua and Barbuda removed the tax compliance certificate for import customs clearance, which decreased the time and costs for import documentation. Kazakhstan removed two documents required for customs clearance, which reduced the export documentary compliance time.

TABLE 3.3 Who reduced regulatory complexity and cost or strengthened legal institutions in 2015/16—and what did they do?

Feature	Economies	Some highlights
Making it easier to enforce contracts		
Expanded the alternative dispute resolution framework	Armenia; Brazil; Moldova	Armenia, Brazil and Moldova introduced laws regulating voluntary mediation and setting incentives for the parties to attempt mediation.
Introduced a small claims court or a dedicated procedure for small claims	Côte d'Ivoire; Indonesia	Côte d'Ivoire and Indonesia each introduced a fast-track procedure to be used for the resolution of small claims. Both allow litigants to represent themselves during this procedure.
Introduced or expanded specialized commercial court	India; Niger	India and Niger each introduced dedicated venues to resolve commercial disputes.
Introduced significant changes to the applicable civil procedure rules	Bolivia; Brazil; Ecuador; Greece; Kazakhstan; Niger; Syrian Arab Republic	Bolivia and Ecuador each introduced a new Code of Civil Procedure regulating pre-trial conference. Kazakhstan and Niger each added measures of case management to their new rules on civil procedure.
Introduced electronic filing	Brunei Darussalam; Hungary; Norway; Spain	Brunei Darussalam, Hungary, Norway and Spain introduced an electronic filing system for commercial cases, allowing attorneys to submit the initial summons online.
Expanded court automation	Brunei Darussalam; Rwanda; Ukraine	Brunei Darussalam and Ukraine introduced a system allowing court users to pay court fees electronically. Rwanda introduced an electronic case management system for the use of judges and lawyers.
Making it easier to resolve insolvency		
Introduced a new restructuring procedure	Benin; Brunei Darussalam; Burkina Faso; Cameroon; Central African Republic; Chad; Comoros; Democratic Republic of Congo; Republic of Congo; Côte d'Ivoire; Equatorial Guinea; Gabon; Guinea; Guinea-Bissau; Kenya; Mali; Niger; Poland; Senegal; Togo	Poland introduced new restructuring mechanisms and established a centralized restructuring and bankruptcy register.
Improved the likelihood of successful reorganization	Brunei Darussalam; Kenya; Thailand	Brunei Darussalam made changes to its insolvency framework, including provisions authorizing post-commencement credit during insolvency proceedings and establishing rules for priority repayment of post-commencement creditors.
Improved provisions on treatment of contracts during insolvency	Brunei Darussalam; Kenya; Vanuatu	Vanuatu allowed avoidance of undervalued transactions concluded prior to commencement of insolvency proceedings.
Regulated the profession of insolvency administrators	Brunei Darussalam; Kenya	Kenya updated its insolvency framework, including stricter requirements for qualifications of insolvency administrators.
Strengthened creditors' rights	Kazakhstan; FYR Macedonia	Kazakhstan provided additional protections to creditors in the process of voting on the reorganization plan.
Changing labor legislation		
Altered hiring rules	Angola; Kazakhstan; Mexico; Myanmar; Netherlands; Norway; Poland; Portugal; São Tomé and Príncipe; United Arab Emirates; Zambia; Zimbabwe	Norway amended the legislation to allow the use of fixed-term contracts for permanent tasks. Myanmar introduced a national minimum wage and São Tomé and Príncipe introduced a minimum wage for the private sector.
Amended regulation of working hours	Angola; Cyprus; France; Hungary; Kazakhstan; Liberia	Cyprus and Hungary changed the legislation to allow stores to be open on Sundays. Kazakhstan reduced the premium for work on weekly holidays.
Changed redundancy rules and cost	Angola; Comoros; Kazakhstan; Myanmar; Netherlands; Saudi Arabia; Zimbabwe	Kazakhstan eliminated the requirement to reassign an employee to a different position before making the employee redundant. The Netherlands introduced severance pay for redundancy dismissals for employees with at least two years of continuous employment. Zimbabwe significantly reduced the severance package for redundancy dismissals.
Reformed legislation regulating worker protection and social benefits	Brazil; Cabo Verde; Democratic Republic of Congo; Liberia	The Democratic Republic of Congo enacted a law that prohibits gender discrimination in hiring. Liberia established equal remuneration for work of equal value. Cabo Verde introduced an unemployment insurance scheme.

Source: Doing Business database.

Note: Reforms affecting the labor market regulation indicators are included here but do not affect the ranking on the ease of doing business.

Doing Business 2017 is the 14th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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