



# **Business Environment Study of the Tourism sector (BEST)**

## **Business Environment Study of the Tourism Sector Methodology Handbook**

*The Business Environment Study of the Tourism Sector is a product of the World Bank Group's Regulatory Efficiency Unit (DECRE), part of the Policy Indicators Group. The assessment supports WBG strategic priorities by identifying regulatory barriers that constrain private investment, firm entry, and expansion in the sector. Using quantitative, primary data, it captures the challenges faced by firms operating across accommodation, food service, and tour operations — mapping the steps and agencies involved in key licensing and permitting processes to assess their efficiency and identify both barriers and enablers to firm growth.*

## MOTIVATION

Globally, tourism contributes approximately 10% of global GDP (US\$10.9 trillion in 2024), supports 357 million jobs, generates nearly US\$1.9 trillion in international visitor spending, and supports economic activity in remote and rural economies.<sup>1</sup> Tourism sector’s multiplier effects span transport, agriculture, retail, and construction; it employs more women and youth than the economy-wide average; and in many countries it is the single largest source of foreign exchange. These benefits are conditional, however, as they materialize only when firms can enter and operate without undue friction. The quality of the regulatory environment is a decisive determinant of whether tourism’s development potential is realized.

Tourism development can be constrained from three directions: demand-side factors such as limited connectivity and destination marketing; asset-side pressures such as environmental degradation; and supply-side barriers arising from a weak regulatory framework. Protracted licensing timelines, overlapping agency mandates, opaque fees, and duplicative documentation requirements push firms — especially the MSMEs that dominate the sector — toward informality, deter investment, and suppress tax incomes.

Measuring licensing and permitting reveals what legal review alone cannot: the full administrative burden of entry; agency duplications and contradictions; proportionality failures where small guesthouses bear the same burden as large resorts; and subnational implementation gaps where identical laws produce divergent outcomes across regions. For a sector dominated by firms with limited capacity to absorb regulatory friction, licensing efficiency is the highest-leverage variable for reform.

The assessment focuses on **three subsectors** selected for their regulatory distinctiveness, economic centrality, and firm-type representativeness (see table I).

**Table I: Tourism Subsectors Selected for the Regulatory Assessment**

Subsector	Rationale
<b>Tour Operator</b>	Tour operators stand at the forefront of the tourism experience, interpreting a country’s unique natural, cultural, and urban assets and packaging them into marketable itineraries that define the country’s unique value proposition to attract more tourists.  This subsector combines general business licensing, operator certification, guide accreditation, site access permits, and concession agreements for protected or heritage areas. It captures the intersection of tourism, environmental, and heritage governance.
<b>Accommodation</b>	As a foundational crosscutting input to all tourism activity, accommodation services are critical to tourism competitiveness and the sector’s broader economic spillovers. Moreover, hotels and short-term rentals anchor visitor stay and catalyze spending across interconnected sectors.  This regulatory pathway includes planning, construction, environmental approval, health and safety certification, and tourism-specific licensing. This subsector spans from multinational hotel chains to family guesthouses and short-term rentals, making this a key factor for assessing regulatory requirements in the tourism sector.

<sup>1</sup> World Travel & Tourism Council (WTTC). 2024. [Economic Impact Research](#).

<b>Food &amp; Beverage</b>	<p>As a provider of an essential service on the tourism market and to a wide range of related services, food and beverage (F&amp;B) establishments play a significant role in the tourism experience, shaping visitor satisfaction and destination appeal through local cuisine and service quality. They also create strong linkages with local supply chains, supporting agriculture, retail, and MSME-driven employment.</p> <p>Given their high frequency of regulatory interactions (e.g., health, safety, and licensing), F&amp;B is a key subsector for assessing administrative burdens and overall business environment efficiency in tourism.</p>
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**MEASUREMENT FRAMEWORK**

The Business Ready (B-READY) framework, documents actual procedural steps, agency interactions, time, and cost, triangulating *de jure* requirements against *de facto* processes, generating comparable data under the same legal framework, and producing findings that are directly actionable at the level of individual procedures.

DECRE has expertise in applying the B-READY framework to sector-specific projects. DECRE undertakes country and regional diagnostics that are based on novel primary data collected from both public and private sectors. Data collection and research are structured across the three pillars applicable to each of the three sub-sectors (see Table II).

**Table II: All assessments are structured across the three pillars**

Pillar I – Regulatory Framework	Pillar II – Quality of Public Services	Pillar III – Operational Efficiency
Assesses the laws and regulations governing tourism firm entry and operations across national, regional, and municipal levels. This includes licensing categories, eligibility requirements, documentation, renewals, and the institutional mandates responsible for regulatory oversight, with reference to international good practices.	Evaluates the tools, systems, and institutional support offered by authorities to help businesses follow regulatory requirements and obtain licenses and permits. This includes transparency of regulatory information, accessibility of services, digital licensing platforms, inspection protocols, interagency coordination, and feedback or grievance redress mechanisms.	Assesses procedural efficiency in practice, mapping end-to-end regulatory processes for accommodation providers, food service establishments, and tour operators. The analysis documents the time, cost, number of procedural steps, and agencies involved in obtaining and renewing authorizations to identify bottlenecks and reform opportunities.

## ASSESSMENT FRAMEWORK BY SUBSECTOR AND PILLAR

The pillar framework is operationalized across the three tourism subsectors—accommodation providers, food and beverage establishments, and tour operators—highlighting the specific regulatory obligations, public service features, and operational efficiency indicators assessed for each subsector (see Table III).

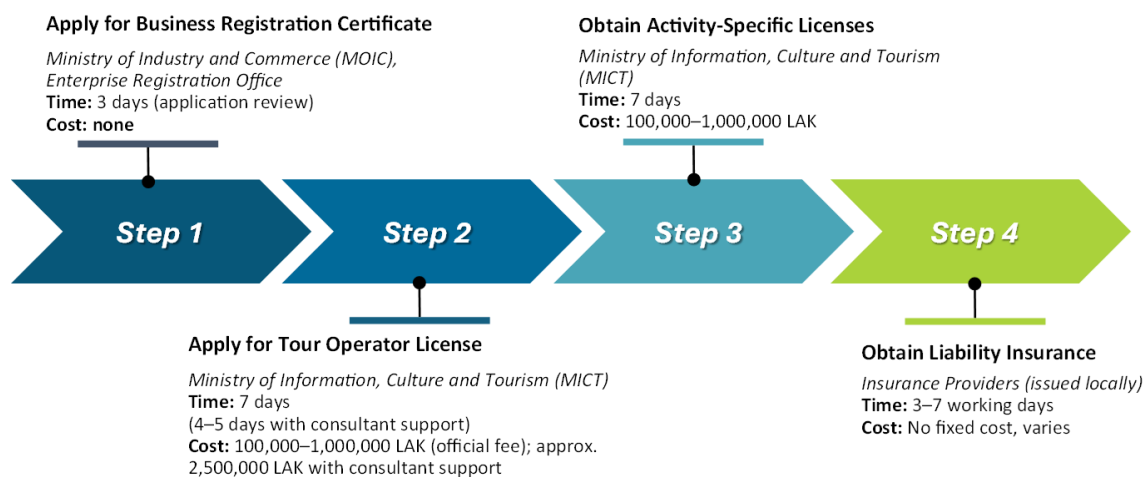
**Table III: Application of the Pillar structure across the three tourism sub-sectors**

Subsector	Pillar I – Regulatory Framework	Pillar II – Quality of Public Services	Pillar III – Operational Efficiency
<p style="text-align: center;"><b>Accommodation Providers</b></p>	<ul style="list-style-type: none"> <li>▪ Business registration and operating authorization</li> <li>▪ Registration with tourism authorities and classification systems</li> <li>▪ Land, construction, zoning, and occupancy approvals</li> <li>▪ Environmental and energy standards (EIA, conservation permits, green building / energy efficiency)</li> <li>▪ Health, safety, accessibility, and food safety requirements</li> <li>▪ Consumer protection obligations (data privacy, complaints)</li> <li>▪ Other statutory requirements (insurance, labor, signage, events)</li> <li>▪ Concession-related regulatory requirements for protected or state-owned tourism sites, including scope of permitted activities, access conditions, and concessionaire obligations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Digital licensing, renewal, and concession-related application systems</li> <li>▪ Online access to procedures, requirements, timelines, and fees (including concessions or site use authorizations)</li> <li>▪ Transparency of concession rules, eligibility criteria, and decisions (websites, public registries, disclosures)</li> <li>▪ Electronic payment of fees and tourism-related taxes</li> <li>▪ Service standards, helpdesks, grievance, and appeal mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>▪ Time, cost, number of procedures, and agencies involved in obtaining and renewing licenses, permits, and concession-related approvals</li> </ul>
<p style="text-align: center;"><b>Food &amp; Beverage Establishments (Restaurants, Bars, Cafés)</b></p>	<ul style="list-style-type: none"> <li>▪ Business registration</li> <li>▪ Foodservice authorization</li> <li>▪ Health and hygiene certification</li> <li>▪ Liquor licensing (where applicable)</li> <li>▪ Fire safety, accessibility, waste management, and ancillary permits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Online applications, payments, and status tracking</li> <li>▪ Transparency of procedures, timelines, and fees</li> <li>▪ Public availability of inspection criteria and outcomes</li> <li>▪ Complaint and appeal mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>▪ Time, cost, number of inspections and permits needed for full legal operation</li> </ul>
<p style="text-align: center;"><b>Tour Operators, Guides &amp; Curated Experiences</b></p>	<ul style="list-style-type: none"> <li>▪ Business registration</li> <li>▪ Tour operator and tour guide licensing</li> <li>▪ Activity-specific permits across service categories:               <ul style="list-style-type: none"> <li>○ Transport and mobility</li> <li>○ Food, alcohol, and hospitality</li> <li>○ Events, culture, and entertainment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Transparency of licensing and site access permit requirements (public information, websites, portals)</li> <li>▪ Digital application, tracking, and payment systems for licenses and access permits</li> <li>▪ Coordination across responsible authorities (tourism, environment, heritage, local governments)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Time, cost, number of procedures, and agencies involved in obtaining:               <ul style="list-style-type: none"> <li>○ Core licenses</li> <li>○ Activity-specific permits</li> <li>○ Site access permits</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ Adventure, nature, and wildlife activities</li></ul> <p>Access permit requirements for protected natural areas, cultural/heritage sites, and regulated tourism zones or activities, including eligibility criteria and differentiation by site, activity, risk, seasonality, or operator type</p>	<ul style="list-style-type: none"><li>▪ Publication of access rules, quotas/caps, and decision criteria</li><li>▪ Complaint and appeal mechanisms</li></ul>	
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## PROCESS MAPPING APPROACH UNDER PILLAR III

Time and cost burdens on tourism firms are measured through process mapping, which traces the step-by-step experience of obtaining all necessary permits and licenses and quantifies what it takes to become fully compliant and operational. The process map below operationalizes the Pillar III indicators by detailing the sequential licensing steps for each subsector—the example is the process to register and start up a tour operator firm.



## DATA SOURCES

The assessment draws on complementary data sources — **desk research, questionnaires, and interviews** — cross-validated to capture both the formal regulatory environment and firms' de facto experience. Desk research provides the foundational layer, drawing on legislation, regulations, official procedures, and publicly available administrative data to establish the de jure framework against which primary data is benchmarked.

**Questionnaires** are administered either electronically or, when electronic administration of the questionnaires is not feasible, Microsoft Word attachments. Questionnaires are sent to both private and public sector experts.

**Interviews** are conducted to complement, verify, and deepen both desk research findings and questionnaire responses — particularly where primary data collection is inconclusive. Interviews are conducted either in-person or virtually, depending on the project implementation framework.

## PROFILE OF RESPONDENTS

The reliability and validity of the assessment depend critically on the profiles of respondents engaged. The assessment targets three categories of respondents, each providing distinct and complementary types of evidence.

### Private Sector Respondents

Private sector respondents are tourism firms and trade associations — spanning accommodation, food service, and tour operations — selected to reflect diversity in size, ownership, and location, with priority given to those with recent, direct regulatory experience. Respondents include formally registered, nationally and foreign-owned enterprises across primary, secondary, and emerging destinations.

### **Sector Experts and Intermediaries**

Intermediaries — legal practitioners, regulatory consultants, and business service providers — offer a systemic perspective that complements firm-level responses. Typically working across different tourism and locations, they identify regulatory bottlenecks per subsector and location.

### **Public Sector Respondents**

Public authorities are engaged at national, regional, and municipal levels across all agencies with regulatory authority over tourism firms, including ministries of tourism, economy, health, environment, labor, and heritage; licensing and inspection agencies; environmental and social regulators; fire and safety authorities; and subnational planning and land-use bodies. Respondents are asked both to verify de jure requirements — providing official documentation, fee schedules, and procedural guidance — and to describe how requirements are implemented in practice, including the handling of incomplete applications, discretionary authority, and interagency coordination.

## **DATA**

Data collection follows a structured, sequenced approach that is implemented consistently across assessments while allowing for country-specific adjustments. The strategy is designed to maximize data quality, minimize respondent burden, and ensure that findings are grounded in verified, triangulated evidence.

## **DATA ANALYSIS AND INTERPRETATION**

Analysis and interpretation of collected data focus on identifying regulatory and administrative constraints and generating actionable reform recommendations, rather than producing rankings or composite scores. Because data collection methods and data types differ across the three pillars, so do the analytical approaches. Pillars 1 (Regulatory Framework) and 2 (Public Services Quality) generate primarily binary responses — the presence or absence of a given feature — which are interpreted against an evidence-based good practices table. Pillar 3 (Operational Efficiency) generates quantitative and qualitative data on the time, cost, and procedural complexity of licensing pathways, which are analyzed through process mapping, bottleneck identification, and interpretive assessment. All three pillars feed into a final reform-oriented synthesis.

## **PRIORITIZED REFORM RECOMMENDATIONS**

The outputs of all preceding stages — good practices gap analysis for Pillars 1 and 2, and bottleneck identification, root cause analysis, and interpretive assessment for Pillar 3 — are synthesized into a prioritized set of reform recommendations. Reforms are categorized along four dimensions:

- *Types of intervention required:* legislative amendment, administrative redesign, digitization, interagency coordination improvement, or information and transparency enhancement.
- *Level of government responsible:* national, regional, or municipal.
- *Estimated impact on firm-level compliance burdens,* with particular attention to disproportionate burdens on smaller or lower-risk operators identified through the proportionality lens.
- *Complexity/Feasibility of implementation:* short-, medium-, or long-term, reflecting the degree of institutional change required.

These recommendations lend themselves to follow-up technical assistance provided by both Global and Regional FCI and URL teams, as well as concrete monitoring and evaluation indicators that can be used in various Bank lending instruments.

## **COLLABORATION WITH OTHER WORLD BANK GROUP UNITS**

The Development Economics Global Indicators Group’s Regulatory Efficiency (DECRE) works closely with other World Bank Group units—including Finance, Competitiveness, and Innovation (FCI), Urban, Resilience, and Land (URL), and Environment (ENV)—to deliver joint analytical and operational work in the tourism sector. These collaborations help translate findings from the Business Environment Study of the Tourism Sector (BEST) assessments into concrete reform recommendations, which provide the analytical basis for policy dialogue and follow-up technical assistance (TA) to support governments in strengthening tourism-related regulatory frameworks and administrative procedures.

In Lao People’s Democratic Republic (PDR), for example, DECRE is conducting a joint assessment with the World Bank Global Tourism team (WKPTS) to analyze tourism licensing procedures. The analysis contributes to a Programmatic Advisory Services and Analytics (PASA) engagement led by FCI Global Practice in the East Asia and Pacific region – Lao PDR Financial and Private Sector Technical Assistance Program (P511460). Findings from the assessment identify regulatory bottlenecks and generate targeted reform recommendations, which help set the stage for technical assistance activities aimed at streamlining tourism licensing processes, improving interagency coordination, and strengthening the business environment for tourism enterprises.