

DEVELOPMENT ECONOMICS

Doing Business

The impact of the regulatory environment on local businesses around the world

The *Doing Business* project measures the efficiency and strength of laws, regulations and institutions that are relevant to domestic small and medium-sized companies throughout their life cycle. By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages countries to promote more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, policymakers, journalists, private-sector researchers, business executives and others interested in the business climate of each country. *Doing Business* does not measure all aspects of the business environment that matter to firms and investors. For example, it does not measure security, macroeconomic stability, corruption, the level of skills, or the strength of financial systems.

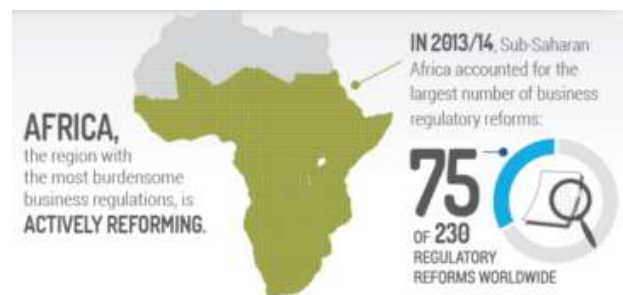
The first *Doing Business* report, published in 2003, covered five indicator sets and 133 economies. This year's report covers 11 indicator sets and 189 economies. The report updates all the indicators as of June 1 each year; ranks economies on their overall "ease of doing business" across 10 topics; and analyzes reforms to business regulation – identifying which economies are strengthening their business regulatory environment the most.

Doing Business 2015 measures regulations that affect 11 areas of everyday business activity:

MAIN FINDINGS IN 2013/14

Complexity and Cost of Regulatory Processes	
Starting a Business	Measures the procedures, time, cost and the paid-in minimum capital requirement for a small to medium-sized limited-liability company to start up and operate formally
Dealing with Construction Permits	Tracks the procedures, time and cost to build a warehouse – including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections
Getting Electricity	Analyzes the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse
Registering Property	Examines the procedures, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered for commercial use
Paying Taxes	Addresses the taxes and mandatory contributions that a medium-sized company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes
Trading Across Borders	Looks at the time, cost and documents necessary to export and import a standardized cargo of goods
Strength of Legal Institutions	
Getting Credit	Explores two sets of issues— the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending
Protecting Investors	Measures the strength of legal protections of minority investors against the misuse of corporate assets by company directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse.
Enforcing Contracts	Assesses the efficiency of the judicial system by following the evolution of a commercial sale dispute over the quality of goods and tracking the time, cost and number of procedures involved from the moment the plaintiff files the lawsuit until payment is received
Resolving Insolvency	This topic identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the insolvency process.
Employing Workers (not included in rankings)	Measures the regulation of employment, specifically as it affects the hiring and layoff of workers and the rigidity of working hours

- Worldwide, 123 economies implemented 230 regulatory reforms in 2013-2014, making it easier to do business as measured by *Doing Business*. Over 63% of these reforms reduced the complexity and cost of regulatory processes, while the others strengthened legal institutions
- Tajikistan, Benin, Togo, Côte d'Ivoire, Senegal, Trinidad and Tobago, the Democratic Republic of Congo, Azerbaijan, Ireland and the United Arab Emirates are the economies that improved the most in areas tracked by *Doing Business*. Together, these 10 top improvers implemented 40 reforms making it easier to do business
- Sub-Saharan Africa accounts for 5 of the 10 top improvers in 2013/14. The region also accounts for the largest number of regulatory reforms making it easier to do business in the past year—75 of the 230 worldwide. More than 70% of its economies carried out at least one such reform
- Case studies highlighting good practices in 8 of the areas measured by *Doing Business* indicator sets are featured in the report



WHAT'S NEW IN THIS YEAR'S REPORT?

- *Doing Business* expands the data for three of the 10 topics covered - getting credit, protecting minority investors, and resolving insolvency - and there are plans to do so for 5 more topics next year.
- While *Doing Business* continues to publish the ease of doing business ranking, this year's report introduces a change in the basis for the ranking, from the percentile rank to the distance to frontier score (DTF). Each economy is evaluated based on how close their business regulations are to the best global practices. A higher score indicates a more efficient business environment and stronger legal institutions
- *Doing Business* has extended its coverage to include the second largest business city in economies with a population of more than 100 million. These economies are Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States. The added city enables a subnational comparison and benchmarking against other large cities. Differences between cities are more common in indicators measuring the steps, time and cost to complete a standardized transaction where local agencies play a larger role, finds the report

IMPACT OF THE REPORT

Business regulatory reforms are making a tangible impact on the ground, such as helping increase employment and formal firm registration:

<p>MEXICO Simplified municipal procedures at the state level.</p>	<p>↑ 2.8% employment</p>
<p>COLOMBIA Phased introduction of one-stop shops for business start-up.</p>	<p>↑ 5.1% formal firm registration</p>
<p>INDIA Progressively eliminated a number of lengthy and bureaucratic controls that were required to operate a business.</p>	<p>↑ 6% new firms created</p>
<p>RWANDA Created one-stop shop for business registration.</p>	<p>↑ 308% new firms registered</p>



The *Doing Business* project is widely cited in traditional and online media. *Doing Business 2015* report had more than **4,000 media citations** within two weeks of its publication on October 29, 2014.

The coverage spanned major global, regional and local media outlets, from print and broadcast to the web. The *Doing Business*

website had over 800,000 page views and more than 54,000 downloads in just two weeks after the report's launch.

HOW DO THE REPORT AND DATA COME TOGETHER?

To make the data comparable across countries, the indicators are based on specific case assumptions, such as the type of business – generally a limited-liability company operating in the country's largest business city.

Ten indicators are included in the aggregate ranking on the ease of doing business. The ease of doing business index ranks economies from 1 to 189. For each economy, the ranking is calculated on the distance to frontier score. The distance to frontier score shows how far on average an economy is at a point in time from the best performance achieved by any economy on each *Doing Business* indicator since 2005 or the third year in which data for the indicator were collected. The “employing workers” indicator is not included in this year's aggregate ranking.

In constructing the indicators, the project uses two types of data. The first comes from the reading of laws and regulations in each economy, with the help of more than 10,700 lawyers and other professionals. The second comes from the inputs into indicators on the complexity and cost of regulatory processes. These indicators measure the country's efficiency in achieving a regulatory goal, such as the reducing the number of procedures to obtain a building permit, reducing the cost estimates from official fee schedules, or the reducing the time it takes to grant legal identity to a business.

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