

DEVELOPMENT ECONOMICS

Subnational Doing Business

Subnational and regional *Doing Business* studies go beyond the largest business city to examine conditions across a number of locations in a single economy or region: they capture local differences in business regulations or in the implementation of national laws. Projects are undertaken at the express request of governments, who are involved in the selection of locations and regulatory areas to be benchmarked, as well as the frequency of benchmarking.



WHY SUBNATIONAL?

- **Combines the media appeal of *Doing Business* with a strong engagement model**

Specific activities throughout the project cycle are designed to build ownership and capacity of government partners and the private sector: the kickoff mission, the data collection process, the “right of reply” period and the launch event.

- **Provides a new diagnostic tool**

Applying the methodology used in the cross-country global *Doing Business* report in a number of locations in the same country or region, the projects create micro-level data on various areas of business regulation. This allows the participating locations to compare their business regulations among themselves and with 185 economies worldwide.

- **Motivates regulatory improvements**

The studies uncover bottlenecks, provide policy recommendations and identify local good practices that can easily be replicated without changing the country’s legal and regulatory framework. The studies motivate regulatory improvements, mainly through peer-to-peer learning.

- **Measures progress over time**

Repeated benchmarking measures progress over time and creates incentives to maintain the reform effort, even when governments change. The studies become a public-policy tool to guide policymakers throughout the business regulatory reform cycle.

HOW IT WORKS

A project covers from 1 up to 40 locations. It typically includes indicators such as Starting a Business, Registering Property, Dealing with Construction Permits, and Enforcing Contracts. The duration of each project spans 9-12 months. Studies are prepared in partnership with WBG country teams, or in collaboration with a local partner institution.

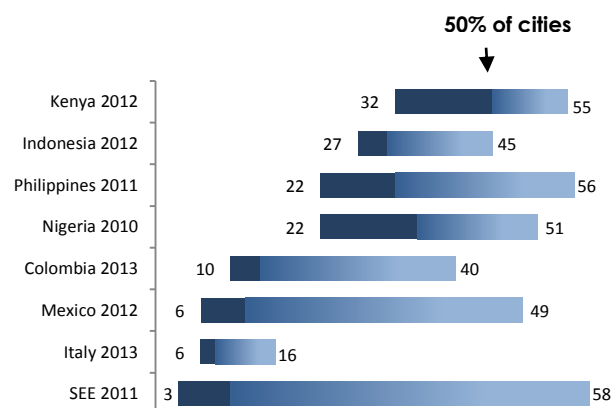


WHERE DOES IT MAKE SENSE?

- Large federal or decentralized countries
- A number of small countries in a defined geographic region with a similar regulatory framework (South East Europe, OHADA, Central America)
- “City profiles” for specific locations (Juba in Southern Sudan, Hargeisa in Somaliland, Veneto in Italy)
- More than 367 locations in 55 economies have been benchmarked since 2005. Fifteen economies have undertaken two or more rounds of benchmarking to measure progress over time, often expanding the geographic coverage to more cities (e.g. Colombia, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, the Philippines, and the Russian Federation).
- Since 2005, Subnational Doing Business has recorded over 389 business regulatory reforms.

DID YOU KNOW?

- ✓ In Mexico, each successive round of studies documented an increase in the number of states improving their regulatory environment in each of the four indicator sets included—reaching 100 percent of locations in 2011.
- ✓ A hypothetical city in Italy adopting all of the good practices already existing elsewhere in the country would rank 17 positions ahead of Italy’s current ranking, according to *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*.
- ✓ Reports show wide performance variations within countries. See the case of time to start a business:



Source: Doing Business database

www.doingbusiness.org/subnational

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