

# Introduction

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On June 4, 2008, *Doing Business* organized the second annual awards for outstanding reformers of business regulation (details available at [www.reformer-sclub.org](http://www.reformer-sclub.org)). Some of the global top 10 reformers from *Doing Business 2008*, including Bulgaria, Croatia, Colombia, Egypt, FYR Macedonia, Georgia and Saudi Arabia showcased their reforms to an international investor audience and global business media. Reform leaders were publicly acknowledged for their achievements and became members of the Doing Business Reformers' Club.

But reform is harder than it looks. For any reform to happen, there must first be agreement that there is indeed a problem, and about what exactly the problem is. There must also be agreement that the problem is a priority for people to spend time, money and political capital doing something about it.

And there needs to be a credible solution to the problem. The technical substance of the solution may be complex, but in many cases the solution is relatively simple in essence. The technical challenge, more often, is in tailoring the solution to local circumstances, and figuring out how best, in those local circumstances, to implement it.

Not all “obvious”, high-priority problems with credible technical solutions get translated into reforms. While the whole motivation of reform is to produce long-term benefits that exceed costs, all reforms do have costs in the short term. The costs are usually felt—and voiced—sooner than the benefits, which generally take a while to show up, and are often quite dispersed.

Getting a reform done in the first place requires convincing enough people that the benefits will come to exceed the costs, and a willingness to address the concerns of those who may lose. Maintaining support for the reform—and living to reform another day—requires demonstrable benefits, ideally within the electoral cycle.

*Doing Business* is part of a wider World Bank Group effort to support governments in designing and implementing reforms that create a sound and efficient regulatory environment for businesses. The particular contribution of *Doing Business* is the provision of indicators on business regulations and their enforcement across 178 countries, from Afghanistan to Zimbabwe. Using a time-and-motion approach to analyze government regulations that enhance business activity and those that constrain it, the reports rank countries on their ease of doing business.

The annual publication of the *Doing Business* indicators supports the identification and diagnosis of problems. Why should it take 7 days and 5.3 % of per capita income to register a business in one developing country, and 155 days and five times per capita income in another? Or why are 3 documents and 9 days needed to process an export in a third developing country, and 9 documents and 52 days in another?

The *Doing Business* rankings have been highly effective in opening up conversations about reform. But they also help identify role models for would-be reformers and offer the opportunity to pick and choose. A reformer may look to the best performing country on an individual indicator for guidance. But she may also scan the rankings to identify other countries in the same region, or with similar histories and cultural and legal traditions. Thus Mauritius, the highest ranking African country, has become a magnet for would-be reformers from across Sub-Saharan Africa. The increasingly popular sub-national *Doing Business* reports generate often intense reform conversations between states and provinces in countries like Mexico, Colombia and India.

Annual publication of the *Doing Business* indicators makes possible measurement of the impact of reforms on the time and cost burdens of business regulation—an early indication of success for reformers. Of course, a reduction in the regulatory burden on firms is a means, not the desired end. Reformers want to know: if business registration got easier, did the rate of business registration increase—and was an increase sustained? If business registration increased, did this translate into higher rates of private investment and job creation in the formal sector? While *Doing Business* itself doesn't measure these outcomes, it is enabling a rich program of research on regulatory burdens and regulatory reforms. Data from the “starting a business” indicator alone have been used in 112 published academic papers—and counting. *Doing Business* has inspired close to 200 reforms over the past 5 years, 55 of them related to “starting a business”.

In addition to publishing indicators and rankings, *Doing Business* identifies the most active reformers—countries that are active in reforming across a number of the *Doing Business* indicators, and achieving substantial improvements in their rankings. One reason for doing this is simply to recognize reform effort. But another is to help would-be reformers identify others who have worked through the procedural and political challenges of reform. We can read the laws and regulations of a high-ranking country to see why it ranks highly. This provides insight on the technical question of “what to do to reform”. But it is reforming countries that are the richest source of insights on how to reform and what pitfalls to avoid.

This is where *Celebrating Reforms 2008* comes in. The stories told here range across continents, income levels and legal systems, and most of the *Doing Business* indicators. They talk about not only what a country did to improve the regulatory environment, but why and how they did it. Some of these reform efforts predate *Doing Business*; others were directly informed by it. Some are now sufficiently well established that we can begin to talk about their impact. Some reforms such as the property reform in Egypt and the business registration reform in Saudi Arabia have been celebrated at the June 4, 2008 Reformers Club. Others are still in process, with lessons from early steps informing an ongoing debate and discussion about what and how to reform.

Learning from other reforms is useful. But waiting for the perfect conditions before starting the reform risks postponing it forever. From the start, reformers must set ambitious goals. As Michelangelo once said, “The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.”