

DOING BUSINESS in the g7+ 2013

Smarter Regulations for Small and Medium-sized Enterprises

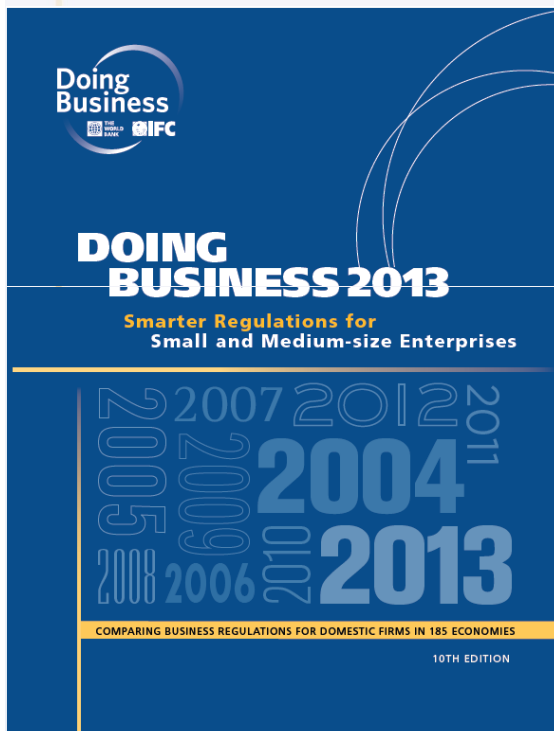
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What does *Doing Business* measure?

Doing Business indicators:

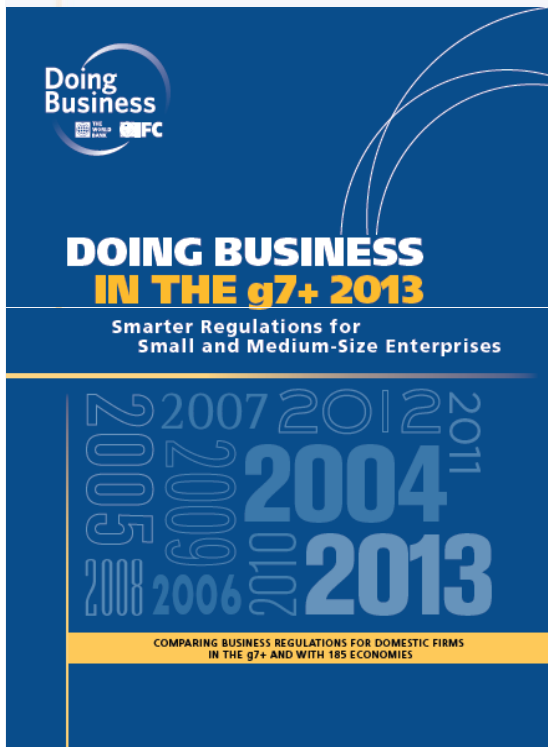
- ✓ Focus on regulations relevant to the life-cycle of a small to medium-sized domestic business.
- ✓ Are built on standardized case scenarios.
- ✓ Are measured for the most populous city in each country (e.g. Abidjan in Côte d'Ivoire and not Yamoussoukro)
- ✓ Are focused on the formal sector.
- ✓ Not covered, for example: macroeconomic stability, corruption, labor skills, market size or regulation of foreign investment or financial markets.



Benefits of improved business regulation:

- ✓ Simpler business registration promotes greater entrepreneurship and lower costs of registration improve formal employment opportunities.
- ✓ Sound financial market infrastructure— courts, creditor and insolvency laws, and credit and collateral registries—improves access to credit.
- ✓ Improved customs and trade logistics lead to increased trade and lower inventory requirements.
- ✓ The informal sector tends to be smaller in countries with better DB rankings, and strong and efficient rules and regulations.

Ease of doing business ranking in the g7+ countries



92. Solomon Islands



169. Timor-Leste



104. Papua New Guinea



174. Haiti



140. Sierra Leone



177. Cote d'Ivoire



149. Liberia



178. Guinea



156. Togo



179. Guinea-Bissau



158. Comoros



181. Congo, Dem. Rep.



159. Burundi



184. Chad



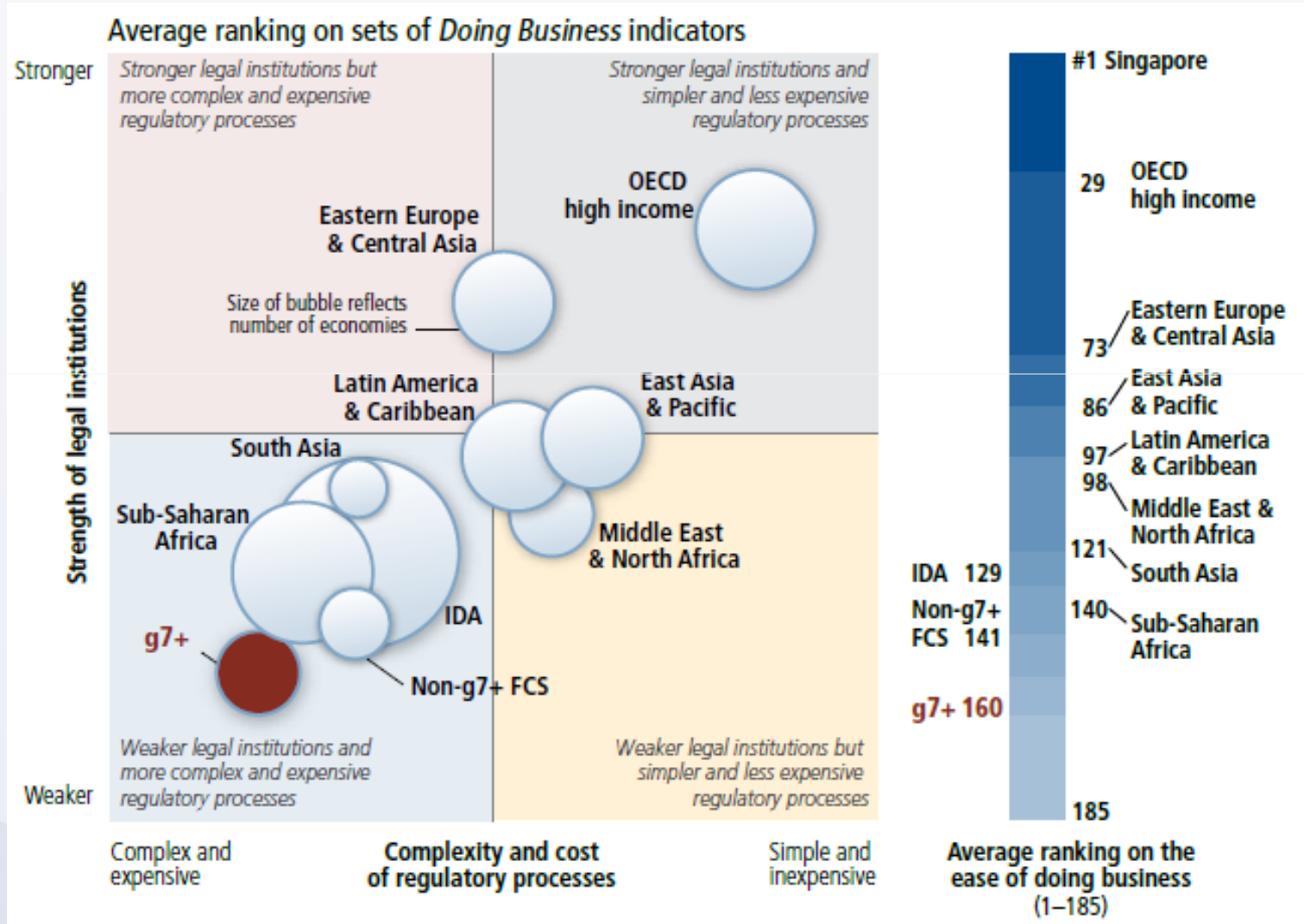
168. Afghanistan



185. Central African Republic

Note: South Sudan to be included in Doing Business 2014 report.

g7+ economies rank comparatively low on the ease of Doing Business

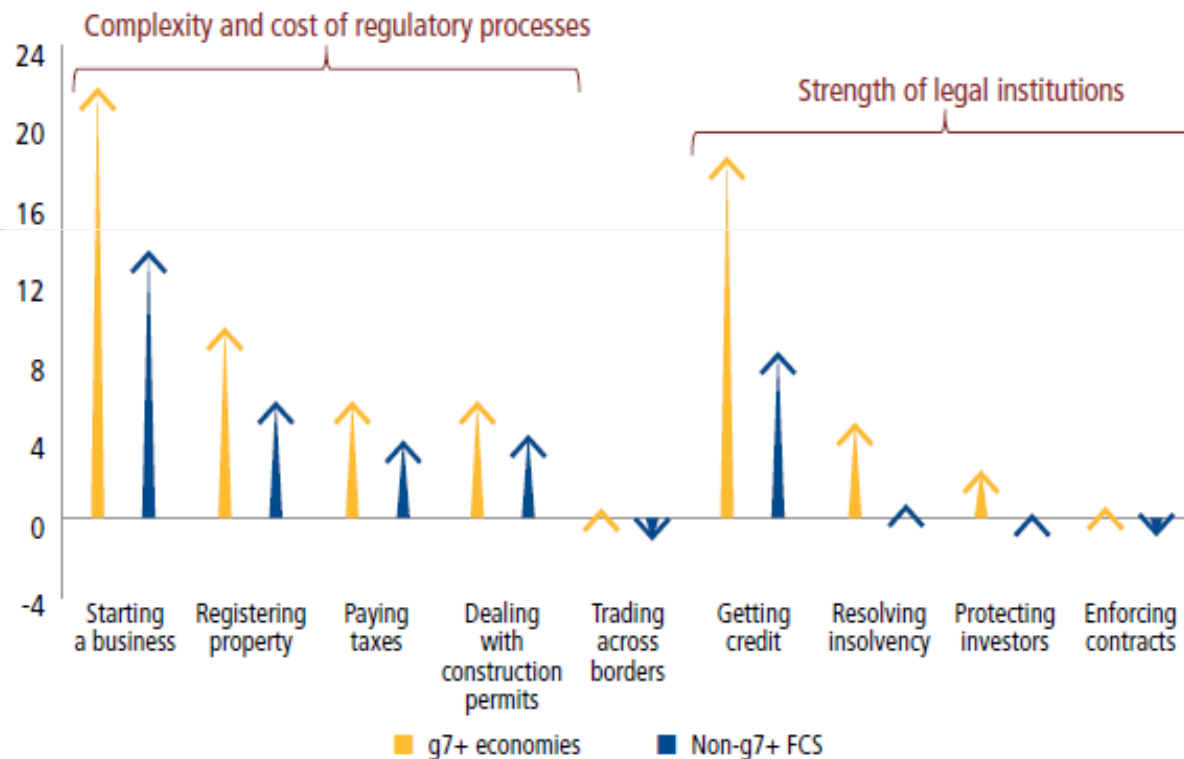


The reforms in g7+ focused most on simplifying business start up and expanding access to credit

g7+ countries improved on average more than other fragile and conflict-affected economies...

... and seven g7+ countries are among 50 economies that narrowed the distance to frontier the most since 2005

Average improvement in distance to frontier since 2005 (percentage points)



Rank	Country
11	Sierra Leone
16	Burundi
18	Guinea-Bissau
35	Timor-Leste
36	Côte d'Ivoire
37	Togo
43	Solomon Islands

All g7+ economies have implemented business regulation reforms since 2005

Economy	Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency	Total
Afghanistan	2		1	2	1						6
Burundi	1	2		3	1	1	2	1	2	2	15
Central African Republic	2			2	2						6
Chad	2				2				1		5
Comoros	1			1	1						3
Congo, Dem. Rep.	3	2		1			1	1	1		9
Côte d'Ivoire	3	1		1	1		4				10
Guinea	1	1	1		1						4
Guinea-Bissau	2			1	1		1		1		6
Haiti	1			1	1			2			5
Liberia	3	2	1		2		1	3	1		13
Papua New Guinea					1				1		2
Sierra Leone	2	2		3	3	1	4	2	1	2	20
Solomon Islands	1			1	1	1				1	5
Timor-Leste	2				1		1	1	1		6
Togo	2				1		2	1			6
Total	28	10	3	16	20	3	16	11	9	5	121
Reforms reducing the complexity and cost of regulatory processes											84
Reforms strengthening legal institutions											37

Many good practices already exist in g7+ countries

- ✓ A hypothetical “**best of the g7+**” country - based on a synthetic ranking of the best score among the g7+ economies for each of the 31 sub-indicators - **would be ranked 10 globally**, 82 places higher than the top-ranked g7+ economy (the Solomon Islands, at 92), and 150 places above the current g7+ average (160)
- ✓ In this hypothetical g7+ economy:
 - Starting a business would take just 6 days as it does in Liberia
 - Registering the transfer of a property for commercial use would cost 3.3% of the property value just as in Burundi
 - Exporting would require 6 documents as in Timor-Leste
 - And legal framework for secured transactions would be similar to that of the Solomon Islands

- Detailed action plan** → Identify priority areas and reforms and assign deadlines and responsibility
- Reform champion(s)** → High-level political leadership to ensure continuity and institutionalize reform
- Public-private dialogue and technical / working committees** → Identify an effective structure for implementation that involves both public agencies and private sector
- Monitoring & Evaluation** → Track implementation and impact of reforms
- Communication** → Communicate reforms to implementing agencies, business and legal communities, media and the general public

- ✓ g7+ have low per capita GDP and low administrative capacity
- ✓ g7+ need private investment most...
- ✓ ... Yet, they impose more regulation and constraints on private sector than any other group of countries (average DB rank of 160)
- ✓ Investment climate reforms are inexpensive
 - Opportunity: reform and tell the world you are open for business
 - World Bank Group and other development partners are there to help