

# Assessing the Business Climate: Approaches and Key Indicators

A World Bank group perspective



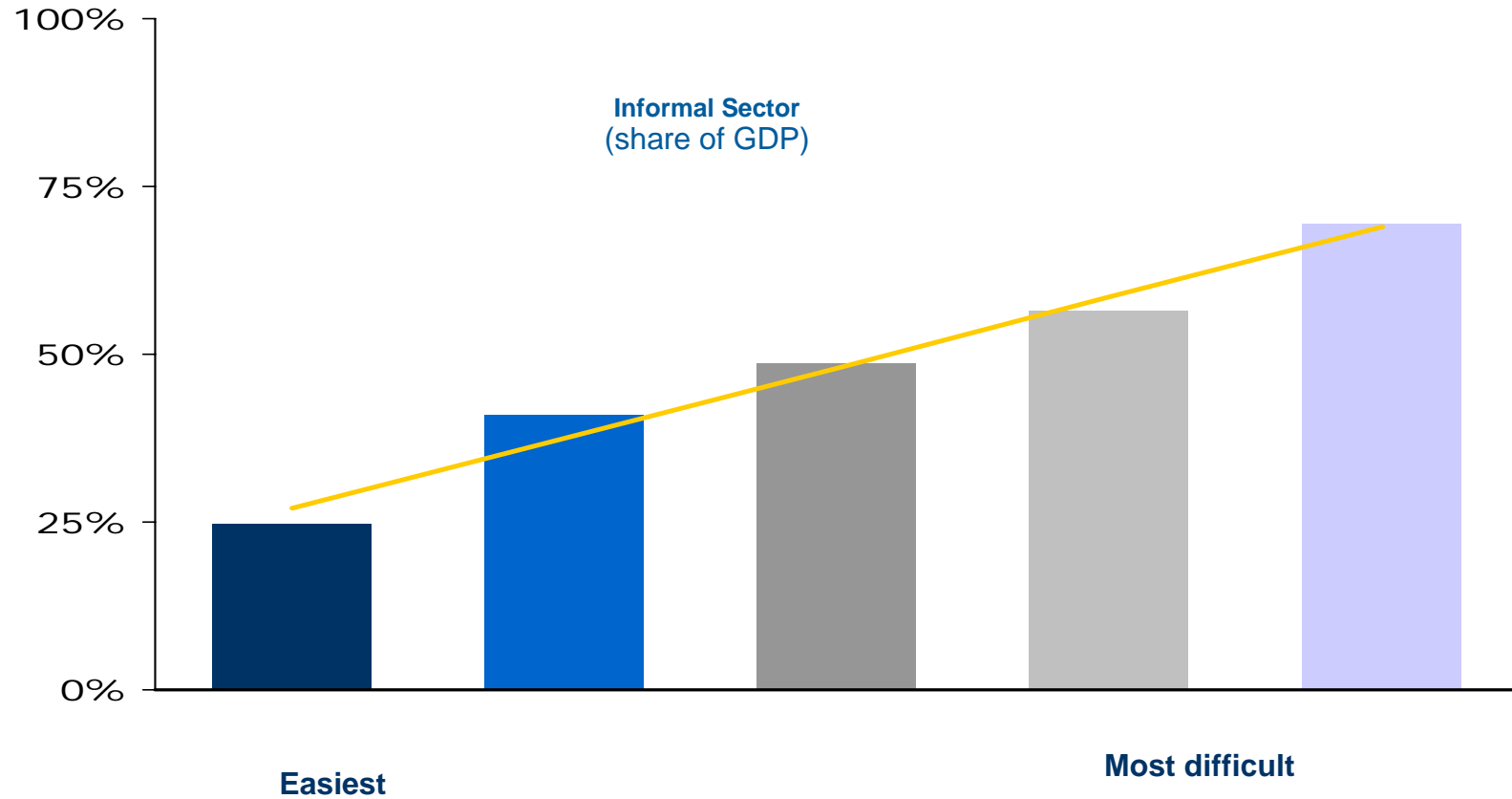
**International  
Finance Corporation**  
World Bank Group

**Julien Levis**  
*Tunis, May15 2009*

# World Bank's Business Climate Indicators

- ✓ **Enterprise surveys/ICAs** capture business perceptions on obstacles to enterprise growth, they measure the relative importance of constraints on employment and productivity and the effects of a country's business environment on its international competitiveness. ICA for Lebanon (2006), UAE report is under preparation
- ✓ **Doing Business indicators** measure the ease/complexity of certain procedures and the business friendliness of certain aspects of the regulation

# Business friendly regulation associated with less informality

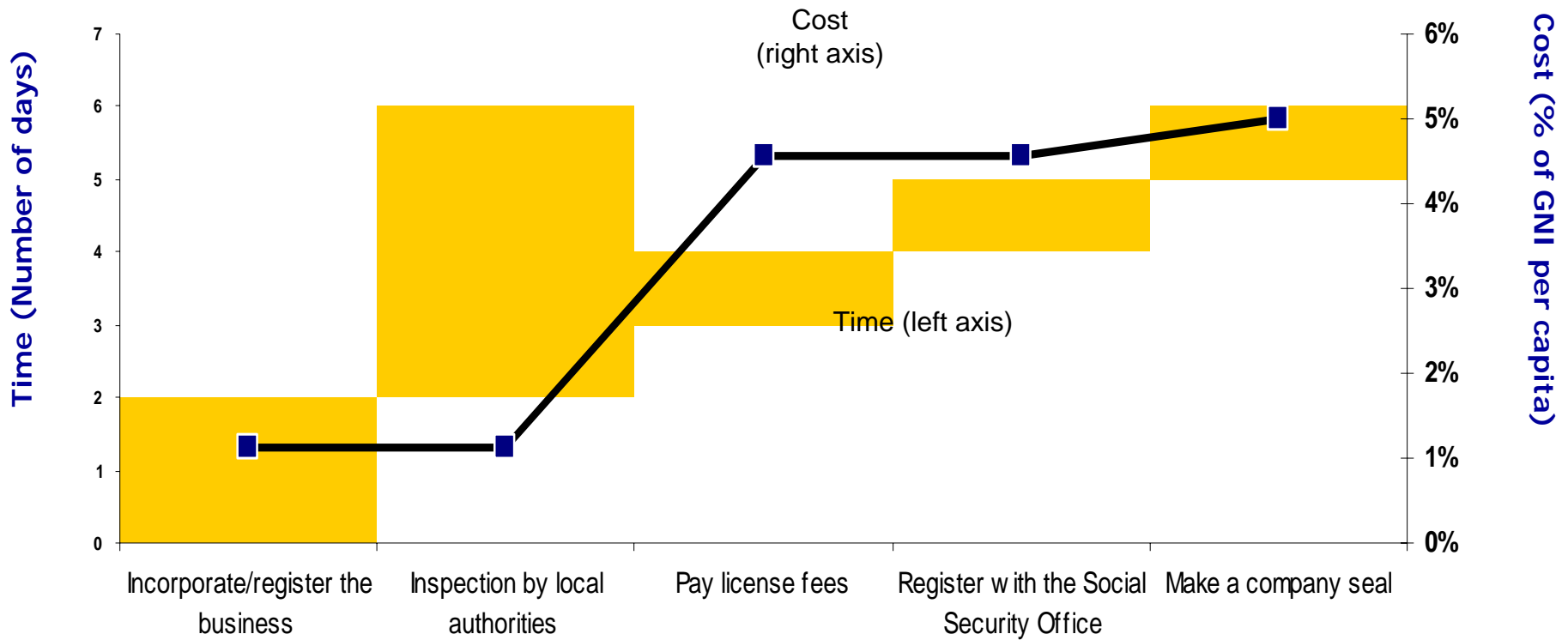


**Countries ranked by ease of doing business, quintiles**

Source: *Doing Business* database, WEF (2005-06 and 2006-07)

# DB methodology: time and motion indicators

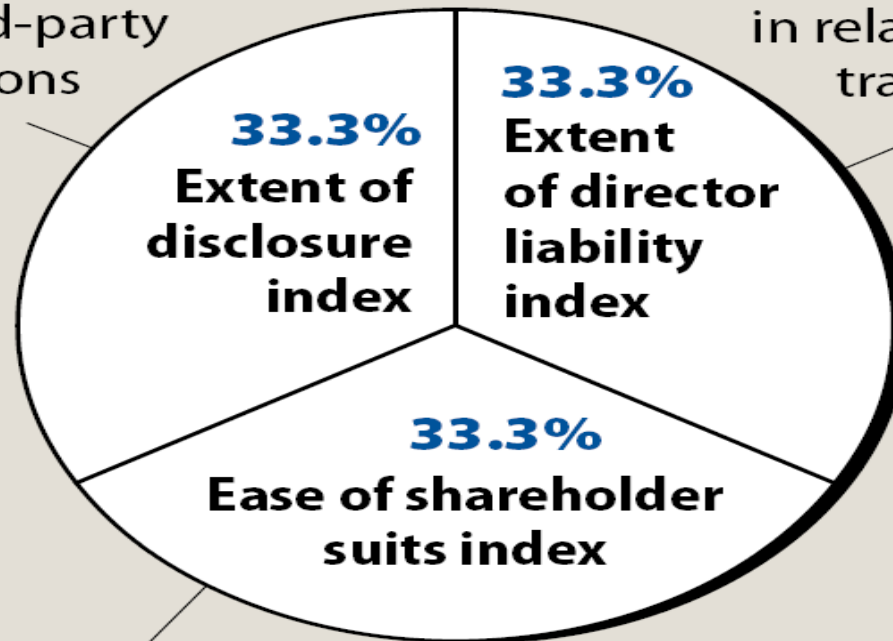
Starting a business in Mauritius: only 5 procedures which take 6 days and cost 5% of income per capita



## Rankings on protecting investors are based on 3 subindicators

Requirements on approval and disclosure of related-party transactions

Liability of CEO and board of directors in related-party transactions

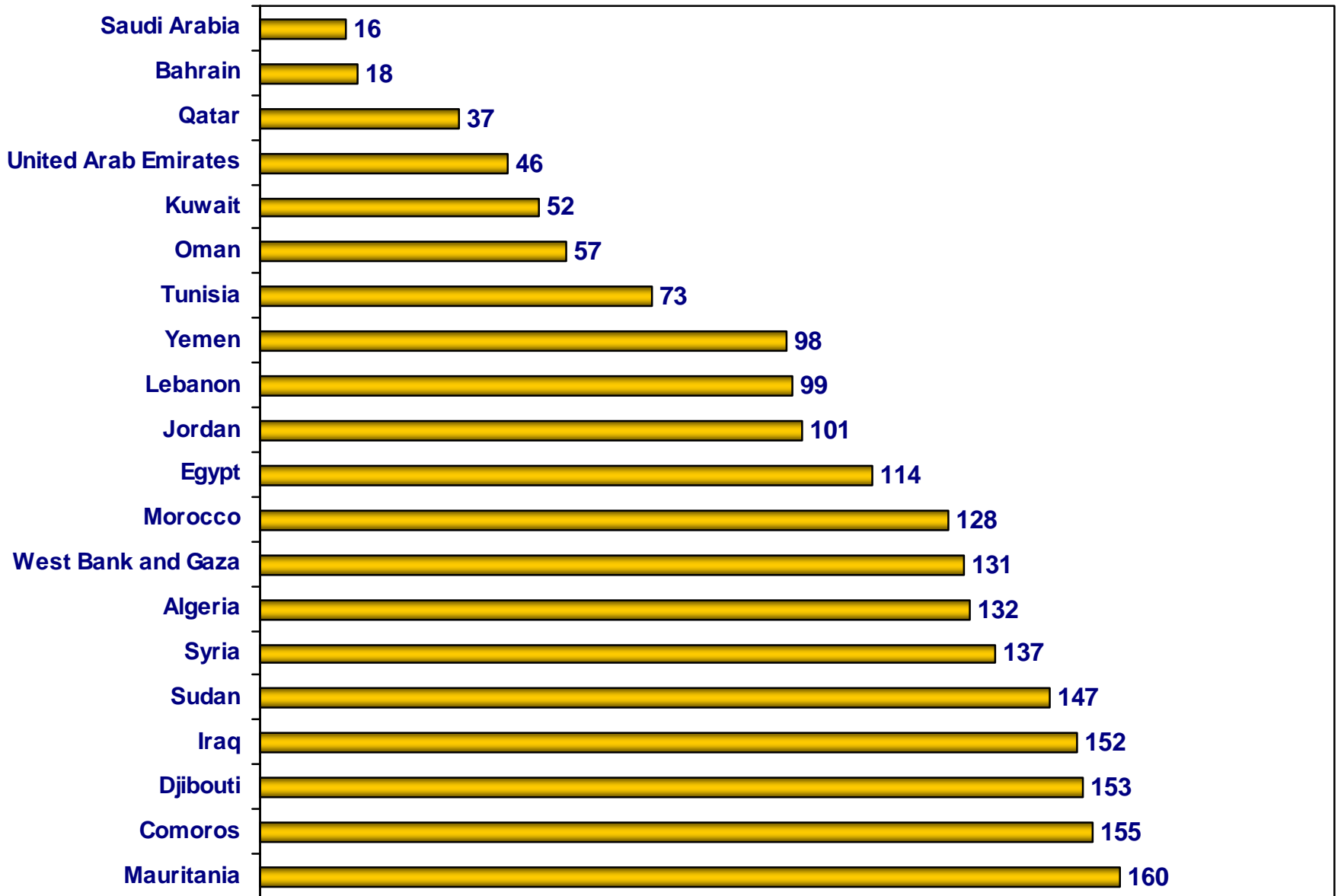


Type of evidence that can be collected before and during the trial

# Top 30 on the ease of doing business, 2009

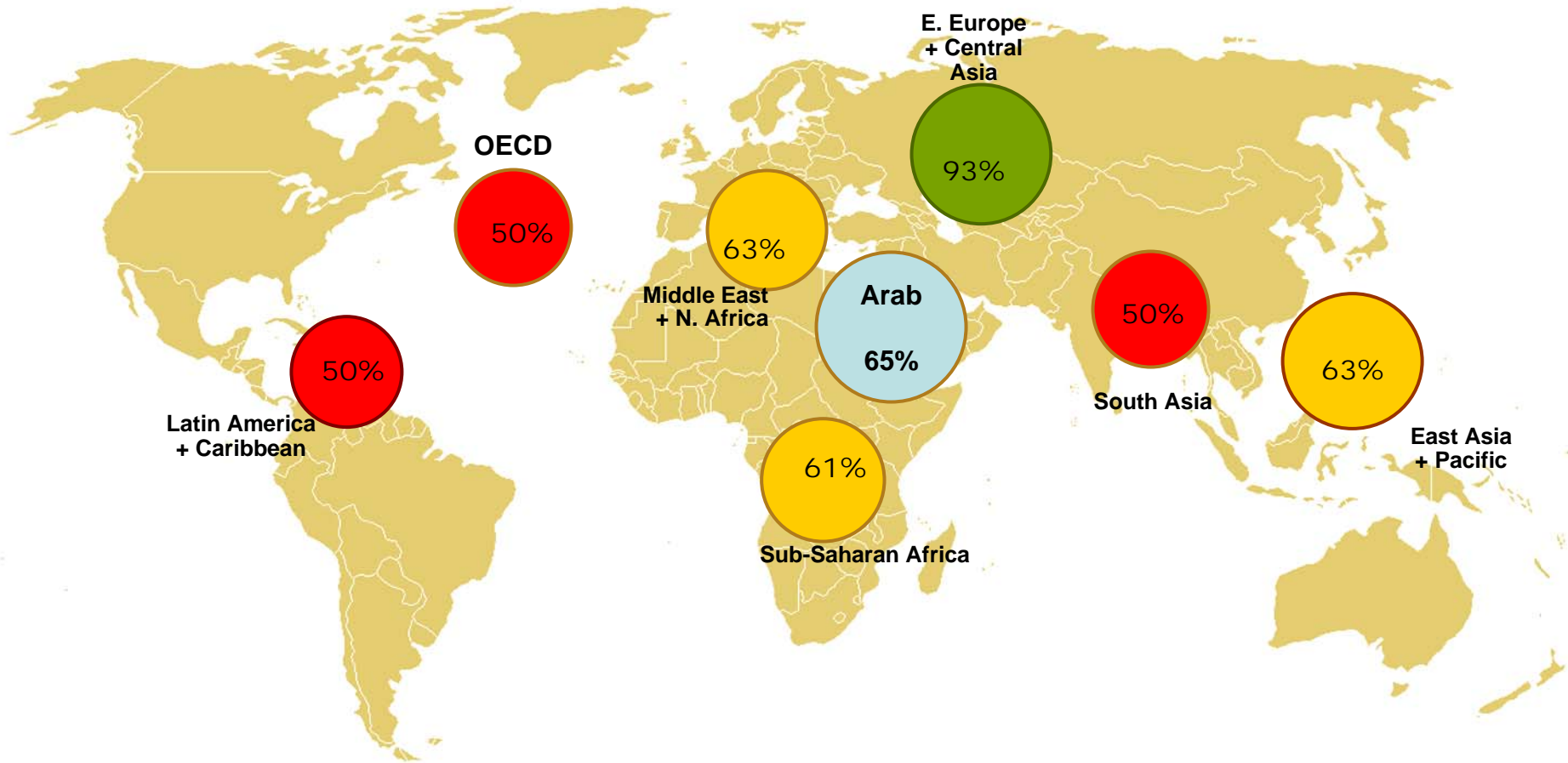
	1. Singapore		16. Saudi Arabia
	2. New Zealand		17. Sweden
	3. United States		18. Bahrain
	4. Hong Kong, China		19. Belgium
	5. Denmark		20. Malaysia
	6. United Kingdom		21. Switzerland
	7. Ireland		22. Estonia
	8. Canada		23. Korea
	9. Australia		24. Mauritius
	10. Norway		25. Germany
	11. Iceland		26. Netherlands
	12. Japan		27. Austria
	13. Thailand		28. Lithuania
	14. Finland		29. Latvia
	15. Georgia		30. Israel

# Arab World: Ranking on Ease of Doing Business



# Eastern Europe reformed the most ... Arab World has solid record of reform

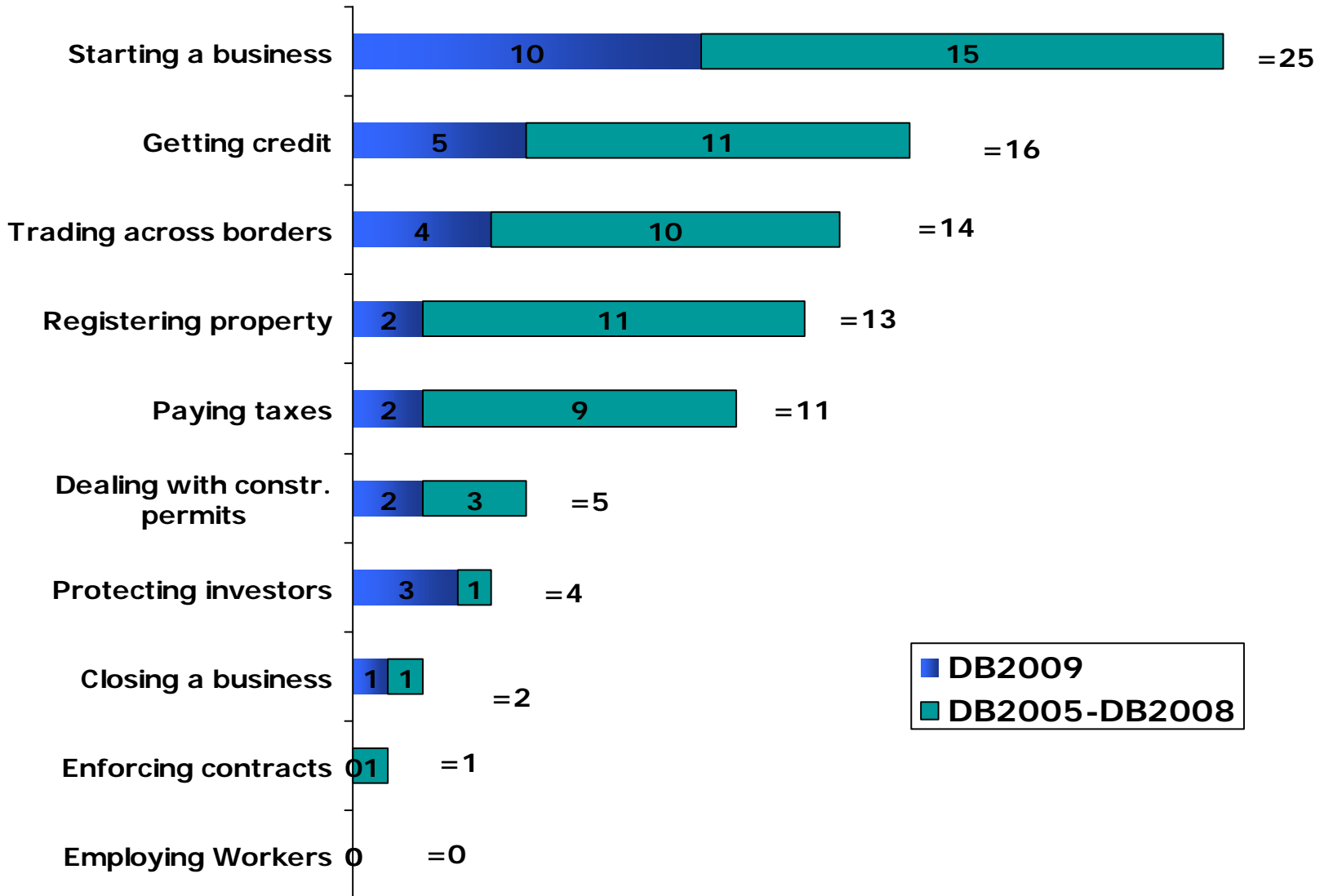
Countries with at least one positive reform in 2007/2008 (%)





# Arab World: 91 Reforms DB2005 – DB2009 in 20 economies

## DB2005-DB2009



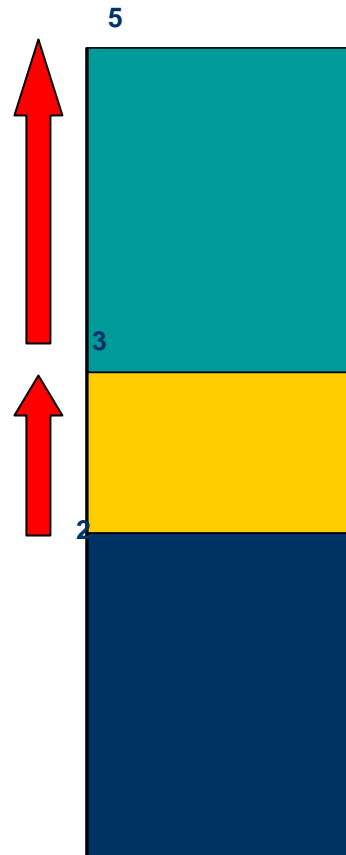
# Tunisia #73: Getting Credit reforms



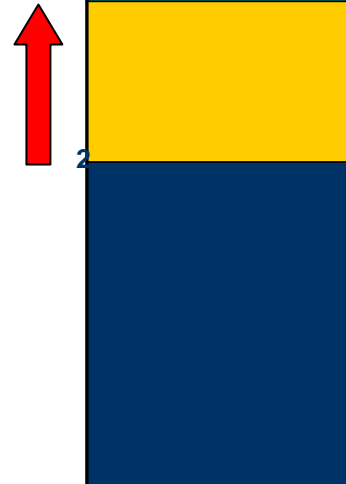
- In 2004 Tunisia started reforming in this area. In 2007, Tunisia's public credit registry for firms and individuals abolished its minimum loan requirement. In the same year, a new law authorized the central bank's credit registry to collect and distribute data to banks on individuals' loans in arrears.
- Since January 2007, credit information has become more comprehensive.

# Tunisia: Getting Credit reforms over 3 Years

2009



2008



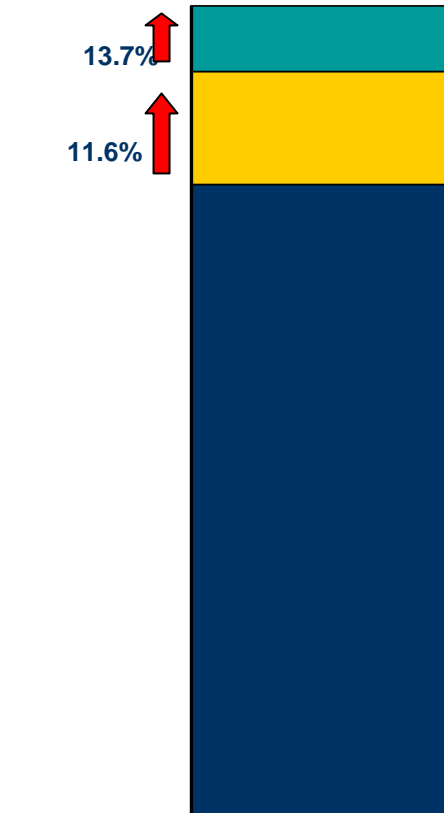
2007

**Credit Information Index**

14.9%

13.7%

11.6%



**Public Registry Coverage (% adults)**

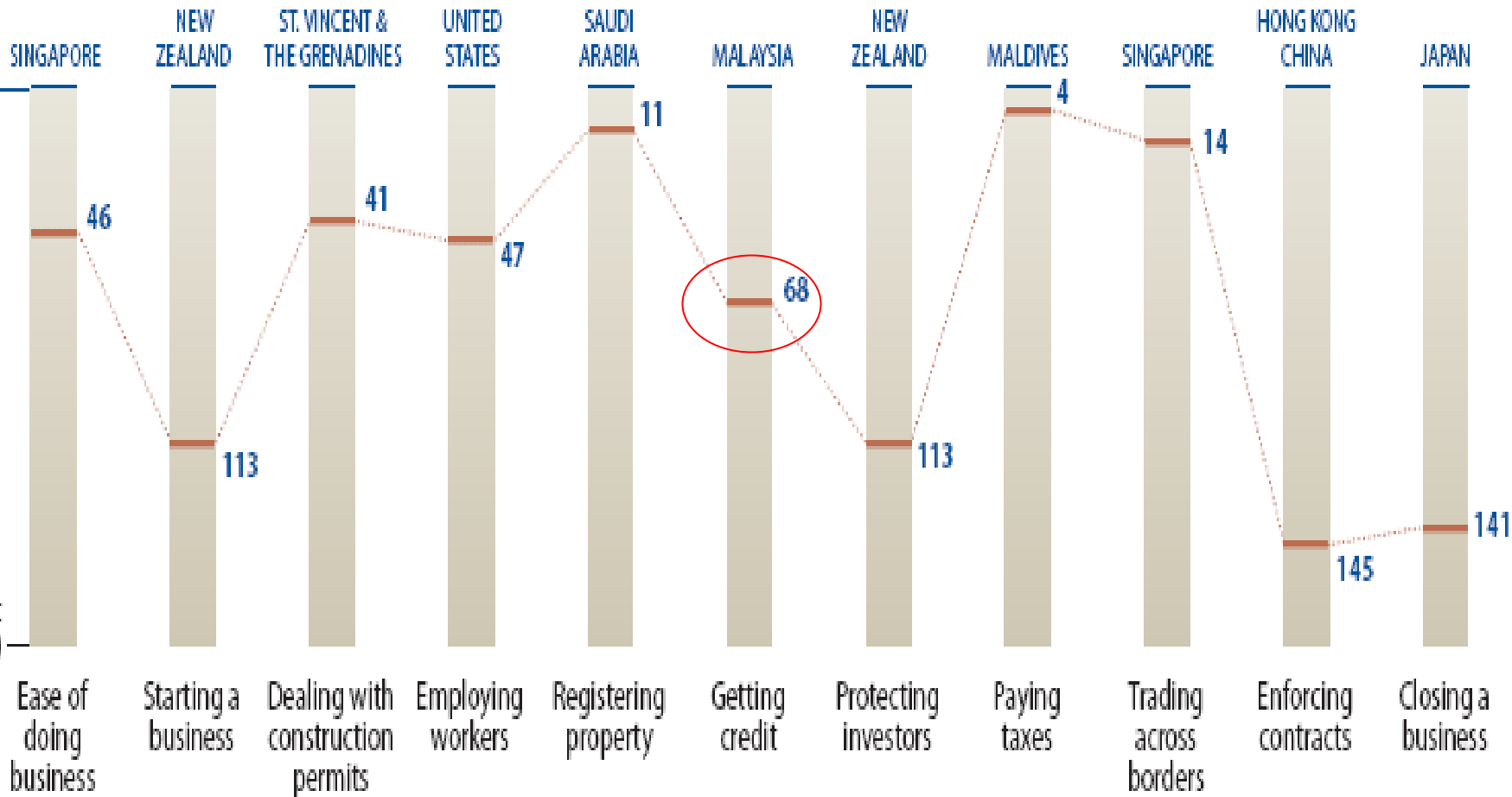
# UAE #46: Getting credit reform

## United Arab Emirates

Ranking

EASIEST (1)

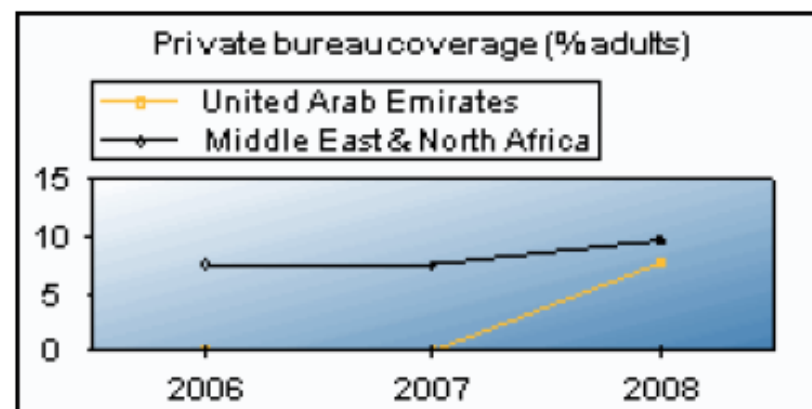
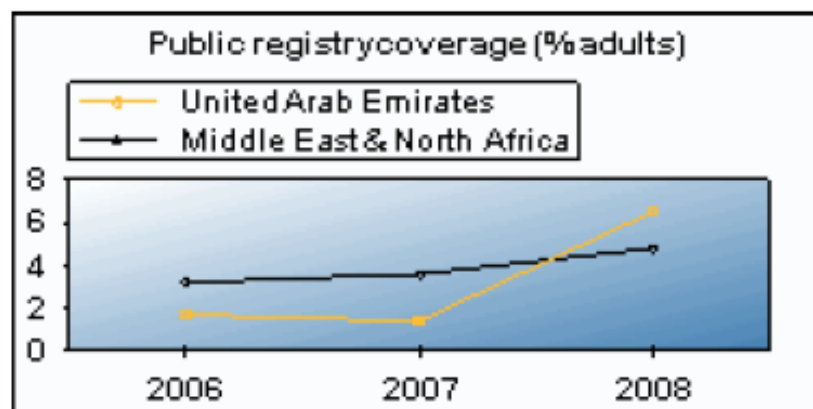
Most difficult  
(181)



In 2007, a new private credit bureau, Emcredit, started operating. Emcredit collects positive and negative information on individuals and firms. Borrowers have the right to consult their data, under the Data Protection Law.

# UAE reforms in Getting Credit

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		116 →	68
Legal Rights Index	4	4	4
Credit Information Index	2	2 →	5
Public registry coverage (% adults)	1.7	1.4 →	6.5
Private bureau coverage (% adults)	0.0	0.0 →	7.7



## Beyond DB: Sub national work in UAE

- In addition to the Global DB report, the World Bank group conducts sub national studies to examine local variations and promote internal regulatory competition
- In the UAE, a study has been conducted to compare the performance of Abu Dhabi to Dubai's

# Yemen #98: Starting a Business reforms



- In 2004, Yemen started reforming entry. In 2008, Yemen reformed its commercial registration process. It started by rationalizing and simplifying business registration, and establishing a one-stop shop. The result was a significant reduction in the number of procedures and associated delays
- Yemen eliminated one of the highest minimum capital requirements in the world

## Beyond DB: Investment Climate work in Yemen

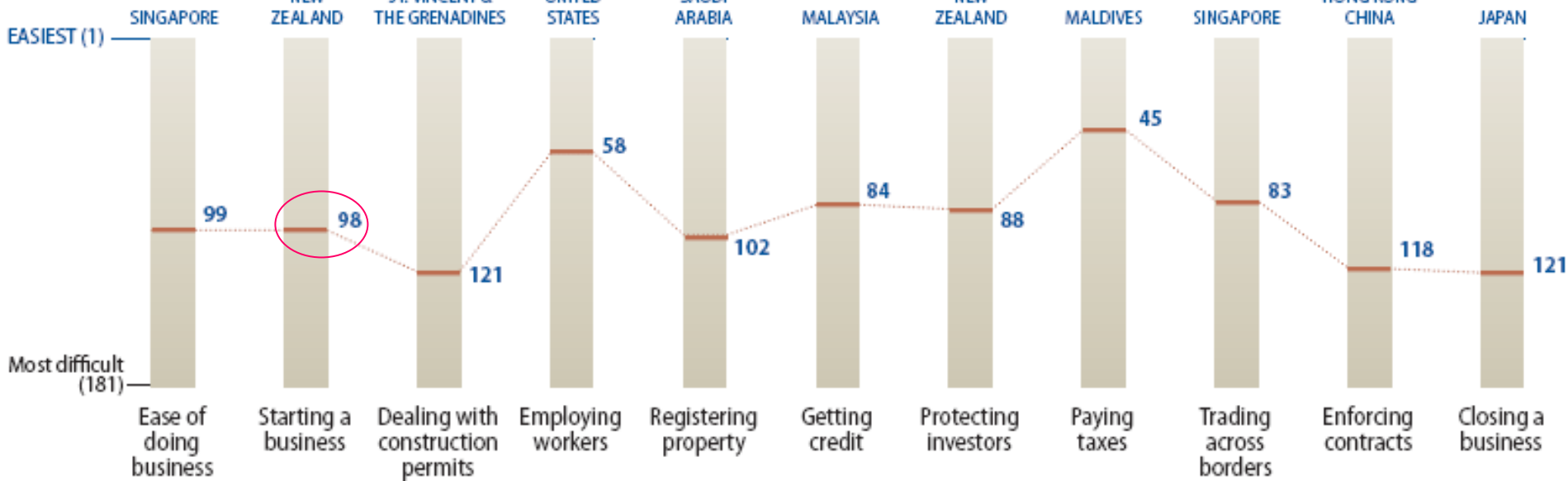
- FIAS Tax team has been assisting GoY to re-write the income tax law
- VAT administration by 50 percent in terms of administrative time
- Team helped redesign the SME tax program.
- These reforms will be captured by DB once implemented
  
- FIAS Secured Lending and Investment Generation teams are also providing advisory work in Yemen



# Lebanon #99: Starting a Business reforms

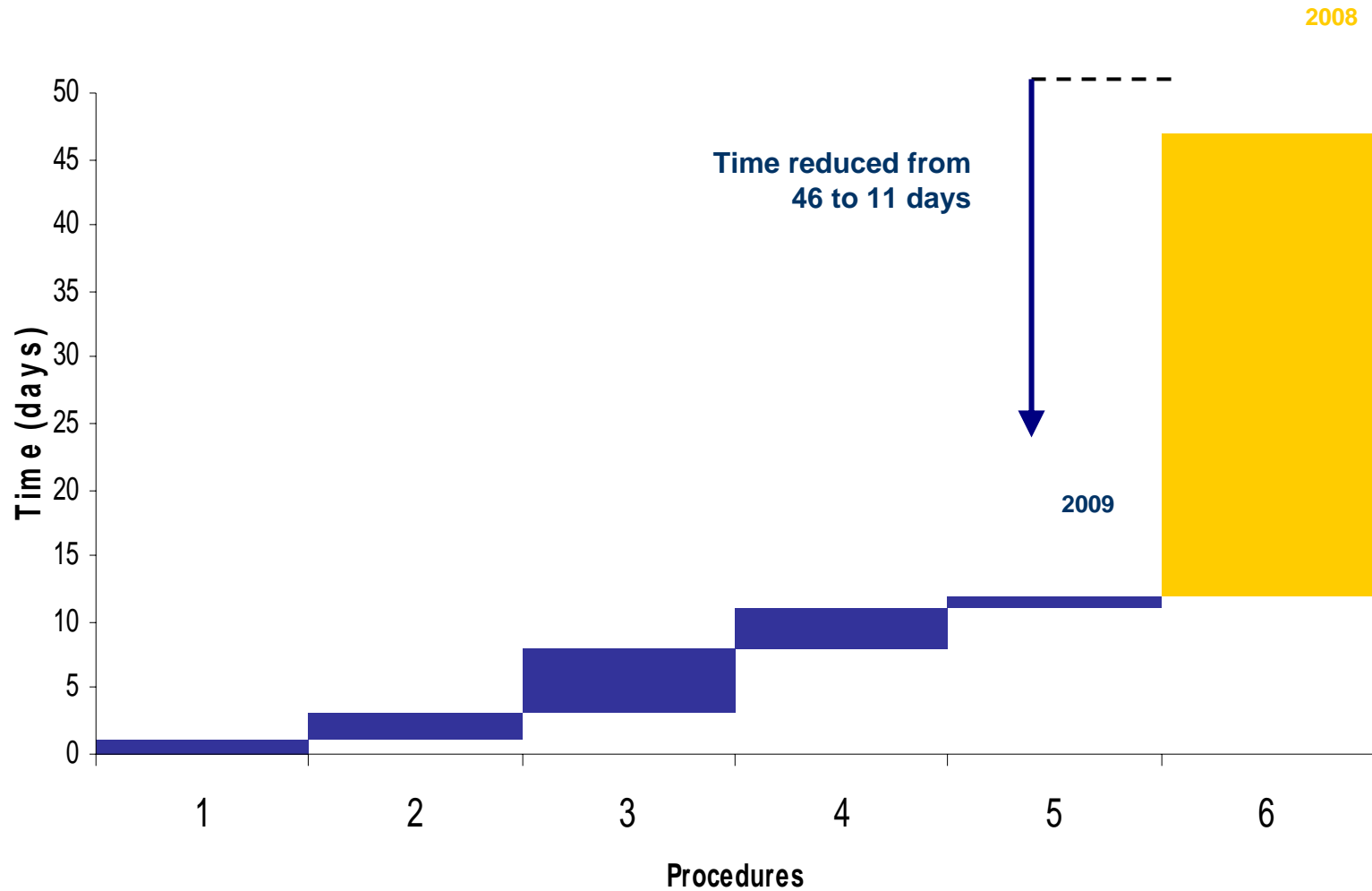
## Lebanon

Ranking



- Starting in March 2006, Lebanon stream-lined its business registration process
- Visits to government offices are no longer needed as LibanPost hosts procedures
- Documents along with fees submitted to LibanPost, feedback mailed within 5 to 7 business days.

# Lebanon: Starting a Business reform



• One procedure is eliminated.

• The cost is reduced from 94.1% of income per capita to 87.5%.