

A World Bank Group Flagship Report

14TH EDITION

Doing Business 2017

Equal Opportunity for All

East Asia & Pacific



WORLD BANK GROUP

Hulya Ulku
Senior Economist
Doing Business, DECIG

Joanna Nasr
Private Sector Dev. Specialist
Doing Business, DECIG

October 26, 2016

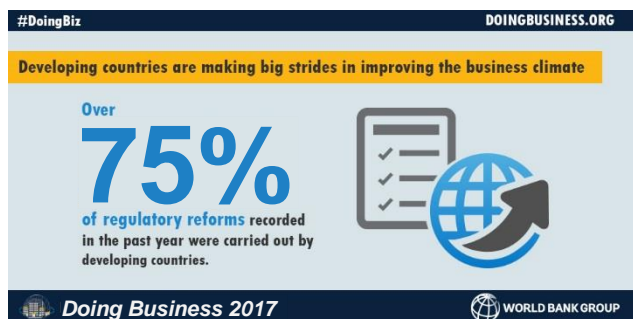
- I. About *Doing Business*
- II. Findings of *Doing Business 2017*
- III. *Doing Business* in East Asia & Pacific



WORLD BANK GROUP



What does *Doing Business* measure?



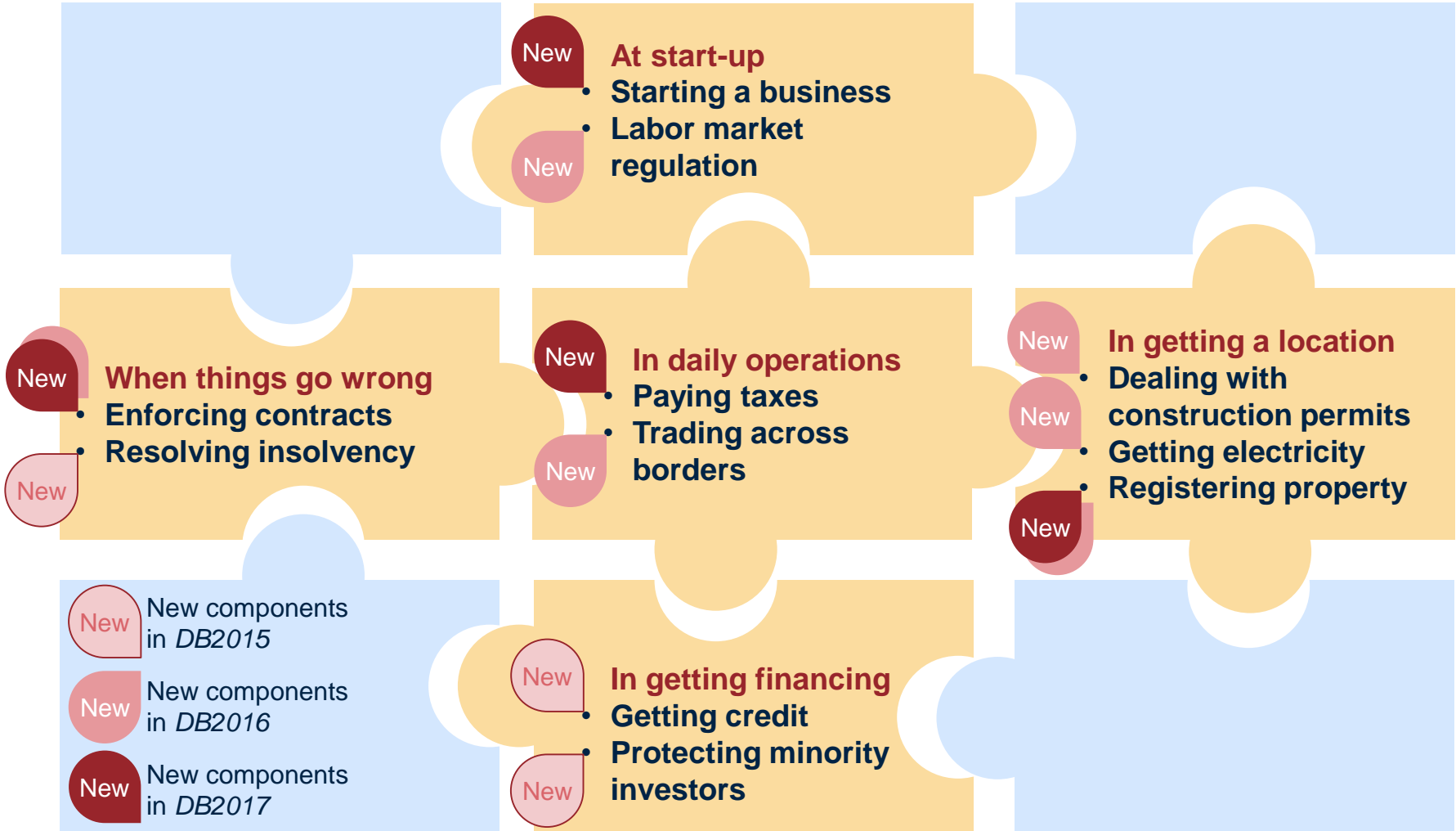
Doing Business indicators:

- Focus on **regulations** relevant to the life cycle of a small to medium-size domestic business.
- Are built on **standardized** case scenarios.
- Are measured for the largest **business city** in each economy, and the second largest business city in countries with more than 100 million inhabitants.
- Are focused on the **formal** sector.

*“Government policy plays a huge role in the daily operations of domestic small and medium-sized firms and onerous regulation can divert the energies of entrepreneurs away from developing their businesses or innovating. This is why we collect the *Doing Business* data, to encourage **regulation that is designed to be smart, efficient, accessible, and simple.**”*

Augusto Lopez-Claros, Director of the World Bank’s Global Indicators Group

The 11 areas of business regulation measured by *Doing Business* affect firms throughout their life cycle



Methodology changes and new research in *Doing Business 2017*

Methodology Changes

- **Correcting certain gender biases:** assessing gender legal differences in the processes measured by *Doing Business*.
- **Expanding the Paying Taxes indicator to cover postfiling processes:** measuring the time and process associated with tax refunds, tax audits and tax appeals for domestic SME. (*The data on tax appeals is not included in the ease of doing business ranking.*)
- **Revising three questions in the Protecting Minority Investors indicator:** whether all members must consent to add a new member, whether a management deadlock, breaking mechanism exists, and whether members must meet at least once a year in limited companies.

New Research

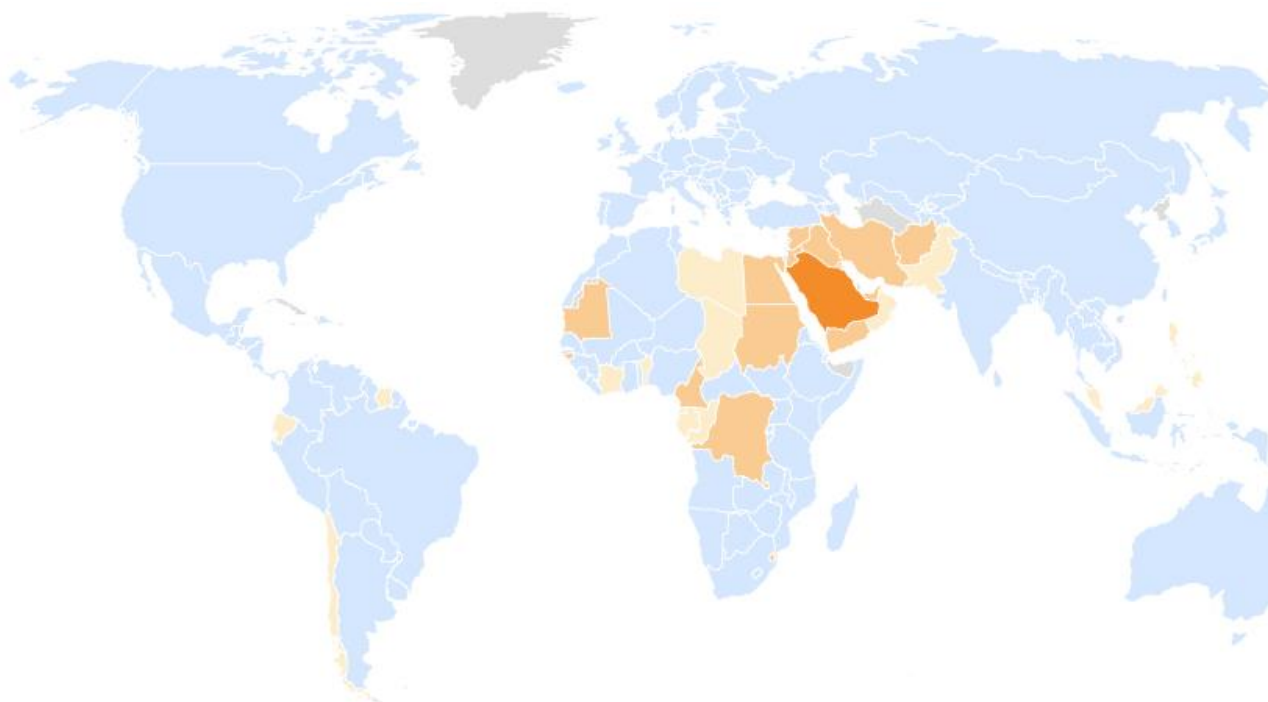
- **New annex on selling to the government:** measuring the process and regulations for the life cycle of a government procurement contract. (*The new data is not included in the ease of doing business ranking.*)

Incorporating gender legal differences in *Doing Business* indicators

Building on the information collected by *Women, Business and the Law, Doing Business* now includes:

- **Starting a Business** – is the process of starting a business different if the entrepreneur is a woman?
 - Approval from spouse required to own a business or leave the house.
 - Documents or permission required by only one gender for company registration and operation, opening a bank account or obtaining a national ID (since showing proof of ID is a normal requirement in business registration).
- **Registering Property** – can a woman own, use and transfer property the same way as a man?
 - Do unmarried men and women have equal ownership rights to property?
 - Do married men and women have equal ownership rights to property?
- **Enforcing Contracts** – does a woman's testimony carry the same evidentiary weight in court as man's?


Doing Business recorded 60 gender disparities in 38 economies





Number of recorded gender restrictions:




In East Asia & Pacific:


Brunei Darussalam 


Kiribati 

Malaysia 

Philippines 

Tonga  

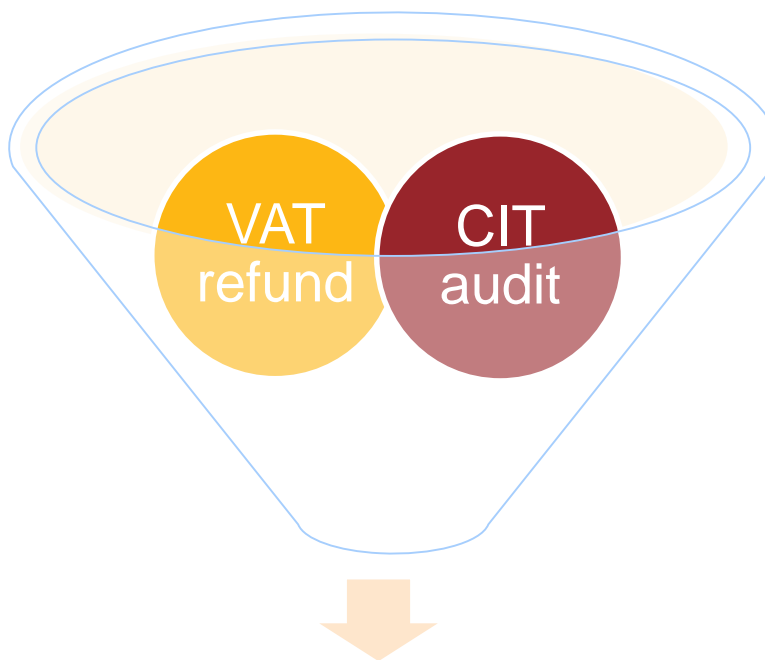
 Starting a business

 Registering property

Postfiling index: what is included?

Process of obtaining a Value Added Tax refund related to a large capital purchase

Process of going through a Corporate Income Tax Audit due to underpayment

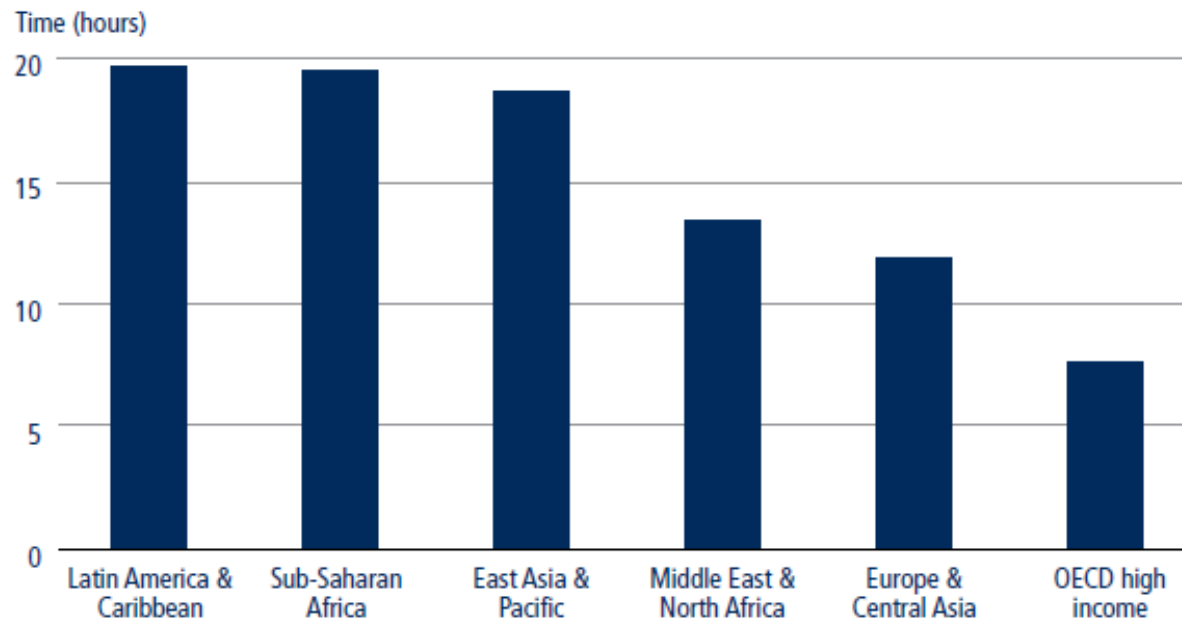


Postfiling processes

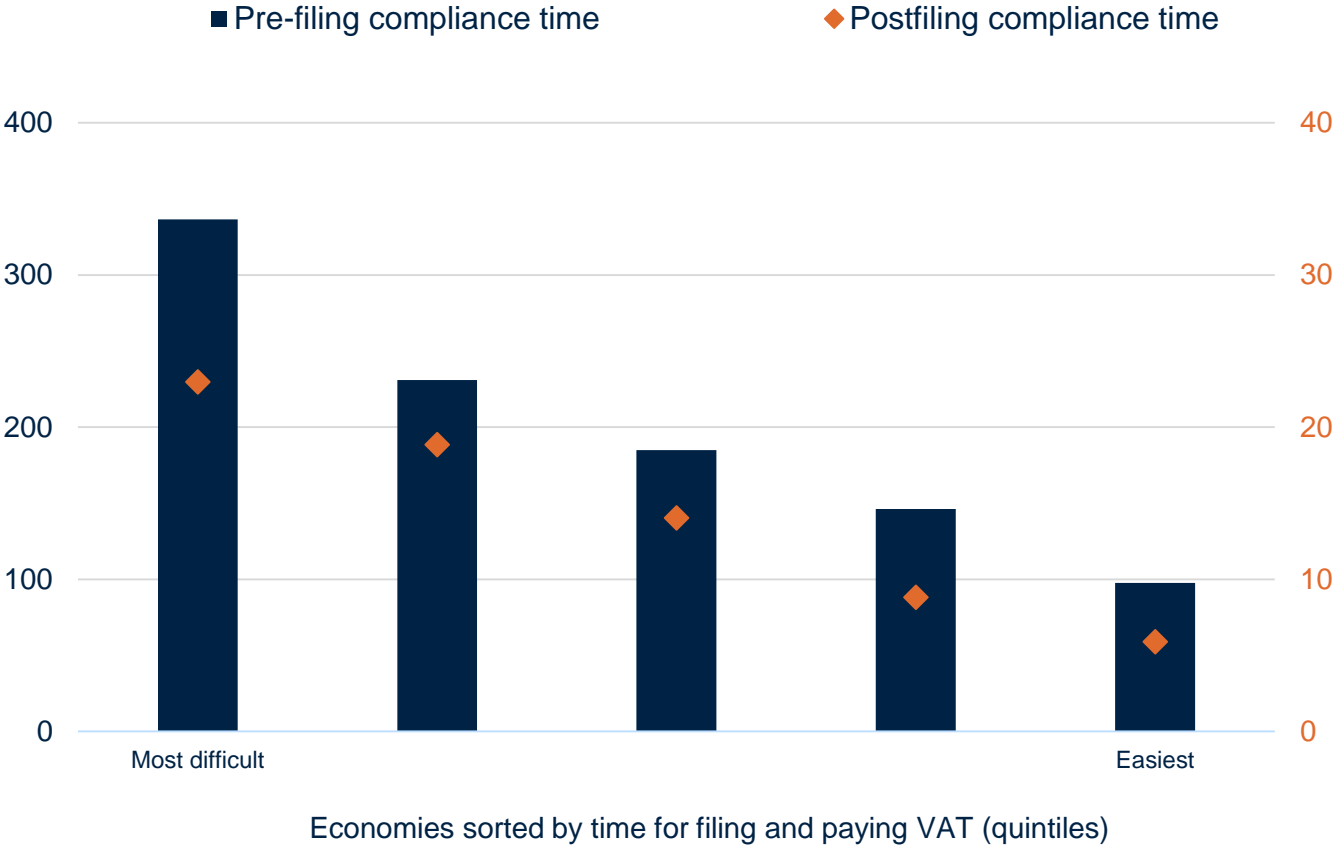
The process of obtaining a VAT refund is most efficient in OECD high-income economies

Main findings on VAT Refunds

In only **93 economies** case study company can receive a VAT refund
VAT refunds are processed most efficiently in **OECD high-income** (refund in 14.4 weeks on average) and **Europe and Central Asia** (refund in 16 weeks on average).



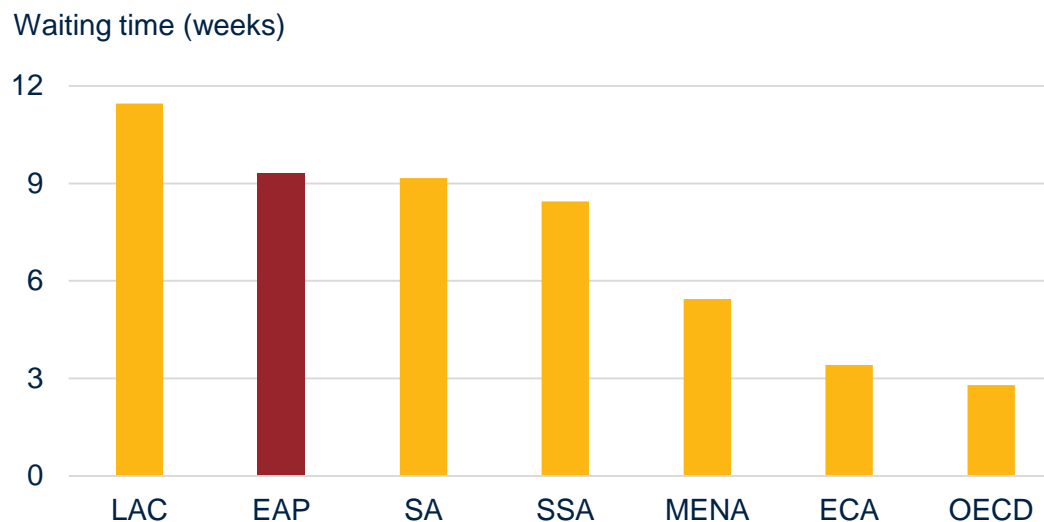
Economies with high compliance times for filing and payment of VAT also tend to have complex VAT refund processes



Audit time is the longest in Latin America and the Caribbean

- Correcting the corporate income tax (CIT) return and complying with an audit when applicable is most simple in **OECD high-income** economies and **Europe and Central Asia**.
- In **74 economies**, correcting a minor error in the CIT return is **likely to trigger an audit**.

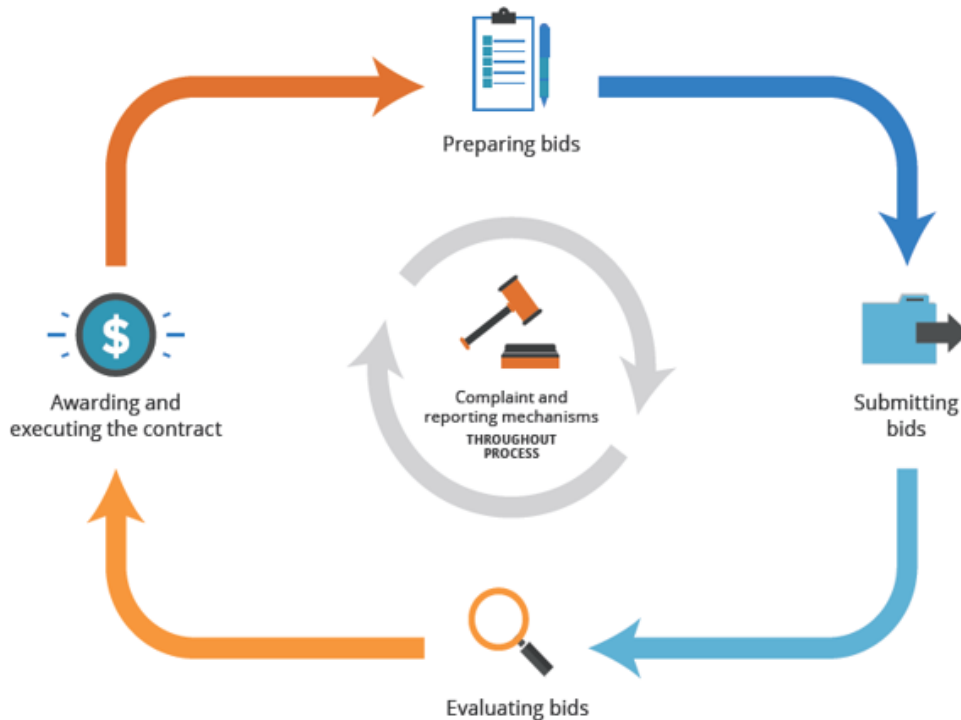
Audit time resulting from a simple mistake in a CIT return



Selling to the government:

what is measured in the *Doing Business 2017* annex?

Case study: road maintenance contract valued at 91 times income per capita or 2 million USD, whichever is higher.



Areas included in the selling to the government annex:

- **Accessibility of procurement opportunities** and e-procurement
- **Bid security deposits** (amount required of firms to guarantee that they will enter into a contract if it is awarded to them)
- **Payments** (how long it takes to get paid by the government)
- **Incentives for small and medium-size enterprises** (to facilitate access to public procurement markets)
- **Complaints mechanism** (standing to file a complaint, time for review, existence of a standstill period)

- I. About *Doing Business*
- II. Findings of *Doing Business 2017*
- III. *Doing Business* in East Asia & Pacific



WORLD BANK GROUP



Top 50 performers on the ease of doing business in 2015/16

Rank	Economy	DTF score		Rank	Economy	DTF score	
1	New Zealand	87.01	↑	★ 26	United Arab Emirates	76.89	↑
2	Singapore	85.05	↑	27	Czech Republic	76.71	↑
3	Denmark	84.87	↑	28	Netherlands	76.38	↑
4	Hong Kong SAR, China	84.21	↑	29	France	76.27	↑
5	Korea, Rep.	84.07	↑	30	Slovenia	76.14	↑
6	Norway	82.82	↑	31	Switzerland	76.06	
7	United Kingdom	82.74	↑	32	Spain	75.73	↑
8	United States	82.45		33	Slovak Republic	75.61	↑
9	Sweden	82.13	↑	34	Japan	75.53	↑
10	Macedonia, FYR	81.74	↑	★ 35	Kazakhstan	75.09	↑
11	Taiwan, China	81.09	↑	36	Romania	74.26	↑
12	Estonia	81.05	↑	★ 37	Belarus	74.13	↑
13	Finland	80.84		38	Armenia	73.63	↑
14	Latvia	80.61	↑	39	Bulgaria	73.51	↑
15	Australia	80.26	↑	40	Russian Federation	73.19	
★ 16	Georgia	80.20	↑	41	Hungary	73.07	↑
17	Germany	79.87		42	Belgium	73.00	
18	Ireland	79.53	↑	43	Croatia	72.99	↑
19	Austria	78.92	↑	44	Moldova	72.75	↑
20	Iceland	78.91	↑	45	Cyprus	72.65	↑
21	Lithuania	78.84	↑	46	Thailand	72.53	↑
22	Canada	78.57		47	Mexico	72.29	↑
23	Malaysia	78.11		★ 47	Serbia	72.29	↑
24	Poland	77.81	↑	49	Mauritius	72.27	↑
25	Portugal	77.40	↑	50	Italy	72.25	↑

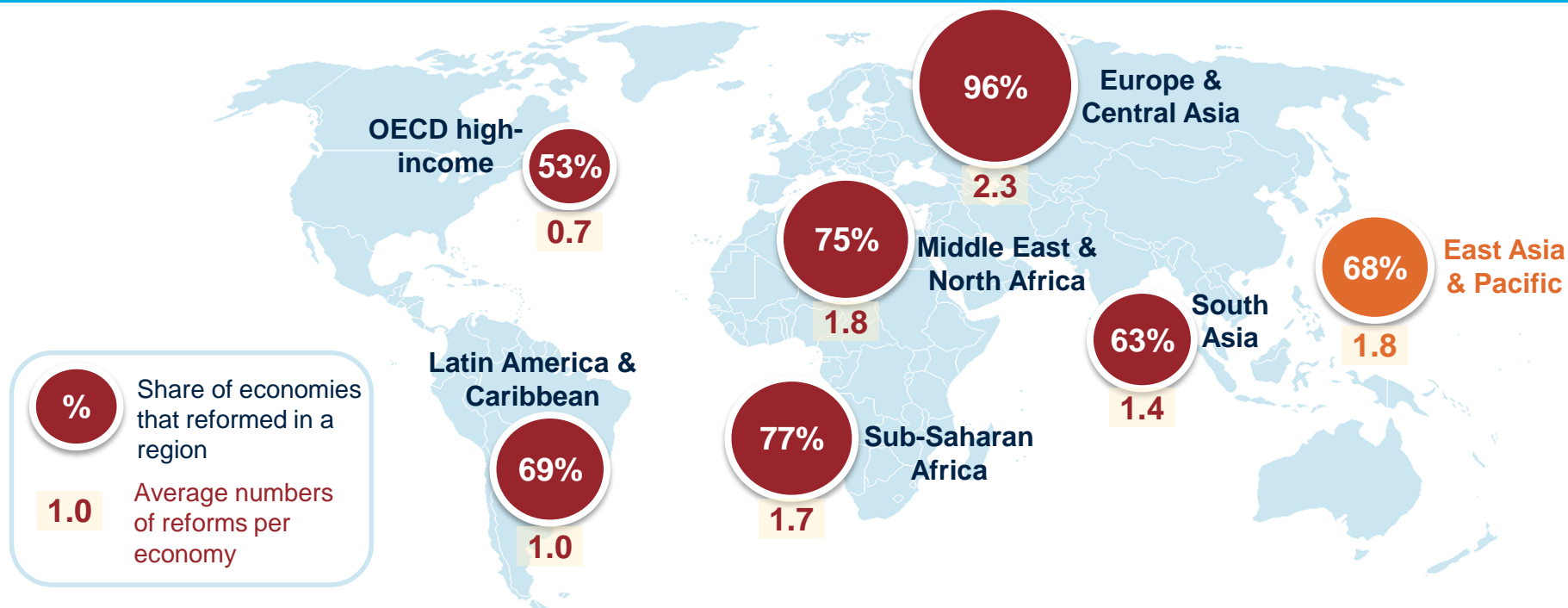
Who improved the most across 3 or more areas measured by *Doing Business* in 2015/16?

Economy	Ease of doing business rank	Change in DTF score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Brunei Darussalam	72	5.28			✓		✓	✓	✓		✓	✓
Kazakhstan	35	4.71	✓	✓	✓			✓		✓	✓	✓
Kenya	92	3.52	✓		✓	✓		✓				✓
Belarus	37	3.22			✓	✓	✓	✓				
Indonesia	91	2.95	✓		✓	✓	✓		✓	✓	✓	
Serbia	47	2.59	✓	✓		✓						
Georgia	16	2.45			✓	✓		✓	✓	✓		
Pakistan	144	2.08				✓	✓			✓		
United Arab Emirates	26	2.07	✓	✓	✓	✓		✓				
Bahrain	63	2.05	✓				✓			✓		

Source: *Doing Business* database.

Note: Economies are selected on the basis of the number of reforms and ranked on how much their distance to frontier score improved. First, *Doing Business* selects the economies that implemented reforms making it easier to do business in 3 or more of the 10 areas included in this year's aggregate distance to frontier score. Regulatory changes making it more difficult to do business are subtracted from the number of those making it easier. Second, *Doing Business* ranks these economies on the increase in their distance to frontier score from the previous year. The improvement in their score is calculated not by using the data published in 2015 but by using comparable data that capture data revisions and methodology changes. The choice of the most improved economies is determined by the largest improvements in the distance to frontier score among those with at least three reforms.

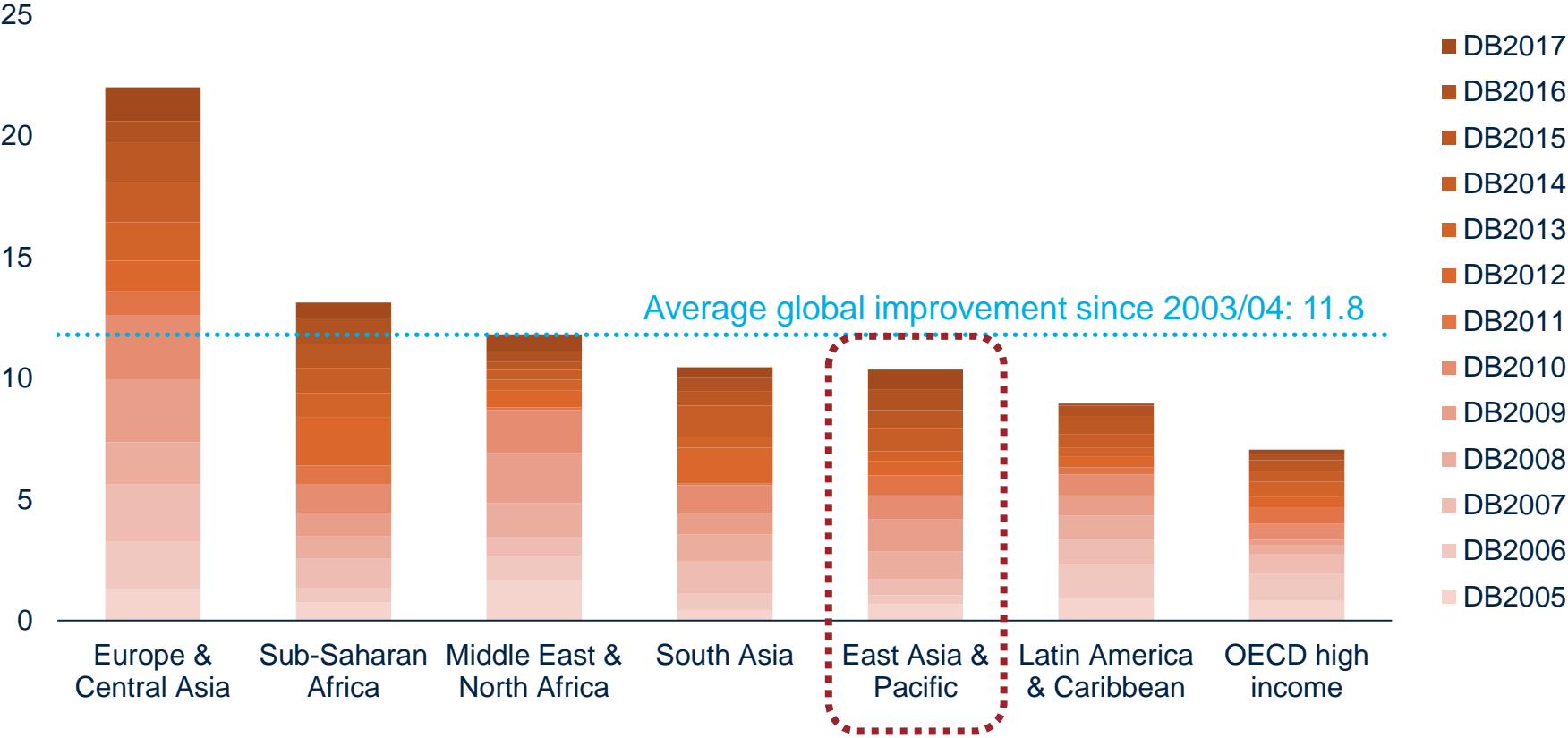
Worldwide, 137 economies implemented 283 reforms in 2015/16



- ✓ More than 75% of regulatory reforms in 2015/16 were implemented by [developing countries](#).
- ✓ East Asia and Pacific implemented [45 regulatory reforms](#) in the past year, with 7 reforms implemented in Indonesia and 6 – in Brunei Darussalam only.
- ✓ *Doing Business* has recorded more than [2,900 regulatory reforms](#) making it easier to do business since 2004.

Europe and Central Asia has made a substantially bigger improvement in business regulation over time than any other region

Average year-on-year improvement in distance to frontier score



Source: Doing Business database.

Note: The measure is normalized to range from 0 to 100, with 100 representing the frontier. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

Reforms making it easier to start a business show results over time in reduced delays

2005

It was possible to start a business in less than 20 days in only 41 economies*, mostly in North America and Northern and Central Europe.

In **Sub-Saharan Africa**, entrepreneurs in **only 3** out of 45 countries—Burundi, Ghana and Rwanda—could incorporate a company in under 20 days.

2016

Now, the time to start a business is less than 20 days for entrepreneurs in 130 economies* worldwide.

In **Sub-Saharan Africa**, **more than half** of economies allow to start a business in less than 20 days.

✓ **Development impact:**

Countries that regulate entry more heavily have greater corruption and larger unofficial economies, but not better quality of public or private goods.

(Djankov, La Porta, Lopez de Silanes, Shleifer, February 2002, Quarterly Journal of Economics.)

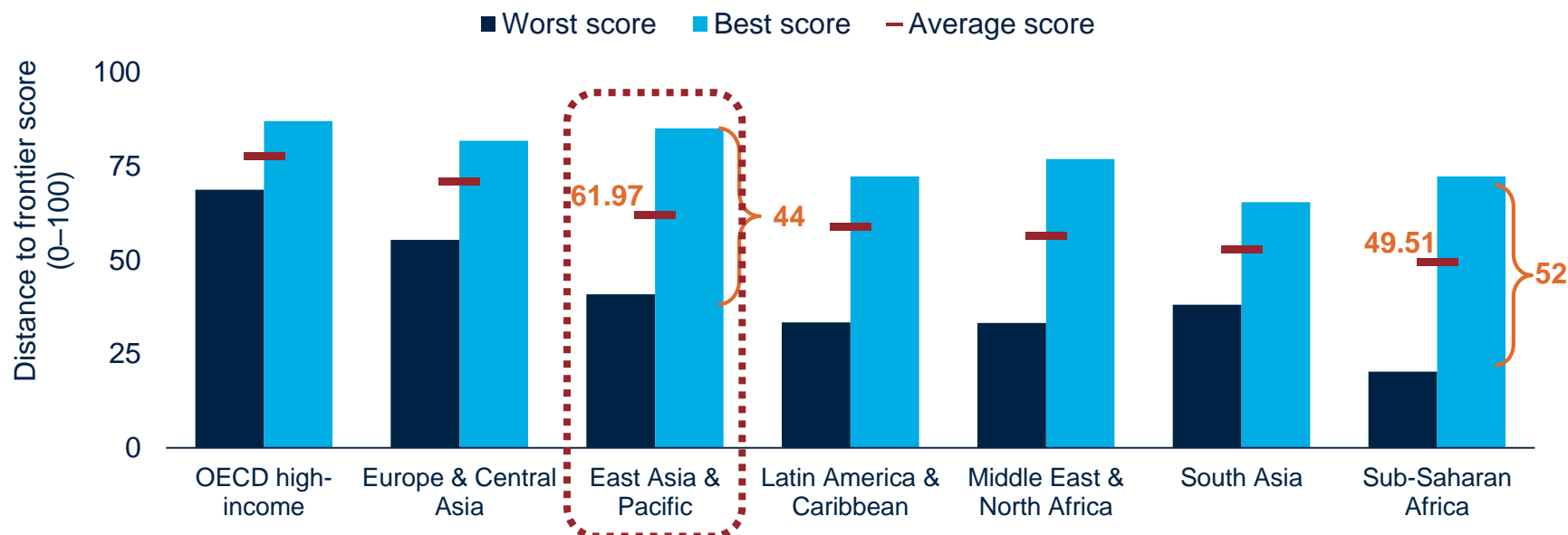
* Based on samples of 174 economies in *Doing Business 2006* and 190 economies in *Doing Business 2017*.



Source: *Doing Business* database.

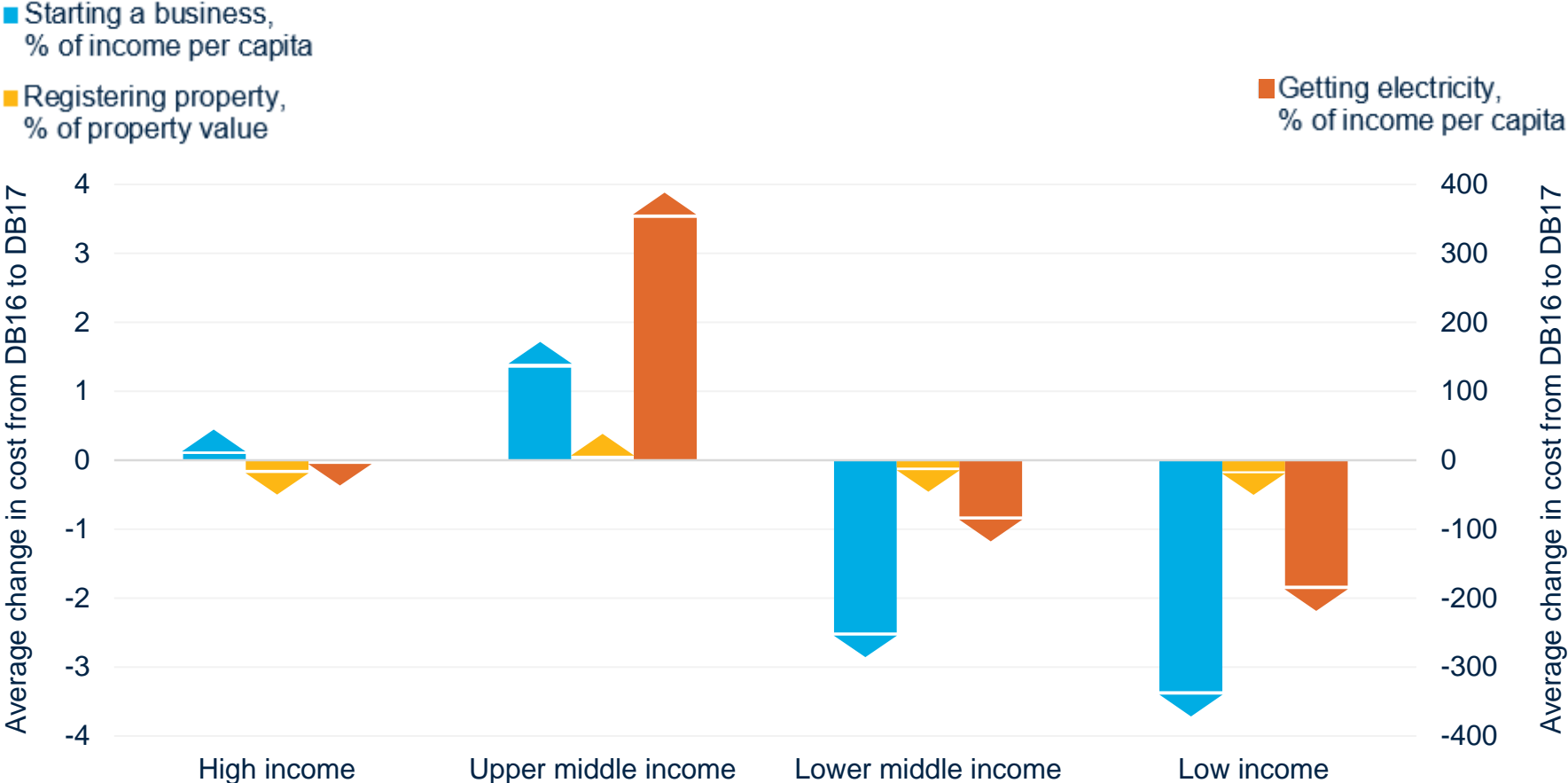
6 of the 7 regions have an average DTF score above 50

- Worldwide, the difference between the best and worst DTF scores is 67 points.
- Sub-Saharan Africa has the **biggest difference** of 52 points between the best and worst scores.
- East Asia & Pacific also shows significant variation in the best and worst scores with a difference of 44 points.
- OECD high-income has the **smallest difference** of 18 points between the best and worst scores.



Source: Doing Business database.

Low income economies are lowering costs to do business at faster rates than their higher income counterparts



Source: Doing Business database.

- I. About *Doing Business*
- II. Findings of *Doing Business 2017*
- III. *Doing Business* in East Asia & Pacific



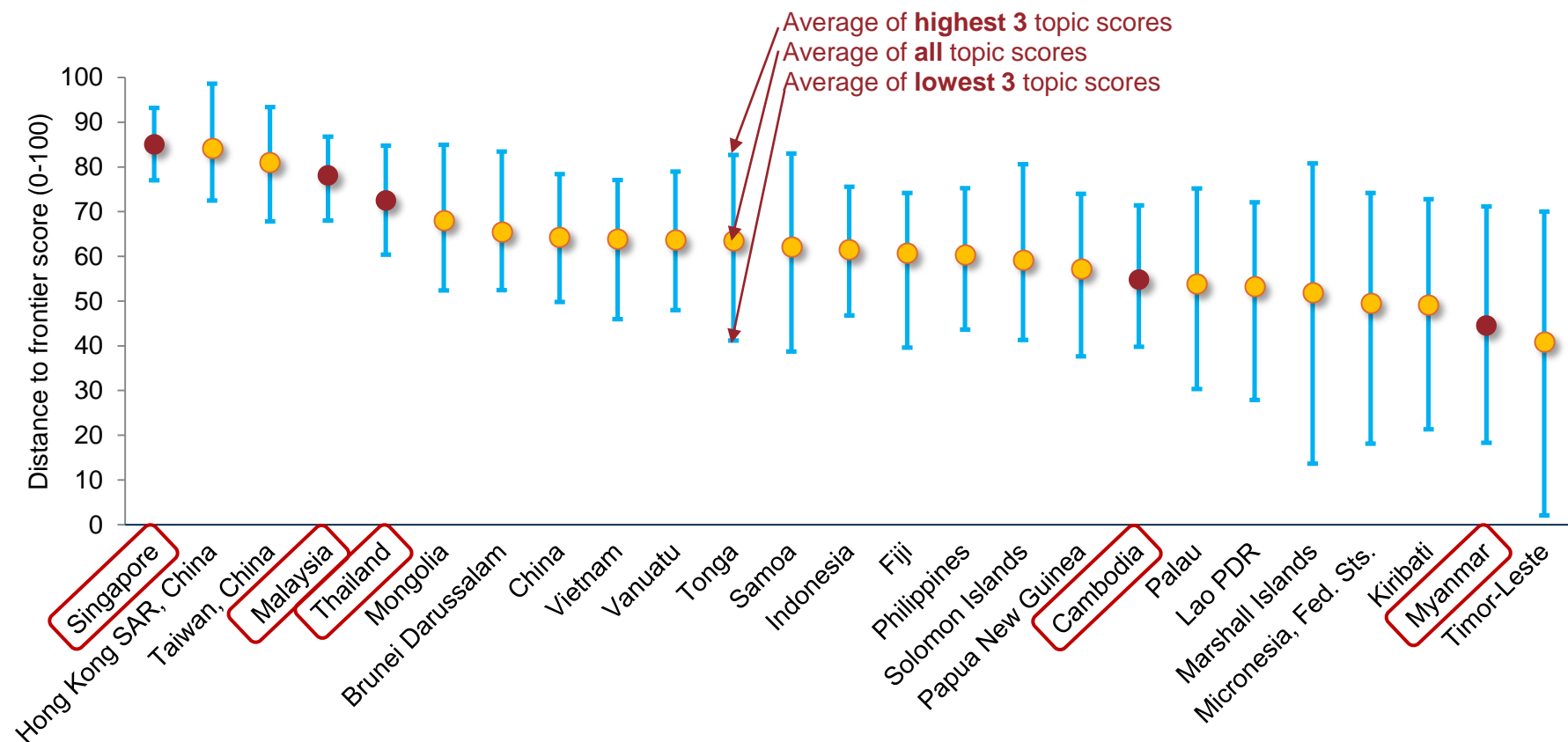
WORLD BANK GROUP



How do economies in East Asia & Pacific perform on the ease of doing business in 2015/2016?

Rank	Economy	DTF score		Rank	Economy	DTF score	
2	Singapore	85.05	↑	97	Fiji	60.71	
4	Hong Kong SAR, China	84.21	↑	99	Philippines	60.40	↑
11	Taiwan, China	81.09	↑	104	Solomon Islands	59.17	↑
23	Malaysia	78.11		119	Papua New Guinea	57.29	↑
46	Thailand	72.53	↑	131	Cambodia	54.79	↑
64	Mongolia	68.15	↑	136	Palau	53.81	↑
★ 72	Brunei Darussalam	65.51	↑	139	Lao PDR	53.29	↑
78	China	64.28		143	Marshall Islands	51.92	↑
82	Vietnam	63.83	↑	151	Micronesia, Fed. Sts.	49.48	
83	Vanuatu	63.66	↑	152	Kiribati	49.19	↑
85	Tonga	63.58		170	Myanmar	44.56	↑
89	Samoa	62.17	↑	175	Timor-Leste	40.88	
★ 91	Indonesia	61.52	↑				

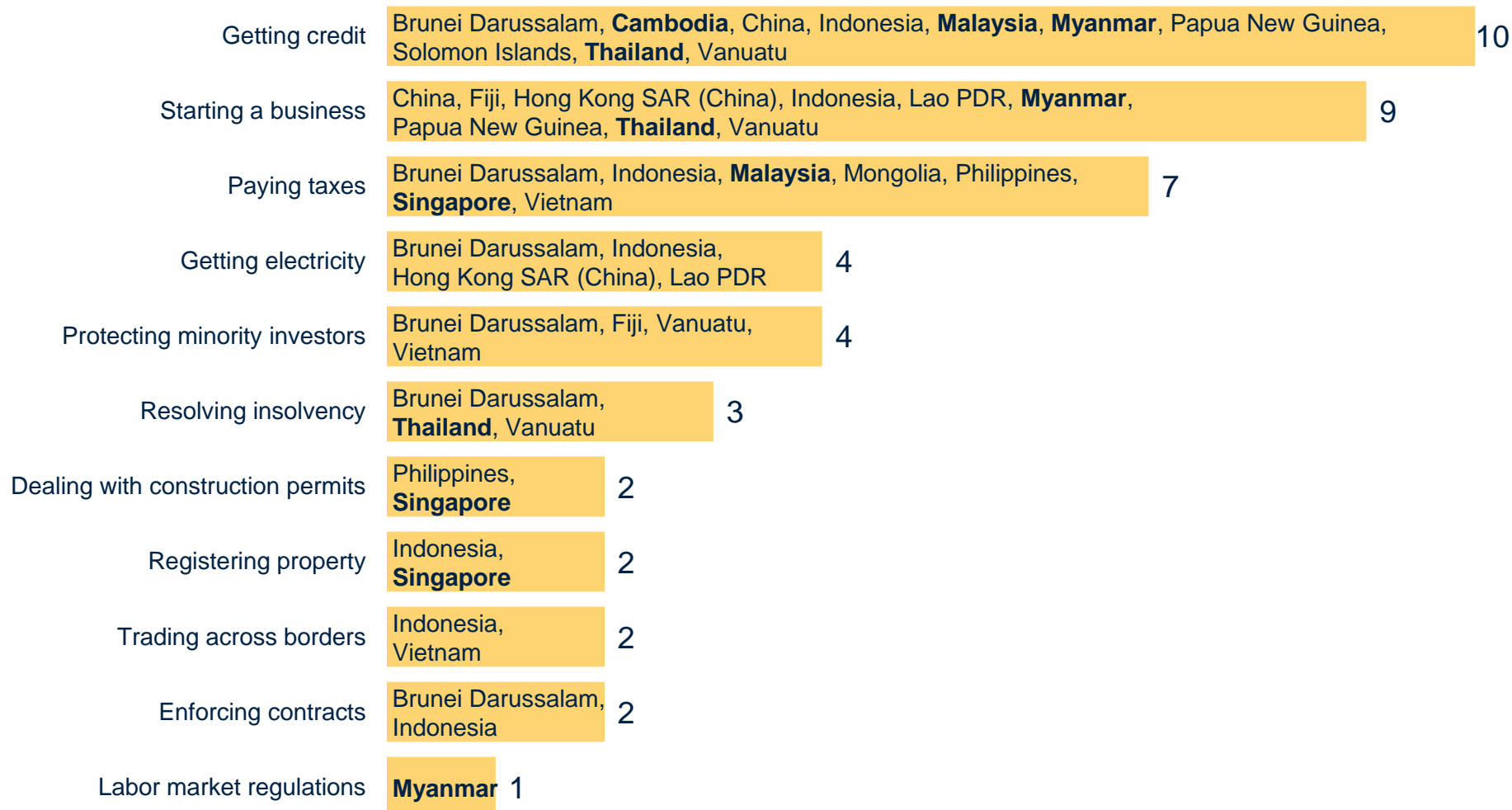
Variability across areas of business regulation in East Asia & Pacific in 2015/16



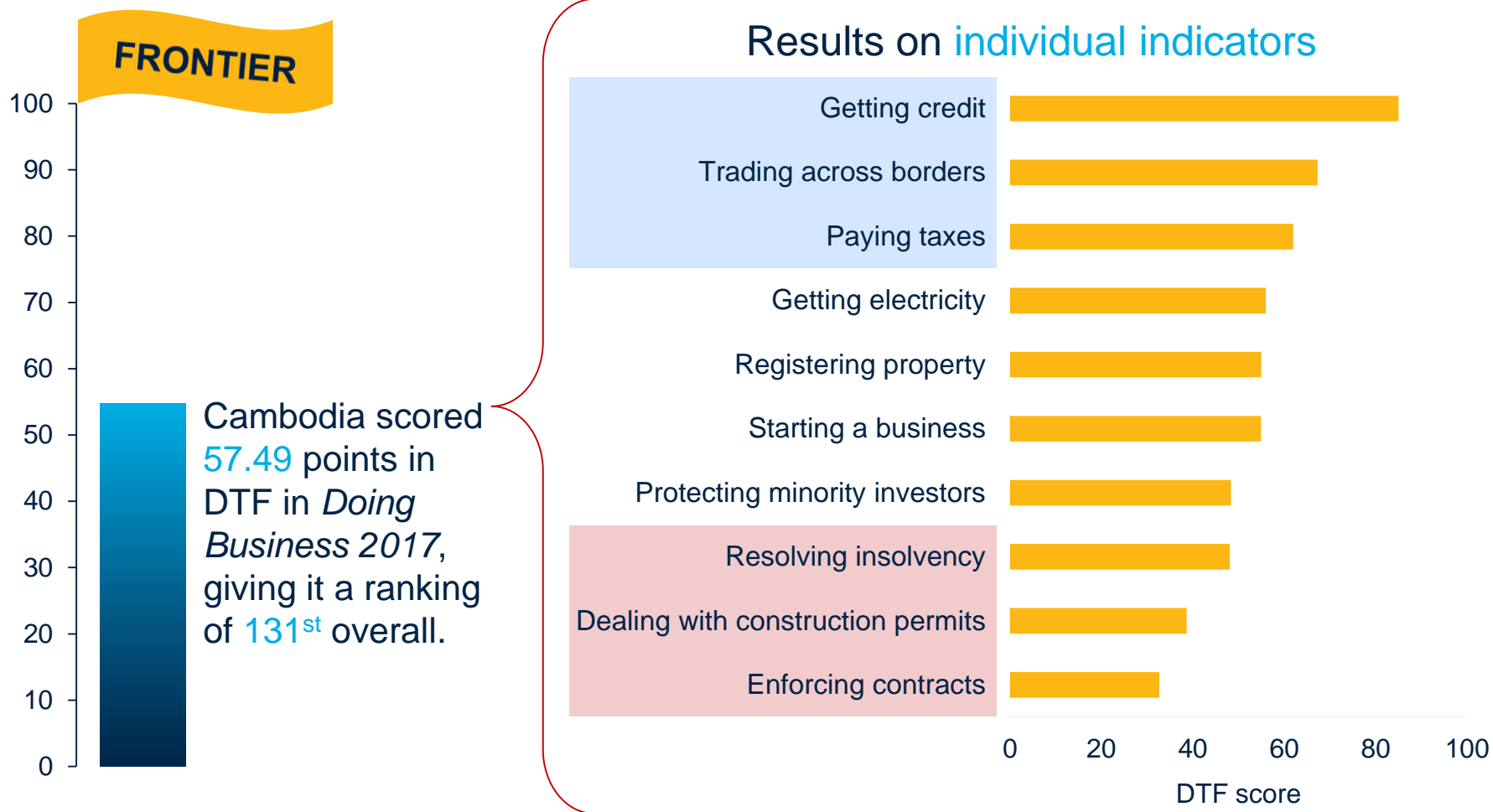
Source: Doing Business database.

Note: The distance to frontier scores reflected are those for the 10 Doing Business topics included in this year's aggregate distance to frontier score.

Who in East Asia and Pacific reformed in areas measured by *Doing Business* in 2015/16?



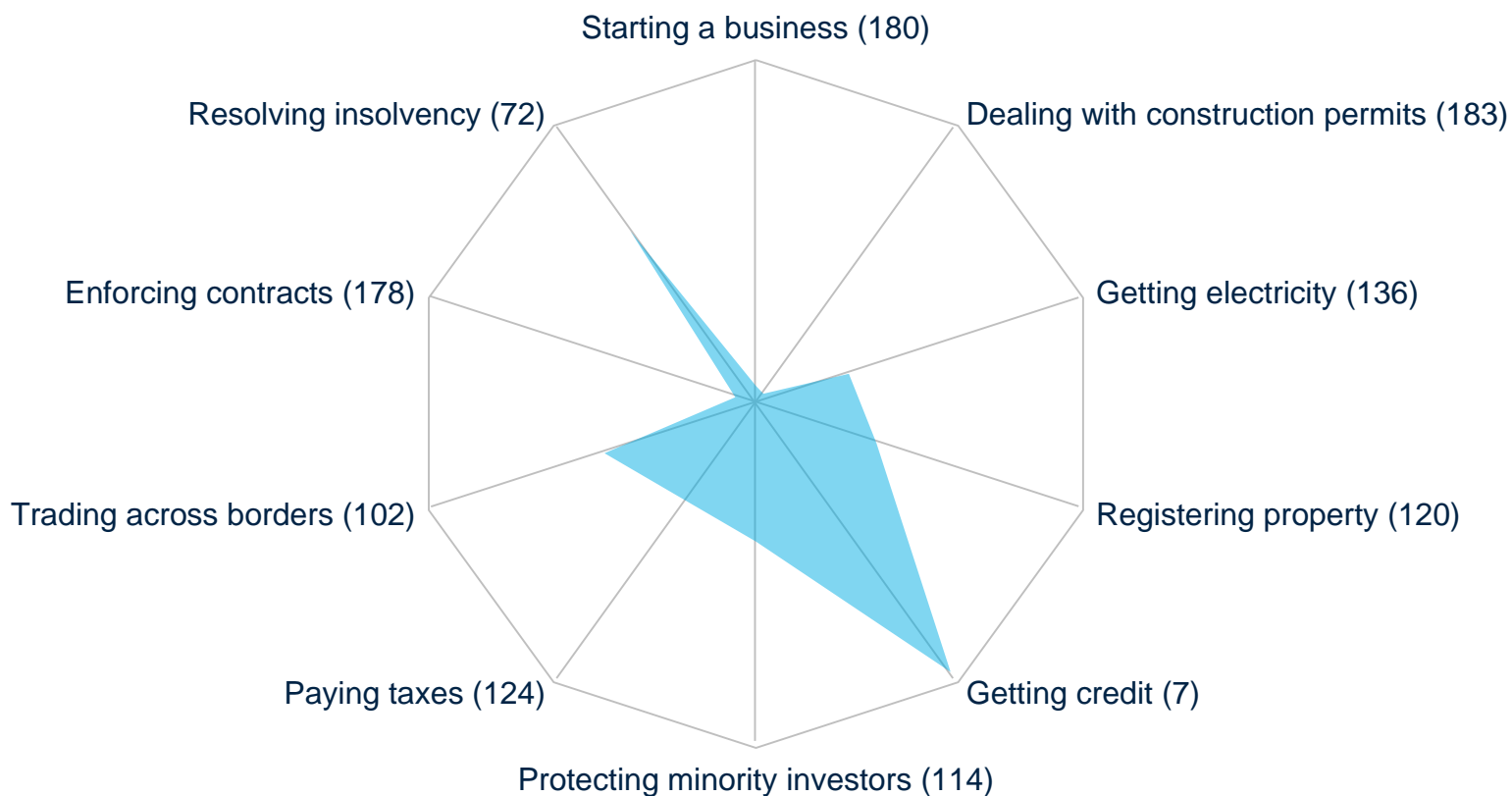
Doing Business in Cambodia – score



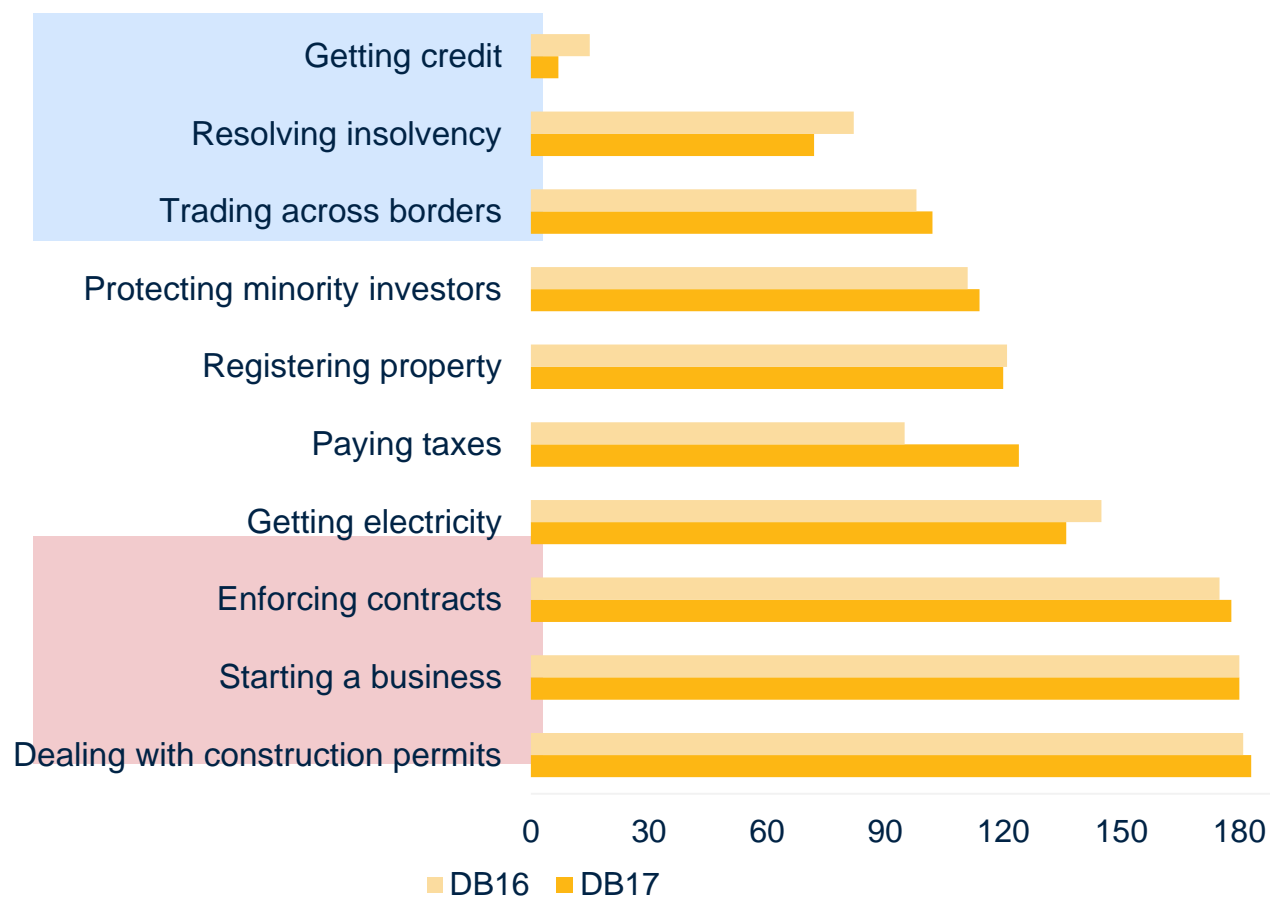
Doing Business in Cambodia – ranking

Rankings on *Doing Business* topics – Cambodia

(Scale: Rank 190 center, Rank 1 outer edge)



Doing Business in Cambodia – change in ranking

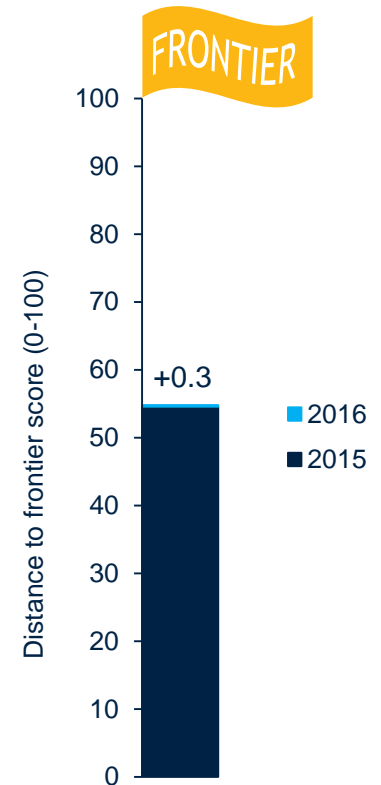


Cambodia improved business environment in 2015/16 as measured by *Doing Business*

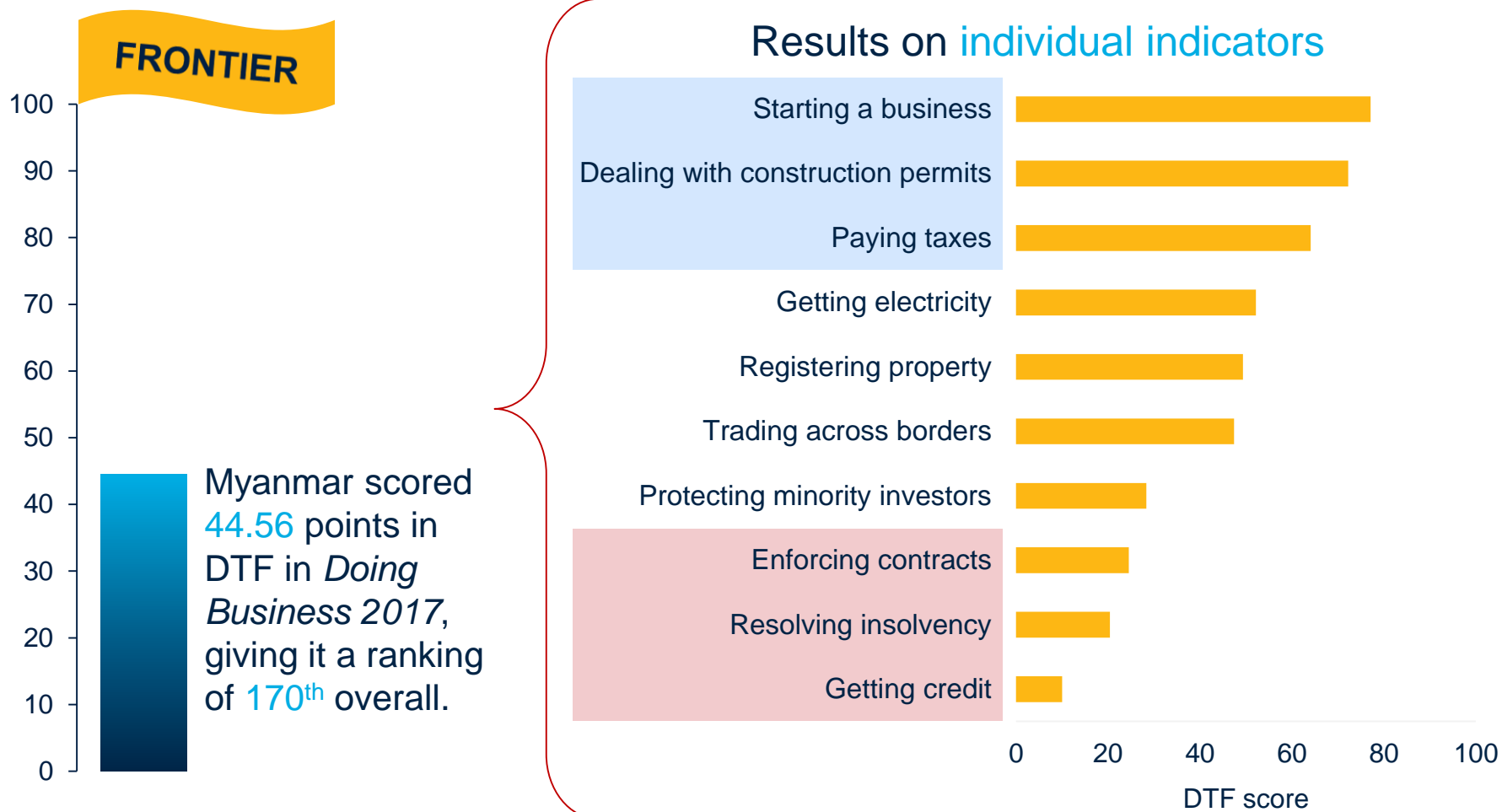


What did **Cambodia** do to improve its business environment in 2015/16?

- ✓ **Getting credit:** credit bureau began offering credit scoring in June 2015 to facilitate the assessment of the repayment capacity of borrowers.



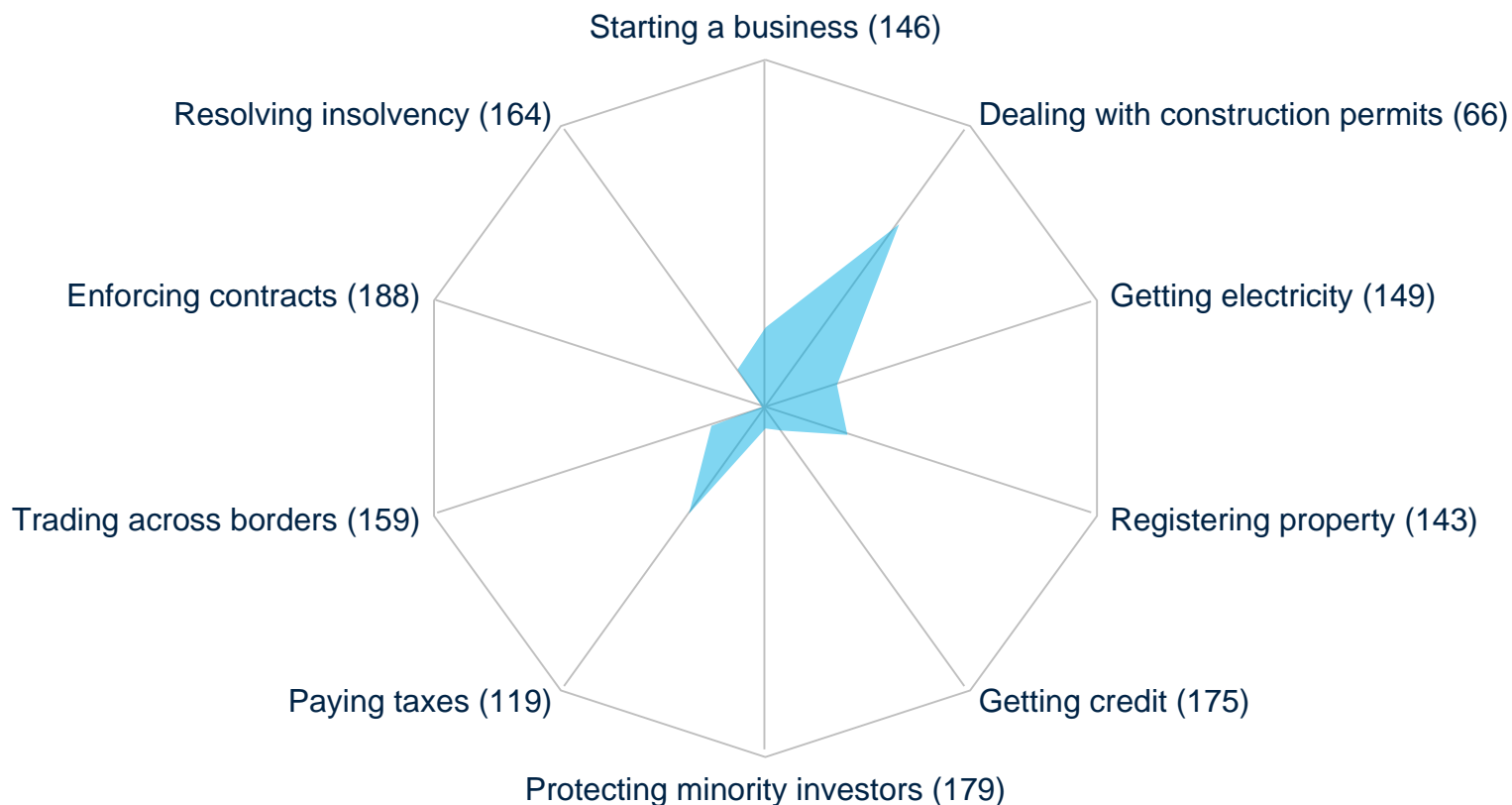
Doing Business in Myanmar – score



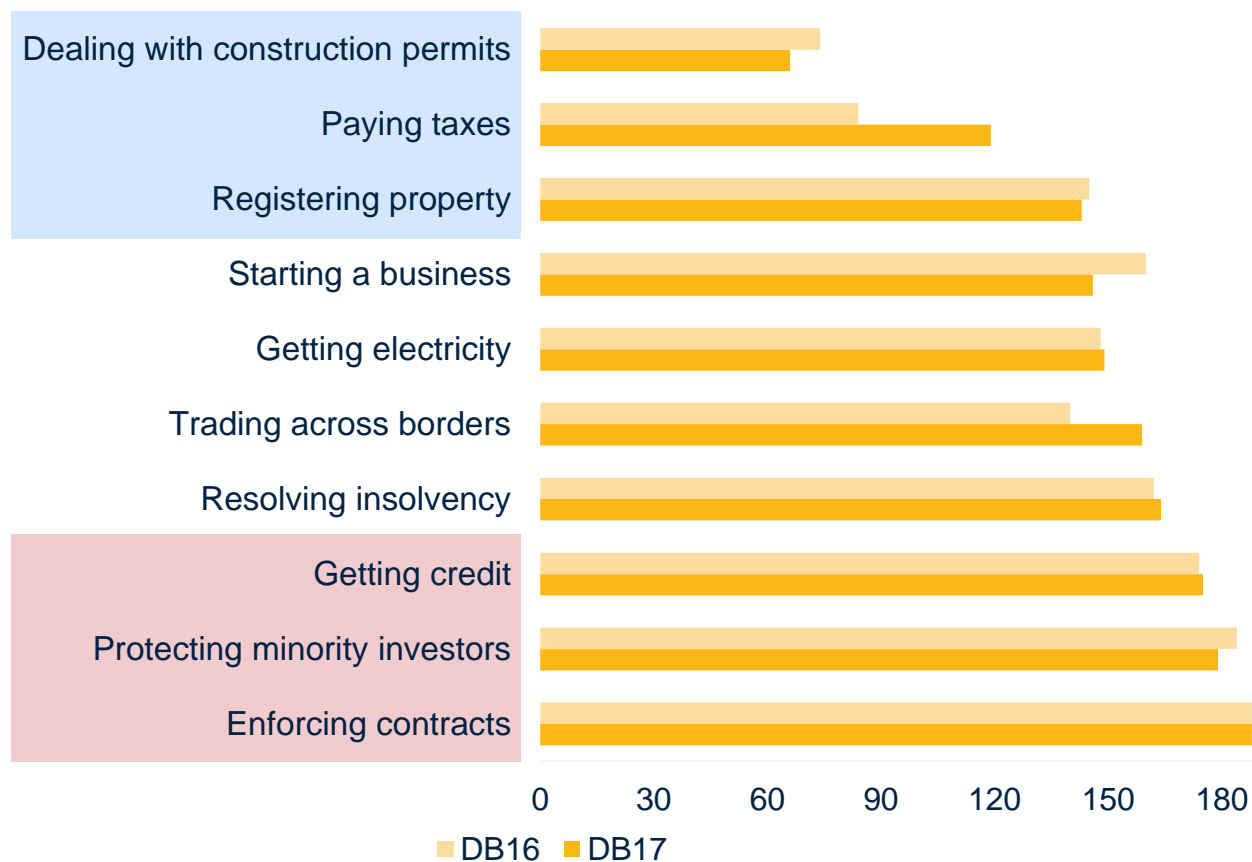
Doing Business in Myanmar – ranking

Rankings on *Doing Business* topics – Myanmar

(Scale: Rank 190 center, Rank 1 outer edge)



Doing Business in Myanmar— change in ranking

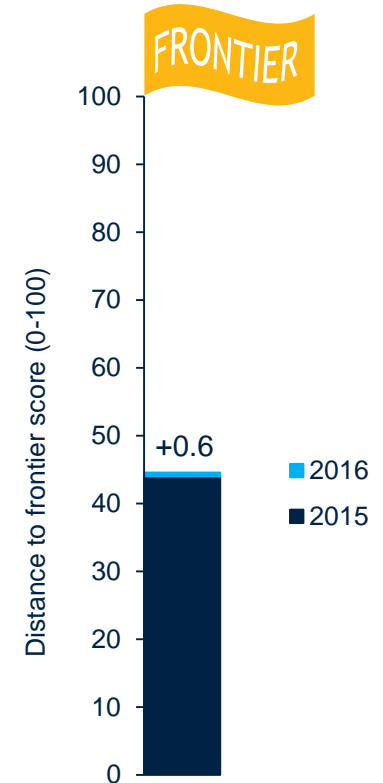


Myanmar improved business environment in 2015/16 as measured by *Doing Business*

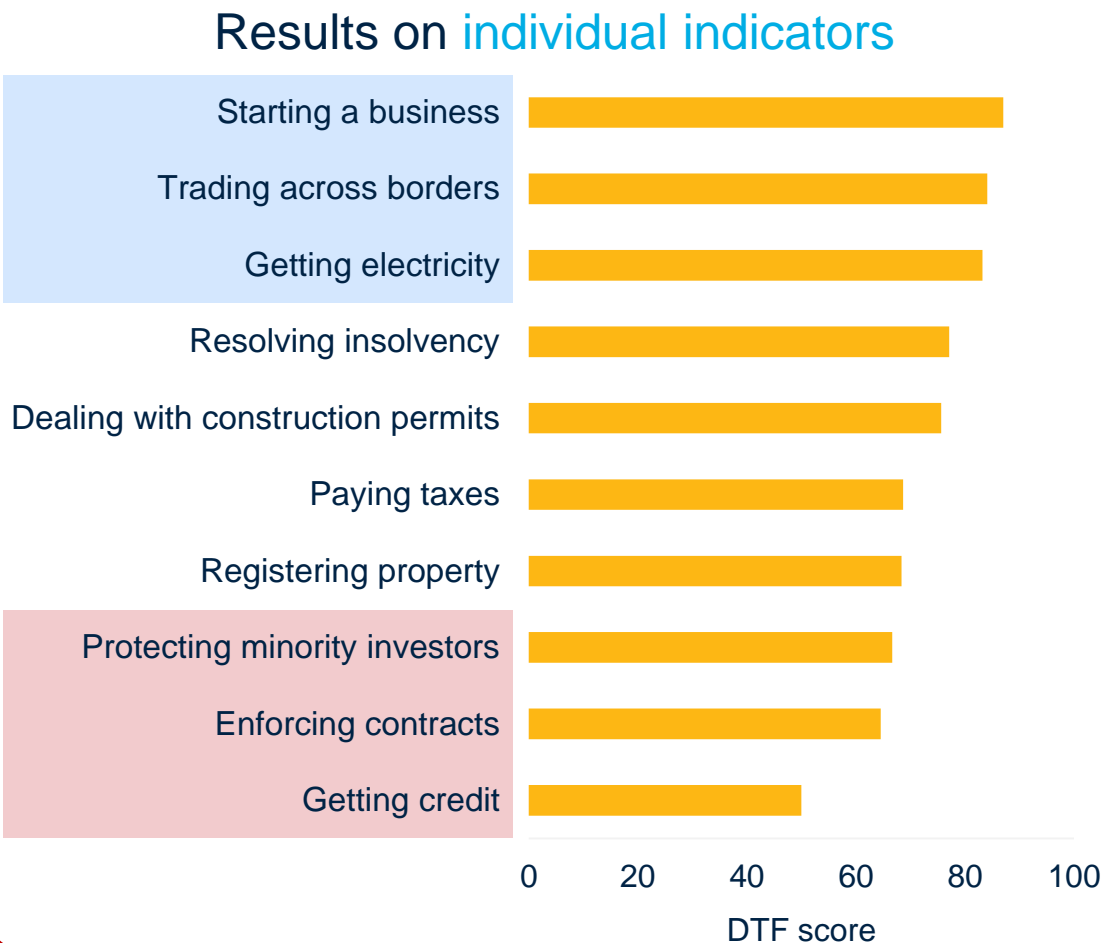
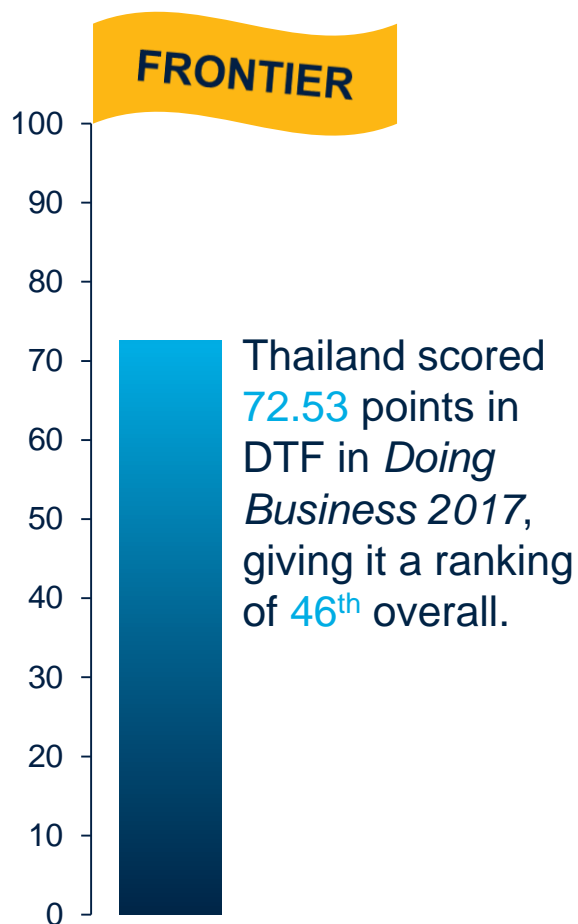


What did Myanmar do to improve its business environment in 2015/16?

- ✓ **Starting a business:** reduced the cost to register a company and removed the requirement to submit a reference letter and a criminal history certificate in order to incorporate a company.
- ✓ **Getting credit:** enacted a law that allows the establishment of a new credit bureau.



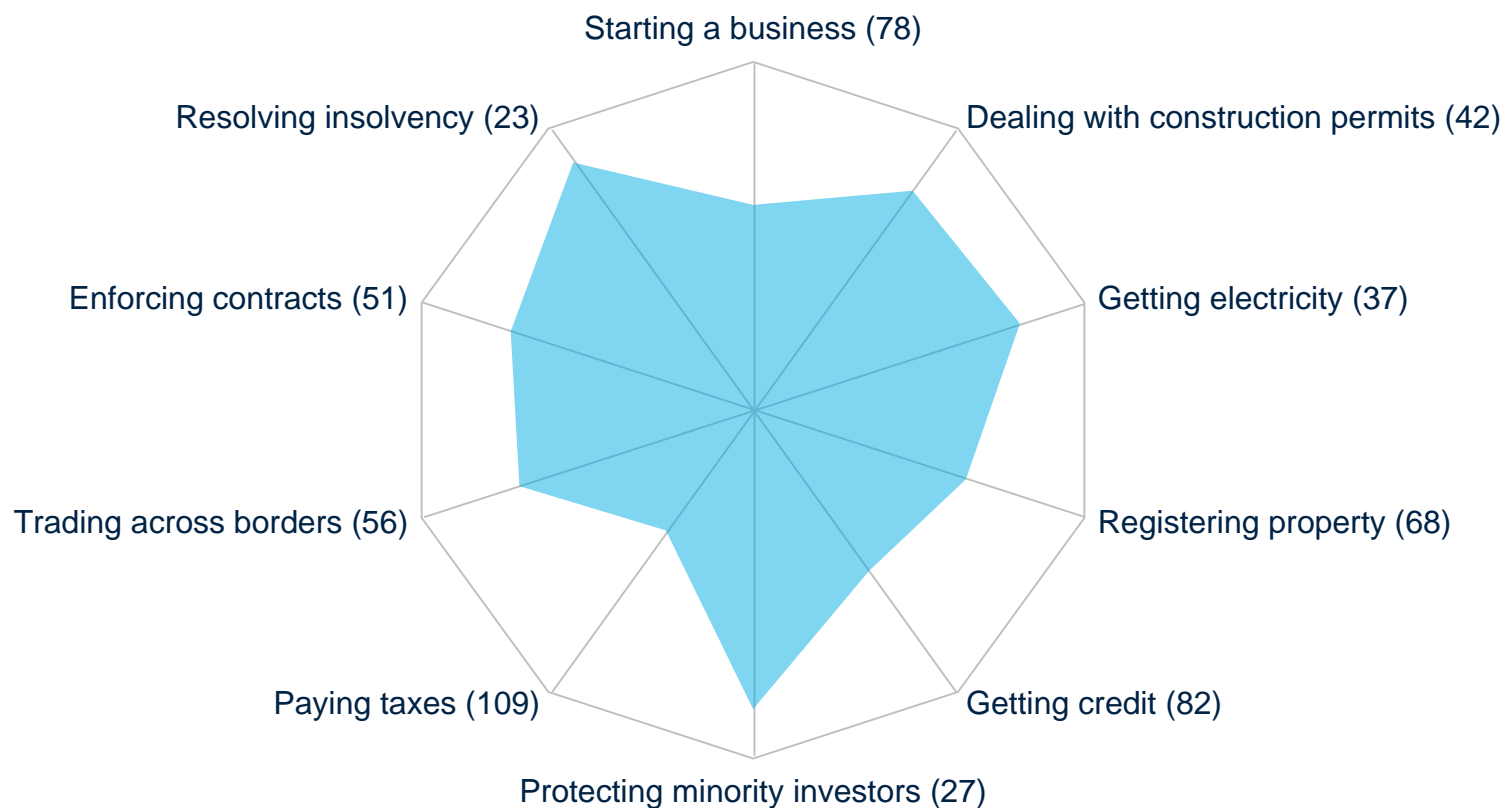
Doing Business in Thailand – score



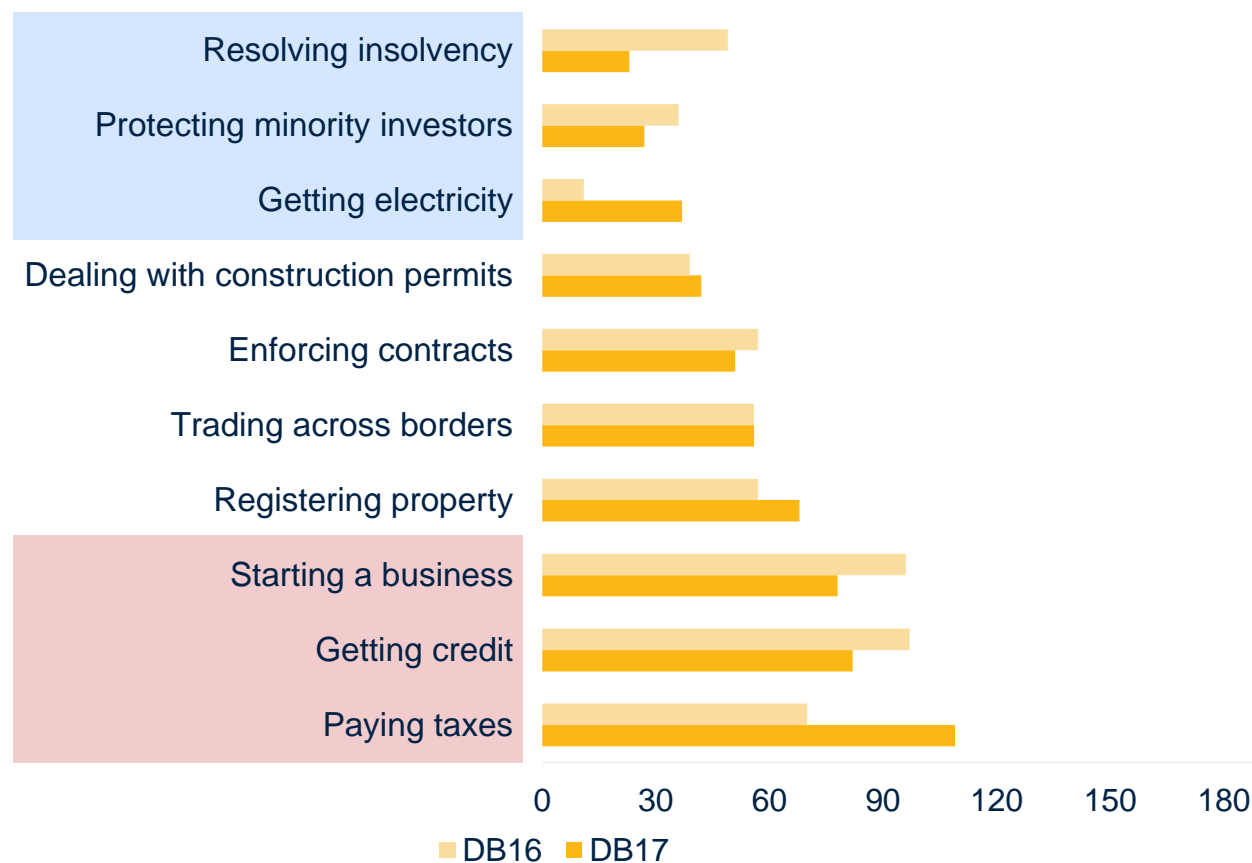
Doing Business in Thailand – ranking

Rankings on *Doing Business* topics – Thailand

(Scale: Rank 190 center, Rank 1 outer edge)



Doing Business in Thailand— change in ranking

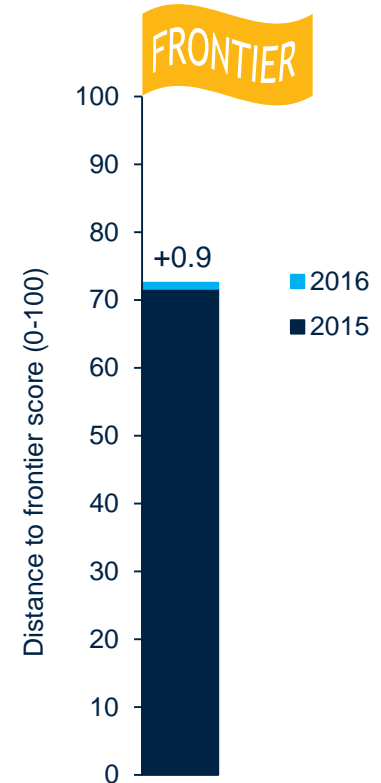


Thailand improved business environment in 2015/16 as measured by *Doing Business*

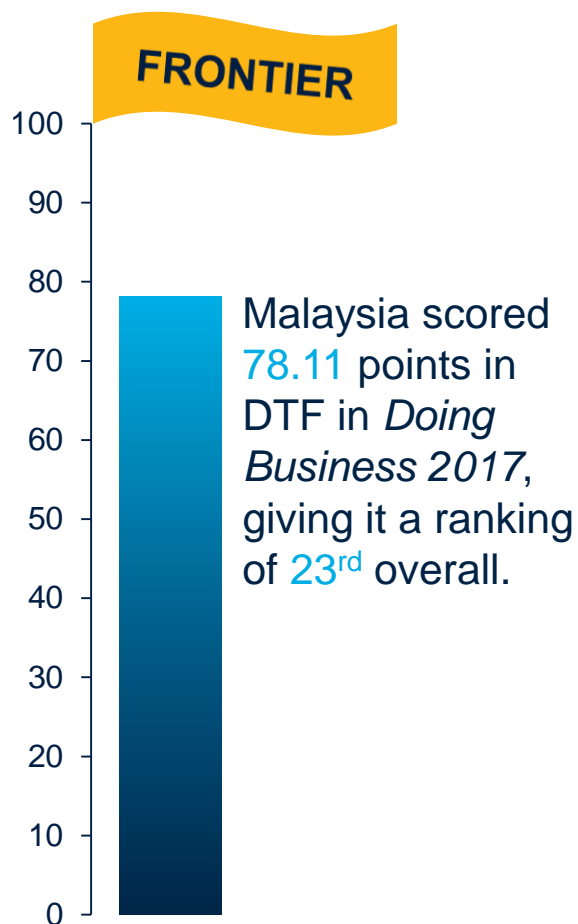


What did **Thailand** do to improve its business environment in 2015/16?

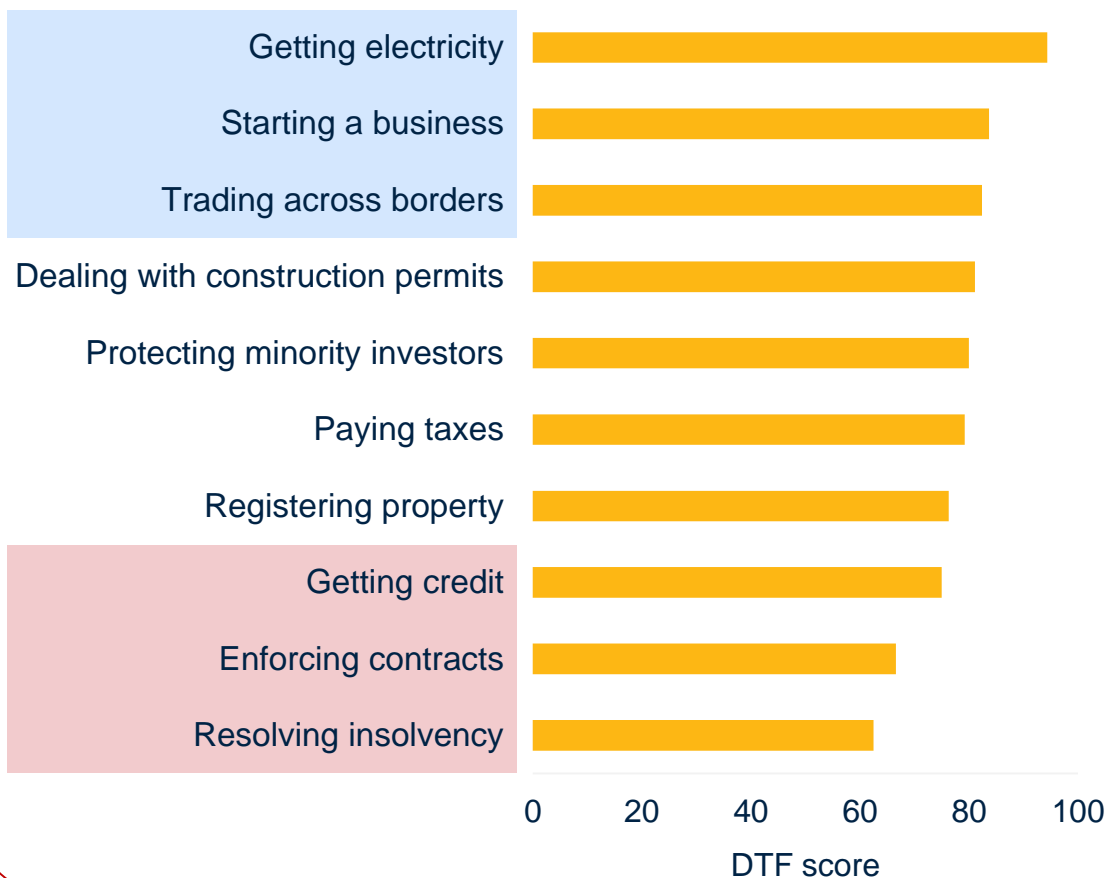
- ✓ **Starting a business:** created a single window for registration payment and reducing the time needed to obtain a company seal.
- ✓ **Getting credit:** started providing credit scores to banks and financial institutions.
- ✓ **Resolving insolvency:** introduced new restructuring for small and medium-size companies and streamlined provisions related to company liquidation.



Doing Business in Malaysia – score



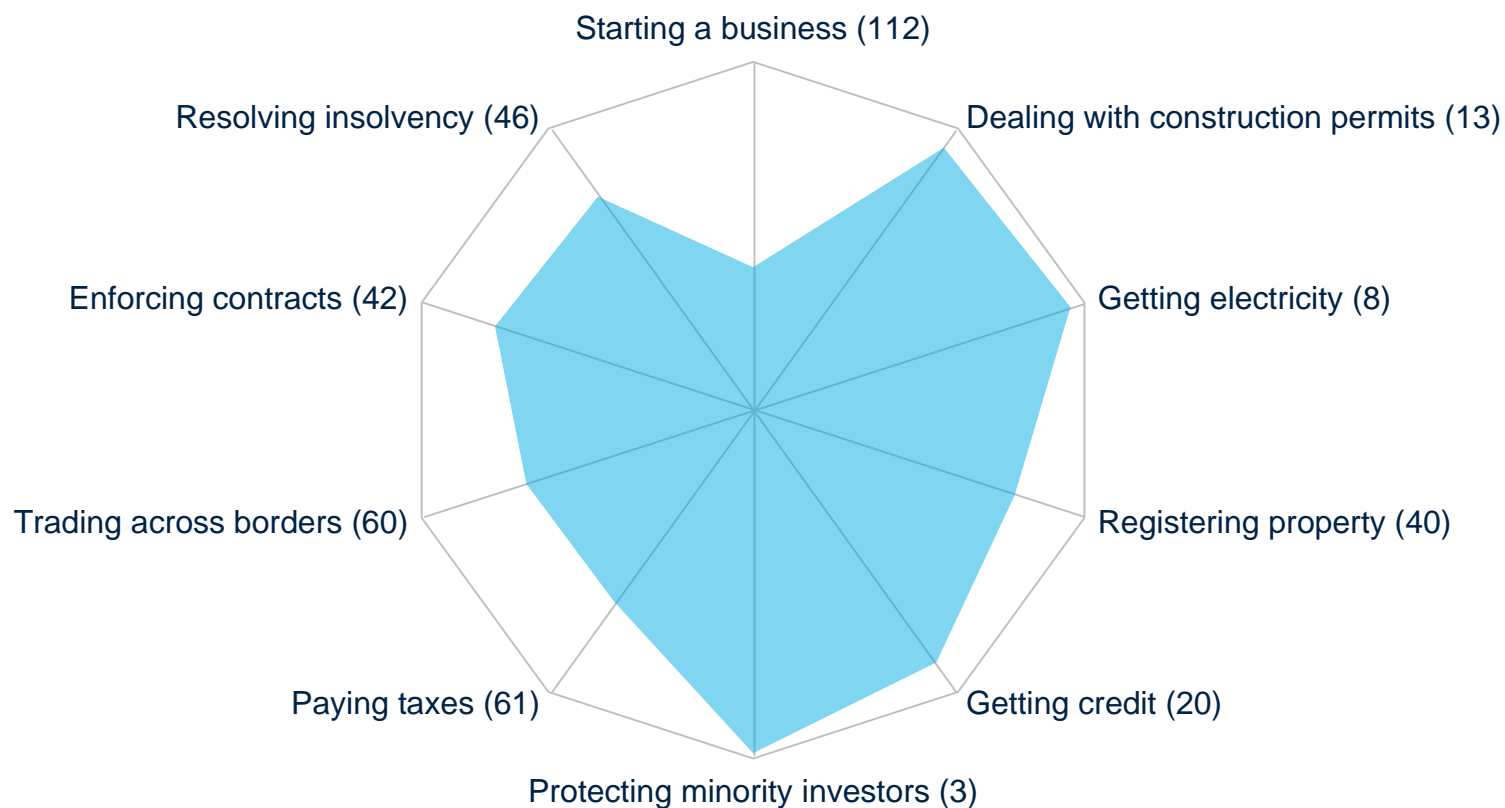
Results on individual indicators



Doing Business in Malaysia – ranking

Rankings on *Doing Business* topics – Malaysia

(Scale: Rank 190 center, Rank 1 outer edge)



Doing Business in Malaysia – change in ranking

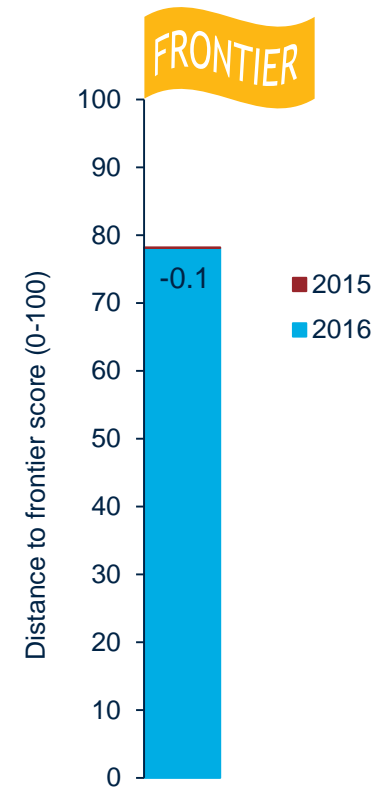


Malaysia improved business environment in 2015/16 as measured by *Doing Business*



What did **Malaysia** do to improve its business environment in 2015/16?

- ✓ **Getting credit:** credit bureau began to provide consumer credit scores.
- ✓ **Paying taxes:** introduced an online system for filing and paying goods and services tax (GST) while also making it more complex by replacing sales tax with GST.



THANK YOU!

Questions



www.doingbusiness.org

The screenshot shows the homepage of the World Bank Group's Doing Business website. At the top, it features the World Bank Group logo and navigation links for DATA, RANKINGS, REPORTS, METHODOLOGY, RESEARCH, BUSINESS REFORMS, LAW LIBRARY, CONTRIBUTORS, ABOUT US, and PRESS. The main content area highlights the 'Doing Business 2016' report, listing key findings such as Singapore's top ranking, improvements in regulatory frameworks, and expanded measurement areas. Below this, there are sections for 'RECENT PUBLICATIONS' (including 'How Innovations in Land Administration Reform Improve on Doing Business'), 'SUBNATIONAL REPORTS' (437 locations benchmarked in 65 economies since 2005), and 'METHODOLOGY EXPANSION' (new index for land administration). A '2016 Doing Business Report' download button is also visible.



WORLD BANK GROUP

Doing Business

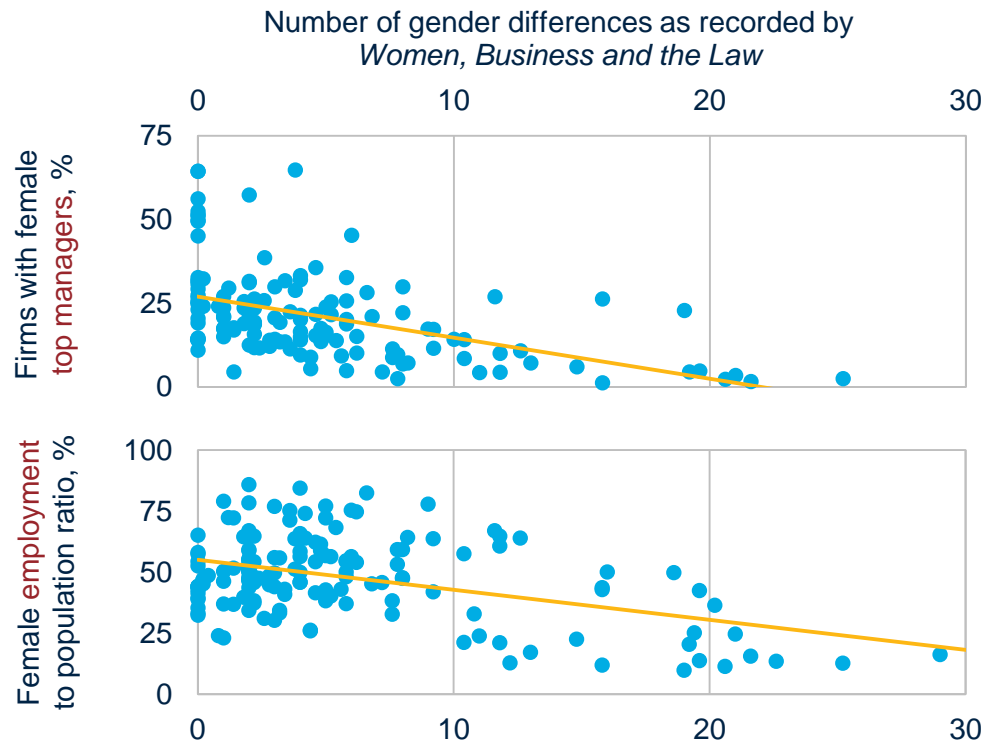
Annex



WORLD BANK GROUP

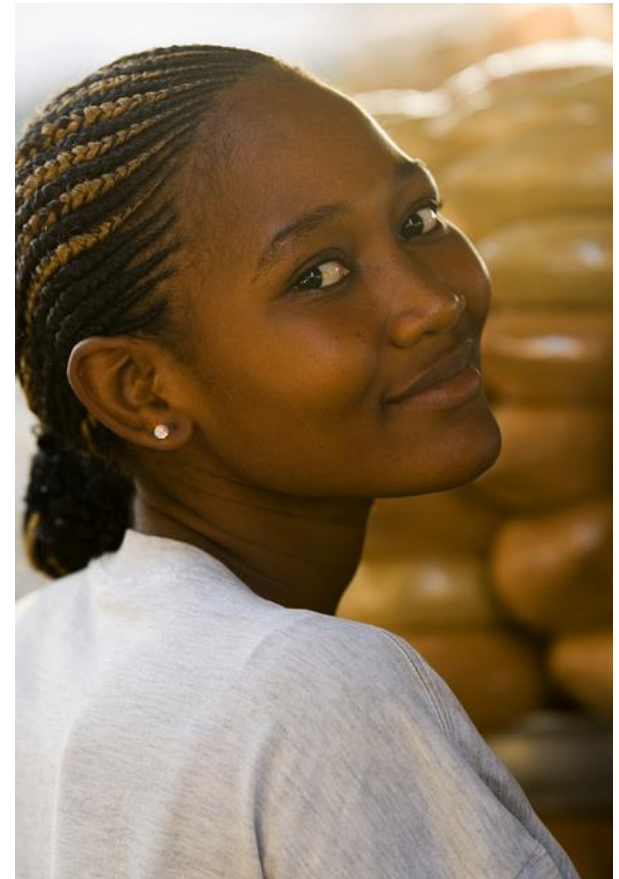


Less equal business regulation is associated with fewer women running firms



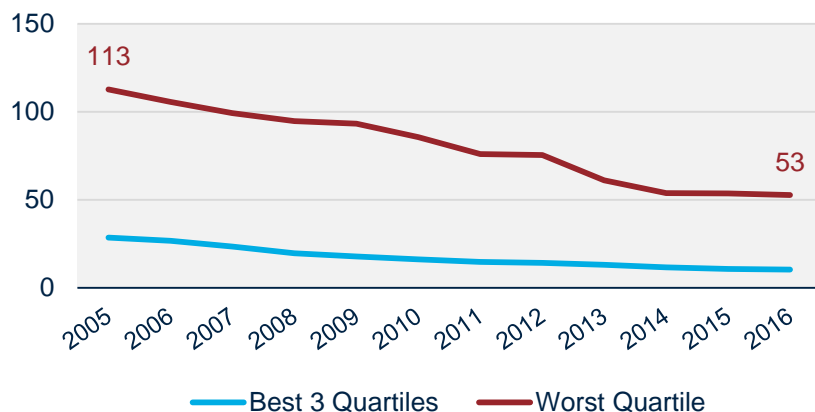
Sources: *Women, Business and the Law* database; *Enterprise Surveys* database, World Bank; *World Development Indicators* database, World Bank.

Note: A sample of 122 and 158 economies was used for comparison of number of gender differences against percentage of firms with female top managers and female employment to population ratio, respectively. The relationship between the percentage of firms with female top managers and the number of gender differences is significant at the 1% level after controlling for income per capita. The same applies when the analysis is done using the female employment ratio.

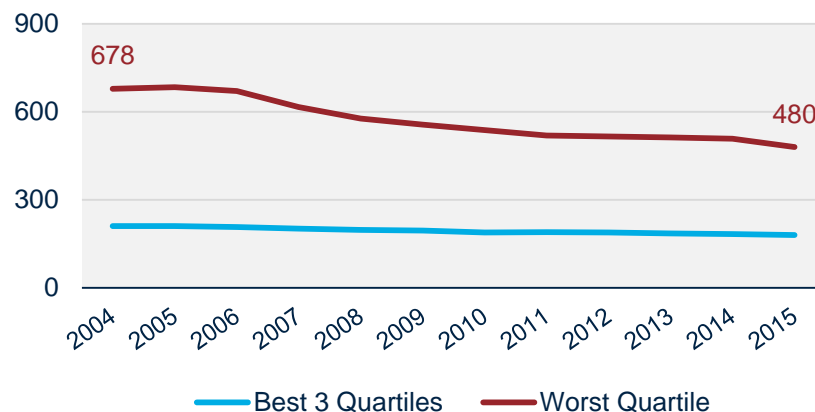


Strong convergence across economies since *Doing Business 2006*

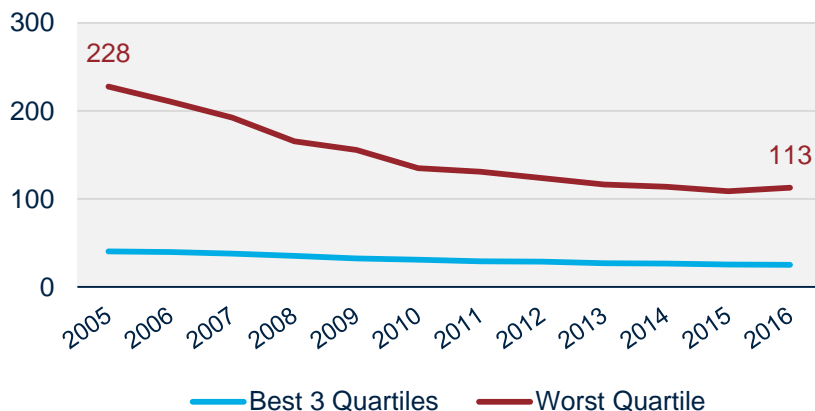
Time to **start a business** (days)



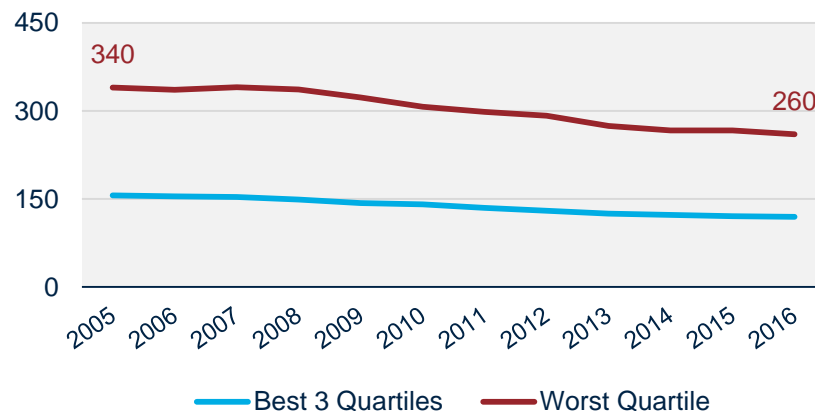
Time to **prepare, file and pay taxes** (hours)



Time to **register property** (days)



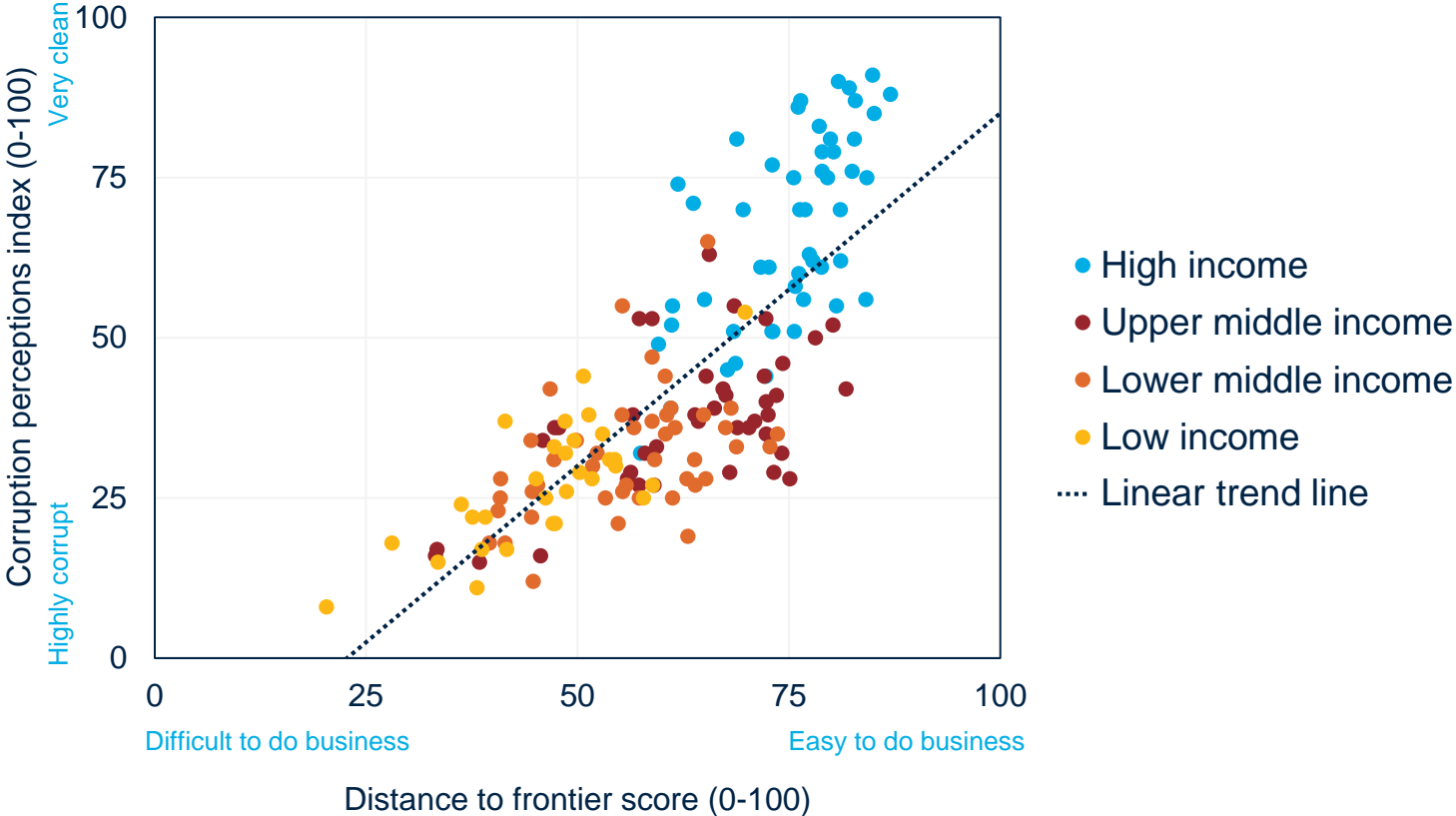
Time to deal with **construction permits** (days)



Source: *Doing Business* database.

43 Note: These numbers use a consistent sample of 174 economies as measured in *Doing Business 2007*, for which data are available starting from 2005.

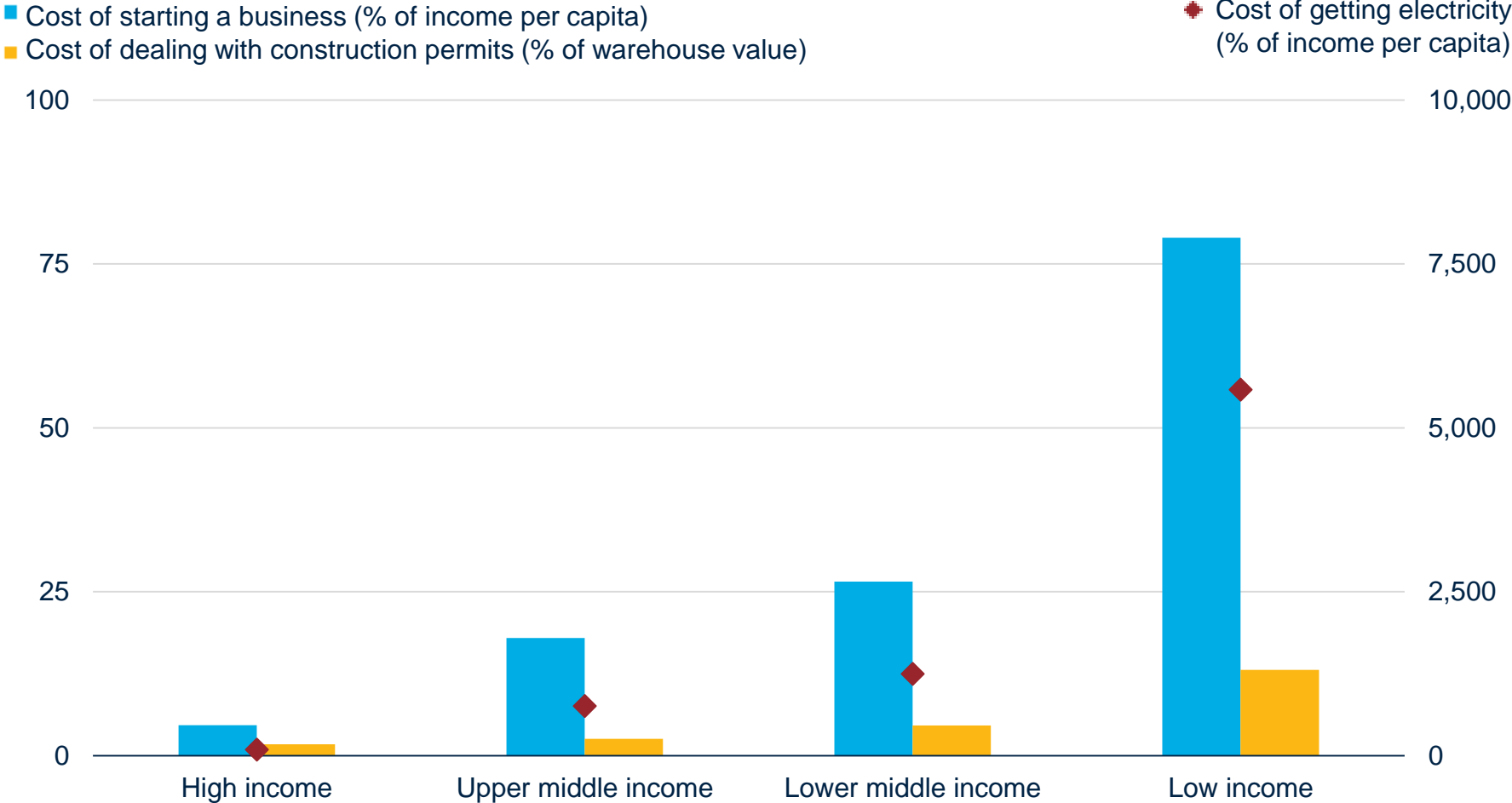
Higher levels of regulatory efficiency and quality are associated with lower levels of corruption



Sources: *Doing Business* database, Corruption Perception Index 2015.

Note: The sample includes 165 economies covered by both *Doing Business* and the Corruption Perception Index. Both relationships are significant at the 1% level after controlling for income per capita.

The cost of doing business remains much higher in low income economies in 2015/16



Source: Doing Business database.

Following *Doing Business* best practices would significantly decrease the time to start a business

- In the 85 economies covered by both *Doing Business* and the World Bank's Entrepreneurship Database, an estimated **2.7 million LLCs** were newly registered in 2015 alone.
- Assuming that these 2.7 million firms followed the rules and regulations for company incorporation in their home economy as measured by *Doing Business 2016*, together they spent **32.9 million days** to get incorporated.
- Because not all economies followed best practice, entrepreneurs spent an extra **31.6 million days** satisfying bureaucratic requirements.

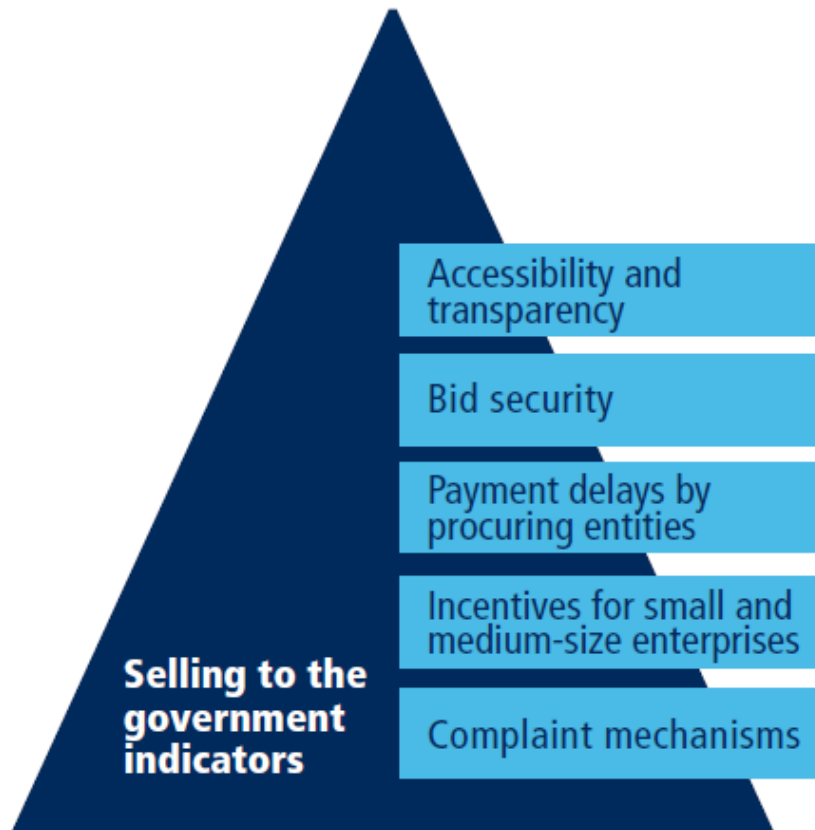
Companies that do not follow good practices spend **25 times** more time to start a business on average than those that do.



Sources: *Doing Business* database; World Bank's Entrepreneurship Database; <http://www.dailymail.co.uk/>.

Selling to the government: what is measured in the *Doing Business 2017* annex?

Case study: road maintenance contract valued at 91 times income per capita or 2 million USD, whichever is higher.



- ✓ 78 **economies covered** by the data
- ✓ measure aspects that are relevant to improving the ease with which companies can do **business with governments** across economies
- ✓ 97% of the economies analyzed have one or more **online portals** dedicated to public procurement
- ✓ close to 90% of economies in the sample impose a **bid security deposit** requirement for the bid to be accepted
- ✓ In 37% of the economies payment occurs **within 30 days** on average while in 47% of economies suppliers can expect to receive payments **between 31 and 90 days** following completion of the contract.