



WORLD BANK GROUP
Trade & Competitiveness

DB and beyond: the Regulation of Entry Revisited

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Outline

Investment Climate within the T&C global practice of the WBG

DB and beyond: the regulation of entry revisited

Some case studies

Concluding remarks

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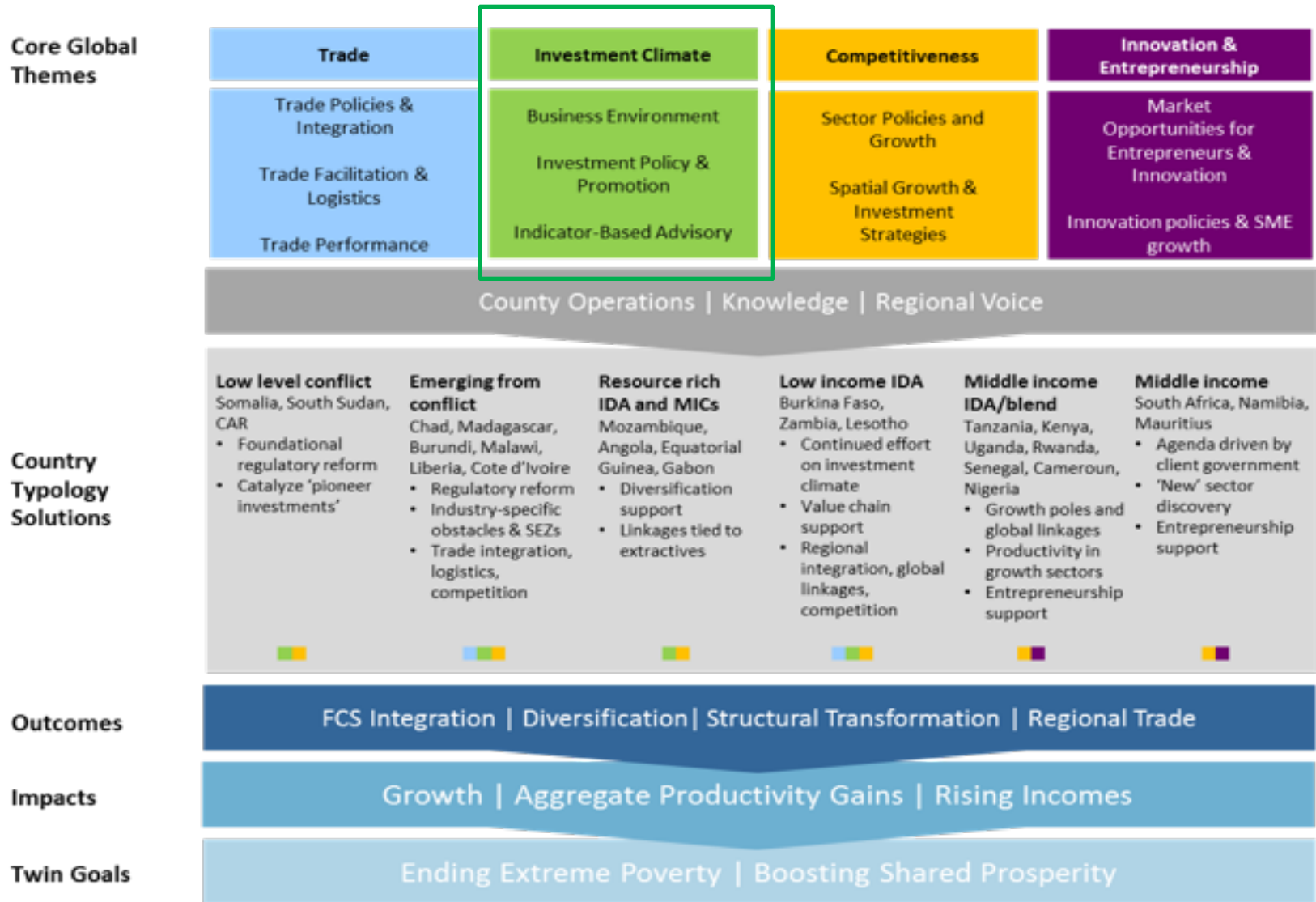
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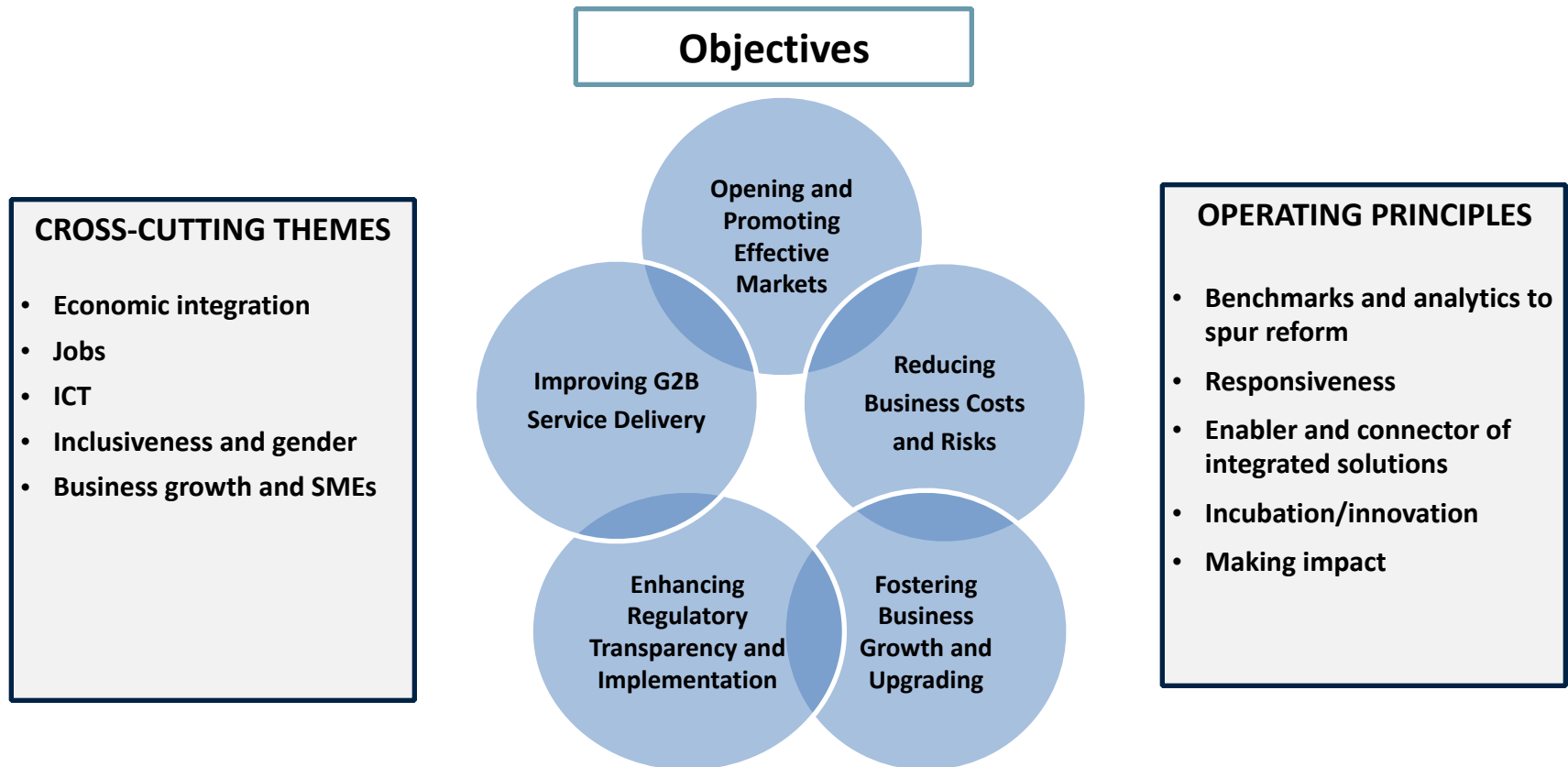
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Trade & Competitiveness Core Global Themes



Investment Climate (IC) Vision FY16-

Our mission is to catalyze investment climate reforms that foster business competitiveness, connect firms to markets, maximize the benefits of private investment, and create jobs.



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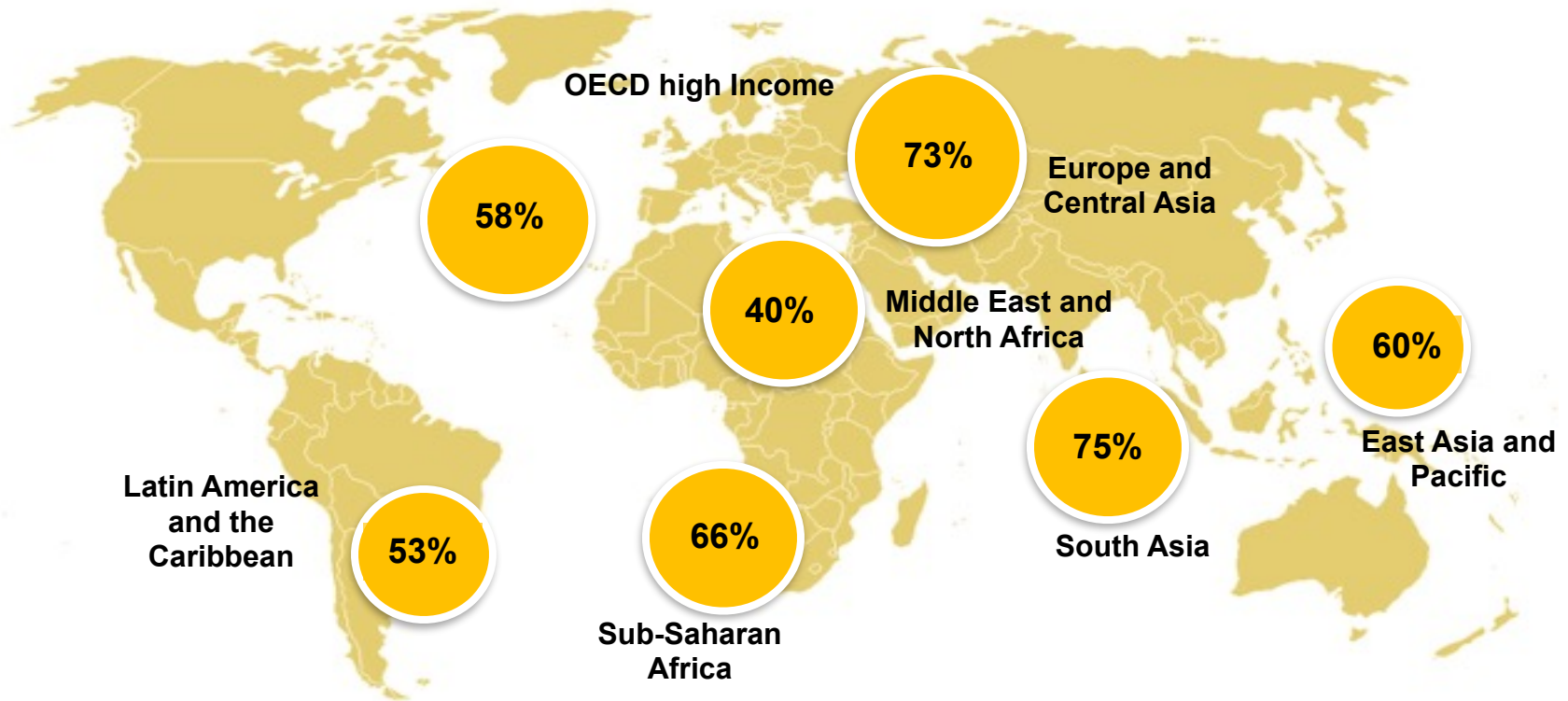
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Pace of reforms in 2012/13: share of economies with at least one reform making it easier to do business



- Worldwide, 114 economies implemented 238 reforms in 2012/2013, 18% rise with respect to 2011/2012.
- 66% of Sub-Saharan economies reformed in 1 or more areas of business regulation in 2012/13

What the DB Starting a Business indicator measures

- ❖ What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?

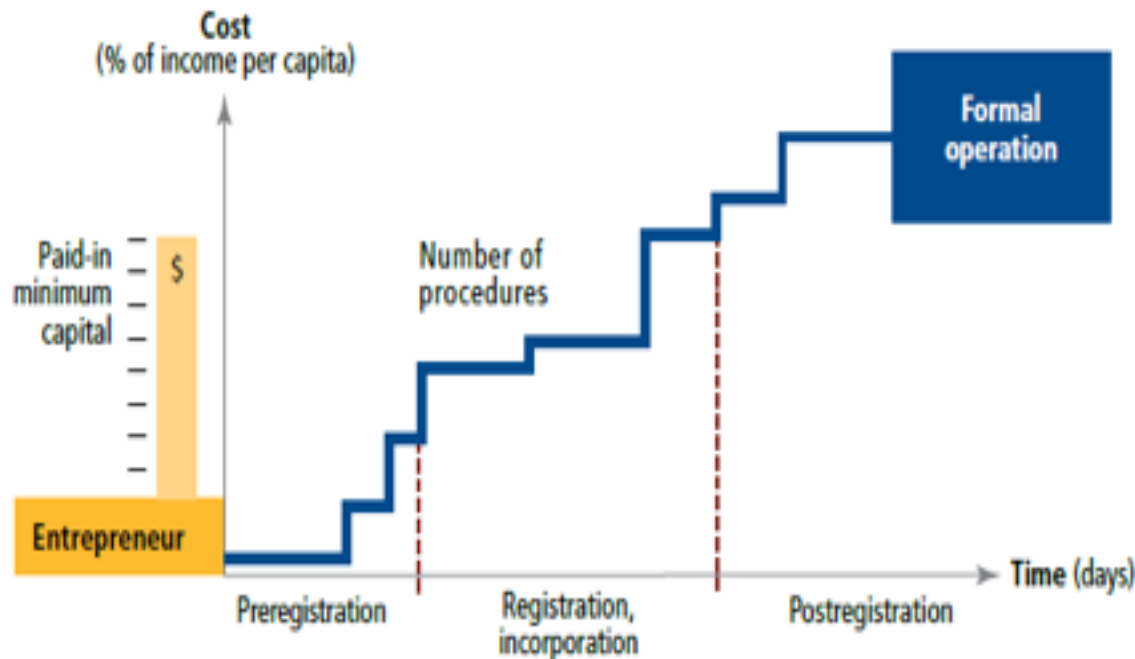
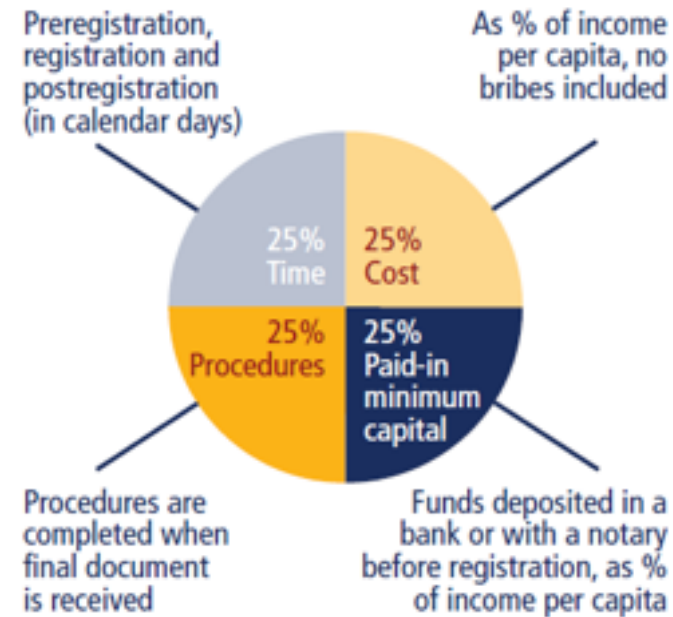


FIGURE 21.2 Starting a business: getting a local limited liability company up and running
Rankings are based on 4 indicators



Beyond DB...the regulation of entry revisited

Limitations of the DB indicator

- ✓ Formal sector only
- ✓ Biggest business city
- ✓ Specific company type: LLC
- ✓ Domestically owned business
- ✓ Specific industry (general commercial activities)
- ✓ Number of employees: btw 10 and 50

What to consider “outside” DB

- ✓ Does the country have a complete, reliable and accessible business register
- ✓ Institutional setup – how is the interaction btw various agencies happening (including level of automation and exchange of data)
- ✓ Quality/reliability/transparency of the registry data:
 - ✓ Does the business register give the government the tools to produce business statistics and design policies, and
 - ✓ Does it give market participants the information they need to value their risks in investing
- ✓ Are mechanisms to update the registry in place
- ✓ Are services accessible throughout the country

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Examples

- Reforming just “front office” procedures to reduce time and costs for businesses while disregarding the “back office” issues and sustainability
- Creating a one more stop shop to handle business registration without any integration but rather duplication
- Designing solutions which are not sustainable in a specific setting (e.g. creating new institutions in a small country which has minimal number of registrations)

Case study 1 - Country X

DB 2010 - ranked 99th in starting a businesses	DB 2013 – ranked 28th in starting a business
<i>8 procedures, 13 days, 116.8% of income per capita</i>	<i>4 procedures, 8 days, 18.3% income per capita</i>

sustainability issues:

- OSS is an office space hosting the representatives of various stakeholder agencies;
- OSS does not unify all procedures related to starting a business;
- OSS has data only about newly registered companies from its establishment in 2012 while the historical data are entirely paper and held by Commercial Court
- Businesses can register only in one central OSS office in Bujumbura
- Sole proprietors still register only in the Commercial Court
- Each stakeholder institution participating in the OSS has its own data capture form, rather than a single application form that will serve the need of all the stakeholder agencies
- There is no ICT back office system supporting the operations of OSS

Case study 2 - Country Y

DB 2014 - ranked 72 in starting a businesses	DB 2015 – ranked 68 in starting a business
<i>6 procedures, 7.5 days, 32.7% of income per capita</i>	<i>5 procedures, 6.5 days, 31.9% income per capita</i>

sustainability issues:

- OSS was established at the investment promotion agency as an office space hosting the representatives of various stakeholder agencies;
- The OSS handles only a minor number of business registration procedures, as the OSS infrastructure can only serve just 400-500 businesses per month. The bulk of the business registration procedures are still performed in the “old” way, in which the registrant visits each of the agencies separately
- The inter-institutional and administrative arrangements underpinning the current pilot are ad hoc and largely voluntary – i.e. there is no legal framework in place mandating the establishment of an integrated registration system

Case study 3 - Country Z

DB 2013- ranked 188th in starting a businesses	DB 2014 – ranked 127th in starting a business
<i>11 procedures, 37 days, 195.7% of income per capita</i>	<i>9 procedures, 17 days, 184,7% % income per capita</i>

sustainability issues:

- The business registry was established as an independent agency in 2012 (previously it was handled by courts);
- The number of newly registered firms in country Z is overall low and ranges between 200 and 260 newly registered companies per year (a comparable country in the region registers app. 7000 new companies PY);
- The government now wants to establish a one more stop shop within the investment promotion agency that will handle business registration which may not be the most cost effective solution

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Doing Business...

- DB indicators have captured policy-makers' attention since their launch in 2004.
- DB reforms therefore serve as a useful means of testing government appetite for reform and launching an IC reform program.
- However, DB reforms are just a start. Deeper and wider regulatory reform must follow.

... and beyond ...

- a good business register is the main building block of a good business environment— it is also linked to other important areas such as A2F, collateral registries etc.
- in developing countries, we need to work more on shifting the main focus of business registration reforms from cutting procedures/days to creating a sustainable, up to date, accurate business register;
- the ECRF Survey is a useful tool to look “beyond” just the cost and time to register, into issues important for sustainability of reforms

Thank you for your attention!

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