Doing Business 2017
Equal Opportunity for All
East Asia & Pacific

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

**At start-up**
- Starting a business
- Labor market regulation

**In daily operations**
- Paying taxes
- Trading across borders

**In getting a location**
- Dealing with construction permits
- Getting electricity
- Registering property

**When things go wrong**
- Enforcing contracts
- Resolving insolvency

**In getting financing**
- Getting credit
- Protecting minority investors

New components in *DB2015*
New components in *DB2016*
New components in *DB2017*
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: 0 1 2 3 4

In East Asia & Pacific:
- Brunei Darussalam
- Kiribati
- Malaysia
- Philippines
- Tonga

Source: Doing Business database.
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.

Source: Doing Business database.
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.
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, which ever 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
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Top 50 performers on the ease of doing business in 2015/16

<table>
<thead>
<tr>
<th>Rank</th>
<th>Economy</th>
<th>DTF score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Zealand</td>
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<tr>
<td>2</td>
<td><strong>Singapore</strong></td>
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<td>Denmark</td>
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<td>4</td>
<td>Hong Kong SAR, China</td>
<td>84.21</td>
</tr>
<tr>
<td>5</td>
<td>Korea, Rep.</td>
<td>84.07</td>
</tr>
<tr>
<td>6</td>
<td>Norway</td>
<td>82.82</td>
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<td>United Kingdom</td>
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<td>United States</td>
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<tr>
<td>9</td>
<td>Sweden</td>
<td>82.13</td>
</tr>
<tr>
<td>10</td>
<td>Macedonia, FYR</td>
<td>81.74</td>
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<td>Taiwan, China</td>
<td>81.09</td>
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<tr>
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<td>Estonia</td>
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<td>13</td>
<td>Finland</td>
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<td>Georgia</td>
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<td>Germany</td>
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<td>Ireland</td>
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<td>Austria</td>
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<td>Lithuania</td>
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<td>Canada</td>
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<td>Poland</td>
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<td>Portugal</td>
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<table>
<thead>
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<th>Rank</th>
<th>Economy</th>
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<tr>
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<td>United Arab Emirates</td>
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<td>Czech Republic</td>
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<td>Netherlands</td>
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<td>Russian Federation</td>
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<td><strong>72.53</strong></td>
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<td>Mexico</td>
<td>72.29</td>
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<tr>
<td>47</td>
<td>Serbia</td>
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<tr>
<td>49</td>
<td>Mauritius</td>
<td>72.27</td>
</tr>
<tr>
<td>50</td>
<td>Italy</td>
<td>72.25</td>
</tr>
</tbody>
</table>

One of the top-10 improvers

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

<table>
<thead>
<tr>
<th>Economy</th>
<th>Ease of doing business rank</th>
<th>Change in DTF score</th>
<th>Reforms making it easier to do business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Starting a business</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>72</td>
<td>5.28</td>
<td>✓</td>
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<tr>
<td>Kazakhstan</td>
<td>35</td>
<td>4.71</td>
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<td>Kenya</td>
<td>92</td>
<td>3.52</td>
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</tr>
<tr>
<td>Belarus</td>
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<td>3.22</td>
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<td>Indonesia</td>
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<td>2.95</td>
<td>✓</td>
</tr>
<tr>
<td>Serbia</td>
<td>47</td>
<td>2.59</td>
<td>✓</td>
</tr>
<tr>
<td>Georgia</td>
<td>16</td>
<td>2.45</td>
<td>✓</td>
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<td>Pakistan</td>
<td>144</td>
<td>2.08</td>
<td>✓</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>26</td>
<td>2.07</td>
<td>✓</td>
</tr>
<tr>
<td>Bahrain</td>
<td>63</td>
<td>2.05</td>
<td>✓</td>
</tr>
</tbody>
</table>

*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.

Source: Doing Business database.
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

- Europe & Central Asia
- Sub-Saharan Africa
- Middle East & North Africa
- South Asia
- East Asia & Pacific
- Latin America & Caribbean
- OECD high income

Average global improvement since 2003/04: 11.8

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.)


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.

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**Average change in cost from DB16 to DB17**

- **Starting a business**: % of income per capita
- **Registering property**: % of property value
- **Getting electricity**: % of income per capita

**Income Categories**:
- High income
- Upper middle income
- Lower middle income
- Low income

**Average change in cost from DB16 to DB17**
- **Low income economies** are lowering costs to do business at faster rates than their higher income counterparts.
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III. *Doing Business* in East Asia & Pacific
How do economies in East Asia & Pacific perform on the ease of doing business in 2015/2016?

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<tr>
<th>Rank</th>
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<th>DTF score</th>
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<tbody>
<tr>
<td>2</td>
<td>Singapore</td>
<td>85.05</td>
</tr>
<tr>
<td>4</td>
<td>Hong Kong SAR, China</td>
<td>84.21</td>
</tr>
<tr>
<td>11</td>
<td>Taiwan, China</td>
<td>81.09</td>
</tr>
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<td>23</td>
<td>Malaysia</td>
<td>78.11</td>
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<td>46</td>
<td>Thailand</td>
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<td>64</td>
<td>Mongolia</td>
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<tr>
<td>72</td>
<td>Brunei Darussalam</td>
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<td>78</td>
<td>China</td>
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<td>82</td>
<td>Vietnam</td>
<td>63.83</td>
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<td>83</td>
<td>Vanuatu</td>
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<td>85</td>
<td>Tonga</td>
<td>63.58</td>
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<td>89</td>
<td>Samoa</td>
<td>62.17</td>
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<td>91</td>
<td>Indonesia</td>
<td>61.52</td>
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<table>
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<th>Rank</th>
<th>Economy</th>
<th>DTF score</th>
</tr>
</thead>
<tbody>
<tr>
<td>97</td>
<td>Fiji</td>
<td>60.71</td>
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<tr>
<td>99</td>
<td>Philippines</td>
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<td>104</td>
<td>Solomon Islands</td>
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<td>Papua New Guinea</td>
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<td>Cambodia</td>
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<td>Palau</td>
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<td>Lao PDR</td>
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<td>143</td>
<td>Marshall Islands</td>
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<td>Micronesia, Fed. Sts.</td>
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<td>152</td>
<td>Kiribati</td>
<td>49.19</td>
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<td>170</td>
<td>Myanmar</td>
<td>44.56</td>
</tr>
<tr>
<td>175</td>
<td>Timor-Leste</td>
<td>40.88</td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Area</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Getting credit</td>
<td>Brunei Darussalam, Cambodia, China, Indonesia, Malaysia, Myanmar, Papua New Guinea, Solomon Islands, Thailand, Vanuatu</td>
</tr>
<tr>
<td>Starting a business</td>
<td>China, Fiji, Hong Kong SAR (China), Indonesia, Lao PDR, Myanmar, Papua New Guinea, Thailand, Vanuatu</td>
</tr>
<tr>
<td>Paying taxes</td>
<td>Brunei Darussalam, Indonesia, Malaysia, Mongolia, Philippines, Singapore, Vietnam</td>
</tr>
<tr>
<td>Getting electricity</td>
<td>Brunei Darussalam, Indonesia, Hong Kong SAR (China), Lao PDR</td>
</tr>
<tr>
<td>Protecting minority investors</td>
<td>Brunei Darussalam, Fiji, Vanuatu, Vietnam</td>
</tr>
<tr>
<td>Resolving insolvency</td>
<td>Brunei Darussalam, Thailand, Vanuatu</td>
</tr>
<tr>
<td>Dealing with construction permits</td>
<td>Philippines, Singapore</td>
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<tr>
<td>Registering property</td>
<td>Indonesia, Singapore</td>
</tr>
<tr>
<td>Trading across borders</td>
<td>Indonesia, Vietnam</td>
</tr>
<tr>
<td>Enforcing contracts</td>
<td>Brunei Darussalam, Indonesia</td>
</tr>
<tr>
<td>Labor market regulations</td>
<td>Myanmar</td>
</tr>
</tbody>
</table>

Source: Doing Business 2017
Cambodia scored 57.49 points in DTF in Doing Business 2017, giving it a ranking of 131st overall.

Source: Doing Business 2017
Doing Business in Cambodia – ranking

Rankings on Doing Business topics – Cambodia
(Scale: Rank 190 center, Rank 1 outer edge)

- Starting a business (180)
- Resolving insolvency (72)
- Dealing with construction permits (183)
- Getting electricity (136)
- Getting credit (7)
- Registering property (120)
- Enforcing contracts (178)
- Protecting minority investors (114)
- Trading across borders (102)
- Paying taxes (124)

Source: Doing Business 2017
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.
Myanmar scored 44.56 points in DTF in *Doing Business 2017*, giving it a ranking of 170th overall.

Source: Doing Business 2017
Rankings on Doing Business topics – Myanmar

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

- Starting a business (146)
- Resolving insolvency (164)
- Dealing with construction permits (66)
- Enforcing contracts (188)
- Getting electricity (149)
- Registering property (143)
- Trading across borders (159)
- Paying taxes (119)
- Getting credit (175)
- Protecting minority investors (179)

Source: Doing Business 2017
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

Thailand scored 72.53 points in DTF in Doing Business 2017, giving it a ranking of 46th overall.

Results on individual indicators:
- Starting a business
- Trading across borders
- Getting electricity
- Resolving insolvency
- Dealing with construction permits
- Paying taxes
- Registering property
- Protecting minority investors
- Enforcing contracts
- Getting credit

Source: Doing Business 2017
Rankings on *Doing Business* topics – Thailand

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

- Starting a business (78)
- Resolving insolvency (23)
- Dealing with construction permits (42)
- Enforcing contracts (51)
- Getting electricity (37)
- Registering property (68)
- Trading across borders (56)
- Getting credit (82)
- Protecting minority investors (27)
- Paying taxes (109)

Source: Doing Business 2017
Doing Business in Thailand—change in ranking

- Resolving insolvency
- Protecting minority investors
- Getting electricity
- Dealing with construction permits
- Enforcing contracts
- Trading across borders
- Registering property
- Starting a business
- Getting credit
- Paying taxes

Source: Doing Business 2017
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.
Malaysia scored 78.11 points in DTF in *Doing Business 2017*, giving it a ranking of 23rd overall.

Results on individual indicators:
- Getting electricity
- Starting a business
- Trading across borders
- Dealing with construction permits
- Protecting minority investors
- Paying taxes
- Registering property
- Getting credit
- Enforcing contracts
- Resolving insolvency

Source: *Doing Business 2017*
Rankings on *Doing Business* topics – Malaysia

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

- Starting a business (112)
- Resolving insolvency (46)
- Dealing with construction permits (13)
- Enforcing contracts (42)
- Getting electricity (8)
- Registering property (40)
- Trading across borders (60)
- Getting credit (20)
- Paying taxes (61)
- Protecting minority investors (3)

Source: Doing Business 2017
Doing Business in Malaysia – change in ranking

- Starting a business
- Paying taxes
- Trading across borders
- Resolving insolvency
- Enforcing contracts
- Registering property
- Getting credit
- Dealing with construction permits
- Getting electricity
- Protecting minority investors

Source: Doing Business 2017
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
Less equal business regulation is associated with fewer women running firms

Number of gender differences as recorded by
Women, Business and the Law

Firms with female top managers, %

Female employment to population ratio, %

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)

- Best 3 Quartiles
- Worst Quartile

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

- Best 3 Quartiles
- Worst Quartile

**Time to register property** (days)

- Best 3 Quartiles
- Worst Quartile

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

- Best 3 Quartiles
- Worst Quartile

*Source: Doing Business database.*

*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

Cost of starting a business (% of income per capita)
Cost of getting electricity (% of income per capita)
Cost of dealing with construction permits (% of warehouse value)

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.

Potential time savings is almost 850 centuries

In this time, a person can walk 7,721 times around the Earth (following Jean Béliveau’s path)

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.