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IOE welcomes high numbers of business reforms reported in World Bank Doing Business 2016



International Organisation of Employers
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Doing Business 2016: Measuring Regulatory Quality and Efficiency finds that 85 developing economies implemented 169 business reforms during the past year, compared with 154 the previous year. High-income economies carried out an additional 62 reforms, bringing the total over the period to 231 in 122 economies.

The majority of the new reforms were designed to improve the efficiency of regulations by reducing their cost and complexity, with the largest number of improvements made in “Starting a Business”. A total of 45 economies, 33 of which developing, undertook such reforms. India, for example, eliminated the minimum capital requirement and a business operations certificate, saving entrepreneurs unnecessary bureaucracy and five days’ wait. Kenya simplified pre-registration procedures, reducing incorporation time by four days.

Efforts to strengthen legal institutions and frameworks were less common, with 66 reforms implemented in 53 economies. The largest number of such reforms were carried out under “Getting Credit”, with 32 improvements - nearly half in Sub-Saharan Africa.

“A modern economy cannot function without regulation and, at the same time, it can be brought to a standstill through poor and cumbersome regulation. The challenge ... is to tread this narrow path by identifying regulations that are good and necessary, and shunning ones that thwart creativity and hamper the functioning of small and medium enterprises,” said Kaushik Basu, World Bank Chief Economist and Senior Vice President.

The report notes increasing internet use by entrepreneurs to interact with the government, given the potential economic benefits of providing online services across all areas measured by Doing Business. 50 of the past year’s reforms aimed at providing or improving online tax payment systems, import-export document processing, and business and property registration, amongst others.

This year’s report unveils a two-year effort to significantly add more measurements of the quality of institutions supporting the business environment. Regulatory quality matters as much as regulatory efficiency, says the report, in ensuring that regulation achieves the aim of creating an enabling environment that contributes to economic growth and prosperity for people.

FURTHER INFORMATION BY REGION (IN VARIOUS LANGUAGES)

[Full Report and datasets](#)[Sub-Saharan Africa
\(English, French, Portuguese\)](#)[Caribbean \(English\)](#)[East Asia and Pacific
\(English, Japanese, Indonesian, Vietnamese\)](#)[Europe and Central Asia
\(English, Russian, Polish...\)](#)[Latin America & Caribbean
\(English, Spanish, Portuguese\)](#)[Middle East & North Africa
\(English, French, Arabic\)](#)[OECD High-Income Economies \(English, French\)](#)[South Asia \(English\)](#)

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Mr Augusto Lopez-Claros, Director of the World Bank' Global Indicators Group, which produced the report, explained: "There is persuasive research that shows how efficiency and quality of business regulations go hand-in-hand with producing more competitive, viable companies and firms that help to grow national economies.

Singapore retains the top spot in the global ranking of the most business-friendly regulatory environments. The top ten also includes New Zealand (2); Denmark (3); Republic of Korea (4); Hong Kong SAR, China (5); United Kingdom (6); United States (7); Sweden (8); Norway (9); and Finland (10).

The world's top 10 improvers are Costa Rica, Uganda, Kenya, Cyprus, Mauritania, Uzbekistan, Kazakhstan, Jamaica, Senegal, and Benin.

By region, Sub-Saharan Africa accounted for about 30 per cent of the improved global regulatory reforms and half of the world's top 10 improvers. Multiple reforms were also implemented in Côte d'Ivoire, Madagascar, Niger, Togo and Rwanda. The region's highest ranked economy (32) is Mauritius.

Europe and Central Asia were also major reformers during the past year, with Cyprus, Uzbekistan and Kazakhstan, among the world's top 10 improvers.

In South Asia, six of the region's eight economies implemented a total of nine reforms – the second largest share of any region after Europe and Central Asia. Economies that implemented several reforms included India, Bhutan and Sri Lanka. This region's highest ranked economy is Bhutan (at 71).

More than half of the East Asia and Pacific region's 25 economies implemented a total of 27 reforms. The region hosts four of the top five ranked economies in the world.

In the Middle East and North Africa, reform activity picked up slightly with 21 reforms implemented in 11 of the region's 20 economies. Those that undertook more than one reform were the United Arab Emirates (UAE), Morocco, Tunisia and Algeria. UAE is the region's highest ranked economy (31).

Latin America and the Caribbean had the smallest share of reforms, with less than half of the region's 32 economies undertaking a total of 24 reforms. Costa Rica and Jamaica were among the world's top 10 improvers. Mexico is the region's highest ranked economy at 38.

What's new this year? While the Report initially focused on measuring efficiency and the costs of compliance with business regulations, over the past two years there has been a systematic effort to capture different dimensions of quality in most indicator sets.

In this Report we see new measures of regulatory quality in the indicators on dealing with construction permits, getting electricity, registering property and enforcing contracts.

Over the past few years, the World Bank Group has held extensive

consultations - including with IOE and other organisations - to improve the methodology for the labour market regulation indicator. Doing Business has historically studied the flexibility of employment regulation, specifically as it relates to the areas of hiring, working hours and redundancy.

This year Doing Business has expanded the scope of the labour market regulation indicator. However, labour market regulation is the only indicator measured that continues not to be included in the overall ranking.

The IOE will participate in consultations with the World Bank at the beginning of December to continue discussions on the possible re-introduction of the labour market regulation indicator into the overall Doing Business ranking.

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