

# SNAPSHOTS

M/CIO Economic  
Analysis and Data  
Services (EADS)

## DOING BUSINESS 2017: EQUAL OPPORTUNITY FOR ALL

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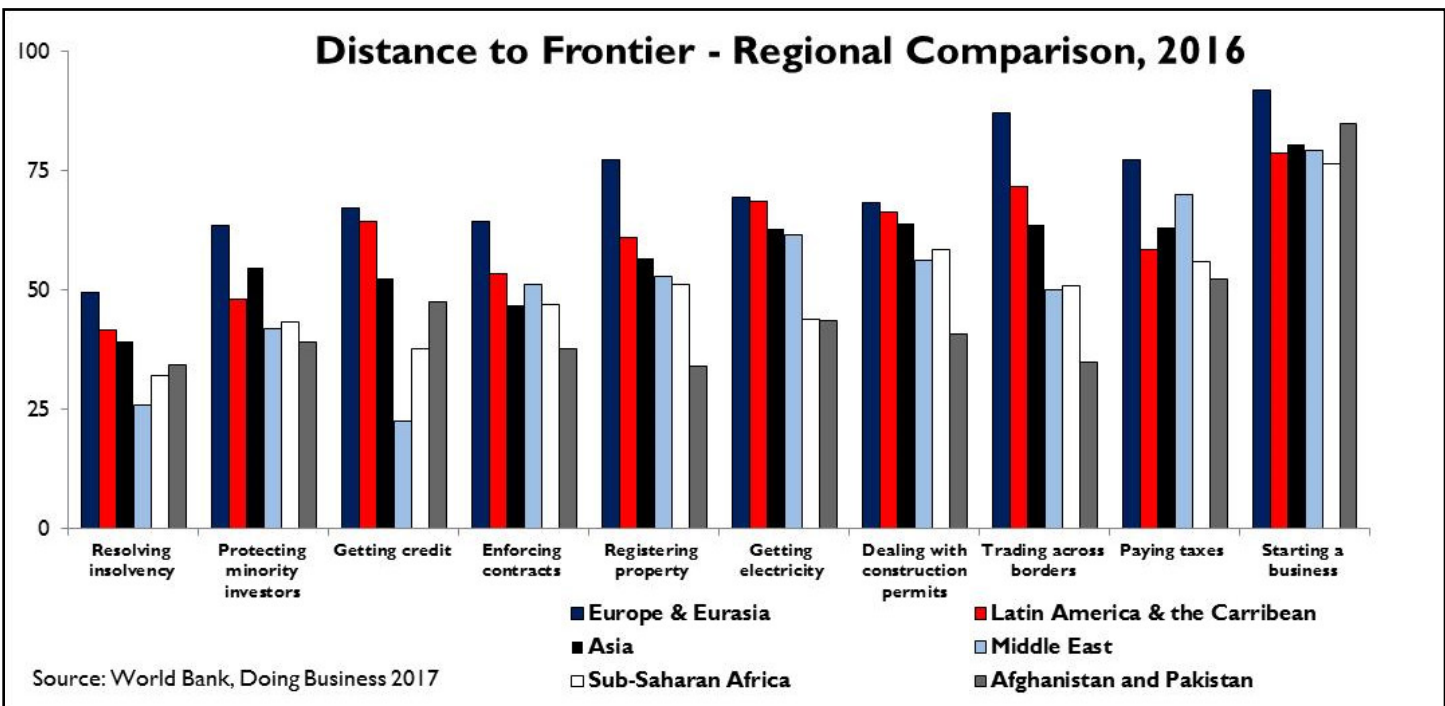
January 2017

### INTRODUCTION & CHANGES IN 2017

Since 2003, the Doing Business report has measured the ease of doing business in global economies, focusing on efficiency of and compliance with regulations. The World Bank's [2017 Doing Business Report](#) covers 10 topics of business regulation, from trading across borders to getting credit, in 190 economies. Named **'Equal Opportunity for All,'** this year's report focused on highlighting the large disparities between high- and low-income economies and the higher barriers that women face to starting a business or getting a job compared to men. Additionally, the 2017 report added a gender component in three indicators, collected data on Somalia for the first time, and expanded the paying taxes indicators by adding post-filing processes.

Unless otherwise noted, this snapshot focuses on countries that received at least \$2 million in USAID assistance in fiscal year 2016 and are not classified as 'high income' by the World Bank. The snapshot often references 'distance to frontier' scores. The 'frontier' in these scores represents the best performance on each topic across all economies in the Doing Business sample since 2005. A higher percentage indicates an economy is closer to the frontier for that specific topic.

### PERFORMANCE BY REGION



**USAID**  
FROM THE AMERICAN PEOPLE

This publication was produced for the United States Agency for International Development.  
It was prepared by the Economic Analysis and Data Services team.

Economies in Europe and Eurasia performed better than other USAID regions in all 10 of the Doing Business indicators set; but Latin America and the Caribbean closely followed in seven of the 10 indicators set. All USAID regions performed relatively high on starting a business, with Sub-Saharan Africa at the farthest distance (76 percent) from the frontier. However, there were some topics in which all regions performed relatively poorly. Resolving insolvency was an area of concern for all USAID regions, with no region performing higher than an average of 50 percent from the frontier. Protecting Minority Investors also saw generally low scores, particularly amongst economies in the Middle East, Afghanistan and Pakistan, Latin America and the Caribbean, and Sub-Saharan Africa, all of which scored more than 50 percent from the frontier, indicating that protection of shareholders from misuse of corporate assets could potentially be an issue in these regions. The Middle East received the lowest score of any region for any indicator set in the Getting Credit topic – the region performed almost 73 percent from the frontier.

## USAID ASSISTED MOST AND LEAST IMPROVED

USAID-Assisted Country Progress on			
Country	2015 DTF	2016 DTF	Change
<i>Most Improved USAID-Assisted Countries</i>			
Albania	61.3	68.9	<b>12.40%</b>
Guyana	51.38	56.26	<b>9.50%</b>
Tanzania	70.45	75.09	<b>7.69%</b>
Kazakhstan	50.59	54.48	<b>6.59%</b>
Kenya	57.5	61.22	<b>6.47%</b>
<i>Least Improved USAID-Assisted Countries</i>			
Syria	42.85	41.43	<b>-3.31%</b>
Timor-Leste	62.2	61.02	<b>-2.74%</b>
Sudan	42.03	40.88	<b>-2.27%</b>
El Salvador	45.8	44.76	<b>-1.90%</b>
Yemen	59.36	58.88	<b>-0.88%</b>

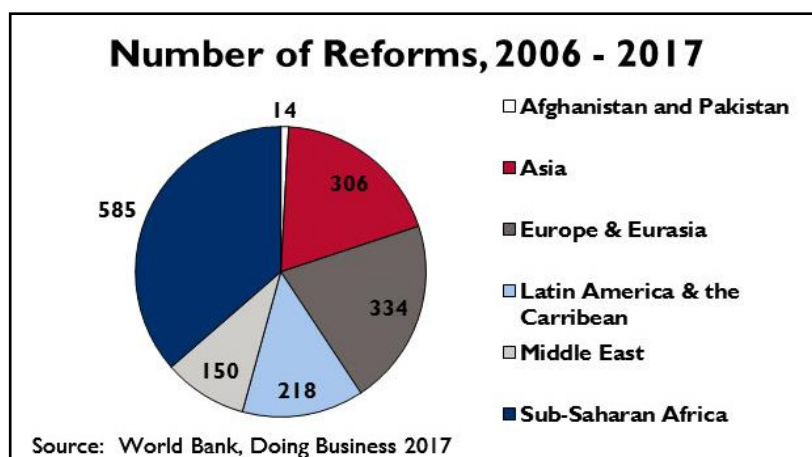
Source: World Bank, Doing Business 2017

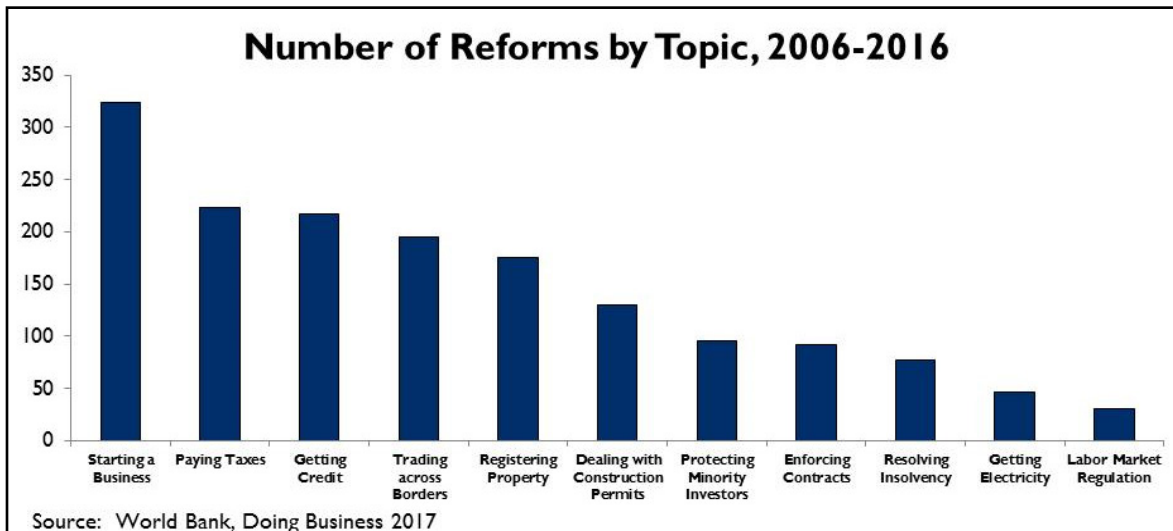
This snapshot also ranks USAID-assisted countries on their progress in their overall distance to frontier score since 2015. Albania made the largest improvement in the overall distance to the frontier score in the last year with a move of 12 percent closer to the frontier. Guyana was the only country in Latin America to show significant improvement – jumping 9.5% closer to the frontier. Additionally, Tanzania, Kazakhstan, and Kenya ranked in the top five most improved USAID-assisted countries, illuminating progress in both Asia and Africa.

Syria, due to an ongoing civil war, regressed the most of any USAID country, dropping 3.31 percent from its 2016 distance to the frontier. Timor-Leste, Sudan, El Salvador, and Yemen also dropped away from the frontier in this year's report. Timor-Leste saw significant decreases in starting a business and getting electricity (-7.77% and -7.02% respectively), and El Salvador saw a significant drop in getting credit (-18.75%). The largest decrease, however, was Sudan, which dropped 31.58 percent in protecting minority investors from its 2016 distance to the frontier score for those indices.

## USAID ASSISTED COUNTRY REFORMS

Doing Business also tracks reforms which make business processes easier in the economies covered by the report. From 2006 – 2016, in USAID-assisted economies, there were a total of 1,607 reforms. Sub-Saharan Africa, with 35 USAID-assisted economies in the report, had the most number of reforms. Europe and Eurasia, as well as Asia, with 11 and 21 economies respectively in the report, also had a significant number of reforms. Rwanda had the highest number of reforms (48) implemented, closely followed by Georgia (46) and Macedonia (43).





The greatest number of reforms since 2006 for USAID-assisted economies occurred in the starting a business topic. This is reflected by the relatively strong performance across almost all USAID economies in that index. The paying taxes and getting

credit topics also had a high number of reforms in USAID-assisted countries, with 324 and 223 reforms since 2006 respectively. The fewest number of reforms were made in the labor market regulation and getting electricity topics – both of which had less than 50 total reforms across USAID-assisted economies since 2006 (31 and 47 reforms respectively).

## SPOTLIGHT: GENDER

The 2017 report has a specific focus on gender – the barrier that women face to starting a business compared to men. In order to capture gender related information, the report expanded on three topics – adding indicators to starting a business, registering property, and enforcing contracts – to account for gender discriminatory practices. This new incorporation of gender is added with the aim of better reflecting the ease of doing business for the widest range of entrepreneurs in a given economy – female entrepreneurs included.

The report found that for starting a business, while the number of days, the number of procedures, and the sum of the cost (based on percentage of income per capita) varied widely among USAID-assisted regions, within the regions, the indicators for men and women starting a business were roughly equivalent – there were only minor, if any, differences between women in men in almost all economies. In the table to the right, all three categories captured by starting a business that include gender data, are roughly equal for men and women; however, the numbers vary significantly by country as well as region.

Though the indicators do not capture the differences and challenges between men and women starting a business in the data, in the majority of economies, this does not mean that in practice

Starting a Business: Gender Disaggregated Indicators			
	USAID Assisted Countries	Women	Men
Number of Procedures	<b>Highest</b>		
	Philippines	16	16
	Ethiopia	14	14
	South Sudan	13	13
	<b>Lowest</b>		
	Jamaica	2	2
	Azerbaijan	2	2
Macedonia	2	2	
Number of Days	<b>Highest</b>		
	Cambodia	99	99
	Haiti	97	97
	Zimbabwe	91	91
	<b>Lowest</b>		
	Macedonia	2	2
	Azerbaijan	3	3
Georgia	3	3	
Cost by Income Per Capita	<b>Highest</b>		
	South Sudan	422.4	422.4
	Haiti	219.3	219.3
	Central African Republic	209.4	209.4
	<b>Lowest</b>		
	Macedonia	0.1	0.1
	South Africa	0.2	0.2
Kazakhstan	0.3	0.3	

Source: World Bank, Doing Business 2017

men and women have equal opportunities as business owners. In the table on page 3, while the aggregate values appear to be almost the same for men and women, 11 USAID-assisted economies (that are not high income and receive at least 2 million in assistance) impose more procedures for women than men to start a business; 16 limit women's ability to own, use and transfer property; and in 17 economies, the civil courts do not value a woman's testimony the same way as a man's.

The report notes that there is evidence that economies that have integrated women more rapidly into the workforce have improved their international competitiveness. Economies with more restrictions for women tend to have lower labor force participation and a lower percentage of female labor force relative to male. The same relationship applies to women's participation in firm ownership and management.

## HOW ARE THE RANKINGS CALCULATED?

The Doing Business Report's 2017 Index was based on measuring 10 sub-indices that cover areas across the life of a business (there have been 11 indicators in the past; however, Labor Market Regulation data was not collected for the 2017 report). The data for the 2017 report covers 190 economies and are current as of June 1, 2016. The indicators, shown in the indicator set below, are selected through economic research and World Bank data. The report uses a simple averaging approach for weighting component indicators, calculating rankings and determining the distance to the frontier score. The data are collected in a standardized way with academic advisors and a team creating questionnaires that use a simple business case to ensure comparability across economies over time. Questionnaires are administered to more than 12,500 local experts and several rounds of interaction with the Doing Business team are involved in order to verify information and clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; Doing Business is not a statistical survey, and the texts of the relevant laws and regulations are collected and answers are checked for accuracy. The methodology is easily replicable, so data can be collected in a large sample of economies.

<b>What Doing Business Measures: 11 Areas of Business Regulation</b>	
<b>Indicator Set</b>	<b>What is Measured?</b>
Starting a Business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with Construction Permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting Electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering Property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting Credit	Movable collateral laws and credit information systems
Protecting Minority Investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying Taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading Across Borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing Contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving Insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor Market Regulation	Flexibility in employment regulation and aspects of job quality

Source: World Bank, Doing Business 2017

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The table on page four indicates what is measured in the 10 sub-indices. Notably, the Doing Business report excludes macroeconomic stability, development of the financial system, quality of the labor force, incidences of bribery and corruption, market size, and lack of security. The report acknowledges these limitations, but indicates that excluding certain indicators ensure comparability across economies. Additional limitations to the methodology include that data for most economies refer to businesses in the largest business city – which may or may not be representative of regulation in other parts of the economy. Additionally, data often focus on a specific business form of a specified size and may not be representative of the regulation on other businesses, transactions described may refer to a specific set of issues and may not represent the full set of issues a business encounters, the measures of time involve an element of judgement by the respondents, and the methodology assumes that a business has full information on what is required and does not waste time when completing procedures.

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For questions or more information on the [2017 Doing Business Report](#), please contact the author, Andie Vaughn, at [avaughn@usaid.gov](mailto:avaughn@usaid.gov). To access the complete country Doing Business dataset, visit the International Development and Economic Analysis (IDEA) website at <https://idea.usaid.gov>.

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