

**Business Ready (B-READY)**  
**Frequently Asked Questions (FAQs)**  
May 2023

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**I. Conceptual approach**

**What does B-READY measure?**

The B-READY benchmarking exercise provides a quantitative assessment of the business environment for private sector development. The B-READY quantitative assessment will produce granular data and a global report based on these data, published annually, and covering most economies worldwide.

**What is the scope of the project?**

B-READY assesses the economy’s business environment by focusing on the regulatory framework and the provision of related public services for firms and markets, as well as the efficiency with which they are combined in practice. B-READY will focus on 10 topics that are organized following the life cycle of the firm and its participation in the market while opening, operating (or expanding), and closing (or reorganizing) a business. The topics are Business Entry, Business Location, Utility Services, Labor, Financial Services, International Trade, Taxation, Dispute Resolution, Market Competition, and Business Insolvency.

**How does B-READY ensure data comparability and representativeness?**

B-READY achieves the balance between data comparability across economies and data representativeness within a given economy by collecting data through a combination of expert consultations and firm surveys not only on small and medium-sized domestic firms but also on large firms, foreign firms, and a fuller array of economic sectors. Expert consultations provide comparison of the experience of the same stylized firm across economies, while firm surveys provide comparison of the average experience of the actual firms. Firm surveys capture variation by interviewing a nationally representative sample of formal firms, while expert consultations capture variation by asking experts about different categories of firms using broad parameters (for example, location, sector, and type and size of transactions).

The global B-READY project is complemented by in-depth country studies, where regional differences and economy-specific issues are analyzed further. Using a similar methodology, they are developed in the sister Subnational Business Ready (Subnational B-READY) project.

**Does B-READY measure informality?**

B-READY will help address informality by assessing the barriers to formalization. While information from informal firms can add value to measuring the business environment, extending the surveys to the informal sector would not only be prohibitively expensive but also lack a well-established data collection methodology. The World Bank Enterprise Analysis Unit is currently piloting a method to [survey informal](#)

[firms](#). This line of work is incipient. In the future, when a cost-effective methodology is well established, B-READY will consider collecting data from informal firms and entrepreneurs too.

## **II. Data collection and validation**

### **How does B-READY collect the data?**

B-READY collects data through a combination of expert consultations and firm surveys. While de jure data are collected from expert consultations, de facto data are collected from both expert consultations and [World Bank Enterprise Surveys \(WBES\)](#). For expert consultations, data are collected from private sector experts only. In exceptional cases, only public sector experts know the answer to some questions. In these cases, public sector experts will be the expert consultation data source.

### **How are private sector experts selected?**

The B-READY team implements a rigorous screening and selection process for expert contributors. To identify private sector expert contributors, each topic team prepares a country-specific list of relevant private sector professions with the relevant areas of expertise and experience; identify potential expert contributors who meet all the requirements; administer a screener questionnaire; and select private sector contributors to whom the topic questionnaires will be sent. The team applies the following requirements in selecting private sector expert contributors: independence, impartiality, and objectivity; knowledge; language; compliance; proven availability; and years of experience. The B-READY team continuously assesses the expert contributors' qualities during the subsequent data collection and validation processes.

### **How do governments contribute to the data validation process?**

During each cycle, governments are invited to complete the B-READY topic questionnaires for their economies. Government questionnaires are optional and are used as a reference in the data validation process (not as direct inputs). In case of divergence between the private and public sector responses, the team will follow up with private sector experts to review their answers. The private sector may decide to revise their answers or keep their answers the same. The final private sector responses will be used as the direct input for scoring calculation.

### **How many experts respond to the expert consultation questionnaires?**

Three to five private sector expert contributors are consulted for each topic questionnaire. For economies with less than one million inhabitants, the number of expert contributors consulted per topic questionnaire is between two and five and for the Credit Registry/Bureau topic questionnaire, only one questionnaire is necessary to finalize the data.

B-READY expert contributors can select whether they prefer to provide their services on a pro-bono basis or on a fee-for-service basis. B-READY will remunerate up to 5 expert contributors per questionnaire per economy. Public sector expert contributors (e.g., public utilities) are not paid for their expertise when contacted by the B-READY team.

### **How will firm surveys be implemented?**

A key innovation of the B-READY project is the use of data obtained directly from firms. Firm-level data will be obtained by expanding the [World Bank Enterprise Surveys \(WBES\)](#) program, which has conducted over 300 Enterprise Surveys across 153 economies over the past two decades. The WBES program will be expanded by a factor of four (from 15 to 60 surveys per year) to work in synergy with B-READY. The

combination of B-READY data with the rich data on firms will enable more granular analysis (at both the firm and economy levels) of the causes and consequences of the regulatory and public service topics captured by B-READY. A limitation to note is that the WBES covers registered firms only.

Firm-level surveys will be collected in a three-year cycle. That is, a third of up to 180 economies are collected every year.

### **III. Preliminary scoring approach**

#### **How will B-READY score economies?**

For each economy, B-READY will produce a numeric score for each of the 10 topics. All topics are consistently structured under three pillars, regulatory framework, public services, and efficiency. The topic score is calculated as the average of the pillar-specific scores. For each pillar, the scores are built from points awarded at the indicator level, considering the perspectives of entrepreneurs (*firm flexibility*) and broader public interests (*social benefits*). Considering both private and social interests is important for B-READY because the project must address not only the ease of doing business for individual firms but also the inclusive and sustainable aspects of private sector development. For details about indicators and scoring methodology, please read the [Business Ready Methodology Handbook](#).

#### **How do you define *firm flexibility*?**

An indicator is scored under *firm flexibility* if it affects the ease or cost of running a business. Measures that have an ambiguous impact on firm flexibility because they benefit some firms at the expense of others (for example, subsidies for specific exporting sectors or preferential treatment of small and medium enterprises, SMEs) will not be assigned *firm flexibility* points. The assignment of *firm flexibility* points to the selected indicators has been consulted with and reviewed by an advisory group composed of relevant World Bank Group and IMF experts.

#### **How do you define *social benefit*?**

An indicator is scored under *social benefits* if its effects go beyond the firm and extend to socially desirable outcomes, such as environmental protection, workers' welfare, market competition, consumer protection, fiscal sustainability, equal access to business opportunities, and informational externalities. Points are only assigned to indicators that represent a clear effect on socially desirable outcomes, based on internationally recognized and well-established good practices. Measures that have an ambiguous impact on social benefits (for example, firing restrictions that may benefit incumbent formal workers but harm the prospects of the unemployed and informal workers) will not be assigned *social benefits* points. The assignment of *social benefits* points to the selected indicators has been consulted with and reviewed by an advisory group composed of relevant World Bank Group and IMF experts.

#### **How the B-READY project decides what constitutes a “good practice”?**

B-READY considers good practices those that have been supported by extensive economic research to contribute towards private sector development and endorsed by major international organizations in the relevant field of expertise. The B-READY team consults with relevant academia and international organizations on the adequacy and relevance of good practices. For example, the regulatory quality indicators in Business Insolvency capture good practices set out in the World Bank Group's Principles for Effective Insolvency and the UNCITRAL Legislative Guide on Insolvency Law. As another example, the Labor topic builds many of its indicators based on International Labor Standards by the ILO.

### **Will the team produce an aggregate, economy-wide score?**

At this point, there is no decision on whether B-READY will produce higher-level aggregate scores in addition to topic-specific scores. The team plans to revisit the question once the data from the first round of the B-READY project are collected and before the first report is produced. Using actual B-READY data will allow for a rigorous assessment of the merits of alternative methods. This will inform the decision on whether to produce aggregate scores and which aggregate scores to produce and report if so from the first B-READY onwards, recognizing that the decision may evolve in subsequent editions as the project matures.

### **How will B-READY mitigate concerns about “unhealthy” competition?**

B-READY will address these concerns by avoiding excessive hype around economy rankings. B-READY will explore different ways of presenting summary information to maximize public interest and motivate reforms. It will emphasize an economy’s own progress over time and relative to best performance. Rather than concentrating on economy rankings, B-READY will base its reporting on scores, describing their cross-topic variations, analyzing their differences within and across economy groupings, and assessing their general trends over time.

## **IV. Transparency and integrity**

### **How does the B-READY ensure data integrity?**

The B-READY data collection and reporting process is governed by the highest possible standards of data integrity, including sound data-gathering processes, robust data safeguards, and clear approval protocols.

Data transparency: B-READY relies on transparency and replicability to build trust in its data and report. All granular data collected by the B-READY project are publicly available on its website, and all results presented in its reports are replicable using straightforward toolkits available on the same website.

Secure protocols: The governance of the B-READY project is presented in the companion [Business Ready Manual and Guide](#). There, the protocols, safeguards, processes, and resources of B-READY governance are established in writing.

Reliable data management: The B-READY project will work with a safe and reliable data management system that protects the data from cyberthreats and unforced errors, while also allowing for public data availability.

Ethics compliance: Ethics and compliance functions have been embedded in the team to address potential conflict of interest and undue pressure. The B-READY team actively engages with the World Bank Group experts on ethics and compliance to strengthen the governance of the project.