



WORLD BANK GROUP

Business Ready (B-Ready)

Methodological Workshop

Business Entry

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Ines Zabalbeitia Mugica, Regulatory Specialist
Development Economics Global Indicators Group (DECIG)

Outline

Business Entry

1. Motivation

2. Indicators:

a. Pillar I – Regulatory framework: Quality of regulations for business entry

b. Pillar II – Public services: Digital public services and transparency of information for business start-ups

c. Pillar III – Efficiency: Efficiency of business entry in practice

3. Preliminary Topic Scoring

4. Data Sources

5. Parameters

6. Expert Screening and Selection

1. Motivation – why does Business Entry matter?

- Where formal entrepreneurship is high, job creation and economic growth tend to be high
- Thus, a business environment that facilitates and secures business incorporation is vital:
 - ✓ Higher costs for business startups are associated with lower business entry
 - ✓ A simple business startup process helps to foster formal entrepreneurship
 - ✓ Digital technology & transparency of information can encourage firms to register
 - ✓ Some regulations (e.g., beneficial ownership) help safeguard the integrity and reputation of the business sector by making it unattractive for firms with illicit purposes

2. Indicators – Outline



Regulatory framework

Business entry regulations

1. Quality of business entry regulations for business incorporation and beginning of operations+
2. Restrictions of business entry



Public services

Digital public services and transparency of information for business start-ups

1. Availability of online services for business incorporation and beginning of operations*
2. Interoperability of services for business incorporation and beginning of operations*
3. Availability of information online and transparency of information*+^



Efficiency

Efficiency of business entry in practice

1. Time to register a firm (domestic and foreign)
2. Cost to register a firm (domestic and foreign)

The * symbol denotes components that will cover the **adoption of digital technologies**. The + symbol denotes components that will cover **environmental sustainability**. The ^ symbol denotes components that will cover **gender**.

a. Pillar I – Business entry regulations

1.1	Quality of business entry regulations
1.1.1	Company information filing
1.1.2	Beneficial ownership
1.1.3	Company information and beneficial ownership updates
1.1.4	Simple standard forms
1.1.5	Risk-based assessment
1.2	Restrictions of business entry regulations
1.2.1	Domestic firms
1.2.2	Foreign firms

a. Pillar I – Business entry regulations

What does it cover and why is it important?

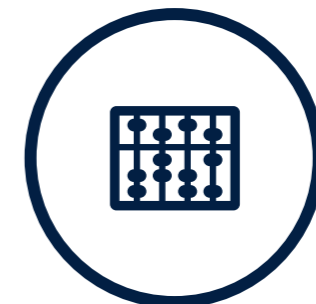
Category 1.1 – Quality of business entry regulations

- This category assesses if the regulatory framework includes good practices that promote a secure and transparent environment for business entry, such as the requirement to verify the identity of entrepreneurs and beneficial owners.
- The category also assesses good practices that promote an efficient use of firms and governments' resources while ensuring safety of processes, such as the possibility to use standard registration forms and apply risk-management.



Category 1.2 – Restrictions of business entry regulations

- This category assesses regulatory restrictions for business entry, such as the requirement to deposit a minimum capital or apply for an operating license, that can create obstacles to developing a business and hinder the potential of new firms.
- Restrictions are assessed for local as well as foreign firms. For instance, a more restrictive regulatory framework for international investors is associated with reduced inflows of FDI.



a. Pillar I – Business entry regulations

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
1.1	Quality of business entry regulations	18	2	18	20	51.3
1.1.1	Company information filing	4	n.a.	4	4	10.2
1.1.2	Beneficial ownership	5	n.a.	5	5	12.8
1.1.3	Company information and beneficial ownership updates	4	n.a.	4	4	10.2
1.1.4	Simple standard forms	3	n.a.	3	3	7.7
1.1.5	Risk-based assessment	2	2	2	4	10.2
1.2	Restrictions of business entry regulations	19	19	n.a.	19	48.7
1.2.1	Domestic firms	9	9	n.a.	9	23.1
1.2.2	Foreign firms	10	10	n.a.	10	25.6
Total		37	21	18	39	100

*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

b. Pillar II – Digital public services and transparency of information for business start-ups

2.1	Availability of online services for business incorporation and beginning of operations
2.1.1	Storage of company and beneficial ownership information
2.1.2	Business start-up process
2.2	Interoperability of services for business incorporation and beginning of operations
2.2.1	Exchange of company information
2.2.2	Unique business identification
2.2.3	Identity verification
2.3	Availability of information online and transparency of information
2.3.1	Availability of business start-up online information
2.3.2	Availability of general company information
2.3.3	Firm statistics

b. Pillar II – Digital public services and transparency of information for business start-ups

What does it cover and why is it important?

Category 2.1 – Availability of online services for business incorporation and beginning of operations

- This category assesses the quality of infrastructure at business entry agencies through the availability of online services, since they contribute to more transparent, accessible and efficient processes.
- Online services include the storage of company records and business start-up services such as payment of fees.



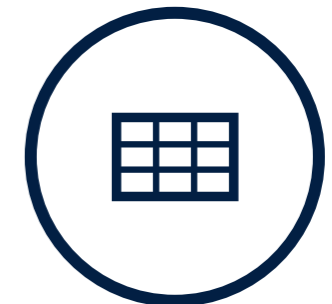
Category 2.2 – Interoperability of services for business incorporation and beginning of operations

- This category assesses the availability of electronic systems to exchange information across business entry agencies, since they enhance the efficiency and reliability of processes.
- The category also assesses the existence of automated systems to identify companies and entrepreneurs to ensure reliability of information.



Category 2.3 – Availability of information online and transparency of information

- This component assesses the transparency and accessibility of information related to start-up processes, company information and firm statistics. It assesses, for instance, if the steps to open a company are publicly available online.
- Transparent and easily accessible information reduces compliance costs and makes processes more predictable and accountable.



b. Pillar II – Digital public services and transparency of information for business start-ups

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
2.1	Availability of online services for business incorporation and beginning of operations	9	9	9	18	37.5
2.1.1	Storage of company and beneficial ownership information	3	3	3	6	12.5
2.1.2	Business start-up process	6	6	6	12	25
2.2	Interoperability of services for business incorporation and beginning of operations	6	6	6	12	25
2.2.1	Exchange of company information	2	2	2	4	8.3
2.2.2	Unique business identification	2	2	2	4	8.3
2.2.3	Identity verification	2	2	2	4	8.3
2.3	Availability of information online and transparency of information	9	9	9	18	37.5
2.3.1	Availability of business start-up online information	5	5	5	10	20.8
2.3.2	Availability of general company information	2	2	2	4	8.3
2.3.3	Firm statistics	2	2	2	4	8.3
Total		24	24	24	48	100

*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

c. Pillar III – Efficiency of business entry in practice

3.1	Time
3.1.1	Domestic firms
3.1.2	Foreign firms
3.2	Cost
3.2.1	Domestic firms
3.2.2	Foreign firms

c. Pillar III – Efficiency of business entry in practice

What does it cover and why is it important?

Category 3.1 – Time

- This category assesses the time it takes to incorporate a company along three stages (pre-registration, registration, and post-registration) for both domestic and foreign companies.
- The ease of incorporating a company is associated with more firms undergoing a new business activity. Indeed, the time-efficiency of the business incorporation process is a key factor for fostering formal sector entrepreneurship.



Category 3.2 – Cost

- This category assesses the cost of incorporating a company along three stages (pre-registration, registration, and post-registration) for both domestic and foreign companies.
- An inexpensive business entry process is key for the promotion of formal entrepreneurship. The provision of registration services at low cost can encourage the incorporation of small and medium-sized enterprises.



c. Pillar III – Efficiency of business entry in practice

Preliminary Scoring

		No. of indicators	Rescaled Points*
3.1	Time	2	50
3.1.1	Domestic firms	1	25
3.1.2	Foreign firms	1	25
3.2	Cost	2	50
3.2.1	Domestic firms	1	25
3.2.2	Foreign firms	1	25
	Total	4	100

*Scoring on Pillar III will consider the perspectives of entrepreneurs (firm flexibility points) only. For each indicator, scoring is calculated using the distance-to-frontier approach. Each category in Pillar III has the same weight. Within each category, each subcategory also has the same weight.

3. Preliminary Topic Scoring

Pillar	Title	No. of indicators	FFP	SBP	Total Points	Rescaled Points	Weight
I	Regulatory framework: Quality of regulations for business entry	37	21	18	39	100	0.33
II	Public services: Digital public services and transparency of information for business start-ups	24	24	24	48	100	0.33
III	Efficiency: Efficiency of business entry in practice	4	100	n.a.	100	100	0.33

4. Data Sources

Data collection sources:

Pillars I, II, and III

- **Private sector experts:** practitioners, lawyers, and notaries working in the business start-up process

Data validation sources (for expert questionnaires):

- **Public sector experts:** business registries, tax agencies, and investment promotion agencies

5. Parameters for Expert Consultations

General Parameters

Business location

Largest city



Geographic location determines the regulatory framework, public services provision, and the efficiency of business entry.

Corporate legal form

Most common type of limited liability company



Some legal requirements and procedures needed to formally start a business are different depending on the corporate legal form of the company.

Specific Parameters

Size – start-up capital

Domestic firms: 5x GNI per capita

Foreign firms: 10x GNI per capita



Incorporation processes can change widely depending on the size of the company. To specify the size of the company, Business Entry includes a parameter on start-up capital.

6. Expert Screening and Selection

Relevant expert professions:

- Lawyers, notaries, tax advisors, accountants.

Relevant areas of specialization:

- Business incorporation, corporate law, tax registration, domestic and foreign investment, etc.

Assessment of the experts' knowledge or experience related to business entry and related regulations, services, and processes:

- Knowledge of the laws and regulations affecting business incorporation and registration; knowledge of laws and regulations on foreign investment; experience with submitting applications for new company registration; experience with applying for business operational licenses; experience assisting new businesses to comply with other business start-up processes such as tax registration and bank account opening.



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Thank you

Q&A

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