



WORLD BANK GROUP

Business Ready (B-Ready)

Methodological Workshop

Business Location

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Outline

Business Location

1. Motivation

2. Indicators:

- a. Pillar I – Regulatory framework: Quality of regulations for immovable property lease or ownership and urban planning
- b. Pillar II – Public services: Digital public services and transparency of information
- c. Pillar III – Efficiency: Efficiency of obtaining a business location

3. Preliminary Topic Scoring

4. Data Sources

5. Parameters

6. Expert Screening and Selection

1. Motivation – why does Business Location matter?

- Why do firms need the right location to build or lease property?
 - ✓ Important incentive for investment
 - ✓ Ensures access to resources such as labor, raw materials, and utilities

- Why do firms need a sound and balanced land administration system?
 - ✓ To reduce information asymmetry
 - ✓ To increase market efficiency
 - ✓ To facilitate the development of real estate markets

- Why do firms need sound and balanced building regulations and public services?
 - ✓ Affect firms' decisions to establish their business
 - ✓ Strengthen property rights
 - ✓ Public safety

- Why do firms need sound environmental regulations related to building control?
 - ✓ Ease environmental concerns
 - ✓ Avoid imposing redundant compliance burdens on firms

2. Indicators – Outline



Regulatory framework

Quality of regulations for immovable property transfer, urban planning and environmental permitting

1. Regulatory standards for land administration
2. Restrictions on property leasing and ownership
3. Gender incentives⁺
4. Regulatory standards for building regulations (including environmental aspects)⁺



Public services

Quality of public services and transparency of information

1. Availability and reliability of online services^{*}
2. Interoperability of services^{*}
3. Transparency of information



Efficiency

Efficiency of obtaining a business location in practice

1. Time and cost to transfer property
2. Time and cost to obtain building-related permits
3. Time and cost to obtain occupancy permits
4. Time and cost to obtain environment-related permits⁺

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 – Quality of regulations for immovable property transfer, urban planning & environmental permitting

1.1	Regulatory standards for land administration
1.1.1	Property Transactions Standards
1.1.2	Land Dispute Mechanism
1.1.3	Land Administration System
1.2	Restrictions on property
1.2.1	Restriction on domestic firms – Leasehold
1.2.2	Restrictions on domestic firms – Ownership
1.2.3	Restrictions of foreign firms – Leasehold
1.2.4	Restrictions on foreign firms- Ownership
1.3	Gender
1.3.1	Gender incentives for professional participation
1.4	Regulatory standards for building regulations and environmental licenses
1.4.1	Building regulations standards
1.4.2	Building energy codes standards
1.4.3	Environmental clearances in construction
1.4.4	Dispute mechanisms for building permits and environmental clearances in construction

a. Pillar I – Quality of regulations for immovable property transfer, urban planning & environmental permitting

What does it cover and why is it important?

Category 1.1 – Regulatory standards for land administration

- This category assesses whether the applicable regulatory framework includes standards promoting a safe and secure environment for property transactions and building permits.
- A good business environment that enables formal property registration and safe construction is critical to contribute to capital formation.



Category 1.2 – Restrictions on property

- This category assesses regulatory restrictions for property transactions for domestic and foreign private firms.
- Restrictions on registering property can create obstacles to developing a business and hinder the potential of firms.



Category 1.3 – Gender

- This category assesses gender incentives for professional participation.
- A better gender balance contributes to reduce inequalities in professions related to real estate, construction, and environmental consulting industries



Category 1.4 – Regulatory standards for building regulations & environmental licenses

- This category assesses whether the applicable regulatory framework includes standards promoting environmental compliance.
- Building regulations standards are essential for the safety of construction projects and environmental permits are key to mitigating environmental risks and adverse effects.



a. Pillar I – Quality of regulations for immovable property transfer, urban planning & environmental permitting

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
1.1	Regulatory standards for land administration	11	11	11	22	24.4
1.1.1	Property Transactions Standards	4	4	4	8	8.8
1.1.2	Land Dispute Mechanism	4	4	4	8	8.8
1.1.3	Land Administration System	3	3	3	6	6.6
1.2	Restrictions on property	19	19	n.a.	19	27.5
1.2.1	Restriction on domestic firms – Leasehold	5	5	n.a.	5	5.5
1.2.2	Restrictions on domestic firms – Ownership	4	4	n.a.	4	4.4
1.2.3	Restrictions of foreign firms – Leasehold	5	5	n.a.	5	5.5
1.2.4	Restrictions on foreign firms – Ownership	5	5	n.a.	5	5.5
1.3	Gender	1	1	1	2	2.2
1.3.1	Gender incentives for professional participation	1	1	1	2	2.2
1.4	Regulatory standards for building regulations and environmental licenses	31	16	31	47	52.2
1.4.1	Building regulations standards	13	9	13	22	24.4
1.4.2	Building energy codes standards	4	n.a.	4	4	4.9
1.4.3	Land use and zoning regulations	1	1	1	2	2.2
1.4.4	Environmental clearances in construction	10	3	10	13	14.4
1.4.5	Dispute mechanisms for environmental clearances in construction	3	3	3	6	6.6
Total		62	47	43	90	100

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

b. Pillar II – Quality of public services and transparency of information

2.1	Availability of online services and reliability of infrastructure
2.1.1	Property Transactions - Digital Public Services
2.1.2	Property Transactions - Reliability of infrastructure
2.1.3	Property Transactions - Coverage
2.1.4	Building Permits and Environmental Licenses - Digital Public Services
2.2	Interoperability of services
2.2.1	Interoperability for property transactions
2.2.2	Interoperability for building permits
2.3	Transparency of information
2.3.1	Transparency of information on immovable property
2.3.2	Gender data on property ownership
2.3.3	Transparency of information for building permitting and environmental licenses

b. Pillar II – Quality of public services and transparency of information

What does it cover and why is it important?

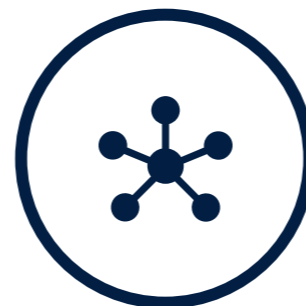
Category 2.1 – Availability of online services and reliability of infrastructure

- This category assesses the quality of infrastructure at the land registry and any other relevant agency through the availability of online public services for entrepreneurs.
- Adequate infrastructure and online services help to maintain updated information and reduce the risk of errors.



Category 2.2 – Interoperability of services

- This category assesses the availability of electronic systems to exchange information across the agencies involved in property registration and building permits.
- Interoperability in building permits and property registration (between the land registry and permitting systems) can improve the efficiency and transparency of the permitting process.



Category 2.3 – Transparency of information

- This category assesses the degree of transparency and accessibility of online information for property transactions, building permits, and environmental licenses, and statistics on gender data on property ownership
- Transparency in land administration eliminates information asymmetry between users and public agencies



b. Pillar II – Quality of public services and transparency of information

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
2.1	Availability of online services and reliability of infrastructure	20	20	20	40	43.5
2.1.1	Property Transactions - Digital Public Services	6	6	6	12	13
2.1.2	Property Transactions - Reliability of infrastructure	5	5	5	10	10.9
2.1.3	Property Transactions - Coverage	4	4	4	8	8.7
2.1.4	Building Permits and Environmental Licenses - Digital Public Services	5	5	5	10	10.9
2.2	Interoperability of services	6	6	6	12	13
2.2.1	Interoperability for property transactions	4	4	4	8	8.7
2.2.2	Interoperability for building permits	2	2	2	4	4.4
2.3	Transparency of information	20	20	20	40	43.5
2.3.1	Transparency of information on immovable property	8	8	8	16	17.4
2.3.2	Gender data on property ownership	1	1	1	2	2.2
2.3.3	Transparency of information for building permitting and environmental licenses	8	8	8	16	17.4
2.3.4	Transparency of information on zoning and land use	3	3	3	6	6.1
Total		46	46	46	92	100

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

c. Pillar III – Efficiency of obtaining a business location in practice

3.1	Property Transfer
3.1.1	Time
3.1.2	Cost
3.2	Building permit
3.2.1	Time
3.2.2	Cost
3.3	Occupancy permit
3.3.1	Time
3.3.2	Cost
3.4	Environmental permit
3.4.1	Time
3.4.2	Cost

c. Pillar III – Efficiency of obtaining a business location in practice

What does it cover and why is it important?

Category 3.1 – Property transfer

- This category assesses the time and cost for transferring a property from buyer to seller.
- Having an efficient conveyancing system in place, where bottlenecks are assessed on a regular basis, is important to avoid delays in property transactions.



Category 3.2 – Building permit

- This category assesses the time and cost for obtaining a building permit.
- Speedy approvals and lowering the cost of building permits can have significant positive impacts on the construction industry and the broader economy.



Category 3.3 – Occupancy permit

- This category assesses the time and cost for obtaining an occupancy permit.
- Delays in occupancy permit issuance can have negative impacts on project timelines and cost performance.



Category 3.4 – Environmental permit

- This category assesses the time and cost to obtain and environmental permit for a construction project.
- Delays in environmental clearances can significantly increase project costs and result in economic losses.



c. Pillar III – Efficiency of obtaining a business location in practice

Preliminary Scoring

		No. of indicators	Rescaled Points*
3.1	Transfer a property	2	25
3.1.1	Time	1	12.5
3.1.2	Cost	1	12.5
3.2	Occupancy Permit	2	25
3.2.1	Time	1	12.5
3.2.2	Cost	1	12.5
3.3	Building Permit	2	25
3.3.1	Time	1	12.5
3.3.2	Cost	1	12.5
3.4	Environmental Permit	2	25
3.4.1	Time	1	12.5
3.4.2	Cost	1	12.5
Total		8	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 immovable property transfer, urban planning & environmental permitting	62	47	43	90	100	0.33
II	Public services: Quality of public services and transparency of information	46	46	46	92	100	0.33
III	Efficiency: Efficiency of obtaining a business location in practice	8	100	n.a.	100	100	0.33

4. Data Sources

Data collection sources:

Pillar I and II

- **Private sector experts:** practitioners, lawyers, notaries, architects, engineers, and environment consultants working in the area of property registry, building control, and environmental clearances.

Pillar III

- The data on the category of obtaining an occupancy permit will be collected through **Enterprise Surveys**.
- The data sources for the categories of Time and Cost to buying a property, obtaining a building permit, and obtaining an environmental permit are the same as for pillars I and II

Data validation sources (for expert questionnaires):

- **Public sector experts:** land registries, building administrations, and environmental 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 property transfer, building permits and environmental licenses

Specific Parameters

Construction project

New residential housing project of 10 acres for 100 single family homes not located in an environmental sensitive area

The location and the type of housing project determines the regulatory framework for obtaining environmental clearances and permits.



Value of the property

For property transfer

For property transfer, a specific parameter of the value of property is used to compute cost indicators.

The value of property or construction cost will be 100 times GNI per capita.



Municipality

Largest municipality in B-Ready city

For building permitting, choice of municipality determines provision and efficiency of services



Commercial office building

Office building (1800 square meters (19,375 square feet) computed assuming 5 floors and 360 square meters per floor (3875 square feet).

The size of building affects regulatory costs and the type and level of pre-approvals and permits.



6. Expert screening and selection

Relevant expert professions:

- Property lawyers, notaries, architects, engineers, environment consultants.

Relevant areas of specialization:

- Property law, property registration, building codes, building control, environmental law.

Assessment of experts' knowledge and experience related to business location and associated regulations, services, and processes:

- Knowledge of laws and regulations affecting property registration; knowledge of laws and regulations on building permits; experience with conducting property transfer, experience with submitting applications for building and occupancy permits, experience with submitting applications for EIAs, experience assisting businesses to comply with environmental regulations.



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Thank you

Q&A

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