



WORLD BANK GROUP

Business Ready (B-Ready)

Methodological Workshop

Market Competition

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Outline

Market Competition

1. Motivation

2. Indicators:

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- b. Pillar II – Public services: Adequacy of public services that promote market competition
- c. Pillar III – Efficiency: Efficiency in the implementation of key services promoting market competition

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1. Motivation – why does Market Competition matter?

- Market Competition spurs economic growth by increasing industry and firm innovation and productivity, leading to better products, more and better jobs, and higher incomes.
- It stimulates product innovation and service quality, protects consumers, and forces market operators to provide products and services at a competitive cost.
- Income inequality can also be reduced in markets with higher degrees of market dynamism. Market entry provides a dual benefit to the poor, not only by helping them as consumers by putting downward pressure on prices, but also by expanding their employment and small business opportunities.

2. Indicators – Outline



Regulatory framework

Quality of regulations that promote market competition

1. Competition regulations
2. Regulations that promote innovation and transfer of technology
3. Regulations for bidding for public contracts+^



Public services

Adequacy of public services that promote market competition

1. Institutional framework and quality of enforcement of competition regulations*
2. Institutional framework to support innovation in firms*^
3. Quality of e-procurement services*+^



Efficiency

Efficiency in the implementation of key services promoting market competition

1. Efficiency of competition regulations
2. Efficiency of innovation and intellectual property rights regulations
3. Efficiency of public procurement regulations^

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 that promote market competition

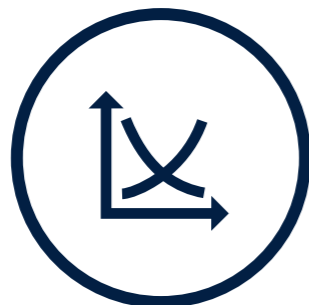
1.1	Quality of competition regulations
1.1.1	State-Owned Enterprises framework
1.1.2	Antitrust (cartels, horizontal and vertical agreements, abuse of dominant position)
1.1.3	Merger control
1.1.4	Enforcement
1.2	Quality of regulations that promote innovation and technology transfer
1.2.1	Strength of IPR protection
1.2.2	Licensing and technology transfer
1.2.3	Open access and fair use of innovation
1.2.4	University-industry collaboration
1.3	Quality of regulations for bidding for public contracts
1.3.1	Entry and competition
1.3.2	Best value for money
1.3.3	Fairness of the procurement process
1.3.4	Transparency

a. Pillar I – Quality of regulations that promote market competition

What does it cover and why is it important?

Category 1.1 – Competition regulations

- This category measures regulations that prevent firms from entering anticompetitive agreements and that keep market concentration and abuse in check. An SOE framework that does not cause unnecessary market distortions is also included.
- Competition regulations ensure firms and entrepreneurs compete fairly with each other.



Category 1.2 – Regulations that promote innovation and technology transfer

- This category assesses regulations that strengthen the protection and facilitate the transfer and dissemination of intellectual property rights.
- Regulations can play an important role in enabling innovation and maintaining competitive dynamic markets. Both the acquisition of technology and its diffusion foster productivity growth.



Category 1.3 – Regulations for bidding public contracts

- This category covers regulations that promote market entry, best value for money, fairness and transparency in government markets.
- A well-performing public procurement system increases citizens confidence in government and private sector competitiveness, especially by leveling the playing field for SMEs.



a. Pillar I – Quality of regulations that promote market competition

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
1.1	Quality of competition regulations	25	25	25	50	33.3
1.1.1	State-Owned Enterprises framework	4	4	4	8	5.3
1.1.2	Antitrust (cartels, horizontal and vertical agreements, abuse of dominant position)	8	8	8	16	10.7
1.1.3	Merger control	8	8	8	16	10.7
1.1.4	Enforcement	5	5	5	10	6.7
1.2	Quality of regulations that promote innovation and transfer of technology	25	25	25	50	33.3
1.2.1	Strength of IPR protection	8	8	8	16	10.7
1.2.2	Licensing and technology transfer	6	6	6	12	7.9
1.2.3	Open access and fair use of innovation	5	5	5	10	6.7
1.2.4	University-industry collaboration	6	6	6	12	7.9
1.3	Quality of regulations for bidding for public contracts	25	25	25	50	33.3
1.3.1	Entry and competition	7	7	7	14	9.3
1.3.2	Best value for money	8	8	8	16	10.7
1.3.3	Fairness of the procurement process	5	5	5	10	6.7
1.3.4	Transparency	5	5	5	10	6.7
Total		75	75	75	150	100

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

b. Pillar II – Adequacy of public services that promote market competition

2.1	Institutional framework and quality of enforcement of competition regulations
2.1.1	Institutional framework
2.1.2	Advocacy and transparency
2.2	Public services enabling innovation in firms
2.2.1	Digitization of IP services
2.2.2	Innovation systems
2.2.3	Institutional framework to support innovation
2.3	Quality of e-procurement services
2.3.1	Open access data and interactivity of e-procurement portal
2.3.2	Transparency of public procurement documents
2.3.3	Digitization of public procurement procedures

b. Pillar II – Adequacy of public services that promote market competition

What does it cover and why is it important?

Category 2.1 – Institutional framework and quality of enforcement of competition regulations

- This category covers aspects of the Competition Authority's institutional framework as well as its role in competition policy advocacy.
- An independent Competition Authority is key to enforcing competition regulations. Advocacy matters for addressing restraints to competition among government, businesses, and citizens.



Category 2.2 – Public services enabling innovation in firms

- This category measures the digitization of Intellectual Property offices, innovation system and the institutional framework that enables innovation.
- Governments must promote both the social and private returns of innovation and innovation ecosystems set the direction of innovation for decades to come.



Category 2.3 – Quality of e-procurement services

- This category addresses the characteristics of a modern, transactional and transparent e-procurement.
- E-procurement has the potential to save time, create efficiency and help new firms access the market. It facilitates sustainable practices in procurement, and promotes equal access for all types of businesses, including SMEs



b. Pillar II – Adequacy of public services that promote market competition

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
2.1	Institutional framework and quality of enforcement of competition regulations	18	18	18	36	33.3
2.1.1	Institutional framework	9	9	9	18	16.7
2.1.2	Advocacy and transparency	9	9	9	18	16.7
2.2	Public services enabling innovation in firms	18	18	18	36	33.3
2.2.1	Digitization of IP services	5	5	5	10	9.3
2.2.2	Innovation systems	9	9	9	18	16.7
2.2.3	Institutional framework to support innovation	4	4	4	8	7.4
2.3	Quality of e-procurement services	18	18	18	36	33.3
2.3.1	Open access data and interactivity of e-procurement portal	4	4	4	8	7.4
2.3.2	Transparency of public procurement documents	5	5	5	10	9.3
2.3.3	Digitization of public procurement procedures	9	9	9	18	16.7
Total		54	54	54	108	100

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

c. Pillar III – Efficiency in the implementation of key services promoting market competition

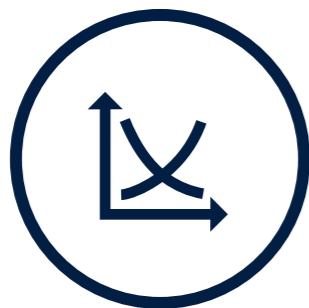
3.1	Efficiency of competition regulations
3.1.1	Efficient implement of simplified merger review
3.1.2	Perceptions of market dynamism and competitive behaviors
3.2	Efficiency of innovation and technology transfer regulations
3.2.1	Product and process innovation in firms
3.2.2	R&D activities in firms and use of foreign licensed technology
3.3	Efficiency of public procurement regulations
3.3.1	Time to award a public contract
3.3.2	Time to pay government contractors and late payment penalties
3.3.3	Entry in government markets
3.3.4	Gender gap in government suppliers
3.3.5	Gender gap in the administrative requirements to participate in a tender

c. Pillar III – Efficiency in the implementation of key services promoting market competition

What does it cover and why is it important?

Category 3.1 – Competition

- This category includes indicators on the time it takes to complete a simplified merger review procedure and an index of market dynamism and competitive behaviors.
- Well-implemented merger review procedures spur growth and encourage the merging of firms. Market dynamism is key for fair and inclusive markets, achieving high sustained and inclusive growth.



Category 3.2 – Innovation

- This category measures product and process innovation and R&D spending in firms. It also includes an indicator of use of foreign technology by firms.
- Product and process innovation increase the intensity of market competition or can open up new markets. An enabling environment that fosters R&D remains vital for unlocking more sophisticated and sustainable innovations.



Category 3.3 – Public Procurement

- This category includes indicators on the time to obtain an award, the time to pay a contractor, the easiness to bid and gender gap in public procurement.
- Efficient procedures can promote market entry and ease the regulatory constraints to access government markets. Gender equality can lead to an increase in the productive capacity of the economy.



c. Pillar III – Efficiency in the implementation of key services promoting market competition

Preliminary Scoring

		No. of indicators	Total rescaled Points*
3.1	Efficiency of competition regulations	2	33.3
3.1.1	Efficient implementation of simplified merger review	1	16.7
3.1.2	Perceptions of market dynamism and competitive behaviors	1	16.7
3.2	Efficiency of innovation and intellectual property rights regulations	2	33.3
3.2.1	Product and process innovation in firms	1	16.7
3.2.2	R&D activities in firms and use of foreign licensed technology	1	16.7
3.3	Efficiency of public procurement regulations	5	33.3
3.3.1	Time to award a public contract	1	6.7
3.3.2	Time to pay government contractors and late payment penalties	1	6.7
3.3.3	Entry in government markets	1	6.7
3.3.4	Gender gap in government suppliers	1	6.7
3.3.5	Gender gap in the administrative requirements to participate in a tender	1	6.7
Total		9	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 that promote market competition	75	75	75	150	100	33.33
II	Public services: Adequacy of public services that promote market competition	54	54	54	108	100	33.33
III	Efficiency: Efficiency in the implementation of key services promoting market competition	9	100	NA	100	100	33.33

4. Data Sources

Data collection sources:

Pillars I and II

- **Private sector experts:** questionnaires sent to lawyers or consultants experts in competition law, intellectual property rights or public procurement regulations.

Pillar III

- **Enterprise surveys:** A representative sample of companies is surveyed within each economy to capture efficiency indicators, except for (i) the efficient implementation of simplified merger review and (ii) the time to award a public contract which are collected via expert questionnaires.

Data validation sources (for expert questionnaires):

- **Public sector experts:** Competition Authorities, Intellectual Property Offices, public procurement officers in centralized Public Procurement Authorities or centralized Public Procurement policy bodies.

5. Parameters for Expert Consultations

Specific Parameters



Procuring Entity

Three largest central/federal procuring entities based on the volume of tenders (number of tenders)

Regulations and public services may vary depending on which procuring entity is benchmarked.

6. Expert Screening and Selection

Relevant expert professions:

- Corporate lawyers, legal consultants, public procurement lawyers, intellectual property lawyers.

Relevant areas of specialization:

- Antitrust/competition law, abuse of dominance, intellectual property registration and managements, public procurement and government tenders at state, national and federal level.

Assessment of experts' knowledge and experience related to market competition and associated regulations, services, and processes:

- Competition: Experience in antitrust/competition litigation and providing advice to concerned firms; providing advice for mergers and acquisitions, including litigation experience; advising on abuse of dominance matters including litigation; experience in advising firms on how to self-comply with competition law requirements; experience in regulated markets.
- Innovation: Experience in registering patents, copyrights and/or trademarks. Experience advising firms on the protection, transfer and dissemination of technology and innovation.
- Procurement: Experience with public procurement at the state/national/federal level, in either an advisory, consultant, compliance or litigation role; experience in bidding or assisting firms to bid for government tenders for goods, services and works; experience in contractual issues related to payment; experience in formal challenges and appeals procedures on public procurement decisions.



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Thank you

Q&A

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