

A World Bank Group Flagship Report

16TH EDITION



DOING BUSINESS 2019

Training for Reform

The Eurasian Economic Union of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation



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Development Economics | Global Indicators

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November 8, 2018, Moscow

- I. **About *Doing Business***
- II. Findings of *Doing Business 2019*
- III. *Doing Business 2019* in Europe and Central Asia
- IV. *Doing Business 2019* in the Eurasian Economic Union member states

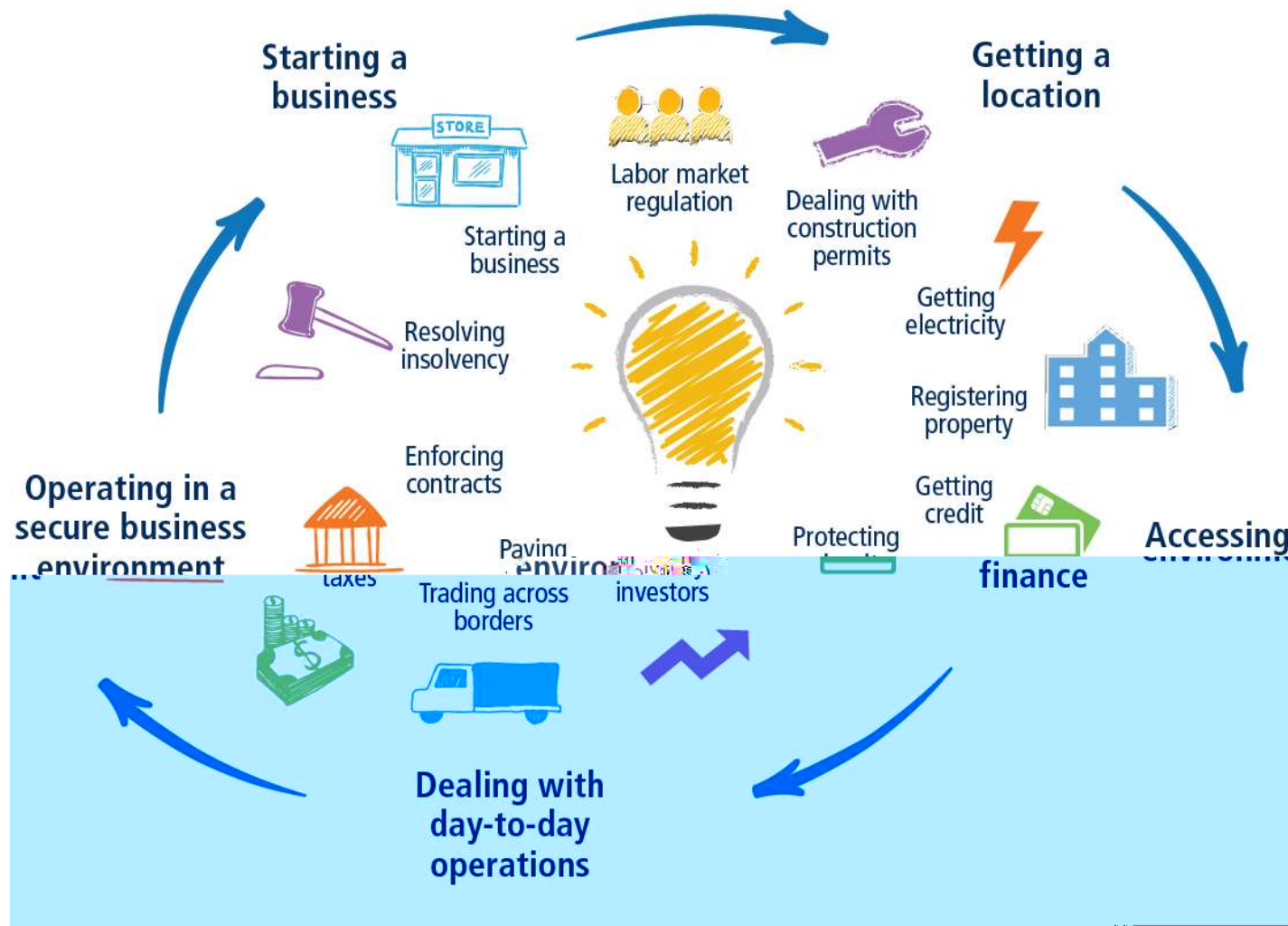


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The 11 areas of business regulation measured by *Doing Business* affect firms throughout their life cycle



What does *Doing Business* measure?

Doing Business indicators:

- Focus on **regulations** relevant to the life cycle of a **small to medium**-size domestic business.
- Are built on **standardized** case scenarios.
- Are measured for the largest **business city** in each economy, and the second largest business city in countries with more than 100 million inhabitants as of 2013.
- Are focused on the **formal** sector.

“The private sector is key to creating sustainable economic growth and ending poverty around the world. Fair, efficient, and transparent rules, which Doing Business promotes, are the bedrock of a vibrant economy and entrepreneurship environment. It’s critical for governments to accelerate efforts to create the conditions for private enterprise to thrive and communities to prosper.”

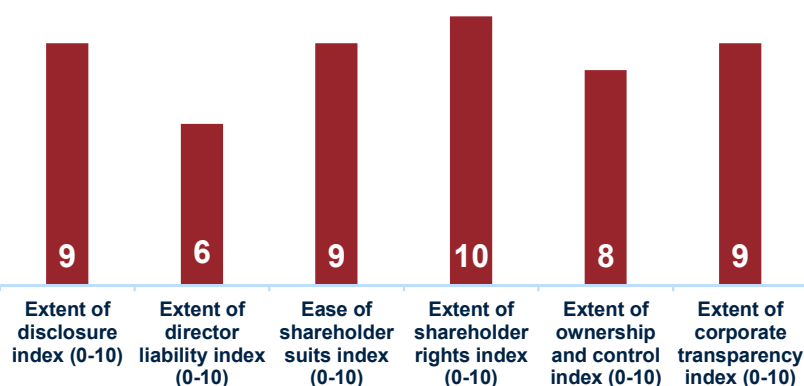
Jim Yong Kim , President of the World Bank Group

Legal sources of information for the *Doing Business* indicators

Example: the ease of protecting minority investors

- ✓ **Civil Code:** property rights, contractual obligations, pledge regimes
- ✓ **Commercial Code:** company creation procedures, minimum paid-in capital requirements, shareholder rights, winding-up provisions
- ✓ **Tax Code:** applicable taxes and contributions
- ✓ **Secured Transactions Law:** creation and publicity of security interest, collateral regime
- ✓ **Civil Procedure Code:** litigation and courts system, judicial enforcement of a commercial dispute
- ✓ **Insolvency Law:** bankruptcy, insolvency, reorganization and liquidation procedures, priority rules
- ✓ **Labor Code:** hiring and redundancy of workers, definition of working hours

Kazakhstan ranks **1st** on the ease of protecting minority investors



Extent of disclosure index (0-10)		9.0
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0

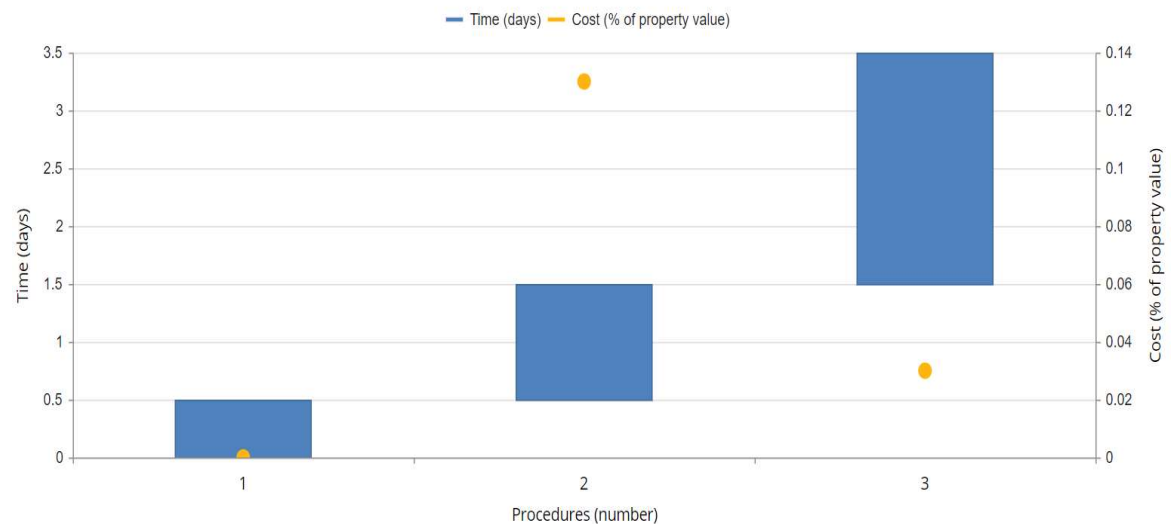
Time and motion indicators focus on the process

Example: the complexity and time it takes to register property

- ✓ Measure **procedural efficiency** of the regulatory process
- ✓ Follow the entrepreneur **from the beginning to the end** of a basic transaction
- ✓ Record **every step** of the process, and the associated **time and cost**
- ✓ Gather **all** the relevant laws, regulations, decrees and fee schedules

- The Kyrgyz Republic ranks **8th** on the ease of registering property.
- Registering property in the Kyrgyz Republic requires **3 procedures**, takes **3.5 days** and **costs 0.2%** of the property value.
- Meanwhile, the Kyrgyz Republic scores **24 out of 30** points on the quality of the land administration index.

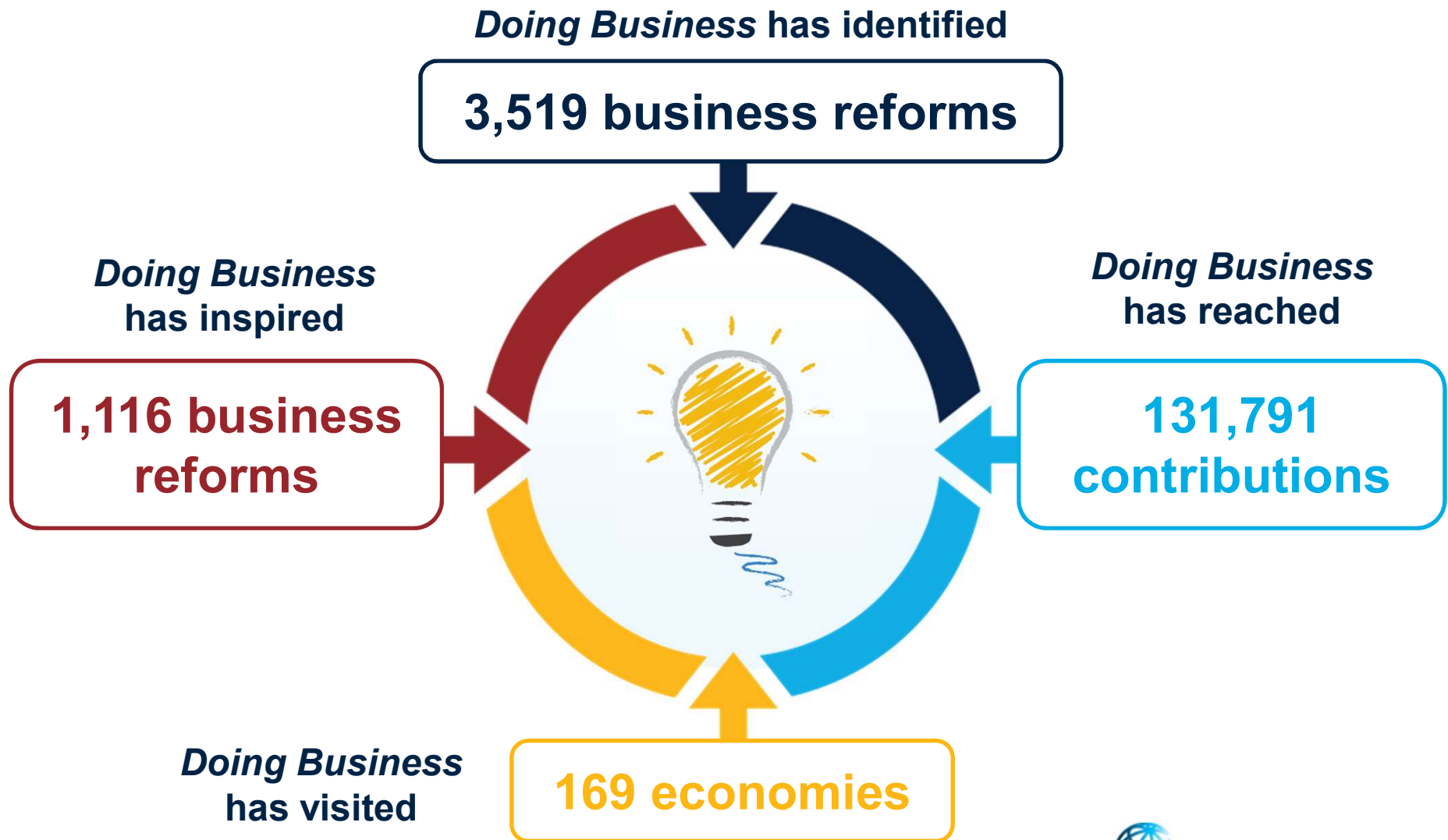
Income per capita in the Kyrgyz Republic: US\$ 1,130



Source: *Doing Business 2019*.

Note: Online procedures account for 0.5 days in the total time calculation.

16 years of *Doing Business*



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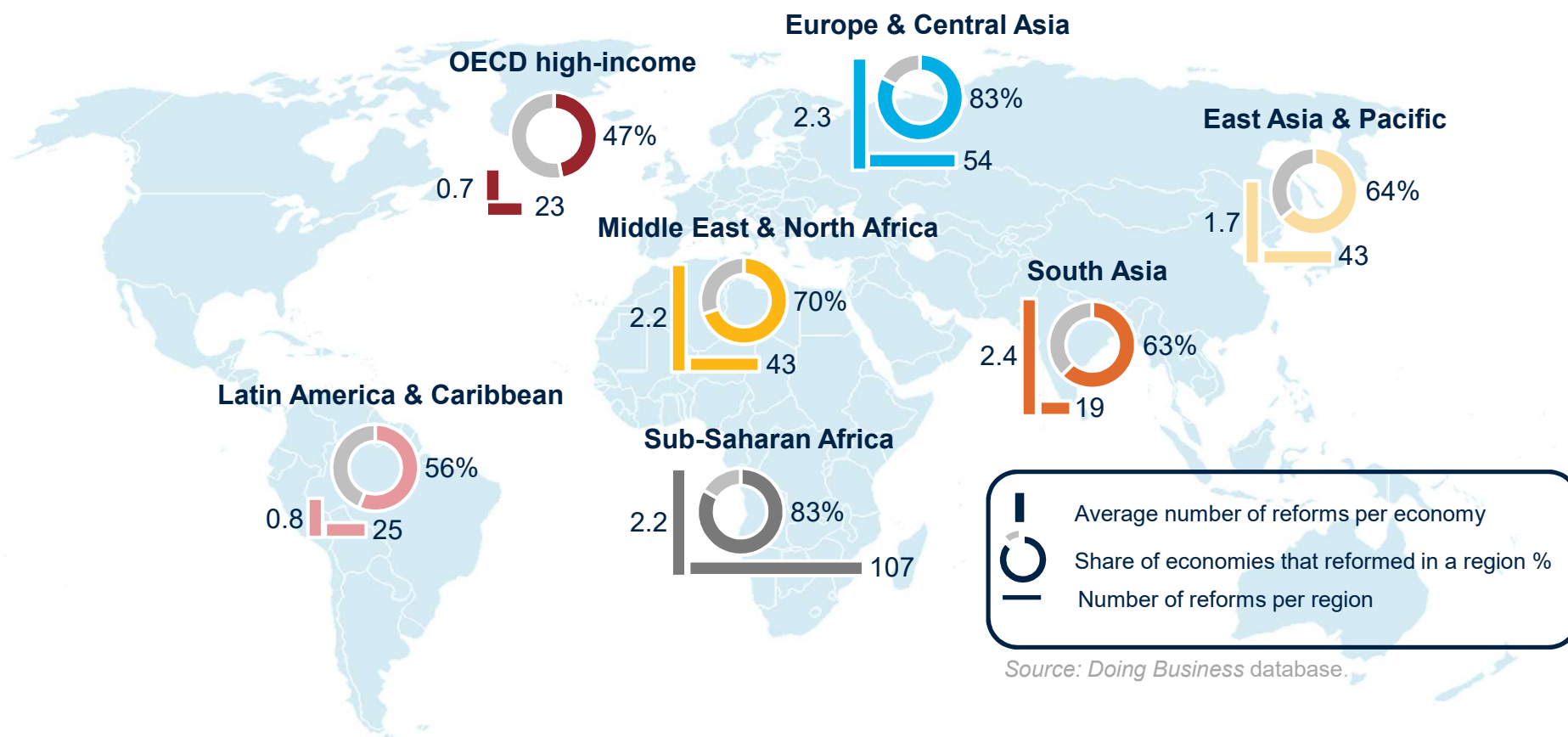


Governments around the world set a **new record** in improving the regulatory environment for the domestic private sector in 2017/18



128
ECONOMIES
MADE 314
REFORMS
MAKING IT
EASIER TO
DO BUSINESS

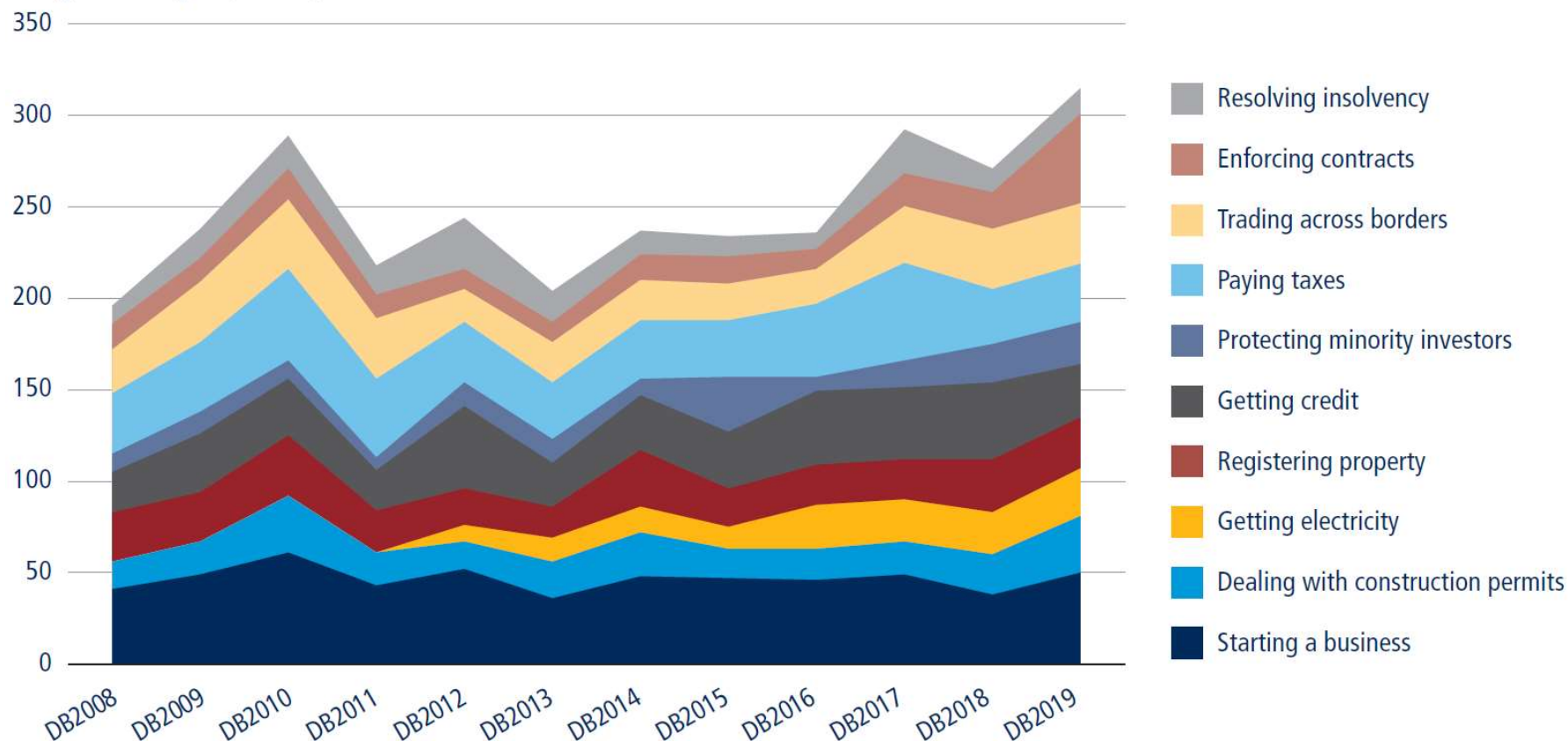
Low-income and lower middle-income economies carried out 172 reforms in 2017/18



- *Doing Business* has recorded **3,519 regulatory reforms** making it easier to do business since 2004.
- **83%** of economies in Sub-Saharan Africa implemented reforms in 2017/18 (**only 38%** in 2004/05).
- **Developing economies** implemented 82% of all regulatory reforms in 2017/18.

Starting a business is the most popular area of reform

Reforms captured by
Doing Business year (number)



Source: *Doing Business* database.

Note: The getting electricity indicator set was added in *Doing Business* 2012. The report's geographical coverage has gradually expanded from 178 economies in *Doing Business* 2008 to 181 in *Doing Business* 2009, 183 in *Doing Business* 2010, 185 in *Doing Business* 2013, 189 in *Doing Business* 2014 and 190 economies since *Doing Business* 2017.

Training of government officials and better **communication** of regulatory changes are associated with a **higher doing business score**



Source: Doing Business database.

Note: Economies that communicate regulatory changes in the areas of starting a business, dealing with construction permits, registering property, getting credit, protecting minority investors and paying taxes have higher average ease of doing business scores and implemented more business reforms in 2017/18. Economies that provide training to government officials in the areas of starting a business, registering property, getting electricity, paying taxes and trading across borders have higher average ease of doing business scores in 2017/18. Economies with a legal degree requirement for practicing lawyers, judges, insolvency representatives and law clerks have higher average ease of doing business scores in 2017/18. The relationships are significant at the 1% level after controlling for income per capita.

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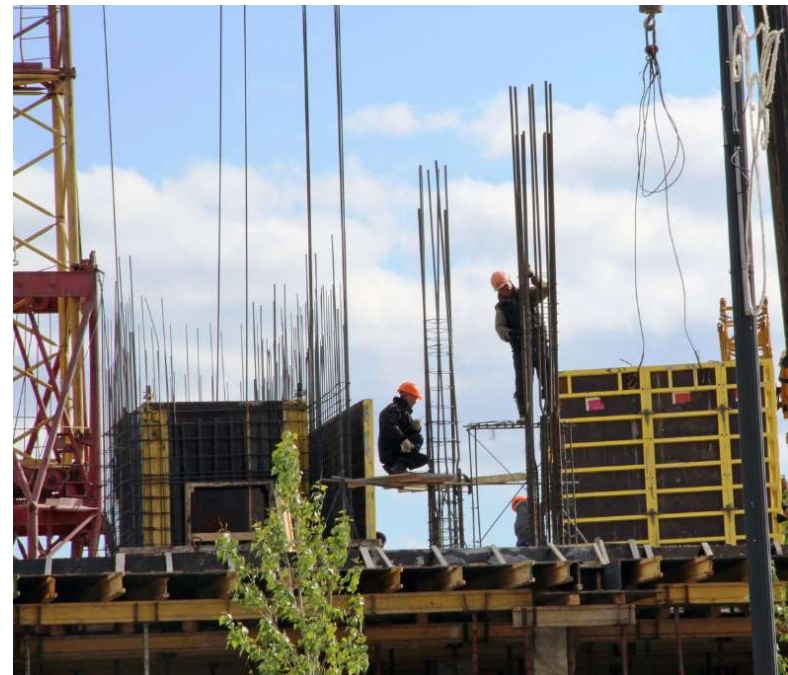
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Europe and Central Asia is [home](#) of...

**2 of this
year's
top 10
economies
and 2 top
improvers**



Europe and Central Asia in *Doing Business* 2019

- **Georgia** is number 6 and **Macedonia FYR** is number 10 **in the global ranking**.
- The region performs best in the areas of **Registering Property** and **Protecting Minority Investors**.
- Reforms in 2017/18 focused on improvements in the areas of **Trading Across Borders** and **Paying Taxes**, with 9 and 8 reforms respectively.
- The region has the biggest opportunity for improvement in the area of **Getting Electricity**.
- **Kazakhstan** advanced to the 28th rank. **The Russian Federation** advanced to the 31st rank.

Number of reforms and top improvers in ECA



How did economies in Europe and Central Asia perform on the ease of doing business in 2017/18?

Rank	Economy	Score		Rank	Economy	Score	
6	Georgia	83.28	↑	52	Romania	72.30	↓
10	Macedonia, FYR	81.55	↑	57	Cyprus	71.71	↑
★ 25	Azerbaijan	78.64	↑	58	Croatia	71.40	↑
28	Kazakhstan	77.89	↑	59	Bulgaria	71.24	↑
31	Russian Federation	77.37	↑	63	Albania	69.51	↑
37	Belarus	75.77	↑	70	Kyrgyz Republic	68.33	↑
41	Armenia	75.37	↑	71	Ukraine	68.25	↑
★ 43	Turkey	74.33	↑	76	Uzbekistan	67.40	↑
44	Kosovo	74.15	↑	88	San Marino	64.74	↑
47	Moldova	73.54	↑	89	Bosnia and Herzegovina	63.82	↑
48	Serbia	73.49	↑	126	Tajikistan	57.11	↑
50	Montenegro	72.73	↑				

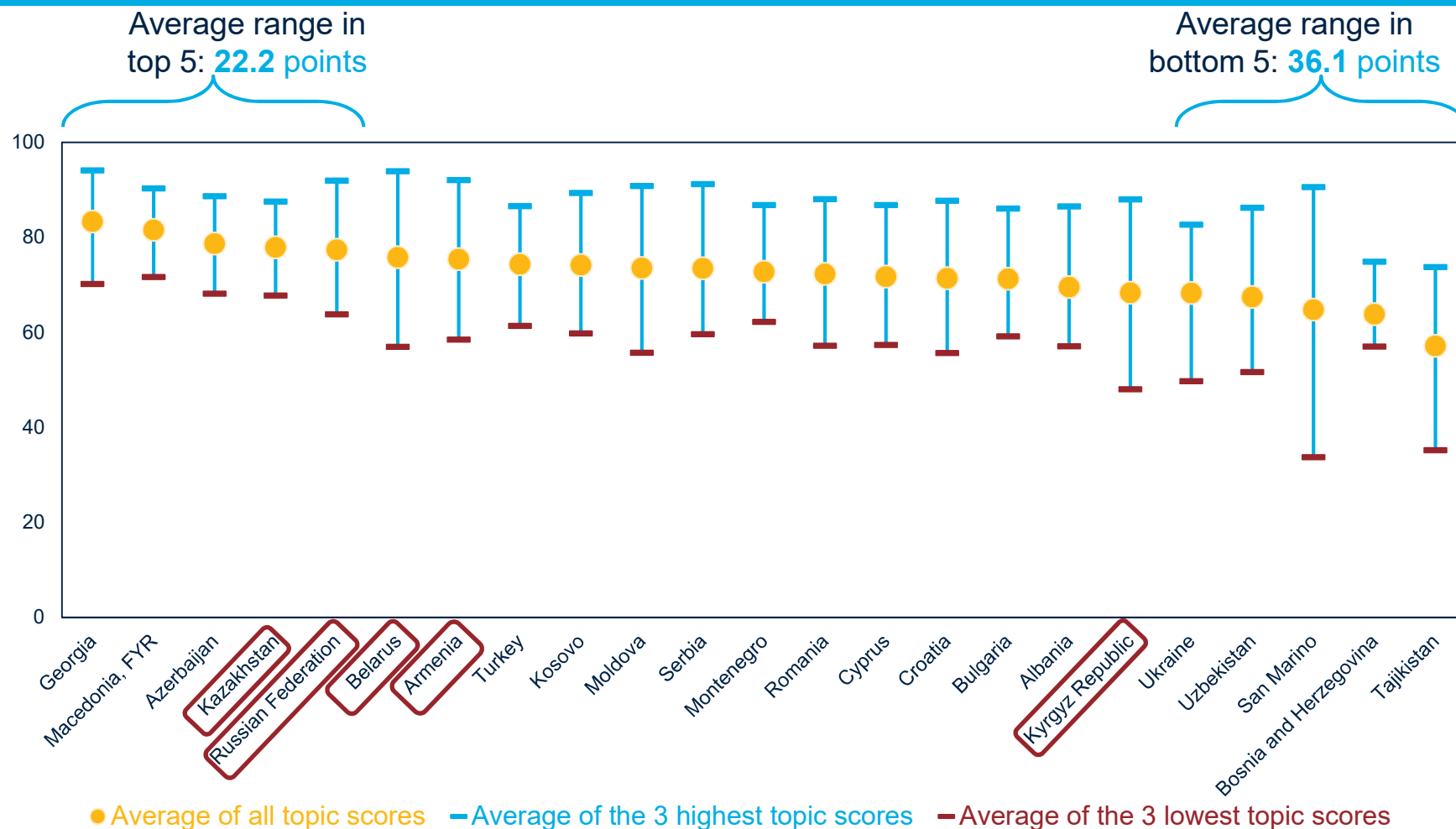
Top 50 performers on the ease of doing business in 2017/18

Rank	Economy	Score		Rank	Economy	Score	
1	New Zealand	86.59		26	Austria	78.57	↑
2	Singapore	85.24	↑	27	Thailand	78.45	↑
3	Denmark	84.64	↑	28	Kazakhstan	77.89	↑
4	Hong Kong SAR, China	84.22	↑	★ 29	Rwanda	77.88	↑
5	Korea, Rep.	84.14	↓	30	Spain	77.68	↑
6	Georgia	83.28	↑	31	Russian Federation	77.37	↑
7	Norway	82.95	↑	32	France	77.29	↑
8	United States	82.75	↓	33	Poland	76.95	↓
9	United Kingdom	82.65	↑	34	Portugal	76.55	↓
10	Macedonia, FYR	81.55	↑	35	Czech Republic	76.10	↑
11	United Arab Emirates	81.28	↑	36	Netherlands	76.04	↑
12	Sweden	81.27		37	Belarus	75.77	↑
13	Taiwan, China	80.90	↑	38	Switzerland	75.69	↑
14	Lithuania	80.83	↑	39	Japan	75.65	↑
15	Malaysia	80.60	↑	40	Slovenia	75.61	↑
16	Estonia	80.50	↑	41	Armenia	75.37	↑
17	Finland	80.35	↑	42	Slovak Republic	75.17	↑
18	Australia	80.13	↓	★ 43	Turkey	74.33	↑
19	Latvia	79.59	↑	44	Kosovo	74.15	↑
20	Mauritius	79.58	↑	45	Belgium	73.95	↑
21	Iceland	79.35	↑	★ 46	China	73.64	↑
22	Canada	79.26	↑	47	Moldova	73.54	↑
23	Ireland	78.91	↓	48	Serbia	73.49	↑
24	Germany	78.90		49	Israel	73.23	↑
★ 25	Azerbaijan	78.64	↑	50	Montenegro	72.73	↑

★ One of the top 10 improvers

Source: *Doing Business 2019*.

An economy's regulatory environment may be more business-friendly in some areas than in others



Source: Doing Business database.

Note: The scores reflected are those for the 10 Doing Business topics included in this year's ease of doing business score.

Top10 economies that improved the most across 3 or more areas measured by *Doing Business* in 2017/18

The 10 economies improving the most across three or more areas measured by <i>Doing Business</i> in 2017/18												
Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Afghanistan	167	+10.64	✓				✓	✓	✓			✓
Djibouti	99	+8.87	✓			✓	✓	✓			✓	✓
China	46	+8.64	✓	✓	✓	✓		✓	✓	✓		
Azerbaijan	25	+7.10		✓	✓	✓	✓	✓	✓	✓		✓
India	77	+6.63	✓	✓	✓		✓		✓	✓		
Togo	137	+6.32	✓	✓	✓	✓			✓		✓	
Kenya	61	+5.25				✓	✓	✓	✓			✓
Côte d'Ivoire	122	+4.94	✓	✓			✓		✓		✓	
Turkey	43	+4.34	✓	✓			✓		✓	✓	✓	✓
Rwanda	29	+4.15	✓		✓	✓	✓			✓	✓	✓

Source: *Doing Business* database.

Note: Economies are selected on the basis of the number of reforms and ranked on how much their ease of doing business score improved. First, *Doing Business* selects the economies that implemented reforms making it easier to do business in three or more of the 10 areas included in this year's aggregate ease of doing business score. Regulatory changes making it more difficult to do business are subtracted from the number of those making it easier. Second, *Doing Business* ranks these economies on the increase in their ease of doing business score from the previous year. The improvement in their score is calculated not by using the data published in 2017 but by using comparable data that capture data revisions and methodology changes. The choice of the most improved economies is determined by the largest improvements in the ease of doing business score among those with at least three reforms.

Who in Europe and Central Asia reformed in areas measured by *Doing Business* in 2017/18?



Europe and Central Asia has made the biggest improvement in business regulation over time

Average improvement in the ease of doing business score

25

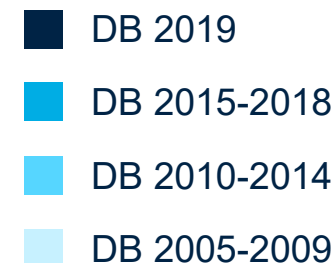
20

15

10

5

0



Average global improvement since 2003/04: 14.3

Europe &
Central Asia

Sub-Saharan
Africa

Middle East &
North Africa

East Asia &
Pacific

South Asia

Latin America &
Caribbean

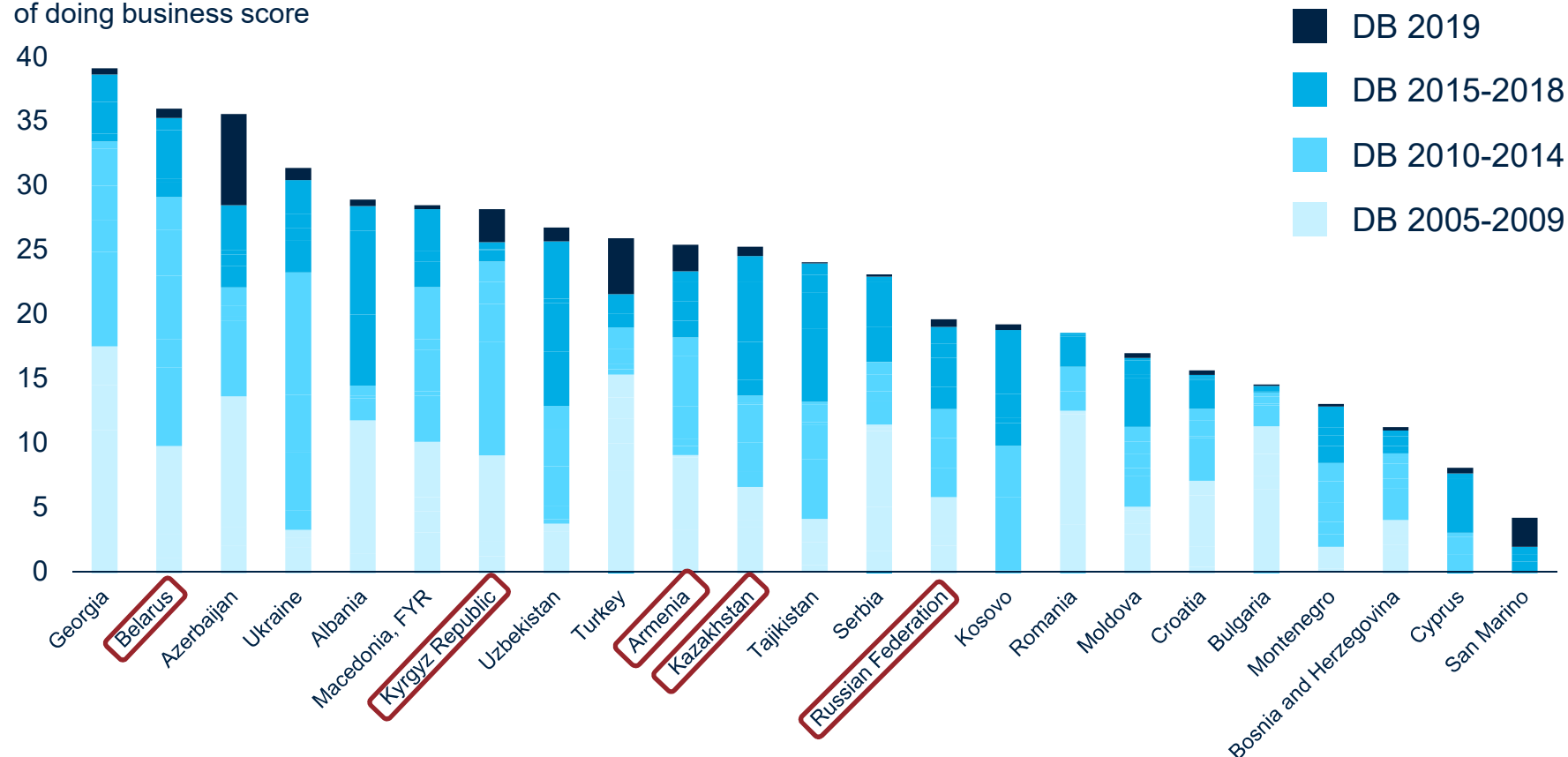
OECD high-
income

Source: *Doing Business* database.

Note: The measure is normalized to range from 0 to 100, with 100 representing the best regulatory performance. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

Belarus is one of the economies that improved the most in business regulation over the years in Europe and Central Asia

Average improvement in the ease of doing business score



Source: Doing Business database.

Note: The measure is normalized to range from 0 to 100, with 100 representing the best regulatory performance. Because of changes over the years in methodology and in the economies and indicators included, the improvements are measured year on year using pairs of consecutive years with comparable data.

Since 2004, reforms **reduced the time** of doing business in **Europe and Central Asia**

Starting a Business



Tajikistan

2006: **79** days

2019: **11** days

Registering Property

Kazakhstan

2005: **52** days

2019: **3.5** days



Dealing with Construction Permits



Kyrgyz Republic

2006: **374** days

2019: **142** days

Resolving Insolvency

Uzbekistan

2004: **4** years

2019: **2** years



Source: *Doing Business 2019*

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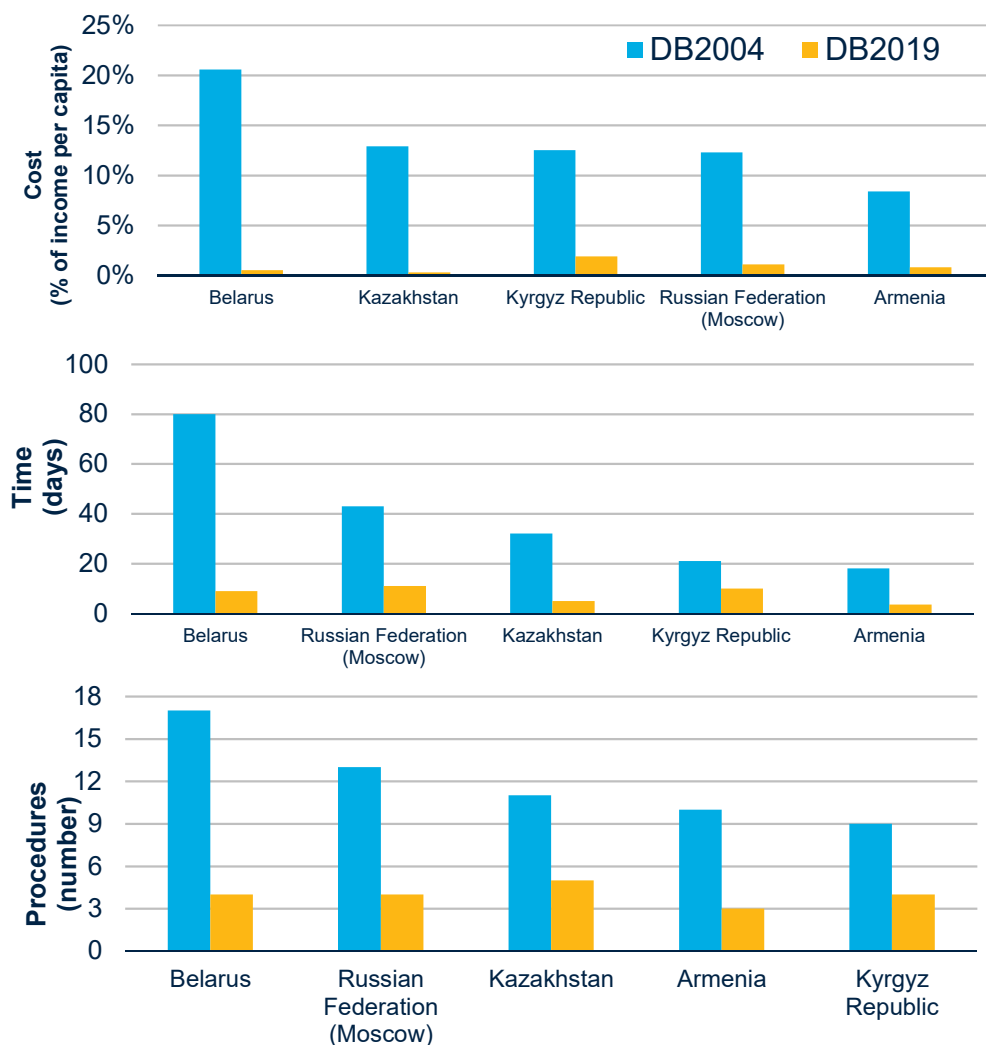


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EAEU economies made the process of starting a business easier between *Doing Business 2004* and *Doing Business 2019*



Doing Business 2019:

- **Armenia** allowed voluntary value added tax registration at the time of business incorporation.
- **Belarus** abolished the requirement to register the book of Registry of Inspections, and allowed its purchase within six months of incorporation
- **Kazakhstan** reduced the time required for value added tax registration.

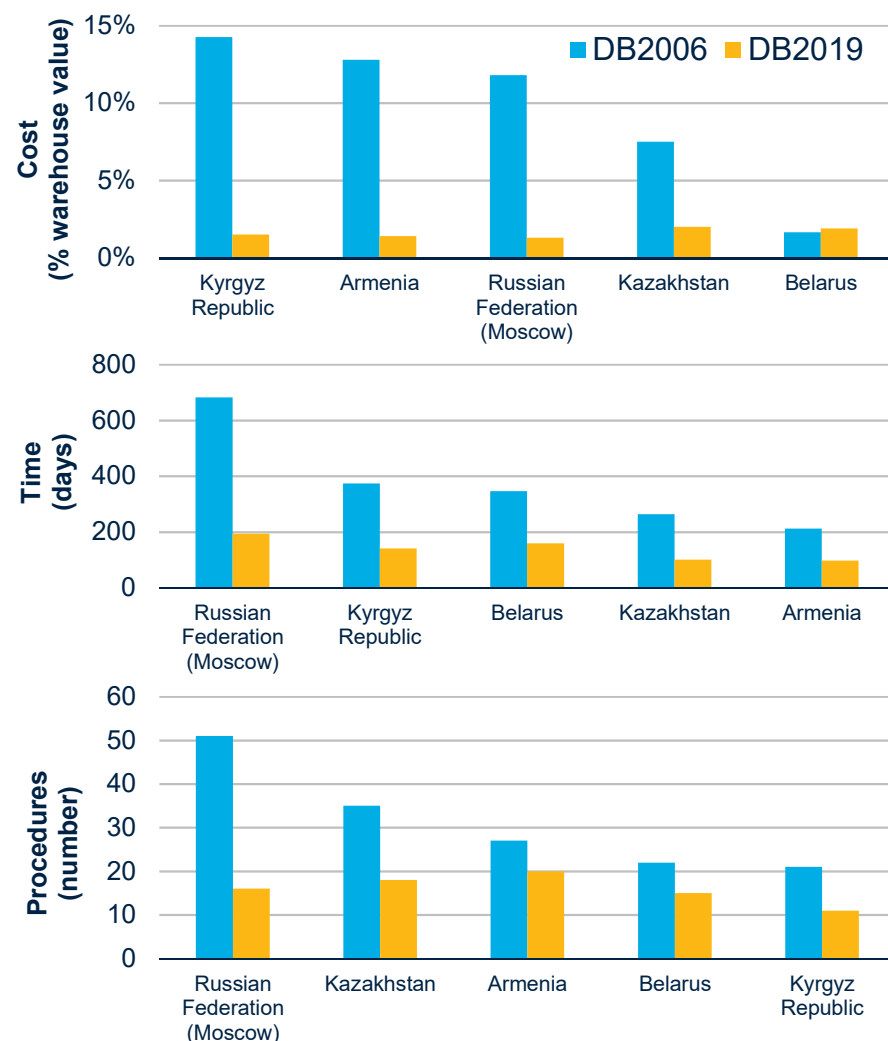
Doing Business 2017:

- **Kazakhstan** abolished the requirement to notarize company documents and founders' signatures.

Doing Business 2016:

- **Belarus** expanded the geographic coverage of online registration and improved online services.
- **Kazakhstan** eliminated registration fees, shortened registration times and eliminated the legal requirement to use a company seal.
- **The Russian Federation** reduced the number of days required to open a corporate bank account in Moscow.

EAEU economies made the process of dealing with construction permits easier between *Doing Business 2006* and *Doing Business 2019*



Doing Business 2019:

- **Belarus** streamlined the process at the one-stop shop
- **The Russian Federation** reduced the time needed to obtain construction and occupancy permits, and increased quality control during construction by introducing risk-based inspections. Reform applies to Moscow and St. Petersburg.

Doing Business 2017:

- **The Russian Federation** removed the requirement to obtain permission to fence the construction site in Saint Petersburg.
- **Kazakhstan** introduced a single window.

Doing Business 2016:

- **Armenia** exempted lower-risk projects from obtaining approval of architectural drawings by an independent expert.
- **Kazakhstan** eliminated the requirement to obtain a topographic survey of the land plot.

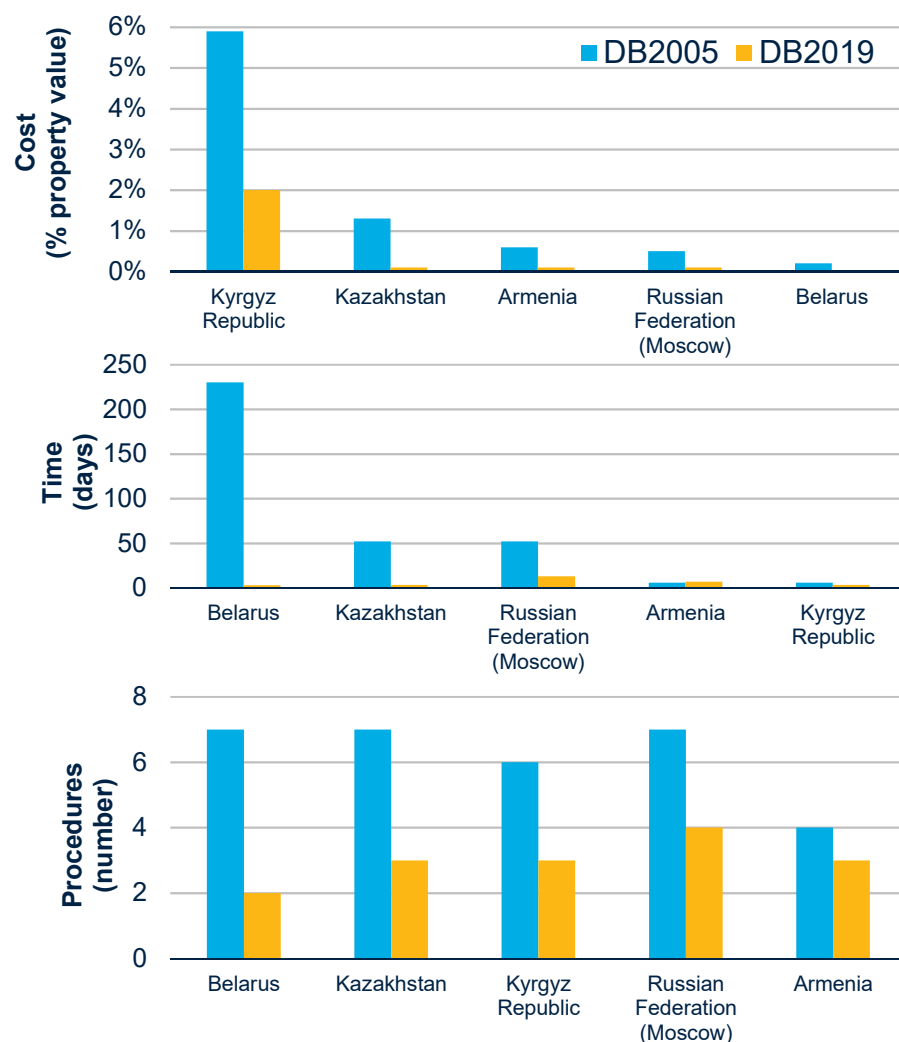
Doing Business 2014:

- **The Russian Federation** eliminated several requirements for project approvals from government agencies.

Doing Business 2012:

- **Armenia** eliminated the requirement to obtain an environmental impact assessment for small projects.

EAEU economies made the process of registering property easier between *Doing Business 2005* and *Doing Business 2019*



Doing Business 2018:

- **Armenia** improved the land dispute resolution mechanisms of the land administration system.
- **Kazakhstan** improved transparency and the land administration system's dispute resolution mechanisms.
- **The Russian Federation** made it easier to transfer property by decreasing the time necessary to apply for state registration of title transfer in Moscow and St. Petersburg.

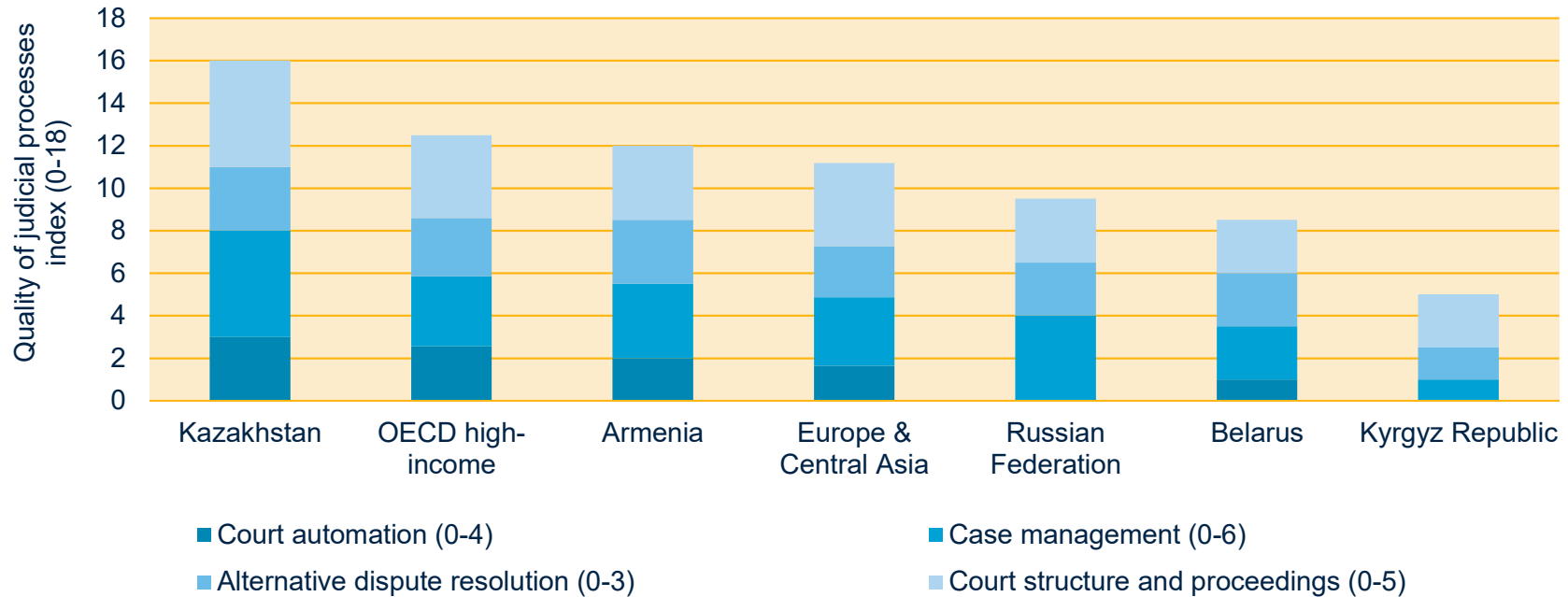
Doing Business 2017:

- **Belarus** improved the transparency and reliability of the land administration system.

Doing Business 2016:

- **Belarus** introduced a new expedited procedure.
- **Kazakhstan** eliminated the requirements to obtain a technical passport for the property transfer and to have the seller's and buyer's incorporation documents notarized.
- The **Kyrgyz Republic** introduced an online procedure for obtaining the non-encumbrance certificates.
- **The Russian Federation** reduced the time required for property registration in both Moscow and St. Petersburg.

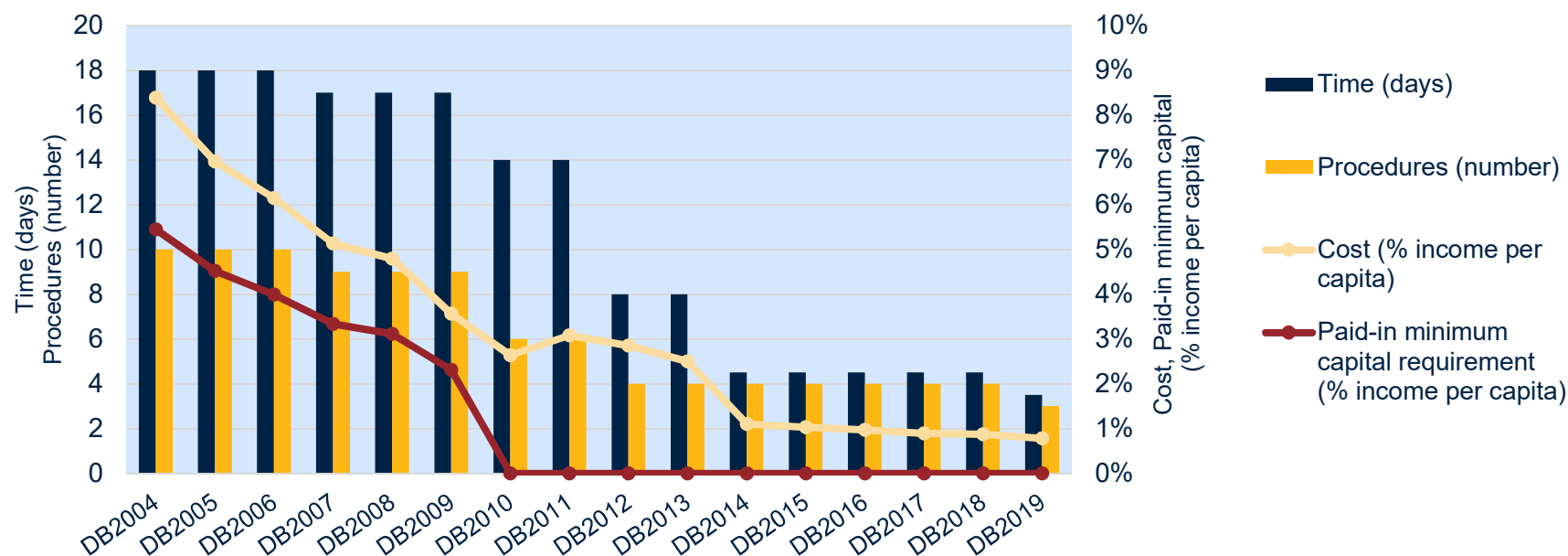
Armenia, Belarus, Kazakhstan and the Russian Federation rank in the **top 30 economies** on the ease of **enforcing contracts** in 2017/18



What makes enforcing contracts better in EAEU economies?

- ✓ Specialized commercial courts
- ✓ Small claims court / dedicated procedure
- ✓ Modern civil procedure rules
- ✓ Electronic filing

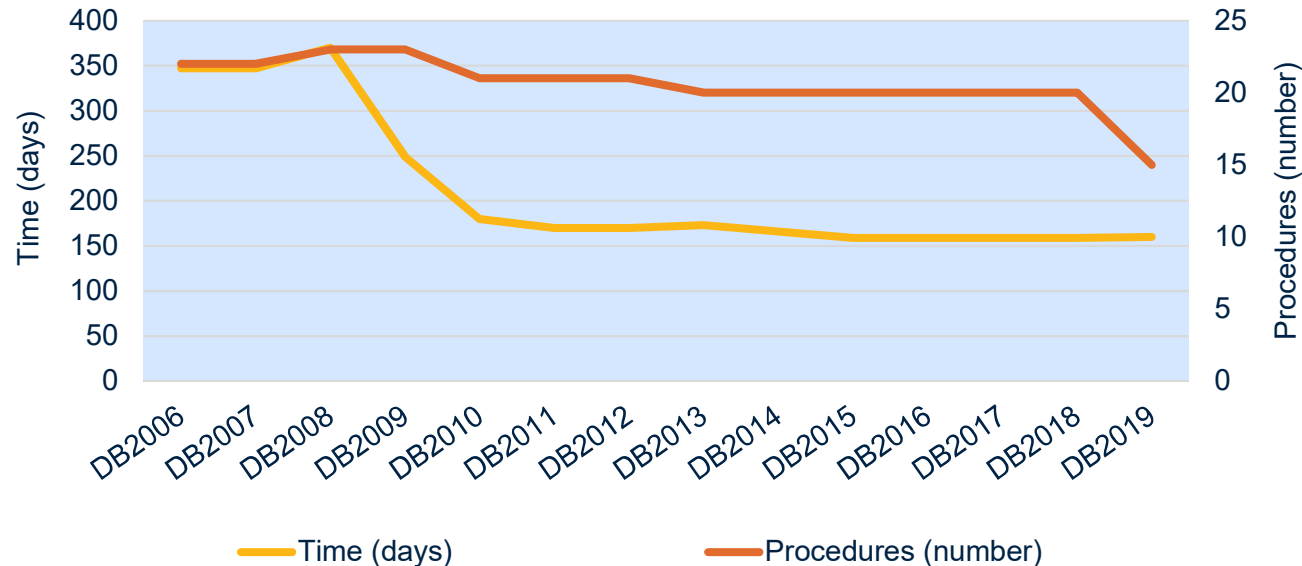
Armenia reduced the cost and the time of starting a business between *Doing Business 2004* and *Doing Business 2019*



How did Armenia make the process of starting a business easier?

- ✓ **Doing Business 2019:** Armenia allowed **voluntary VAT registration** at the time of business incorporation.
- ✓ **Doing Business 2015:** Armenia streamlined **post-registration** procedures.
- ✓ **Doing Business 2014:** Armenia eliminated the company **registration fees**.
- ✓ **Doing Business 2012:** Armenia established an **online one-stop shop** that merged the procedures for name reservation, business registration and obtaining a tax identification number.

Belarus made dealing with construction permits easier between *Doing Business 2006* and *Doing Business 2019*

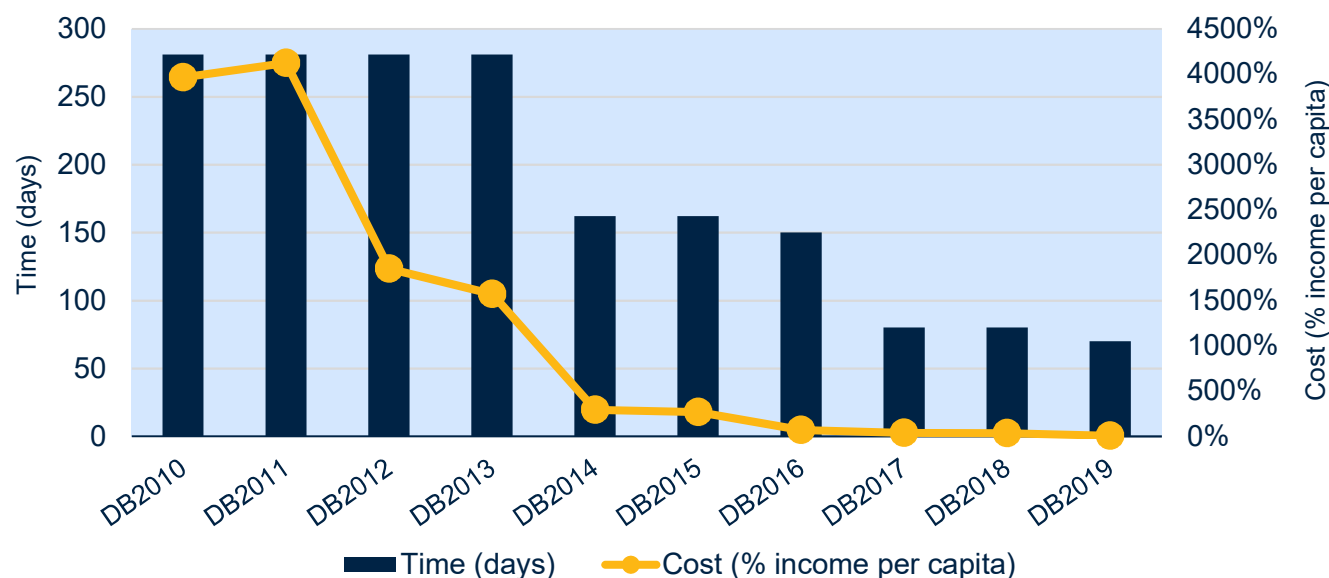


How did Belarus make dealing with construction permits easier?

- ✓ **Doing Business 2019:** Belarus **streamlined** the process of obtaining a construction permit at the one-stop shop.
- ✓ **Doing Business 2010:** Belarus **simplified** the environmental and project design approval processes.
- ✓ **Doing Business 2009:** Belarus revised the **statutory time limits** for issuance of preapproval clearances and building permits and eliminated the building permit fees.

Source: *Doing Business* database

The Russian Federation reduced the cost and the time of getting electricity between *Doing Business 2010* and *Doing Business 2019*



Source: *Doing Business* database
Note: the figure shows data for Moscow.

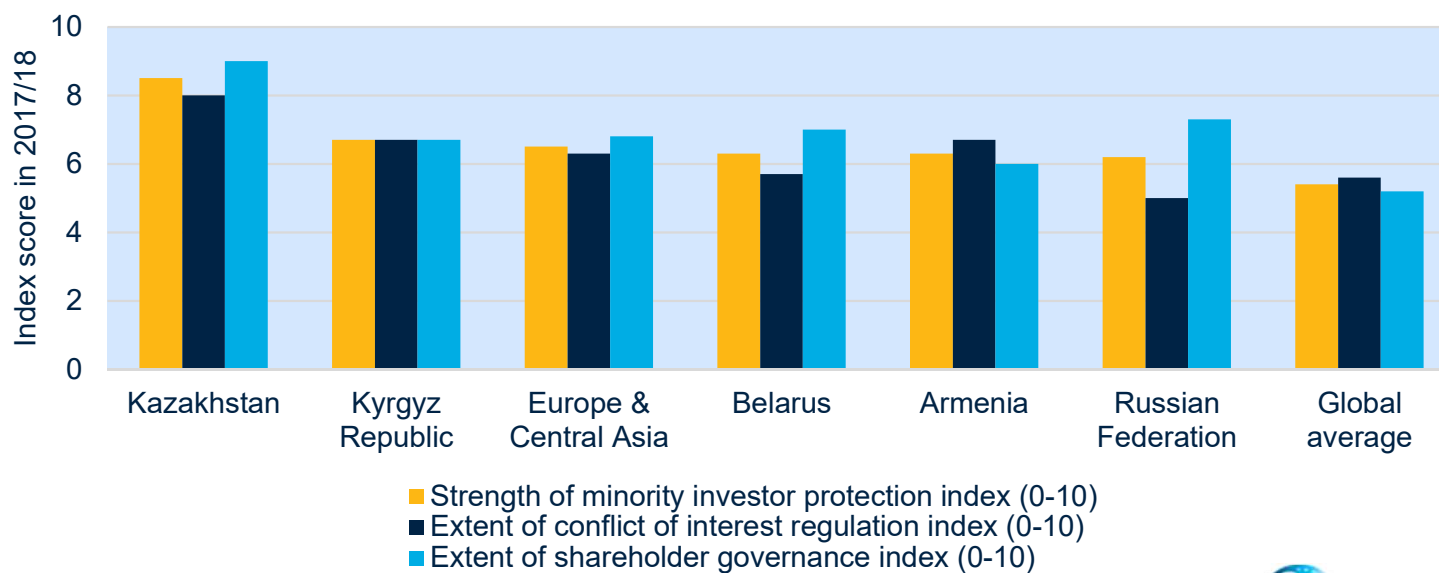
How did the Russian Federation make the process of getting electricity easier?

- ✓ **Doing Business 2019:** Imposed **new deadlines** for connection procedures, upgraded the utility's single window and internal processes, and reduced the costs to obtain a connection to the electric network.
- ✓ **Doing Business 2016:** Eliminated a **meter inspection** by electricity providers and revised connection tariffs.
- ✓ **Doing Business 2014:** Set **standard connection tariffs** and eliminated many procedures previously required.
- ✓ **Doing Business 2012:** Made getting electricity **less costly** by revising the tariffs for connection.

Kazakhstan ranks 1st overall on the ease of protecting minority investors in *Doing Business 2019*

How did Kazakhstan strengthen minority investor protection?

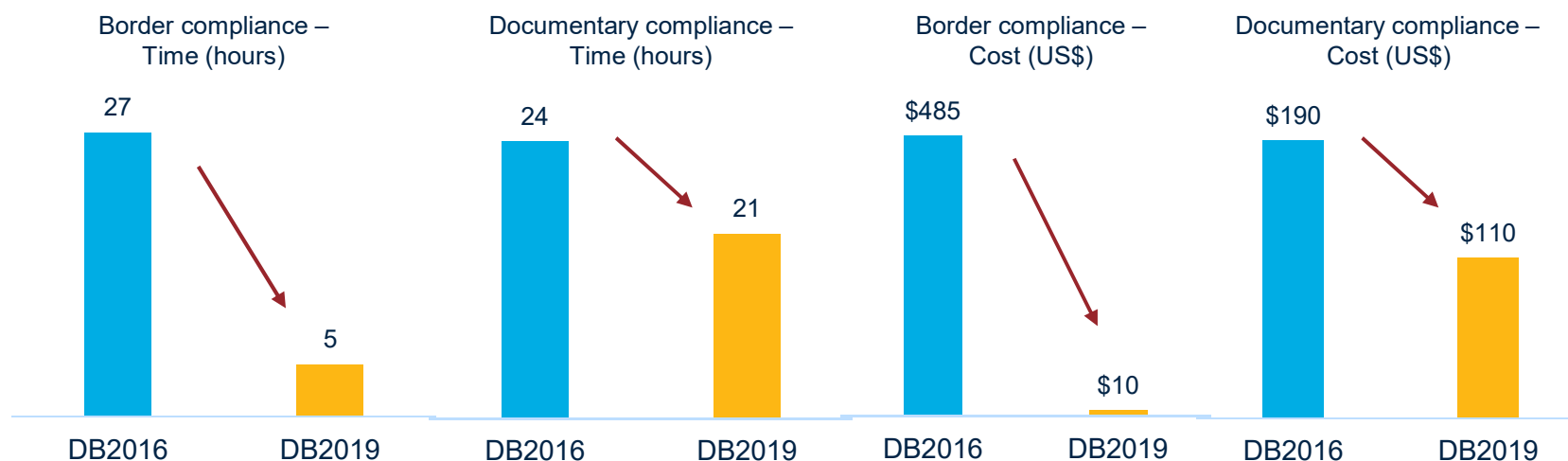
- ✓ **Doing Business 2018:** Required **greater corporate transparency** and allowed greater access to corporate information during trial.
- ✓ **Doing Business 2017:** Increased **shareholder rights and role** into major corporate decisions and clarified ownership and control structures.
- ✓ **Doing Business 2016:** Passed **new provisions** requiring both immediate disclosure of related-party transactions and detailed disclosure in annual financial statements as well as requiring disclosure of board members' other directorships and primary employment.
- ✓ **Doing Business 2012:** Regulated the **approval of transactions** between interested parties and made it easier to sue directors in cases of prejudicial transactions between interested parties.



The Kyrgyz Republic streamlined the process of trading across borders by joining the Eurasian Economic Union

- ✓ The Kyrgyz Republic joined the **Eurasian Economic Union** on August 6, 2015.
- ✓ After accession, the Kyrgyz Republic adopted uniform custom tariffs, regulations and documentary requirements with other EAEU member states.
- ✓ Since the Russian Federation is Kyrgyz Republic's largest export partner, the time and cost of document preparation, customs clearance and inspections as measured by *Doing Business* have all decreased.
- ✓ Previously mandatory documents, such as the export customs declaration, are no longer in use, and customs clearance control for exports to EAEU countries has been fully repealed.

Exporting in the Kyrgyz Republic



Source: *Doing Business* database

THANK YOU!

www.doingbusiness.org

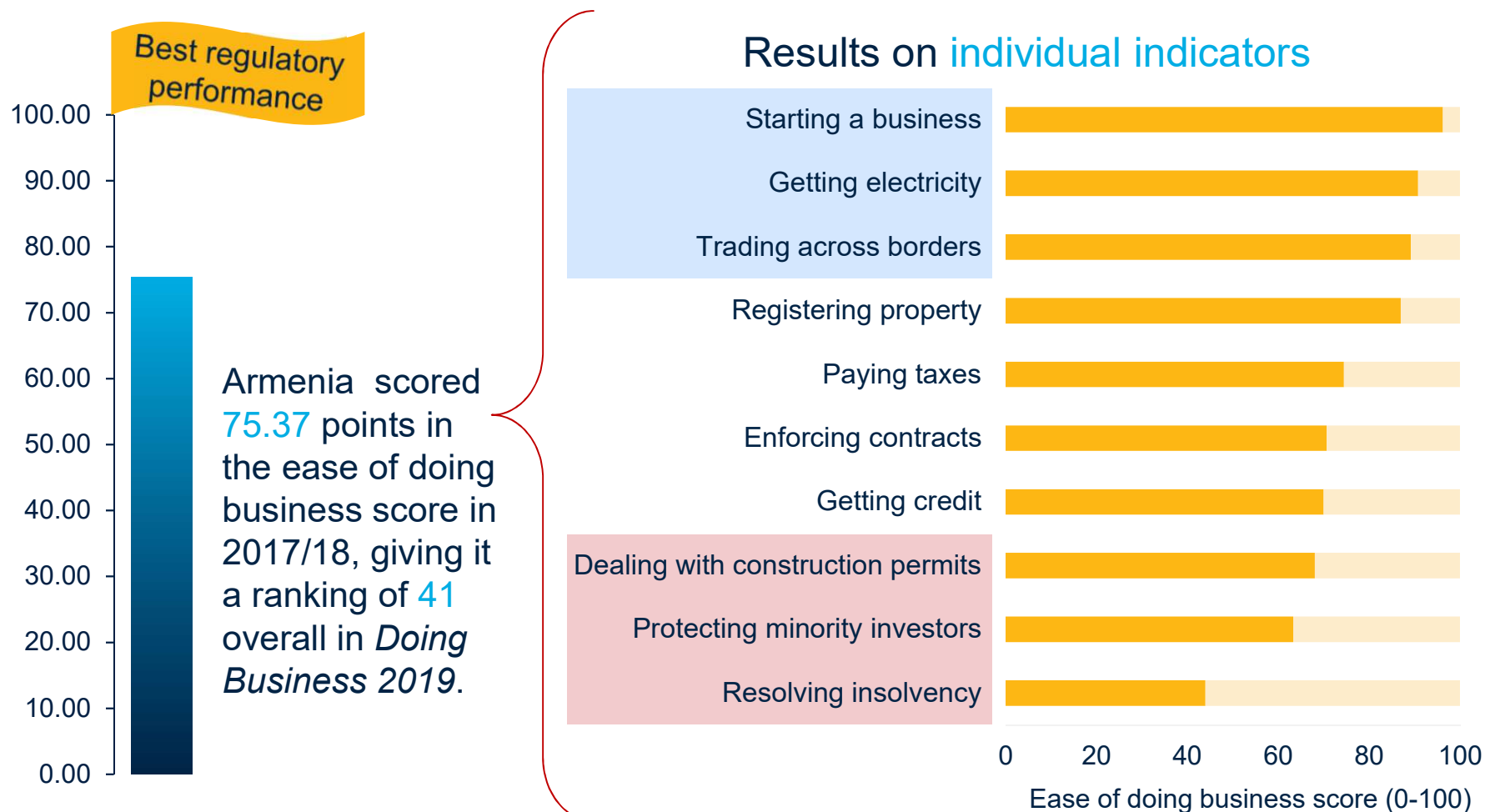


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Doing Business

Doing Business in Armenia – ease of doing business score

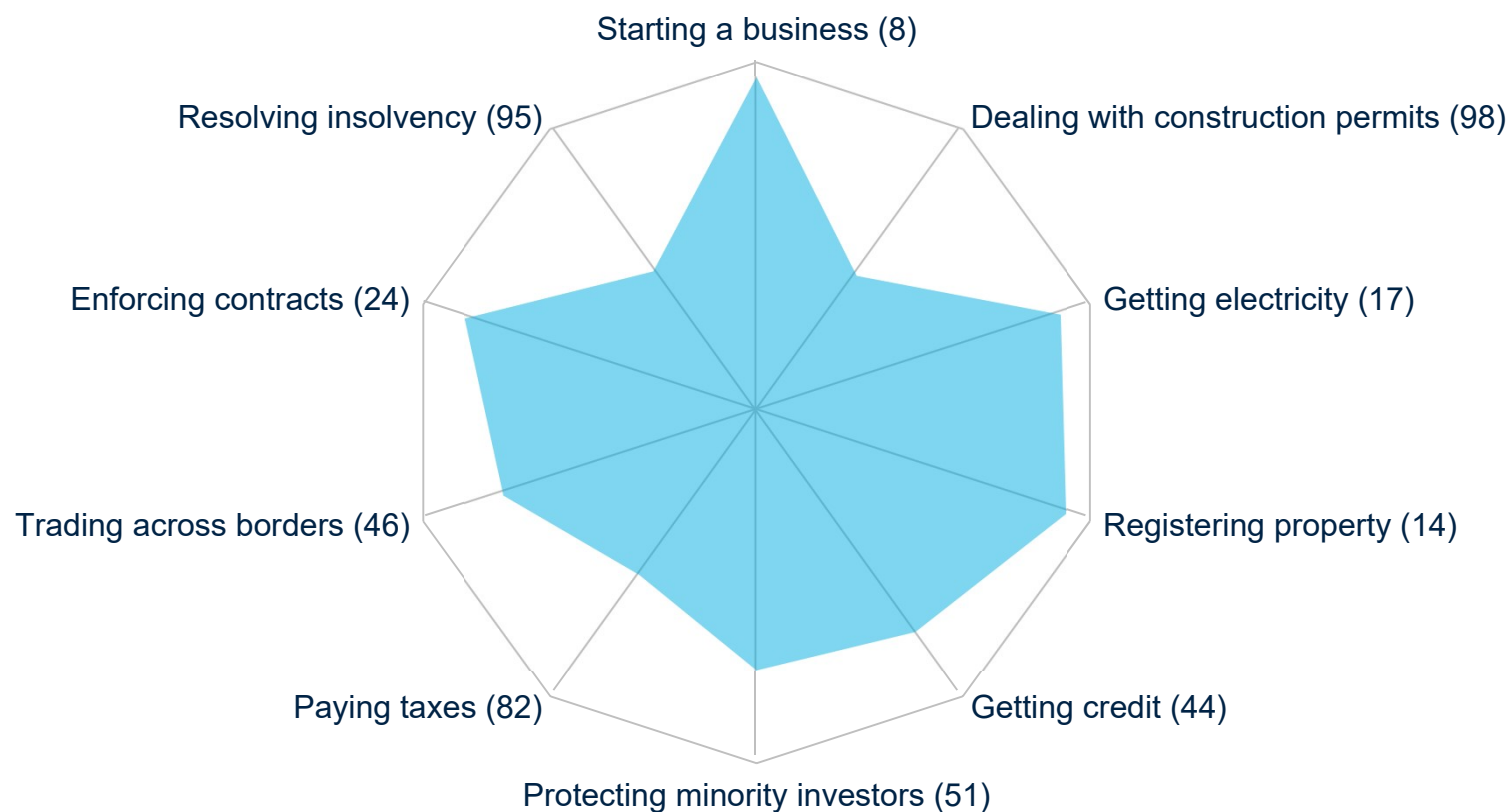


Source: *Doing Business 2019*

Doing Business in Armenia – ranking

Rankings on *Doing Business* topics – Armenia

(Scale: Rank 190 center, Rank 1 outer edge)

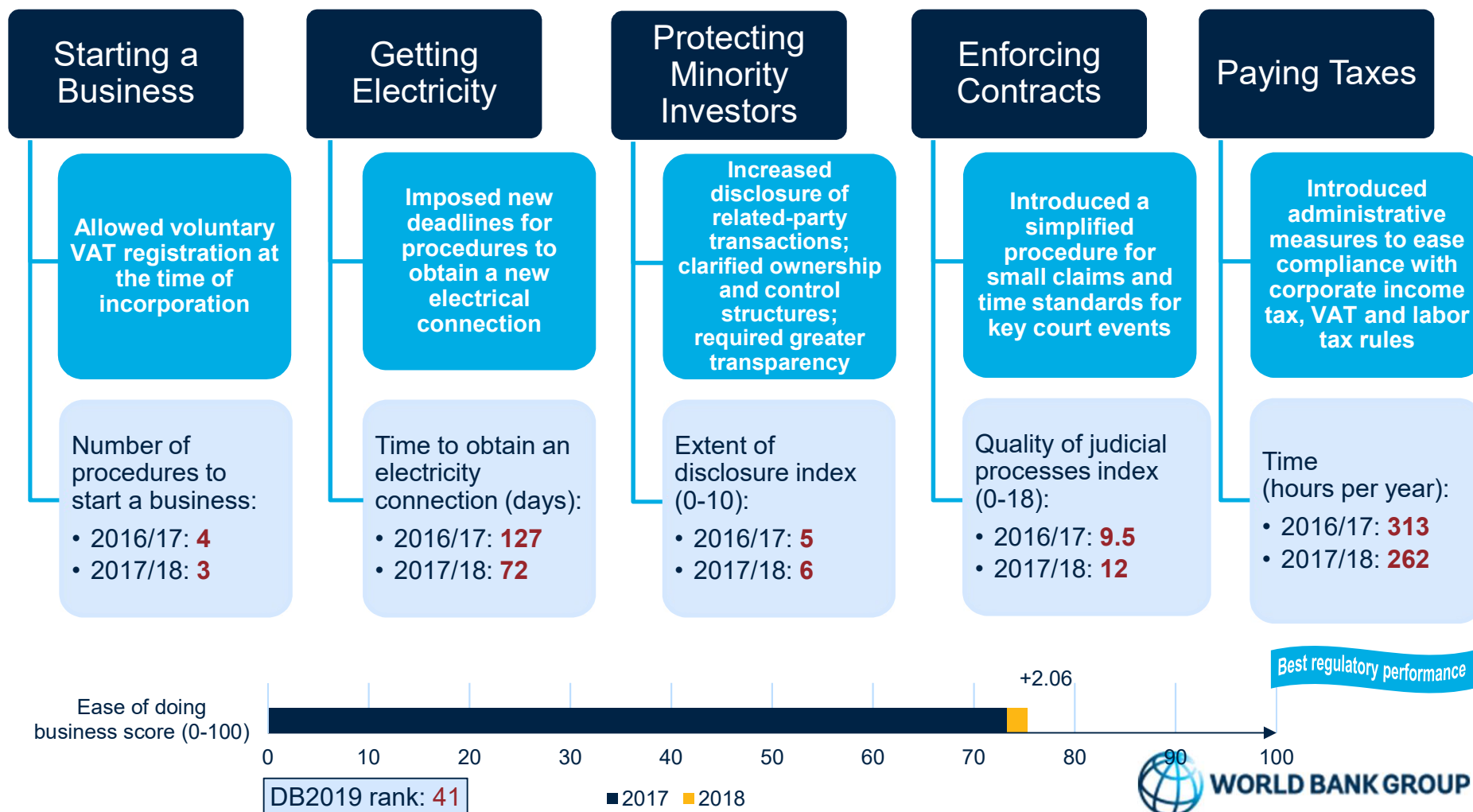


Source: *Doing Business* 2019

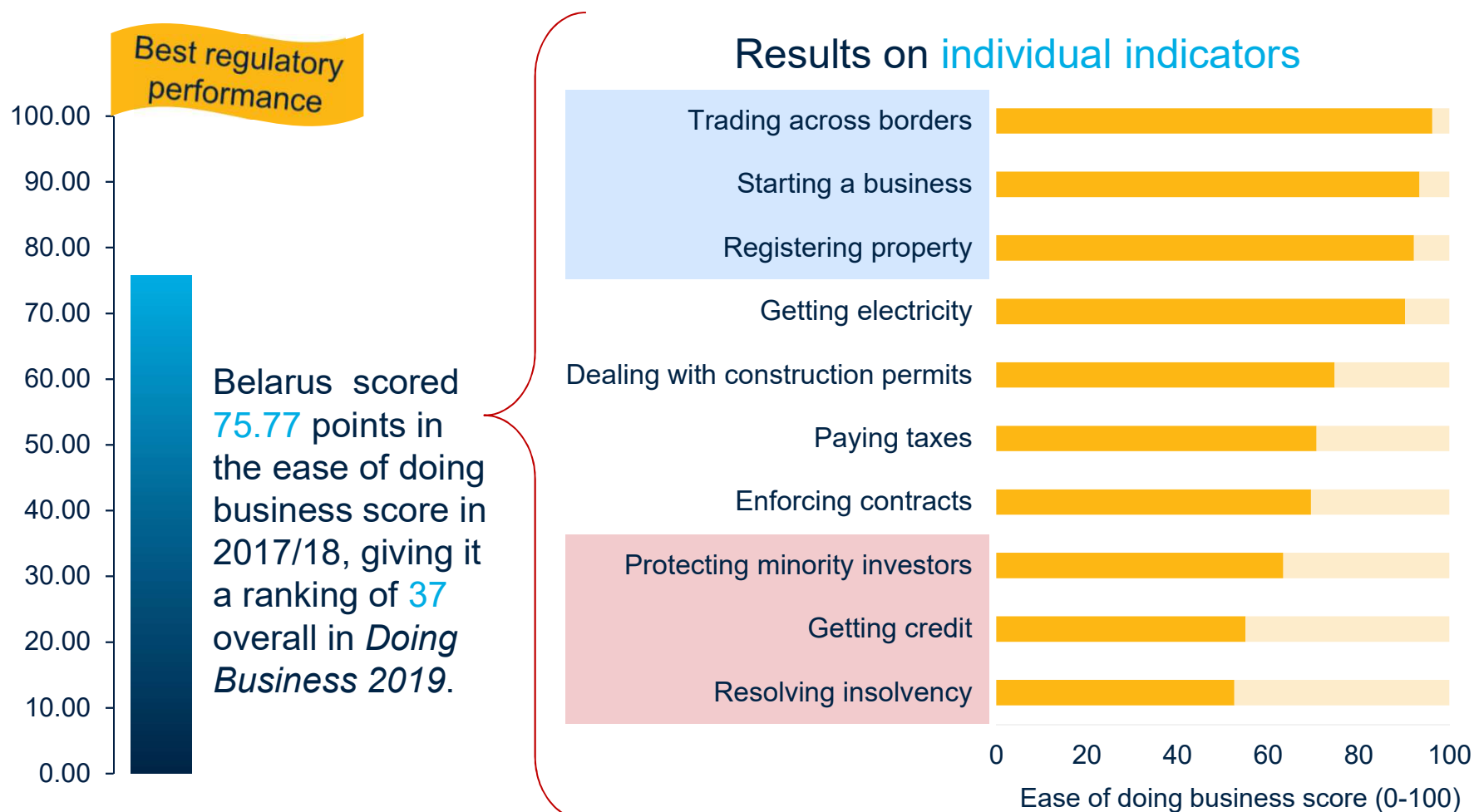
Armenia reformed 5 areas measured by *Doing Business* in 2017/18



What did Armenia do to improve its business environment in 2017/18?



Doing Business in Belarus – ease of doing business score

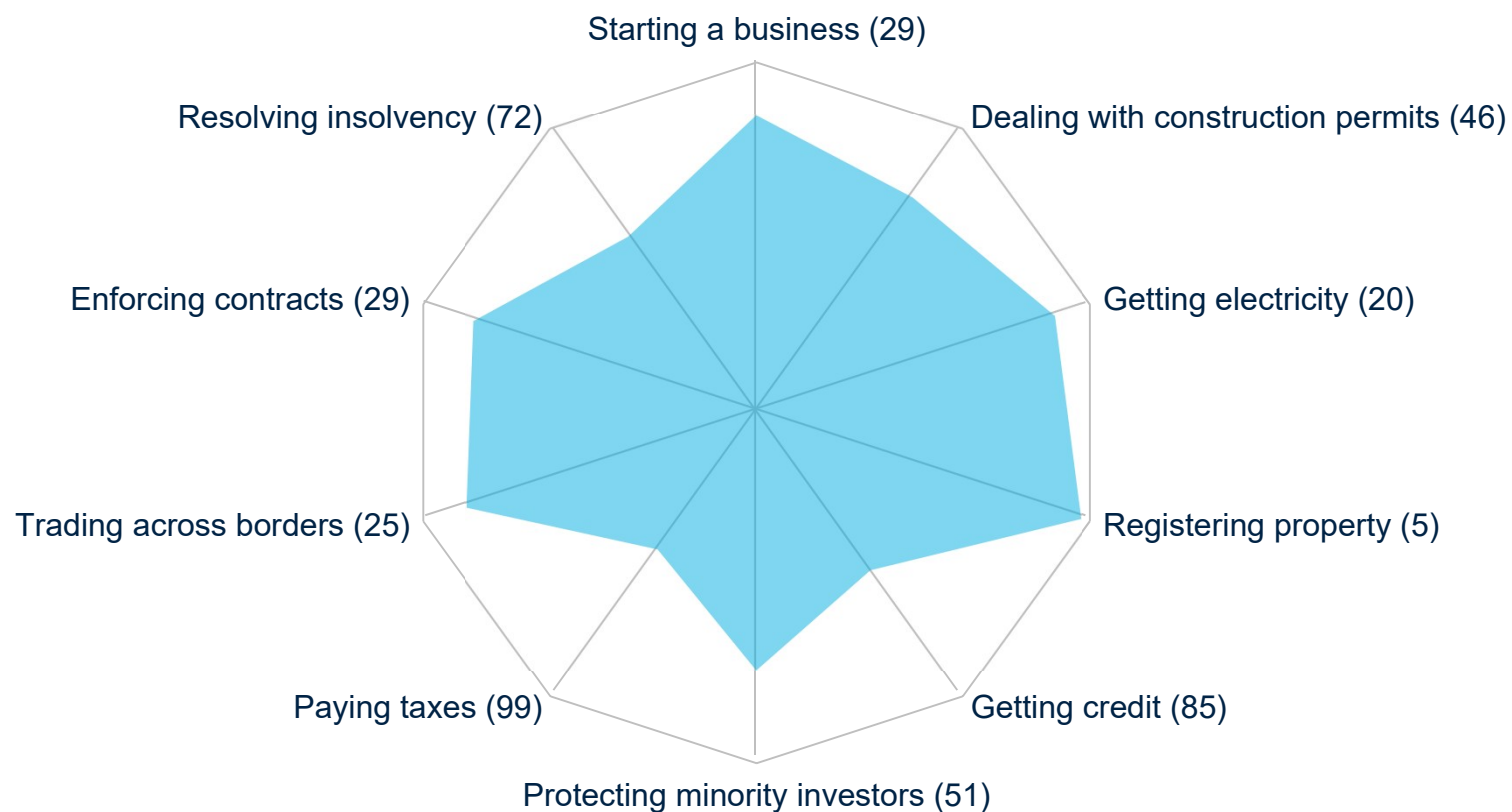


Source: *Doing Business 2019*

Doing Business in Belarus – ranking

Rankings on *Doing Business* topics – Belarus

(Scale: Rank 190 center, Rank 1 outer edge)

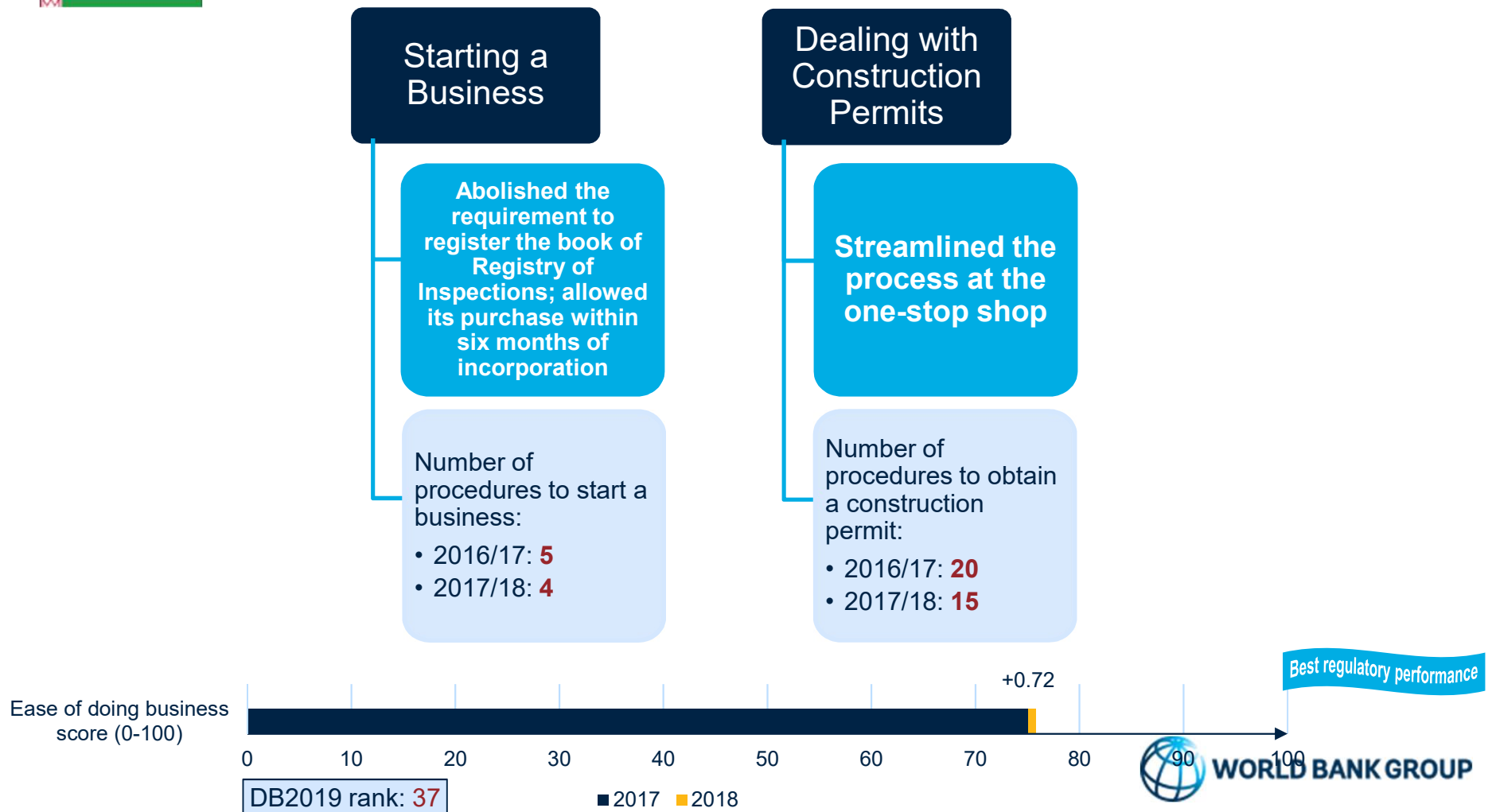


Source: *Doing Business* 2019

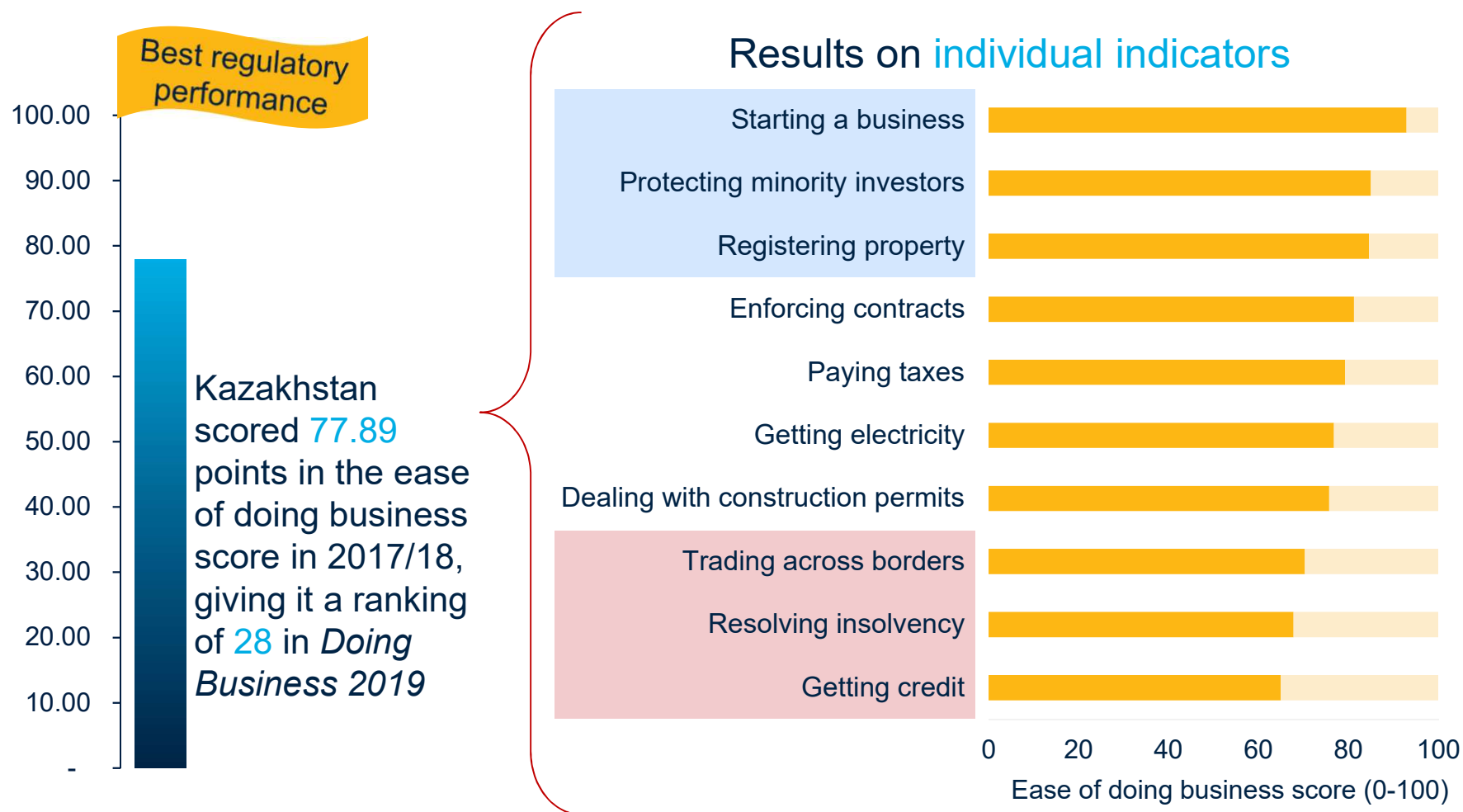
Belarus reformed 2 areas measured by *Doing Business* in 2017/18



What did **Belarus** do to improve its business environment in 2017/18?



Doing Business in Kazakhstan – ease of doing business score

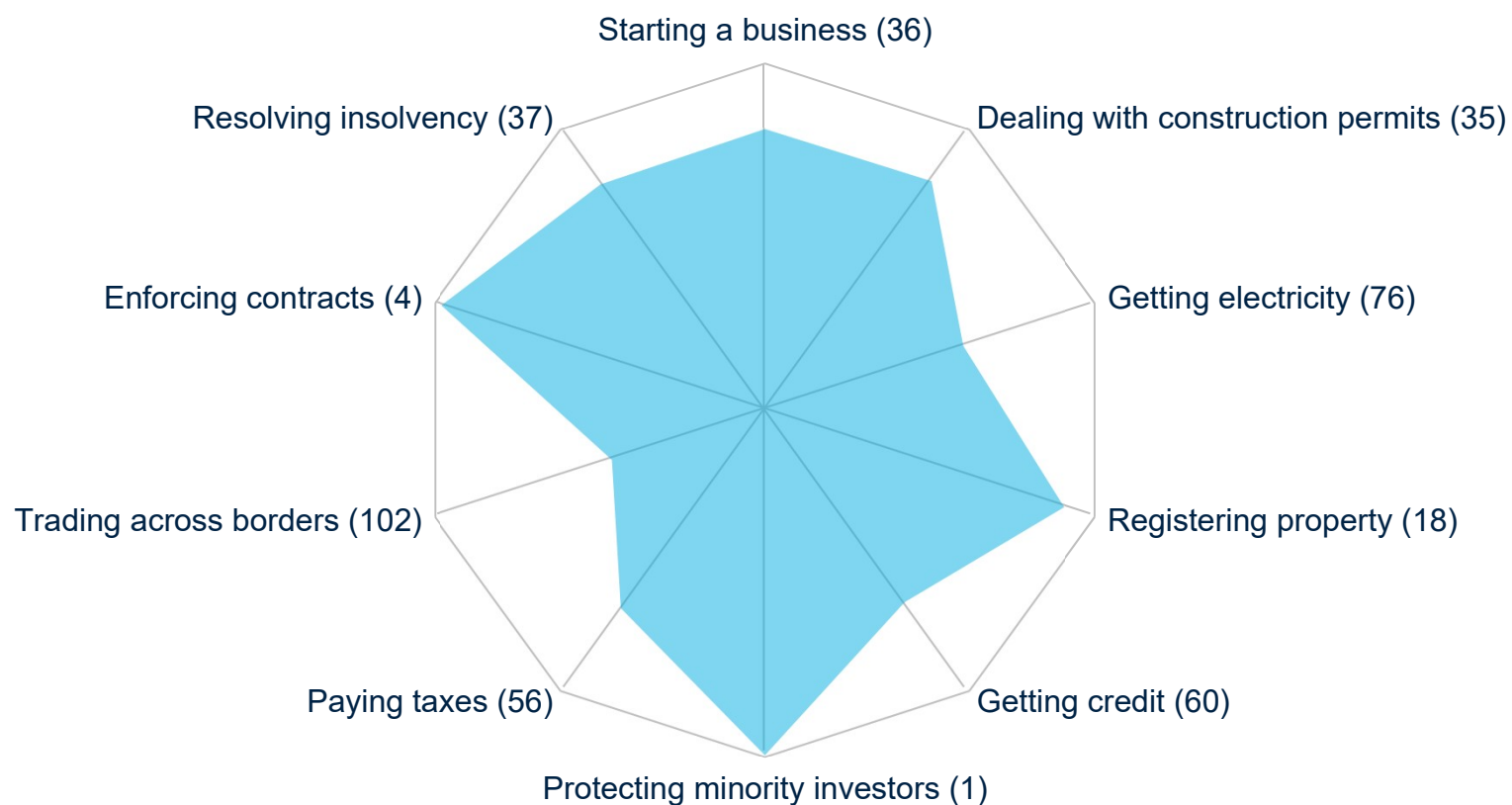


Source: Doing Business 2019

Doing Business in Kazakhstan – ranking

Rankings on *Doing Business* topics – Kazakhstan

(Scale: Rank 190 center, Rank 1 outer edge)

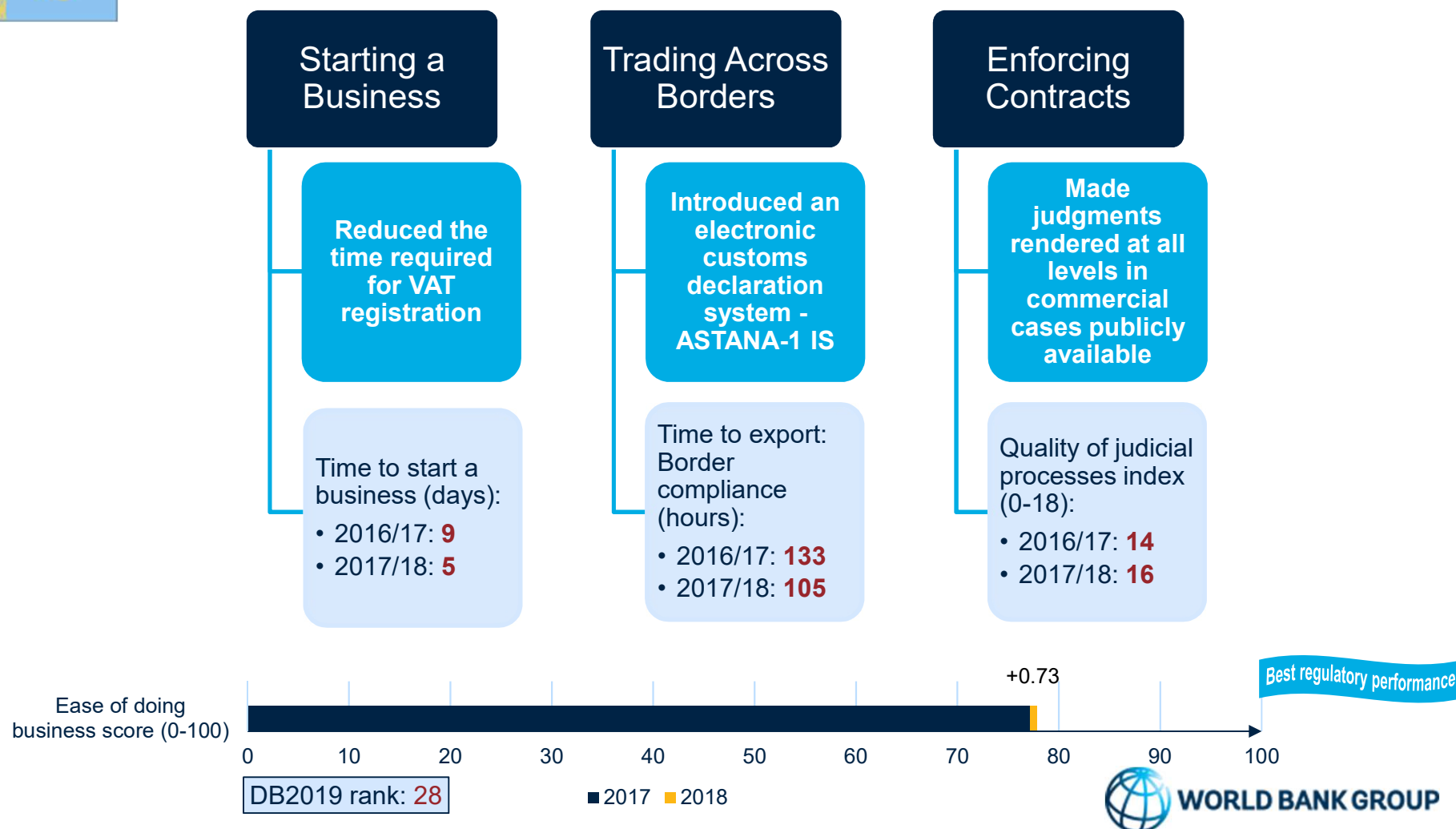


Source: *Doing Business* 2019

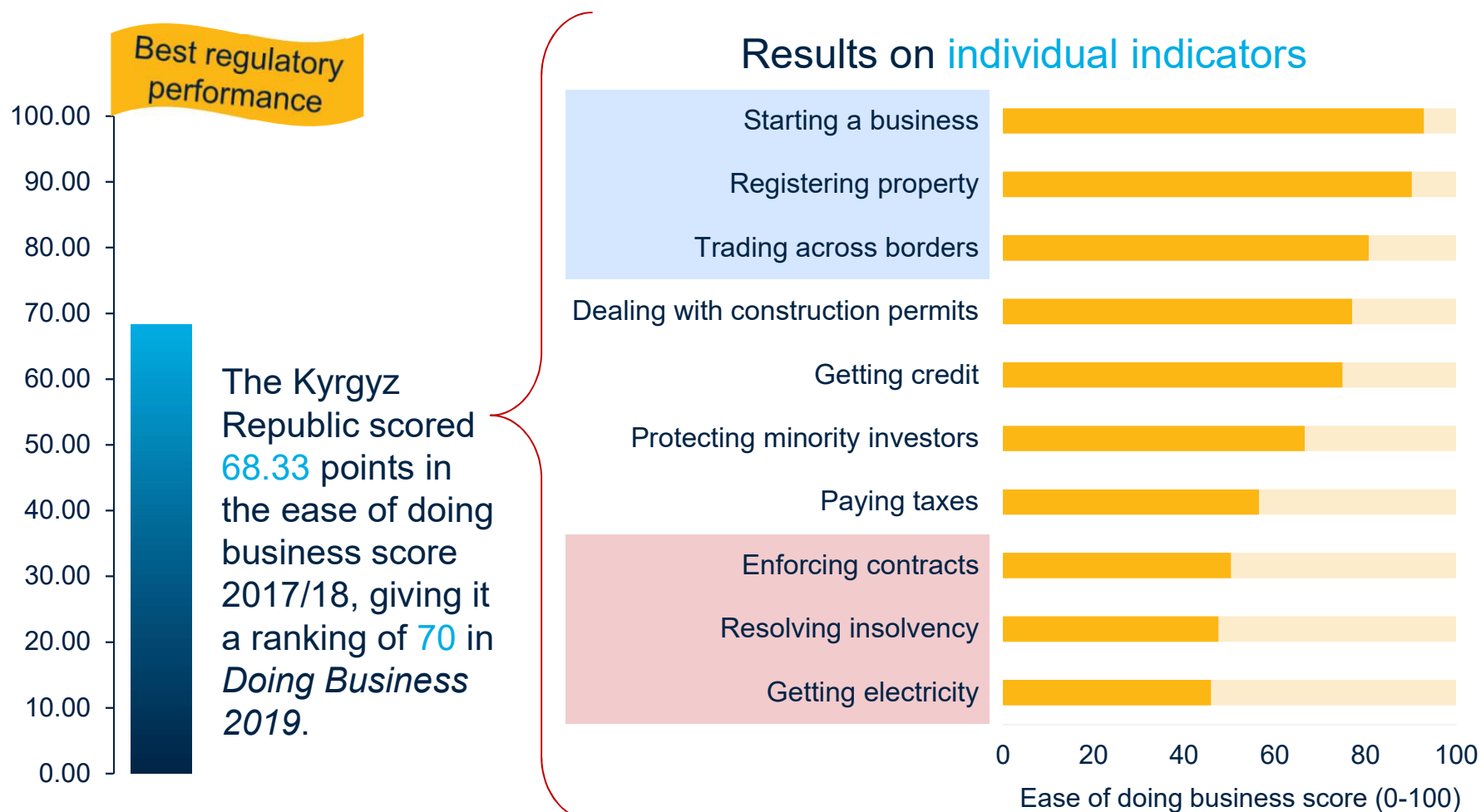
Kazakhstan reformed 3 areas measured by *Doing Business* in 2017/18



What did **Kazakhstan** do to improve its business environment in 2017/18?



Doing Business in the Kyrgyz Republic – ease of doing business score

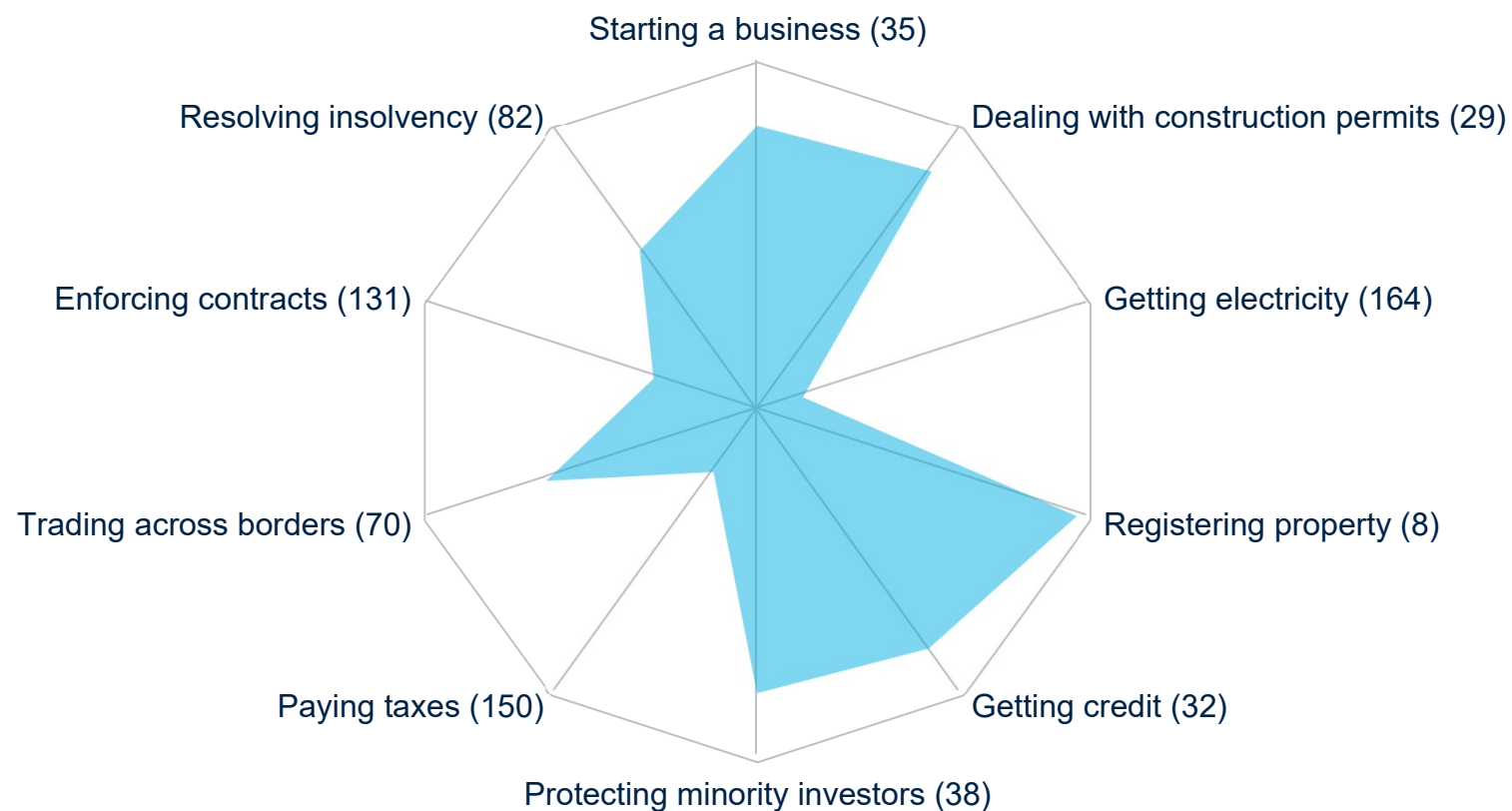


Source: *Doing Business 2019*

Doing Business in the Kyrgyz Republic – ranking

Rankings on *Doing Business* topics – Kyrgyz Republic

(Scale: Rank 190 center, Rank 1 outer edge)

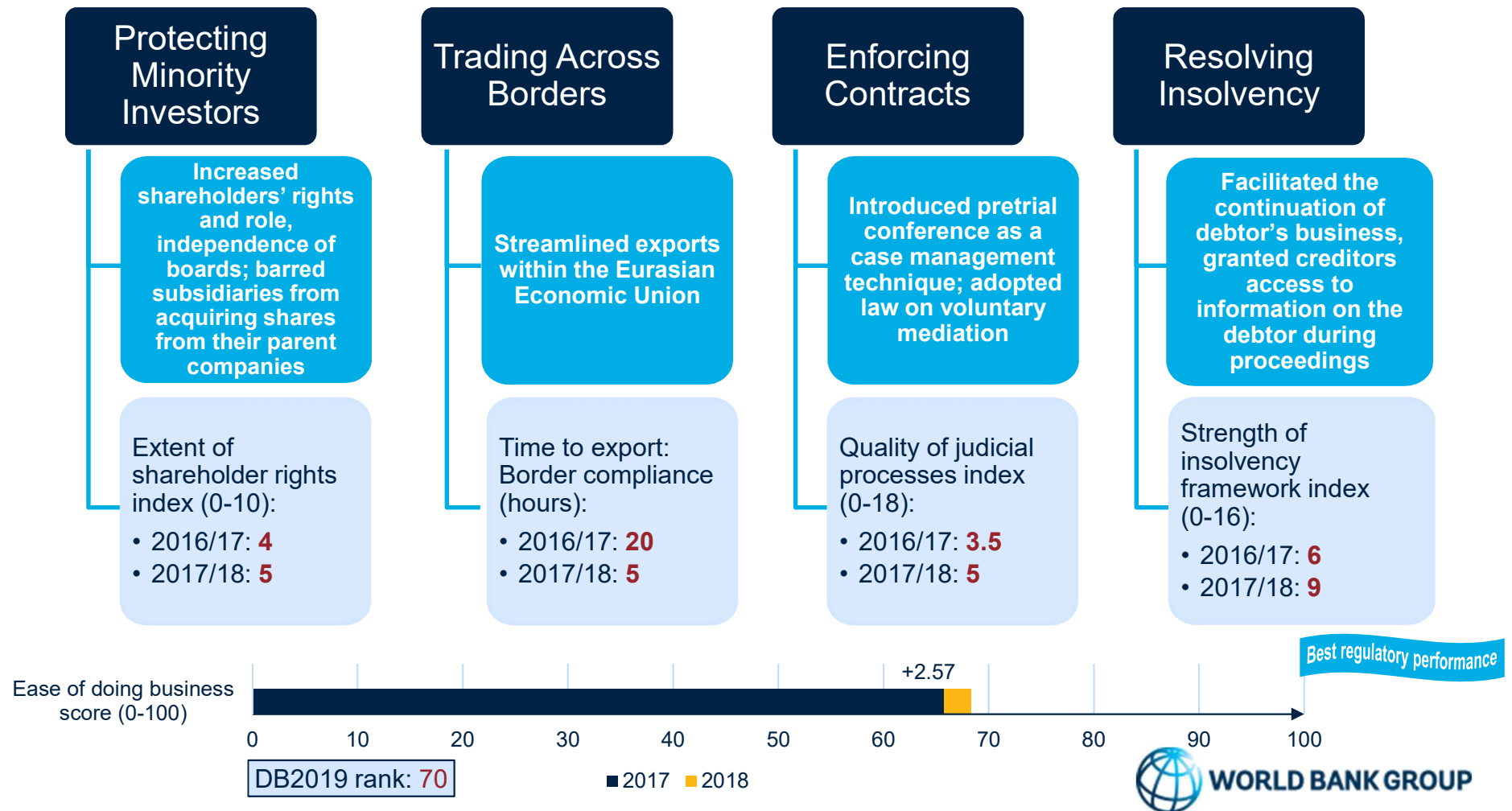


Source: *Doing Business* 2019

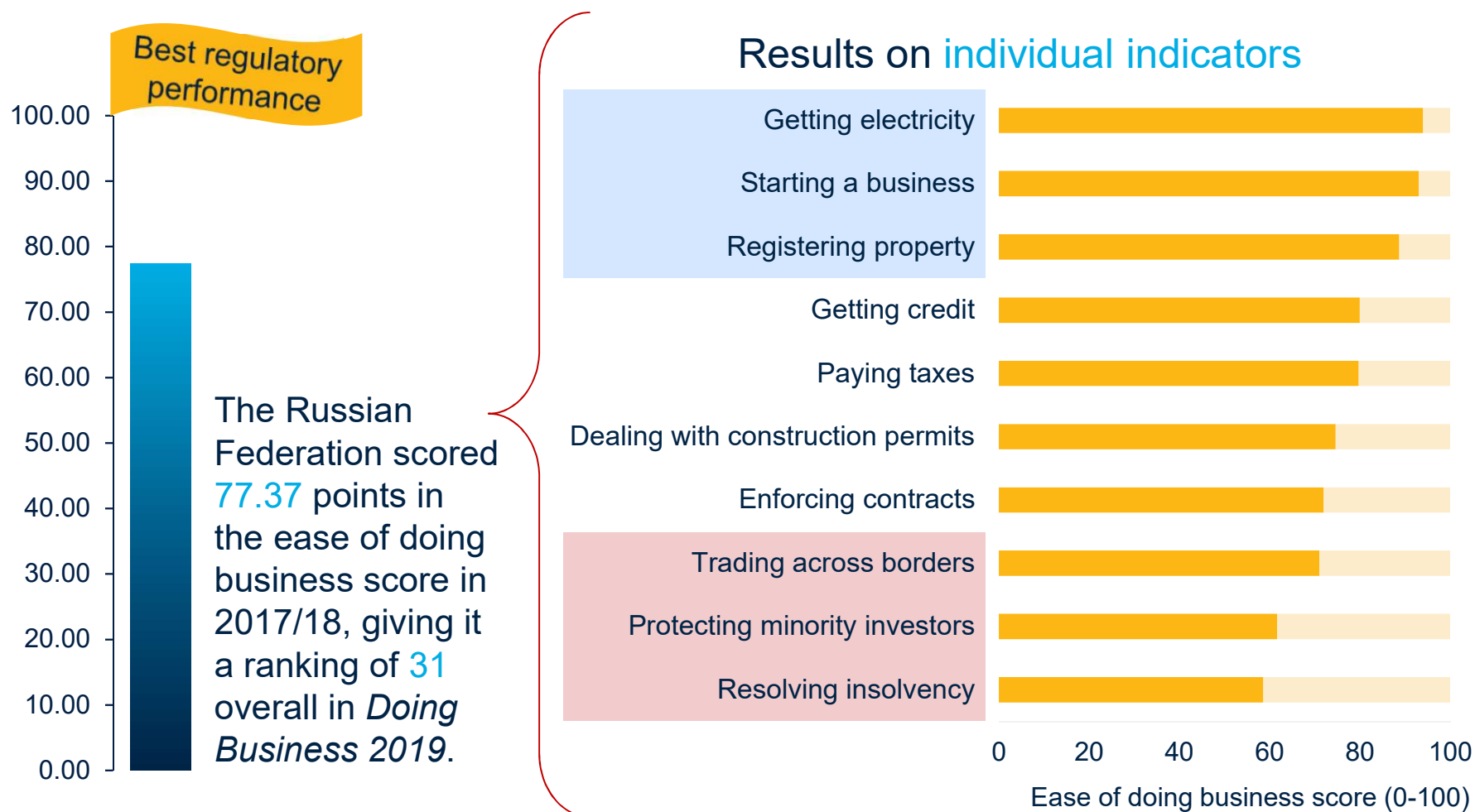
The Kyrgyz Republic reformed 4 areas measured by *Doing Business* in 2017/18



What did the Kyrgyz Republic do to improve its business environment in 2017/18?



Doing Business in the Russian Federation – ease of doing business score

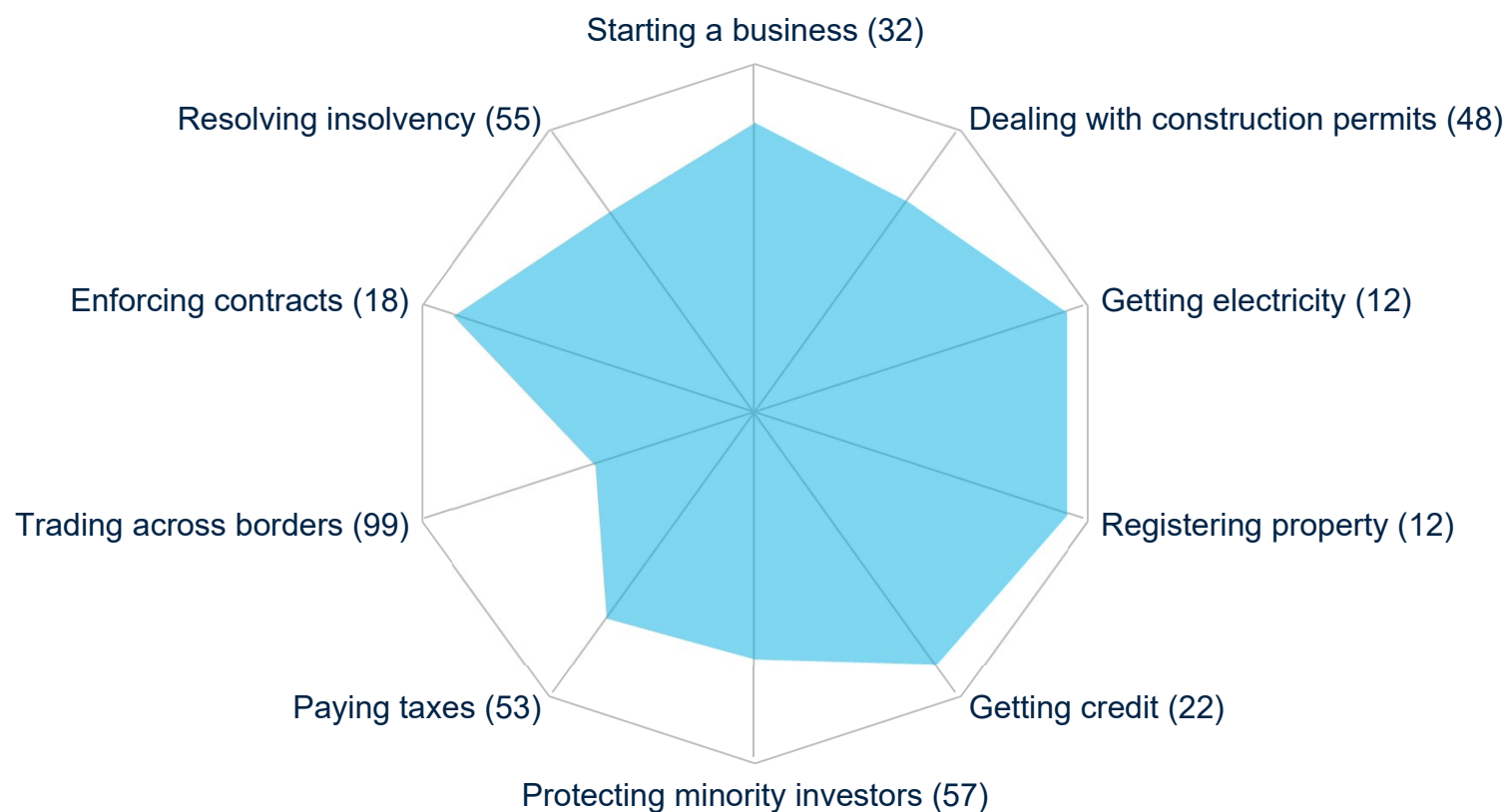


Source: Doing Business 2019

Doing Business in the Russian Federation – ranking

Rankings on *Doing Business* topics – The Russian Federation

(Scale: Rank 190 center, Rank 1 outer edge)

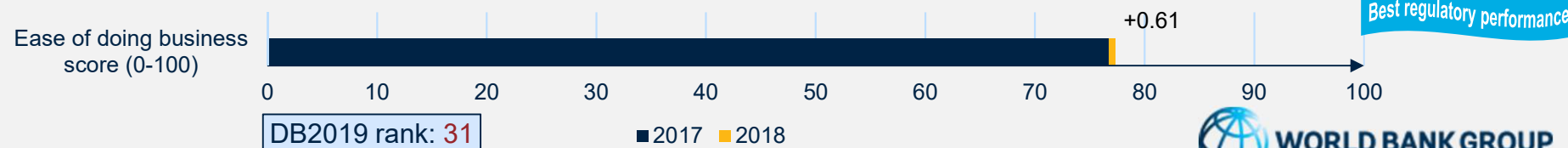
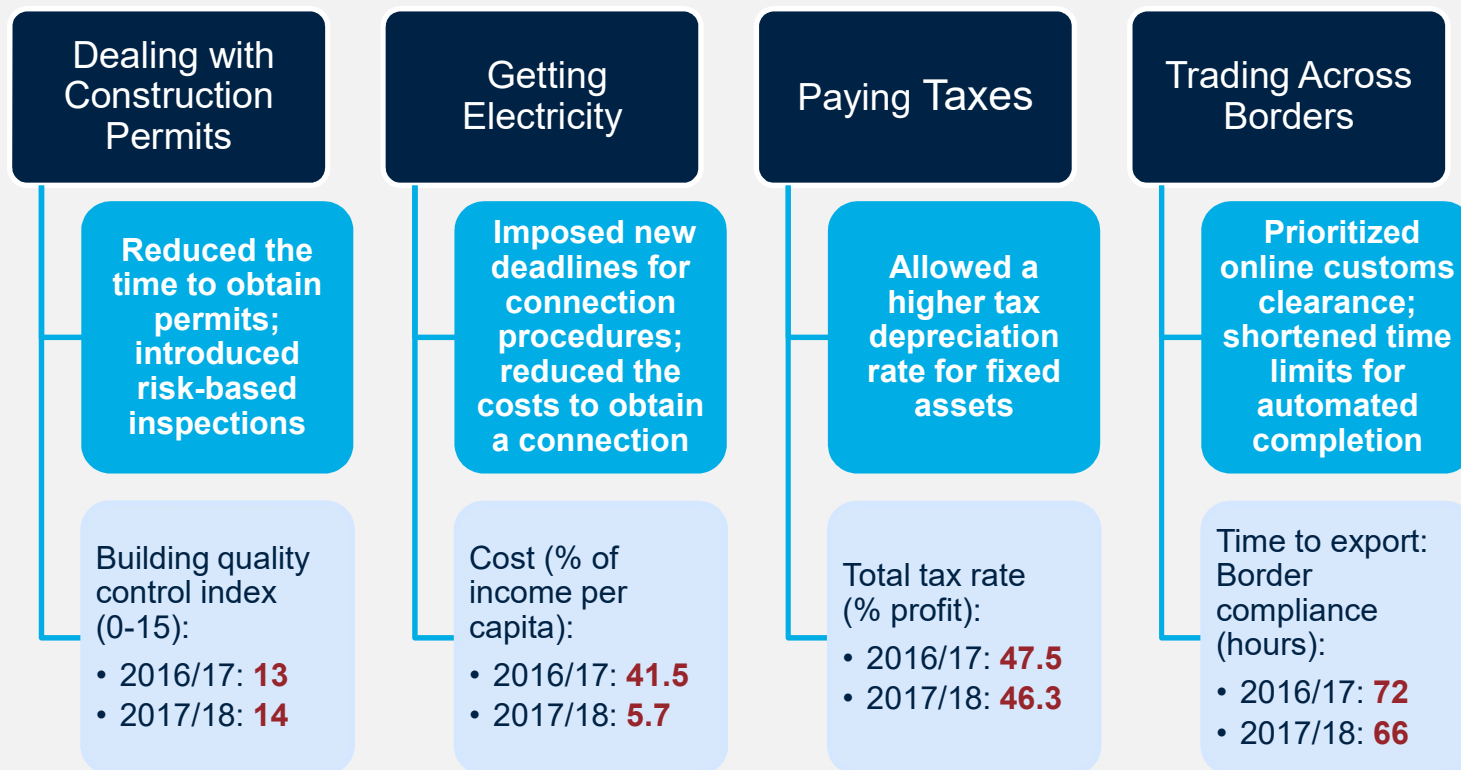


Source: *Doing Business* 2019

The Russian Federation reformed 4 areas measured by *Doing Business* in 2017/18



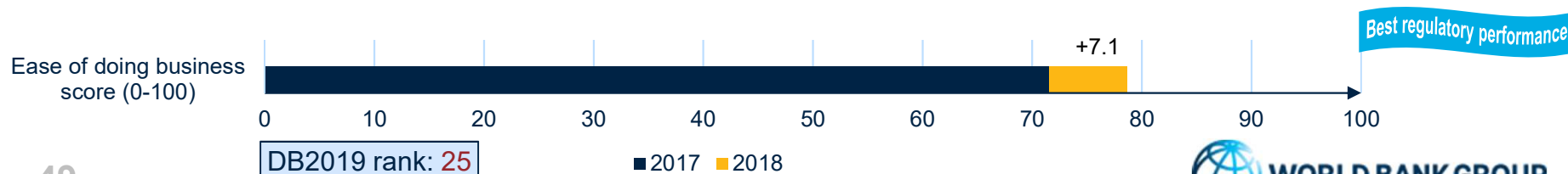
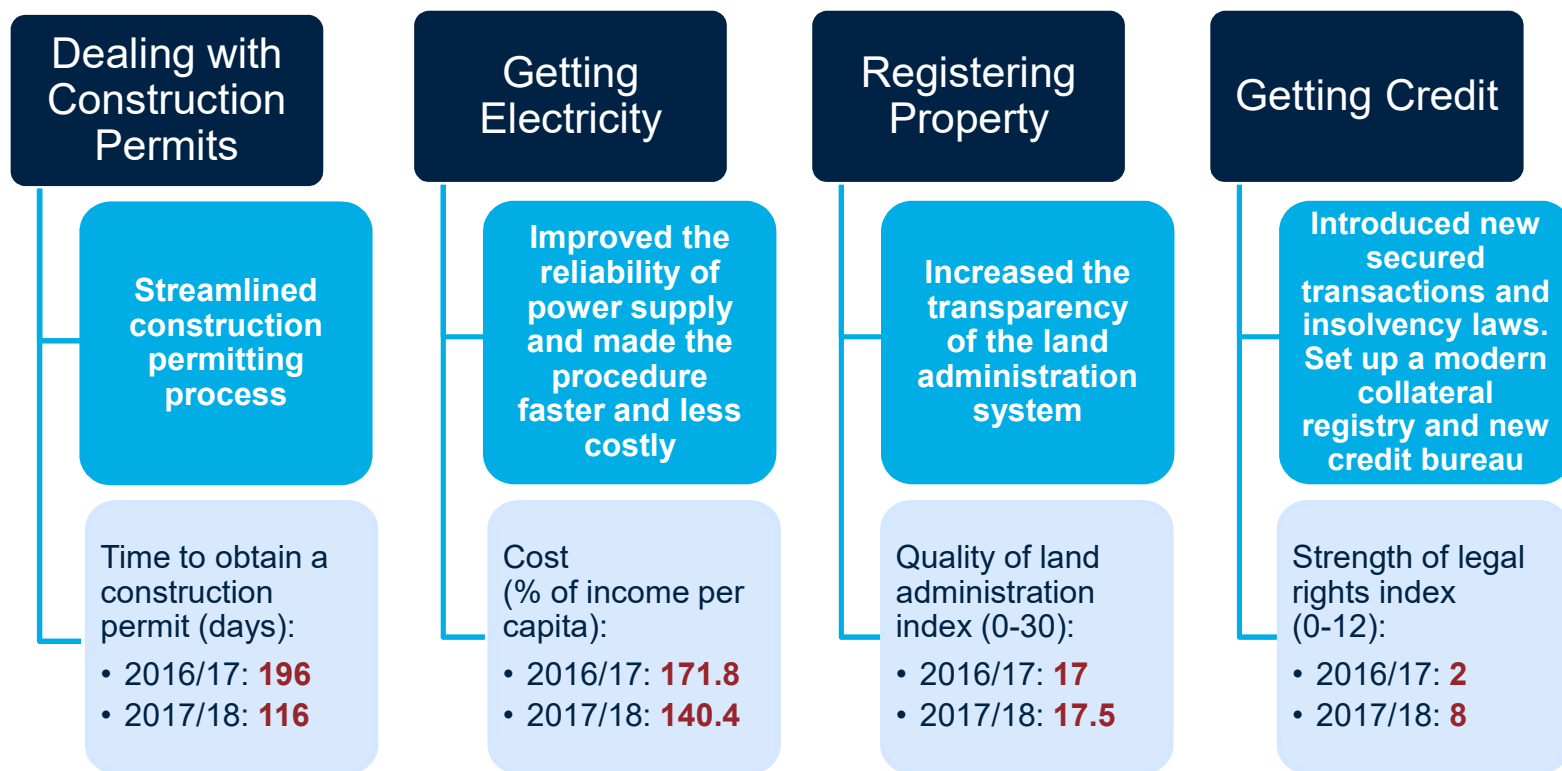
What did the Russian Federation do to improve its business environment in 2017/18?



Azerbaijan reformed several areas measured by *Doing Business* in 2017/18



What did Azerbaijan do to improve its business environment in 2017/18? (I)



Azerbaijan reformed several areas measured by *Doing Business* in 2017/18



What did Azerbaijan do to improve its business environment in 2017/18? (II)

