

- **Market Information.** In Serbia, we are helping farmers obtain and utilize information on European food markets to improve their profitability and productivity. For prospective U.S. investors, we provide detailed market information (including Doing Business indicators), market research, counseling and matchmaking through our embassies and at home.
- **Quality Standards.** In Rwanda, we helped thousands of coffee growers double their income by understanding and meeting international standards for high-value, niche-market specialty coffees. We also helped U.S. buyers, such as Starbucks, structure the trades.
- **Investment Climate.** In the Middle East and North Africa, we are supporting public-private dialogue in which businesses can identify and advocate for specific reforms. Morocco has now simplified registration and provides dispute resolution through its registration centers.
- **Trade Finance.** To help close trade deals, we support U.S. businesses and creditworthy foreign importers with guarantees. In India, a loan guarantee facilitated the purchase of \$500 million of U.S. telecom equipment by an Indian telecom company.
- **Infrastructure.** In Vanuatu, U.S. assistance will enable the country to revitalize roads, wharves, and airstrips, as well as the public works agency responsible for their upkeep.
- **Financing:** In Zambia, we provided a \$46 million loan to finance mortgages for 5,000 homes in conjunction with title registration reforms. In Peru, we issued an \$89 million guaranteed loan to revitalize the international airport in Lima
- **Microfinance.** In Bolivia, local banks have provided more than 300,000 loans for microenterprises through our assistance.
- **Risk Insurance.** Worldwide, we cover commercial and political risks for U.S. firms overseas through export credit insurance and political risk insurance.

Third, we provide incentives to help governments undertake the transformations needed for a healthy business environment. The U.S. Government offers substantial foreign assistance, especially to countries that are actively undertaking reforms, through direct technical assistance and grants. For example, multi-million dollar agreements have been signed with countries such as Armenia, Benin, Cape Verde, Georgia, Ghana, Honduras, Madagascar and Nicaragua.

Fourth, we fund and coordinate assistance with a wide range of multilateral institutions such as the World Bank Group, International Monetary Fund, European Bank for Reconstruction and Development, Interamerican Development Bank, Organization for Economic Cooperation and Development, Organization of American States, World Trade Organization, United Nations. Through these organizations, we also promote adoption of international standards for the business environment.

Through this comprehensive approach, the U.S. Government addresses the comprehensive needs of the business community worldwide, enabling countries to improve their performance on Doing Business indicators and enhance the private sector's ability to do business locally, regionally and internationally.



Supporting “Doing Business”

The U.S. Government supports economic growth in developing countries by strengthening the business environment and facilitating private investment. Many factors affect a country's prosperity, but the business climate merits special attention for its critical role in catalyzing growth and employment and reducing poverty.

Improving business environments is not just a development goal; it is also closely linked to the broader U.S. international economic agenda. Our three core objectives are to promote open markets and free movement of capital; to ensure a stable financial system, and to integrate countries into the global economy.

The U.S. Government highly values the work of the World Bank's “Doing Business” program as an objective measure of important business climate components in 177 economies. The Doing Business publication is an invaluable tool to identify and prioritize business climate improvements required to attract trade, create jobs and promote investment in all countries. It is a how-to guide for countries interested in making practical changes to increase prosperity; it helps the U.S. government and other donors measure the effectiveness of assistance programs.

Supportive Business Environments Are Critical for Growth and Jobs

The United States expects to see ambitious gains in growth and trade in developing countries over the next decade. These advances will be driven by local businesses expanding production, hiring more workers, and increasing investment. Investment depends on a business environment that protects property rights and business transactions without inappropriate regulations. If entrepreneurs are unable to efficiently buy property, obtain credit, enforce contracts, and process goods through customs – exactly the kind of factors that Doing Business measures, they are less willing and able to take risks to expand their businesses.

In many countries, the cost in time and money of complying with regulatory procedures is so prohibitive that firms must operate in the informal sector to survive, even though their activities are unregistered and they are not protected by the law. In Belarus, for example, registering a business takes at least 79 days and total taxes businesses must pay add up to 122 percent of gross profit. Not surprisingly, the informal sector is more than half of GDP.

As countries open their markets to trade, improving the business environment becomes increasingly important. Inappropriate regulation adds costs and creates distortions that raise prices, reduce revenues, and otherwise obstruct growth and investment in a country's most competitive industries and efficient firms. Restrictive and opaque regulatory environments limit opportunities for the poor, women, and youth. Improving the business environment levels the playing field, increases jobs and can contribute to greater economic and social inclusion.

The World Bank's Doing Business Indicators Are an Important Tool for Improving Business Climates.

Before 2003, business regulation was often seen as an esoteric topic for lawyers, economists, and technocrats. With the launch of the World Bank's Doing Business report series in 2003, indicators measuring the extent to which a country's regulations enhance or constrain entrepreneurship and business growth are front-page news throughout the world. The simple, easy-to-understand indicators quantify the outcomes of regulations from a business perspective, such as the cost of registering property and the number of documents required to export. The standardized data are transparent, replicable, and comparable across and within countries, which fosters competitive pressure to reform. If an entrepreneur in Australia can register a business in two days, why does it take 203 days in Haiti? The Doing Business project has captured the attention of businesspeople and policymakers around the world, prompting hundreds of reforms in rich and poor countries.

The United States uses a comprehensive approach to assist countries in increasing business activity.

First, we encourage policy improvements to reduce unnecessary burdens on business, enhance open competition, facilitate trade and encourage investment. These changes enhance the overall business environment for trade and investment (domestic and foreign, large and small, industrial and agricultural). Our programs address the Doing Business areas as well as a broader range of investment climate reforms, such as competition and property rights:

Business environment reforms can have dramatic results:

Colombia generated 300,000 formal sector jobs after reforming employment and business start-up regulations.

Romania increased the volume of commercial credit by 50 percent and tripled the number of borrowers after improving collateral and bankruptcy laws and creating an online collateral registry.

Rwanda enhanced its business environment by improving company and labor laws, simplifying judicial procedures, reforming land-titling, strengthening credit registries and streamlining customs procedures. The country is now growing at the rate of 4.8% per year.

After **Vietnam** reduced the time and cost to register businesses, new registrations increased by 28 percent.

World Bank research shows that a country in the bottom of the *Doing Business* rankings can increase growth by up to 2.3 percent and reduce unemployment up to 3.7 percent by achieving the standards of countries in the top quartile.

- **Legal and Tax Infrastructure.** We work with local governments and private sector associations to identify and remove barriers to business. In Georgia, we have helped local reformers reduce time and cost of starting a business by 70 percent or more, eliminate 12 of 21 taxes, and repeal 750 of 908 licensing requirements. Businesses found that this simplification has decreased corruption. In Macedonia, we supported comprehensive improvements to company law, corporate governance, bankruptcy practice, and labor law to bring the commercial legal framework up to international standards.
- **Banking and Capital Markets.** To improve access to credit, we help governments build financial sectors that support commercial lending at reasonable rates. In Kazakhstan, we have helped to establish the new financial system, including banking supervision and capital markets. In India, we assisted in

implementing effective insurance regulation.

- **Trade.** Through bilateral, regional and multilateral trade agreements, we work to liberalize trade and increase trade and investment opportunities for U.S. and developing country businesses in the global economy. By entering into bilateral trade agreements and encouraging countries to join regional and international trade organizations, we work to increase trade and investment opportunities for developing country businesses in the global economy. We have assisted Vietnam in reopening its trade relationships with the U.S. through bilateral negotiations, and are helping them join the World Trade Organization, while simultaneously improving their customs procedures and trade laws.
- **Competition.** Monopolies, state-owned companies and vested interests frequently undermine reforms intended to benefit the business sector. To overcome this, we help countries adopt and implement competition policy. In South Africa, we have helped the Competition Commission to ensure fair competition and to become a training center for competition authorities from other African nations.
- **Public-Private Partnership.** In Brazil, Croatia, Mexico and Macedonia, we have helped establish competitiveness councils to advocate private sector needs to government.
- **Property Rights and Privatization.** We promote expansion of rights in movable, immovable, and intellectual property as the foundation for trade and investment, while encouraging privatization of state-owned assets. In Egypt and Zambia, our technical experts are

helping local counterparts restructure the real estate sector, from land titling to mortgages to mortgage-backed securities. In Central America, we are supporting the adoption of a harmonized system for lending against movable property. In China, our intellectual property experts combat copyright and patent violations. In Kosovo, successful privatizations have saved factories and created hundreds of jobs with U.S. technical assistance.

Second, we provide tools to help investors access the skills, information, capital, and infrastructure needed to prosper. Our assistance combines policy improvements with work at the company level to improve businesses' capacity to take advantage of new opportunities. We also help U.S. companies doing business abroad.

Business Skills. In Guinea-Bissau, we worked through local business organizations to train hundreds of merchants in basic business skills, increasing profits for over 75 percent of the participants. We also train American businesses in how to enter the world's export markets.

Doing Business: Doorway to Business Climate Reform

Poor scores on Doing Business indicators often point to deeper underlying problems in the business environment:

Indicator	Deeper Reform Issues
Starting a business	Entrenched interests preventing competition; poor revenue structure
Dealing with licenses	Inefficient municipal government; corruption
Hiring and firing workers	Overprotective labor regime; excessive government involvement in economy
Registering property	Lack of property rights generally; corruption; state control of land
Getting credit	"Debtor friendly" laws; insufficient mechanisms for leveraging movable property; poor bank regulation
Protecting investors	Weak company law; poor competition regime; lack of corporate governance
Trading across borders	Weak infrastructure; inefficient customs administration; high non-tariff barriers
Enforcing contracts	Improperly designed court system; lack of judicial independence; antiquated code of civil procedure
Closing a business	State protection of entrenched interests; disorganized judiciary; low accounting and appraisal capacity
Paying Taxes	Poor fiscal policy; anti-competitive practices; ineffective and unequal collection