

**Fiftieth Meeting of
the Business Facilitation Advisory Committee**

***Agenda Item 3: World Bank Group's Business Enabling
Environment Project***

Purpose

This paper briefs members on the new Business Enabling Environment (BEE) Project of the World Bank Group (WBG) and Hong Kong's participation in the first BEE project.

Background

2. From 2003 to 2019, the WBG used to publish the Doing Business (DB) reports to measure business regulations and their enforcement in economies. This annual WBG flagship publication benchmarked the ease of doing business across economies worldwide. The DB assessments were widely referenced to in other international ranking reports^{Note}.

3. Having participated as one of the economies in the DB project since 2003, Hong Kong was ranked at the top tier (ranked 5th, 4th and 3rd in last 3 reports) among 190 economies in recent years. Please see Annex I for the top 10 economies in the past three DB reports.

4. In September 2021, the WBG decided to discontinue the DB Report, and would work on a new approach to assessing the business and investment climate. In February 2022, it announced the replacement of the DB report by the BEE to capture the reality of business environment for private sector development and provide policy makers with insights into potential areas of reform.

^{Note} Examples of projects or indexes which used the DB Reports as a source of data are Cornell University and the World Intellectual Property Organization's Global Innovation Index, Fraser Institute's Economic Freedom of the World Annual Report, and International Institute for Management Development's World Competitiveness Yearbook.

The New BEE Report

5. In December 2022, WBG issued the final BEE Concept Note to set out the objectives, scope and approach of the new report. The BEE is a benchmarking exercise aiming to provide a quantitative assessment of the business environment for private sector development. It will be published annually and cover most economies worldwide. In contrast to the DB reports which focused on the burden of business regulations on individual small and medium enterprises, the BEE will take a balanced approach to also assess the quality of regulations and provision of related public services to firms at microeconomic level, and to measure their impacts on private sector development as a whole.

Scope of Assessment

6. The BEE report will cover ten assessment topics following the typical life cycle of a firm from opening, operating (or expanding), and closing (or reorganising) a business. Details of the assessment topics is at [Annex 2](#). For each topic, the assessment will focus on three areas: (i) the quality of the **regulatory framework**, (ii) the quality of the related **public services** for firms and markets, to support regulatory compliance and to enable business activities, including the availability of digital services and the transparency of information and (iii) the **efficiency** with which the regulatory framework and related public services are combined in practice. Besides, aspects of environmental sustainability and gender relevant to the business environment will also be assessed.

Data Collection and Scoring

7. The BEE will make use of two main data collection approaches, namely expert consultations and firm-level surveys by engaging market research firms or similar service providers. Expert consultations refer to the collection of de jure and de facto data from experts who regularly deal with the relevant legal arrangements, public services, and institutions providing those services. Expert respondents will be identified through different networks including World Bank Country Offices, referrals by professional bodies and peer referrals. Firm-level surveys refer to the collection of de facto data from top managers and business owners of firms drawn from a representative sampling frame of operating establishments in an economy.

8. According to the Concept Note, data obtained from either experts or firms will be converted to a score for each assessment topic. Scores of all topics can be combined to form aggregate score(s). The scoring for

economies may also take into account the effect of running a business from the perspectives of entrepreneurs (firm flexibility) and broader public interest (social benefits). Scores generated for each topic and potentially a set of aggregate scores will hence enable absolute comparisons over time and across economies.

Hong Kong's Participation in the BEE

9. WBG plans to designate the first three BEE reports as the piloting phase. The number of economies to be covered will be expanded from about 60 economies in the first BEE report to around 180 economies in the third BEE report. Hong Kong is placed on the list of economies to participate in the first edition of the new report in 2023.

Project Timelines

10. The WBG will conduct the data collection exercise for Hong Kong from February to October 2023. It targets to publish the first BEE report with scorings for the first batch of economies, including Hong Kong, in April 2024.

Importance of Trades' Participation in the BEE

11. We earnestly invite the trades to participate in the BEE data collection exercise if they are invited by the WBG. Since the report findings will have a direct bearing on Hong Kong's image as the ideal place for business and investment, trades' feedback is of paramount importance. It helps provide the WBG with first-hand market knowledge for understanding the actual situation of Hong Kong, and for reflecting Hong Kong's competitive edges in the international arena.

Further Information

12. The WBG has promulgated the BEE Concept Note and other project information in the BEE official website at <https://www.worldbank.org/en/programs/business-enabling-environment>. Trade representatives are welcome to contact the Efficiency Office (EffO) for any enquiries on the BEE report. The EffO has also set up a BEE theme webpage at <https://www.effo.gov.hk/en/our-work/business-facilitation/business-enabling-environment> to share with the trade e-government

services and latest updates of business facilitation initiatives put up by the Government that are relevant to BEE.

Way Forward

13. To raise the awareness of the trade on the BEE project and encourage them to participate in the data collection, the EffO will enhance the publicity by introducing the project to relevant Advisory and Statutory Boards as well as trade associations. The EffO will also continue to liaise with the WBG on Hong Kong's participation of the BEE and keep Members posted of the latest development.

**Business Facilitation Team
Efficiency Office
Innovation, Technology and Industry Bureau
February 2023**

Top 10 Economies in World Bank's Doing Business Reports

Economy	Rank		
	2018 Report	2019 Report	2020 Report
New Zealand	1	1	1
Singapore	2	2	2
Hong Kong SAR, China	5	4	3
Denmark	3	3	4
Republic of Korea	4	5	5
United States	6	8	6
Georgia	9	6	7
United Kingdom	7	9	8
Norway	8	7	9
Sweden	10	12	10

Ten BEE Topics and Assessment Areas

Opening a Business
Topic 1: Business Entry
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations for business entry 2. Public services: Digital public services and transparency of information for business startups 3. Efficiency: Efficiency of business entry in practice
Topic 2: Business Location
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations for immovable property lease, property ownership, and urban planning 2. Public services: Quality of public services and transparency of information 3. Efficiency: Efficiency of obtaining a business location in practice
Topic 3: Utility Connections
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of electricity, water, and internet regulations 2. Public services: Performance and transparency of utility services 3. Efficiency: Efficiency of utility service provision in practice
Topic 4: Labor
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of labor regulations 2. Public services: Adequacy of public services for labor 3. Efficiency: Efficiency of labor regulations and public services in practice
Topic 5: Financial Services
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations for commercial lending, secured transactions, e-payments, and sustainable financing 2. Public services: Accessibility of information in credit infrastructure 3. Efficiency: Efficiency of receiving financial services in practice

Topic 6: International Trade
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations for international trade 2. Public services: Quality of public services for the facilitation of international trade 3. Efficiency: Efficiency of importing goods, exporting goods, and engaging in digital trade
Topic 7: Taxation
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations on taxation 2. Public services: Public services provided by the tax administration 3. Efficiency: Efficiency of tax systems in practice
Topic 8: Dispute Resolution
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Regulatory framework for dispute resolution 2. Public services: Public services for dispute resolution 3. Efficiency: Ease of resolving a commercial dispute in practice
Topic 9: Market Competition
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations that promote market competition 2. Public services: Adequacy of public services that promote market competition 3. Efficiency: Efficiency in the implementation of key services promoting market competition
Topic 10: Business Insolvency
<i>Assessment areas</i>
<ol style="list-style-type: none"> 1. Regulatory framework: Quality of regulations for insolvency proceedings 2. Public services: Quality of institutional and operational infrastructure for insolvency processes 3. Efficiency: Efficiency of resolving a judicial insolvency proceeding in practice