



**Asia-Pacific  
Economic Cooperation**

**Advancing** Free Trade  
for Asia-Pacific **Prosperity**

# **APEC's Ease of Doing Business – Interim Assessment 2009-2013**

**A collaborative report between the APEC Economic  
Committee and APEC Policy Support Unit**



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**APEC Policy Support Unit**  
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## EXECUTIVE SUMMARY

Launched in 2009, APEC's Ease of Doing Business (EoDB) initiative aspires to improve APEC's performance by 25 percent in five key areas of doing business by 2015. To meet this ambitious target, a series of capacity-building activities to assist government officials have been implemented focusing on the five priority areas: 1) Starting a Business; 2) Dealing with Construction Permits; 3) Getting Credit; 4) Trading Across Borders; and 5) Enforcing Contracts.

Since 2011, the APEC Policy Support Unit, in collaboration with the APEC Economic Committee, has prepared annual interim assessments which measure APEC's progress towards the 25 percent objective. This report analyzes the accumulated progress by the APEC region during the period 2009-2013. Due to updates in the World Bank's Doing Business database across all priority areas and methodological changes to obtain indicators in the areas of Dealing with Construction Permits, Getting Credit and Trading Across Borders in previous years, this report recalculates the improvement rates achieved by APEC from 2009 to 2013<sup>1</sup>.

Using the updated dataset, the interim assessment confirms that APEC has been making continuous overall progress in the EoDB initiative since its inception. During the period 2009-2013, APEC's combined improvement across the five EoDB priority areas was equal to 11.3 percent, but progress remained below the 2013 pro rata benchmark of 15 percent improvement.

**APEC: Accumulated Overall Progress of Ease of Doing Business Initiative (Average Values)**

Improvement	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress	Benchmark
2009 – 2010	6.3	3.3	1.8	1.4	0.0	2.6	2.5
2009 – 2011	17.1	6.9	3.3	2.7	0.4	6.1	5.0
2009 – 2012	22.8	15.7	4.0	2.5	0.1	9.0	10.0
2009 - 2013	27.3	19.8	6.6	2.6	0.2	11.3	15.0

Source: APEC Secretariat, Policy Support Unit calculations using data from World Bank, Doing Business 2014 and updates to Doing Business database.

Note: Figures in percentage values. Improvements are shown with positive values.

The priority areas of Starting a Business and Dealing with Construction Permits showed the strongest accumulated improvements, making progress beyond the pro rata benchmark of 15 percent. In contrast, APEC's progress was relatively modest in areas such as Getting Credit and Trading Across Borders, and almost negligible in Enforcing Contracts.

APEC's collective progress remained uneven among its members. When analyzing the median values of APEC's EoDB indicators, the combined improvement of APEC's median values in all priority areas between 2009 and 2013 was equal to 8.9 percent, below the 11.3 percent progress rate measured by average values and 15 percent pro rata benchmark. Only the area of

<sup>1</sup> The methodology to calculate improvement rates for the Getting Credit priority area has also been adjusted in order to better reflect progress. Please see Appendix 1 for further information on the matter.

Starting a Business had an improvement in median values above this benchmark, but most of it took place between 2009 and 2011.

**APEC: Accumulated Overall Progress of Ease of Doing Business Initiative (Median Values)**

Improvement	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress	Benchmark
2009 – 2010	6.8	-2.6	5.1	2.7	0.0	2.4	2.5
2009 – 2011	22.0	-5.7	3.4	5.0	0.0	4.9	5.0
2009 – 2012	23.0	4.6	4.5	5.0	-0.3	7.4	10.0
2009 - 2013	23.0	9.5	5.0	6.5	0.5	8.9	15.0

Source: APEC Secretariat, Policy Support Unit calculations using data from World Bank, Doing Business 2014 and updates to Doing Business database.

Note: Figures in percentage values. Improvements are shown with positive values.

Dealing with Construction Permits was the area with the most striking difference between its average and median values - whilst average values improved 19.8 percent between 2009 and 2013, median values only rose 9.5 percent over the same period. The raw data shows that most of APEC's progress in this priority area was explained by those economies that did not perform well in 2009.

The comparison of APEC's overall progress with their pro rata benchmarks across time shows that despite the collective progress achieved so far, APEC is not keeping pace to achieve the 25 percent improvement target by 2015. The gap between the overall progress rates and the annual pro rata improvement targets has increased in the last two years. APEC's collective improvement of 11.3 percent, measured by the average values, in the 2009-2013 period, was good, but progress needs to be stronger and more widely spread across all APEC member economies.

This report shows that APEC's progress vis-à-vis that of the rest of the world was remarkable. However, the analysis by priority area found that certain regions were performing better than APEC in specific EoDB indicators. For example, in 2013, it took on average 21 days to start a business in the APEC region, but it only took 12 days in Eastern Europe and Central Asia. In this sense, it is possible to assert that there is more room for improvement.

APEC needs to intensify its efforts to get closer to the 2015 targets. For that to happen, it is important that APEC continues with the implementation of capacity-building activities to assist government officials in identifying best practices and ways to promote reforms and make it easier, faster and cheaper to do business in the APEC region.

## INTRODUCTION: APEC'S EASE OF DOING BUSINESS

### HISTORY

The APEC's Ease of Doing Business (EoDB) initiative dates back to February 2009, when Senior Officials meeting in Singapore agreed to put in place an Action Plan to improve the business environment in the APEC region through regulatory reforms that make it cheaper, faster and easier to do business<sup>2</sup>.

This initiative is based on the World Bank's Doing Business project, which developed indicators in 11 areas for 183 economies (including all APEC member economies) to provide objective measures on business regulations and their enforcement. These indicators offer measurable benchmarks for reform<sup>3</sup>.

APEC Ministers Responsible for Trade agreed in July 2009 to focus on five priority areas of Doing Business, namely: 1) Starting a Business; 2) Dealing with Construction Permits; 3) Getting Credit; 4) Trading Across Borders; and 5) Enforcing Contracts. Later, APEC Leaders agreed in November 2009 to set an APEC-wide improvement target of 25 percent by 2015 in these five areas, with an interim 5 percent improvement target by 2011.

The EoDB initiative also includes capacity-building programs in order to assist APEC member economies in their efforts to improve their business environment. APEC's EoDB capacity-building activities to date have proceeded in two phases:

- Phase 1: Activities to share information and experiences, such as seminars and workshops.
- Phase 2: Technical experts to conduct diagnostic studies, tailored to an individual economy's priority area for improvement, and develop customized, practical recommendations for creating a more favorable environment for doing business in that area.

Under the EoDB initiative, APEC has identified champion economies in each of the priority areas to lead capacity-building activities. Champion economies by priority areas are:

- Starting a Business: New Zealand and the United States
- Dealing with Construction Permits: Singapore
- Getting Credit: Japan
- Trading Across Borders: Hong Kong, China (only for Phase 1) and Singapore
- Enforcing Contracts: Korea

### TARGET FOR 2015

When the EoDB initiative was launched, its framework highlighted the importance of measuring APEC-wide results while aiming to improve the overall APEC average.

A document produced by the APEC SOM Chair's Office in 2009 showed that APEC economies had made substantial progress in many Doing Business areas from 2005 to 2009.

<sup>2</sup> See APEC (2009), "Discussion Paper on Ease of Doing Business (EoDB)", 2009/CSOM/023, Concluding Senior Officials' Meeting - Plenary Session, 9 November 2009.

<sup>3</sup> See <http://www.doingbusiness.org/about-us>



For example, during that period, starting a business became 28 percent cheaper and 26 percent faster on average in APEC. Dealing with permits became 20 percent cheaper and credit information improved by 23 percent.<sup>4</sup>

More revealingly, this 2009 document found that if all APEC economies performing below the median level of APEC were to improve up to the median level, this would have resulted in substantial improvements such as making it 50 percent cheaper and 45 percent faster on average to start a business; 37 percent cheaper to enforce contracts; and 29 percent easier to deal with permits<sup>5</sup>.

The results between 2005 and 2009 showed that despite the good progress by APEC, there was room for improvement and therefore, potential for reform. Based on those results and the strong commitment to conduct regulatory reforms across APEC, the target equivalent to a 25 percent improvement by 2015 was endorsed by APEC Leaders.

Achieving the target by 2015 will represent substantial gains for businesses, as it could potentially reduce on average the cost of importing and exporting a container of goods by up to USD 450; reduce on average the time taken to start a business by one week; and remove on average five procedures to obtain a construction permit<sup>6</sup>.

In order to get closer to the 2015 target, it is important that APEC continues promoting capacity-building activities to assist governments in their efforts to implement reforms to make it easier, faster and cheaper to do business. In particular, these activities could focus on those priority areas which APEC as a whole lags far behind the agreed target, as well as involving the participation of APEC economies whose performance could benefit from additional support and capacity-building. Activities such as diagnostic studies, workshops, seminars, advisory services and mechanisms to promote inter-institutional coordination within governments could be some useful examples of capacity-building.

## **INTERIM ASSESSMENT MEASUREMENT APPROACH**

The report seeks to establish if APEC collectively has met the interim pro rata target of 15 percent improvement by 2013. APEC annual average values were calculated for each of the EoDB priority areas' sub-indicators. Averages for year 2013 were compared against those of 2009 to assess APEC's accumulated progress in the EoDB initiative.

For a more accurate assessment, median values were also presented, allowing a comparison against average values. As explained in previous assessments, the inclusion of median values is justified by the presence of extreme values (outliers) in many of the EoDB indicators<sup>7</sup>. As opposed to averages, median values are not affected by outliers in the Doing Business database and hence provide a closer indication of the trend that APEC members are collectively following in their EoDB indicators.

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<sup>4</sup> APEC (2009), op. cit.

<sup>5</sup> Ibid.

<sup>6</sup> APEC (2009a), "2009 APEC Ministerial Meeting: Joint Statement – Sustaining Growth, Connecting the Region", [http://www.apec.org/en/Meeting-Papers/Ministerial-Statements/Annual/2009/2009\\_amm.aspx](http://www.apec.org/en/Meeting-Papers/Ministerial-Statements/Annual/2009/2009_amm.aspx)

<sup>7</sup> For more information, see APEC (2012), "2012 APEC Economic Policy Report", [http://publications.apec.org/publication-detail.php?pub\\_id=1330](http://publications.apec.org/publication-detail.php?pub_id=1330); APEC Policy Support Unit (2013), "APEC's Ease of Doing Business – Interim Assessment 2009-2012", [http://publications.apec.org/publication-detail.php?pub\\_id=1436](http://publications.apec.org/publication-detail.php?pub_id=1436)

The report also compares the performance of the APEC region *vis-à-vis* other regions or economic blocks to show how well the APEC region is doing relative to the rest of the world.

This year's report includes two changes in comparison to previous years' assessments. First, a new feature has been incorporated in the analysis of each priority area. The most recent values in each EoDB indicator by the APEC region (from year 2013) were compared with those that APEC will need to reach in order to meet the 15 percent pro-rata and the 25 percent improvement rate targets by 2013 and 2015, respectively. These comparisons allow for a better understanding on how much APEC is on track, and how far (or close) APEC collectively is from the 2015 target.

Second, the methodology to calculate improvement rates in the Getting Credit priority area has been adjusted to better reflect progress. Whilst indicators in other priority areas are continuous (e.g. price and time indicators can take infinite values) and lower values reflect better performance, Getting Credit indicators are discrete (i.e. only take limited values within an interval) and greater values reflect better performance. For this reason, the calculation of the improvement rates for these indicators was changed from using a simple percentage change formula, to using a formula to calculate what percentage within the range of the indicators' possible values represents the improvement achieved between the baseline and the current years<sup>8</sup>.

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<sup>8</sup> The improvement rate for Getting Credit indicators is obtained by dividing the difference between the values obtained in the current and baseline years by the difference between the maximum and minimum possible values. For further information, please see Appendix 1.

## 1. APEC'S OVERALL EODB INITIATIVE PERFORMANCE

APEC's performance in the 2013 EoDB interim assessment was measured by comparing the average and median performance of each of the EoDB indicators across each of the five priority areas in 2013 and comparing the results against the 2009 base year, then measuring the outcome against the 15% pro rata target. The results are summarized in this section.

The table below summarizes APEC's average performance for each of the EoDB indicators relative to the 2013 pro-rata benchmark of 15% improvement above the 2009 base year:

**Table 1. Performance in EoDB Indicators – APEC Average Values between 2009 and 2013**

<b>Benchmark: 15 percent improvement</b>	<b>Improvement equal to or above benchmark</b>	<b>Improvement, but below benchmark</b>	<b>No change</b>	<b>Declining conditions</b>
<b>Starting a Business</b>	<ul style="list-style-type: none"> <li>• Procedures (number)</li> <li>• Time (days)</li> <li>• Cost (% of income per capita)</li> <li>• Paid-in Min. Capital (% of income per capita)</li> </ul>			
<b>Dealing with Construction Permits</b>	<ul style="list-style-type: none"> <li>• Procedures (number)</li> <li>• Time (days)</li> <li>• Cost (% of income per capita)</li> </ul>			
<b>Getting Credit</b>		<ul style="list-style-type: none"> <li>• Strength of Legal Rights Index</li> <li>• Depth of Credit Information Index</li> <li>• Public Registry Coverage (% of adults)</li> <li>• Private Bureau Coverage (% of adults)</li> </ul>		
<b>Trading Across Borders</b>		<ul style="list-style-type: none"> <li>• Documents to Export (number)</li> <li>• Time to Export (days)</li> <li>• Documents to Import (number)</li> <li>• Time to Import (days)</li> </ul>		<ul style="list-style-type: none"> <li>• Cost to Export (USD per container)</li> <li>• Cost to Import (USD per container)</li> </ul>
<b>Enforcing Contracts</b>		<ul style="list-style-type: none"> <li>• Procedures (number)</li> <li>• Time (days)</li> </ul>		<ul style="list-style-type: none"> <li>• Cost (% of claim)</li> </ul>

APEC's average performance showed mixed progress across the five priority areas. Although continuous improvement could be seen in all indicators covering Starting a Business; Dealing with Construction Permits; and Getting Credit; some of them did not meet the 2013 pro-rata benchmark. In the case of Trading Across Borders and Enforcing Contracts, progress was far away from the pro-rata benchmark, as some of their indicators experienced declining conditions instead.

Some highlights of APEC's EoDB initiative performance measured by average values are:

- All indicators in the two priority areas of Starting a Business and Dealing with Construction Permits showed an improvement above the 2013 pro-rata benchmark.
- Specifically for Starting a Business, the improvement rate for the indicator on paid-in minimum capital requirements had the highest improvement rate (40.8 percent) while for Dealing with Construction Permits, the indicator on cost to obtain a permit had the highest improvement rate (23.7 percent).
- However, progress has not been steady and smooth across all indicators as APEC members seek to meet the 25 percent improvement target by 2015.
  - Seventeen EoDB indicators registered improvement between 2009 and 2013 (85 percent of all EoDB indicators), but only seven EoDB indicators showed improvement equal to or above the 2013 pro-rata target (35 percent of all indicators).
  - Three indicators showed declining conditions (15 percent of the EoDB indicators).

An analysis of APEC's performance in terms of median values shows a different angle since no change was observed for a significant number of APEC's EoDB indicators between 2009 and 2013.

**Table 2. Performance in EoDB Indicators – APEC Median Values between 2009 and 2013**

<b>Benchmark: 15 percent improvement</b>	<b>Improvement equal to or above benchmark</b>	<b>Improvement, but below benchmark</b>	<b>No change</b>	<b>Declining conditions</b>
<b>Starting a Business</b>	<ul style="list-style-type: none"> <li>• Procedures (number)</li> <li>• Time (days)</li> </ul>	<ul style="list-style-type: none"> <li>• Cost (% of income per capita)</li> </ul>	<ul style="list-style-type: none"> <li>• Paid-in Min. Capital (% of income per capita)</li> </ul>	
<b>Dealing with Construction Permits</b>	<ul style="list-style-type: none"> <li>• Time (days)</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures (number)</li> </ul>		<ul style="list-style-type: none"> <li>• Cost (% of income per capita)</li> </ul>
<b>Getting Credit</b>	<ul style="list-style-type: none"> <li>• Private Bureau Coverage (% of adults)</li> </ul>		<ul style="list-style-type: none"> <li>• Strength of Legal Rights Index</li> <li>• Depth of Credit Information Index</li> <li>• Public Registry Coverage (% of adults)</li> </ul>	
<b>Trading Across Borders</b>	<ul style="list-style-type: none"> <li>• Time to Export (days)</li> <li>• Time to Import (days)</li> </ul>	<ul style="list-style-type: none"> <li>• Cost to Export (USD per container)</li> <li>• Cost to Import (USD per container)</li> </ul>	<ul style="list-style-type: none"> <li>• Documents to Export (number)</li> <li>• Documents to Import (number)</li> </ul>	
<b>Enforcing Contracts</b>		<ul style="list-style-type: none"> <li>• Time (days)</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures (number)</li> </ul>	<ul style="list-style-type: none"> <li>• Cost (% of claim)</li> </ul>

APEC's progress in median terms was primarily attributed to gains in indicators concerning the areas of Starting a Business; Dealing with Construction Permits; Getting Credit; and Trading Across Borders. However, all priority areas reported indicators with no change or declining performance in their median values.

Some highlights of APEC's EoDB initiative performance measured by median values are:

- Eleven EoDB indicators (55 percent of all EoDB indicators) registered improvements between 2009 and 2013, but only six of them registered improvements equal to or above the 2013 pro-rata target.

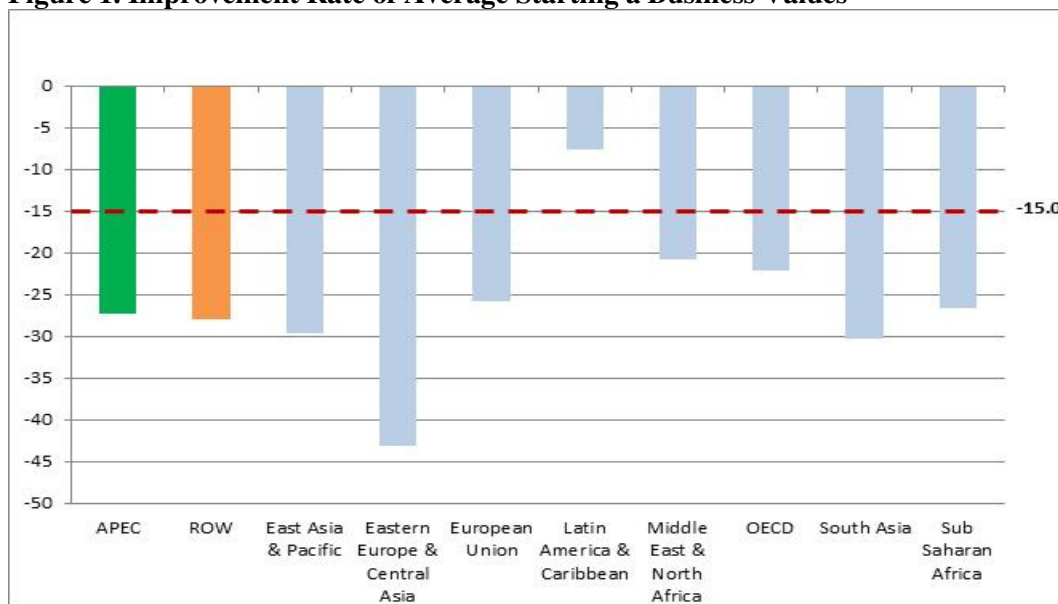
- Half of all Starting a Business indicators showed improvements above the pro-rata benchmark of 15 percent. One-third of the Trading Across Borders and Dealing with Construction Permits indicators showed improvements above the pro-rata benchmark, while one-quarter of the Getting Credit indicators did so.
- There are areas where APEC needs to intensify efforts in. In Dealing with Construction Permits and Enforcing Contracts, improvements in some indicators were offset by declining conditions in others. For example, while the median time required to obtain a new construction permit decreased, the median cost of acquiring that permit increased.

All in all, although APEC has made progress toward the 2015 target of 25 percent overall improvement, the path has been neither steady nor smooth. As the tables above show, progress has been uneven across priority areas and their corresponding indicators. Substantial improvements in Starting a Business explained most of APEC's progress in the EoDB initiative while portions of Dealing with Construction Permits, Getting Credit and Trading Across Borders also experienced promising progress. Enforcing Contracts remains as the priority area where APEC needs to do more work.

### A. Starting a Business

APEC's performance in this priority area continues to be impressive. All indicators improved above the 15 percent benchmark in their average values, resulting in a combined improvement rate of 27.3 percent, even though this was slightly lower than that for the rest of the world (28.0 percent). Eastern Europe & Central Asia remained as the region making the most progress (43.1 percent), while South Asia (30.3 percent) and East Asia & Pacific (29.7 percent) occupied the second and third place respectively. APEC's improvement rate was mainly driven by the lower paid-in minimum capital requirements to start a business which has reduced by more than 40 percent since 2009.

**Figure 1. Improvement Rate of Average Starting a Business Values**

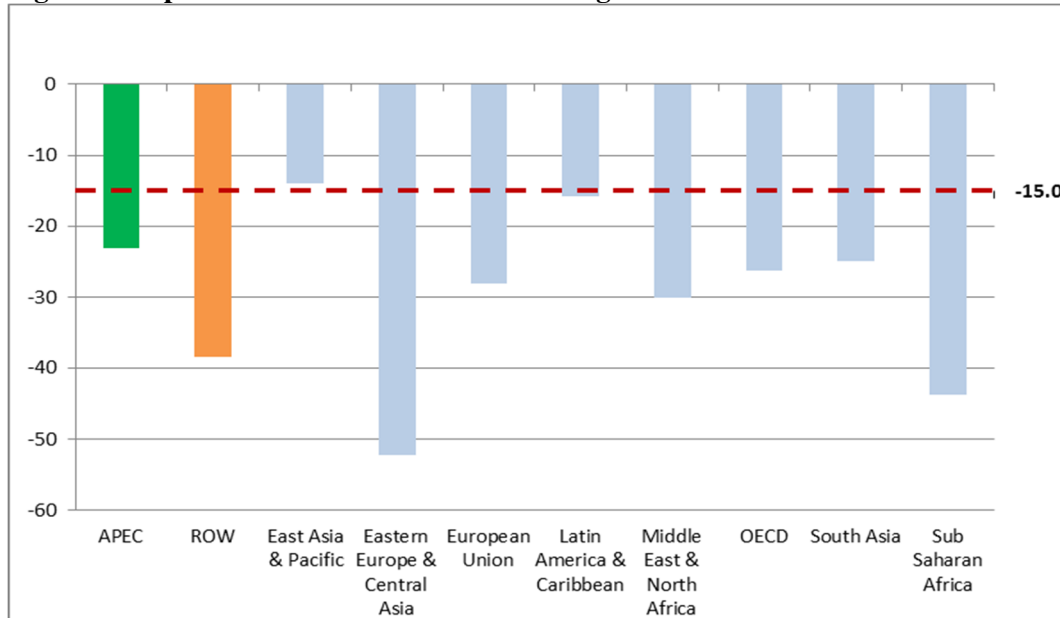


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations  
 Note: Improvements are shown with negative values.<sup>9</sup>

<sup>9</sup> The details on the list of economies considered for each economic or geographic group can be found in Appendix 2.

APEC's combined improvement rate of 23 percent in median values was also above the benchmark of 15 percent and driven mainly by the significant reduction in the median number of days required to start a business. Despite the gains, APEC's improvement was 15.4 percentage points lower than the rest of world average. The Eastern Europe & Central Asia region again showed the largest improvement (52.3 percent), followed by Sub-Saharan Africa (43.8 percent) and Middle East & North Africa (30.0 percent).

**Figure 2. Improvement Rate of Median Starting a Business Values**



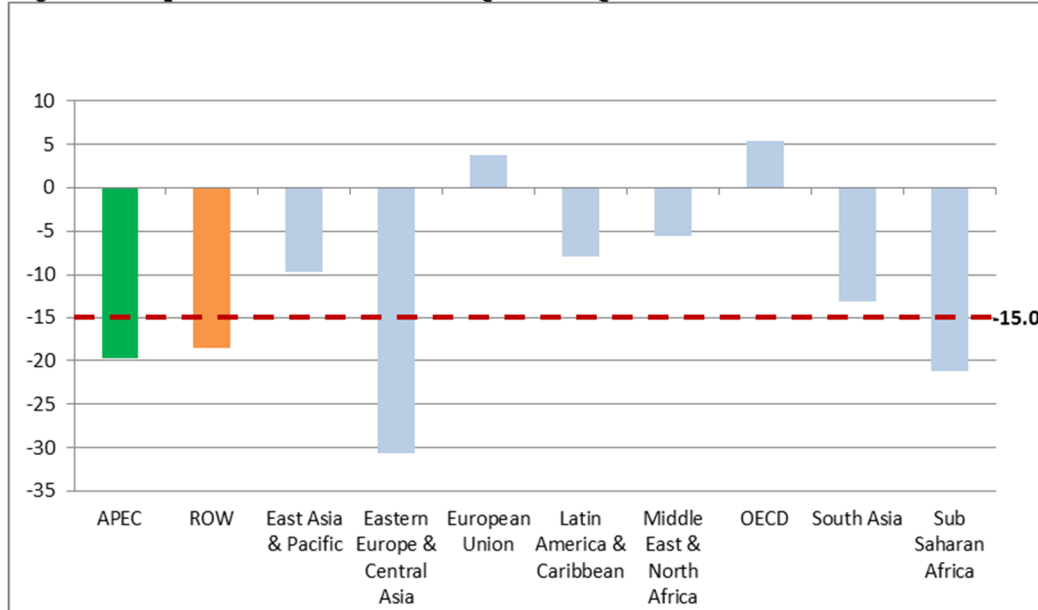
Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values

## B. Dealing with Construction Permits

APEC's combined improvement rate in dealing with construction permits was 19.8 percent, above the 15 percent benchmark and higher than the global average (18.6 percent), but lower than the best regional performance seen in Eastern Europe & Central Asia (30.7 percent). Improvement in the priority area was contributed by all three indicators; meaning fewer procedures, shorter time and lower cost to obtain a construction permit.

**Figure 3. Improvement Rate of Average Dealing with Construction Permits Values**

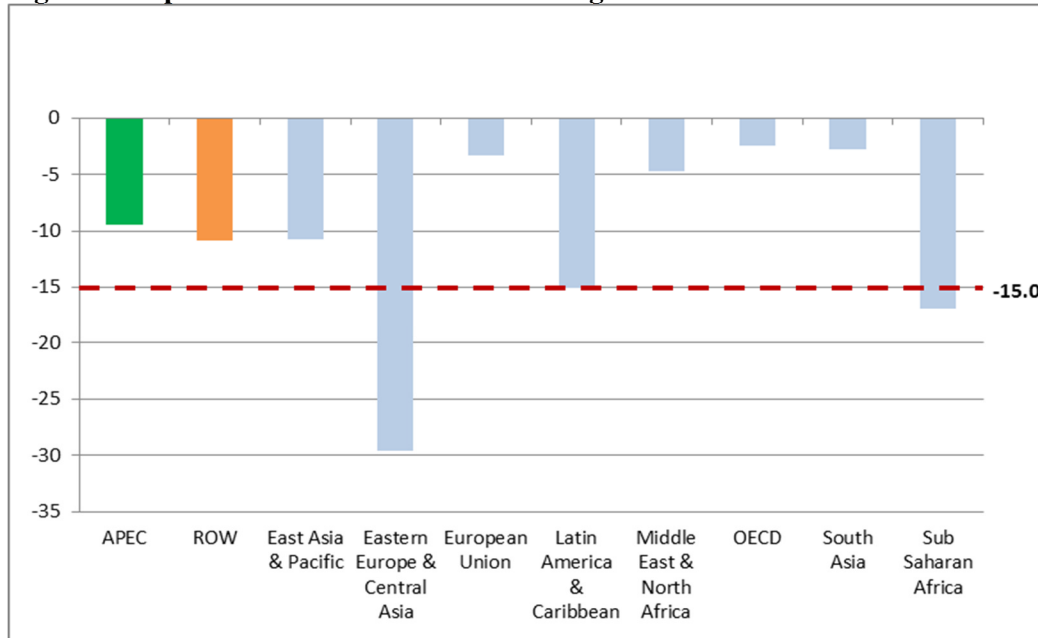


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values.

In median terms, APEC’s combined performance rate of 9.5 percent fell short of the 15 percent benchmark although it was a significant improvement relative to that for the period 2009-2012 (4.6 percent). The improved performance was mainly explained by the reduction in the number of days to obtain a construction permit. By region, Eastern Europe & Central Asia was the best performer (29.6 percent), followed by Sub-Saharan Africa (16.9 percent) and Latin America & Caribbean (15.1 percent).

**Figure 4. Improvement Rate of Median Dealing with Construction Permits Values**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

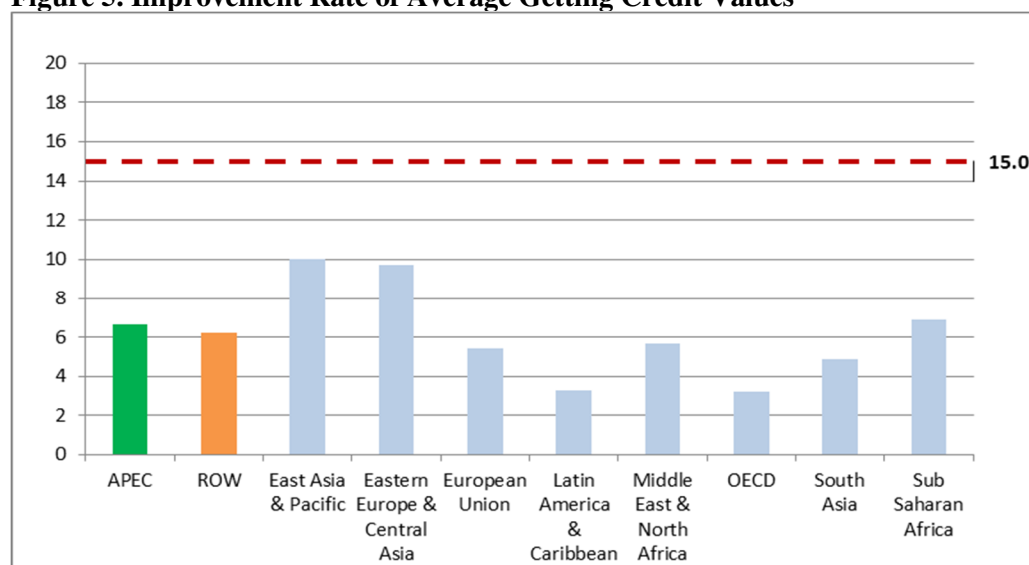
Note: Improvements are shown with negative values.

The difference in improvement rate by average and median terms remains significant and could be attributed to two reasons: 1) the large reduction in the number of procedures to obtain a construction permit was contributed by APEC economies which have been in the bottom of the list for having many procedures in place since the baseline year (2009); and 2) while there has been a decrease in cost to obtain a construction permit on average, cost actually increased in median terms. Six economies, which were among the top 13 APEC economies with lowest costs in 2009, experienced higher costs by 2013.

### C. Getting Credit

APEC's combined improvement rate under the revised methodology was 6.6 percent in average terms, way below the 15 percent benchmark but higher than that for the rest of the world (6.2 percent). All indicators reveal that APEC can do more in this priority area, through improving the strength of its legal rights, depth of credit information and/or expanding the share of its adult population whose credit information is available in public registries as well as private bureaus. By region, East Asia & Pacific made the most relative progress in average terms (10.0 percent), followed by Eastern Europe & Central Asia (9.7 percent) and Sub-Saharan Africa (6.9 percent).

**Figure 5. Improvement Rate of Average Getting Credit Values**



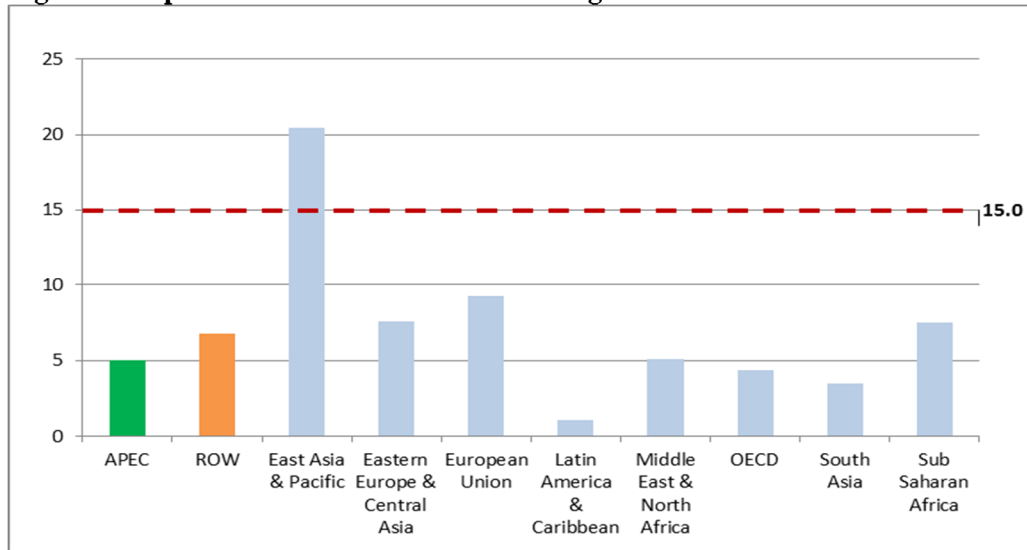
Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with positive values.

APEC's combined improvement rate measured by median values was equal to 5.0 percent, which was lower than that for the rest of the world (6.8 percent). This can partly be explained by APEC's better median scores in this priority area relative to the rest of the world in the baseline year (2009), which makes it harder for the APEC region to register additional gains in performance in percent terms. In fact, the data shows that APEC's improvement was solely explained by the increase in share of APEC's adult population whose credit information is available in private bureaus. There was no change in the median values for the other three indicators (i.e. strength of legal rights index, depth of credit information index and share of adult population covered by public registries). The regional best performer was East Asia & Pacific (20.4 percent), followed by European Union (9.2 percent) and Eastern Europe & Central Asia (7.6 percent).



**Figure 6. Improvement Rate of Median Getting Credit Values**

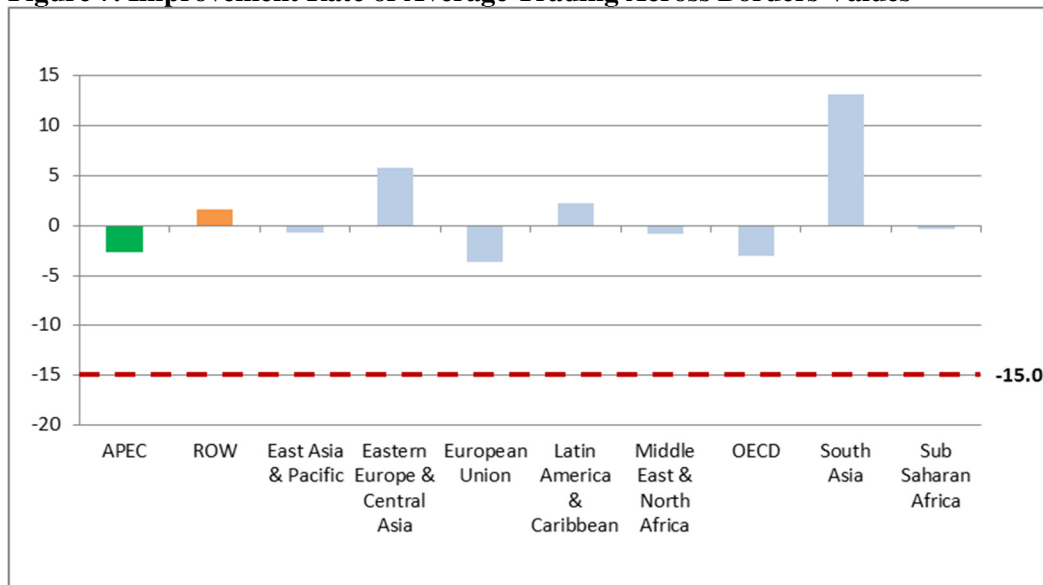


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations  
 Note: Improvements are shown with positive values.

#### D. Trading Across Borders

In recent years, progress in this priority area has been relatively modest around the world. APEC's average values for the Trading Across Borders indicators showed a combined improvement rate of 2.6 percent for the period 2009-2013, which was lower than the 2.7 percent improvement rate seen between 2009 and 2011. APEC's performance, though far below the 15 percent pro rata target, ranked as the third best performance of all regions, behind only the European Union and the OECD economies. As opposed to the APEC region, the rest of the world saw an average decrease of 1.6% in their overall performance since 2009, with South Asia and Eastern Europe and Central Asia showing the largest decline.

**Figure 7. Improvement Rate of Average Trading Across Borders Values**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations  
 Note: Improvements are shown with negative values

APEC's performance in Trading Across Borders, measured by median values, was the best among all regions included in this report, with an improvement of 6.5 percent between 2009 and 2013. In particular, significant improvements were noticeable in the median time to export and import, both of which improved in 15.4 percent during the period 2009-13. On the contrary, the rest of the world managed a median improvement of only 0.6 percent in the same period.

**Figure 8. Improvement Rate of Median Trading Across Borders Values**



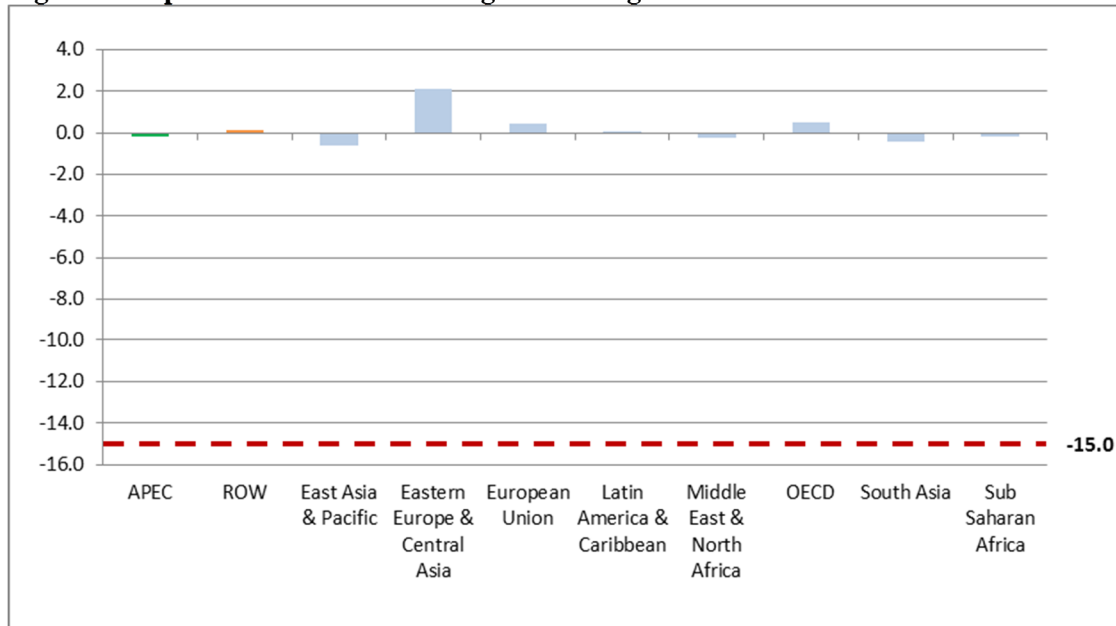
Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values

## E. Enforcing Contracts

Gains remain elusive for APEC and the rest of the world in the Enforcing Contracts area as difficulties in implementing reforms in courts persist across all regions. APEC's average combined performance improved in only 0.2 percent for the period 2009-2013, far below the 15% pro rata target.

**Figure 9. Improvement Rate of Average Enforcing Contracts Values**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values

APEC's combined performance in Enforcing Contracts, measured by median values, lagged far behind the target as well, improving by just 0.5 percent between 2009 and 2013. Over the same period, the rest of the world saw their median performance declining by 1.3%. APEC's performance, though far from the 15% pro rata improvement target, placed it as the third best performer among all regions, behind East Asia and the Pacific, which had a combined improvement of 0.8 percent, and South Asia, which did so in 0.7 percent.

**Figure 10. Improvement Rate of Median Enforcing Contracts Values**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values

## F. Combined Progress in All Priority Areas

If progress of all priority areas measured by the average values is equally combined to obtain an average rate of improvement, APEC's combined improvement rate for the period 2009-2013 was equal to 11.3 percent, which is below the 15 percent pro-rata target. This indicates that although APEC has made improvements relative to the base year (i.e. 2009), it needs to redouble its efforts in order to meet the targeted 25 percent improvement by 2015. Improvement rates across priority areas differ substantially from as low as 0.2 percent for Enforcing Contracts to as high as 27.3 percent for Starting a Business. In view of this, moving ahead, APEC needs to intensify reforms in areas that have been performing way below the pro-rata improvement benchmark such as Getting Credit, Trading Across Borders and Enforcing Contracts.

**Table 3. APEC – Overall Progress at Ease of Doing Business Initiative (2009 – 2013) Average Values**

Benchmark = 15 percent

Region	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress
<b>APEC</b>	<b>27.3</b>	<b>19.8</b>	<b>6.6</b>	<b>2.6</b>	<b>0.2</b>	<b>11.3</b>
<b>ROW</b>	<b>28.0</b>	<b>18.6</b>	<b>6.2</b>	<b>-1.6</b>	<b>-0.2</b>	<b>10.2</b>
East Asia & Pacific	29.7	9.6	10.0	0.7	0.6	<b>10.1</b>
Eastern Europe & Central Asia	43.1	30.7	9.7	-5.8	-2.1	<b>15.1</b>
European Union	25.8	-3.8	5.4	3.6	-0.5	<b>6.1</b>
Latin America & Caribbean	7.7	7.9	3.3	-2.2	0.0	<b>3.3</b>
Middle East & North Africa	20.9	5.5	5.7	0.8	0.2	<b>6.6</b>
OECD	22.1	-5.4	3.2	3.0	-0.5	<b>4.5</b>
South Asia	30.3	13.1	4.9	-13.1	0.4	<b>7.1</b>
Sub Saharan Africa	26.7	21.2	6.9	0.3	0.2	<b>11.1</b>

Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: All components have been calculated by using simple averages. Improvements are shown with positive values.

In median terms, APEC's combined improvement rate for the period 2009-2013 was equal to 8.9 percent, which is below the 15 percent pro-rata target and also below the combined improvement rate measured by average values. This indicates that progress in many of the indicators was driven by economies that did not perform well in the baseline year (i.e. 2009).

**Table 4. APEC – Overall Progress at Ease of Doing Business Initiative (2009 – 2013) Median Values**

Benchmark = 15 percent

Region	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress
<b>APEC</b>	<b>23.0</b>	<b>9.5</b>	<b>5.0</b>	<b>6.5</b>	<b>0.5</b>	<b>8.9</b>
<b>ROW</b>	<b>38.4</b>	<b>10.8</b>	<b>6.8</b>	<b>0.6</b>	<b>-1.3</b>	<b>11.1</b>
East Asia & Pacific	14.0	10.7	20.4	1.7	0.8	<b>9.5</b>
Eastern Europe & Central Asia	52.3	29.6	7.6	2.4	-3.7	<b>17.6</b>
European Union	28.1	3.3	9.2	5.6	0.4	<b>9.3</b>
Latin America & Caribbean	15.7	15.1	1.1	0.5	-0.5	<b>6.4</b>
Middle East & North Africa	30.0	4.7	5.1	-2.5	0.4	<b>7.6</b>
OECD	26.2	2.5	4.4	1.1	-1.2	<b>6.6</b>
South Asia	24.8	2.8	3.5	-9.0	0.7	<b>4.6</b>
Sub Saharan Africa	43.8	16.9	7.5	2.4	0.4	<b>14.2</b>

Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: All components have been calculated by using simple averages. Improvements are shown with positive values.

## G. APEC is Making Progress, But Needs to Intensify Efforts

Although APEC has made great strides in the EoDB initiative between 2009 and 2013, member economies need to accelerate their efforts both individually and collectively so that it can get closer to the targeted 25 percent improvement by 2015. This includes the implementation of measures in all priority areas, including in those that APEC is doing well, to make doing business easier, faster and cheaper. APEC needs to ensure that it can offer improved conditions to do business. This is especially relevant, since other regions are also improving their business environments and competition is intense to attract investments.

There is room for improvement in APEC's performance. In fact, APEC still lags behind some regions in a number of indicators of Doing Business. For example, regarding Starting a Business, in 2013, it took on average 21 days, 6 procedures and a cost that was about 7.0 percent of the income per capita to start a business in APEC. Comparatively, it took only 11 days, 5 procedures and a cost that was about 3.7 percent of the income per capita to start a business in OECD. The same could be observed in median terms. While it took 10 days, 6 procedures and a cost that was about 6.7 percent of the income per capita to start a business in APEC, it took 11 days, 5 procedures and a cost that was about 2.2 percent of the income per capita to start a business in European Union.

Pertaining to Dealing with Construction Permits, APEC needed on average 15 procedures to obtain a construction permit but it took 13 procedures to get one in Latin America & Caribbean. In median terms, the cost to obtain a construction permit was approximately 56.3 percent of the income per capita in APEC but was only 45.3 percent of the income per capita in East Asia & Pacific.

For Getting Credit, the average public credit registry coverage in APEC was 18.6 percent of the adult population, but in European Union, the coverage was 19.5 percent of the adult population. Although the private bureau coverage fared better at 56.8 percent of the adult population on average, the same coverage in OECD was 68.8 percent. In median terms, the private bureau coverage in APEC reached 60.3 percent, far from the level achieved by the OECD (92.2 percent).

On Trading Across Borders, an average of 5 documents was required to export a cargo container with an average wait time of 13 days and costing USD 920. The OECD, by contrast, required only an average of 4 documents and 10 days, while exporting a container from the East Asia & Pacific region cost on average only USD 863. Importing a container from APEC required on average 6 documents, 13 days, and USD 984. Again, the OECD came ahead in terms of time and documentation, requiring 4 documents and 10 days on average. East Asia & Pacific economies charged on average only USD 893 per imported container.

Enforcing Contracts is an area where APEC and the rest of the world need to do extra work. Improvements in APEC were very modest in terms of the number of procedures and time to enforce a contract, and the cost slightly increased between 2009 and 2013. APEC required an average of 35 procedures and 33.4 percent of the claim in fees. The OECD, in contrast, required an average of 31 procedures to file a claim with costs representing 20.7 percent. The median APEC economy needed 36 procedures and 26 percent of the claim as administrative fees, while OECD economies demanded only 32 procedures and 20.4 percent of the total claim.

As indicated earlier, APEC's combined improvement rate of 11.3 percent on average and 8.9 percent in median terms shows that APEC has improved over the 2009-2013 period. However, there is more work to be done. First, APEC's combined improvement rate was below the 15 percent pro-rata target both in average and in median terms. The gap towards achieving the 25 percent improvement rate by 2015 is becoming more challenging to address, noting that only two more years remain to conduct reforms and deliver effective changes.

Second, the lower improvement rate in median terms means that the improvements in doing business have been uneven across APEC economies. Improvements in several of the doing business indicators were mostly explained by those APEC economies that were relatively behind during the baseline year (2009).

Third, improvements were also uneven across priority areas, varying from as low as 0.2 percent for Enforcing Contracts to as high as 27.3 percent for Starting a Business<sup>10</sup>. It is important that all areas achieve substantial progress. For individuals and companies, doing business entails following procedures in several areas and the overall strength of doing business in a particular economy has a direct relation to its performance in the weakest areas to carry out business activities. Obstacles in Enforcing Contracts may indeed hinder improvements that have been achieved in other areas, such as Starting a Business or Dealing with Construction Permits.

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<sup>10</sup> The values refer to improvements in average terms. However, progress in APEC measured by median values has also been uneven across priority areas.

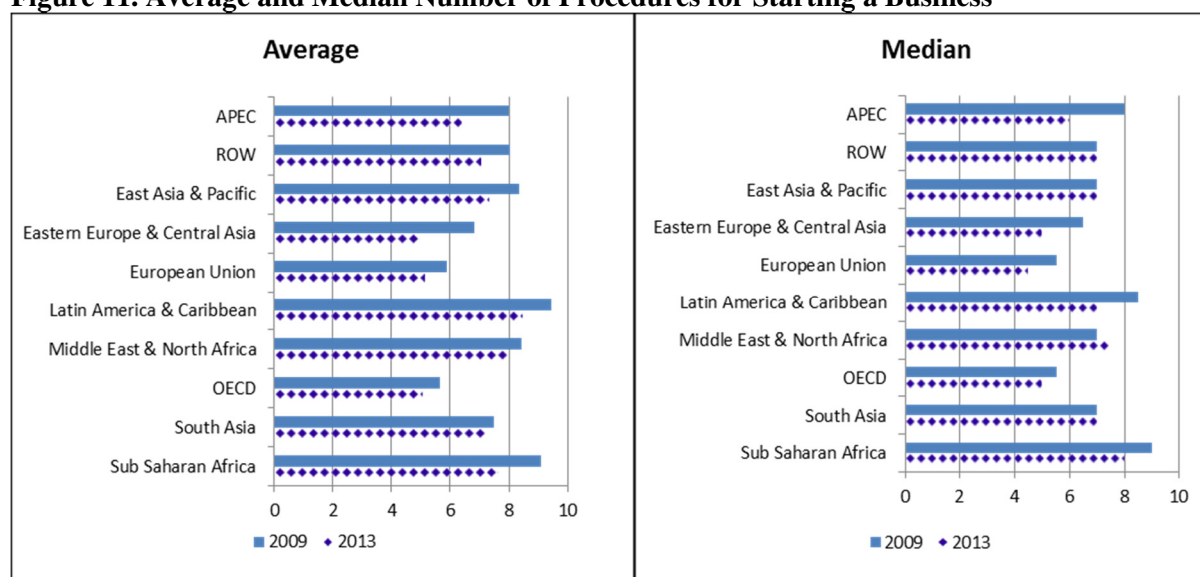
## 2. APEC'S IMPROVEMENTS BY PRIORITY AREAS

### A. Starting a Business

Starting a Business continues to be the priority area that APEC made the most progress under the EoDB initiative.

The average number of procedures required to start a business in the APEC region decreased from eight to about six between 2009 and 2013. Something similar could be observed in the median number of procedures within APEC over the same period. While improvement rates have been remarkable in APEC for both average and median values, it still lags behind Eastern Europe & Central Asia, the European Union and OECD in the terms of the average and median number of procedures, which stood at approximately five.

**Figure 11. Average and Median Number of Procedures for Starting a Business**

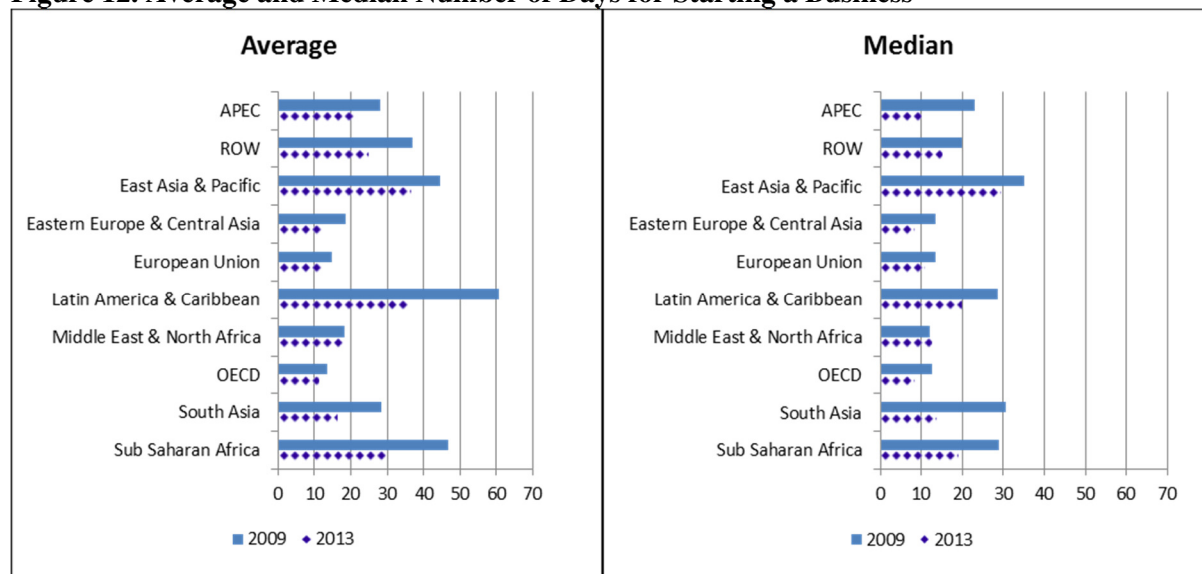


Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC also managed to reduce the average time required to start a business by 24.3 percent from 28 to 21 days between 2009 and 2013. In spite of the sharp reduction in average time, starting a business in APEC took on average at least more than a week than in Eastern Europe & Central Asia, the European Union and OECD. APEC fared better in reducing the median time from 23 to 10 days. Only Eastern Europe & Central Asia and OECD experienced a shorter median time to start a business (nearly 9 days).

While APEC has made commendable progress and variation among APEC members decreased by 17.9 percent, it should be acknowledged that diversity within APEC remains wide. The time required to start a business ranged from just half a day to as long as 101 days in 2013.

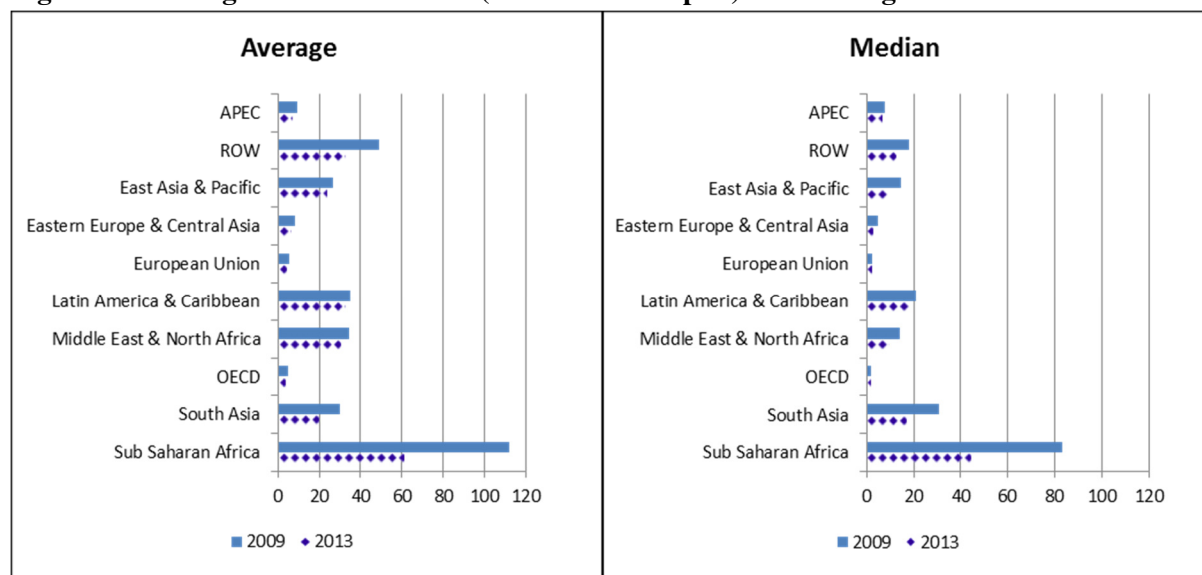
**Figure 12. Average and Median Number of Days for Starting a Business**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC's cost of starting a business as measured in percentage of income per capita has been relatively lower compared to other regions between 2009 and 2013. This did not prevent APEC from further reducing their average and median costs by 24.0 and 10.7 percent in average and median terms, respectively. APEC's average cost of 7.0 percent in 2013 was among the lowest, only trailing behind OECD (3.7 percent), European Union (4 percent) and Eastern Europe & Central Asia (6.5 percent). APEC's cost in median terms (6.7 percent) also trailed behind only those three regions in 2013.

**Figure 13. Average and Median Cost (% of income capita) for Starting a Business**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

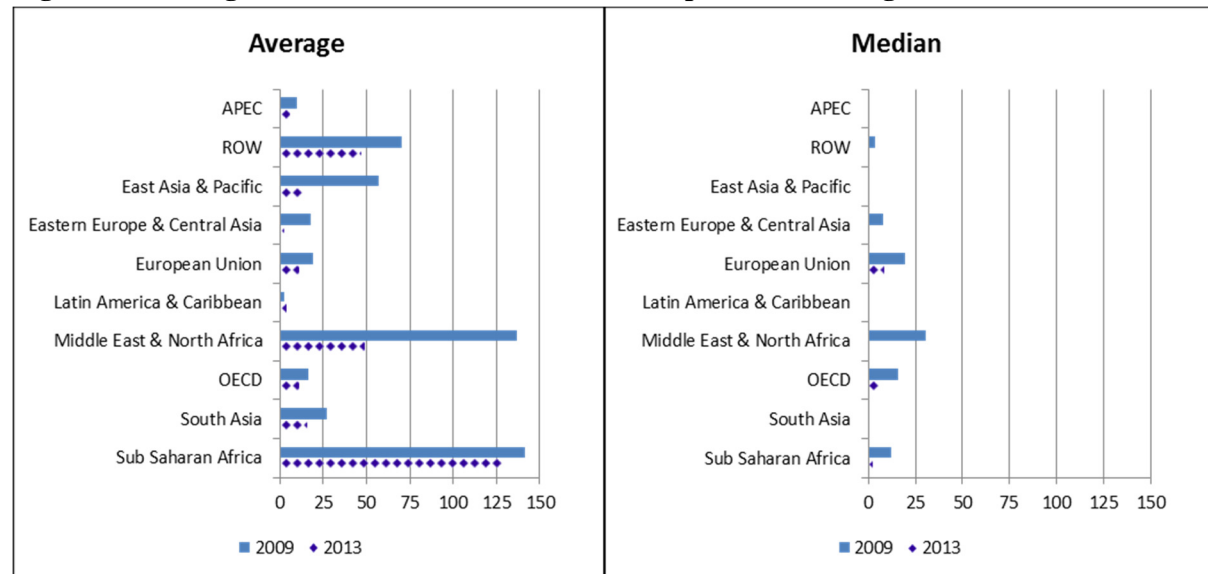
In terms of the paid-in minimum capital requirement for deposit in a bank or with a notary to start a business, APEC managed to reduce it significantly by more than 40 percent from 9.8 to 5.8 percent between 2009 and 2013. Despite this remarkable improvement, other regions had been able to reduce it further. As an illustration, the paid-in minimum capital requirement in



Eastern Europe & Central Asia went down by 87.9 percent, going from 18 to 2 percent, over the same period.

By examining the median values of APEC's paid-in minimum capital requirement, the APEC region appears to be in line with global trends. With the exception of the European Union, OECD and Sub-Saharan Africa, APEC and other regions experienced a median paid-in minimum capital requirement equal to zero in 2013, which indicates that more than half of APEC members did not require any paid-in minimum capital for starting a business.

**Figure 14. Average and Median Paid-in Minimum Capital for Starting a Business**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

At 27.3 percent, APEC's combined improvement rate for Starting a Business in average terms was well above the 15 percent pro rata target by 2013. All four indicators registered improvement rates of between 20.2 and 40.8 percent. A look at the current situation indicates that APEC has already met its 2015 target in one of the Starting a Business indicators (i.e. paid-in minimum capital requirement) and is very close to meeting its target of 25 percent improvement by 2015 in the other three indicators.

**Table 5. Comparison of APEC's Starting a Business Permits Average Indicators with Targets**

Average	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)
Current Situation (2013)	6.4	21.2	7.0	5.8
Pro-Rata Target (15% Improvement) by 2013	6.8	23.8	7.8	8.4
Overall Target (25% Improvement) by 2015	6.0	21.0	6.9	7.4

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Both APEC and the rest of the world improved substantially in all of their Starting a Business performance indicators. While APEC met the 15 percent pro-rata improvement rate for all indicators in 2013, the rest of the world met the target for three out of four indicators.

### Box 1. Making it Easier to Start a Business

Even though APEC has made considerable strides toward making it easier to start a business in recent years, member economies are continuing to explore ways to simplify starting a business. Selected recent examples highlight these improvements in Chile; Hong Kong, China; and the Philippines.

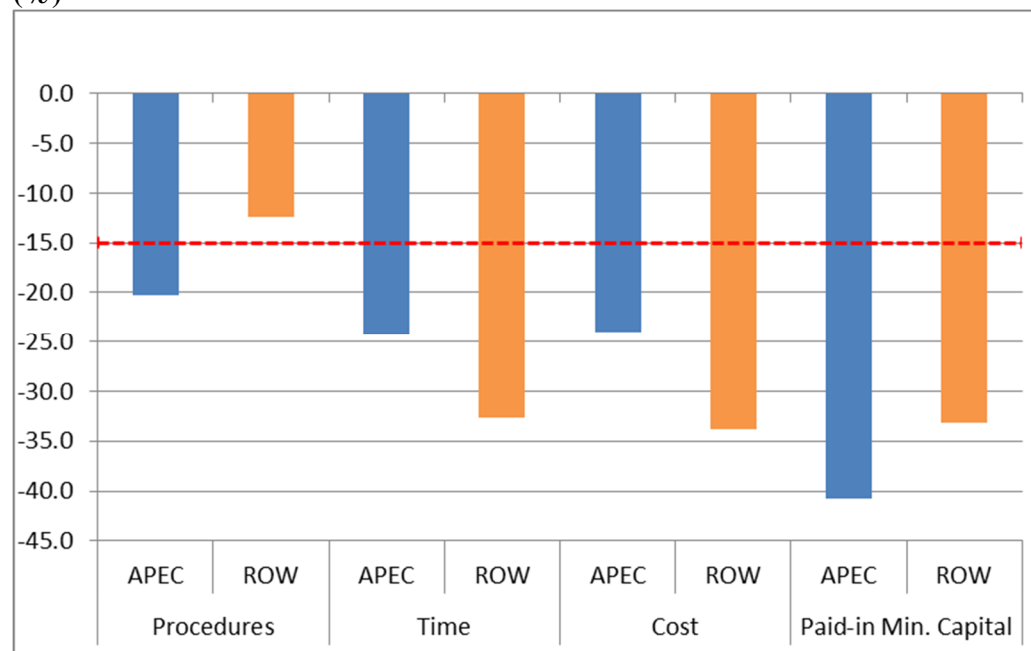
Chile has made starting a business easier by creating a new online system for business registration, allowing several aspects of the business registration process to be completed online in less than one day at zero cost. More than 20,000 companies were incorporated in less than one day in 2013.

Hong Kong, China abolished a capital duty that was previously levied on local companies under the Companies Ordinance in June 2012. This improvement made starting a business less costly and enhanced the economy's competitiveness as an international business centre.

In the Philippines, the National Competitiveness Council (NCC), a public-private group tasked by the President's Office with improving the economy's placement in the Doing Business rankings, developed a "Game Plan for Competitiveness" which aims to implement regulatory improvements – such as streamlining of steps - at different levels of government. The Taguig City government, for instance, opened its business one stop shop (BOSS) center to facilitate the business permits and licensing process.

Sources:

- World Bank, "Business Reforms for Starting a Business". Available at <http://doingbusiness.org/reforms/overview/topic/starting-a-business>
- Patricia Rey Mallen, "Chile is Latin America's Best Country to do Business, 34 in the World; Venezuela is Worst, 181 in the World". Published by International Business Times, 19 November 2013. Available at <http://www.ibtimes.com/chile-latin-americas-best-country-do-business-34-world-venezuela-worst-181-world-1475410>
- Gabriel Jimenez, Chile: Boosting Entrepreneurship – "Incorporations in One Day" presentation at the APEC Economic Committee, Ningbo, China, 24 Feb 2014
- News Archives of the Government of Hong Kong, China, "Capital Duty to be Abolished from June". 13 May 2012. Available at <http://www.info.gov.hk/gia/general/201205/13/P201205110546.htm>
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- National Competitiveness Council Philippines, "Philippines Soars 30 Notches in the IFC 2014 Doing Business Report". 31 October 2013. Available at <http://www.competitive.org.ph/stories/715>
- The Philippine Star, "Taguig Opens Center for Faster Business Requirements' Renewal". 6 January 2014. Available at <http://www.philstar.com/nation/2014/01/06/1275725/taguig-opens-center-faster-business-requirements-renewal>

**Figure 15. Change in Average Values for Starting a Business Indicators Between 2009 and 2013 (%)**

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values.

APEC's median values have already achieved their 25 percent improvement rate targets in three out of four indicators. APEC's remarkable progress in Starting a Business from both average and median perspectives means that this was a result of efforts by many APEC economies, and not just those economies that did not fare well during the baseline year (2009).

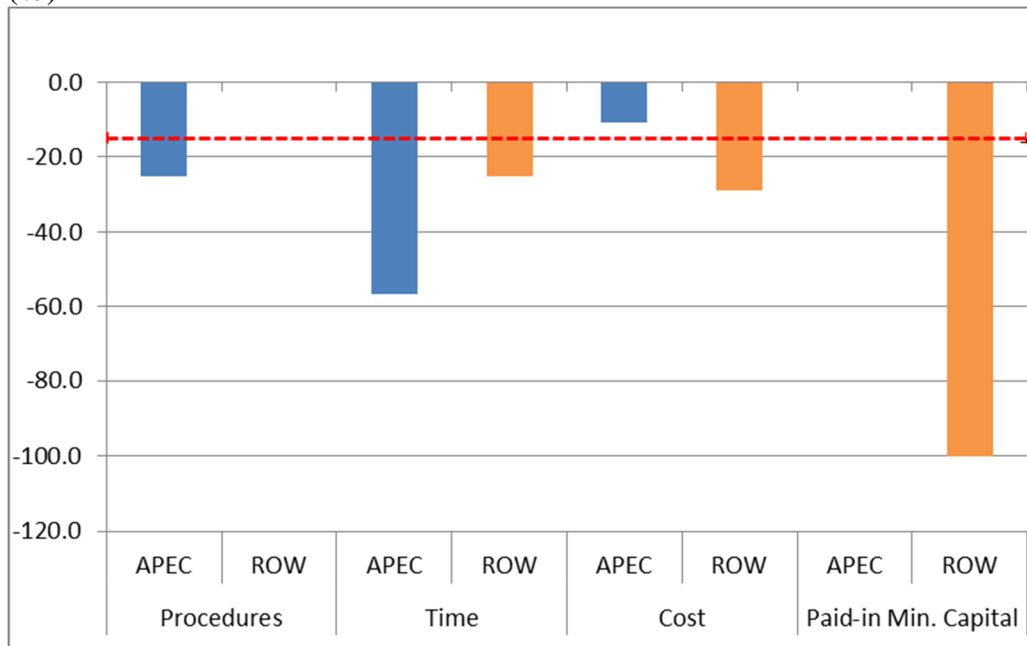
**Table 6. Comparison of APEC's Starting a Business Median Indicators with Target**

Median	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)
Current Situation (2013)	6.0	10.0	6.7	0.0
Pro-Rata Target (15% Improvement) by 2013	6.8	19.6	6.4	0.0
Overall Target (25% Improvement) by 2015	6.0	17.3	5.6	0.0

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC's largest improvement in its median values was related to the shorter time to start a business. In the case of the rest of the world, its median paid-in minimum capital requirement experienced the largest relative progress. APEC registered no change in this median indicator because more than half of its members have not established any paid-in minimum capital requirement since before the start of the EoDB initiative back in 2009.

**Figure 16. Change in Median Values for Starting a Business Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values.

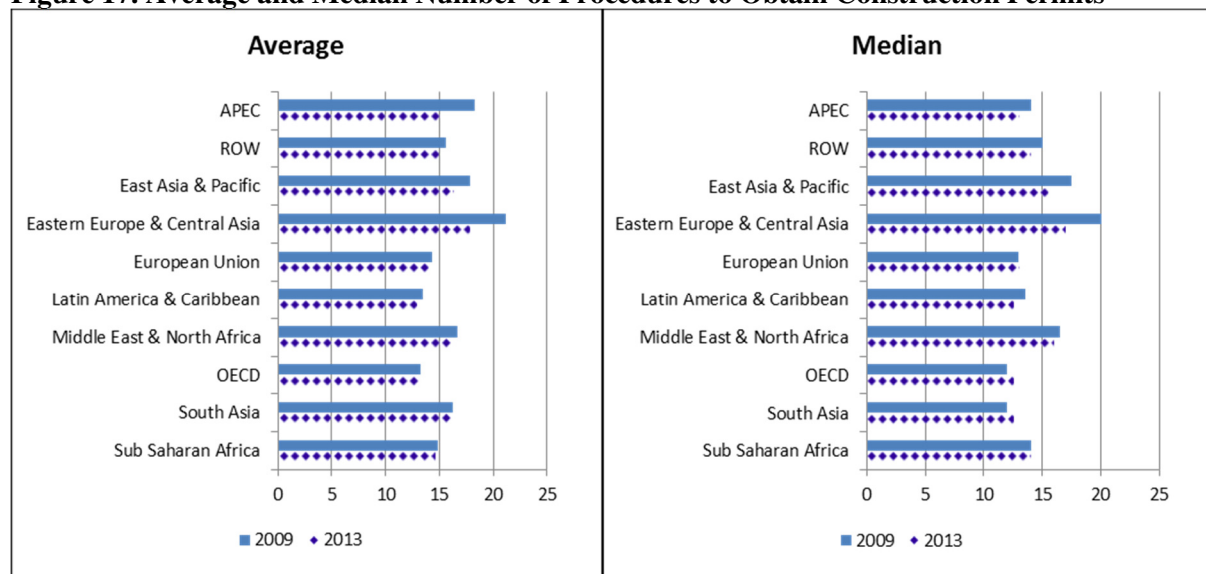
## B. Dealing with Construction Permits

APEC's average performance across all three indicators in this priority area improved above the 15 percent benchmark. However, APEC's performance in median terms was less rosy, since only one of the indicators, time to obtain a construction permit, improved its median value above the 15 percent pro-rata benchmark; and another indicator, the cost to obtain a construction permit, became worse off, as the median cost in APEC increased in 5.2 percent between 2009 and 2013.

Regarding the number of procedures required to obtain a construction permit in APEC, its average fell from 18 in 2009 to 15 in 2013. APEC experienced the deepest improvement in this indicator in percent terms. Despite this improvement, APEC still lagged behind other regions. For example, the average number of procedures to obtain a construction permit in OECD and Latin America & Caribbean was around 13.

APEC's median number of procedures in median terms was on par with the European Union, with 13 procedures, but was slightly higher than Latin America & Caribbean, OECD and South Asia.

**Figure 17. Average and Median Number of Procedures to Obtain Construction Permits**

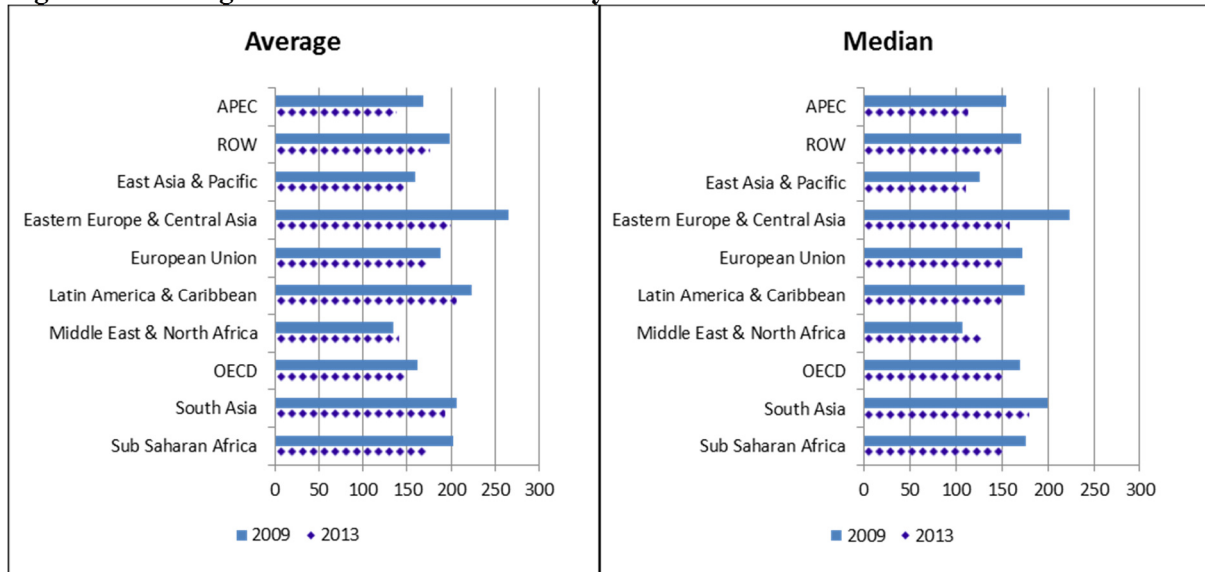


Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

From the perspective of the number of days to obtain a construction permit, APEC made substantial progress both in average and median terms, reducing the amount of time between 2009 and 2013 by approximately 4.5 and 6 weeks respectively, and exceeding the 15 percent pro-rata improvement target. In fact, APEC became the region with the shortest average time to obtain a construction permit (137 days); and the second shortest median time (114 days), only marginally behind East Asia & Pacific (111 days).

Despite this progress, APEC's performance remains uneven among its members. As a matter of fact, the number of days to obtain a construction permit among APEC members ranged from 26 days to 297 days in 2013.

**Figure 18. Average and Median Number of Days to Obtain Construction Permits**

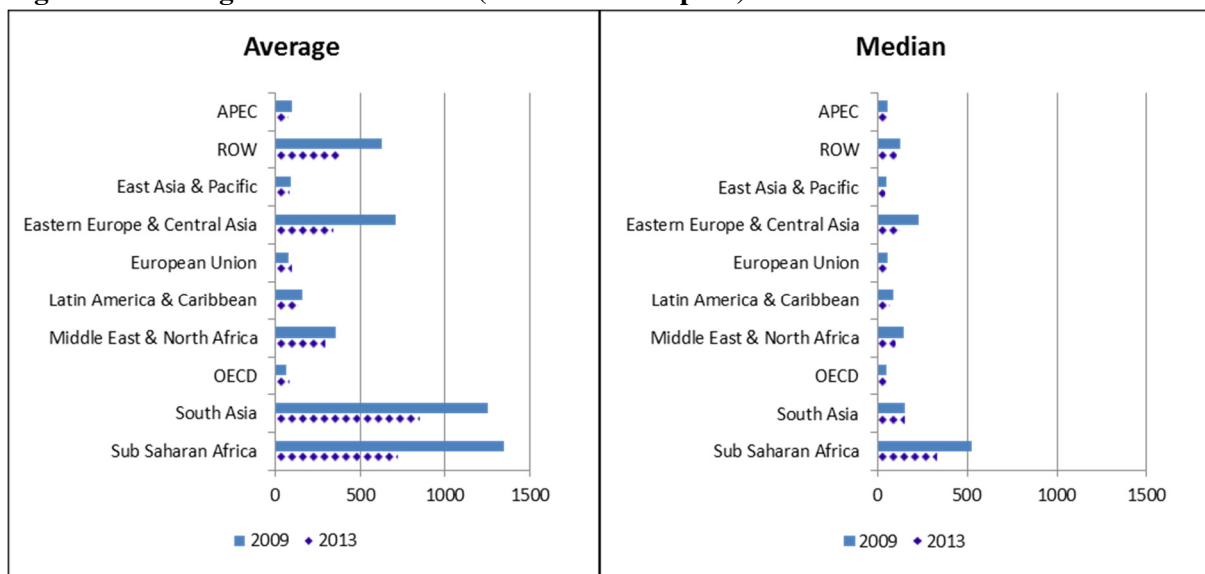


Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC's cost for obtaining a construction permit in terms of percentage of income per capita has been among the lowest relative to other regions. In average terms, APEC managed to reduce it from 102.5 to 78.3 percent of the income per capita between 2009 and 2013, becoming the region with the lowest average cost.

However, it must be acknowledged that APEC's cost reduction has not been uniform across member economies. In fact, APEC's median cost increased from 53.5 to 56.3 percent between 2009 and 2013, as rising costs in obtaining construction permits were registered in six APEC economies with different development levels over the same period of time. APEC's median cost was close to that of the European Union (56.4 percent) and higher than that of East Asia & Pacific (45.3 percent) as well as OECD (50.5 percent).

**Figure 19. Average and Median Cost (% of income capital) to Obtain Construction Permits**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

## Box 2. Simplifying the Process to Obtain Construction Permits

APEC member economies are making noteworthy progress in the area of dealing with construction permits by making it simpler, faster and cheaper to build.

China has simplified the process to obtain a construction permit by streamlining and centralizing preconstruction approvals since Doing Business 2012. For example, Shanghai is implementing a fast-track approval process for building permits.

According to Malaysia's Task Force to Facilitate Business (PEMUDAH), a thorough review of both regulatory and non-regulatory procedures and processes has led to the streamlining of procedures and the introduction of One-Stop Centres (OSC) in Malaysia. This gateway to obtain approvals for construction of small scale, non-residential projects has reduced the number of procedures from 37 to 15 and shortened the time required from 140 to 130 days.

Sources:

- World Bank, "Business Reforms in China". Available at <http://www.doingbusiness.org/reforms/overview/economy/china>
- Ministry of International Trade and Industry, Malaysia, "World Bank Ease of Doing Business Report 2014". 29 October 2013. Available at [http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article\\_1ce8c200-c0a81573-98dbc960-87d9b748](http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article_1ce8c200-c0a81573-98dbc960-87d9b748)
- Ee Ann Nee, "Malaysia 6<sup>th</sup> Most Business-Friendly Country: World Bank". Published by The Sun Daily, 30 October 2013. Available at <http://www.thesundaily.my/news/868886>
- World Bank, "Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers". January 2013. Available at <https://www.wbginvestmentclimate.org/publications/loader.cfm?csModule=security/getfile&pageid=33965>

Measured by average values, APEC's combined improvement rate in this priority area was equal to 19.8 percent, above the 15 percent pro-rata target by 2013. A look at the current situation indicates that APEC is well-placed to meet its overall target of 25 percent improvement by 2015. Indeed, APEC is only less than 2 procedures and 11 days away from the 2015 target to obtain a construction permit. Similarly, the average cost in APEC is only 1.4 percent points higher than the 2015 target.

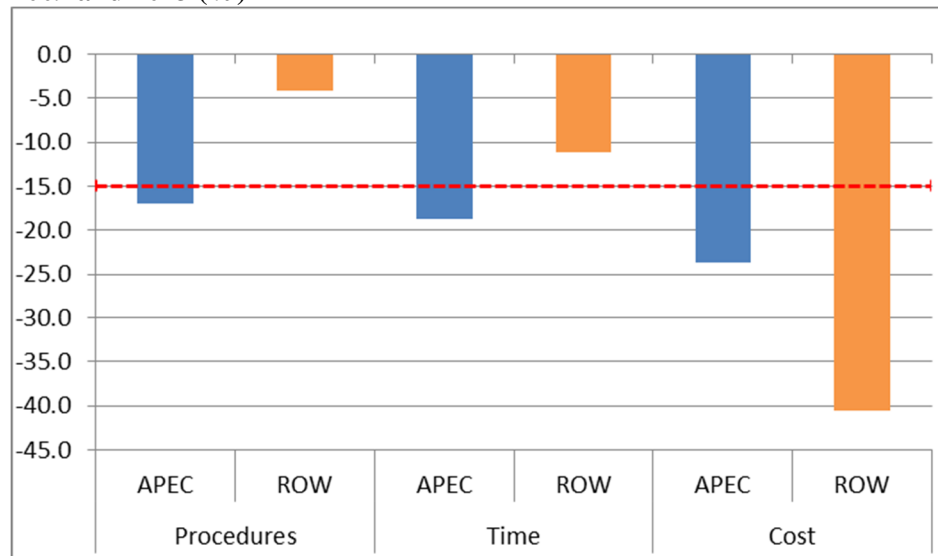
**Table 7. Comparison of APEC's Dealing with Construction Permits Average Indicators with Targets**

Average	Procedures (number)	Time (days)	Cost (% of income per capita)
Current Situation (2013)	15.2	137.4	78.3
Pro-Rata Target (15% Improvement) by 2013	15.5	143.7	87.2
Overall Target (25% Improvement) by 2015	13.7	126.8	76.9

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

All three Dealing with Construction Permits average indicators contributed to the positive performance with improvement rates ranging between 16.9 and 23.7 percent. It is also worthwhile to point out that APEC's average improvements for procedures (16.9 vs. 4.1 percent) and time (18.7 vs. 11.1 percent) to obtain a construction permit were far better than those of the rest of the world. As for cost, although APEC's average improvement rate was relatively lower than that of the rest of the world (23.7 vs. 40.6 percent), its absolute average performance (78.3 percent of the income per capita) was greater than that of the rest of the world (374.3 percent of the income per capita).



**Figure 20. Change in Average Values for Dealing with Construction Permits Indicators Between 2009 and 2013 (%)**

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with negative values

The indicators show that APEC has already managed to reduce the median number of days required to obtain a construction permit beyond the 15 percent pro-rata benchmark by 2013 and the 25 percent improvement target by 2015. However, APEC needs to put in more efforts to reduce the median number of procedures, which was more than one procedure away from the 15 percent pro-rata benchmark. Similarly, APEC's median cost as a percentage of the income per capita was more than 10 percent points short of the 2013 pro-rata benchmark.

**Table 8. Comparison of APEC's Dealing with Construction Permits Median Indicators with Targets**

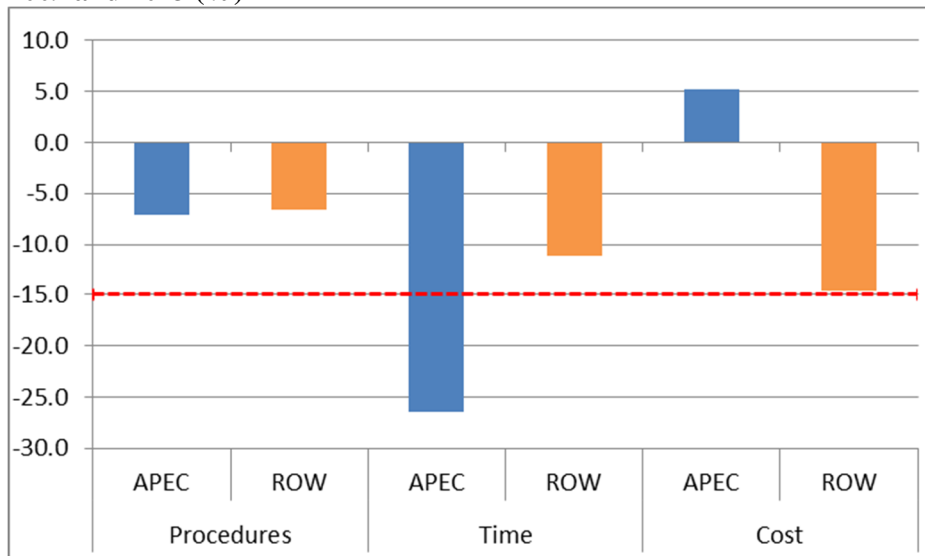
Median	Procedures (number)	Time (days)	Cost (% of income per capita)
<b>Current Situation (2013)</b>	13.0	114.0	56.3
<b>Pro-Rata Target (15% Improvement) by 2013</b>	11.9	131.8	45.5
<b>Overall Target (25% Improvement) by 2015</b>	10.5	116.3	40.1

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

While it is encouraging that APEC managed to reduce successfully the median time to obtain a construction permit in 26.5 percent, outperforming the rest of the world (11.1 percent), it remains a concern that APEC's median cost to obtain a construction permit has moved in the opposite direction, by increasing in 5.2 percent and offsetting the gains by the other two indicators in this priority area.



**Figure 21. Change in Median Values for Dealing with Construction Permits Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations  
 Note: Improvements are shown with negative values.

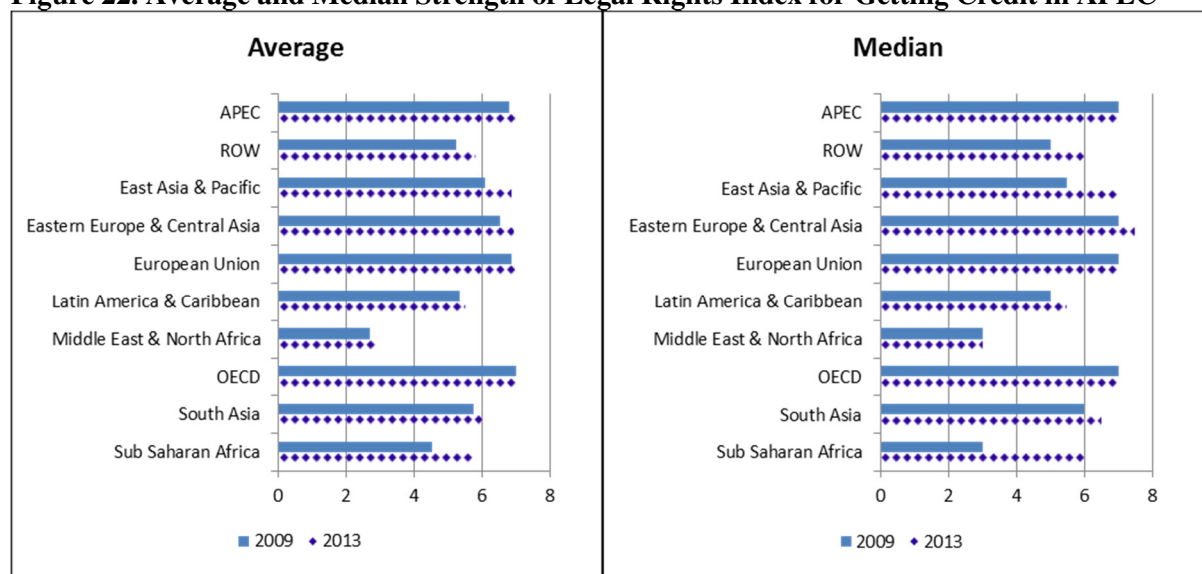
### C. Getting Credit<sup>11</sup>

While APEC's average performance across all four Getting Credit indicators improved between 2009 and 2013, the level of improvement was diverse and well below the 15 percent pro-rata benchmark. APEC's median performance did not experience any change, with the exception of share of population whose credit information is available in private bureaus, which increased above the 2013 pro-rata benchmark.

The average score on APEC's strength of legal rights index improved slightly, climbing 3 percent from 6.8 points in 2009 to 7 points in 2013. This index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. While the improvement was small, it should be highlighted that APEC's score was the best among other regions and on par with the European Union and OECD.

APEC's median score of the strength of legal rights index remained unchanged at 7 points between 2009 and 2013, on par with OECD as well as East Asia & Pacific and only behind the score obtained by Eastern Europe & Central Asia (7.5 points). However, the degree of protection by existing regulations to the rights of borrowers and lenders across APEC members varied significantly, as reflected in this index's scores by APEC members. It ranged between 3 points to the maximum possible score of 10 points.

**Figure 22. Average and Median Strength of Legal Rights Index for Getting Credit in APEC**



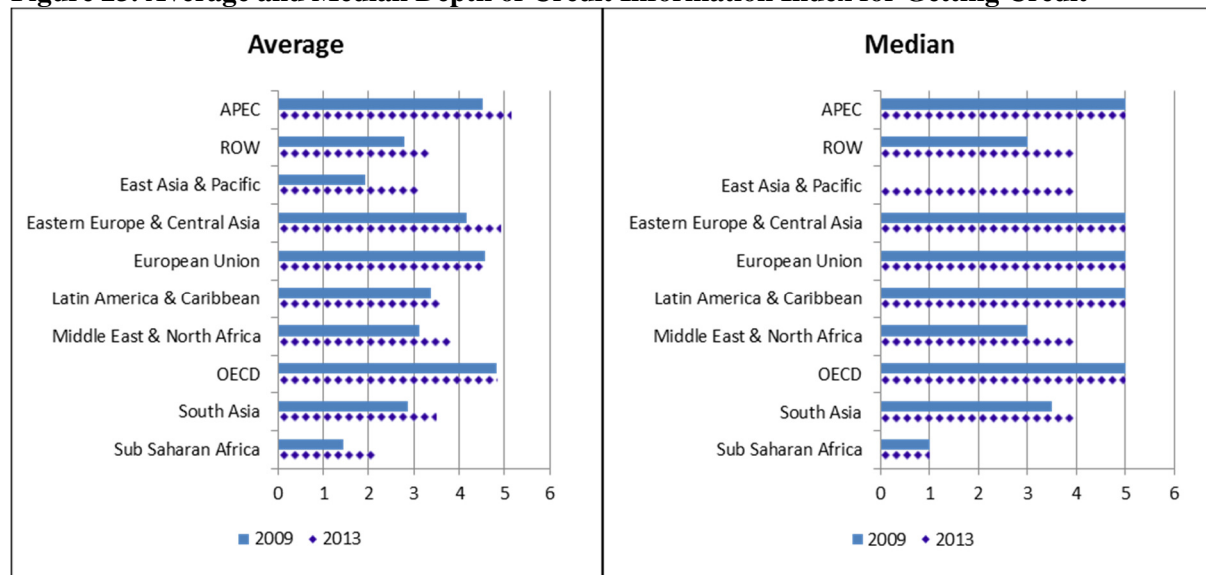
Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

<sup>11</sup> The methodology for the calculation of the improvement rates in this priority area was modified this year. Since Getting Credit indicators can only take limited values within a range, instead of using the conventional formula to obtain percentage changes, improvement rates for the period 2009-13 were calculated by dividing the difference of the values obtained in 2013 and 2009 by the difference between the maximum and minimum possible values that the indicators can take. Please see appendix 1 for further details.

APEC's average score for the depth of credit information index improved 10.3 percent from 4.5 in 2009 to 5.1 in 2013. This index measures the depth of the rules affecting the scope, accessibility and quality of credit information available. Although APEC's improvement rate was smaller than those of other regions, APEC's average score for this index was the best when compared to other regions mentioned in this report.

Similar to the strength of legal rights index, APEC's median score for the depth of credit information index remained unchanged from 2009 to 2013. Its score of 5.0 was the best relative to other regions in this report and on par with Eastern Europe & Central Asia, the European Union, Latin America & Caribbean and OECD.

**Figure 23. Average and Median Depth of Credit Information Index for Getting Credit**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

The indicator on the public credit registry coverage measures the percentage of adult population listed in a public credit registry with information on repayment history, unpaid debts or credit outstanding for the past five years. APEC's average public credit registry coverage improved from 12.3 percent to 18.6 percent between 2009 and 2013, occupying among all the regions included in this report the second spot after the European Union (19.5 percent).

APEC's median public credit registry coverage remained at zero between 2009 and 2013, implying that more than half of member economies did not use public credit registry systems. The same was observed for East Asia & Pacific, Latin America & Caribbean and OECD. Eastern Europe & Central Asia was the region with the highest coverage through those means (12.5 percent).

### Box 3. Improving Credit Information Systems

APEC member economies have undertaken reforms particularly in the area of credit information and coverage to make it easier to get credit.

For instance, Australia improved its credit information system through the Privacy Amendment (Enhancing Privacy Protection) Act 2012 which was passed on 29 November 2012. These reforms made possible more comprehensive credit reporting because it allows the reporting of information about an individual's current credit commitments and their repayment history over the previous two years. It is also complemented by enhanced privacy protections for individual's credit-related information.

Brunei Darussalam established the Credit Bureau as a unit under the Regulatory Department of Autoriti Monetari Brunei Darussalam (AMBD). The unit collects, collates and consolidates credit information in the form of a Credit Report for all licensed banks, finance companies and Islamic Trust Funds (TAIB) and should soon allow borrowers to view their own Credit Reports.

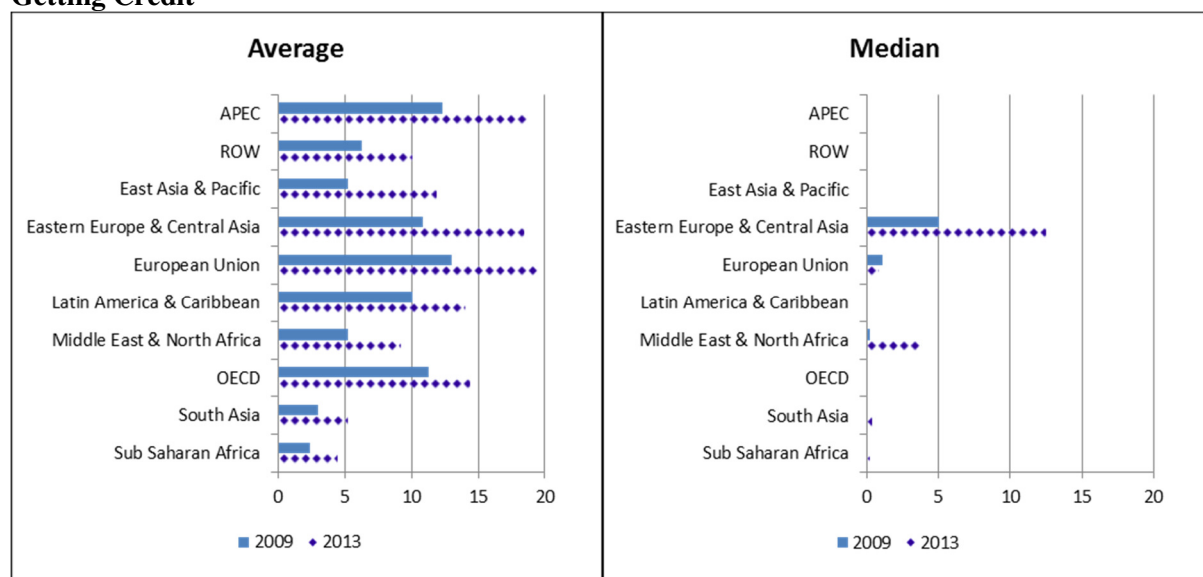
Singapore strengthened its credit information system by requiring that financial institutions disclose to consumers the possible costs of rolling over credit card debt and other revolving credit facilities. In addition, financial institutions are required to review a borrower's total debt and credit limits before extending them additional loans to allow for better assessment of an individual's borrowing capacity.

Viet Nam improved its credit information system by setting up a legal framework for the establishment of private credit bureaus which allows for the gathering of positive and negative credit information on individuals and businesses from eligible lenders. These reforms should allow lenders to make faster and more accurate decisions and, consequently, consumers and businesses should have quicker and easier access to credit.

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**Figure 24. Average and Median Public Credit Registry Coverage (% of adult population) for Getting Credit**

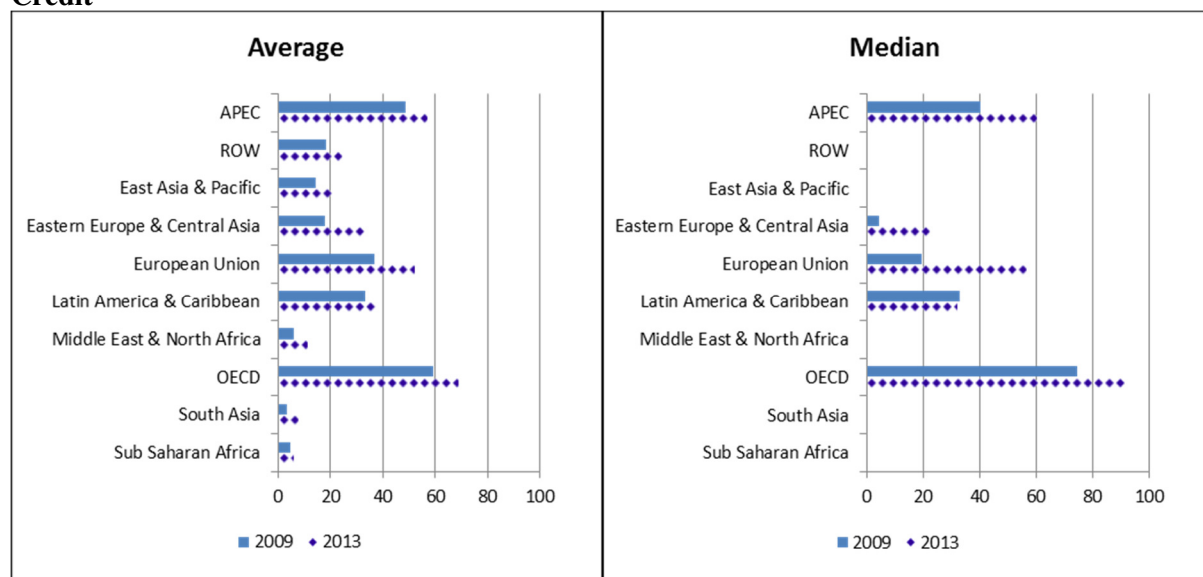


Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

The indicator concerning the private bureau coverage measures the percentage of adult population listed in a private credit bureau with information on repayment history, unpaid debts or credit outstanding from the past five years. APEC's average private bureau coverage improved from 48.8 percent in 2009 to 56.8 percent in 2013. Its coverage was among the best relative to other regions, second only to OECD (68.8 percent).

APEC's median private bureau coverage improved significantly from 40.3 to 60.3 percent from 2009 to 2013, being the region with the second best coverage through those means. Nevertheless, APEC's median was still far from OECD's coverage (92.2 percent).

**Figure 25. Average and Median Private Bureau Coverage (% of adult population) for Getting Credit**



Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC's combined average improvement rate for Getting Credit was 6.6 percent and way below the 15 percent benchmark that it had set for itself. There is a need to reinforce efforts in order to get closer to the targeted 25 percent improvement by 2015. APEC's average score for strength of legal rights index was 1.3 points below the 2013 pro-rata target and 2.3 points below the 2015 target. Similarly, APEC's average score for the depth of credit information index was 0.3 and 0.9 points below the 2013 pro-rata target and the 2015 target, respectively. In terms of the public registry and private bureau coverage, APEC will need to increase them by 18.7 and 17 percentage points, respectively in order to meet the 2015 target.

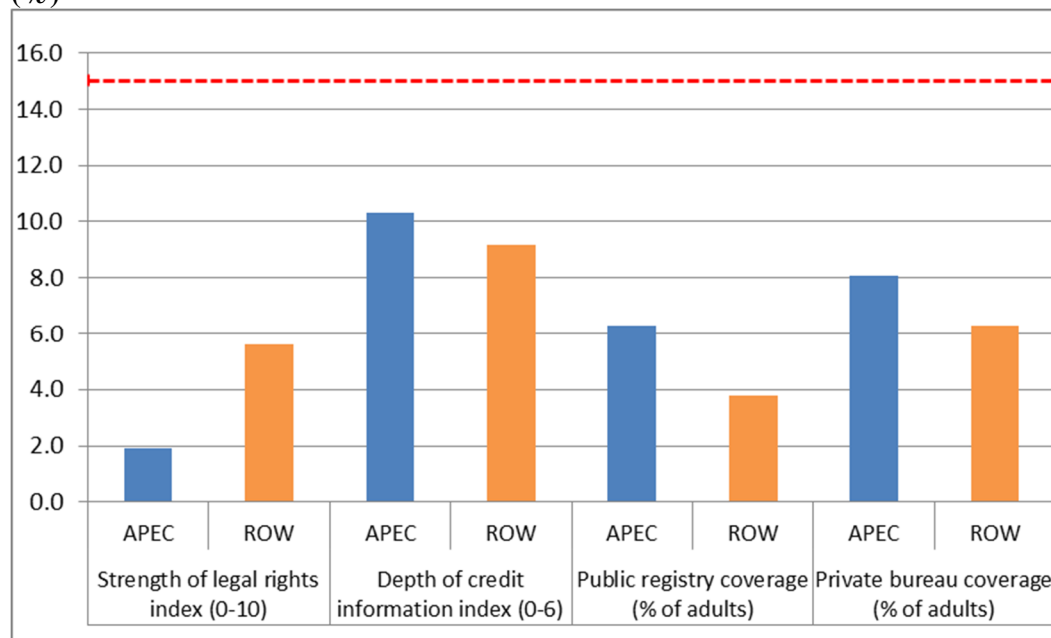
**Table 9. Comparison of APEC's Getting Credit Average Indicators with Targets**

Average	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
<b>Current Situation (2013)</b>	7.0	5.1	18.6	56.8
<b>Pro-Rata Target (15% Improvement) by 2013</b>	8.3	5.4	27.3	63.8
<b>Overall Target (25% Improvement) by 2015</b>	9.3	6.0	37.3	73.8

Source: World Bank - Doing Business; APEC Secretariat, Policy Support Unit calculations

Despite the fact that APEC's average performance in Getting Credit was better than that of the rest of the world, all four average indicators in APEC performed below the pro-rata improvement target, ranging between 1.9 and 10.3 percent from 2009 to 2013. APEC's improvement rates were higher than those of the rest of the world in all indicators except one.

**Figure 26. Change in Average Values for Getting Credits Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with positive values

By looking at APEC's median indicators, APEC needs to do more work to meet the targeted 25 percent improvement by 2015, since it has to increase its median score for the strength of legal rights index by 2.5 points and the depth of credit information index by 1 point. In addition, APEC's median public registry and private bureau coverage of adult population in credit information systems need to increase by 25 and 5 percentage points, respectively.

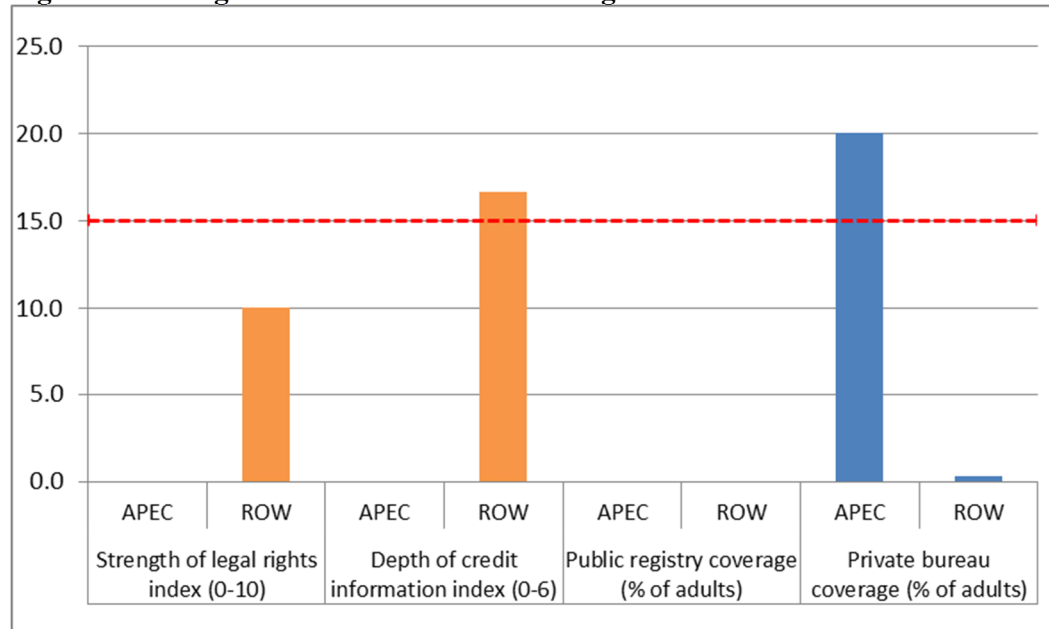
**Table 10. Comparison of APEC's Getting Credit Median Indicators with Targets**

Median	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
<b>Current Situation (2013)</b>	7.0	5.0	0.0	60.3
<b>Pro-Rata Target (15% Improvement) by 2013</b>	8.5	5.9	15.0	55.3
<b>Overall Target (25% Improvement) by 2015</b>	9.5	6.0	25.0	65.3

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

In median terms, APEC's combined performance in Getting Credit indicators was equal to 5 percent. This was explained by the fact that APEC's median values of the strength of legal rights index, depth of credit information index and public registry coverage did not change between 2009 and 2013. Only the median of the private bureau coverage changed in 20 percent, which indicates a possible preference for APEC economies to use more private bureaus rather than public institutions to manage credit risk-related information.

**Figure 27. Change in Median Values for Getting Credits Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Note: Improvements are shown with positive values



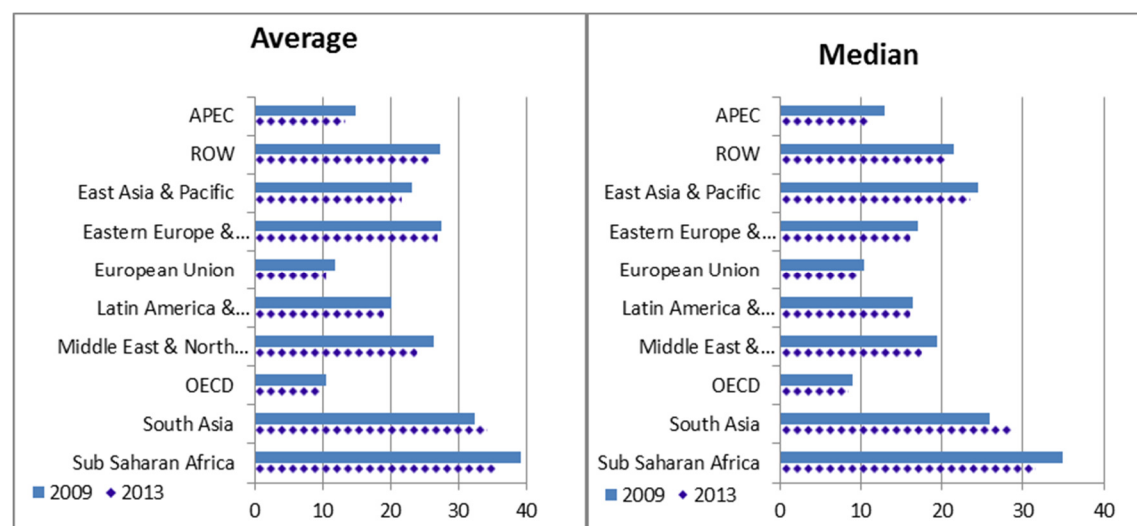
## D. Trading Across Borders

APEC took uneven steps toward progress in the Trading Across Borders priority area. Two of the three indicators – number of documents and time – improved between 2009 and 2013. However, trading costs continued to increase, a trend seen over the last several years and the main impediment to more substantive improvement in the overall category.

The most significant progress in Trading Across Borders was explained by the time to export and import. In both cases, it was on average around 10 percent (or around 1.5 days) faster to trade to and from the APEC region in 2013 in comparison to 2009. These improvements placed APEC among the best performing regions globally with 13 days to export and import. Companies located in South Asia or Sub-Saharan Africa could take on average more than two or three weeks than those located in APEC to export and import. Only the European Union (12 days to export and 10 days to import) and OECD (11 days to export and 10 days to import) traded on average faster than APEC.

Similarly, APEC's median time to export and import was equal to 11 days, only behind the European Union (10 days) and OECD (9 days).

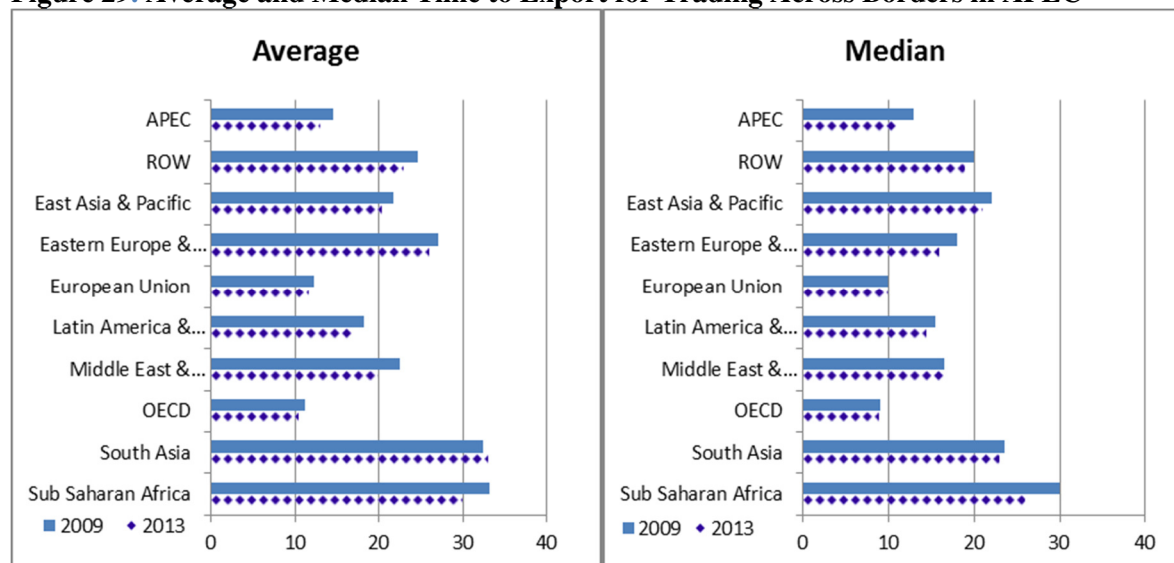
**Figure 28. Average and Media Time to Import for Trading Across Borders in APEC**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations



**Figure 29. Average and Median Time to Export for Trading Across Borders in APEC**

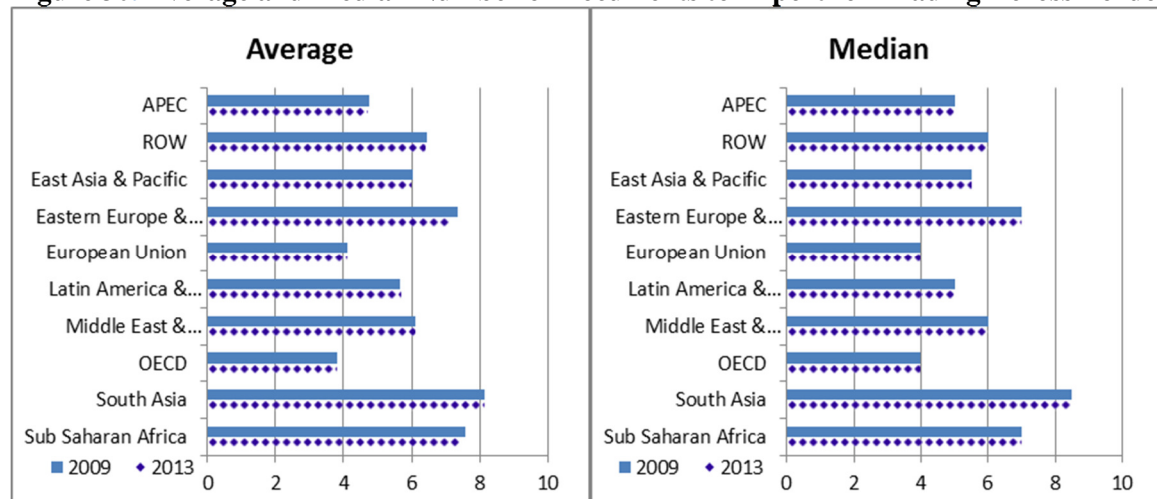


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC and the rest of the world showed limited improvements on the average number of documents required to export and import. For APEC, the average number of documents remained around 5 to export and 6 to import; trailing behind only the European Union and OECD. The OECD was the best performing region, as it only required on average 4 documents to export or import.

The situation is very similar when analyzing the median number of documents to trade across borders. For APEC, it stood at 5 documents for both export and import, only behind the European Union and OECD with a median of 4 documents.

**Figure 30. Average and Median Number of Documents to Export for Trading Across Borders**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

**Figure 31. Average and Median Number of Documents to Import for Trading Across Borders**

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

#### Box 4. Reducing Times to Export and Import

Many APEC member economies continue to experience rising costs for exports and imports. However, improvements have been made in reducing the number of procedures and amount of time required to export/import in some member economies.

Russia made trading across borders easier by implementing an electronic system for submitting export and import documents and by reducing the number of physical inspections. It was mentioned that electronic declaration is the default way based on Article 204 of the Federal Law 311, 27 November 2011.

Similarly, Mexico implemented an electronic single-window system to make it easier to conduct trade across borders, cutting both the time to export and import from 12 to 11 days.

Sources:

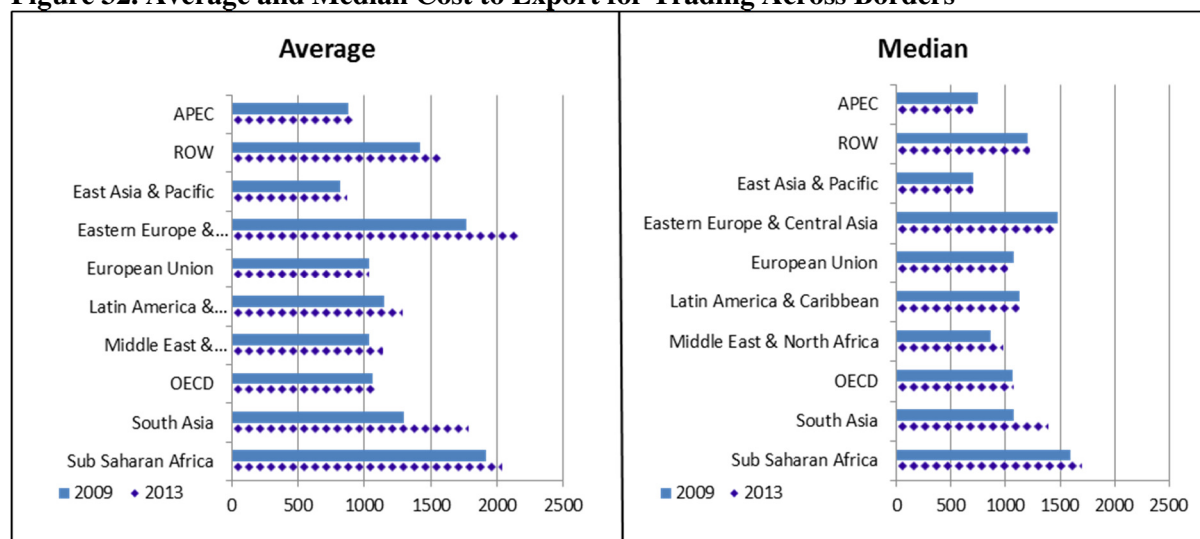
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Trading costs, measured by average values, continued their gradual increase in 2013, rising across most global regions and holding back progress in the Trading Across Borders category. Between 2009 and 2013, average export costs climbed 4.8 percent in APEC to USD 920 per container, while average import fees rose 3.5 percent to USD 984. Despite the cost increase, APEC members still ranked amongst the best performing global regions, behind only East Asia & the Pacific with average costs of USD 863 to export and USD 893 to import.

The upward trend of the cost of trading across borders around the globe may be explained for the following reasons: 1) increasing security and safety requirements forcing ports to invest in modern equipment; 2) rising fuel prices that may have raised the cost of inland transport from production centres to ports; and 3) vessels not operating at full capacity, as the slowdown in trade after the Global Financial Crisis, forced shipping companies to charge more per container<sup>12</sup>.

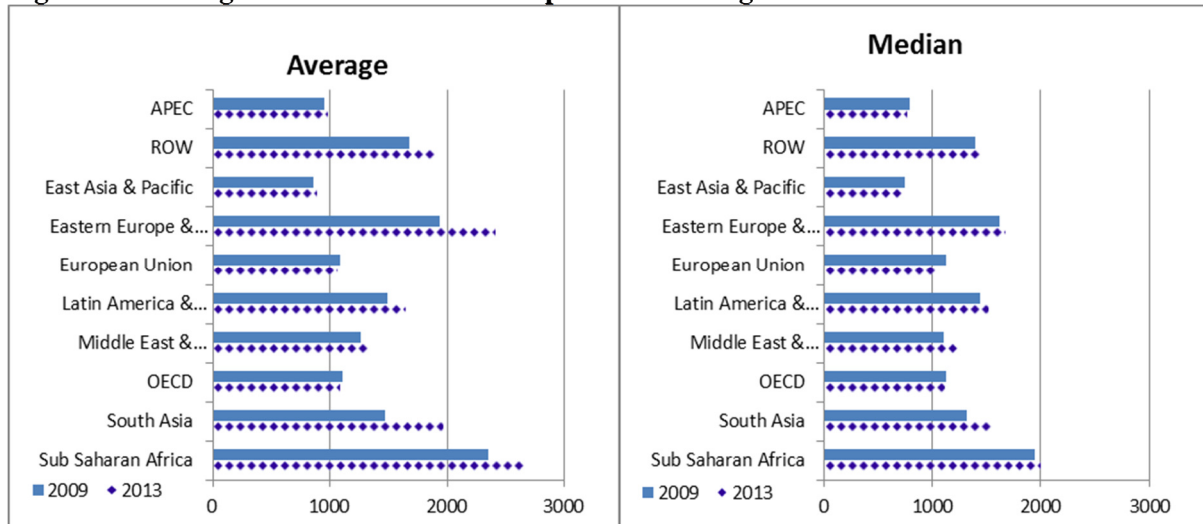
On the opposite, APEC's median cost to export and import declined from USD 745 to USD 705 per container, and from USD 795 to USD 770, respectively. APEC, together with East Asia & the Pacific and the European Union, were the only regions with falling median costs. In the case of APEC, the fact that median costs moved in the opposite direction to average costs was explained by the fact that most of the seven APEC economies that experienced declining costs were among those with the cheapest costs, while most of the 11 APEC economies experiencing increasing costs were among those with the higher costs.

**Figure 32. Average and Median Cost to Export for Trading Across Borders**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

<sup>12</sup> Please see APEC Policy Support Unit and US-ATAARI (2014), “Possible Factors Explaining Lack of Progress and Synergies between Ease of Doing Business and Other APEC Initiatives.” Available at [http://mddb.apec.org/Documents/2014/EC/EC1/14\\_ec1\\_034.pdf](http://mddb.apec.org/Documents/2014/EC/EC1/14_ec1_034.pdf)

**Figure 33. Average and Median Cost to Import for Trading Across Borders in APEC**

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC's average performance ranked among the top three best performances across all indicators, which demonstrates its commitment to trade facilitation. However, to reach the 25 percent improvement target by 2015, a difficult path lies ahead, especially since none of APEC's Trading Across Borders' average indicators reached the 15 percent pro rata improvement target in 2013. In particular, additional emphasis will be needed to find ways to reduce costs and paperwork in APEC.

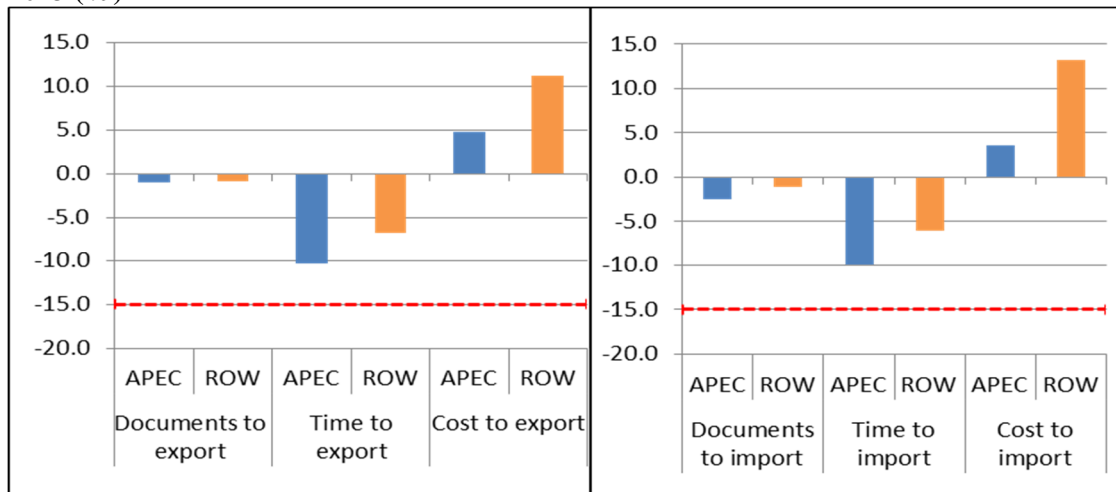
**Table 11. Comparison of APEC's Trading Across Borders Average Indicators with Targets**

Mean (Exports)	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)
Current Situation (2013)	4.7	13.1	920.0
Pro-Rata Target (15% Improvement) by 2013	4.0	12.4	746.2
Overall Target (25% Improvement) by 2015	3.6	11.0	658.4

Mean (Imports)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Current Situation (2013)	5.6	13.3	984.3
Pro-Rata Target (15% Improvement) by 2013	4.9	12.6	808.2
Overall Target (25% Improvement) by 2015	4.3	11.1	713.1

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Besides APEC, the combined performance of the Trading Across Borders' average indicators was positive, albeit very tenuous, in East Asia & the Pacific, the European Union, Middle East & North Africa, OECD and Sub-Saharan Africa. In comparison with the rest of the world, APEC experienced better improvement rates regarding the average number of documents and time to trade. Even in the context of increasing costs to trade, APEC's average cost grew at a slower pace than that for the rest of the world.

**Figure 34. Change in Average Values for Trading Across Borders Indicators Between 2009 and 2013 (%)**

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

Median values show a more encouraging picture for APEC progress, as the median time to export and import both fell by more than 15 percent from the 2009 level, meeting the 2013 pro-rata benchmark. Still, APEC needs to reduce the median time in more than a day to reach the 25 percent improvement target by 2015. In the case of the median number of documents, APEC fell short of the pro-rata benchmark and will need to eliminate more than one document to reach the 2015 improvement target. Similarly, the current median cost to export and import a container were far from that target by USD 146 and USD 173, respectively.

**Table 12. Comparison of APEC's Trading Across Borders Median Indicators with Targets**

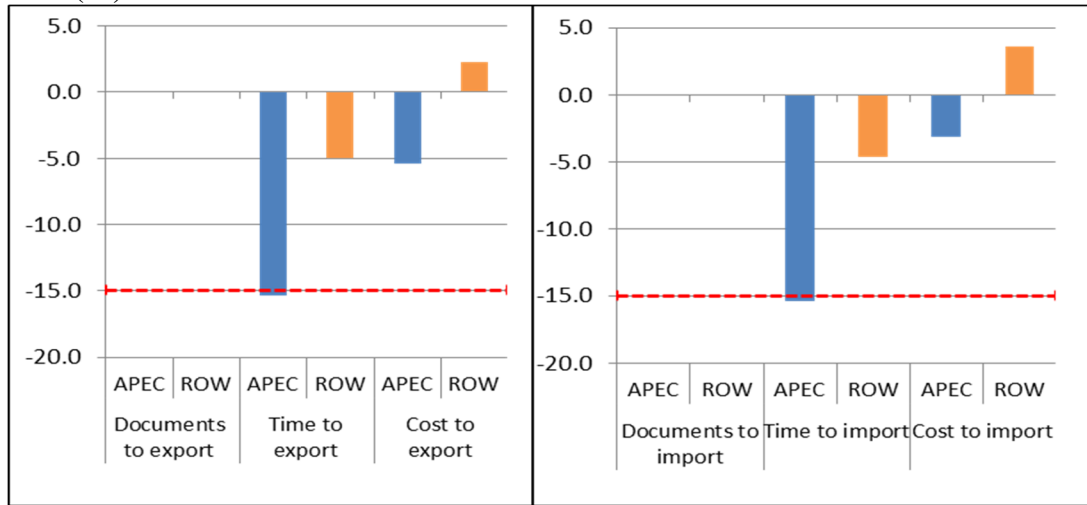
Median (Exports)	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)
Current Situation (2013)	5.0	11.0	705.0
Pro-Rata Target (15% Improvement) by 2013	4.3	11.1	633.3
Overall Target (25% Improvement) by 2015	3.8	9.8	558.8

Median (Imports)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Current Situation (2013)	5.0	11.0	770.0
Pro-Rata Target (15% Improvement) by 2013	4.3	11.1	675.8
Overall Target (25% Improvement) by 2015	3.8	9.8	596.3

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

In the case of APEC, median values made better progress in percentage terms in comparison to the rest of the world. While APEC improved its median values in four out of six indicators (and reached the 2013 pro-rata benchmark in two of them), the rest of the world only improved its median values in two Trading Across Borders indicators, but its improvement rates were far away from the 2013 pro-rata benchmark.

**Figure 35. Change in Median Values for Trading Across Borders Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations



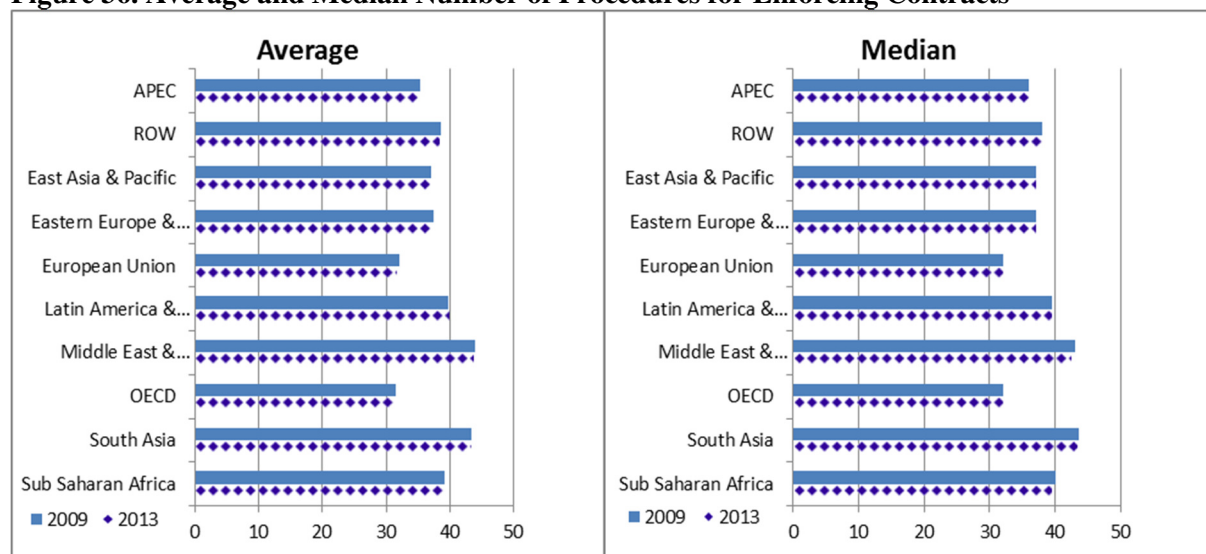
## E. Enforcing Contracts

The Enforcing Contracts priority area registered the smallest overall progress of the five Ease of Doing Business priorities in APEC and across the rest of the world. Any improvements were marginal with most APEC economies keeping their indicators unchanged between 2009 and 2013.

Reforming judiciaries is a difficult process as many levels of government approval may be necessary. Other challenges include enacting laws and regulations that have already been passed but not properly enforced, often due to lack of resources, poor information, and procedural problems in the legal system.<sup>13</sup> Yet an efficient legal system is vital to businesses as it provides certainty on the procedures needed to follow in order to seek ways to resolve any disputes in a shorter and less costly way.

The administrative burden of properly filing a contract enforcement claim can pose an unnecessary, costly hardship on businesses. APEC scored relatively well compared with other regions and remained in third position in the number of procedures required at slightly more than 35 on average and a median score of 36, unchanged from the 2009 baseline. OECD members had the lowest average number of procedures required with just over 31, followed by the European Union members with slightly fewer than 32 on average. These numbers were small in comparison to those for Middle East & North Africa and South Asia, with each averaging more than 43 procedures.

**Figure 36. Average and Median Number of Procedures for Enforcing Contracts**

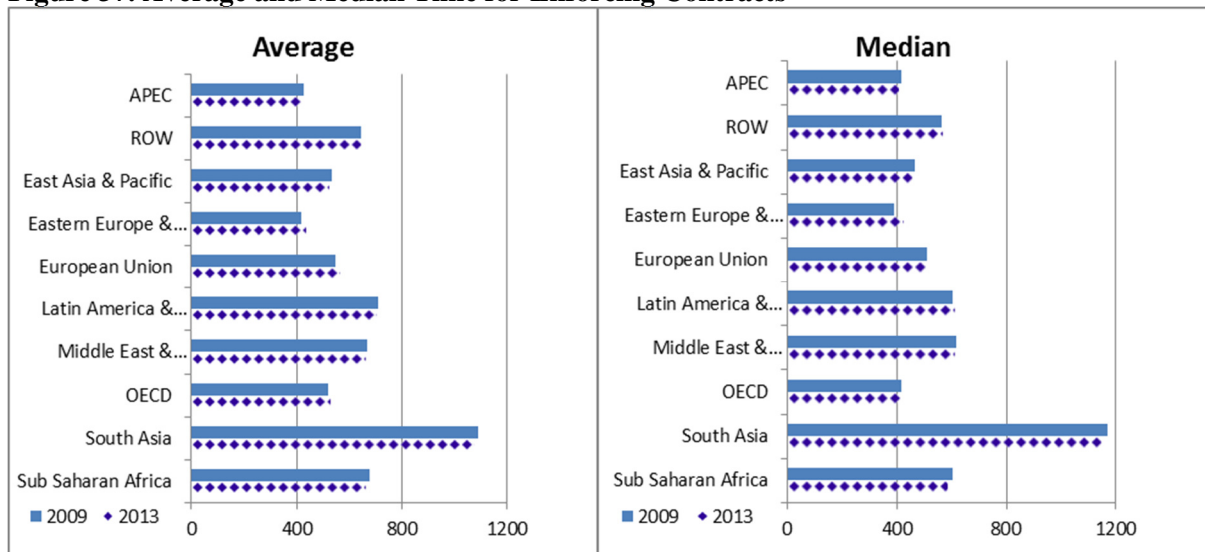


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

APEC was the best performer among all regions in terms of minimizing the time required to settle a legal dispute, with an average of 422.8 days and a median of 406 days. Despite being the best performing region in this aspect, it still took on average more than 14 months to enforce a contract. APEC economies could make significant gains by ensuring efficient, consistent and quick dispute settlement procedures. APEC members were on average nearly 50 percent faster than the rest of the world (643 days) and over 20 percent faster than high-income OECD members (530 days).

<sup>13</sup> See ADB (2005), “Challenges in Implementing Access to Justice Reforms”

**Figure 37. Average and Median Time for Enforcing Contracts**

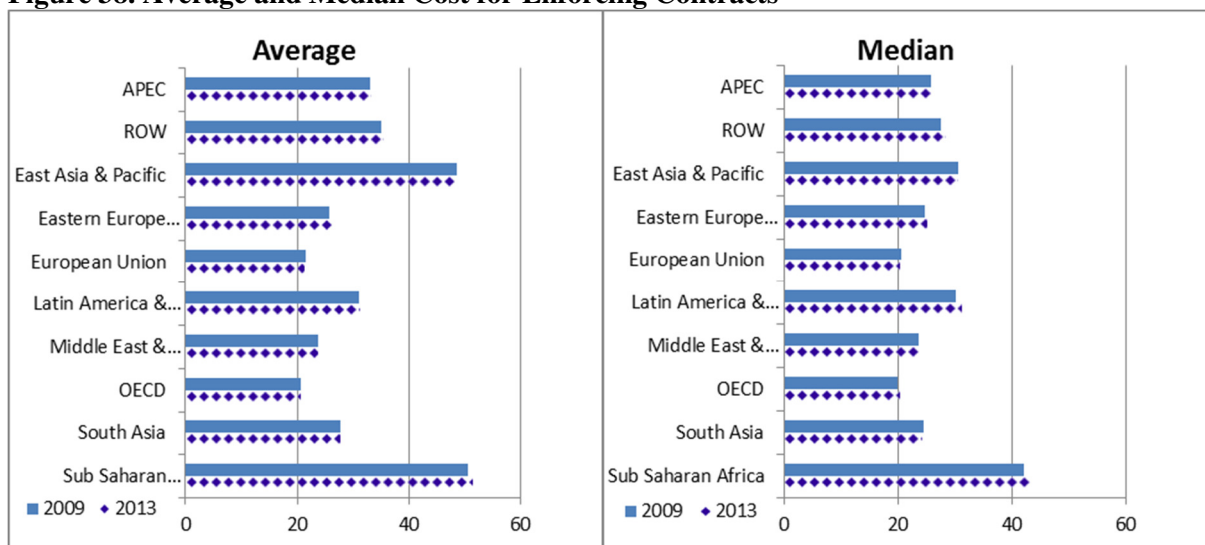


Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

In terms of the cost to enforce a contract, measured by the percentage of a claim taken by administrative fees such as paying for attorneys, court costs and enforcement activities, the APEC region landed in the middle of all regions, with an average score of 33.4 percent of the value of the claim in 2013, slightly higher than that in 2009. The rest of the world scored similarly with 35.5 percent of the value of the claim in 2013. Among other regions, the European Union and OECD members did particularly well, requiring 21.2 percent and 23.8 percent, respectively. On the other end, Sub Saharan Africa and East Asia & Pacific had the worst average outcome with costs representing 51.6 percent and 48.6 percent of the overall claim, respectively.

In APEC, the median cost of enforcing a contract (26 percent of the claim) was lower than its average cost (33.4 percent of the claim) due to the presence of outliers, with two APEC economies having costs above 100 percent of the value of the claim. For APEC and the other regions, none of them experienced major changes in their median cost of enforcing a contract.

**Figure 38. Average and Median Cost for Enforcing Contracts**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations



Measured by its average values, APEC's combined improvement rate in enforcing contracts was marginal, equivalent to 0.2 percent, between 2009 and 2013. In this regard, APEC is very far from the overall target of 25 percent improvement by 2015. To reach this target, APEC needs to reduce the average number of days to enforce a contract in 103 days, cut 9 procedures and diminish costs in 8.6 percentage points.

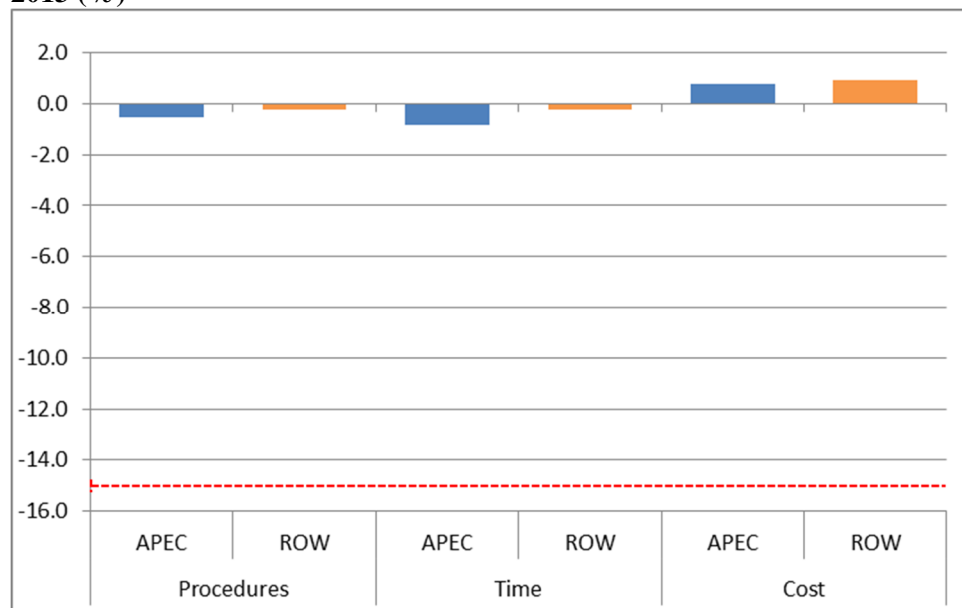
**Table 13. Comparison of APEC's Enforcing Contracts Average Indicators with Targets**

Mean (Enforcing Contracts)	Time (days)	Cost (% of claim)	Procedures (number)
Current Situation (2013)	422.8	33.4	35.1
Pro-Rata Target (15% Improvement) by 2013	362.5	28.1	30.0
Overall Target (25% Improvement) by 2015	319.9	24.8	26.5

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

No region reached the 15 percent pro-rata target in 2013. Although APEC's performance was better than that of the rest of the world, all regions stayed far away from the pro-rata target.

**Figure 39. Change in Average Values for Enforcing Contracts Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

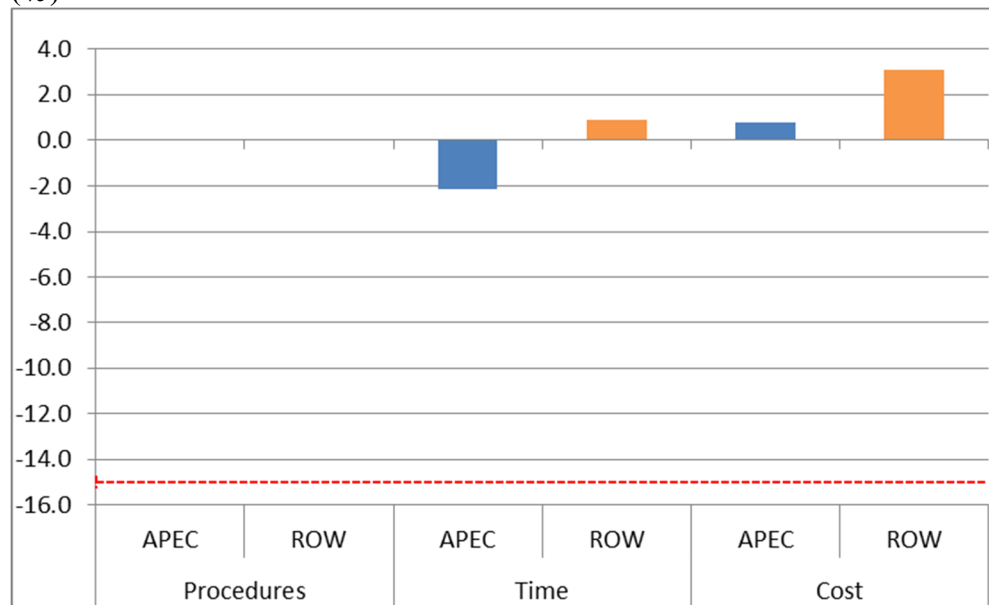
Similarly, no Enforcing Contract median indicator got closer to the 15 percent pro rata benchmark. All APEC members will need to put in considerably more work to reach future Enforcing Contract targets.

**Table 14. Comparison of APEC's Enforcing Contracts Median Indicators with Targets**

Median (Enforcing Contracts)	Time (days)	Cost (% of claim)	Procedures (number)
Current Situation (2013)	406.0	26.0	36.0
Pro-Rata Target (15% Improvement) by 2013	352.8	21.9	30.6
Overall Target (25% Improvement) by 2015	311.3	19.4	27.0

Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

**Figure 40. Change in Median Values for Enforcing Contracts Indicators Between 2009 and 2013 (%)**



Source: World Bank – Doing Business; APEC Secretariat, Policy Support Unit calculations

### Box 5. Enforcing Contracts via Courts

Improvements in the speed and efficiency of contract enforcement remain limited around the world but some APEC member economies have made improvements in this area.

In January 2011, Mexico made a reform to its Commerce Code adding a chapter for Mercantile Oral Trials. Starting January 2013, 20 civil courts in Mexico City began incorporating the oral process, which reduced the number of days and procedures for resolving a commercial dispute. In April 2013, two specialized mercantile courts in Monterrey started operation.

Also, the implementation of mediation processes in Mexico has been an effective strategy enhancing access to justice. 28 states have already established Alternative Dispute Resolution Centers (ADR), and 26 of them have incorporated ADR legislation.

New Zealand's Ministry of Justice prepared a Regulatory Impact Statement (RIS) on Improving Case Management for Civil Cases in the High Court in November 2012. It provides an analysis of options to reduce delays and encourage better use of judicial resources when managing civil cases in the High Court. This could potentially ensure a speedier and less costly adjudication of cases pertaining to contract enforcement.

Peru has also managed to improve the time to enforce a contract by 2 days.

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### **3. MOVING FORWARD – WHAT COMES AFTER 2015?**

As 2015 approaches and inches closer to the expiration of the current mandate of the APEC's EoDB initiative to reach a target of 25 percent improvement in a number of priority areas, it is important for APEC economies to discuss what to do after 2015 and how the EoDB initiative should evolve to meet their needs. Since its inception, the EoDB initiative has been a helpful tool to spark debate and discussion on how regulatory reform can help improve the overall business environment. Based on APEC's EoDB-related workshops and discussions within the APEC Economic Committee, there seems to be broad support to continue with the EoDB initiative post 2015. The following section will highlight areas to consider as this discussion proceeds.

#### **ELEMENTS FOR DISCUSSION**

Existing priority areas mark the first issue for consideration. Since the EoDB initiative began, APEC has shown a collective strong performance in two areas: Starting a Business and Dealing with Construction Permits. In other areas, progress is behind the existing pro-rata improvement targets and achieving the 2015 target of 25 percent improvement may prove challenging. In order to move forward, APEC should consider possible alternatives such as focusing on the same five priority areas; working on new priority areas only; adding new priority areas while removing others; or narrowing the scope by only removing some priority areas. For the last two options, the removal of some priority areas may involve those where significant improvement has already been achieved.

Second, APEC economies should discuss the time period for the EoDB initiative post 2015. A short period will generate urgency among economies on the need to be active and to implement activities as soon as possible to meet the objectives of the initiative. The downside of a short duration is that the benefits of some reforms/measures may only be visible in the medium and long term. On the other hand, a long period may not create a sufficient sense of urgency, but it may assist economies as they would be able to experience the impact of the reforms/measures undertaken before the initiative comes to an end.

Third, possible targets should be discussed. The advantage of setting an improvement target is that it allows APEC to evaluate progress made in each EoDB priority area and to compare it vis-à-vis a clear objective (for example, a numerical target). Governments could also be motivated to support policies that will get them closer to the targets. The decision to set a target should also take into account if it is possible to measure progress in order to determine whether APEC meets its target or not, and whether the target is a balanced one. Overambitious or unimpressive targets represent a risk as they can affect credibility.

Fourth, the discussion should examine the role of capacity-building in the EoDB initiative post 2015. Capacity-building is a cornerstone in APEC and this has been one of the main features of the EoDB initiative since its inception. In general, APEC economies are very keen to continue with capacity-building in order to help them implement policies that create a positive change. Notwithstanding, it is important that economies engage in a candid discussion on the usefulness and effectiveness of capacity-building activities. The EoDB initiative post 2015 should take into account the factors that have been successful and also make necessary adjustments to minimize or eliminate those factors that did not contribute to achieving the goals at any of the EoDB-related capacity-building activities.

## STRENGTHENING CAPACITY-BUILDING ACTIVITIES

An effective capacity-building framework which aims to prepare economies for implementing changes conducive to facilitate business activities should consist of different kinds of activities. Economy-level diagnostic studies in priority areas are important in identifying the core problems and providing policy recommendations. However, these activities should also go hand in hand with activities to increase awareness about the benefits of the reforms. Seminars, workshops and other communication tools to learn about best practices are important and would increase the support of the current/proposed reforms among stakeholders.

Capacity-building activities should also train government officials on effective ways in implementing reforms. Aspects concerning how to get the “buy-in” of the proposed reforms from leaders; the importance of sequencing when implementing measures; the need for effective inter-institutional coordination within the government; and the implementation of consultation mechanisms with domestic stakeholders should be covered in those activities.

Despite the progress achieved thus far with the EoDB initiative, there is considerable room for improvement within APEC. In fact, the APEC Economic Policy Report 2012 identified subjects in each priority area where capacity building collaboration could bring significant benefits to the APEC region. For example<sup>14</sup>:

- Starting a Business: one-stop shops at the municipal level; review of company establishment laws; “second chance” express bankruptcy laws.
- Dealing with Construction Permits: review of construction codes; e-systems to approve construction plans.
- Getting Credit: best practices on credit reporting systems; setting/improving the efficiency of credit information bureaus; systems for collateral registration.
- Trading Across Borders: best practices for single windows; risk management programs.
- Enforcing Contracts: reform of contract laws; development of arbitration centers; procedural reforms.

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<sup>14</sup> See APEC (2012), “2012 APEC Economic Policy Report”, Economic Committee, APEC#212-EC-01.2. APEC Policy Support Unit and US-ATAARI (2014), “Strengthening Capacity Building and Next Steps: APEC EoDB”, [http://mddb.apec.org/Documents/2014/EC/EC1/14\\_ec1\\_038.pdf](http://mddb.apec.org/Documents/2014/EC/EC1/14_ec1_038.pdf)

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## APPENDIX 1: METHODOLOGY

### AVERAGE VALUES

The EoDB initiative requires not only credible targets, but also an assessment of the progress made by the APEC region with a methodology that is easy to understand.

As the target establishes an APEC-wide target of 25 percent improvement by 2015 and 5 percent improvement by 2011, the methodology should measure the evolution of APEC as a whole in the five EoDB priority areas. In this sense, the assessment should compare across time the average values of APEC in the EoDB indicators available from the World Bank Doing Business database.

The indicators divided by priority areas are the following ones:

1. Starting a Business
  - a. Procedures (number)
  - b. Time (days)
  - c. Cost (percentage of income per capita)
  - d. Paid-in Minimum Capital (percentage of income per capita)
2. Dealing with Construction Permits
  - a. Procedures (number)
  - b. Time (days)
  - c. Cost (percentage of income per capita)
3. Getting Credit
  - a. Strength of Legal Right Index (from 0 to 10, being 10 the strongest)
  - b. Depth of Credit Information Index (from 0 to 6, being 6 the deepest)
  - c. Public Registry Coverage (percentage of adults)
  - d. Private Bureau Coverage (percentage of adults)
4. Trading Across Borders
  - a. Documents to Export (number)
  - b. Time to Export (days)
  - c. Cost to Export (USD per container)
  - d. Documents to Import (number)
  - e. Time to Import (days)
  - f. Cost to Import (USD per container)
5. Enforcing Contracts
  - a. Procedures (number)
  - b. Time (days)
  - c. Cost (percentage of claim)

To calculate the APEC average values per year in each of the aforementioned indicators, this study utilizes a simple average across APEC member economies. Simple averages provide a transparent and straightforward method to calculate these values. In addition, they are easy to understand and achievements by all APEC members are treated equally. For example, the calculation of the APEC average number of procedures in the Starting a Business priority area is as follows:

$$\text{APEC avg. procedures}_{2013} = (\# \text{ of procedures in Australia}_{2013} + \# \text{ of procedures in Brunei Darussalam}_{2013} + \dots + \# \text{ of procedures in Viet Nam}_{2013}) / \# \text{ of APEC economies}$$

The APEC-wide annual rate of improvement (or decline) in the period 2009-2013 can be calculated by comparing the average value in 2013 with the value obtained in 2009<sup>15</sup>. Following the example of the number of procedures in the Starting a Business priority area, the APEC-wide rate of improvement in this indicator is equal to:

$$\text{APEC-wide rate of improvement avg. procedures}_{2009-2013} = \left[ \frac{(\text{APEC avg. procedures}_{2013})}{(\text{APEC avg. procedures}_{2009})} - 1 \right] \times 100$$

## MEDIAN VALUES

An analysis of the distribution of the data series by region and indicator shows that outliers (extreme values) were present in many of the data series in this report. A simple way to detect outliers is to find how many data points in each of the series used in this assessment are outside a data range. For example, a distribution is considered normal if around 68 percent of the data points belonging to a particular indicator are located within one standard deviation from the average. A percentage of data points in that range below 68 percent would give an indication of the possible presence of outliers. The same would happen when less than 95 percent of data points belonging to a particular indicator are located out of the range defined by two standard deviations from the average.

The number of series in this study with data points out of the aforementioned ranges is as follows:

	<b>Number of series where ≤ 68 percent of data points within one 1 standard deviation from the average</b>	<b>Percentage of series</b>	<b>Number of series where ≤ 95 percent of data points within 2 standard deviations from the average</b>	<b>Percentage of series</b>
Base Year 2009	50	25.0%	78	39.0%
Year 2013	50	25.0%	82	41.0%

Note: The total number of series in this study for each year is 200.

The indication of the possible presence of outliers in 2009 and 2013 may provide a distorted picture of APEC and any other region's collective performance in particular indicators if only the average values are taken into account in the analysis. Extreme values in some specific economies in any of those years may have pulled up or down APEC's averages and their improvement rates.

The inclusion of median values in this assessment can provide a more complete picture of APEC's performance. Averages could be complemented with median values for each of the indicators included in the EoDB priority areas.

The median is the middle value in any data series, separating the upper half of the values with the lower half of the values. In other words, in the case of APEC, the median for any EoDB indicator is equivalent to the value registered by the economy located in the 11<sup>th</sup> position. For

<sup>15</sup> Except in the case of the Getting Credit indicators



example, the following table shows the cost of importing a container in each of the 21 APEC members:

**APEC: Cost to Import a Container (Year 2013)**

Position	USD per container
1 <sup>st</sup>	440
2 <sup>nd</sup>	485
3 <sup>rd</sup>	565
4 <sup>th</sup>	600
5 <sup>th</sup>	615
6 <sup>th</sup>	660
7 <sup>th</sup>	660
8 <sup>th</sup>	695
9 <sup>th</sup>	720
10 <sup>th</sup>	760
11 <sup>th</sup>	770
12 <sup>th</sup>	825
13 <sup>th</sup>	930
14 <sup>th</sup>	970
15 <sup>th</sup>	1,010
16 <sup>th</sup>	1,170
17 <sup>th</sup>	1,250
18 <sup>th</sup>	1,315
19 <sup>th</sup>	1,680
20 <sup>th</sup>	1,740
21 <sup>st</sup>	2,810
<b>Average</b>	<b>984</b>
<b>Median</b>	<b>770</b>

Source: World Bank – Doing Business

In this example, the average is much higher than the median, as the costs experienced by the APEC economy in the 21<sup>st</sup> position pushed up the average value. Only seven APEC members had their average costs of importing a container higher than APEC's average cost equivalent to USD 984. On the opposite, APEC's median cost was not affected by the highest extreme value in the 21<sup>st</sup> position (USD 2,810), as 10 APEC members had their average cost higher than APEC's median cost and other 10 APEC members had their average cost lower than APEC's median cost.

To summarize, the calculation of the APEC median cost of dealing with construction permits is as follows:

APEC median cost to import a container<sub>2013</sub> = 11<sup>th</sup> lowest cost by an APEC member to import a container in 2013

APEC median cost to import a container<sub>2009</sub> = 11<sup>th</sup> lowest cost by an APEC member to import a container in 2009

The comparison of APEC median values in different years provides another way to measure improvement (or decline) in APEC's priority areas during the period 2009-2013<sup>16</sup>. Following the example of the APEC median cost to import, the APEC-wide rate of improvement is:

$$\text{APEC-wide rate of improvement median cost to import}_{2009-2013} = \left[ \frac{(\text{APEC median cost to import}_{2013})}{(\text{APEC median cost to import}_{2009})} - 1 \right] \times 100$$

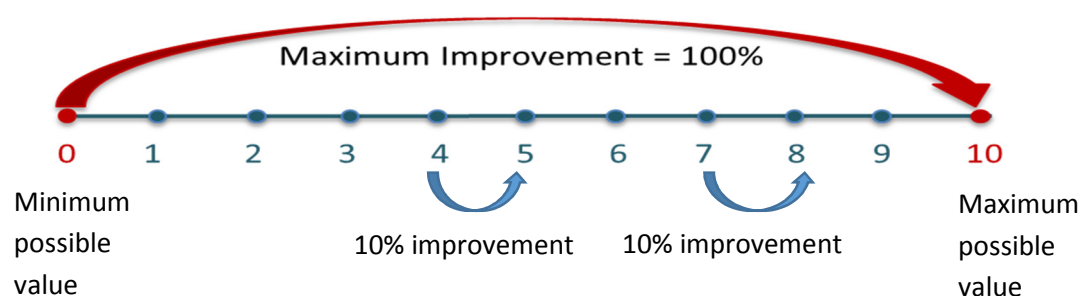
## CALCULATION OF THE IMPROVEMENT RATE OF GETTING CREDIT INDICATORS

In this report, the improvement rates for the Getting Credit indicators have been calculated in a different way in comparison to past reports. Unlike indicators in other priority areas, which are continuous in nature and can take unlimited values in theory, Getting Credit indicators are discrete, only taking limited values within an interval. Moreover, a better performance in Getting Credit indicators is reflected by higher values while the remaining EoDB indicators show improvement by lowering scores.

Calculating improvement rates for Getting Credit indicators by using a simple percent rate of change may not reflect progress in the most accurate way. For example, the strength of legal rights index can take values from 0 to 10. If this index was equal to 4 in the base year 2009 and then its value increased to 5 by 2013, the simple percent rate of change was going to be equal to 25 percent:

$$\frac{5-4}{4} \times 100\% = 25\%$$

Would the change in the indicator in one unit represent a 25 percent improvement? If so, only a minor change in one unit would already meet the 2015 target improvement rate of 25 percent. In reality, the spirit of the EoDB initiative is to conduct further reforms to achieve real changes in regulatory matters that will facilitate companies and individuals to conduct businesses. Improving one (1) unit in the strength of legal rights index between 2009 and 2013 would only represent a 10 percent increase within the range of possible values<sup>17</sup>.



<sup>16</sup> Except in the case of Getting Credit indicators

<sup>17</sup> The strength of legal rights index can take eleven possible values, ranging from 0 to 10. If an economy with an initial score of 0 reaches later on a score of 10, it will have reached the maximum possible improvement, which could be equivalent to 100 percent. Each time the economy improves in one unit, the improvement is equivalent to  $100\% / (10-0) = 10\%$ . If a particular economy has a current value of 3, this means that it has already implemented 30 percent of the possible improvements and still has 70 percent of margin to improve.

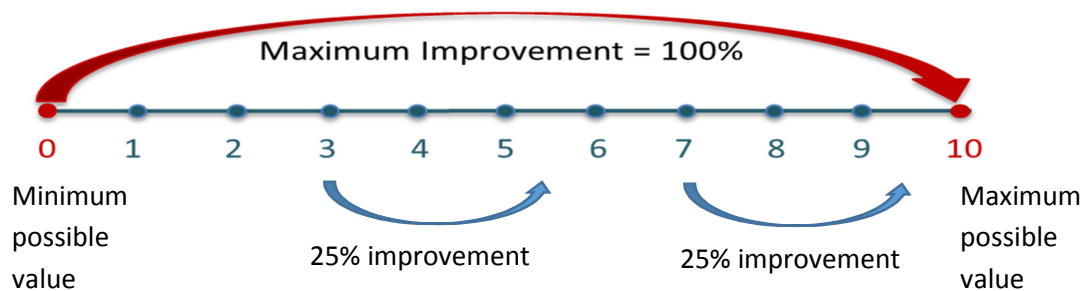
In the case of the depth of credit information index, this indicator can take seven possible values from the scale of 0 to 6. Using the same rationale, an improvement by any economy moving from a value of 0 to 6, would represent a maximum possible improvement of 100 percent. A one unit improvement in this indicator would be equal to  $100\% / (6-0) = 16.6\%$ .

In this sense, the calculation of the improvement rates for the Getting Credit indicators uses the following formula:

$$\Delta X_{2009-2013} = \frac{X_{2013} - X_{2009}}{\text{Maximum possible value} - \text{Minimum possible value}} \times 100\%$$

Instead, if this index increases in 2.5 units (e.g. from 3 to 5.5 or from 7 to 8.5), the improvement would represent a 25 percent increase within the range of possible values:

$$\frac{5.5 - 3}{10 - 0} \times 100\% = 25\%$$



The Getting Credit priority area also includes indicators measuring the percentage of the adult population with their credit information available in public or private credit bureaus. In those cases, the indicators could take any value ranging from 0 to 100 percent of the adult population. Similarly, using a simple percent rate of change would not give a very accurate indication of the progress in these indicators. For example, suppose that the percentage of the adult population with their credit information available at public credit bureaus in an APEC economy was equivalent to 12 percent in the base year and it increased to 15 percent by 2013. Using the simple percent rate of change, that APEC economy would already meet the 25 percent improvement target by just improving by 3 percent points:

$$\frac{15-12}{12} \times 100\% = 25\%$$

Again, the intention in the EoDB initiative is to encourage APEC economies to reform in order to have substantial changes in the business environment, including in areas such as Getting Credit. A 3 percent improvement in the percentage of adult population with information in credit bureaus is a very modest achievement. Instead, it is much more significant if the improvement is in 25 percent points<sup>18</sup>. Using the new formula and the previous example, it means this APEC economy would need to increase the coverage of the adult population from 12 percent to 37 percent in order to meet the 25 percent improvement target.

$$\frac{X_{2015\%}-12\%}{100\%-0\%} \times 100\% = 25\% ; X_{2015} = 37\%$$

<sup>18</sup> In this case, the indicator can take any value ranging from 0 to 100 percent. In this sense, an economy with no credit information bureaus will obtain a value of zero. If this economy subsequently implements a credit information bureau and incorporates the credit information history of its entire adult population, this indicator would take a value 100 percent and would mean that it has achieved the maximum possible achievement of 100 percent.

## OBTAINING THE APEC-WIDE RATE OF IMPROVEMENT BY PRIORITY AREA AND APEC-WIDE OVERALL IMPROVEMENT

Since all the priority areas are comprised of indicators with different nature and units of measurement (for instance: numbers, days, percentage of income per capita), the estimation of the APEC-wide rate of improvement in any priority area can be obtained by calculating the simple average of the rates of improvement (or decline) in each of the indicators belonging to the particular priority area. This can be calculated by using the rates of improvement (or decline) for either APEC averages or APEC median values.

For example, to obtain the APEC-wide rate of improvement in the Starting a Business priority area in the period 2009-2013, this can be done by using the rates of improvement (or decline) of the averages in each of the four indicators belonging to this priority area:

$$\text{APEC-wide rate of improvement Starting a Business 2009-2013} = (\text{APEC-wide rate of improvement avg. procedures}_{2009-2013} + \text{APEC-wide rate of improvement avg. time}_{2009-2013} + \text{APEC-wide rate of improvement avg. cost}_{2009-2013} + \text{APEC-wide rate of improvement avg. paid-in minimum capital}_{2009-2013}) / \# \text{ of indicators}$$

By using a simple average, the measurement gives the same importance to each of the indicators within the specific priority area.

Similarly, the APEC-wide rate of improvement in the Starting a Business priority area can be obtained by using the rates of improvement (or decline) of APEC median values in each of the four indicators that are part of this priority area:

$$\text{APEC-wide rate of improvement Starting a Business 2009-2013} = (\text{APEC-wide rate of improvement median procedures}_{2009-2013} + \text{APEC-wide rate of improvement median time}_{2009-2013} + \text{APEC-wide rate of improvement median cost}_{2009-2013} + \text{APEC-wide rate of improvement median paid-in minimum capital}_{2009-2013}) / \# \text{ of indicators}$$

The methodology allows the identification of the priority areas and indicators in which APEC has met or surpassed its aspirational targets and assists APEC in recognizing areas where more work is needed. The calculation of the APEC-wide rate of improvement in any priority area by using separately average and median values also provides an indication whether the progress in the priority areas' indicators is explained by a small sub-section of APEC members or is more widespread amongst a larger group of economies.

This methodology also provides a measure of the overall APEC-wide rate of improvement for the whole EoDB initiative. In this regard, this measure can be attained by combining the APEC-wide rates of improvement in the five priority areas:

APEC-wide rate of improvement EoDB 2009-2013 = (APEC-wide rate of improvement Starting a Business<sub>2009-2013</sub> + APEC-wide rate of improvement Dealing with Construction Permits<sub>2009-2013</sub> + APEC-wide rate of improvement Getting Credit<sub>2009-2013</sub> + APEC-wide rate of improvement Trading Across Borders<sub>2009-2013</sub> + APEC-wide rate of improvement Enforcing Contracts<sub>2009-2013</sub>) / # of priority areas

The APEC-wide rate of improvement in the EoDB initiative can be calculated by using either the rates of improvement concerning APEC averages or those concerning APEC median values.

The intention of the EoDB initiative is to reach an APEC-wide improvement of 25 percent by 2015. Measuring the overall improvement by using a simple average of the rates of improvement (or decline) of the five priority areas reduces the subjectivity of the assessment by considering all priority areas as equally important<sup>19</sup>.

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<sup>19</sup> If weighted averages are introduced, the overall results could be skewed toward the priority area assigned with the greater weight. Assigning weights could introduce additional complications, such as the criteria to be used. It is also possible that individual APEC economies differ on the importance to assign to each of the priority areas based on its particular realities.

## **APPENDIX 2: LIST OF ECONOMIES BY GROUPINGS**

### **APEC (21 economies)**

Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; United States; Viet Nam.

### **East Asia & Pacific (24 economies)**

Brunei Darussalam; Cambodia; China; Fiji; Hong Kong, China; Indonesia; Kiribati; Lao PDR; Malaysia; Marshall Islands; Micronesia, Fed. Sts.; Mongolia; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Chinese Taipei; Thailand; Timor-Leste; Tonga; Vanuatu; Viet Nam.

### **Eastern Europe & Central Asia (24 economies)**

Albania; Armenia; Azerbaijan; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Cyprus; Georgia; Kazakhstan; Kosovo; Kyrgyz Republic; Latvia; Lithuania; Macedonia, FYR; Moldova; Montenegro; Romania; Russian Federation; Serbia; Tajikistan; Turkey; Ukraine; Uzbekistan.

### **European Union (26 economies)**

Austria; Belgium; Bulgaria; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Netherlands; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden; United Kingdom.

### **Latin America & Caribbean (32 economies)**

Antigua and Barbuda; Argentina; Bahamas, The; Belize; Bolivia; Brazil; Chile; Colombia; Costa Rica; Dominica; Dominican Republic; Ecuador; El Salvador; Grenada; Guatemala; Guyana; Haiti; Honduras; Jamaica; Mexico; Nicaragua; Panama; Paraguay; Peru; Puerto Rico (U.S.); St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; Suriname; Trinidad and Tobago; Uruguay; Venezuela, RB.

### **Middle East & North Africa (18 economies)**

Algeria; Bahrain; Djibouti; Egypt, Arab Rep.; Iran; Islamic Rep.; Iran; Jordan; Kuwait; Lebanon; Morocco; Oman; Qatar; Saudi Arabia; Syrian Arab Republic; Tunisia; United Arab Emirates; West Bank and Gaza; Yemen, Rep.

### **OECD High Income Members (30 economies)**

Australia; Austria; Belgium; Canada; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Iceland; Ireland; Israel; Italy; Japan; Korea; Luxembourg; Netherlands; New Zealand; Norway; Poland; Portugal; Slovak Republic; Slovenia; Spain; Sweden; Switzerland; United Kingdom; United States.

### **South Asia (8 economies)**

Afghanistan; Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka.

**Sub Saharan Africa (46 economies)**

Angola; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Congo, Dem. Rep.; Congo, Rep.; Côte d'Ivoire; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia, The; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; São Tomé and Príncipe; Senegal; Seychelles; Sierra Leone; South Africa; Sudan; Swaziland; Tanzania; Togo; Uganda; Zambia; Zimbabwe.