

Business Ready

Methodology Handbook

May 2023

About the Methodology Handbook

Business Ready (B-READY) is an international benchmarking project developed by the World Bank Group. B-READY provides a quantitative assessment of the business environment for private sector development, published annually and covering most economies worldwide. B-READY data and summary report aim to advocate for policy reform, inform specific policy advice, and provide data for development policy research. Through its focus on private sector development, B-READY contributes to meeting the World Bank Group's twin goals of eliminating poverty and boosting shared prosperity.

B-READY assesses an economy's business environment by focusing on the regulatory framework and the provision of related public services directed at firms and markets, as well as the efficiency with which regulatory framework and public services are combined in practice. B-READY seeks a balanced approach when assessing the business environment: between ease of conducting a business and broader private sector benefits, between regulatory framework and public services, between de jure laws and regulations and de facto practical implementation, and between data representativeness and data comparability. B-READY covers the areas where it can provide the most value added in the context of existing indicators: namely, the regulatory framework and related public services at the microeconomic level.

B-READY focuses on ten topics that are organized following the life cycle of the firm and its participation in the market while opening, operating (or expanding), and closing (or reorganizing) a business. The main topics include Business Entry, Business Location, Utility Services, Labor, Financial Services, International Trade, Taxation, Dispute Resolution, Market Competition, and Business Insolvency. Within each topic, considerations relevant to the business environment regarding aspects of the adoption of digital technology, environmental sustainability, and gender are captured. Based on the data collected, B-READY generates scores for each topic area and potentially a set of aggregate scores. B-READY collects both de jure information and de facto measures. While de jure data are collected from expert consultations, de facto data are collected from both expert consultations and firm surveys. The latter is a major innovation and represents a significant increase in the data available to WBG teams, development practitioners, and researchers around the world. Data collection and reporting processes are governed by the highest possible standards of integrity, including sound data gathering processes, robust data safeguards, clear approval protocols, transparency and public availability of granular data, and replicability of results.

The B-READY Methodology Handbook first presents the objectives, scope, and approach of the project. It then provides a full description of the project's methodology, including motivation, indicators, questionnaires, and scoring guidelines per topic. The B-READY methodology will be subject to refinements in the first three data collection and reporting cycles, as the project expands its economy coverage and moves from pilot to full-fledged project.

Table of Contents

About the Methodology Handbook

Chapter 1 – Overview

Chapter 2 – Business Entry

Chapter 3 – Business Location

Chapter 4 – Utility Services

Chapter 5 – Labor

Chapter 6 – Financial Services

Chapter 7 – International Trade

Chapter 8 – Taxation

Chapter 9 – Dispute Resolution

Chapter 10 – Market Competition

Chapter 11 – Business Insolvency

Annex A – City Selection Parameter

CHAPTER 1 – OVERVIEW

1. Background. On September 16, 2021, the World Bank Group (WBG) Senior Management decided [*to discontinue the Doing Business \(DB\) report and data*](#) and also announced that the WBG would work on a new approach for assessing the business and investment climate. The new approach is the *Business Ready* project. Its development has been informed by advice from experts in the WBG and the recommendations from qualified academics and practitioners outside the institution, including the [*External Panel Review*](#) on DB methodology. Its design has also taken into consideration the views of potential users in government, the private sector, and civil society through an extensive open consultation process.

The project's [*Concept Note*](#), published in December 2022, describes the consultation process; presents the fundamental objectives and approach of the project; introduces a preliminary set of indicators; and presents a project implementation plan. Starting from the *Concept Note*, the *Business Ready Methodology Handbook* develops in detail the project's indicators, scoring, and data collection methods.

The project is housed in the [*Development Economics Global Indicators Group*](#) (DECIG). This Group designs, pilots, and implements the project, under the guidance of the WBG Chief Economist and DEC Senior Vice President. The data collection and reporting process is governed by the highest possible standards, including sound data gathering processes, robust data safeguards, clear approval protocols, transparency and public availability of granular data, and replicability of results. The accompanying [*Business Ready Manual and Guide*](#) presents the processes and protocols on the governance of the project.

2. Title. As indicated earlier, the title of the project is *Business Ready*, with the acronym B-READY. During the *Concept Note* phase, the working title of the project was *Business Enabling Environment* (BEE). The title has been refined and changed in due consideration for branding impact.

3. Output. The *Business Ready* benchmarking exercise provides a quantitative assessment of the business environment for private sector development. The *Business Ready* quantitative assessment will produce granular data and a global report based on these data, published annually and covering most economies worldwide.

The global *Business Ready* project is complemented by in-depth country studies, where regional differences and economy-specific issues are analyzed further. Using a similar methodology, they are developed in the sister *Subnational Business Ready* project.

4. Development Purpose. B-READY's granular data and summary report aims to improve the business environment for private sector development in each economy around the world. To achieve this purpose, B-READY will use a threefold strategy: (1) to advocate for policy reform; (2) to inform specific policy advice; and (3) to provide data for development policy research.

In its advocacy function, B-READY will aim to promote economic reforms, opening the door for knowledge sharing and policy dialogue for governments, civil society (including the private sector), the WBG, and other development institutions. Likewise, by covering a wide spectrum of areas relevant to the behavior of firms and the functioning of markets, B-READY can inform specific policy advice, showing how and by how much economies are lagging behind good practice. By providing a rich set of data, B-READY will support social and economic research on the drivers and consequences of private sector development.

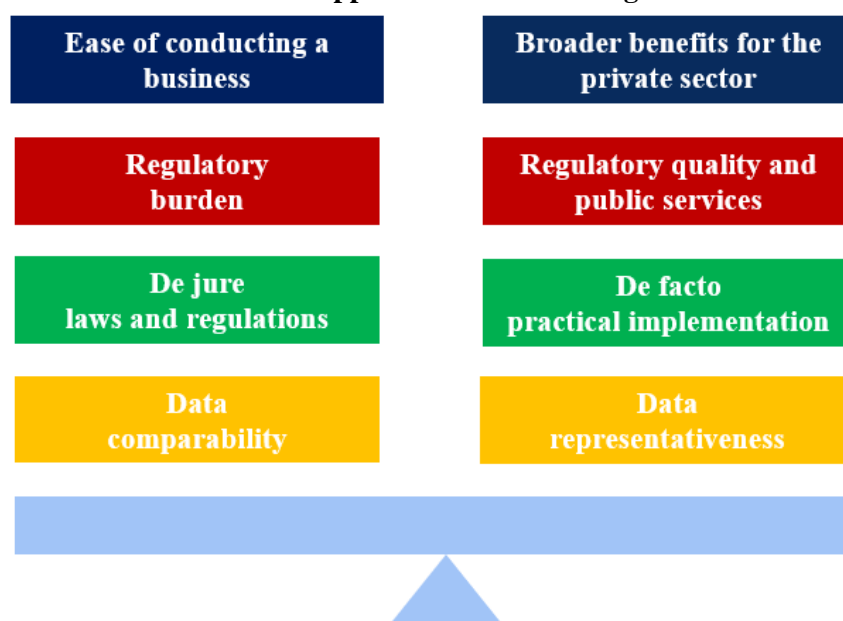
Private sector development can be defined by three characteristics: it promotes economic growth through innovation and entrepreneurship; it increases equality of opportunities among market participants; and it

ensures the general sustainability of the economy in the long term. Private sector development is driven by the efforts and ingenuity of private entrepreneurs but is critically affected by a range of public policies and regulations that create a conducive business environment. These policies and regulations incentivize the startup of new firms, the facilitation of existing businesses, the creation of good jobs, and the transition of informal to formal workers and firms.

Through its focus on private sector development, B-READY can effectively contribute to meeting the WBG's twin goals of eliminating poverty and boosting shared prosperity. The private sector is essential to successful development because it is the primary source of employment and pathway out of poverty, including in fragile and conflict-affected states.

5. Approach. B-READY's approach aims to strike a good balance on the most salient dimensions of a business environment assessment (figure I.1), as recommended by the *External Panel Review*. Appendix I.1 presents the key features of *Business Ready* and its predecessor, the discontinued *Doing Business*.¹

Figure I.1. B-READY Seeks a Balanced Approach when Assessing the Business Environment



Source: B-READY team.

First, B-READY evaluates the business environment not only from the perspective of an individual firm's ease of doing business but also from the standpoint of private sector development as a whole. Recognizing that there is a tension between the costs to individual firms and social benefits and desirable standards, B-READY will include different indicators that address these different perspectives and score them accordingly.

Second, B-READY looks not only at the regulatory burden on firms but also at the quality of regulations and the provision of related public services over the course of the firms' life cycle. This balance provides a more nuanced and positive perspective on the role of governments in creating a conducive business environment.

Third, B-READY collects not only de jure information (that is, according to statutory laws and regulations) but also de facto measurements (that is, reflecting practical implementation). B-READY obtains data from

¹ The project's Concept Note expands on the similarities and differences between the B-READY project and *Doing Business*.

both expert consultations and firm-level surveys. Relying on nationally-representative firm surveys is a major innovation with respect to previous benchmarking exercises, as it considers first-hand information coming from firms' own experience facing the business regulatory environment (see Appendix I.2).

Fourth, B-READY attempts a balance between data comparability across economies and data representativeness within a given economy. Expert consultations address this balance by using broad parameters, instead of narrow case studies, to measure the business environment that most firms face. Firm-level surveys address the balance by using nationally-representative samples of registered firms. B-READY, therefore, covers information relevant to firms of different size and location, various economic sectors, and foreign and domestic ownership.

B-READY does not favor any particular economic system or legal tradition but rather keeps a pragmatic approach, focusing on well-founded good practices and standards applicable at all levels of development. Good practices are based on internationally recognized standards established by the WBG, other multilateral organizations and specialized bodies, or relevant literature.

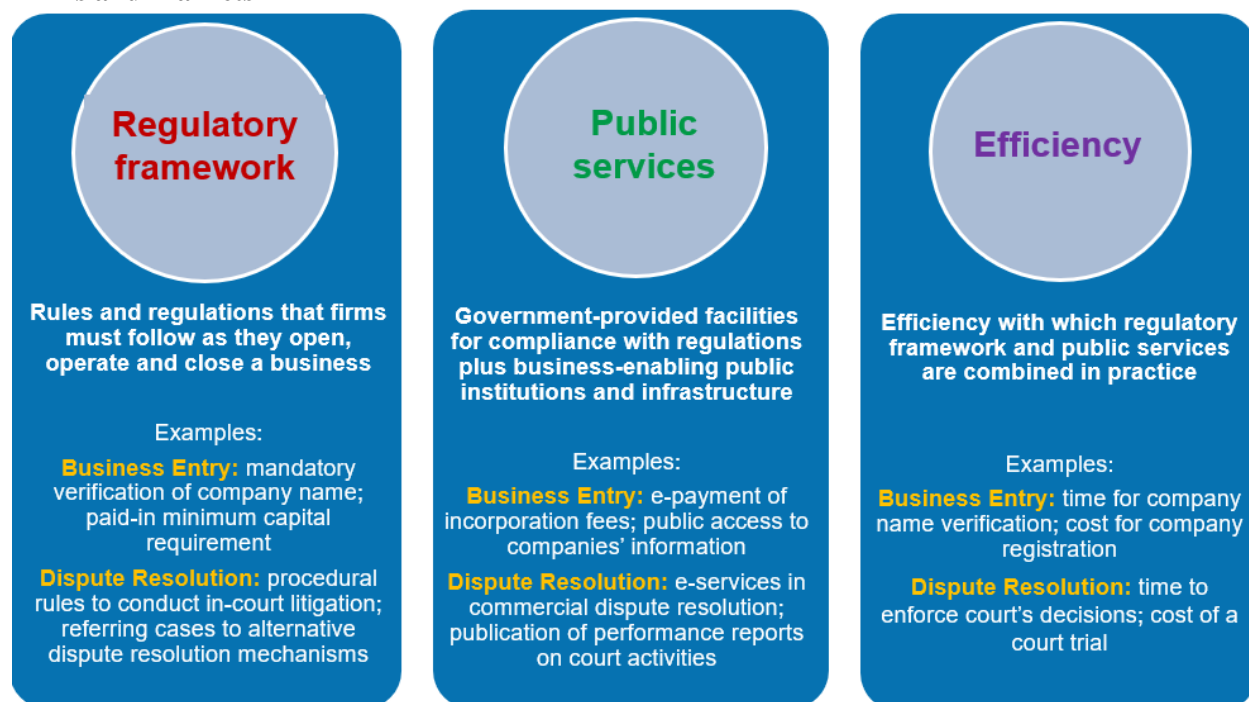
B-READY is designed for comparability across economies and over time. This requires the application of a homogeneous methodology across economies in different geographic locations, and with different income levels and development status. By proposing good practices as the measurement anchor, B-READY establishes the gaps that economies at all stages of development can aspire to close. Good practices that can be considered global standards will be used to construct cardinal scores to measure absolute differences across economies and over time.

6. Scope. B-READY assesses the economy's business environment by focusing on the regulatory framework and the provision of related public services for firms and markets, as well as the efficiency with which they are combined in practice (figure I.2).

The *business environment* can be defined as the set of conditions outside a firm's control that have a significant influence on how businesses behave and perform throughout their life cycle. This set of conditions can be very large, from macroeconomic policy to microeconomic rules. To differentiate the B-READY benchmarking exercise from other well-established international measures, B-READY concentrates on the regulatory framework and public service provision at the microeconomic level: that is, as enacted and implemented to directly affect firms' behavior and performance.

B-READY's three pillars—the regulatory framework, public services, and efficiency—can be defined as follows. The *regulatory framework* comprises the rules and regulations that firms must follow as they open, operate, and close a business. *Public services* here refers to both the facilities that governments provide directly or through private firms to support compliance with regulations and the critical institutions and infrastructure that enable business activities. Public services considered by B-READY are limited to the scope of the business environment areas related to the life cycle of the firm, as described below. *Efficiency* pertains to the efficacy with which the regulatory framework and related public services are combined in practice to obtain the objectives that allow firms to function.

Figure I.2. B-READY Measures the Regulatory Framework, Public Services, and Efficiency for Firms and Markets



Source: B-READY team.

B-READY will not cover other aspects of the business environment that are well covered by other indicators, including macroeconomic conditions (such as [Global Economic Prospects](#)), government corruption and accountability (such as the [Worldwide Governance Indicators](#)), human capital (such as the [Human Capital Index](#)), or conflict, crime, and violence (such as [United Nations Office on Drugs and Crime Statistics](#)).

7. Topics. B-READY's topics are organized following the life cycle of the firm and its participation in the market: opening, operating (or expanding), and closing (or reorganizing) a business. The 10 topics in B-READY are Business Entry, Business Location, Utility Services, Labor, Financial Services, International Trade, Taxation, Dispute Resolution, Market Competition, and Business Insolvency (figure I.3).

Figure I.3. B-READY Topic Areas



Source: B-READY team.

The selection of topics is guided by the threefold purpose of the B-READY project of advocating for policy reform, informing specific policy advice, and providing data for development policy research. The selection of topics meets the following criteria:

Relevance. Each selected topic has extensive economic research that demonstrates its impact on and close relationship with private sector development.

Value added. Measuring indicators within each selected topic fills an existing data gap. B-READY adds value by producing a unique primary dataset with worldwide coverage and comparability.

Complementarity. Since comprehensive reforms are more likely to succeed, B-READY considers topics that complement one another, using the life cycle of a firm as the common thread.

Within each of the ten topics, B-READY includes data on three critical themes that are increasingly important for modern economies. They are digital adoption, environmental sustainability, and gender. On digital adoption, most topics include, for instance, the assessment of electronic windows and online one-stop shops. On environmental sustainability, topics include the assessment of environmental licenses and the presence of carbon pricing instruments, among others. Finally, B-READY includes data on the gender dimension of the business environment in a way that complements the project [*Women, Business, and the Law*](#) (WBL), also housed in DEC Global Indicators Group.

8. Indicators. B-READY analyzes a set of specific indicators within each topic. The next sections of the *Methodology Handbook* present them in detail. For each topic, there are three sets of indicators, one for each pillar. Indicators on the regulatory framework and public services are collected through expert consultations, whereas the efficiency indicators are assessed through firm-level surveys and expert consultations.

The selection of topic indicators uses the criteria for the selection of topics themselves: namely, relevance, value added, and complementarity. In addition, the indicators (1) seek to provide a balance between *de jure* and *de facto* measures within each topic; (2) are quantifiable and based on primary data collected specifically for the B-READY project; (3) produce data that balance comparability across economies and representativeness within an economy; (4) include the most salient measures regarding *firm flexibility* and desirable *social benefits* in each topic; (5) are proxies that reasonably span rather than exhaust the most relevant aspects in each topic; (6) point to areas that are actionable—that is, subject to change through policy reform; and (7) focus on issues where there is an established “good practice” when measuring regulatory and public service quality.

The efficiency indicators measure the proximate results of the business-enabling regulatory framework and the related public services to firms. They do not, however, attempt to measure the final outcomes of the business environment (for example, productivity, formality, equity, and sustainability). These outcomes are the complex result of variables encompassing not only the business environment but also other public policy areas and exogenous factors. As such, they are beyond the scope of the B-READY project.

9. Scoring. Quantifying business environment conditions into corresponding measurable indicators is critical for the B-READY benchmarking exercise. All data obtained from either experts or firms are collected in raw form and then converted to a score that can be combined with other scores. The objective of the scoring methodology of raw data is to allow for score aggregation that preserves absolute cardinal differences, which can be used to compare across economies and over time (rather than purely ordinal or relative scoring).

The granular data produced by the B-READY project are combined to produce a score for each of the ten B-READY topics. Every topic score will be generated by averaging the scores assigned to each of the three pillars (regulatory framework, public services, and efficiency) for that topic. For nearly all indicators, the regulatory framework pillar captures *de jure* information, and the public services and efficiency pillars

capture de facto information. The scoring approach therefore provides complementarity between de jure laws and regulations and de facto practical implementation.

For all topic areas, the scores assigned to each of the three pillars are built from points awarded at the most basic indicator level. At this level of detail, scoring considers the perspectives of entrepreneurs (*firm flexibility*) and broader public interests (*social benefits*). Considering both private and social interests is important for B-READY because the project must address not only the ease of doing business for individual firms but also the inclusive and sustainable aspects of private sector development.

The score for each indicator reflects the points awarded to that indicator under *firm flexibility* and/or *social benefits*. An indicator is scored under *firm flexibility* if it affects the benefits or costs of running a business. An indicator is scored under *social benefits* if its effects go beyond the firm and extend to socially desirable outcomes, such as environmental protection, workers' welfare, market competition, consumer protection, fiscal sustainability, equal access to business opportunities, and informational externalities.

Specifically, points are only assigned to indicators that represent a clear effect on firms (under *firm flexibility*) and/or society (under *social benefits*), based on internationally recognized and well-established good practices. Measures that have an ambiguous or contradictory impact on firm flexibility (for example, subsidies for specific exporting sectors or preferential treatment of small and medium enterprises, SMEs) are not assigned firm flexibility points. Similarly, measures that have an ambiguous or inconsistent impact on social benefits (for example, firing restrictions that may benefit incumbent formal workers but harm the prospects of the unemployed and informal workers) are not assigned *social benefits* points.

Some indicators may merit both firm flexibility and social benefits points. For example, clear tax provisions are a benefit to both individual firms (by simplifying compliance) and society more generally (by strengthening trust and social contracts). In this case, when points on firm flexibility and social benefits are allocated, they are added together.

The assignment of firm flexibility and/or social benefits points to the selected indicators is done consistently across all economies, reflects the best available evidence from the academic literature and well-founded good practices, and have been reviewed by an advisory group. The preliminary assignment of points is documented in detail in this Methodology Handbook (and summarized in Appendix I.3).

When using B-READY data for economic analysis, their interpretation should be contextualized as needed. For instance, when an economy's shortcomings are assessed, it may be necessary to compare its data relative to economies at similar levels of income or to economies that have followed a desirable development path. Economic analysis should take into account economy-specific enforcement capacity and development priorities. However, this line of analytical work is beyond the scope of the B-READY project as a data collection exercise—it should be undertaken by practitioners and researchers, using B-READY data among other complementary data sources.

Higher-level aggregate scores. In addition to topic-specific scores, the B-READY project is considering producing higher-level aggregate scores to increase the impact and informational value of the project. Options include the following. (1) A set of categorical scores that result from combining topic scores in groups following the life cycle of the firm; for instance, aggregate scores for opening, operating, and closing a business. (2) A set of categorical scores that combine topics according to their nature as production inputs (e.g., Labor and Financial Services), market interactions (e.g., International Trade and Market Competition), and institutional interactions (e.g., Taxation and Dispute Resolution). (3) An overall score that combines all topic scores into a representative summary statistic.

At this point, there is no decision on which aggregates to produce. The team plans to revisit these and other options for higher-level aggregate scoring once the data from the first round of the B-READY project are collected and before the first report is produced. Using actual B-READY data would allow for a rigorous assessment of the merits of alternative methods for higher-level aggregation. This would inform the decision on which aggregate scores to produce and report from the first B-READY onwards, recognizing that these may evolve in subsequent editions as the project matures.

Generating aggregate scores faces some trade-offs. On the one hand, the smaller the set of scores for an economy is, the simpler and clearer the communications about them are. Evidence shows that this clarity is critical in maximizing public interest and motivating reforms. On the other hand, generating aggregate scores requires combining components from different areas and making value judgements on their relative importance. The scoring method adopted by the B-READY project would seek to achieve an appropriate balance by generating aggregate scores that, first, rest on straightforward and intuitive assumptions that are consistent with the project's scope and approach and, second, recognize the heterogeneity of the components underlying these aggregate scores. For instance, in case an overall score is produced, it could be presented as an average of the ten topic scores with confidence intervals based on the variance of these scores.

The way aggregated scores may be presented is also important to mitigate concerns about “unhealthy” competition across economies. B-READY reports would address these concerns by avoiding excessive hype around economy rankings. B-READY would explore different ways of presenting summary information to maximize public interest and motivate reforms. First, B-READY would emphasize an economy's own progress over time and relative to best performance. Rather than concentrating on economy rankings, B-READY would base its reporting on scores, describing their cross-topic variations, analyzing their differences within and across economy groupings, and assessing their general trends over time (as more B-READY data become available). Second, B-READY would report aggregated scores using presentational methods that recognize the variability underlying average scores. For instance, this could be done by presenting (1) confidence intervals around mean values, as explained earlier; (2) a full set of summary statistics around the aggregate scores; (3) economy groupings determined by fixed percentiles of the sample distribution of aggregate scores, such as terciles and quartiles; and/or (4) economy groupings driven by natural breaks in the sample distribution of aggregate scores, obtained through, for instance, cluster analysis. In turn, a variety of presentational devices could be used to implement these possibilities in B-READY reports, such as spiderweb charts, box-and-whisker plots, traffic-light signs, and heatmaps.

10. Data Sources. B-READY obtains data from both expert consultations and firm-level surveys. *De jure* data are collected from consultations with expert contributors, and *de facto* data are collected from consultations with expert contributors or firm-level surveys, depending on the nature of the specific indicator.

Through the expert consultation process, B-READY collects data directly by sending detailed topic questionnaires to private sector experts in all measured economies through a survey software. Private sector experts include sole practitioners (for example, a self-employed electrical contractor or a lawyer) and practitioners working in small, medium, and large firms. Expert consultations ask experts questions about groups of firms with similar characteristics, allowing for a comparison of the experience of the same stylized firm across economies (Appendix I.4).

In exceptional cases, B-READY also collects information on features of public services from public sector experts who work for government agencies or ministries involved in the specific processes covered by each topic as only they would know the answer to some questions (such as credit registries).

The World Bank Enterprise Surveys questions are the source of the B-READY firm-level survey data (Appendix I.2), which comes from relevant variables in existing global WBES, as well as approximately 74 B-READY-specific questions, cutting across most topic areas, designed to give de facto information on the efficiency pillars of the B-READY project. Detailed information on the implementation of firm-level surveys, and firm sample selection, administration and management by the WBES Team can be found in the [WBES Manual and Guide](#).

Every topic chapter in this document contains a section that provides details on the data collection sources for each of its pillars. The B-READY Manual and Guide also provides detailed information on the experts selection process.

11. Integrity and Transparency. The B-READY data collection and reporting process is governed by the highest possible standards of data integrity, including sound data-gathering processes, robust data safeguards, and clear approval protocols. In addition, B-READY relies on transparency and replicability to build trust in its data and report. All granular data collected by the B-READY project are publicly available on its website, and all results presented in its reports are replicable using straightforward toolkits available on the same website.

The B-READY project follows the World Bank Group's guidelines on [Accountability and Decision-Making \(ADM\)](#) framework for WBG corporate flagship products. Furthermore, the DEC Global Indicators Group is engaging with Group Internal Audit (GIA), Ethics and Business Conduct (EBC), and Information and Technology Solutions (ITS) units at the WBG to strengthen the governance of the B-READY project. To identify and prevent process vulnerabilities, GIA will be providing design and assurance reviews of the end-to-end process of data collection and reporting processes. EBC will be advising on ways to protect the project from undue influence from internal and external stakeholders and providing guidance to avoid potential conflicts of interest within the B-READY team and in its relationship with the rest of the WBG. ITS will support B-READY to obtain a safe and reliable data management system that protects the data from cyberthreats and unforced errors, while also allowing for public data availability.

The governance of the B-READY project is presented in the companion [Business Ready Manual and Guide](#). There, the protocols, safeguards, processes, and resources of B-READY governance are established in writing. This *Manual and Guide* is publicly available on the B-READY website.

12. Structure of the Methodology Handbook. The B-READY Methodology Handbook is composed of a separate chapter for each of the ten topics. Each chapter contains a methodology note, a scoring annex and an annotated questionnaire (or several questionnaires). The methodology note includes (i) a brief overview of the topic, (ii) a detailed explanation of the indicators and components comprising each pillar, (iii) data collection sources, (iv) parameters used, and (v) an overview of the topic scoring (by pillar and at the aggregate level). The scoring annex shows detailed scoring on *firm flexibility* as well as *social benefits* for each indicator of each pillar. Finally, the annotated questionnaire provides a glossary and a detailed mapping between each indicator, its scores, and the corresponding question(s). For topics that use multiple questionnaires to collect data, the comprehensive annotated questionnaire annex contains all questionnaires.

Appendix I.1- Comparison of *Doing Business* (DB) and *Business Ready* (B-READY) Key Features

	DB	B-READY
Overview	Benchmark assessment of the business environment affecting <i>individual</i> small and medium enterprises (SMEs)	Benchmark assessment of business regulations and public services affecting private sector development <i>as a whole</i>
Scope	Focused on the burden of business regulations for firms, with some consideration of public services	Balanced focus, looking not only at the regulatory burden for firms but also at the quality of regulations and provision of related public services to firms
Data collection	Some indicators only covered de jure regulations, while others only looked at de facto ones; data collected through expert consultations; extensive use of case studies with strict assumptions to enhance data comparability	Balanced coverage of de jure and de facto aspects of regulatory framework and public services; de facto data collected through combination of expert consultations and firm surveys; use of case scenarios with less strict assumptions to enhance relevance
Topics	Topics selected to follow the firm's life cycle but were uneven regarding relative importance; in some cases, (for example, "protecting minority investors" was not well-justified while excluding "employing labor" was a clear omission)	B-READY topics also selected to follow firm's life cycle, including its participation in the market; all topics of major importance are covered
Indicators	Indicators grouped under (1) efficiency of business regulations and (2) quality of business regulations; not all topics consistently structured under these groupings; indicators tied to case study assumptions, limiting representativeness	All topics consistently structured under three pillars, (1) regulatory framework, (2) public services, and (3) efficiency; with less strict case study restrictions, indicators will reveal information that better represents the economy
Scoring	Economies' performance assessed based on rankings and scores; strong focus on aggregate rankings to maximize public interest and motivate reforms	Economies' performance to be assessed based on quantifiable indicators; points will be awarded at the most disaggregated indicator level under <i>firm flexibility</i> and <i>social benefits</i> ; B-READY to aggregate the points into topic scores and potentially a set of higher-level aggregate scores; aim to motivate reforms while avoiding hype surrounding economy-wide rankings
Coverage	Main business city in 191 economies; second largest business city also measured in 11 economies	As wide as possible regarding economy and within-economy coverage; within-economy coverage may differ across topics depending on whether regulations are national or local
Update	Annual	Annual for indicators based on expert consultations; staggered three-year cycle for indicators from firm-level surveys

Source: B-READY team.

Appendix I.2-Enterprise Surveys

A key innovation of the *Business Ready* project is the collection and use of data obtained directly from firms. Firm-level data will be obtained by expanding the [Enterprise Surveys](#) (ES) program, which is also housed in DECIG and has conducted over 300 Enterprise Surveys across 153 economies over the past two decades. The expanded Enterprise Surveys will be full-fledged ES with a B-READY module added on. The expansion of the ES program carries the substantial benefits of a global public good. First, the WBG will produce B-READY data that is grounded on information from entrepreneurs themselves. Second, the WBG will deliver a high-quality firm survey program at regular frequencies with worldwide coverage that does not exist anywhere else in the world. This will substantially expand the benefits that the WBG country teams (and, more broadly, policy makers, development practitioners, and researchers) enjoy from having an ES done in their economies. Third, the combination of B-READY data with rich data on firm attributes (included in the main ES questionnaire) will enable more granular analysis (at both the firm and economy levels) of the causes and consequences of the regulatory and public service topics captured by B-READY. A limitation to note is that the ES includes registered firms only. Although information from informal firms can add value to measuring the business environment, extending the surveys to the informal sector would not only be prohibitively expensive but would have to address the lack of a well-established data collection methodology. The Enterprise Analysis Unit (DECEA) is currently piloting a method to survey informal firms. This line of work is incipient. In the future, when a cost-effective methodology is well established, the B-READY team will consider collecting data from informal firms and entrepreneurs too.

Appendix I.3-Summary of Preliminary Topic Scoring

General scoring approach:

- Each pillar is divided into categories—defined by common features that inform the grouping into a particular category—and each category is further divided into subcategories.
- Each subcategory consists of several indicators, each of which may, in turn, consist of several components.
- Relevant points are assigned to each indicator and subsequently aggregated to obtain the number of points for each subcategory, category, and pillar.
- How points are assigned and aggregated for Pillars I & II and Pillar III is different.

For Pillar I (Regulatory Framework) & Pillar II (Public Services):

- Points are awarded at the indicator level (0-2), considering the perspectives of entrepreneurs (*firm flexibility*, 0-1) and broader private sector development interests (*social benefits*, 0-1).
- Points per pillar = Sum of points assigned to the pillar's categories.
- Points assigned to each category = Sum of points of all its subcategories.
- Points assigned to each subcategory = Sum of points of all its indicators.
- Potential points for each pillar are rescaled to the 0-100 range.

For Pillar III (Efficiency):

- Points are awarded at the indicator level by applying the proximity-to-frontier approach, rescaling to the 0-100 range. For each indicator, the “best” and “worst” values in the proximity-to-frontier calculation are driven by the collected data.
- Within each pillar, equal weights are assigned to the pillar's categories.
- Within each category, equal weights are assigned to all its subcategories.
- Within each subcategory, equal weights are assigned to all its indicators.

Appendix I.4-Parameters

Broad parameters

Expert consultations ask experts questions about groups of firms with similar characteristics, allowing for a comparison of the experience of the same stylized firm across economies. In some cases, data comparability does not require limiting the range of firms because their regulations and related public services are similar. In other cases, certain parameters (for instance, firm sector and location or type and size of transactions) are defined so that the data collected are grounded in broad-based scenarios with similar characteristics, allowing for comparison across different locations and time.

Parameters are defined as assumptions that may be general or specific. General parameters apply across all pillars of a topic, while specific parameters apply to one or two pillars only. Every topic chapter in this document contains a section that provides details on the parameters that it relies on, including information on whether the assumption is categorized as a general or specific one, a justification for the use of such parameter, and information on how the parameter is applied in each pillar.

Firm surveys ask respondents questions about their firms and allow for the comparison across economies of the typical experience of actual firms, captured through a representative mean, median, or other similar statistic. This approach has the added benefit of providing information on variability across firms. No parameters are used when the data is collected from firm surveys.