

### *Saudi Arabia tops as most notable improver in the world, Kuwait features in top 10...*

The Doing Business Report – 2020 highlighted significant improvements in developing countries as compared to developed economies that came on almost all fronts. According to the report, **around 115 economies out of the 190 economies that were analyzed undertook reforms that made it easier to do business in those countries.** A majority of these reforms were focused on key indicators including starting a business, dealing with construction permits, getting electricity, and paying taxes. On the other hand, resolving insolvency was the least reformed area, with a lot to be done in a majority of the countries.

In terms of enablers, **technology continues to be the leading priority for developed countries to comply with regulatory requirements.** According to the report, the top 20 countries increasing reliance on electronic systems for uses that include online business incorporation, electronic tax filing platforms, online property transfer procedures and construction permitting. In addition, transparency was a common feature for the top performers along with sound business regulations.

**The 10 top performers for the year in terms of number of improvements primarily included Asian economies with four in the Middle East region.** These 10 countries implemented 59 regulatory reforms during the period 2018/19 accounting for almost a fifth of the total 294 reforms recorded during the year. These reforms were primarily centered around starting a business, dealing with construction permits and trading across borders indicators. Kuwait and Jordan were new additions to this list and featured for the first time in the list.

**In terms of regional split, the Sub-Saharan Africa region remained at the bottom on the ease of doing business, increasing its score by one percentage point to an average score of 51.8 as compared to an average of 78.4 for the OECD countries, and a global average score of 63.0.** Latin America and the Caribbean were also one of the weaker performing regions with not even a single country from this region appearing in the top 50 list. **On the other hand, the MENA region improved its average score by 1.9 with 13 out of the 18 countries having better ranks than the previous year. The top 10 MENA countries saw overall improvement in rankings baring UAE, which saw its ranking slide 5 places.** In the non-GCC MENA countries, Jordan saw the biggest gain in its ranking, scaling 29 positions to rank at 75th. Morocco and Egypt also improved their respective ranks by 7 spots and 6 spots to rank at 53rd and 114th, respectively.

**The GCC region saw some of the biggest improvements in this year’s rankings led by a number of regulatory reforms undertaken by the governments as they seek to diversify the economy towards the non-oil sectors.** According to the report, out of the 10 best performing countries with the most notable improvements in Doing Business 2020, three were from the GCC including Saudi Arabia, Bahrain and Kuwait. **Saudi Arabia topped this list of gainers after the Kingdom climbed 30 positions to rank 62, ranking third in the GCC, as compared to fifth in the last year’s report.** Bahrain was next at the 43rd position as compared to last years 62nd, an improvement of 19 positions. Kuwait witnessed the third biggest improvement with its rank improving by 14 positions to reach the 83rd spot. On the other hand, UAE was the only country in the GCC that saw its rank sliding by five positions to reach the 16th place.

### Comparative Rankings 2020 vs. 2019

#### MENA - Ease of Doing Business Ranking

Country	2019	2020	Change
UAE	11	16	Declined
Bahrain	62	43	Improved
Morocco	60	53	Improved
Saudi Arabia	92	62	Improved
Oman	78	68	Improved
Jordan	104	75	Improved
Qatar	83	77	Improved
Tunisia	80	78	Improved
Kuwait	97	83	Improved
Egypt	120	114	Improved

#### Global Top 10 - Ease of Doing Business Ranking

Country	2019	2020	Change
New Zealand	1	1	No change
Singapore	2	2	No change
Hong Kong	4	3	Improved
Denmark	3	4	Declined
Korea, Rep.	5	5	No change
United States	8	6	Improved
Georgia	6	7	Declined
United Kingdom	9	8	Improved
Norway	7	9	Declined
Sweden	12	10	Improved

Source: World Bank - Doing Business Report - 2019 & 2020

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## The Doing Business Report - 2020 : Key highlights

The report noted that how social, political and economic conditions in a country can affect cost that has an impact on the ease of doing business, as tracked with the ranks on the corresponding parameter. This can be seen from the fact that more than half of the top 20 economies on the ease of doing rankings were the OECD countries and high-income economies. Nevertheless, the report also showed that despite the leading ranks, these top 20 countries undertook 464 reforms over the last 17 years as tracked using the Doing Business report. In the latest version of the report, the top 20 economies made 22 reforms as compared to the previous year, thus highlighting the ample room for improvement for the overall universe of countries.

The number of reforms undertaken by developing countries showed that these countries are fast catching up with their developed counterparts, although the gap between the two remains wide. According to the report, it still takes almost six times more to start a business in the lowest 50 ranked countries as compared to the top 20 countries. Some of the weak areas include the getting credit indicator which was the weakest in low- and middle-income countries as a result of low coverage of credit registries and bureaus. Also, time for tax filing is almost double in low income economies as compared to high income economies and tax systems tend to be difficult in these countries. Nevertheless, some of the lower ranked countries are pushing reforms and improved scores significantly in the 2020 report.

## GCC Highlights

The overall trend in the GCC remains positive with each economy making efforts on a number of fronts to improve their rankings. The six countries in the GCC adopted 35 reforms over the last year to improve the business climate. These reforms form a major part of the efforts of GCC economies to diversify away from oil and to have a more open and well-integrated market with the world.

## Saudi Arabia

Saudi Arabia was the most improved economy in the Doing Business 2020 report and saw the biggest gain in its rank in the GCC, improving by 30 positions to rank at the 62nd spot. The Kingdom also recorded the biggest improvement in ease of doing business score in the GCC by 8.1 points to reach 71.6 points. The Kingdom implemented eight reforms during the period motivated by an aim to position the country as an open world class investment destination. These reforms also come as part of the long-term and ambitious Vision 2030 plan being implemented by the Kingdom.

In terms of indicators, Saudi Arabia made starting a business easier by forming a one-stop shop by merging a number of pre and post registration procedures. For construction permits, the Kingdom launched an online platform and enabled civil defense approval after the issuance of the building permit. The Kingdom made getting electricity easier by making operational improvements and removed the requirement of certificates of completion. For getting loans, the Kingdom introduced a secured transactions law and an insolvency law that included a number of reforms. The Kingdom made external trade easier by enhancing its electronic trade single window, enabling risk-based inspections, launched an online platform for certification of imported goods, and also upgraded infrastructure at the Jeddah Port. The Kingdom also made several improvements for resolving insolvency, although it is still far behind in the region as well as internationally with a rank of 168 on this key indicator.

## Bahrain

Bahrain ranked 2nd in the GCC and MENA region with an overall global rank of 43. The country gained 19 spots as compared to its previous ranking and improved its score by 6.2 points to reach a total score of 76. The country

implemented the highest number of regulatory reforms as per the report and improved in almost every area measured by Doing Business. A majority of the improvements were aimed at improving administrative processes, implementing online platforms and further use of technology. The country ranked the best in the GCC in terms of resolving insolvency with a rank of 60 after the country made it easier by introducing a reorganization procedure. On the other hand, the new employer funded healthcare contribution system implemented by Bahrain made paying taxes more complicated which affected its ranking on this indicator.

### Kuwait

Kuwait witnessed one of the biggest improvements in its ranking in the current version of Doing Business Report. The country's rank jumped 14 positions to 83rd, after it improved on seven out of ten areas measured in the ranking process. The biggest improvement came in terms of Dealing with Construction Permits in which the country improved its rank by 63 positions to rank at 68th. With minimal taxes, Kuwait ranked sixth in the world, whereas it had the highest rank for Registering Property at the 45th position. On the other hand, areas of improvement included cross-border trading wherein the country ranked 162nd followed by Getting Credit area wherein it ranked at 119th. A majority of the reforms by Kuwait were enabled by technology wherein the country introduced online platforms.

Specific reforms by Kuwait included making starting a business easier by combining procedures to obtain a commercial license and streamlined online company registration. The country made it easier and faster to get construction permits ,by integrating additional authorities to its electronic permitting platform. It digitized the process of getting electricity and made operational improvements. Reforms were also made to property registration process, providing credit information and improved cross border trade process.

### Oman

Oman ranked fourth in the GCC and fifth in the MENA region on the Doing Business 2020 rankings. The Sultanate improved its ranking by 10 positions to reach the 68th position globally and improved its score by 2.8 points. Specific improvements made by the country included reforms for getting electricity, registering property and by upgrading infrastructure at Sohar Port. Oman also strengthened minority investor protection by increasing shareholder rights.

### Qatar

Qatar improved its ranking by 6 positions to reach the 77th spot. The country improved its ease of doing business score by 2.8 points during the year. The improvements implemented by Qatar included online applications for new electricity connection, streamlined property registration procedure and made specific changes for reporting credit information from a telecom company. The country's relative ranking for starting a business declined from 84th position to 108th in this years report.

### United Arab Emirates

The UAE continues to top the GCC with an overall rank of 16th, sliding 5 spots as compared to the previous year's 11th position. The country's ease of business score also declined marginally by 0.4 points 80.9. UAE was the only country in the GCC to record a decline in its rank in the Doing Business 2020 report. UAE's rank dropped on four out of the ten indicators namely on starting a business, dealing with construction permits, protecting minority investors and on trading across borders. However, the country made reforms on most of these indicators and the decline was more on a relative basis rather than any negative highlights. On the other hand, the country improved its rank on paying taxes, resolving insolvency, getting credit and registering property. Reforms made by UAE included starting a business less expensive by reducing the fees for business incorporation. The country made getting construction permits easier by implementing a risk-based approach to reduce the number of inspections. UAE also strengthened minority investors

protections by providing for disqualification of directors in cases of prejudicial conflicts of interest. In terms of trading across borders, the UAE reduced time to export by fully digitizing certificates of origin and lowered the cost to import by issuing certificates of conformity that cover multiple shipments.

## Country Comparison - GCC

	UAE	Bahrain	Saudi Arabia	Oman	Qatar	Kuwait
<b>Ease of Doing Business Rank - 2020</b>	16	43	62	68	77	83
<b>Starting a Business - Rank</b>	17	67	38	32	108	82
Procedures - Men (Numbers)	2	6	3	4	8	5
Procedures - Women (Numbers)	7	6	5	9	4	3
Time - Men (Days)	3.5	8	10	4	8.5	19
Time - Women (Days)	4.5	9	11	5	9.5	20
<b>Dealing with Construction Permits</b>	3	17	28	47	13	68
Procedures (number)	11	9	14	15	13	19
Time (days)	47.5	71	100	125	87.5	103
<b>Getting electricity</b>	1	72	18	35	49	66
Procedures (number)	2	5	2	5	4	5
Time (days)	7	69	35	30	44	49
<b>Registering property</b>	10	17	19	52	1	45
Procedures (number)	2	2	2	3	1	7
Time (days)	1.5	2	1.5	18	1	17
<b>Getting credit</b>	48	94	80	144	119	119
Strength of legal rights index (0-12)	6	3	4	1	1	1
Depth of credit information index (0-8)	8	8	8	6	8	8
Credit registry coverage (% of adults)	12	0	0	27.1	34.7	16.8
Credit bureau coverage (% of adults)	51.3	40.9	56.7	0	0	31.6
<b>Protecting minority investors</b>	13	51	3	88	157	51
Extent of disclosure index (0-10)	10	8	9	8	2	5
Extent of shareholder rights index (0-10)	4	5	5	4	3	2
Extent of corporate transparency index (0-10)	5	4	7	3	3	7
<b>Paying taxes</b>	30	1	57	11	3	6
Payments (number per year)	5	3	4	15	4	12
Time (hours per year)	116	22.5	104	68	41	98
Total tax and contribution rate (% of profit)	15.9	13.8	15.7	27.4	11.3	13
<b>Trading across borders</b>	92	77	86	64	101	162
Time to export: Documentary compliance (hours)	4.5	24	11	7	9.8	72
Cost to export: Documentary compliance (USD)	140	100	73	107.1	150	227
Time to import: Documentary compliance (hours)	12	60	32	7	72	96
Cost to import: Documentary compliance (USD)	283.3	130	267	124	290	331.8
<b>Enforcing contracts</b>	9	59	51	69	115	74
Time (days)	445	635	575	598	570	566
Cost (% of claim)	21	14.7	27.5	15.1	21.6	18.6
Quality of judicial processes index (0-18)	14	9	11.5	7.5	4.5	7.5
<b>Resolving insolvency</b>	80	60	168	97	123	115
Time (years)	3.2	2.5	No Practice	3	2.8	4.2
Cost (% of estate)	20	9.5	No Practice	7	22	10
Recovery rate (cents on the dollar)	27.7	41.3	0	41.1	30	32.2
Strength of insolvency framework index (0-16)	11	11.5	0	7	7	7

Source: World Bank - Doing Business Report - 2019 & 2020

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