

CHAPTER 2. BUSINESS ENTRY–METHODOLOGY NOTE

I. MOTIVATION

Registered companies benefit from a variety of advantages, including the legal and financial services provided by courts and banks. Their employees enjoy social security protection. Additionally, the economy takes advantage of positive spillovers: where formal entrepreneurship is high, job creation and economic growth also tend to be high.¹ As more businesses formalize, the tax base also expands, enabling the government to spend on productivity-enhancing areas and pursue other social and economic policy goals. However, entrepreneurs often encounter barriers to entry into the formal economy.

There is evidence that higher costs for business start-ups are associated with lower business entry and lower levels of employment and productivity.² Cumbersome regulations for business start-ups are associated with high levels of corruption and informality.³ A simple business start-up process is a positive factor for fostering formal entrepreneurship.⁴ Moreover, digital technology and transparency of information can encourage businesses to register and promote private sector growth.

Digital public services can address the concerns of entrepreneurs by reducing the compliance cost of interacting with government authorities and thus encourage business formalization.⁵ In addition, transparent and accurate data on registered businesses are an important building block of a good business environment because they give governments the tools to produce business statistics and design relevant policies and provide market participants with the information to assess their risks and opportunities. Transparency of beneficial ownership helps safeguard the integrity and reputation of the business sector by making it unattractive to those intent on using its corporate structures for illicit purposes.

In this context, the Business Entry topic measures quality of regulations for business entry, the provision of digital public services and transparency of information for business entry, and the operational efficiency of business entry.

II. INDICATORS

The Business Entry topic measures the process of registration and start of operations of new limited liability companies (LLCs) across three different dimensions, here referred to as pillars. The first pillar assesses the quality of regulations for business entry, covering de jure features of a regulatory framework that are necessary for the adoption of good practices for business start-ups. The second pillar measures the availability of digital public services and transparency of information for business entry. The third pillar measures the time and cost required to register new domestic and foreign firms. 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 has several indicators, each of which may, in turn, have several components. Relevant points are assigned to each indicator and subsequently aggregated to obtain the number of points for each subcategory, category, and pillar. Table 1 summarizes all three pillars and their respective categories.

Table 1. Summary Table of all Three Pillars for the Business Entry Topic

Pillar I—Quality of Regulations for Business Entry (35 indicators)	
1.1	Information and Procedural Standards (18 indicators)
1.1.1	Company Information Filing Requirements (7 indicators)
1.1.2	Beneficial Ownership Filing Requirements (6 indicators)
1.1.3	Availability of Simplified Registration (3 indicators)
1.1.4	Risk-Based Assessment for Operating Business and Environmental Licenses (2 indicators)

1.2	Restrictions on Registering a Business (17 indicators)
1.2.1	Domestic Firms (8 indicators)
1.2.2	Foreign Firms (9 indicators)
Pillar II–Digital Public Services and Transparency of Information for Business Entry (25 indicators)	
2.1	Digital Services (11 indicators)
2.1.1	Business Start-Up Process (6 indicators)
2.1.2	Storage of Company and Beneficial Ownership Information (3 indicators)
2.1.3	Identity Verification (2 indicators)
2.2	Interoperability of Services (4 indicators)
2.2.1	Exchange of Company Information (2 indicators)
2.2.2	Unique Business Identification (2 indicators)
2.3	Transparency of Online Information (10 indicators)
2.3.1	Business Start-Up (includes gender and environment) (5 indicators)
2.3.2	Availability of General Company Information (2 indicators)
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms (3 indicators)
Pillar III–Operational Efficiency of Business Entry (4 indicators)	
3.1	Domestic Firms (2 indicators)
3.1.1	Total Time to Register a New Domestic Firm (1 indicator)
3.1.2	Total Cost to Register a New Domestic Firm (1 indicator)
3.2	Foreign Firms (2 indicators)
3.2.1	Total Time to Register a New Foreign Firm (1 indicator)
3.2.2	Total Cost to Register a New Foreign Firm (1 indicator)

1. PILLAR I. QUALITY OF REGULATIONS FOR BUSINESS ENTRY

Table 2 shows the structure for Pillar I, Quality of Regulations for Business Entry. Each of this pillar's categories and subcategories will be discussed in more detail in the order shown in the table.

Table 2. Pillar I–Quality of Regulations for Business Entry

1.1	Information and Procedural Standards
1.1.1	Company Information Filing Requirements
1.1.2	Beneficial Ownership Filing Requirements
1.1.3	Availability of Simplified Registration
1.1.4	Risk-Based Assessment for Operating Business and Environmental Licenses
1.2	Restrictions on Registering a Business
1.2.1	Domestic Firms
1.2.2	Foreign Firms

1.1 Information and Procedural Standards

Category 1.1 is divided into four subcategories consisting of several indicators, each of which may, in turn, have several components.

1.1.1 Company Information Filing Requirements

A safe business environment that enables formal entrepreneurship is critical to unleash the potential of new firms. As such, it is important to assess whether the applicable regulatory framework includes good practices promoting a safe and secure environment for business start-ups at the time of filing and updating company information. Good practices include the registration of company information with safety checks and preventive mechanisms (for example, verification of company name, verification of corporate identity, and/or verification of identity of entrepreneurs). In addition to compliance at the moment of incorporation, it is also important to make the necessary updates in the business registry when changes arise (for example, changes to the company name or shareholders' information) to guarantee the good quality and reliability of

the registered information.⁶ Therefore, Subcategory 1.1.1–Company Information Filing Requirements comprises seven indicators (table 3).

Table 3. Subcategory 1.1.1–Company Information Filing Requirements

	Indicators	Components
1	Mandatory to Have the Company Name Approved	Requiring the approval of the company name and providing specific rules for rejecting proposed company names
2	Mandatory to Register Changes to the Company Name	Requiring registration of changes to the company name
3	Mandatory to Verify the Identity of Entrepreneurs	Requiring verification of the identity of entrepreneurs
4	Mandatory to Register Shareholders' Information	Requiring registration of shareholders' information
5	Mandatory to Register Changes to the Shareholders' Information	Requiring registration of changes to shareholders' information
6	Mandatory to File Annual Returns/Financial Statements	Requiring filing of annual returns/financial statements
7	Mandatory to Register Changes in the Articles of Association	Requiring registration of changes in the articles of association

1.1.2 Beneficial Ownership Filing Requirements

The registration of adequate, accurate, and timely information on beneficial owners is key to ensuring the transparency of information and to helping prevent the misuse of companies for money laundering or other illegal activities. This can be done, for instance, by submitting the necessary and valid information inherent to beneficial owners when entrepreneurs start a new business. Effectively, the correct and complete beneficial ownership information helps safeguard the integrity and reputation of the business sector by making it unattractive to those who are intent on using its corporate structures for illicit purposes.⁷ To provide up-to-date and reliable data, it is also important that the regulatory framework defines rules and deadlines to make the necessary updates on beneficial ownership information.⁸ Therefore, Subcategory 1.1.2–Beneficial Ownership Filing Requirements comprises six indicators (table 4).

Table 4. Subcategory 1.1.2–Beneficial Ownership Filing Requirements

	Indicators	Components
1	Mandatory to Register Beneficial Owners' Information	Requiring registration of beneficial owners' information
2	Mandatory Type of Information Required for Beneficial Owners	Requiring registration of the information about the full name, identification number, date of birth and address of the beneficial owners
3	Mandatory Time Limit to Register Beneficial Owners' Information	Requiring registration of beneficial owners' information within a certain timeframe
4	Mandatory to Verify Beneficial Owners' Identity	Requiring verification of beneficial owners' identity
5	Mandatory to Register Changes to the Beneficial Ownership Information	Requiring registration of changes to beneficial ownership information
6	Prohibition or Mandatory to Register Nominee Shareholders and Directors	Requiring registration of status as nominee shareholders and/or directors, or their prohibition/inexistence

1.1.3 Availability of Simplified Registration

Allowing entrepreneurs to directly file standard incorporation documents electronically with the business registry can facilitate the automatic validation of information and reduce costs.⁹ Therefore, the Business Entry topic will assess whether the regulatory framework allows for the usage of simple standard forms, both for incorporation and updates of company information. Standard forms should be available to entrepreneurs without the need to seek third-party intermediaries' assistance. Therefore, Subcategory 1.1.3–Availability of Simplified Registration comprises three indicators (table 5).

Table 5. Subcategory 1.1.3–Availability of Simplified Registration

	Indicators	Components
1	Simple Registration Form Without the Use of Intermediaries	Possibility for entrepreneurs to register a business by themselves using a simple standard registration form without the mandatory use of third-party intermediaries
2	Simple Registration Form for All Entrepreneurs	Possibility for all entrepreneurs to register a business by themselves using a simple standard registration form without the mandatory use of third-party intermediaries
3	Changes without the Use of Intermediaries	Possibility for entrepreneurs to update company information by themselves without the mandatory use of third-party intermediaries, and for that possibility to be allowed for all entrepreneurs

1.1.4 Risk-Based Assessment for Operating Business and Environmental Licenses

Adopting a risk-based approach can simplify key regulatory processes that govern business activities.¹⁰ The classification of activities considering their risk level is particularly important for the efficient issue of business licenses. For this reason, the Business Entry topic assesses whether risk management is applied to business licensing and environmental clearances that may be required before the start of business operations (for example, operating licenses). Therefore, Subcategory 1.1.4–Risk-Based Assessment for Operating and Environmental Licenses comprises two indicators (table 6).

Table 6. Subcategory 1.1.4–Risk-Based Assessment for Operating and Environmental Licenses

	Indicators	Components
1	Risk-Based Regulations for Business Licensing	Providing a risk-based approach for issuing business operating licenses
2	Risk-Based Regulations for Environmental Licensing	Providing a risk-based approach for issuing environmental operating licenses

1.2 Restrictions on Registering a Business

Category 1.2 has two subcategories consisting of several indicators, each of which may, in turn, have several components.

1.2.1 Domestic Firms

Entry restrictions can create obstacles to setting up a business and diminish entrepreneurial activity.¹¹ Restrictions for domestic private firms can be either general or specific. For instance, they can apply across sectors (such as the requirement to deposit a minimum amount of capital) or only to activities with specific environmental impact or risk levels (such as certain business or environmental licenses). Equally, there are sector-specific restrictions that limit private domestic participation or equity ownership. Restrictions may also apply to domestic entrepreneurs in certain sociodemographic groups if they face additional requirements when they want to open a bank account or start their own company. Therefore, Subcategory 1.2.1–Domestic Firms comprises eight indicators (table 7).

Table 7. Subcategory 1.2.1–Domestic Firms

	Indicators	Components
1	Paid-in Minimum Capital Requirements for Domestic Firms	Requiring a mandated paid-in minimum capital for domestic private limited liability companies
2	Entirety of Paid-in Minimum Capital Prior to Registration of Domestic Firms	Requiring payment of the entirety of a mandated paid-in minimum capital for domestic private limited liability companies prior to registration
3	Minimum Education or Training	Requiring an entrepreneur who wants to register a company and start business operations to have a certain minimum education or training
4	Criminal History Records or Affidavits	Requiring an entrepreneur who wants to register a company and start business operations to present criminal history records or affidavits

5	Approval of Business Plan, Feasibility Plan, or Financial Plan	Requiring an entrepreneur who wants to register a company and start business operations to present the approval of business plan, feasibility plan or financial plan
6	General Operating License	Requiring an entrepreneur who wants to register a company and start business operations to get a general operating license
7	Sociodemographic Restrictions for Domestic Entrepreneurs	Existence of Sociodemographic restrictions to register a company and to open a bank
8	Sector-Specific Restrictions for Domestic Entrepreneurs	Requiring a domestic entrepreneur who wants to register a company and start business operations to adhere to sector-specific ownership restrictions

1.2.2 Foreign Firms

A more restrictive regulatory framework for international investors is associated with reduced inflows of foreign direct investment.¹² Similar to the case of domestic firms, restrictions for foreign private firms can be either general or specific.¹³ In addition to general restrictions that apply to domestic private companies, foreign firms may face unique barriers. These can include limitations on ownership, dividend distribution, or the nationality of their employees. Foreign firms may also need to comply with additional regulatory requirements, such as, obtaining the approval of the national investment authority or applying for a general investor license. There can also be sector-specific restrictions where foreign participation or ownership is limited or fully restricted. Therefore, Subcategory 1.2.2–Foreign Firms comprises nine indicators (table 8).

Table 8. Subcategory 1.2.2–Foreign Firms

	Indicators	Components
1	Paid-in Minimum Capital Requirements for Foreign Firms	Requiring a mandated paid-in minimum capital for foreign private limited liability companies
2	Entirety of Paid-in Minimum Capital Prior to Registration of Foreign Firms	Requiring payment of the entirety of a mandated paid-in minimum capital for foreign private limited liability companies prior to registration
3	Ownership and Participation Restrictions	i) Existence of restrictions on the proportion of shares ii) Existence of restrictions on the number of joint ventures
4	Screening and Approval Requirements	i) Requiring investment screening or approval ii) Existence of requirements on the minimum size of investment
5	Restrictions on the Nationality of Key Personnel and Directors	i) Existence of restrictions on the nationality of the management of foreign subsidiaries ii) Existence of restrictions on the nationality of company board members or managers
6	Restrictions on Employment of Foreign and Local Personnel	i) Existence of restrictions on hiring of foreign nationals ii) Requiring a minimum number or percentage of national employees
7	Local Engagement Requirements	i) Requiring to have a local partner ii) Requiring local sourcing
8	Financial Restrictions	i) Existence of restrictions on dividend distribution ii) Existence of restrictions on the setting up or holding a foreign currency commercial bank account
9	Sector-Specific Restrictions for Foreign Entrepreneurs	Requiring a foreign entrepreneur who wants to register a company and start business operations to adhere to sector-specific ownership restrictions

2. PILLAR II. DIGITAL PUBLIC SERVICES AND TRANSPARENCY OF INFORMATION FOR BUSINESS ENTRY

Table 9 shows the structure for Pillar II, Digital Public Services and Transparency of Information for Business Entry. Each of this pillar's categories and subcategories will be discussed in more detail in the order shown in the table.

Table 9. Pillar II–Digital Public Services and Transparency of Information for Business Entry

2.1	Digital Services
2.1.1	Business Start-Up Process
2.1.2	Storage of Company and Beneficial Ownership Information

2.1.3	Identity Verification
2.2	Interoperability of Services
2.2.1	Exchange of Company Information
2.2.2	Unique Business Identification
2.3	Transparency of Online Information
2.3.1	Business Start-Up (includes gender and environment)
2.3.2	Availability of General Company Information
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms

2.1 Digital Services

Category 2.1 is divided into three subcategories consisting of several indicators, each of which may, in turn, have several components.

2.1.1 Business Start-Up Process

To reduce compliance time and cost, business registries are expanding the number of processes that can be completed online without the need to provide paper copies of documents or visit the registry in person. Such processes include the verification of company name, payment of fees, registration for taxes and social security, and updating of company records and beneficial ownership information. Business registries are increasingly expanding and connecting such services to allow entrepreneurs to complete the whole incorporation process online, from submitting the application to receiving company documents in an electronic format, including issuing the final incorporation certificate online.¹⁴ Therefore, Subcategory 2.1.1–Business Start-Up Process comprises six indicators (table 10).

Table 10. Subcategory 2.1.1–Business Start-Up Process

	Indicators	Components
1	Electronic Company Name Verification	Availability of an electronic and fully automated system to verify the uniqueness and compliance of company names
2	Entirely Electronic Company Registration Process	Availability of an electronic system that covers the entire company registration process
3	Electronic Update of Company Information	Availability of an electronic system for businesses to update their statutory information
4	Electronic Registration and Update of Beneficial Ownership Information	Availability of an electronic platform to register and update information on beneficial owners
5	Electronic Payment of Incorporation Fees	Availability of an electronic payment option for all fees related to company incorporation
6	Electronic Issuance of Company Incorporation Certificate	Electronic issuance of company incorporation certificates

2.1.2 Storage of Company and Beneficial Ownership Information

One of the business registry's core functions is to store company information in the most comprehensive, transparent, and accessible manner, ensuring consistency and non-duplicity of records. Within this context, the implementation of electronic systems where company records are digitally stored contributes to a more efficient storage of information. It also helps relevant public agencies and shareholders access company information simultaneously throughout the entire registry system.¹⁵ Along with systems to store company information, economies are increasingly setting up platforms to store information on beneficial ownership.¹⁶ Therefore, Subcategory 2.1.2–Storage of Company and Beneficial Ownership Information comprises three indicators (table 11).

Table 11. Subcategory 2.1.2–Storage of Company and Beneficial Ownership Information

	Indicators	Components
1	Company Information Records Digitally Stored	Storage of all company registration records in digital form

2	Database on Company Information	Database on company information fully electronic, centralized with full national coverage and covers all types of companies and establishments
3	Database on Beneficial Ownership	Database on beneficial ownership fully electronic, centralized with full national coverage and covers all types of companies and establishments

2.1.3 Identity Verification

Effective identification of businesses and their representatives is a key element of a secure business environment.¹⁷ The availability of infrastructure that facilitates the identification of economic players supports efforts to prevent fraudulent activity and identity theft. This includes a unified and automated process for identity verification and the availability of electronic signatures. These tools help ensure that the information recorded by the registry and other public entities is reliable and make the interactions of businesses with the public sector and with other businesses more efficient. Therefore, Subcategory 2.1.3–Identity Verification comprises two indicators (table 12).

Table 12. Subcategory 2.1.3–Identity Verification

	Indicators	Components
1	Availability of Electronic Signature and Authentication	Availability of an electronic signature or another electronic form of authentication identification for online company registration
2	Electronic Identity Verification Process	i) Availability of an electronic and fully automated process to verify the identity of entrepreneurs ii) Availability of an electronic and fully automated process to verify the identity of beneficial owners

2.2 Interoperability of Services

Category 2.2 is divided into two subcategories consisting of several indicators, each of which may, in turn, consist of several components.

2.2.1 Exchange of Company Information

The availability of electronic systems to exchange information across the agencies involved in registering a new business (for example, the business registry, tax administration, and social security agency) can enhance the efficiency and reliability of the business entry process.¹⁸ By linking or unifying the databases of different agencies involved, the risk of errors and the administrative burden for entrepreneurs are reduced. Similarly, such information exchange streamlines the process of updating company information during the life cycle of a business. Similarly, such information exchange streamlines the process of updating company information during a business' life cycle. Therefore, Subcategory 2.2.1–Exchange of Company Information has two indicators (table 13).

Table 13. Subcategory 2.2.1–Exchange of Company Information

	Indicators	Components
1	Exchange of Information Among Public Sector Agencies	Automatic electronic data exchange among public agencies
2	Update of Company Information Fully Automated	Automatic updates of company information across public agencies

2.2.2 Unique Business Identification

A Unique Business Identifier (UBI) provides a single means of identifying legal entities engaged in different business transactions and regulatory interactions.¹⁹ It can help public agencies share information more seamlessly on the business activities occurring under their jurisdiction. For private companies, the UBI gives them a unique number that can be used as their identification in their legal and financial documents as well as in their contracts with other parties. Furthermore, it facilitates regulatory compliance

in the business entry process by minimizing the burden of providing similar information to different agencies. Therefore, Subcategory 2.2.2–Unique Business Identification has two indicators (table 14).

Table 14. Subcategory 2.2.2–Unique Business Identification

	Indicators	Components
1	Unique Business Identification Number Existence	Assignment of a unique business identification number
2	Unique Business Identification Number Used by Key Agencies	Using a unique business identification number across key public sector agencies

2.3 Transparency of Online Information

Category 2.3 is divided into three subcategories consisting of several indicators, each of which may, in turn, have several components.

2.3.1 Business Start-Up (includes gender and environment)

Transparent information on registration procedures reduces compliance costs and makes the outcome of applications more predictable and accountable. At the same time, the easier it is to access information about regulations, the easier it is to comply with them.²⁰ Thus, this subcategory measures whether the fees, service standards, requirements, and documentation needed to incorporate and operate a company (including, where applicable, environmental licensing requirements) are easily accessible on an official website. In addition, it measures the availability of business information relevant for women entrepreneurs, particularly on publicly funded programs to support women-owned small and medium limited liability companies, because those represent policy solutions to reduce gender gaps in entrepreneurship.²¹ Therefore, Subcategory 2.3.1–Business Start-Up (includes gender and environment) has five indicators (table 15).

Table 15. Subcategory 2.3.1–Business Start-Up (includes gender and environment)

	Indicators	Components
1	Online Availability of the List of Documents	Online accessibility of incorporation documents
2	Online Availability of the List of Fees	Online accessibility of incorporation fees
3	Online Availability of the Service Standards	Online accessibility of incorporation service standards information
4	Online Availability of the Environmental-Related Requirements	Online accessibility of environmental operating permits requirements information
5	Online Availability of the Information on Publicly Funded Programs to Support SMEs and Women Entrepreneurs	i) Online availability of information on publicly funded programs to support SMEs ii) Online availability of information on publicly funded programs to support women-owned SMEs

Note: SMEs = Small and Medium Enterprises.

2.3.2 Availability of General Company Information

As a collector and disseminator of business information, business registries should make available public information on registered businesses to allow citizens to make informed decisions about who they wish to do business with, and for organizations to gather business intelligence, while enhancing transparency.²² For this reason, the Business Entry topic assesses the degree of transparency and accessibility of general company information in the business registry. For example, it measures whether the business registry provides public access to information on the names of companies, name of directors, name of shareholders, or annual financial statements, among others. Therefore, Subcategory 2.3.2–Availability of General Company Information has two indicators (table 16).

Table 16. Subcategory 2.3.2–Availability of General Company Information

	Indicators	Components
1	Electronic Search Available for All Company Records	Availability of electronic company records search
2	Types of Company Information Available Online to the Public	i) Online availability of information on the name of a company ii) Online availability of information on the company ID iii) Online availability of information on the name of directors iv) Online availability of information on the name of shareholders v) Online availability of information on the name of beneficial owners vi) Online availability of information on the year of incorporation vii) Online availability of information on the annual financial accounts viii) Online availability of information on the legal address ix) Online availability of information on the physical address x) Online availability of information on the type of activity

2.3.3 General and Sex-Disaggregated Statistics on Newly Registered Firms

Information on firm statistics can be of great value to users if it is available to the public. Entrepreneurship statistics help provide information about innovation, competitiveness, economic growth, and job creation, and can be used to inform business policies for economic planning, analytical, and research purposes.²³ This subcategory assesses if general and sex-disaggregated statistics on formally registered firms are available online. Ultimately, the availability of such information increases transparency, reduces information asymmetry, and enhances sound business decisions. Therefore, Subcategory 2.3.3–General and Sex-Disaggregated Statistics on Newly Registered Firms has three indicators (table 17).

Table 17. Subcategory 2.3.3–General and Sex-Disaggregated Statistics on Newly Registered Firms

	Indicators	Components
1	Statistics Publicly Available Online on Business Entry (General)	Online availability of new company registration statistics
2	Statistics Publicly Available Online on Business Entry (Sex-disaggregated)	Online availability of new company registration sex-disaggregated statistics
3	Types of Sex-disaggregated Data Available Online	i) Online availability of sex-disaggregated data on the number of sole proprietors ii) Online availability of sex-disaggregated data on the number of directors of limited liability companies iii) Online availability of sex-disaggregated data on the number of beneficial owners.

3. PILLAR III. OPERATIONAL EFFICIENCY OF BUSINESS ENTRY

Table 18 shows the structure for Pillar III, Operational Efficiency of Business Entry. Each of this pillar's categories and subcategories will be discussed in more detail in the order shown in the table.

Table 18. Pillar III–Operational Efficiency of Business Entry

3.1	Domestic Firms
3.1.1	Total Time to Register a New Domestic Firm
3.1.2	Total Cost to Register a New Domestic Firm
3.2	Foreign Firms
3.2.1	Total Time to Register a New Foreign Firm
3.2.2	Total Cost to Register a New Foreign Firm

3.1 Domestic Firms

Category 3.1 is divided into two subcategories consisting of one indicator each.

3.1.1 Total Time to Register a New Domestic Firm

The ease of incorporating a company is associated with more domestic firms undergoing new business activities. Indeed, the time-efficiency of the business incorporation process is a key factor for fostering formal sector entrepreneurship.²⁴ The Business Entry topic assesses the time it takes to incorporate a domestic company. Therefore, Subcategory 3.1.1–Total Time to Register a New Domestic Firm comprises one indicator (table 19).

Table 19. Subcategory 3.1.1–Total Time to Register a New Domestic Firm

	Indicators	Components
1	Total Time to Register a New Domestic Firm	Total time required to register a new domestic firm

3.1.2 Total Cost to Register a New Domestic Firm

Together with a fast registration, an inexpensive business entry process is key for the promotion of formal domestic entrepreneurship.²⁵ The Business Entry topic assesses the cost of incorporating a domestic company. Therefore, Subcategory 3.1.2–Total Cost to Register a New Domestic Firm comprises one indicator (table 20).

Table 20. Subcategory 3.1.2–Total Cost to Register a New Domestic Firm

	Indicators	Components
1	Total Cost to Register a New Domestic Firm	Total cost required to register a new domestic firm

3.2 Foreign Firms

Category 3.2 is divided into two subcategories consisting of one indicator each.

3.2.1 Total Time to Register a New Foreign Firm

Governments need to ensure that the laws governing the business start-up process for foreign firms are as simple as possible and avoid redundant and unnecessary steps. Indeed, entry conditions for foreign firms should be efficient, inexpensive, and comparable to those faced by domestic firms. The Business Entry topic assesses the time to incorporate a foreign company. Therefore, Subcategory 3.2.1–Total Time to Register a New Foreign Firm comprises one indicator (table 21).

Table 21. Subcategory 3.2.1–Total Time to Register a New Foreign Firm

	Indicators	Components
1	Total Time to Register a New Foreign Firm	Total time required to register a new foreign firm

3.2.2 Total Cost to Register a New Foreign Firm

In addition, fees related to incorporation should be low enough to promote business entry and should be based on the principle of cost recovery, where the charged fees should not generate a profit for the business registry or related agency but aim to cover the cost of the services provided.²⁶ The Business Entry topic assesses the cost of incorporating a foreign company. Therefore, Subcategory 3.2.2–Total Cost to Register a New Foreign Firm comprises one indicator (table 22).

Table 22. Subcategory 3.2.2–Total Cost to Register a New Foreign Firm

	Indicators	Components
1	Total Cost to Register a New Foreign Firm	Total cost required to register a new foreign firm

III. DATA SOURCES

4.1 Data Collection Sources

The data for all three pillars are collected through consultations with private sector experts. Private sector experts include practitioners, lawyers, and notaries working in the business start-up process. These experts have deep knowledge of the laws and regulations for company incorporation, as well as the different regulatory processes that new entrepreneurs need to complete before starting operations.

4.2 Screening and Selection of Experts

The Business Entry topic has one questionnaire. A screener questionnaire is used to assist the selection of experts receiving the Business Entry topic questionnaire based on a set of criteria (table 21).

Table 21. Screener Questionnaire and Respondent Criteria

Relevant Experts' Professions
Lawyers, notaries, tax advisors, accountants
Relevant Areas of Specialization
Business incorporation, corporate law, tax registration, domestic and foreign investment
Assessment of the Experts' Knowledge or Experience Related to Business Entry and Related Regulations, Services, and Processes
Knowledge of the laws and regulations affecting business incorporation and registration; knowledge of laws and regulations on foreign investment; experience with submitting applications for new company registration; experience with applying for business operational licenses; experience assisting new businesses to comply with other business start-up processes such as tax registration and bank account opening

Thus, the information provided in the screener questionnaire allows the team to better understand the experts' professions, areas of specialization, and experts' knowledge or experience related to the business entry process.

IV. PARAMETERS

To ensure comparability of the data from expert consultations across economies, the Business Entry topic uses general and specific parameters. A parameter refers to an assumption that is made about business location, corporate legal form, and start-up capital.

5.1 General Parameters

Business Entry employs the same general parameters in Pillars I, II, III. Many economies have subnational jurisdictions which require a business location to be specified for experts to identify the relevant regulatory framework to be assessed. Similarly, many economies have different regulations depending on the corporate legal form, which is also relevant for the assessment of the performance of the provision of business entry services.

5.1.1 Business Location

Justification:

Geographic location determines the legal requirements, the availability of services, and the time or cost to start a business. For instance, geographic location determines the regulatory framework for business

incorporation, given that legal requirements may vary at the regional level. In the case of public services, digital public services availability may also differ by municipality. The efficiency, time, or cost to start a business can be different from city to city or from region to region in practice. Thus, business location is an essential parameter for assessing business entry. The largest city in the economy is chosen based on the population size as detailed in the overview chapter of this Methodology Handbook.

Application:

For Pillar I, the parameter is used in cases where regulations are not applicable at a national level, varying across states or regions. For the economies where regulations differ across states, regulations for the largest city are measured. For Pillar II, the parameter is used to determine the relevant business registry and its availability of business entry services. For Pillar III, the parameter is relevant for measures on time and cost because they can vary significantly across cities.

5.1.2 Corporate Legal Form–Most Common Type of Limited Liability Company

Justification:

Some legal requirements and procedures needed to formally start a business are different depending on the corporate legal form of the company. These can include, for instance, the requirements for the minimum amount of paid-in capital or the registration requirements. The same applies to the availability of public services, as well as the time and cost to start a business. Thus, the corporate legal form of a company is an essential parameter for assessing business entry. Specifically, the Business Entry topic looks at limited liability companies because they are a common corporate legal form in most economies as well as a safe legal vehicle to protect the personal assets of the business owners. The most common type of limited liability company is determined based on information obtained from incorporation lawyers and national statistical offices. The parameter applies to all pillars and indicators.

Application:

For Pillar I, the parameter is used in cases where regulations are different across corporate forms. For the economies where regulations differ across corporate forms, regulations for the most common type of limited liability companies are measured. For Pillar II, the parameter is used to determine the relevant services available. For Pillar III, the parameter is relevant for measures on time and cost because they can vary significantly across corporate legal forms.

5.2 Specific Parameters

Parameters specific to the Business Entry topic are necessary to ensure that estimates specific to the time and cost of incorporation provided by experts are comparable across economies. Incorporation steps can change widely depending on the size of the company. To specify the size of the company, the Business Entry topic employs one specific parameter on start-up capital.

5.2.1 Size–Start-up Capital (5 times GNI per capita for domestic firms; 10 times GNI per capita for foreign firms)

Justification:

Small and medium enterprises (SMEs) play a major role in most economies, representing around 90 percent of businesses and more than 50 percent of employment worldwide, according to the World Bank Small and Medium Enterprises Finance unit. SMEs are mostly defined based on the number of employees. Some definitions also consider the expected turnover and the balance sheet total, start-up investment, or similar financial measures. Despite not being a direct criterion commonly used to legally define an SME, start-up capital is the size-related parameter that affects Business Entry data the most.²⁷

There is no global database on the most common amounts of start-up capital around the world. Thus, to assess a start-up capital measure, the Business Entry topic looks at the Balance Sheet Total/Total

Assets/Total Investment limits within SME legal definitions as the closest proxy, with the following five caveats related to SMEs legal definitions. (1) The definitions vary across economies (for example, some economies consider the balance sheet total; others consider total investment or total assets; and still others exclude it from the definition). (2) They establish maximum values (for example, start-up capital is always below the threshold set by the definition). (3) They refer to companies at any stage of their life cycle and not necessarily at the time of incorporation (for example, it is expected that companies start smaller and then grow along their life cycle). (4) They are not necessarily the most representative measure of a given economy (for example, the European Union [EU] definition is the same for all member-states, even though gross national income [GNI] per capita varies significantly among them). (5) They usually refer to both domestic and foreign companies (for example, there is no difference in terms of ownership). Based on this, the Balance Sheet Total/Assets/Investment definitions serve to assess whether a parameter on start-up capital is within the SME legal maximums.

Specifically, the Business Entry topic looks at SMEs with a start-up capital of 5 times GNI per capita for domestic firms and 10 times GNI per capita for foreign firms. Such levels of start-up capital are within the legal maximums of Balance Sheet Total/Assets/Investment SME legal definitions.²⁸

Application:

For Pillar III, the parameter is relevant for measures on time and cost because they can vary significantly depending on the level of start-up capital. For example, registration fees are often defined as a percentage of the start-up capital. Incorporation steps can also vary depending on the start-up capital of the company.

V. TOPIC SCORING

The Business Entry topic has three pillars: Pillar I–Quality of Regulations for Business Entry; Pillar II–Digital Public Services and Transparency of Information for Business Entry; and Pillar III–Operational Efficiency of Business Entry. The total points for each pillar are further rescaled to values from 0 to 100, and subsequently aggregated into the total topic score. Each pillar contributes one-third to the total topic score. Table 22 shows the scoring for the Business Entry topic. The scores distinguish between benefits to the firm (captured as firm flexibility points) and benefits to society’s broader interests (captured as social benefits points). For further scoring details please see Annex A, which complements this section.

Table 22. Aggregate Scoring Overview

Pillar Number	Pillars	Number of Indicators	Score			Rescaled Points (0–100)	Weight
			Firm Flexibility Points	Social Benefits Points	Total Points		
I	Quality of Regulations for Business Entry	35	19	19	38	100	0.33
II	Digital Public Services and Transparency of Information for Business Entry	25	25	25	50	100	0.33
III	Operational Efficiency of Business Entry	4	100	n/a	100	100	0.33

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).

6.1 Pillar I–Regulatory Framework: Quality of Regulations for Business Entry

Pillar I covers 35 indicators with a total score of 38 points (19 points on firm flexibility and 19 points on social benefits) (table 23). The scoring for each category under this pillar is as follows:

- 6.1.1** *Information and Procedural Standards* has 18 indicators with a total maximum score of 20 points (2 points on firm flexibility and 18 points on social benefits). Specifically, the *Company Information Filing Requirements* Subcategory has 7 indicators; the *Beneficial Ownership Filing Requirements* Subcategory has 6 indicators; the *Availability of Simplified Registration* Subcategory has 3 indicators; and the *Risk-Based Assessment for Operating Business and Environmental Licenses* Subcategory has another 2. A regulatory framework that follows good practices for business incorporation and beginning of operations benefits society (social benefits) and sometimes firms (firm flexibility).
- 6.1.2** *Restrictions on Registering a Business* has 17 indicators with a total maximum score of 18 points (17 points on firm flexibility and 1 point on social benefits). Specifically, the *Domestic Firms* Subcategory has 8 indicators; and the *Foreign Firms* Subcategory has another 9. While a regulatory framework with less restrictions benefits firms (firm flexibility), in most cases, it shows ambiguous effects on society (social benefits).

Table 23. Aggregate Scoring Pillar I

Pillar I—Quality of Regulations for Business Entry		No. of Indicators	FFP	SBP	Total Points	Rescaled Points
1.1	Information and Procedural Standards	18	2	18	20	50.00
1.1.1	Company Information Filing Requirements	7	n/a	7	7	15.00
1.1.2	Beneficial Ownership Filing Requirements	6	n/a	6	6	15.00
1.1.3	Availability of Simplified Registration	3	n/a	3	3	10.00
1.1.4	Risk-Based Assessment for Operating Business and Environmental Licenses	2	2	2	4	10.00
1.2	Restrictions on Registering a Business	17	17	1	18	50.00
1.2.1	Domestic Firms	8	8	1	9	25.00
1.2.2	Foreign Firms	9	9	n/a	9	25.00
	Total	35	19	19	38	100.00

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

6.2 Pillar II—Digital Public Services and Transparency of Information for Business Entry

Pillar II covers 25 indicators with a total score of 50 points (25 points on firm flexibility and 25 points on social benefits) (table 24). The scoring for each category under this pillar is as follows:

- 6.2.1** *Digital Services* has 11 indicators with a total maximum score of 22 points (11 points on firm flexibility and 11 points on social benefits). Specifically, the *Business Start-Up Process* Subcategory has 6 indicators; the *Storage of Company and Beneficial Ownership Information* Subcategory has 3 indicators; and the *Identity Verification* Subcategory has 2 indicators. A business entry system that provides online services for business incorporation and beginning of operations benefits society (social benefits) and firms (firm flexibility). Hence, points are equally assigned to both categories.
- 6.2.2** *Interoperability of Services* has 4 indicators with a total maximum score of 8 points (4 points on firm flexibility and 4 points on social benefits). Specifically, the *Exchange of Company Information* Subcategory has 2 indicators; and the *Unique Business Identification* Subcategory has another 2. A business entry system that promotes interoperability of services for business incorporation and beginning of operations benefits society (social benefits) and firms (firm flexibility). Hence, points are equally assigned to both categories.

- 6.2.3** *Transparency of Online Information* has 10 indicators with a total maximum score of 20 points (10 points on firm flexibility and 10 points on social benefits). Specifically, *Business Start-up (includes gender and environment)* Subcategory has 5 indicators; the *Availability of General Company Information* Subcategory has 2 indicators; and the *General and Sex-Disaggregated Statistics on Newly Registered Firms* Subcategory has another 3. A business entry system that provides information online and promotes transparency benefits society (social benefits) and firms (firm flexibility). Hence, points are equally assigned to both categories.

Table 24. Aggregate Scoring Pillar II

Pillar II–Digital Public Services and Transparency of Information for Business Entry		No. of Indicators	FFP	SBP	Total Points	Rescaled Points
2.1	Digital Services	11	11	11	22	40.00
2.1.1	Business Start-Up Process	6	6	6	12	20.00
2.1.2	Storage of Company and Beneficial Ownership Information	3	3	3	6	10.00
2.1.3	Identity Verification	2	2	2	4	10.00
2.2	Interoperability of Services	4	4	4	8	20.00
2.2.1	Exchange of Company Information	2	2	2	4	10.00
2.2.2	Unique Business Identification	2	2	2	4	10.00
2.3	Transparency of Online Information	10	10	10	20	40.00
2.3.1	Business Start-Up (includes gender and environment)	5	5	5	10	20.00
2.3.2	Availability of General Company Information	2	2	2	4	10.00
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms	3	3	3	6	10.00
Total		25	25	25	50	100.00

Note: FFP = Firm Flexibility Points; SBP = Social Benefits Points.

6.3 Pillar III–Operational Efficiency of Business Entry

Pillar III has 4 indicators with scores ranging from 0 to 100 on firm flexibility (table 25). The scores on indicators under this pillar are assigned to firm flexibility only, as the indicators measure the outcomes of service provision to firms. For example, high fees and long times to formally register a company have adverse impacts on firms, thus hampering firm flexibility. The scoring for each category under this pillar is as follows:

- 6.3.1** *Domestic Firms* has 2 indicators with a total maximum score of 50 points. Specifically, the *Total Time to Register a New Domestic Firm* Subcategory has 1 indicator; and the *Total Cost to Register a New Domestic Firm* Subcategory has 1 indicator.
- 6.3.2** *Foreign Firms* has 2 indicators with a total maximum score of 50 points. Specifically, the *Total Time to Register a Foreign Firm* Subcategory has 1 indicator; and the *Total Cost to Register a New Foreign Firm* Subcategory has 1 indicator.

Table 25. Aggregate Scoring Pillar III

Pillar III–Operational Efficiency of Business Entry		No. of Indicators	Rescaled Points
3.1	Domestic Firms	2	50.00

3.1.1	Total Time to Register a New Domestic Firm	1	25.00
3.1.2	Total Cost to Register a New Domestic Firm	1	25.00
3.2	Foreign Firms	2	50.00
3.2.1	Total Time to Register a New Foreign Firm	1	25.00
3.2.2	Total Cost to Register a New Foreign Firm	1	25.00
	Total	4	100.00

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- ¹³ IFC, MIGA, and World Bank (2010); OECD (2018, 2020).
- ¹⁴ CRF (2019); UNCITRAL (2019); UNCTAD, Global Enterprise Registration portal.
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- ¹⁷ Lewin et al. (2007); UNCITRAL (2019).
- ¹⁸ Corporate Registers Forum (CRF) (2019).
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- ²⁶ UNCITRAL (2019).
- ²⁷ Based on *Doing Business* research, fees related to start-up capital represent, on average, approximately 50 percent of entry costs in about 35 percent of economies. Based on the same research, the number of employees or the expected turnover determine entry costs in only about 3 percent of economies, respectively.
- ²⁸ The Team analyzed 151 economies with a population of more than one million people as of 2020. From the analyzed 151 economies, 73 include a Balance Sheet Total/Assets/Investment measure in their SME legal definitions. Based on the Team's analysis, the proposed start-up capital of 5 times GNI per capita for domestic firms and 10 times GNI per capita for foreign firms are below the average Balance Sheet Total/Assets/Investment SME legal definition.

ANNEX A. BUSINESS ENTRY–SCORING SHEET

This document outlines the scoring approach for the Business Entry topic. For every indicator, a Firm Flexibility Point (FFP) and/or a Social Benefits Point (SBP) are assigned, along with a clarification on the detailed scoring for each such indicator and a note on the relevant background literature.

PILLAR I–QUALITY OF REGULATIONS FOR BUSINESS ENTRY					
1.1 INFORMATION AND PROCEDURAL STANDARDS					
1.1.1 Company Information Filing Requirements					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Mandatory to Have the Company Name Approved	n/a	1	1	2.14	CRF (2020); IFC and World Bank (2013); UNCITRAL (2019)
Mandatory to Register Changes to the Company Name	n/a	1	1	2.14	FATF (2022); OECD and IDB (2021); UNCITRAL (2019)
Mandatory to Verify the Identity of Entrepreneurs	n/a	1	1	2.14	CRF (2020); FATF (2022); IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019)
Mandatory to Register Shareholders' Information	n/a	1	1	2.14	CRF (2020); FATF (2022); IFC and World Bank (2013); UNCITRAL (2019); World Bank (2020)
Mandatory to Register Changes to the Shareholders' Information	n/a	1	1	2.14	CRF (2020); FATF (2022); IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Mandatory to File Annual Returns/Financial Statements	n/a	1	1	2.14	CRF (2020); FATF (2022); IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Mandatory to Register Changes in the Articles of Association	n/a	1	1	2.14	CRF (2020); FATF (2022); IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Total Points for Subcategory 1.1.1	n/a	7	7	15.00	
1.1.2 Beneficial Ownership Filing Requirements					
Mandatory to Register Beneficial Owners' Information	n/a	1	1	2.50	CRF (2020); FATF (2022); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Mandatory Type of Information Required for Beneficial Owners	n/a	1	1	2.50	CRF (2020); FATF (2022); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Mandatory Time Limit to Register Beneficial Owners' Information	n/a	1	1	2.50	IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Mandatory to Verify Beneficial Owners' Identity	n/a	1	1	2.50	FATF (2022); World Bank (2020)

Mandatory to Register Changes to the Beneficial Ownership Information	n/a	1	1	2.50	FATF (2022); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Prohibition or Mandatory to Register Nominee Shareholders and Directors	n/a	1	1	2.50	CRF (2020); FATF (2022); IFC and World Bank (2013); OECD and IDB (2021); UNCITRAL (2019); World Bank (2020)
Total Points for Subcategory 1.1.2	n/a	6	6	15.00	
1.1.3 Availability of Simplified Registration					
Simple Registration Form Without the Use of Intermediaries	n/a	1	1	3.33	IFC and World Bank (2013); UNCITRAL (2019)
Simple Registration Form for All Entrepreneurs	n/a	1	1	3.33	IFC and World Bank (2013); UNCITRAL (2019)
Changes without the Use of Intermediaries	n/a	1	1	3.33	IFC and World Bank (2013); UNCITRAL (2019)
Total Points for Subcategory 1.1.3	n/a	3	3	10.00	
1.1.4 Risk-Based Assessment for Operating Business and Environmental Licenses					
Risk-Based Regulations for Business Licensing	1	1	2	5.00	Blanc and Franco-Temple (2013)
Risk-Based Regulations for Environmental Licensing	1	1	2	5.00	Blanc and Franco-Temple (2013)
Total Points for Subcategory 1.1.4	2	2	4	10.00	
Total Points for Category 1.1	2	18	20	50.00	
1.2 RESTRICTIONS ON REGISTERING A BUSINESS					
1.2.1 Domestic Firms					
Paid-in Minimum Capital Requirements for Domestic Firms	1	n/a	1	2.78	Armour (2006); Hornuf et al. (2011); Kübler (2004); Mülbert and Birke (2002); Simon (2004); Van Stel, Storey, and Thurik (2007)
Entirety of Paid-in Minimum Capital Prior to Registration of Domestic Firms	1	n/a	1	2.78	Armour (2006); Hornuf et al. (2011); Kübler (2004); Mülbert and Birke (2002); Simon (2004); Van Stel, Storey, and Thurik (2007)
Minimum Education or Training	1	n/a	1	2.78	Branstetter et al. (2013); Klapper, Laeven, and Rajan (2006); OECD (2018)
Criminal History Records or Affidavits	1	n/a	1	2.78	Branstetter et al. (2013); Klapper, Laeven, and Rajan (2006); OECD (2018)
Approval of Business Plan, Feasibility Plan, or Financial Plan	1	n/a	1	2.78	Branstetter et al. (2013); Klapper, Laeven, and Rajan (2006); OECD (2018)
General Operating License	1	n/a	1	2.78	Blanc and Franco-Temple (2013); Klapper, Laeven, and Rajan (2006)
Sociodemographic Restrictions for Domestic Entrepreneurs	1	1	2	5.56	Branstetter et al. (2013); Klapper, Laeven, and Rajan (2006); OECD (2018)
Sector-Specific Restrictions for Domestic Entrepreneurs	1	n/a	1	2.78	Branstetter et al. (2013); Klapper, Laeven, and Rajan (2006); OECD (2018)

Total Points for Subcategory 1.2.1	8	1	9	25.00	
1.2.2 Foreign Firms					
Paid-in Minimum Capital Requirements for Foreign Firms	1	n/a	1	2.78	Armour (2006); Hornuf et al. (2011); Kübler (2004); Mülbert and Birke (2002); Simon (2004); Van Stel, Storey, and Thurik (2007)
Entirety of Paid-in Minimum Capital Prior to Registration of Foreign Firms	1	n/a	1	2.78	Armour (2006); Hornuf et al. (2011); Kübler (2004); Mülbert and Birke (2002); Simon (2004); Van Stel, Storey, and Thurik (2007)
Ownership and Participation Restrictions	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Screening and Approval Requirements	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Restrictions on the Nationality of Key Personnel and Directors	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Restrictions on Employment of Foreign and Local Personnel	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Local Engagement Requirements	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Financial Restrictions	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Sector-Specific Restrictions for Foreign Entrepreneurs	1	n/a	1	2.78	IFC, MIGA, and World Bank (2010); Mistura and Roulet (2019); OECD (2020); UNCTAD (2015, 2022)
Total Points for Subcategory 1.2.2	9	n/a	9	25.00	
Total Points for Category 1.2	17	1	18	50.00	
Total Points for Pillar I	19	19	38	100.00	

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent); FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR II–DIGITAL PUBLIC SERVICES AND TRANSPARENCY OF INFORMATION FOR BUSINESS ENTRY					
2.1 DIGITAL SERVICES					
2.1.1 Business Start-Up Process					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Electronic Company Name Verification	1	1	2	3.33	UNCITRAL (2019)
Entirely Electronic Company Registration Process	1	1	2	3.33	UNCITRAL (2019); UNCTAD (n.d.)
Electronic Update of Company Information	1	1	2	3.33	UNCITRAL (2019)
Electronic Registration and Update of Beneficial Ownership Information	1	1	2	3.33	CRF (2020)
Electronic Payment of Incorporation Fees	1	1	2	3.33	UNCITRAL (2019); UNCTAD (n.d.)
Electronic Issuance of Company Incorporation Certificate	1	1	2	3.33	UNCITRAL (2019); UNCTAD (n.d.)
Total Points for Subcategory 2.1.1	6	6	12	20.00	
2.1.2 Storage of Company and Beneficial Ownership Information					
Company Information Records Digitally Stored	1	1	2	3.33	UNCITRAL (2019)
Database on Company Information	1	1	2	3.33	UNCITRAL (2019)
Database on Beneficial Ownership	1	1	2	3.33	CRF (2020)
Total Points for Subcategory 2.1.2	3	3	6	10.00	
2.1.3 Identity Verification					
Availability of Electronic Signature and Authentication	1	1	2	5.00	UNCITRAL (2019)
Electronic Identity Verification Process	1	1	2	5.00	CRF (2020); Klapper, Miller, and Hess (2019); Lewin et al. (2007); UNCTAD (n.d.)
Total Points for Subcategory 2.1.3	2	2	4	10.00	
Total Points for Category 2.1	11	11	22	40.00	
2.2 INTEROPERABILITY OF SERVICES					
2.2.1 Exchange of Company Information					
Exchange of Information Among Public Sector Agencies	1	1	2	5.00	Klapper, Miller, and Hess (2019); Lewin et al. (2007); Wille et al. (2011)
Update of Company Information Fully Automated	1	1	2	5.00	Klapper, Miller, and Hess (2019); Lewin et al. (2007); Wille et al. (2011)

Total Points for Subcategory 2.2.1	2	2	4	10.00	
2.2.2 Unique Business Identification					
Unique Business Identification Number Existence	1	1	2	5.00	UNCITRAL (2019)
Unique Business Identification Number Used by Key Agencies	1	1	2	5.00	UNCITRAL (2019)
Total Points for Subcategory 2.2.2	2	2	4	10.00	
Total Points for Category 2.2	4	4	8	20.00	
2.3 TRANSPARENCY OF ONLINE INFORMATION					
2.3.1 Business Start-Up (includes gender and environment)					
Online Availability of the List of Documents	1	1	2	4.00	UNCITRAL (2019); UNCTAD (n.d.)
Online Availability of the List of Fees	1	1	2	4.00	UNCITRAL (2019); UNCTAD (n.d.)
Online Availability of the Service Standards	1	1	2	4.00	UNCITRAL (2019); UNCTAD (n.d.)
Online Availability of the Environmental-Related Requirements	1	1	2	4.00	Koźluk (2014); UNCITRAL (2019); UNCTAD (n.d.)
Online Availability of the Information on Publicly Funded Programs to Support SMEs and Women Entrepreneurs	1	1	2	4.00	Halabisky (2018); Koźluk (2014); OECD (2021); UNCITRAL (2019); UNCTAD (n.d.)
Total Points for Subcategory 2.3.1	5	5	10	20.00	
2.3.2 Availability of General Company Information					
Electronic Search Available for All Company Records	1	1	2	5.00	CRF (2020); Dayan and Bolislis (2017); UNCITRAL (2019)
Types of Company Information Available Online to the Public	1	1	2	5.00	CRF (2020); UNCITRAL (2019)
Total Points for Subcategory 2.3.2	2	2	4	10.00	
2.3.3 General and Sex-Disaggregated Statistics on Newly Registered Firms					
Statistics Publicly Available Online on Business Entry (General)	1	1	2	3.33	UNCITRAL (2019); UNECE (2018)
Statistics Publicly Available Online on Business Entry (Sex-disaggregated)	1	1	2	3.33	Halabisky (2018); OECD (2021); OECD (n.d.); UNCITRAL (2019); UNECE (2018)
Types of Sex-disaggregated Data Available Online	1	1	2	3.33	Halabisky (2018); OECD (2021); OECD (n.d.); UNCITRAL (2019); UNECE (2018)
Total Points for Subcategory 2.3.3	3	3	6	10.00	
Total Points for Category 2.3	10	10	20	40.00	
Total Points for Pillar II	25	25	50	100.00	

Note: SMEs = Small and Medium Enterprises; FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR III—OPERATIONAL EFFICIENCY OF BUSINESS ENTRY					
3.1 DOMESTIC FIRMS					
3.1.1 Total Time to Register a New Domestic Firm					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Total Time to Register a New Domestic Firm	100	n/a	100	25.00	Bruhn (2012); Klapper, Lewin, and Quesada Delgado (2009); Klapper and Love (2011); UNCITRAL (2019)
Total Points for Subcategory 3.1.1	100	n/a	100	25.00	
3.1.2 Total Cost to Register a New Domestic Firm					
Total Cost to Register a New Domestic Firm	100	n/a	100	25.00	Bruhn (2012); Klapper, Lewin, and Quesada Delgado (2009); Klapper and Love (2011); UNCITRAL (2019)
Total Points for Subcategory 3.1.2	100	n/a	100	25.00	
Total Points for Category 3.1	100	n/a	100	50.00	
3.2 FOREIGN FIRMS					
3.2.1 Total Time to Register a New Foreign Firm					
Total Time to Register a New Foreign Firm	100	n/a	100	25.00	Bruhn (2012); Klapper, Lewin, and Quesada Delgado (2009); Klapper and Love (2011); UNCITRAL (2019)
Total Points for Subcategory 3.2.1	100	n/a	100	25.00	
3.2.2 Total Cost to Register a New Foreign Firm					
Total Cost to Register a New Foreign Firm	100	n/a	100	25.00	Bruhn (2012); Klapper, Lewin, and Quesada Delgado (2009); Klapper and Love (2011); UNCITRAL (2019)
Total Points for Subcategory 3.2.2	100	n/a	100	25.00	
Total Points for Category 3.2	100	n/a	100	50.00	
Total Points for Pillar III	100	n/a	100	100.00	

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent); FFP = Firm Flexibility Point; SBP = Social Benefits Point.

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ANNEX B. BUSINESS ENTRY–ANNOTATED QUESTIONNAIRE

Annex B consists of a Glossary and Annotated Questionnaire for Business Entry. The Annotated Questionnaire provides the mapping between each indicator and the corresponding question(s).

Glossary

Beneficial owner: Considered as the natural person that ultimately owns or controls a company, even if the title to the property is under another name (i.e., the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).

Beneficial ownership information: Typically includes beneficial owner(s) name, identification number, address, etc.

Company statutory information: Prescribes the rules of the company's operations and governance and can include for example, bylaws, articles of incorporation, general company information, or a statute.

Electronic company registration process: A process during which the entrepreneur can fully register a company online without the need to go in person to the business registry, or any other authority, to present or obtain hard copies of documents.

Environmental operating licenses: Permissions required for the commencement of new business activities and can include, for example, license or permits for water management, for waste management and disposal, and for using or processing hazardous materials. They generally exclude, for instance, environmental impact assessments which can be required for the issue of building permits.

Fully electronic registry/database: A system where all data is stored and accessible electronically.

Joint venture: A contractual agreement between two or more parties for the purpose of executing a business undertaking in which the parties agree to share in the profits and losses of the enterprise as well as the capital formation and contribution of operating inputs or costs.

Key public authorities for business entry: Government agencies most commonly involved in the process of business registration. They include the business registry, tax authority, and social security. Exact name of the agencies may change depending on the country.

Local sourcing requirement: A requirement for the foreign firm to purchase goods or services from local suppliers.

Nominee shareholder and/or director: Refers to a person who is officially registered as the holder of shares on behalf of another person. Nominee director refers to a person who is appointed to act as a director by another person on their behalf.

Operating licenses: Can include any form of permission, granted by a public authority, that enables the company to carry out a business activity within a jurisdiction.

Public authority: Any government organization and/or public agency that have been established and authorized by the government to oversee and regulate certain aspects of commerce and industry within a jurisdiction. They include, for example, business registry, ministry of justice, chamber of commerce, tax authority, social security, municipality, etc.

Publicly funded programs: Government funded programs and excludes private initiatives.

Service standards: Typically includes information on the steps involved to open a company, and the associated processing times.

Simple standard registration form: Standard template for business incorporation that can be used for entrepreneurs to register the company by themselves without the help of third-party intermediaries such as lawyers or notaries.

Sociodemographic groups: Can be categorized by ethnicity/race, gender, religious affiliation, etc.

Third-party intermediaries: Notaries, lawyers, accountants, and others.

BUSINESS ENTRY QUESTIONNAIRE

The tables that follow present all indicators (including their components, if applicable) under each pillar, with a reference to the corresponding question number in parenthesis. The questions are listed before each table for ease of reference.

For Y/N questions, the Y response accounts for the score and is considered as the good practice, unless otherwise indicated with the sign “Y/N; N – good practice”.

In the tables that follow, “AND” means all referenced questions must have a good practice response to obtain a score on the indicator.

In the tables that follow, “OR” means one or more referenced questions must have a good practice response to obtain a score on the indicator.

Certain questions are marked as "not scored," which indicates that they do not affect the score in any way. The purpose of these questions is to further inform and refine the questions design for subsequent years of the rollout phase, as needed, as well as to substantiate and provide further information for the scored questions.

PILLAR I–QUALITY OF REGULATIONS FOR BUSINESS ENTRY	
Parameters	
Business Location	The largest (most populous) city in the economy. The parameter applies to all questions under Pillar I.
Corporate legal form	The most common type of limited liability company (LLC) in the economy. The parameter applies to all questions under Pillar I.

1.1 INFORMATION AND PROCEDURAL STANDARDS

1.1.1 Company Information Filing Requirements

- 1. Does the legislation require entrepreneurs to have the company name approved by the business registry or by another corresponding public authority in order to register a new business? (Y/N)**
- 2. Does the legislation provide specific rules for rejecting proposed company names by the business registry or by another corresponding public authority? (Y/N)**
- 3. Does the legislation require registering changes to the company name at the business registry or another corresponding public authority? (Y/N)**
- 4. Does the legislation require verifying the identity of the entrepreneurs willing to start a new company? (Y/N)**
- 5. Does the legislation require registration of shareholders details at the business registry or at another corresponding public authority? (Y/N)**
- 6. Does the legislation require registering changes to the shareholders’ details at the business registry or another corresponding public authority? (Y/N)**

7. Does the legislation require companies to file annual financial accounts or statements at the business registry or at another corresponding public authority? (Y/N)
8. Does the legislation require registering changes in the articles of association at the business registry or at another corresponding public authority? (Y/N)

1.1.2 Beneficial Ownership Filing Requirements

9. Does the legislation require new limited liability companies to register beneficial ownership information with a public authority? (Y/N)

Does the legislation require companies to register the following type of information about beneficial owners? (questions 10 through 13)

10. Full name (Y/N)
11. Identification number and information (Y/N)
12. Date of birth (Y/N)
13. Address (Y/N)
14. Does the legislation specify a time limit for registering the required beneficial owner information in the case of a newly registered limited liability company? (Y/N)
15. Does the legislation require verifying the identity of beneficial owners during the registration with a public authority? (Y/N)
16. Does the legislation require registering changes to beneficial ownership information with a public authority? (Y/N)
17. Does the legislation allow nominee shareholders and/or directors? (Y/N; N – good practice)
18. Does the legislation require registering their status as nominee shareholders and/or directors with a public authority? (Y/N)

1.1.3 Availability of Simplified Registration

19. Does the legislation allow entrepreneurs to register a limited liability company by themselves, using a simple standard registration form without the mandatory use of third-party intermediaries? (Y/N)
20. Does the legislation allow the use of such simple standard registration forms for all entrepreneurs and limited liability companies performing general commercial or industry activities – regardless of the size of the company, country of origin of the founders, etc. – to register a company by themselves without the mandatory use of third-party intermediaries? (Y/N)
21. Does the legislation allow entrepreneurs to make updates to company statutory information by themselves (e.g., through online forms for updates), without the mandatory use of third-party intermediaries? (Y/N)

22. Does the legislation allow all entrepreneurs and limited liability companies performing general commercial or industry activity - regardless of the size of the company, country of origin of the founders, etc. - to make updates to company statutory information by themselves, without the mandatory use of third-party intermediaries? (Y/N)

1.1.4 Risk-Based Assessment for Operating Business and Environmental Licenses

23. Does the legislation provide for different business operating licensing requirements depending on the level of risk of the company operations? (Y/N)

24. Does the legislation provide for different environmental operating licensing requirements depending on the level of risk of the company? (Y/N)

1.1 INFORMATION AND PROCEDURAL STANDARDS			
1.1.1 Company Information Filing Requirements			
Indicators	FFP	SBP	Total Points
Mandatory to Have the Company Name Approved (1 AND 2)	n/a	1	1
Mandatory to Register Changes to the Company Name (3)	n/a	1	1
Mandatory to Verify the Identity of Entrepreneurs (4)	n/a	1	1
Mandatory to Register Shareholders' Information (5)	n/a	1	1
Mandatory to Register Changes to the Shareholders' Information (6)	n/a	1	1
Mandatory to File Annual Returns/Financial Statements (7)	n/a	1	1
Mandatory to Register Changes in the Articles of Association (8)	n/a	1	1
Total Points	0	7	7
1.1.2 Beneficial Ownership Filing Requirements			
Indicators	FFP	SBP	Total Points
Mandatory to Register Beneficial Owners' Information (9)	n/a	1	1
Mandatory Type of Information Required for Beneficial Owners (10 AND 11 AND 12 AND 13)	n/a	1	1
Mandatory Time Limit to Register Beneficial Owners' Information (14)	n/a	1	1
Mandatory to Verify Beneficial Owners' Identity (15)	n/a	1	1
Mandatory to Register Changes to the Beneficial Ownership Information (16)	n/a	1	1
Prohibition or Mandatory to Register Nominee Shareholders and Directors (17 AND 18)	n/a	1	1
Total Points	0	6	6
1.1.3 Availability of Simplified Registration			
Indicators	FFP	SBP	Total Points
Simple Registration Form Without the Use of Intermediaries (19)	n/a	1	1
Simple Registration Form for All Entrepreneurs (20)	n/a	1	1
Changes without the Use of Intermediaries (21 AND 22)	n/a	1	1

Total Points	0	3	3
1.1.4 Risk-Based Assessment for Operating Business and Environmental Licenses			
Indicators	FFP	SBP	Total Points
Risk-Based Regulations for Business Licensing (23)	1	1	2
Risk-Based Regulations for Environmental Licensing (24)	1	1	2
Total Points	2	2	4

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent); FFP = Firm Flexibility Point; SBP = Social Benefits Point.

1.2 RESTRICTIONS ON REGISTERING A BUSINESS

1.2.1 Domestic Firms

25. Does the legislation require a mandated paid-in minimum capital for private limited liability companies owned by domestic entrepreneurs? (Y/N; N – good practice)
26. Does the legislation require domestic entrepreneurs to pay the entirety of the mandated paid-in minimum capital for private limited liability companies prior to registration? (Y/N; N – good practice)
27. Does the legislation require any minimum education or training for an entrepreneur to register a limited liability company and begin general business operations? (Y/N; N – good practice)
28. Does the legislation require criminal history records or affidavits from an entrepreneur to register a limited liability company and begin general business operations? (Y/N; N – good practice)
29. Does the legislation require approval of business plan, feasibility plan, or financial plan for an entrepreneur to register a limited liability company and begin general business operations? (Y/N; N – good practice)
30. Does the legislation require a general business operating license to be obtained for an entrepreneur to register a limited liability company and begin general business operations? (Y/N; N – good practice)
31. Does the legislation mandate specific requirements for domestic entrepreneurs from different sociodemographic groups (e.g., ethnicity/race, gender, migration status, religious affiliation) who wish to register a company? (Y/N; N – good practice)
32. Does the legislation mandate specific requirements for domestic entrepreneurs from different sociodemographic groups (e.g., ethnicity/race, gender, migration status, religious affiliation) who wish to open a bank account? (Y/N; N – good practice)
33. Does the legislation limit full private domestic participation/equity ownership in any business sector? (Y/N; N – good practice)

1.2.2 Foreign Firms

34. Does the legislation require a mandated paid-in minimum capital requirement for foreign private limited liability companies owned by foreign entrepreneurs? (Y/N; N – good practice)
35. Does the legislation require foreign entrepreneurs to pay the entirety of the mandated paid-in minimum capital for private limited liability companies prior to registration? (Y/N; N – good practice)
36. Does the legislation impose limitations on the proportion of shares that can be held in a company for foreign entrepreneurs? (Y/N; N – good practice)
37. Does the legislation impose limitations on the number of joint ventures for foreign entrepreneurs? (Y/N; N – good practice)
38. Does the legislation require investment screening or approval by government authority for foreign entrepreneurs, different from domestic entrepreneurs? (Y/N; N – good practice)
39. Does the legislation require minimum size of investment for foreign entrepreneurs, different from the threshold for domestic entrepreneurs? (Y/N; N – good practice)
40. Does the legislation have any requirement about the nationality of the management for companies owned by foreign entrepreneurs? (Y/N; N – good practice)
41. Does the legislation have any requirement about the nationality of the board members for companies owned by foreign entrepreneurs? (Y/N; N – good practice)
42. Does the legislation impose restrictions on hiring foreign nationals? (Y/N; N – good practice)
43. Does the legislation require minimum number or percentage of national employees? (Y/N; N – good practice)
44. Does the legislation require foreign entrepreneurs to have a local partner? (Y/N; N – good practice)
45. Does the legislation impose local sourcing requirements for foreign entrepreneurs? (Y/N; N – good practice)
46. Does the legislation impose limitations on dividend distribution for foreign entrepreneurs? (Y/N; N – good practice)
47. Does the legislation impose restrictions on holding a foreign currency commercial bank account? (Y/N; N – good practice)
48. Does the legislation limit full private foreign participation/equity ownership in any business sector? (Y/N; N – good practice)

1.2 RESTRICTIONS ON REGISTERING A BUSINESS			
1.2.1 Domestic Firms			
Indicators	FFP	SBP	Total Points
Paid-in Minimum Capital Requirements for Domestic Firms (25)	1	n/a	1
Entirety of Paid-in Minimum Capital Prior to Registration of Domestic Firms (26)	1	n/a	1
Minimum Education or Training (27)	1	n/a	1
Criminal History Records or Affidavits (28)	1	n/a	1
Approval of Business Plan, Feasibility Plan, or Financial Plan (29)	1	n/a	1
General Operating License (30)	1	n/a	1
Sociodemographic Restrictions for Domestic Entrepreneurs (31 AND 32)	1	1	2
Sector-Specific Restrictions for Domestic Entrepreneurs (33)	1	n/a	1
Total Points	8	1	9
1.2.2 Foreign Firms			
Indicators	FFP	SBP	Total Points
Paid-in Minimum Capital Requirements for Foreign Firms (34)	1	n/a	1
Entirety of Paid-in Minimum Capital Prior to Registration of Foreign Firms (35)	1	n/a	1
Ownership and Participation Restrictions	1	n/a	1
- Existence of restrictions on the proportion of shares (36)	0.5	n/a	0.5
- Existence of restrictions on the number of joint ventures (37)	0.5	n/a	0.5
Screening and Approval Requirements	1	n/a	1
- Requiring investment screening or approval (38)	0.5	n/a	0.5
- Existence of requirements on the minimum size of investment (39)	0.5	n/a	0.5
Restrictions on the Nationality of Key Personnel and Directors	1	n/a	1
- Existence of restrictions on the nationality of the management of foreign subsidiaries (40)	0.5	n/a	0.5
- Existence of restrictions on the nationality of company board members or managers (41)	0.5	n/a	0.5
Restrictions on Employment of Foreign and Local Personnel	1	n/a	1
- Existence of restrictions on hiring of foreign nationals (42)	0.5	n/a	0.5
- Requiring a minimum number or percentage of national employees (43)	0.5	n/a	0.5
Local Engagement Requirements	1	n/a	1
- Requiring to have a local partner (44)	0.5	n/a	0.5
- Requiring local sourcing (45)	0.5	n/a	0.5
Financial Restrictions	1	n/a	1
- Existence of restrictions on dividend distribution (46)	0.5	n/a	0.5
- Existence of restrictions on the setting up or holding a foreign currency commercial bank account (47)	0.5	n/a	0.5
Sector-Specific Restrictions for Foreign Entrepreneurs (48)	1	n/a	1
Total Points	9	0	9

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent); FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR II–DIGITAL PUBLIC SERVICES AND TRANSPARENCY OF INFORMATION FOR BUSINESS ENTRY	
Parameters	
Business Location	The largest (most populous) city in the economy. The parameter applies to all questions under Pillar II.
Corporate Legal Form	The most common type of limited liability company (LLC) in the economy. This parameter applies to all questions under Pillar II.

2.1 DIGITAL SERVICES

2.1.1 Business Start-Up Process

- 49. Does an electronic and automated system to verify the uniqueness and compliance of company names exist? (Y/N)**
- 50. Does an electronic system that covers the entire company registration process from submitting the application to receiving the company documents exist? (Y/N)**
- 51. Is there a fully electronic system for companies to update their company statutory information? (Y/N)**
- 52. Does a fully electronic platform to register and update information on beneficial owners exist? (Y/N)**
- 53. Does an electronic payment option for all fees related to company incorporation exist? (Y/N)**
- 54. Does the business registry issue the certificate of company incorporation fully electronically? (Y/N)**

2.1.2 Storage of Company and Beneficial Ownership Information

- 55. Does the business registry store all company registration records in digital form? (Y/N)**
- 56. Is the publicly available company information database at the business registry fully electronic? (Y/N)**
- 57. Is the publicly available company information database at the business registry centralized with full national coverage? (Y/N)**
- 58. Does the publicly available company information database at the business registry cover all types of limited liability companies (i.e., regardless of the business activity, size of the company, country of origin of the founders, etc.)? (Y/N)**
- 59. Is the publicly available beneficial ownership database fully electronic? (Y/N)**
- 60. Is the publicly available beneficial ownership database centralized with full national coverage? (Y/N)**

61. Does the publicly available beneficial ownership database cover all types of limited liability companies (i.e., regardless of the business activity, size of the company, country of origin of the founders, etc.)? (Y/N)

2.1.3 Identity Verification

62. Is an electronic signature or another electronic form of authentication identification available for online company registration? (Y/N)

63. Is there an electronic and fully automated process to verify the identity of entrepreneurs at the moment of company registration? (Y/N)

64. Is there an electronic and fully automated process to verify the identity of beneficial owners during beneficial ownership registration? (Y/N)

2.1 DIGITAL SERVICES			
2.1.1 Business Start-Up Process			
Indicators	FFP	SBP	Total Points
Electronic Company Name Verification (49)	1	1	2
Entirely Electronic Company Registration Process (50)	1	1	2
Electronic Update of Company Information (51)	1	1	2
Electronic Registration and Update of Beneficial Ownership Information (52)	1	1	2
Electronic Payment of Incorporation Fees (53)	1	1	2
Electronic Issuance of Company Incorporation Certificate (54)	1	1	2
Total Points	6	6	12
2.1.2 Storage of Company and Beneficial Ownership Information			
Indicators	FFP	SBP	Total Points
Company Information Records Digitally Stored (55)	1	1	2
Database on Company Information (56 AND 57 AND 58)	1	1	2
Database on Beneficial Ownership (59 AND 60 AND 61)	1	1	2
Total Points	3	3	6
2.1.3 Identity Verification			
Indicators	FFP	SBP	Total Points
Availability of Electronic Signature and Authentication (62)	1	1	2
Electronic Identity Verification Process	1	1	2
- Availability of an electronic and fully automated process to verify the identity of entrepreneurs (63)	0.5	0.5	1
- Availability of an electronic and fully automated process to verify the identity of beneficial owners (64)	0.5	0.5	1
Total Points	2	2	4

Note: FFP = Firm Flexibility Point; SBP = Social Benefits Point.

2.2 INTEROPERABILITY OF SERVICES

2.2.1 Exchange of Company Information

65. Do key public authorities for business entry exchange company information (e.g., company name or address) automatically and electronically? (Y/N)
66. Are changes to company information (e.g., changes to company name or address) automatically updated for key public authorities for business entry? (Y/N)

2.2.2 Unique Business Identification

67. Does the business registry or another corresponding public authority assign a Unique Business Identification number (UBI) for all companies? (Y/N)
68. Do key public authorities for business entry use the same UBI to identify individual businesses without issuing a separate identification number? (Y/N)

2.2 INTEROPERABILITY OF SERVICES			
2.2.1 Exchange of Company Information			
Indicators	FFP	SBP	Total Points
Exchange of Information among Public Sector Agencies (65)	1	1	2
Update of Company Information Fully Automated (66)	1	1	2
Total Points	2	2	4
2.2.2 Unique Business Identification			
Indicators	FFP	SBP	Total Points
Unique Business Identification Number Existence (67)	1	1	2
Unique Business Identification Number Used by Key Agencies (68)	1	1	2
Total Points	2	2	4

Note: FFP = Firm Flexibility Point; SBP = Social Benefits Point.

2.3 TRANSPARENCY OF ONLINE INFORMATION

2.3.1 Business Start-Up (includes gender and environment)

69. Is the list of documents required to incorporate a limited liability company available online for the general public? (Y/N)
70. Is the list of all fees associated with company incorporation at the business registry available online for the general public? (Y/N)
71. Are service standards for company incorporation at the business registry available online for the general public? (Y/N)
72. Is there a publicly accessible online list detailing which business activities require environmental operating permits for business entry? (Y/N)

73. Is information on publicly funded programs to support small and medium limited liability companies publicly available online? (Y/N)

74. Is information on publicly funded programs to support women-owned small and medium limited liability companies publicly available online? (Y/N)

2.3.2 Availability of General Company Information

75. Is electronic search available for company records at the business registry's website? (Y/N)

Is it possible to obtain the following corporate information on a specific company online from the database of the business registry (or another corresponding public authority)? (questions 76 through 85)

76. Name of the company (Y/N)

77. Company ID (Y/N)

78. Name of company's directors (Y/N)

79. Name of company's shareholders (Y/N)

80. Name of company's beneficial owners (Y/N)

81. Year of company's incorporation (Y/N)

82. Company's annual financial accounts (Y/N)

83. Company's legal address (Y/N)

84. Company's physical address (Y/N)

85. Company's type of activity (Y/N)

2.3.3 General and Sex-Disaggregated Statistics on Newly Registered Firms

86. Are statistics about limited liability companies newly registered in 2023 available online to the public? (Y/N)

87. Are sex-disaggregated data on ownership of limited liability companies publicly available online? (Y/N)

Which of the following data are also sex-disaggregated and publicly available online? (questions 88 through 90)

88. Number of female and male sole proprietors (Y/N)

89. Number of female and male directors of limited liability companies (Y/N)

90. Number of female and male beneficial owners (Y/N)

2.3 TRANSPARENCY OF ONLINE INFORMATION			
2.3.1 Business Start-Up (includes gender and environment)			
Indicators	FFP	SBP	Total Points
Online Availability of the List of Documents (69)	1	1	2
Online Availability of the List of Fees (70)	1	1	2
Online Availability of the Service Standards (71)	1	1	2
Online Availability of the Environmental-Related Requirements (72)	1	1	2
Online Availability of the Information on Publicly Funded Programs to Support SMEs and Women Entrepreneurs	1	1	2
- Online availability of information on publicly funded programs to support SMEs (73)	0.5	0.5	1
- Online availability of information on publicly funded programs to support women-owned SMEs (74)	0.5	0.5	1
Total Points	5	5	10
2.3.2 Availability of General Company Information			
Indicators	FFP	SBP	Total Points
Electronic Search Available for All Company Records (75)	1	1	2
Types of Company Information Available Online to the Public	1	1	2
- Online availability of information on the name of a company (76)	0.1	0.1	0.2
- Online availability of information on the company ID (77)	0.1	0.1	0.2
- Online availability of information on the name of directors (78)	0.1	0.1	0.2
- Online availability of information on the name of shareholders (79)	0.1	0.1	0.2
- Online availability of information on the name of beneficial owners (80)	0.1	0.1	0.2
- Online availability of information on the year of incorporation (81)	0.1	0.1	0.2
- Online availability of information on the annual financial accounts (82)	0.1	0.1	0.2
- Online availability of information on the legal address (83)	0.1	0.1	0.2
- Online availability of information on the physical address (84)	0.1	0.1	0.2
- Online availability of information on the type of activity (85)	0.1	0.1	0.2
Total Points	2	2	4
2.3.3 General and Sex-Disaggregated Statistics on Newly Registered Firms			
Indicators	FFP	SBP	Total Points
Statistics Publicly Available Online on Business Entry (General) (86)	1	1	2
Statistics Publicly Available Online on Business Entry (Sex-disaggregated) (87)	1	1	2
Types of Sex-disaggregated Data Available Online	1	1	2
- Online availability of sex-disaggregated data on the number of sole proprietors (88)	0.33	0.33	0.66
- Online availability of sex-disaggregated data on the number of directors of limited liability companies (89)	0.33	0.33	0.66
- Online availability of sex-disaggregated data on the number of beneficial owners (90)	0.33	0.33	0.66
Total Points	3	3	6

Note: FFP = Firm Flexibility Points; SBP = Social Benefits Points; SMEs = Small and Medium Enterprises.

PILLAR III—OPERATIONAL EFFICIENCY OF BUSINESS ENTRY	
Parameters	
Business Location	The largest (most populous) city in the economy. The parameter applies to all questions under Pillar III.
Corporate Legal Form	The most common type of limited liability company (LLC) in the economy. The parameter applies to all questions under Pillar III.
Size	Start-up capital is 5 times income per capita for domestic companies and 10 times income per capita for foreign companies. The parameter applies to all questions under Pillar III.

Further information (based on the scope of the topic):

- The company performs general industrial or commercial activities.
- The company expected turnover reaches the threshold upon which value added tax (VAT) registration is required (if applicable).
- The company has employees.
- The company will have domestic ownership (section 3.1) or foreign ownership (section 3.2).

If additional parameters are needed when providing time and cost estimates, please consider what would apply on average to the most typical company in the economy.

For Pillar III, data are collected in number of days for time indicators and in local currency units (LCU) for cost indicators. Cost is then recorded as a percentage of the economy's gross national income (GNI) per capita.

The scores for Pillar III indicators are calculated using the Normal Cumulative Density Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data.

General Instructions:

Common practice: Consider whether a particular approach is frequently used or followed by most entrepreneurs in your country, given the parameters mentioned above.

Time: Consider the overall time it takes, for most entrepreneurs, to complete an entire process in practice, from the moment the first step is initiated by the entrepreneur or his/her representative, until the last step is fully completed with the corresponding authority (e.g., this includes waiting times from the moment a request is submitted until the final document is issued).

Report time as in practice, rather than legal time (i.e., maximum legal time in which a government service is mandated be provided).

Report average time, rather than the best or worst time experienced when completing a step, assuming all documents for submission are correctly prepared and delivered.

1 day is the minimum time possible per step, as well as for the whole process. As needed, please further explain in comments.

Please add in the comments how time is calculated.

Simultaneity: When calculating total time, please take into account that some steps can be completed at the same time and/or through a one-stop-shop. When applicable, please add in the comments which steps are simultaneous. Please still consider 1 day as the minimum time per individual step (as well as for the whole process) and explain which steps are simultaneous.

Cost: Please consider only official legal fees when applicable (e.g., steps involving public authorities). If there are not any official fees applicable (e.g., steps related to services of third-parties, company seal, opening a bank account, etc.), please provide your best estimate of the average cost associated with the specific step. Exclude VAT.

The total cost for the whole process should be the exact sum of the costs per step.

Please add in the comments how cost is calculated.

Online vs. In Person: If a step can be completed online or in person, consider the most common way of completing the step and their associated time and cost. Please add in the comments whether a step is performed online or in person and explain why.

Standard vs. Fast Track: If a step costs differently (or takes a different time) depending on whether a standard or fast-track scheme is used, consider the most common way of completing the step and their associated cost and time. When applicable, please add in the comments whether a step is performed through the standard or the fast-track scheme and explain why.

Third-party involvement: Only consider the time and the cost to hire the services of a third-party intermediary (i.e., a notary or a lawyer) if their use is mandatory for completing a particular step. This can include, for instance, the time and the costs for hiring the services of a lawyer/notary for drafting or notarizing the articles of association if mandatory.

If third-party involvement is applicable, please only consider the time and cost associated with the third-party involvement in its own separated step, not duplicating its associated times and costs in the other individual steps (which should only include official governmental fees and average time).

3.1 DOMESTIC FIRMS

91. Is “Opening a Bank Account” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*

92. What is the average time (in calendar days) to complete this step? *(not scored)*

93. What is the cost (in local currency) associated with this step? *(not scored)*

94. Is “Company Name Verification” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*

95. What is the average time (in calendar days) to complete this step? *(not scored)*

96. What is the cost (in local currency) associated with this step? *(not scored)*

97. Is “Beneficial Ownership Registration” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
98. What is the average time (in calendar days) to complete this step? *(not scored)*
99. What is the cost (in local currency) associated with this step? *(not scored)*
100. Are “Services of Third-Party Intermediaries” (i.e., notaries, lawyers, accountants) required by law to start a domestic company? (Y/N) *(not scored)*
101. What is the average time (in calendar days) to complete this step? *(not scored)*
102. What is the cost (in local currency) associated with this step? *(not scored)*
103. Is “Registration at the Business Registry” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
104. What is the average time (in calendar days) to complete this step? *(not scored)*
105. What is the cost (in local currency) associated with this step? *(not scored)*
106. Is “Tax Registration” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
107. What is the average time (in calendar days) to complete this step? *(not scored)*
108. What is the cost (in local currency) associated with this step? *(not scored)*
109. Is “Employer and/or Employee Registration” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
110. What is the average time (in calendar days) to complete this step? *(not scored)*
111. What is the cost (in local currency) associated with this step? *(not scored)*
112. Is the “Application and/or Receipt of General Operation License” required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
113. What is the average time (in calendar days) to complete this step? *(not scored)*
114. What is the cost (in local currency) associated with this step? *(not scored)*
115. Is there any “Additional” step(s) required by law or commonly done in practice to start a domestic company? (Y/N) *(not scored)*
116. What is the average time (in calendar days) to complete this step? *(not scored)*
117. What is the cost (in local currency) associated with this step? *(not scored)*

118. Are any of the steps indicated above commonly completed simultaneously in practice? (*not scored*)

119. What is the total time to complete the entire company entry process for domestic companies (calendar days)?

120. What is the total cost to complete the entire company entry process for domestic companies?

3.1 DOMESTIC FIRMS			
3.1.1 Total Time to Register a New Domestic Firm			
Indicators	FFP	SBP	Total Points
Total Time to Register a New Domestic Firm (119)	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.1.1	100	n/a	100
3.1.2 Total Cost to Register a New Domestic Firm			
Indicators	FFP	SBP	Total Points
Total Cost to Register a New Domestic Firm (120)	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.1.2	100	n/a	100
Total Points for Category 3.1	100	n/a	100

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
FFP = Firm Flexibility Point; SBP = Social Benefits Point.

3.2 FOREIGN FIRMS

121. Are there any unique additional step(s) required by law or commonly done in practice for foreign companies? (Y/N) (*not scored*)

122. What is the average time (in calendar days) to complete the additional steps? (*not scored*)

123. What is the cost (in local currency) associated with the additional steps? (*not scored*)

124. Are any of the steps you selected for domestic companies different for foreign companies in terms of their associated time and/or cost? (Y/N) (*not scored*)

125. What is the total time to complete the entire company entry process for foreign companies (calendar days)?

126. What is the total cost to complete the entire company entry process for foreign companies?

3.2 FOREIGN FIRMS			
3.2.1 Total Time to Register a New Foreign Firm			
Indicators	FFP	SBP	Total Points
Total Time to Register a New Foreign Firm (125)	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.2.1	100	n/a	100
3.2.2 Total Cost to Register a New Foreign Firm			

Total Cost to Register a New Foreign Firm (126)	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.2.2	100	n/a	100
Total Points for Category 3.2	100	n/a	100

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
 FFP = Firm Flexibility Point; SBP = Social Benefits Point.