



**Asia-Pacific
Economic Cooperation**

2014/SOM3/EC/WKSP4/025



Session 8

APEC Post 2015 Ease of Doing Business Questionnaire

Submitted by: PSU, APEC Secretariat; US-ATAARI




**APEC Ease of Doing Business 2014 Stocktake
Workshop
Beijing, China
15-16 August 2014**

APEC Post 2015 Ease of Doing Business Questionnaire


16 August 2014
APEC Policy Support Unit and US-ATAARI

US-APEC Technical Assistance to Advance Regional Integration
A joint project of the U.S. Agency for International Development, the U.S. Department of State, and Asia Pacific Economic Cooperation.




APEC EoDB Action Plan

- In 2009, APEC launched its EoDB Action Plan and set an aspirational target of 25% improvement in 5 priority areas by 2015.
- At EC1 (Ningbo, China) a policy discussion on APEC EoDB highlighted the current status of the Action Plan and started the discussion on possible next steps post 2015.




Starting a Business




Getting Credit


Target:
25% cheaper, faster,
and easier to do
business within
APEC economies by
2015



Dealing with Construction Permits






Trading Across Borders



Enforcing Contracts

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Post 2015 Questionnaire

- A questionnaire was developed to collect member economy views on the future direction of the APEC EoDB agenda, and present the results at the 2nd EoDB Stocktake Workshop and EC2 (Beijing, China).
- The questionnaire covered the following aspects:
 - a) Post 2015 EoDB priority areas
 - b) EoDB timeframe and targets
 - c) Future EoDB capacity-building
- 16 APEC economies sent responses to the questionnaire by August 8th, 2014.

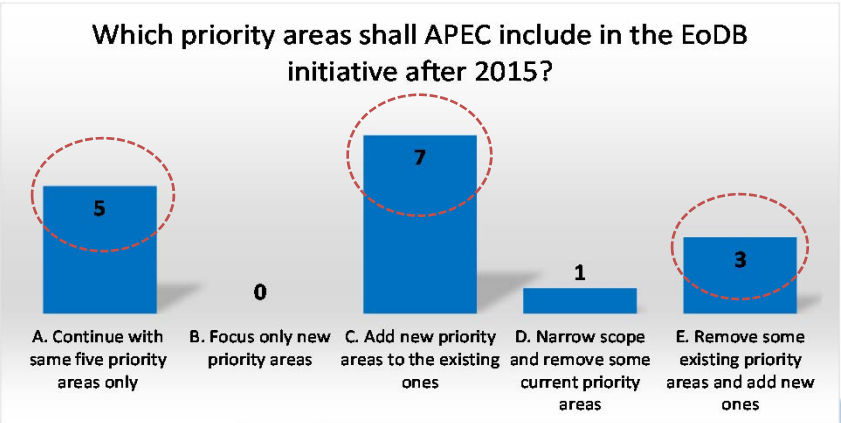
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Post 2015 EoDB Priority Areas Views from economies

Which priority areas shall APEC include in the EoDB initiative after 2015?



Option	Number of Economies
A. Continue with same five priority areas only	5
B. Focus only new priority areas	0
C. Add new priority areas to the existing ones	7
D. Narrow scope and remove some current priority areas	1
E. Remove some existing priority areas and add new ones	3




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Other World Bank EoDB Areas
What do they measure?


Registering Property	Procedures necessary for a business to purchase a property from another business and to transfer the property title to the buyer's name.
Paying Taxes	Taxes and mandatory contributions that a medium-size company must pay in a given year as well as the administrative burden of paying them.
Resolving Insolvency	Time, cost and outcome of insolvency proceedings involving domestic entities.
Getting Electricity	Procedures required for a business to obtain a permanent electricity connection and supply for a standardized warehouse.
Protecting Investors	Strength of minority shareholder protections against directors' misuse of corporate assets for personal gain.

Source: World Bank, Doing Business webpage (www.doingbusiness.org) US-APEC Technical Assistance to Advance Regional Integration

Other World Bank EoDB Areas
APEC's average performance

EoDB Area	Indicators	2009	2013	% change	Direction of Improvement
Registering Property	# of procedures	5.0	5.0	-1.9%	↓
	Time (days)	44.8	36.4	-18.7%	↓
	Cost (% of property value)	3.3	4.0	20.5%	↓
Paying Taxes	Payments (number per year)	16.1	15.8	-1.8%	↓
	Time (hours per year)	280.5	233.2	-16.8%	↓
	Total tax rate (% profit)	40.1	37.3	-6.9%	↓
Resolving Insolvency	Time (years)	2.3	2.1	-7.9%	↓
	Cost (% of estate)	12.7	11.9	-6.7%	↓
	Recovery rate (cents on the dollar)	53.9	56.7	2.8%	↑
Getting Electricity	# of procedures	5.2	4.9	-5.5%	↓
	Time (days)	94.7	73.1	-22.7%	↓
	Cost (% of income per capita)	588.0	207.3	-64.7%	↓
Protecting Investors	Extent of disclosure index (0-10)	7.5	7.8	2.4%	↑
	Extent of director liability index (0-10)	5.1	5.4	2.4%	↑
	Ease of shareholder suits index (0-10)	6.7	6.7	0.5%	↑

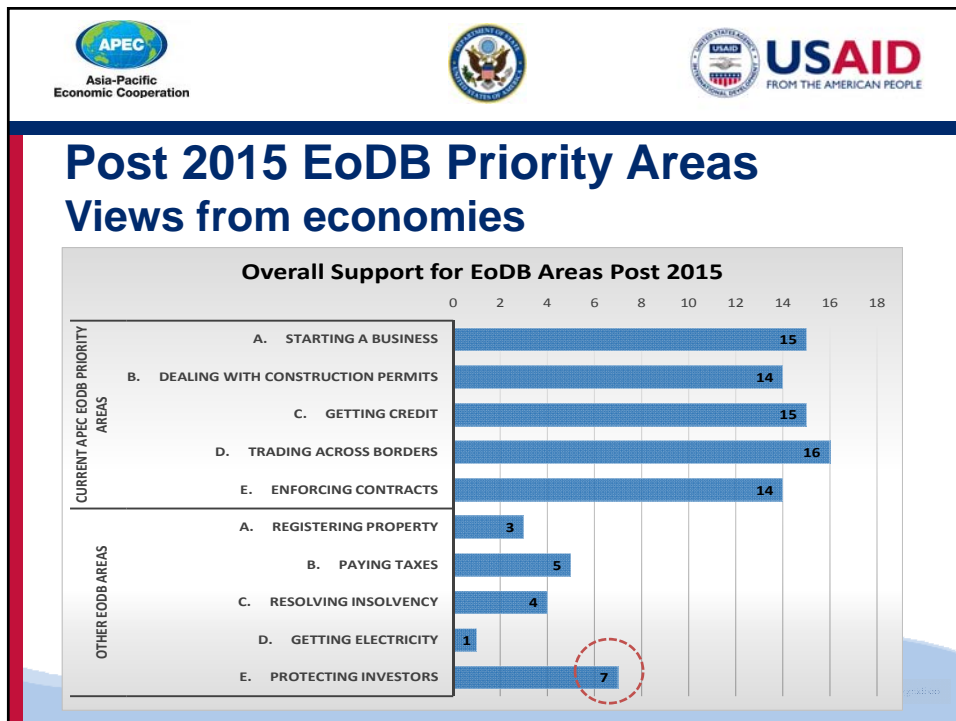





Post 2015 EoDB Priority Areas Views from economies

	Continue with same five priority areas <u>only</u>	Add new priority areas to the existing ones	Narrow scope and remove some current priority areas	Remove some existing priority areas and add new ones
Current APEC EoDB Priority Areas				
A. Starting a Business	5	7	↓ 1	→ 0
B. Dealing with Construction Permits			↓ 1	↓ 1
C. Getting Credit			→ 0	↓ 1
D. Trading Across Borders			→ 0	→ 0
E. Enforcing Contracts			→ 0	↓ 2
Other EoDB Areas				
A. Registering Property		↑ 3		○ 0
B. Paying Taxes		↑ 4		↑ 1
C. Resolving Insolvency		↑ 4		○ 0
D. Getting Electricity		↑ 1		○ 0
E. Protecting Investors		↑ 5		↑ 2

○ Do not include
↑ Add
↓ Remove
→ Keep

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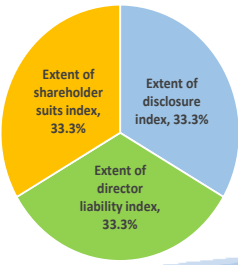




Protecting Investors Indicator




The “Protecting Investors” DB indicator measures the strength of minority shareholder protections against directors’ misuse of corporate assets for personal gain.

Extent of disclosure index (1-10)
Approval process for related party transactions
Disclosure requirements in case of related party transactions
Extent of director liability index (1-10)
Ability of minority shareholder to file a direct or derivative lawsuit
Ability of minority shareholder to hold interested parties and members of the approving body liable for prejudicial related party transactions
Available legal remedies (damages, disgorgement of profits, fines, imprisonment and rescission of the transaction)
Ease of shareholder suits index (1-10)
Access to internal corporate documents (directly or through a government inspector)
Documents and information available during trial

Components of the investor protection index

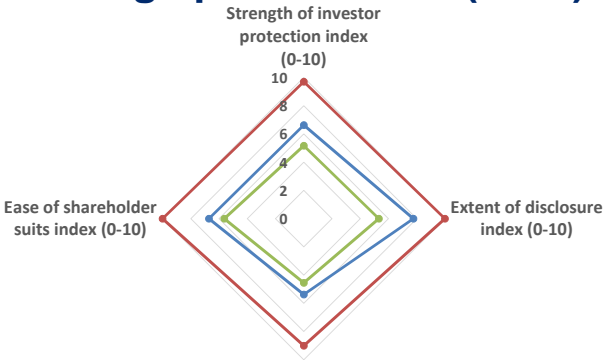


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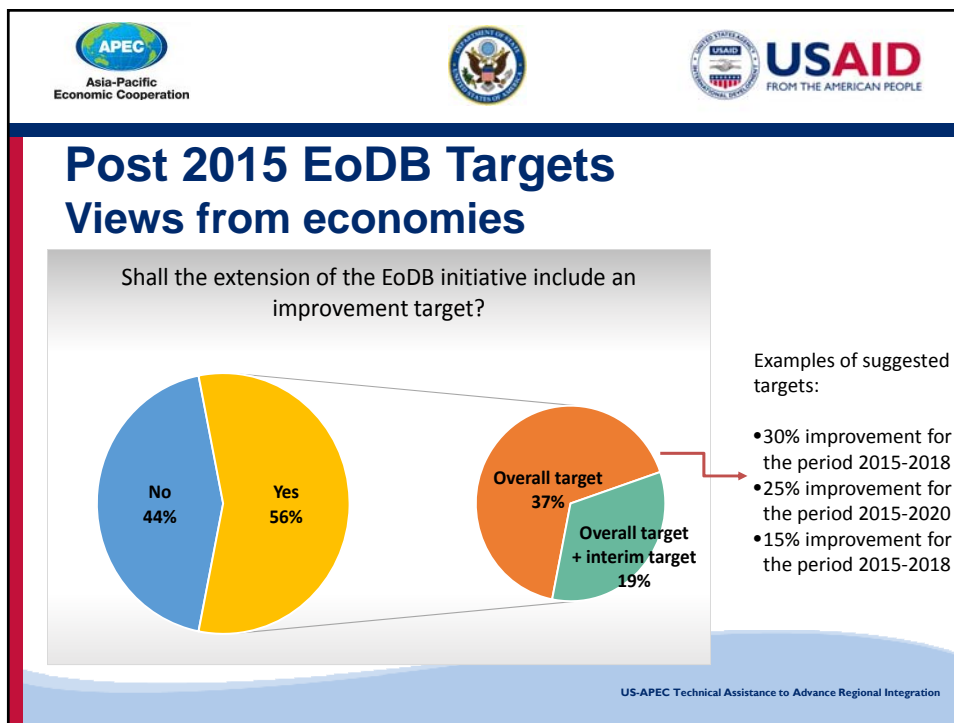
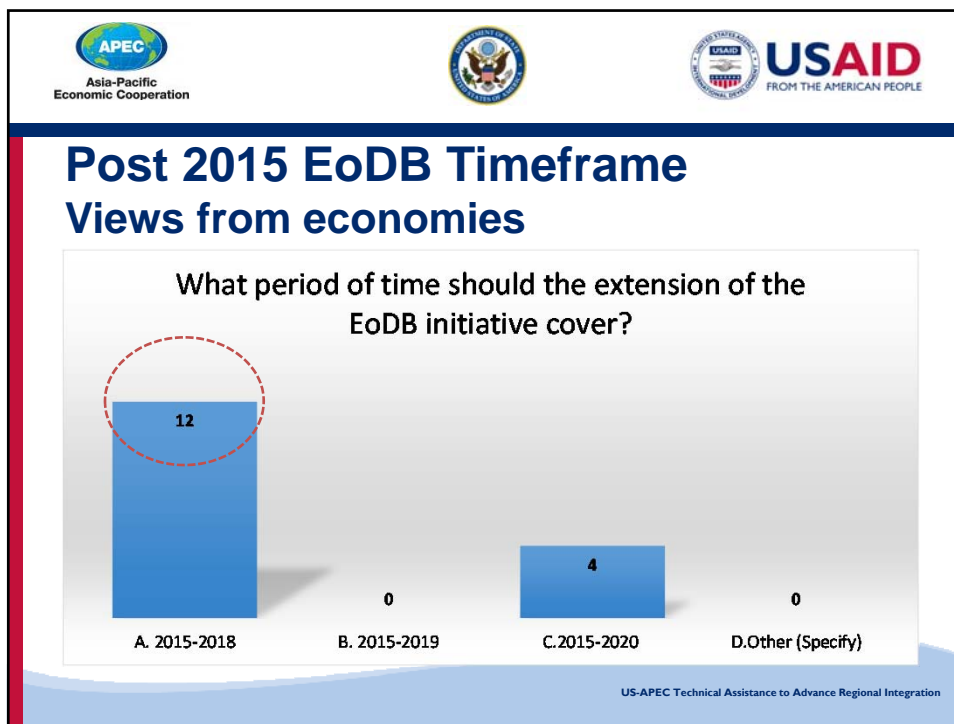
Protecting Investors Indicator APEC’s average performance (2013)

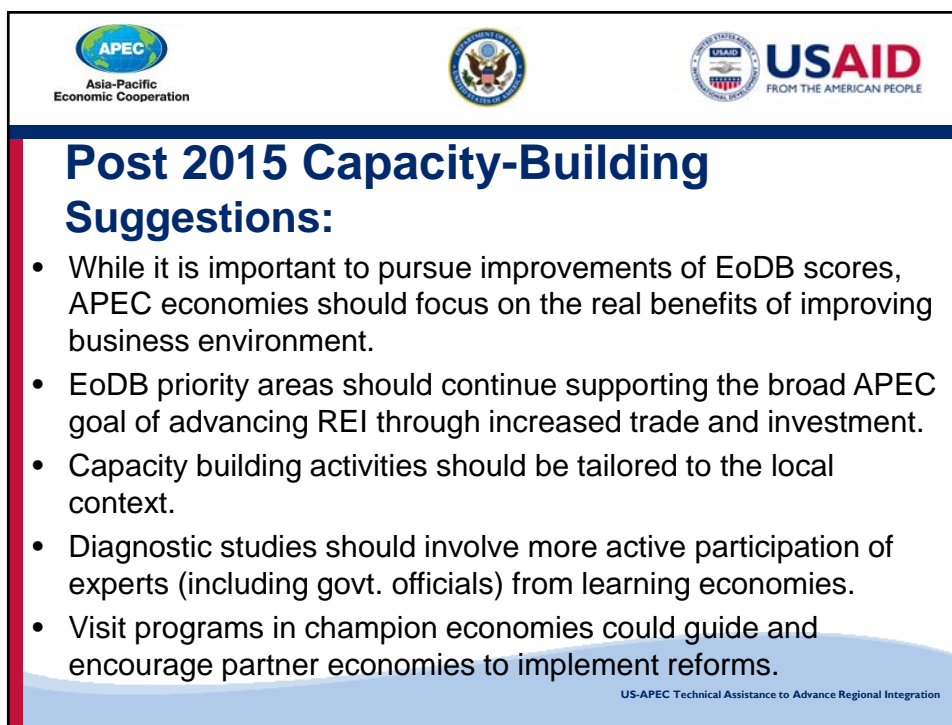
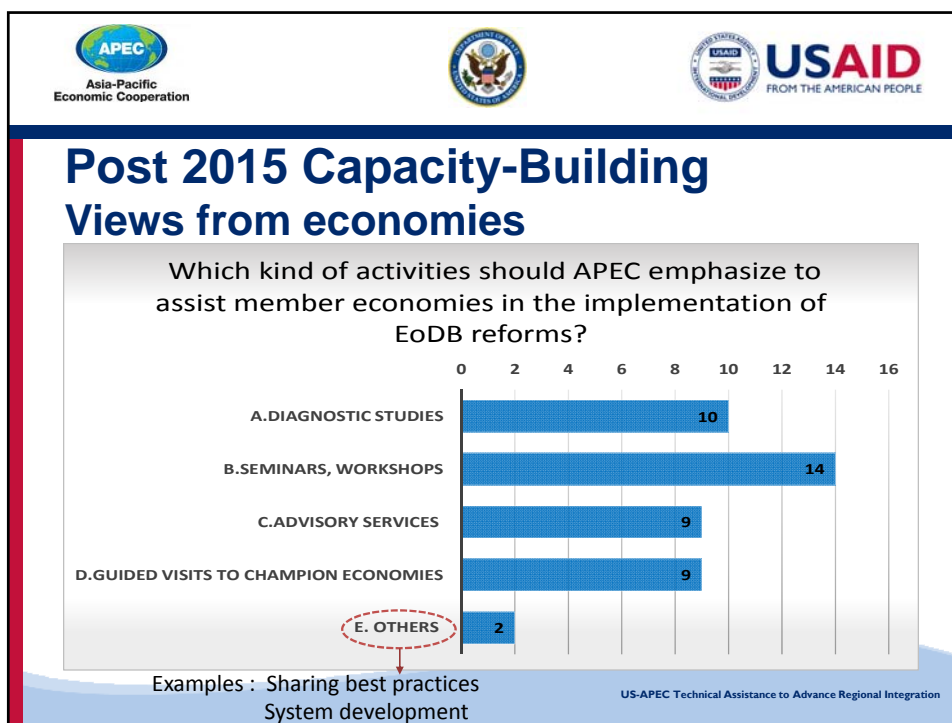
Strength of investor protection index (0-10)




Legend: — APEC (Average) — APEC Max — World Average



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Post 2015 Capacity-Building Suggestions:

- Conduct further work on the use of UNCITRAL instruments as a platform to promote legal reforms to create enabling environment for business.
- Organize sessions to share best practices.
- Publication of successful implementation cases that can be used as guidelines for other economies.
- Promote assistance in the debate and outreach of reforms to allow for a better and faster implementation.
- Assistance should involve not only high level and middle management, but also front line staff of implementing agencies.

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Post 2015 Capacity-Building Additional food for thought:

- Think about a Phase III, where APEC Economies could identify their own specific priorities for capacity-building, present an action plan and propose the implementation of a project. (Caveat: No EoDB established fund for APEC projects)
- Explore Capacity-Building Plans on: 1) Supply-Chain Performance and 2) ANSSR (Structural Reform) as examples to adapt for EoDB.
- Implement train-the-trainers programs to sustain capacity-building efforts in time, as effective way to transfer knowledge.
- Capacity-building focusing not just on the substance of the priority area, but also in implementing processes to carry out reforms effectively.

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Thanks!

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