

World Bank released its latest *Doing Business - 2018* report that measures the ease of doing business in 190 economies based on 11 business-related regulations. According to the report, a majority of the reforms carried out by the countries were focused on *starting a business* and *getting credit* followed by *trading across borders*. In terms of individual country rankings, the top three countries retained their rankings, i.e. New Zealand, Singapore and Denmark, while United States improved its ranking by 2 notches to reach the 6th spot. Within the top ten countries, Georgia made the biggest jump to reach the 9th rank from 16th last year after the country implemented the highest number of business regulation reforms since the inception of the Doing Business report. In terms of regional scores, the high income OECD countries topped the chart with the highest average score for ease of doing business followed by Europe & Central Asia and the East Asia & Pacific regions, respectively.

In terms of the pace of reforms on the regional level, the Sub-Saharan Africa region recorded the highest total number of reforms across all areas measured by the report. The region also had the highest impact of these reforms as compared to other regions globally, primarily due to the low base effect as the region ranked lowest in terms of average score for ease of doing business. In terms of most common topic of reform, the Sub-Saharan Africa region focused on *starting a business* and *trading across borders*.

In the MENA region, almost all the countries have seen a change in their ranks, with the only exception of Qatar that retained its 83rd rank. The biggest improvement was seen in Jordan that jumped 15 notches to reach 103rd spot while Tunisia recorded the biggest fall from the 77th position to 88th. According to World Bank, MENA countries have made 29 reforms over the last year and implemented a total of 292 reforms over the past 15 years. These reforms helped the region to bring down the average number of days to start a business from 43 days in 2003 to 17 days in the last year. That said, there is a wide variation between the ranks of individual countries in the region. We believe this can be attributed to the different governing styles, demographic structure as well as the wealth at the government’s disposal. The most common topic of reform for the MENA region was related to *getting credit* as compared to *paying taxes* for the high income OECD countries.

The trend in the GCC rankings was mostly positive with 3 out of the six economies recording an improvement in their ranks. UAE continued to top the group with a rank of 21, jumping 5 places as compared to previous year. Bahrain along with Oman saw their ranks go down, although the countries maintained their relative rankings in the GCC. While Qatar’s ranking was the same as last year, the country made improvements related to *credit information* and *trading across borders*. Kuwait’s rank witnessed the biggest jump in the GCC and now ranks 96th as compared to 102nd last year. The regions biggest economy, Saudi Arabia, also improved its rank by 2 notches to reach 92nd spot with a total of six reforms carried out in the last year. The Kingdom was among the top 20 reformers in the world during the last year and the 2nd best reformers in the high income and G20 countries.

Comparative Rankings 2018 vs. 2017 Reports

MENA Countries				Global Top 10			
Ease of Doing Business Ranking	2017	2018	Comparison	Ease of Doing Business Ranking	2017	2018	Comparison
UAE	26	21	Improved	New Zealand	1	1	No change
Bahrain	63	66	Declined	Singapore	2	2	No change
Morocco	68	69	Declined	Denmark	3	3	No change
Oman	66	71	Declined	Korea, Rep.	5	4	Improved
Qatar	83	83	No change	Hong Kong SAR, China	4	5	Declined
Tunisia	77	88	Declined	United States	8	6	Improved
Saudi Arabia	94	92	Improved	United Kingdom	7	7	No change
Kuwait	102	96	Improved	Norway	6	8	Declined
Jordan	118	103	Improved	Georgia	16	9	Improved
Egypt	122	128	Declined	Sweden	9	10	Declined
Lebanon	126	133	Declined	Macedonia, FYR	10	11	Declined
Syria	173	174	Declined	Estonia	12	12	No change

Source: World Bank - Doing Business Report - 2017 & 2018

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GCC Highlights

The overall trend in the GCC remains positive with each economy making efforts on a number of fronts to improve their rankings. The six countries in the GCC adopted 15 reforms over the last year to improve the business climate. We believe that the GCC economies are at a crucial juncture in which oil prices are declining and non-oil sector needs a boost by private sector participation.

United Arab Emirates

The UAE continues to top the GCC with an overall rank of 21, jumping 5 spots as compared to the previous year. The country has been consistent with improvement and had seen a similar improvement in its rank in the 2015/16 report. UAE made progress on one of the key long pending issues relating *resolving insolvency* by introducing the option of reorganization for commercial entities as an alternative to liquidation in order to save viable business with prospects of financial recovery. It also adopted global good practices in credit reporting after the credit bureau started giving consumer credit scores to banks and financial institutions to assess creditworthiness of borrowers.

Country Comparison - GCC							
	UAE	Bahrain	Oman	Qatar	Saudi Arabia	Kuwait	
Ease of Doing Business Rank - 2018	21	66	71	83	92	96	
Starting a Business (Rank)	51	75	31	89	135	149	
Procedures (number)	4.5	7.5	4.5	8.5	11	9.5	
Time (days)	8.5	9.5	6.5	9	18	38.5	
Dealing with construction permits (Rank)	2	47	60	19	38	129	
Procedures (number)	14	11	14	16	17	23	
Time (days)	50.5	174	172	58	89.5	236	
Getting electricity (Rank)	1	79	61	65	59	97	
Procedures (number)	2	5	6	4	5	7	
Time (days)	10	85	62	90	68	85	
Registering property (Rank)	10	25	54	26	24	70	
Procedures (number)	2	2	2	7	2	9	
Time (days)	1.5	31	16	13	1.5	35	
Getting credit (Rank)	90	105	133	133	90	133	
Strength of legal rights index (0–12)	2	1	1	1	2	1	
Depth of credit information index (0–8)	8	8	6	6	8	6	
Credit bureau coverage (% of adults)	54.5	27.8	0.0	0.0	50.2	31.0	
Credit registry coverage (% of adults)	8.8	0	26.7	28.1	0	15.0	
Protecting minority investors (Rank)	10	108	124	177	10	81	
Extent of disclosure index (0–10)	10	8	8	2	9	4	
Extent of shareholder rights index (0–10)	6	5	4	4	7	3	
Extent of corporate transparency index (0–10)	7	5	4	4	9	8	
Paying taxes (Rank)	1	5	11	1	76	6	
Payments (number per year)	4	14	15	4	3	12	
Time (hours per year)	12	28.5	68	41	47	98	
Total tax rate (% of profit)	15.9	13.8	23.9	11.3	15.7	13.0	
Trading across borders (Rank)	91	78	72	90	161	154	
Documentary compliance (hours) - Export	3	24	7	10	81	72	
Documentary compliance (US\$) - Export	7	100	107	150	105	191	
Documentary compliance (hours) - Import	665	84	7	72	122	96	
Documentary compliance (US\$) - Import	5	130	124	290	390	332	
Enforcing contracts (Rank)	12	111	67	123	83	73	
Time (days)	445	635	598	570	575	566	
Cost (% of claim)	21.0	14.7	15.1	21.6	27.5	18.6	
Quality of judicial processes index (0–18)	13.0	4.0	6.5	3.5	8.0	6.5	
Resolving insolvency (Rank)	69	90	98	116	168	110	
Time (years)	3.2	2.5	4.0	2.8	No practice	4.2	
Cost (% of estate)	20.0	9.5	3.5	22.0	No practice	10.0	
Recovery rate (cents on the dollar)	28.7	41.9	38.1	30.7	0.0	32.6	
Strength of insolvency framework index (0–16)	11.0	7.0	7.0	7.0	0.0	7.0	

Source: World Bank - Doing Business Report - 2018

Other reforms that helped the UAE improve its rank were related to *getting construction permits* and *getting electricity*. In the *construction sector*, the UAE reduced the time and cost to obtain a building permit by eliminating a procedure, while for *getting electricity*, the process was made easier by streamlining the connection process and eliminating interactions between customers and the utility to obtain external works.

Kuwait

The biggest jump in ease of doing business rank was recorded by Kuwait after the country surged 6 places and entered the top 100 group at the 96th position. Key improvements over the last year were related to *starting a business* and *registering property*. The country established a one-stop shop and improved online registration for *starting a business*. For *property registration*, Kuwait slashed the number of days needed to register property to 35 days from 49 days and also improved the transparency of the land administration system.

Saudi Arabia

Saudi Arabia also improved its rank by 2 places to reach 92nd position after the Kingdom implemented the maximum number of reforms in the GCC. The six reforms carried out by the Kingdom were related to *starting a business*, *registering property*, *protecting minority investors*, *paying taxes*, *trading across borders* and *enforcing contracts*. The Kingdom was heavy on the use of technology by improving online systems for a majority of the reforms including *starting a business*, *registering property*, *paying taxes* and an electronic cases management system for the use of judges and lawyers, thereby making *enforcing contracts* easier. The Kingdom made *starting a business* easier by using an online system and merged name reservation and submission of article of association into one procedure, in addition to improving the online payment system by removing the need to pay fees in person. On *protecting minority investors*, the Kingdom increased shareholder rights and role in major decisions by clarifying ownership and control structures, requiring greater corporate transparency and regulating the disclosure of transactions with interested parties. In terms of external trade, the Kingdom made trading across border easier by cutting the time required for documentary compliance of exports and imports by reducing the number of documents required for customs clearance.

Qatar

Qatar's rank remained unchanged from the previous year at the 83rd position with improvements particularly related to *Getting credit* and *Trading Across Borders*. Qatar improved access to credit information after it started providing consumer credit scores to banks, financial institutions and borrowers. It also made external trade easier by opening the new Hamad Port.

Bahrain

Bahrain ranked 2nd in the GCC with an overall global rank of 66. The country lost 3 spots as compared to its previous ranking primarily due to reforms in relation to paying taxes. Bahrain introduced a new health care contribution that would be borne by the employer that made paying taxes more complicated.

Oman

Oman ranked third in the GCC and fourth in the MENA region on the Doing Business rankings. After improving 4 spots in the previous report, the Sultanate saw its ranking decline by 5 notches this year to reach the 71st position. The decline in Oman's rank was primarily due to relative improvement in other countries' rankings. Nevertheless, Oman made improvement in terms of trading across borders by enhancing its online single window system for exports and imports, and reduced the time required for documentary compliance to 7 hours for export and import documentation from 22 hours and 23 hours, respectively.

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