

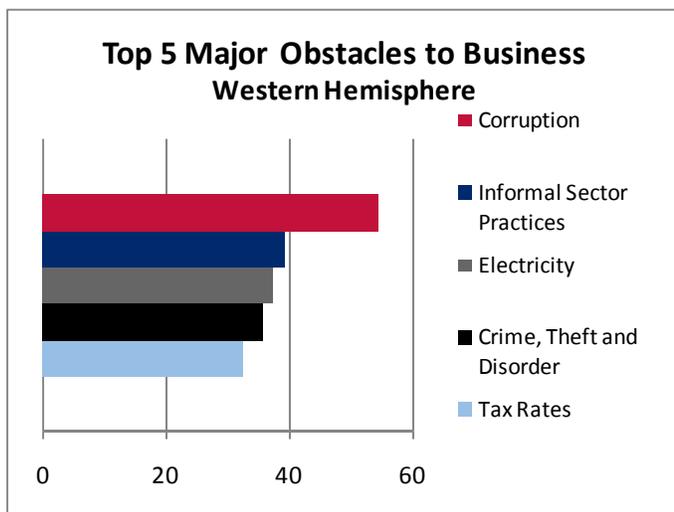
Background: Enterprise Survey Data 2011

The World Bank’s Enterprise Surveys are a compilation of national firm-level data from emerging markets and developing economies. The data are based on survey responses from business owners and top managers of more than 120,000 firms in 125 countries and cover a broad range of business environment topics including access to finance, corruption, infrastructure, crime, competition, and performance measures. These data are used to benchmark the quality of the business and investment climate across countries and are useful for prioritizing potential reforms to improve the business environment of a country.

Major Obstacles in USAID Assisted Countries

The charts below highlight the top five obstacles to business as identified by firms in countries receiving \$2 million or more of USAID assistance. The regional values are based on the most recent enterprise survey data available in June 2011.

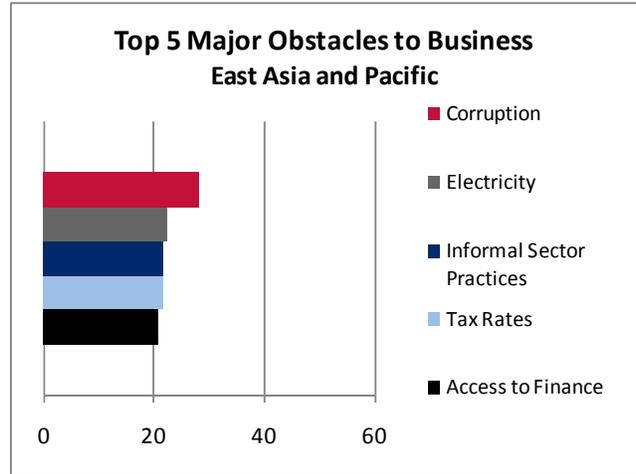
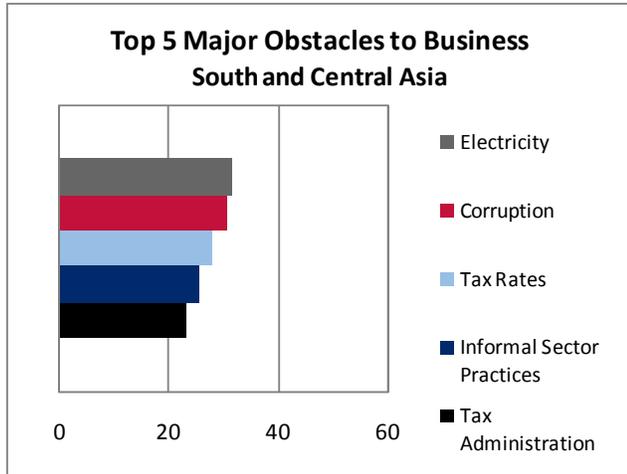
In all regions, corruption, shortages of electricity and informal sector practices were identified among the foremost constraints in the business environment.



In the Western Hemisphere, corruption, informal sector practices, and electricity shortages were identified as the major obstacles to business with over half of the firms surveyed reporting corruption as a major obstacle to business. Practices of informal competing firms were listed by 37 percent of firms as a substantial constraint to doing business. Electricity; crime, theft, and disorder; and tax rates were also listed as significant challenges.

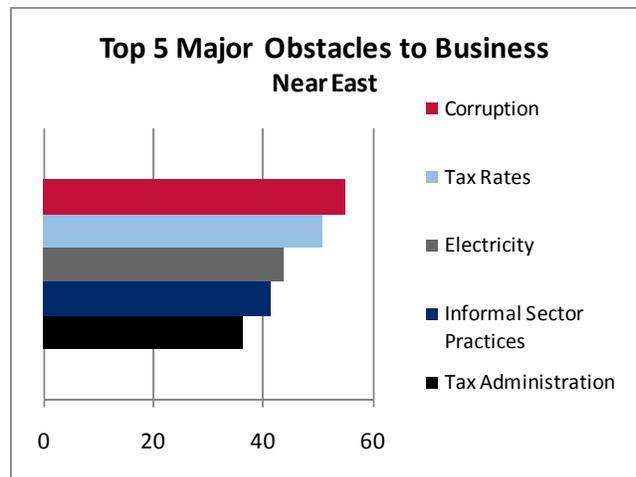
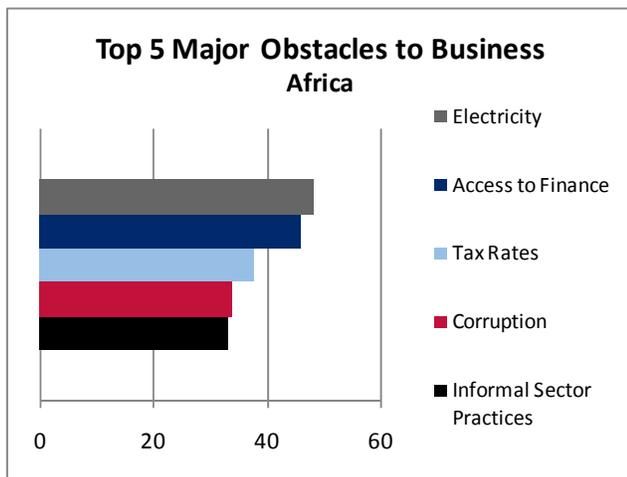


In South and Central Asia, electricity disruptions and corruption were each cited by approximately 30 percent of the firms surveyed as significant obstacles to doing business. Tax rates and administration as well as informal sector practices were also identified as significant disruptions to business. A similar pattern emerges in East Asia and the Pacific with corruption and electricity reported as the largest barrier to doing business.



By contrast, tax rates were identified as the second (50 percent) and third (38 percent) most encountered constraint to business in the Near East and Africa, respectively. In the Near East, more than 50 percent of firms cited corruption and tax rates as a significant obstacles to business. Electricity disruptions and competitive practices in the informal sector were also identified as constraints by 44 and 42 percent of firms, respectively.

In Africa, electricity shortages and access to finance were identified by 48 and 46 percent of firms as major obstacles to doing business. Tax rates, corruption and informal sector practices were also identified as major constraints to business.



Overall, all regions identified corruption, electricity, informal sector practices and tax rates as major obstacles to business. While corruption was reported as an obstacle to business in all regions, its prevalence and impact is clearly subject to wide regional variations. In the Western Hemisphere and the Near East, over half of firms cited this as an issue, whereas less than a third of firms cited this as an issue in East Asia and in South and Central Asia.

The variation in the prevalence of corruption is illustrated in Table 1. Though China and Nepal were the least corrupt in Asia, they lagged more than 6 points behind the least corrupt country in other regions.

In Africa and East Asia and the Pacific, access to finance was reported among the five most binding constraints. The best performing countries are located in the Near East, Europe and Eurasia, and the Western Hemisphere (see Table 2). The worst performing countries were in Africa and South and Central Asia with less than 4 percent of firms having a line of credit from financial institutions in Nigeria and Afghanistan.

**Table 1: Incidence of Graft index
(Probability a firm is asked to pay a bribe)**

Top Performers			
Africa	Eritrea	2009	0.00
Western Hemisphere	Colombia	2010	1.31
Europe and Eurasia	Montenegro	2009	1.35
Near East	West Bank/Gaza	2006	2.26
East Asia and Pacific	China (P.R.C.)	2003	8.38
South and Central Asia	Nepal	2009	9.06
Bottom Performers			
Western Hemisphere	Paraguay	2006	16.22
Europe and Eurasia	Azerbaijan	2009	46.70
East Asia and Pacific	Cambodia	2007	50.19
South and Central Asia	Uzbekistan	2008	50.34
Africa	Angola	2010	56.12
Near East	Yemen	2010	58.27

**Table 2: % of Firms with Line of Credit or Loans from
Financial Institutions**

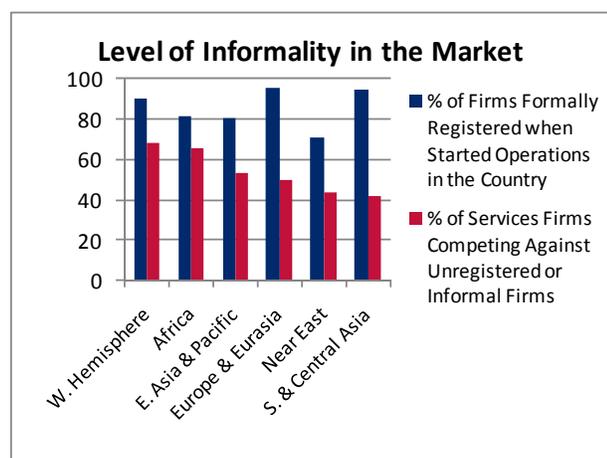
Top Performers			
Near East	Lebanon	2009	69.37
Europe and Eurasia	Serbia	2009	67.60
Western Hemisphere	Peru	2010	66.74
East Asia and Pacific	Mongolia	2009	52.91
Africa	Botswana	2010	50.03
South and Central Asia	Nepal	2009	39.13
Bottom Performers			
Europe and Eurasia	Kosovo	2009	14.98
Western Hemisphere	Mexico	2006	11.39
Near East	Yemen	2010	8.09
East Asia and Pacific	Timor-Leste	2009	6.86
Africa	Nigeria	2007	3.81
South and Central Asia	Afghanistan	2008	3.37

**Table 3: Number of Power Outages in a Typical
Month**

Top Performers			
Near East	Egypt	2008	0.83
East Asia and Pacific	Philippines	2009	0.88
Africa	Malawi	2009	1.01
Europe and Eurasia	Serbia	2009	1.10
Western Hemisphere	Colombia	2010	1.19
South and Central Asia	Kazakhstan	2009	2.83
Bottom Performers			
Western Hemisphere	Nicaragua	2006	12.49
East Asia and Pacific	Cambodia	2007	26.95
Africa	Guinea	2006	33.91
Europe and Eurasia	Kosovo	2009	42.79
Near East	Yemen	2010	54.39
South and Central Asia	Bangladesh	2007	101.56

Table 3 illustrates the institutional constraint that firms face in the market. The most reliable electric suppliers were Egypt and the Philippines with less than one power outage per month. The worst performer was Bangladesh with more than a hundred power outages per month. In South and Central Asia, Kazakhstan, the best performer had an average 3 power outages per month.

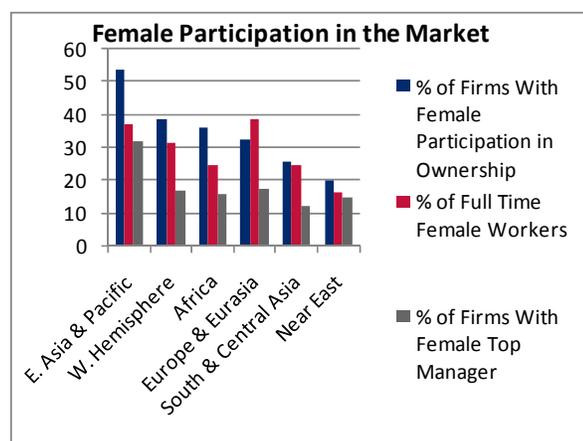
In almost all regions, practices of competitors in the informal market were reported as a major obstacle to business. Competition among firms is typically considered an engine of economic growth as it induces higher rates of productivity growth; however, competition between formal and informal firms is not necessarily productive. The difference is due to the fact that informal firms enjoy a cost advantage derived from ignoring many or all business regulations. Europe and Eurasia and South and Central Asia have the highest percentage of formally registered firms at 95 percent. The Near East had the lowest number of formally registered firms at 71 percent.



The Western Hemisphere has the most reported number of services firms competing against informal or unregistered firms at 68 percent, closely followed by Africa at 66 percent. Overall, South and Central Asia have the lowest number of services firms competing against informal firms at 42 percent.

Female Participation in the Market

East Asia has the highest rate of female firm ownership with 53 percent of firms reporting being partly owned by women. The lowest rate is in the Near East with only 20 percent of firms reporting female participation in ownership. This rate is matched by low rates of female full time workers and top managers (17 and 15 percent, respectively).



This result is unsurprising as women represent less than a third of the labor force in this region.

In all regions few women attain the rank of top manager. Women represent less than 40 percent of full time workers and less than a third of firms have a top female manager. However, these numbers do not reflect part time workers.

Where can I get World Bank Enterprise Survey Data?

World Bank Enterprise Survey Data are available via the Economic and Social Database (ESDB) at http://esdb.eads.usaidallnet.gov/query/do?_program=/eads/esdb/source&source=wes. The ESDB website offers related datasets from the IMF, World Bank, and other sources.