

Business Registration: Data Collection

Abbreviations:

DB	Doing Business
ED	Entrepreneurship Database
ES	Enterprise Surveys
ARCS	Administrative Regulation Cost Survey
PSAG	Private Sector at a Glance
LABOR	ILO LABORSTA Database, series on Wages by economic activity
IRD	ILO Informal Economy Ressource Database
WDI	World Development Indicators
PDS	Project Description from Idesk

Comments:

An attempt was made to find data for 2005 since this coincides roughly with the project start dates. If 2005 data was not available we go with data for the most recent year available
If multiple estimates are available for an indicator we list them in ascending order of trust we put into the source and or the estimate.

Assumptions	Mali	Source
General data		
Population 2005	11,700,000	DB 2005
GNI per capita (US\$) 2005	360	DB 2005
Exchange rate (annual average, local currency units per US\$) 2005	527.5	PSAG 2005
Registration Assumptions		
1. Number of companies formally registered this year (before reform)	400	Imputed based on non-parametric modeling of ED registration data as a function of log_gdp, l_population, rank_in_ease_of_doing_business, and informality. Notice that very few countries in the ED are as poor as Mali so this estimate comes with a potentially wide margin or error.
2. Projected average annual growth rate for new company registration over the next 5 years, <u>without reform</u>		
3. Projected average annual growth rate for new company registration over the next 5 years, <u>with reform</u>		
4. Of the companies that would have registered WITHOUT reform, what percentage would have operated informally while waiting?	41	Informal Economy as % of GNI 2005 DB 2005.
5. Of the companies that would NOT have registered without reform, what percentage would never have come into existence?		
Reform Assumptions		
1. Pre-reform registration fee (US\$)	686.52	DB 2005
2. Post-reform registration fee (US\$)	171.63	PDS
3. Pre-reform calendar days to register	42	DB 2005
4. Post-reform calendar days to register	8	PDS
5. Pre-reform costs (intermediary)		
6. Post-reform costs (intermediary)		
9. Pre-reform costs (admin.)		
10. Post-reform costs (admin.)		
13. Pre-reform costs (govt admin)	53.025	estimate: # days it takes to register pre-reform times wage rate for government official times the # of hours an official spends on a single registration per day (default 2 hours)
14. Post-reform costs (govt admin)	10.1	estimate: # days it takes to register post-reform times wage rate for government official times the # of hours an official spends on a single registration per day (default 2 hours)
Economic/Fiscal Assumptions		
1. Average annual profit of a formal company	115,261	\$ Average annual profits from ES 2002 (total sales)-(cost for wages, electricity, interest on loans, amortization, primary products) converted to US dollars

2. Average annual profit of an informal company		
3. Tax rate	50	DB 2005
4. Displacement rate		
5. Discount rate		
Project Assumptions		
1. IFC project budget (excluding in-kind)	0	
2. Project fee paid by government (client) to IFC	0	
3. Hours spent by government employees on IFC project		
4. Hourly wage for government official	0.63125	The Labour Market in Mali, Submitted by: GREAT Groupe de Recherche en Economie Appliquée et Théorique Université de Bamako Tél (223) 2203852 – (223) 6741929 Fax (223) 2203852 – 223) 2231895, BP : E1255 Bamako – Mali Email: abouzator@yahoo.fr A report by: Abdrmane TRAORE Posted to GPN on November 13, 2003.
5. Value of other resources allocated by government to IFC project		
6. Project contribution paid by donors to IFC	150,000	includes some money (exact amount unknown) for an assessment study in Burkina Faso
7. Cash and in-kind expenditures incurred directly by donors	0	
8. Start-up costs for implementation of new reg. system (computers, staff time, etc.)	500000	Prior costs estimates: Buthan .5 million, Bangladesh 1 million, Costa Rica .5 million, Jamaica 200.000, Serbia 1.5 million some of these estimates include all costs incurred for automating and or streamlining and or setting up a new registry

Caveats for DB:

- First, the collected data refer to businesses in the country's most populous city and may not be representative of regulatory practices in other parts of the country.
- Second, the data often focus on a specific business form -- a limited liability company of a specified size -- and may not be representative of the regulation on other businesses, for example, sole proprietorships.
- Third, transactions described in a standardized case study refer to a specific set of issues and may not represent the full set of issues a business encounters.
- Fourth, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in Doing Business represent the median values of several responses given under the assumptions of the case study.
- Fifth, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly.

Caveats on ARCS and ES:

- representativeness of the sampled firms for the whole economy

Caveats for ED

Since registering the closing of a business is costly, many closed companies go unregistered. This inflates the number of registered companies in the ED.