



Pathfinder Economic Flash

Going Down in World Bank Doing Business Ranking Where is the Commitment to Reach the Top 30 Countries?

It has been widely reported that Sri Lanka has come down in the latest World Bank Doing Business Index (DBI) from the position of 81 to 85 among 189 countries in the world. The ranking two years ago was 79. The process of improving Sri Lanka's business climate to be within the top 30 countries was launched with a big bang. The Central Bank, Board of Investment and the Ministry of Economic Development were initially in the forefront launching a major campaign to identify and implement necessary reforms in the regulatory environment of the country. Monthly, quarterly and other periodic reviews were given high media publicity at the time of announcing various programs to achieve this target by 2016.

Of course, since 2009 the country has demonstrated its ability to be the top improver in the region. The initial thrust of the Government was supplemented by well intentioned pronouncements by the business community at Chamber and individual levels. The Pathfinder Foundation (PF) itself conducted policy oriented research utilizing the services of a consultant with international exposure and in-depth expertise to identify a series of actions necessary for improving the business climate in Sri Lanka (document available at www.pathfinderfoundation.org). This initiative was a joint effort involving PF, Ministry of Economic Development, the Ceylon Chamber of Commerce (CCC) and Volunteers for Economic Growth Alliance (VEGA). All efforts made up to 2012 resulted in Sri Lanka reaching the 79th position.

Should We Be Proud or Ashamed?

Sri Lanka in Rankings		
Ease of Doing Business 85 out of 189 countries		
Area	Sri Lanka's Ranking	Some Countries Above Us

Starting a business	54	Rwanda – 9, Afghanistan – 24, Burundi – 27, Liberia 31, Samoa – 33, Zambia – 45
Dealing with construction permits	108	Vietnam – 29, Zambia – 57, Samoa – 73, Bangladesh – 93
Getting electricity	91	Uruguay – 23, Philippines – 33, Libya – 68
Registering property	145	Rwanda – 8, Samoa – 39, Vietnam – 51 Bhutan – 87, Pakistan – 125
Getting credit	73	Rwanda – 13, Zambia – 13, Kenya – 13, Nigeria – 13, India 28, Vietnam – 42
Protecting investors	52	Bangladesh – 22, Pakistan – 34, India - 34
Paying taxes	171	Rwanda – 22, Zambia – 68, Afghanistan – 98, Bangladesh – 100, Myanmar – 107, Vietnam – 149, Angola – 155, Pakistan – 166, Kenya – 166, Nigeria – 170
Trading across borders	51	Malta – 34, Philippines – 42
Enforcing contracts	135	Mongolia – 30, Rwanda – 40, Ghana – 43, Vietnam – 46, Maldives – 90
Resolving insolvency	59	Qatar – 36, Maldives – 40, Malaysia – 42

What were the factors behind the declining trend that has been witnessed in the last two years? Firstly, we need to address any complacency and lethargy that has set in within the officialdom. Secondly, the economic reform is not a static process. It needs to be dynamic. That is how small economies with limited natural resources have become internationally competitive in attracting FDI and promoting exports.

Are we in the habit of appreciating and applauding ourselves for initial progress in economic reforms and program implementation? However, it seems that we have difficulty in maintaining reform momentum. There is a tendency to change priorities and shift focus leaving the reform process on ‘auto-pilot’. Achieving the declared target of reaching the top 30 in the DBI requires commitment from the highest level of the political leadership and consistent and continuous dedication from the senior officials who have been assigned with this task.

That is why the most successful economies in Asia such as South Korea, Taiwan, Singapore and Malaysia have consistent and continuous policy and regulatory improvement processors. In this regard, the private sector too has to take its own initiatives and work with the relevant officials to drive this crucial process.

The PF wishes to strongly urge the government to re-affirm its commitment to improving the local business environment not only to climb up the World Bank's Doing Business Index but also to be internationally competitive.

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