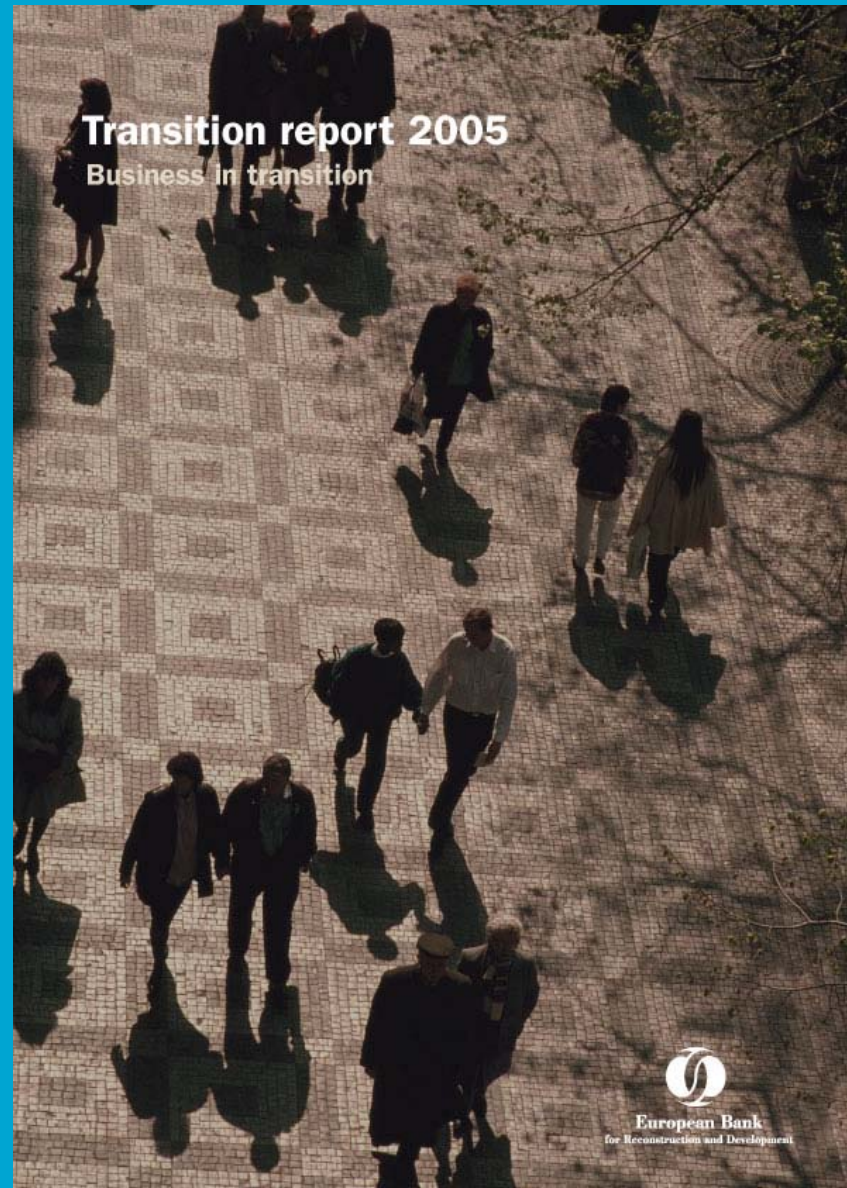


Doing Business in Transition Countries

Samuel Fankhauser
EBRD



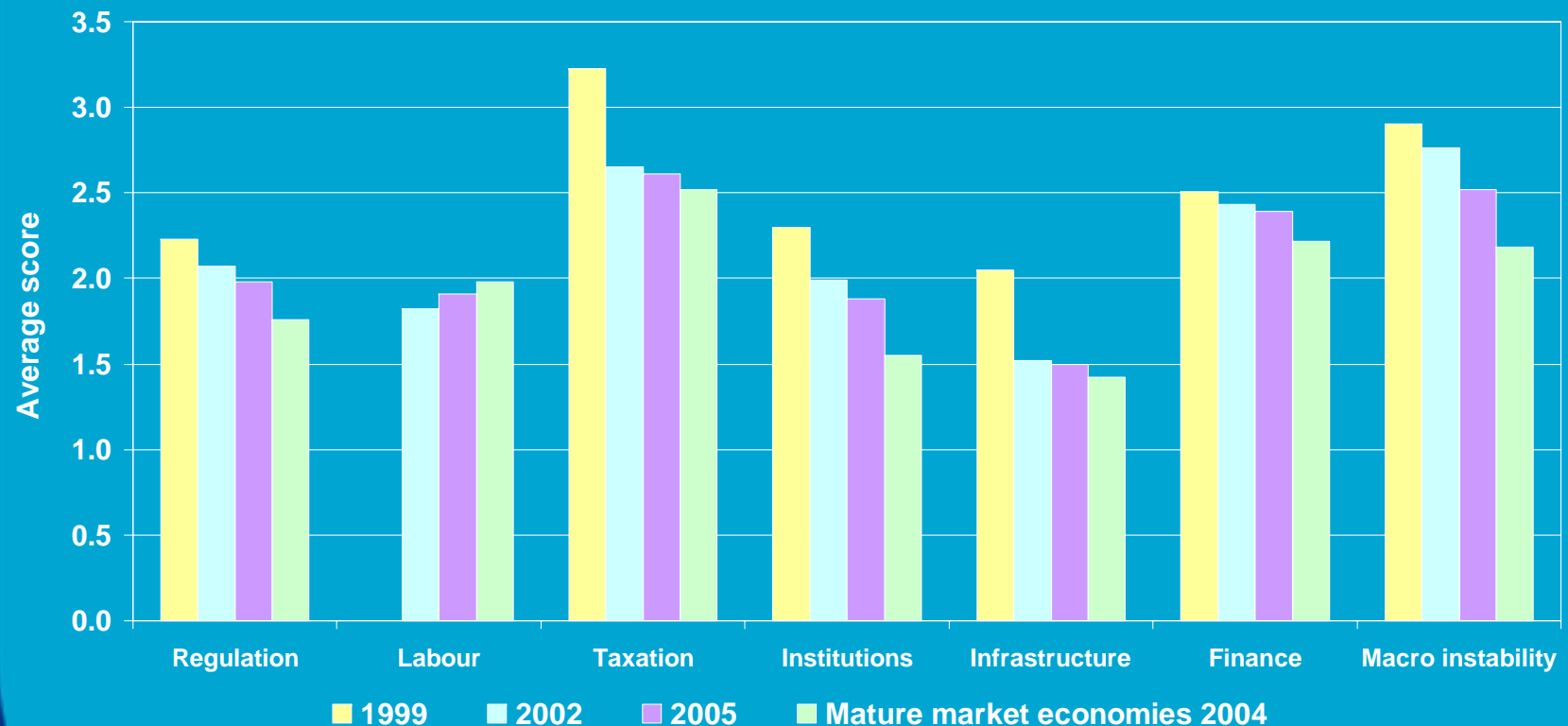
Business Environment and Enterprise Performance Survey – BEEPS

- A large-scale survey to analyse business obstacles and firm performance
 - Jointly implemented by EBRD and the World Bank
 - Three rounds in 1999, 2002 and 2005
 - over 9,500 firms in 26 transition countries and Turkey (2005)
 - Comparison survey in mature market economies
- Allows comparisons of different countries, types of firms and across time
- Measurements based on direct experience of domestic firms, not external assessments
 - Managers' perceptions of business constraints
 - Quantitative indicators



Firms think the business environment is improving

But it remains more difficult than in mature market economies

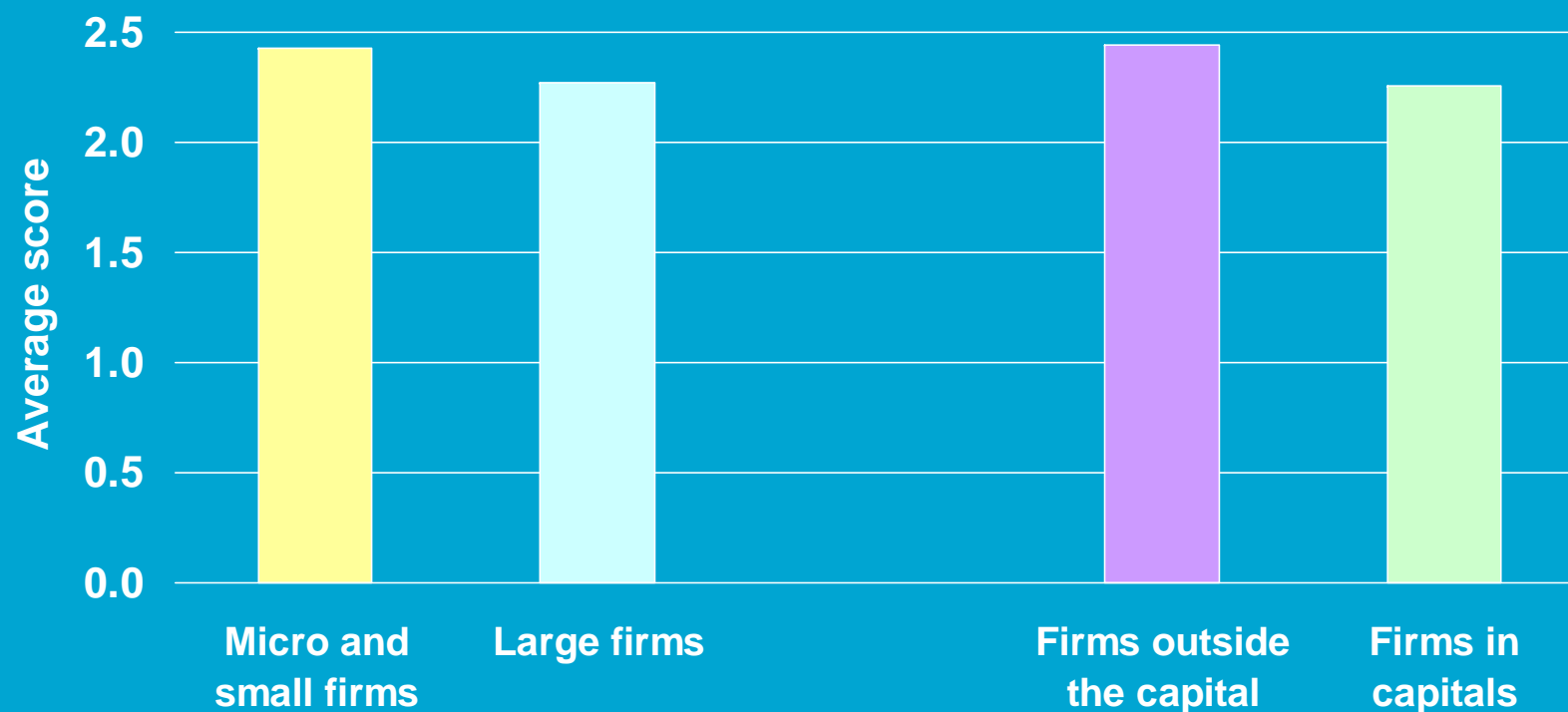


Note: Firms were asked to report how problematic different factors were to their operation and growth. Scores range from 1 (no obstacle) to 4 (major obstacle).



Obstacles differ by firm type...

For example the cost of and access to finance

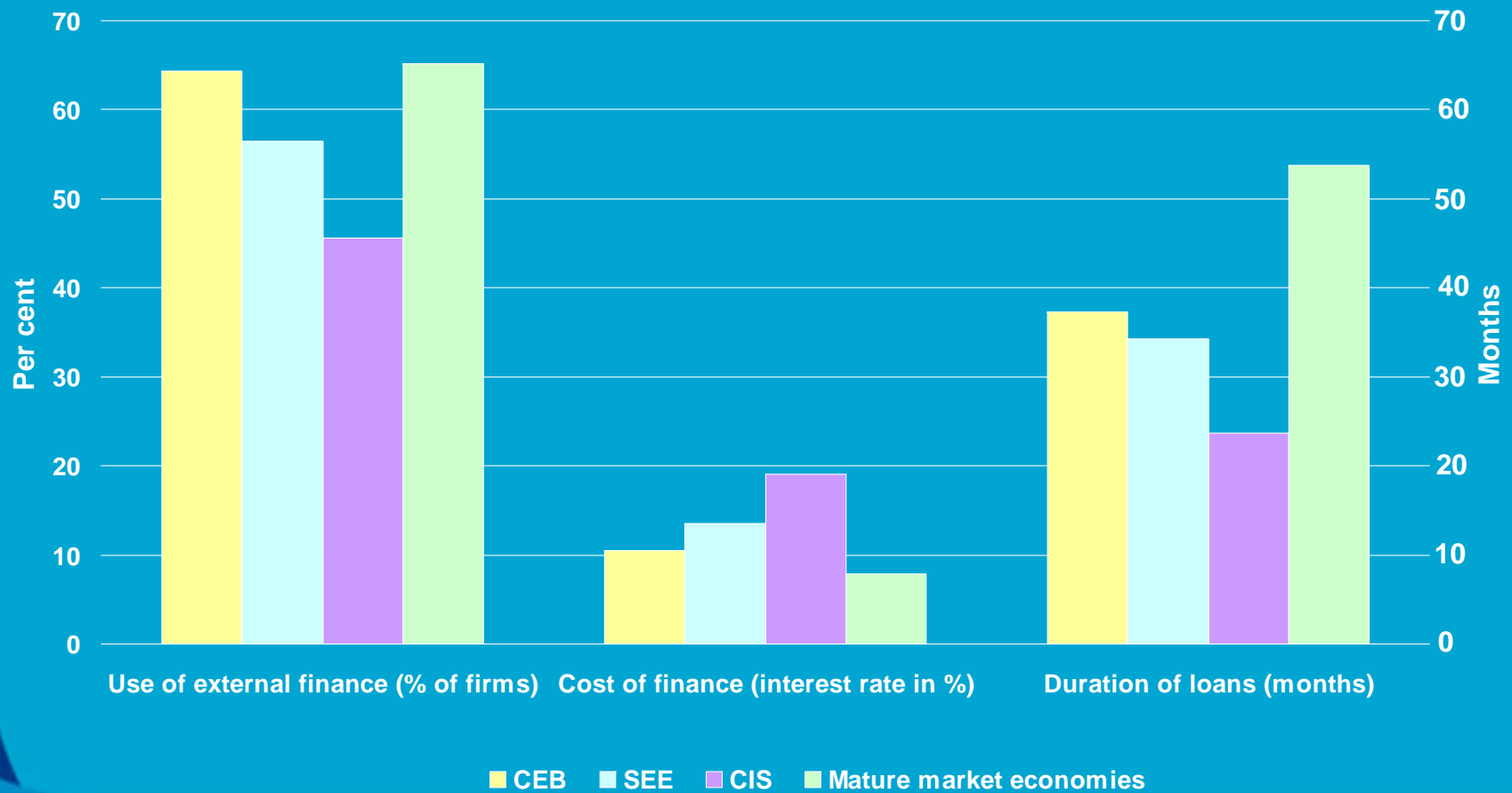


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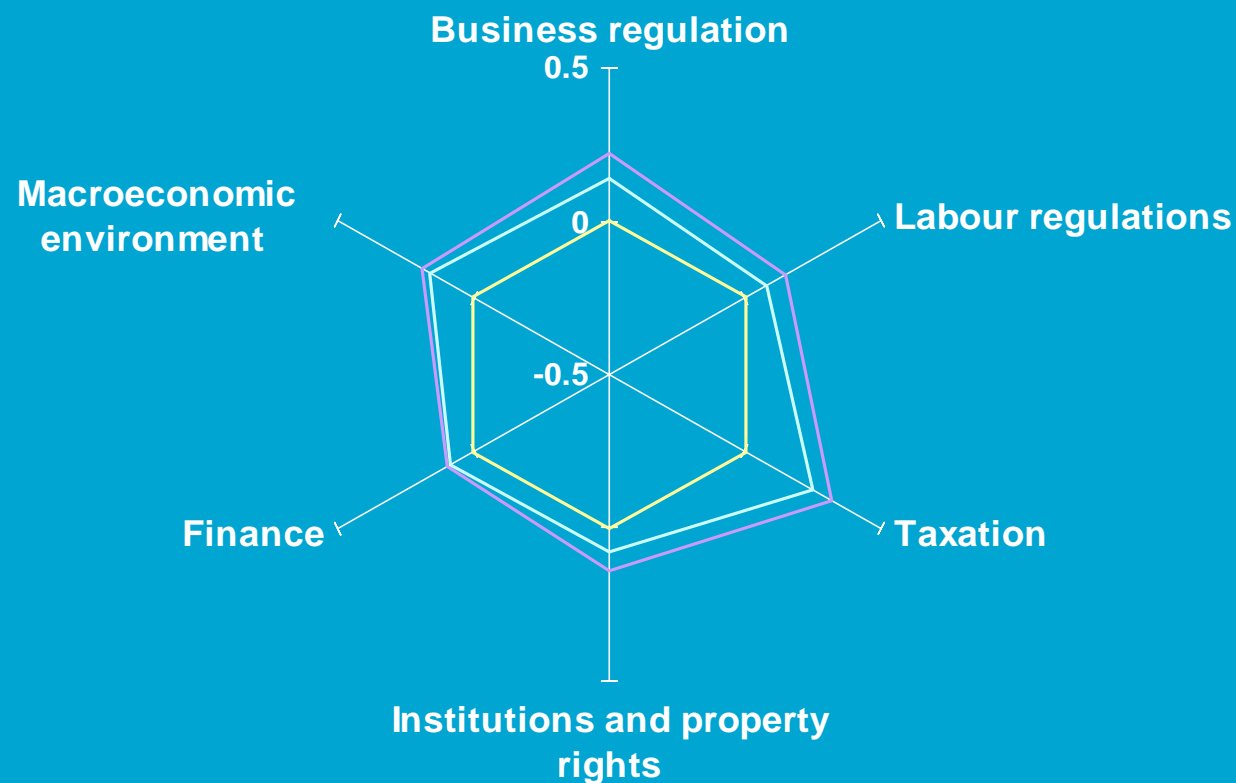


... and by region

Firms in CEB use banks more and receive better loan terms



Dynamic firms face higher obstacles



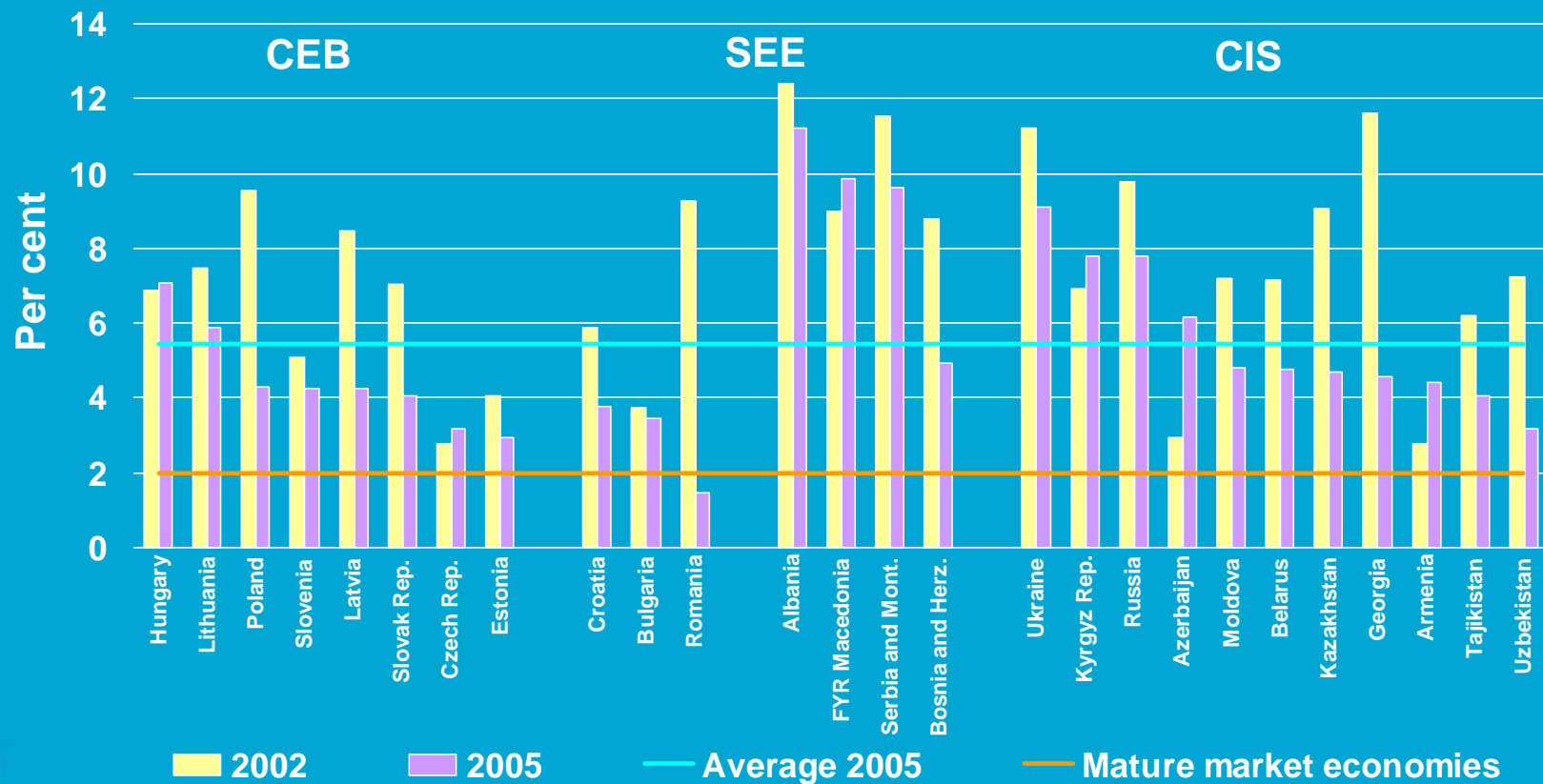
— New private firms — Privatised firms — State-owned firms (benchmark)

Note: Firms were asked to rate business obstacles on a scale from 1 (no obstacle) to 4 (major obstacle). The chart shows the difference in rating to state-owned firms.



Quantitative indicators show a similar picture: Time tax

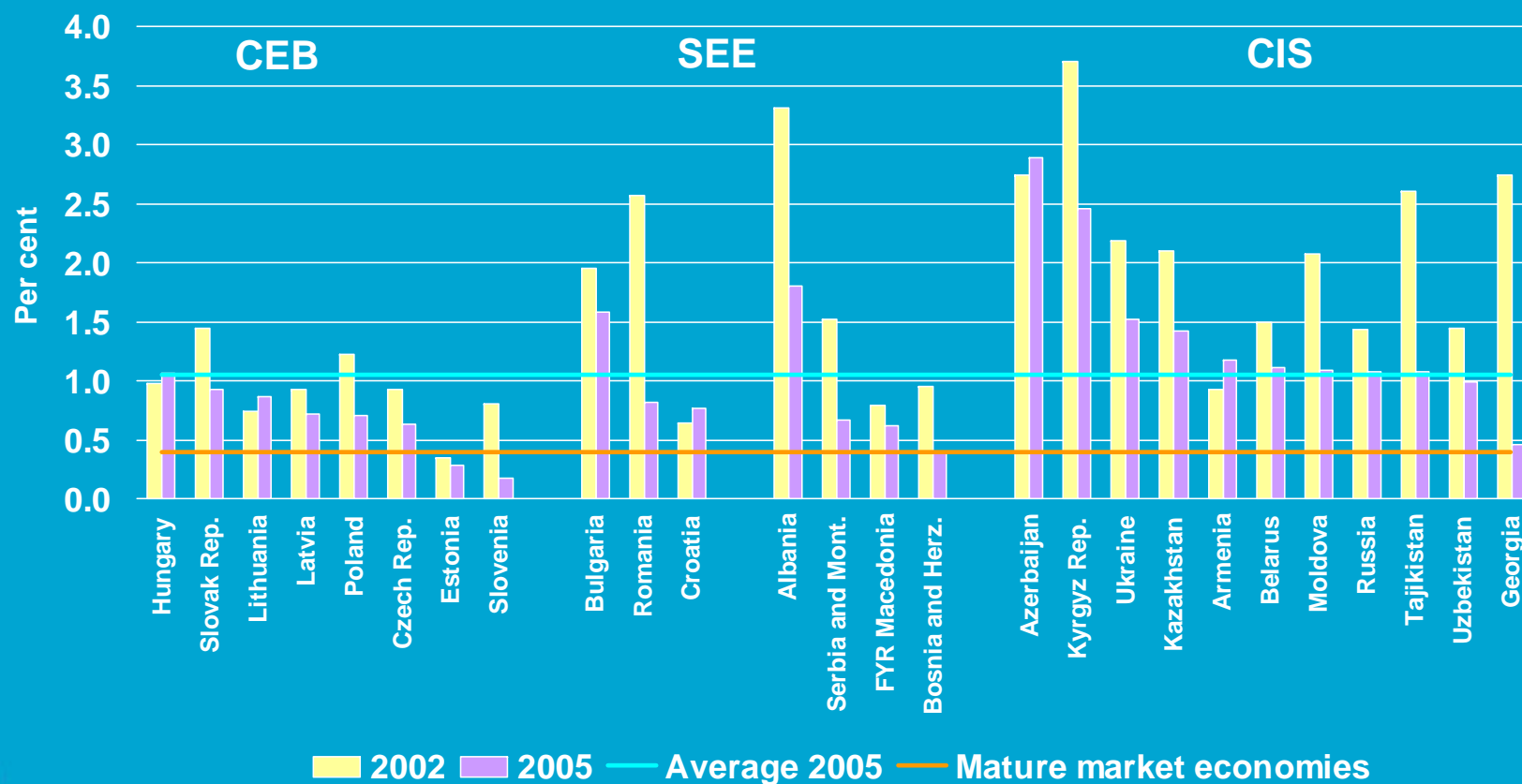
Managers spend less time dealing with public officials



Note: Senior managers were asked what percentage of their time was spent dealing with public officials (so-called time tax).



The bribe tax has come down



Note: The bribe tax is the share of annual revenue spent on bribes.



But private firms pay more in bribes



Note: The bribe tax shows the share of annual revenue spent on bribes.



Conclusion

- Surveys like BEEPS are a good tool to study developments in the business environment
 - over time
 - across different types of firms
 - between countries and regions within countries
- The 2005 BEEPS suggests the business environment in transition countries is improving, but dynamic firms remain constrained



For more
information see
**Transition
Report 2005**

