

Cities in Bulgaria, Hungary and Romania show varied performance in ease of doing business

SOFIA, July 13, 2017 – Smaller cities in Bulgaria and Hungary are more business-friendly as they vie to compete with their respective capitals of Sofia and Budapest, a new World Bank Group report finds.

Romania's capital of Bucharest, on the other hand, outperforms its smaller peers in most areas measured, dealing efficiently with a much higher demand for business services, says *Doing Business in the European Union 2017: Bulgaria, Hungary and Romania*, released today.

The report analyzes business regulations affecting domestic small and medium sized firms in five *Doing Business* areas: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, and Enforcing Contracts. The 22 cities covered are: Burgas, Pleven, Plovdiv, Ruse, Sofia and Varna in **Bulgaria**; Budapest, Debrecen, Győr, Miskolc, Pécs, Szeged and Szekesfehervar in **Hungary**; and Brasov, Bucharest, Cluj-Napoca, Constanta, Craiova, Iasi, Oradea, Ploiesti and Timisoara in **Romania**.

“Regulations that govern business licensing, real estate transactions or the provision of basic utility services, are the nuts and bolts that determine whether economies run poorly or well. As this report shows, getting business regulation right needs coordinated efforts by policy makers and policy implementers on national and municipal levels to improve the ease of doing business,” said **Arup Banerji, World Bank Group Regional Director for the European Union**.

Key findings include:

- In **Bulgaria**, Ruse leads in the areas of registering property and enforcing contracts, Burgas in getting electricity, while Varna stands out for efficient business registration. Sofia is fastest in issuing construction permits, but lags behind in starting a business, registering property and enforcing contracts.
- In **Hungary**, Debrecen stands out for its efficient practices in contract enforcement and property registration, Szeged leads in getting electricity, Pécs in construction permitting, while Budapest trails behind in most areas. Collectively, Hungarian cities perform well in most areas, except starting a business because of start-up costs that are almost twice the EU average and the highest paid-in minimum capital requirement in the bloc.
- In **Romania**, Iasi leads in getting electricity, Craiova stands out for its good practices in construction permitting, Timisoara for its performance in contract enforcement, and Oradea for its higher quality land administration. Bucharest performs generally well in most areas.

While no city excels in all five areas covered by the report, most demonstrate world-class performance in at least one area, providing reform-minded officials examples of existing good practices that can be replicated. For example, Debrecen, Miskolc and Szekesfehervar are EU best performers in the area of contract enforcement.

The most marked differences in performance within each country are in areas where local authorities have the most autonomy in developing and implementing regulations, such as construction permitting, getting electricity and enforcing contracts.

The report finds that getting electricity is a common weakness in all three countries. Even in Iasi (Romania), the fastest among the 22 cities benchmarked, getting electricity takes three months longer than the EU average of 90 days.

The widest within-country differences are in Bulgaria and Romania. For example, in Bulgaria, it takes a month longer to get an electricity connection in Sofia than in Burgas and, in Romania, resolving and enforcing a commercial claim takes nearly eight months longer in Brasov than in Timisoara.

“The gaps in performance among cities in each country suggest that there are important lessons that local and national policymakers can learn from one another and this will make a difference in the relative competitiveness not just within-country but also at the global level,” said **Miarta Capaul, Manager of the Subnational Doing Business program at the World Bank.**

Doing Business in the European Union is a series of subnational reports being produced by the World Bank Group at the request of and funded by the European Commission. A second edition, covering 25 cities in Croatia, the Czech Republic, Portugal and the Slovak Republic, is slated for release in 2018.

The work on Bulgaria, Hungary and Romania is based on the same methodology as the global *Doing Business* report published annually by the World Bank Group.

Contacts:

In Washington: Indira Chand +1 (202) 458-0434, +1 (703) 376-7491, ichand@worldbank.org

In Sofia: Ivelina Todorova Taushanova +359 2 969 7239, itaushanova@worldbank.org

In Bucharest: Victor Neagu +40 21 201 0388 +40 742 099 098, vneagu@worldbank.org

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