

## **Doing Business 2021 – Research on Covid-19**

This year, *Doing Business* is collecting new data on the impact of Covid-19 for entrepreneurs. Through the life cycle of a company, the research will assess the effects of Covid-19 and the measures taken by governments to respond to the challenges posed by the pandemic. The data are collected in the 120 most populated economies around the world. These extra data do not affect the Doing Business scoring or ranking.

### ***Starting a Business***

In the area of Starting a Business, *Doing Business* will analyze how the Covid-19 pandemic is impacting the services provided by the company registry and how governments are addressing challenges for new entrepreneurs. In some economies in lockdown, business registries are restricting access, changing working hours or closing their doors for some time. In some other economies suffering from the pandemic, online services are offered to incorporate and operate a new business. Some of these online services were already existing and remain operational; some of them are being introduced as a response in the pandemic context. More broadly, *Doing Business* will keep track of any measures related to the business start-up process, and adopted due to the Covid-19 situation. The project is also keeping records of any planned reform that has been rescheduled because of the pandemic.

### ***Dealing with Construction Permits***

Around the world, the Covid-19 pandemic has led to a reduction of activities for building permitting authorities, which are either in weeks-long lockdowns or limiting their efforts to emergency operations. *Doing Business* will collect new data on the operational status of the permitting authorities - whether there is a lockdown, if routine activities are still being conducted during the lockdown period, if reduced working hours are in place, if only emergency and critical tasks are being undertaken, or if a complete shutdown is in effect. The project will also measure if the government has enacted any restrictions to construction activity during the Covid-19 outbreak, and whether water and sewage utility companies are undertaking any measures to ensure continuity of services. Information will also be collected on measures taken by governments to support the architecture, engineering and construction industry.

### ***Getting Electricity***

In many economies worldwide, especially in Europe, Asia and the Middle East, electricity distribution utilities and electricity regulators had to change their modes of operation as a result of the global pandemic. In countries most affected by Covid-19, electricity distribution utilities commenced operating under strict emergency guidelines. Although guidelines vary from country to country, in most cases emergency operations include limiting the number of personnel working on the ground, limiting services to essential repair works, postponing non-critical upgrades as well as offering lenient payment plans to customers. *Doing Business* intends to understand how different countries changed their electricity supply processes to comply with the new regulations and social distancing norms. It will identify the scope of “essential” electricity services; assess changes and delays to ongoing and new infrastructure upgrade and electricity connection projects, as well as assess changes to electricity tariffs and payment schedules.

### ***Registering Property***

When it comes to Registering Property, *Doing Business* will assess the different initiatives taken by governments to ensure business continuity of the Land Registry and the Cadastre. It will provide information on the preparedness of economies during the Covid-19 pandemic. For instance, the project will assess whether business hours have been altered, whether a national contingency plan is in place to

ensure business continuity, and whether initiatives were taken by the government to facilitate land transactions during this crisis (such as enforcing the use of the online platform to submit applications to register property, or offering lower interest rates to encourage land transactions) .

### ***Getting Credit***

Through its network of credit reporting service providers, collateral registries, banks and other private sector representatives, *Doing Business* will collect information on how the Covid-19 pandemic has affected access to credit - specifically the credit reporting infrastructure - and the rights of borrowers and secured creditors. In the area of credit information, this research includes actions by the government to protect the economy from the effects of the pandemic, changes to the credit information structure, as well as the outbreak's effect on the supply and demand for credit data. This effort will contribute to creating a single database of steps that governments and credit information providers are taking to mitigate the impact of the outbreak on the financial sector and on credit reporting systems. In the area of legal rights, *Doing Business* will collect data on various changes in the law adopted as part of emergency measures that aim to protect borrowers and facilitate lending activity, which may include expanding the pool of assets used as collateral and imposing moratoriums on both in court and out of court enforcement of claims. *Doing Business* will also focus on operations of a collateral registry during the pandemic. In economies with modern secured transaction systems, collateral registries shall remain operational and their use shall increase provided that the lending activity in the economy continues. In others, collateral registries might be either shut down or might operate in a limited capacity, with some services either slowed down or unavailable.

### ***Protecting Minority Investors***

Capital market operations and company milestones are being disrupted worldwide. With movement restrictions in place in many economies, firms are facing practical constraints. They may not be able to convene either board meetings or general meetings. In normal times, these meetings are essential for companies to run, pass key resolutions, approve finances and meet government filing requirements. The research aims at identifying the extent of disruptions as well as whether technology and regulators are taking steps to accommodate or mitigate the effects. For example, it will assess whether trading has been suspended, whether filing deadlines have been postponed or whether firms are allowed to convene meetings and count votes virtually.

### ***Paying Taxes***

Governments around the world are implementing tax relief measures to address the problem of liquidity for households and businesses during this health crisis. The relief measures fall into several categories by the type of taxes that are affected - personal taxes, business taxes, consumption taxes - and by the type of actions undertaken - extension of deadlines, deferral or waiver of payments, reduction in rates, speeding up tax refunds, suspension of tax audits, waiver of late payment surcharges and interest, etc. *Doing Business* will be analyzing the measures by type of action taken. Additionally, *Doing Business* will monitor how the Covid-19 pandemic has affected the services provided by the tax administrations globally. This includes: reduction/extension of office hours, office closures, remote work for tax agents, access restriction to offices, delays or suspension in issuing advance tax rulings, and issuing tax refunds, delays/suspension of audit process, shifting functions to online such as filing of tax returns/payment of taxes instead of in-person visits.

### ***Trading across Borders***

In the area of Trading across Borders, *Doing Business* will assess the impact of the Covid-19 outbreak on the process of exporting or importing goods in an economy. The research aims at understanding the

operational status of local ports and land borders as well as alterations in the export and import procedures. It will analyze whether ports and land borders remain operational and for which type of trade operations (i.e. regular trade; trade of basic goods). Besides, it will assess if additional control procedures are in place related to Covid-19 (i.e. fumigation; inspections; documents; etc.). The aim of the research is to measure if importers and exporters are able to trade in each economy in the context of Covid-19.

### ***Enforcing Contracts***

Regarding Enforcing Contracts, *Doing Business* will look at the operations of courts during the pandemic. The research questions address whether and how courts can continue operations; and what Covid-19 related measures have authorities taken in the short term (i.e. during the pandemic) and in the medium term (i.e. once normal operations resume). Such measures could include temporarily allowing hearings via phone or videoconference, relaxing rules of procedure, temporarily allowing filing of cases, service of summons or notifications between the court and the parties to a dispute via email, suspending procedural deadlines, limiting court operations to urgent matters, creating specific venues to resolve breach of contract disputes related to the Covid-19 situation, etc. This is relevant to understand what measures courts are putting in place to minimize the impact of unexpected external shocks on normal operations.

### ***Resolving Insolvency***

The Covid-19 pandemic crisis will result in a large number of companies—including many SMEs—facing defaults and illiquidity. Across the world, businesses look to governments with a hope that specific solutions are implemented to prevent a rapid increase in corporate indebtedness and save viable companies hit by the crisis from going bankrupt, which would drive an increase in alternative and creative mechanisms to prevent bankruptcy and keep distressed companies as a going concern. On this basis, *Doing Business* will explore how the Covid-19 pandemic engendered instruments to prevent premature bankruptcies of healthy companies and what measures have been enacted to modify the insolvency framework. Those instruments could include: suspension of all debt-collection activities against debtors and implementing statutory moratoriums on foreclosure proceedings; promotion of out-of-court workouts (OCW); promotion of pre-insolvency proceedings which give a debtor in financial difficulties the opportunity to restructure and to avoid the commencement of formal insolvency proceedings; revision of the existing insolvency standards on a temporary basis; measures promoting access new credit, refinancing existing loans, writing off debts, injection of cash.

### ***Contracting with the Government***

The Covid-19 pandemic is having a considerable impact on public procurement processes. Governments are prioritizing the purchase of essential goods and services to fight the pandemic. Given the short number of suppliers and the time pressure, most purchases are being carried out through direct methods of procurement. While these methods are faster to get the goods or services, they also limit competition and have higher risks of faulty implementation. Using a standardized works contract as a comparative baseline, the pilot indicator on public procurement measured by *Doing Business* asks what the most common method of procurement for such contract is. Lockdown regimes may be used to award contracts directly even though they might not be related to the pandemic. In addition, the indicator also captures aspects of contract management that might be affected by the pandemic, such as how often contract renegotiations would be justified due to emergency grounds, and how often simple road resurfacing works would be delivered within budget and within the initially agreed timeline. Finally, it collects data on the likelihood of some irregular public procurement practices that might arise in exceptional situations with limited oversight.

### **Subnational Doing Business 2021 – Research on Covid-19**

As part of the *Subnational Doing Business* study currently being conducted in Brazil, in partnership with the Government, the team will collect data and analyze the impact of Covid-19 for entrepreneurs. Through the life cycle of a domestic company, the research will assess the effects of Covid-19 and the measures taken by Brazilian state and local authorities to respond to the challenges posed by the pandemic. This initiative aims to shed light on policy measures different state governments have taken to ensure continuity in the provision of businesses services—both contingency plans organized around the health crisis, but also long-term solutions (i.e., online services) that would tackle both the challenges presented by the crisis but would also serve businesses well after. The data is collected in the 26 state capitals plus the national capital (Brasília), in five *Doing Business* indicator areas: starting a business, dealing with construction permits, registering property, paying taxes and enforcing contracts.

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