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BUSINESS ENVIRONMENT REFORM AND POVERTY

RAPID EVIDENCE ASSESSMENT, AUGUST 2015

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LIST OF ABBREVIATIONS

BE	Business environment
BER	Business environment reform
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IC	Investment climate
ICR	Investment climate reform
IEG	Independent Evaluation Group, World Bank Group
IFC	International Finance Corporation
ILO	International Labour Organization
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
PSD	Private sector development
REA	Rapid Evidence Assessment
SMEs	Small and medium-sized enterprises
VAT	Value Added Tax
WBES	World Bank Enterprise Survey

EXECUTIVE SUMMARY

This rapid evidence assessment (REA) applies a systematic method of identifying, assessing and reviewing evidence that can be used to answer the research question: What is the evidence on the direct impact of business environment reforms on poverty? While poverty is a multidimensional phenomenon, this REA focuses on the poverty impacts of business environment reforms in terms of increasing incomes and employment. Any variations to this are identified in the discussion.

The evidence confirms that the links between business environment reform (BER) and poverty reduction are not direct. No studies were found that attempt to present evidence of a *direct* link between BER and poverty reduction. Instead, there is evidence on the links or channels through which BER has been found to indirectly *contribute* to poverty reduction.

Of the 176 studies initially found through the document search, 89 were selected for quality assessment based on their relevance to the research question and were subsequently found to be of High or Medium Quality. The review was particularly interested in evidence from DIFD's list of Priority Countries (see Table 1, Appendix 1), which represented 26 per cent of the papers, with 61 per cent providing evidence from other low- and middle-income countries and 13 per cent from other countries. The overall quality of the evidence reviewed is considered to be High. The size of the body of evidence is considered to be Medium-to-High and it is moderately Consistent. Thus, on the balance of these factors, there is a Medium body of evidence connecting BER indirectly with poverty.

BER AND FIRM BEHAVIOUR

Two causal links were explored to examine the means through which BER affects poverty. In the first, BER is considered to directly affect the decisions made by businesspeople leading to increased firm investment. Fifty-four studies were found to address these links. These studies deal with the manner in which BER has affected firm behaviour, such as through registering their business, obtaining a license, registering for tax, dealing with labour laws, and land titling.

Reforms that **simplified business registration and licensing procedures**, reduced the time and cost associated with registration and licensing, but did not significantly impact on unregistered and unlicensed firms. While 12 studies confirmed a positive link between registration and firm performance, reforms were generally not instrumental in encouraging informal enterprise to formalise. One of the reasons for this may be a concern for the tax implications of business registration.

Reform of the **tax system** is a major field of BER that aims to make tax administration more transparent and efficient. Here again, the evidence presented by 11 studies is consistent in positively linking tax registration and payment with firm performance. Reforms in this field have led to an increase in the number of firms that register for tax. However, despite the recognised benefits of formalisation, many firms choose to operate informally in order to avoid the perceived burdens and costs associated with formality.

Because more and better-paid employment is critical to lifting people out of poverty, the role of labour-related BER has been given significant attention. There is strong and consistent evidence presented by the 12 studies assessed that **labour-related BER** affects the decisions of business owners and impacts on poor workers in different ways. However, while all studies identified the increase in costs associated with reforms that strengthen employment protection, not all agree that these costs are negative. The employment effects of increased employment protection vary according to firm size and can reduce the employment opportunities available to young and inexperienced workers.

Nineteen studies were found to consistently confirm an association between property rights and economic growth. Reforms that improve the security of land tenure through **land titling and administration reform** do increase firm-level investment. These reforms increase the likelihood that investments made today can be realised tomorrow, facilitate a more dynamic land market and increase the attractiveness of further investments necessary for broad-based economic growth. However, there is little evidence to link land-titling reform with increased access to credit, as it is often claimed, as there are other factors that affect the performance of financial markets.

BER AND ECONOMIC GROWTH

The second causal link explored examined the evidence on how BER affects economic growth. Twelve studies were found to address this. Researchers are careful about making these outcome claims and while there is strong and consistent evidence on the positive association between the quality of business regulation and economic growth, there is little evidence found that confidently asserts the relationship between BER and economic growth. This is largely due to the wide range of other factors that also affect this relationship.

Many factors come into play when aggregate investment and employment is considered. Unlocking the potential for economic growth certainly requires reform of the businesses environment, but it is likely to require other interventions such as access to finance, improvements in infrastructure, etc. The 'binding constraints' to economic growth are likely to be found in the BE, but also in other areas. Addressing only one element is clearly not enough.

POTENTIAL SUCCESS FACTORS: HOW REFORM AFFECTS LEVELS OF POVERTY

Drawing from the evidence reviewed, this section provides a brief overview of the potential success factors for BER that is designed to reduce poverty in developing economies.

- Integrate BER with macro-economic reforms — a key factor in realising the benefits of macro-reforms is to ensure BER is closely integrated with these programmes.
- Complement reforms with support interventions — attention should be given to issues such as access to finance and information, as well as to labour productivity.
- Pay attention to the BE barriers faced by women — women may not fully benefit from BER in the same way men are and reforms need to be designed, managed and monitored in a gender-sensitive manner.

- Formulate country and culture-specific reforms — there is a clear need for country and culture-specific approaches to BER in which donors take a long-term view, seeking to build consensus among stakeholders in order to ensure that reforms are viewed as legitimate.
- Broaden the scope of desired impact — broaden the scope of impacts that are analysed and include social indicators so as to take into account non-business stakeholders.

CONTENTS

1.0 INTRODUCTION

There has been enormous growth in the amount of literature dealing with the practices and procedures of business environment reform (BER) in recent years, as well as with measuring the outcomes and impacts of these reforms. Increasingly, bilateral and multilateral agencies that support private sector development (PSD) ensure that these programmes contain a component that deals with improvements to the business environment (BE) or investment climate (IC).

BE and IC issues have been recognised as containing critical elements that affect the performance of private enterprises in both the formal and informal economies of developing and transition countries. Reforms in these areas endeavour to promote the development of markets that encourage competition and enhance the effectiveness and sustainability of other development interventions. Indeed, many agencies consider a conducive BE as one of the pre-requisites for economic growth and poverty reduction. For example, a recent evaluation of the World Bank's support for investment climate reform (ICR), the Bank's Independent Evaluation Group (IEG) describes how private firms are at the forefront of the development process providing more than 90 per cent of jobs, supplying goods and services, and representing a significant source of tax revenues. Their "ability to grow, create jobs, and reduce poverty depends critically on a well-functioning investment climate defined as the policy, legal and institutional arrangements underpinning the functioning of markets and the level of transaction costs and risks associated with starting, operating and closing a business" (IEG 2015; ix).

While there are many effects of BER that can be assessed, this REA focuses on the following research question:[1] *What is the evidence on the direct impact of business environment reforms on poverty?* This is one of two REAs commissioned on the subject of BER. The other study focuses on the evidence of the links between BER and investment and the effectiveness of BER and investment facilitation and promotion.[2] This REA seeks to better understand the direct impact of BER on poverty. To comprehend these dynamics and to isolate the factors at work, a conceptual framework was formulated.

1.1 CONCEPTUAL FRAMEWORK

There are a wide variety of terms used by the development, donor and research community working in PSD and investment promotion. In 2008, the Donor Committee for Enterprise Development (DCED), of which DFID is an active member, published guidelines on this topic

[1] The United Kingdom's Department for International Development (DFID) commissioned this Rapid Evidence Assessment (REA) into the effects of BER in order to gain a better understanding of what the published evidence says in this field. The UK Government describes a REA as "a tool for getting on top of the available research evidence on a policy issue, as comprehensively as possible, within the constraints of a given timetable". REAs "provide a balanced assessment of what is already known about a policy or practice issue, by using systematic review methods to search and critically appraise existing research". Such assessments aim to be systematic, rigorous and explicit, while making concessions to the breadth or depth of the process by limiting particular aspects of the systematic review process (UK Government 2014).

[2] See White and Fortune (forthcoming), DFID, London

that sought to create a more precise set of definitions that could be used to demarcate the field. The DCED (2008; 2) defines the 'business environment' as a "complex of policy, legal, institutional, and regulatory conditions that govern business activities. It is a sub-set of the investment climate and includes the administration and enforcement mechanisms established to implement government policy, as well as the institutional arrangements that influence the way key actors operate (e.g., government agencies, regulatory authorities and business membership organisations, civil society organisations, trade unions, etc.)". Applying this definition, the BE has been treated as a sub-set of the IC. However, the term 'investment climate' has raised definitional problems for some time.[3] For the purpose of this assessment of the evidence, the DCED definition outlined above was adopted, while recognising that some authors may refer to the investment climate when describing some or all of these elements.

BER typically focuses on specific 'functional areas' (DCED 2005), such as:

- Simplifying business registration and licensing procedures;
- Improving tax policies and administration;
- Improving labour laws and administration;
- Improving the overall quality of regulatory governance;
- Improving land titles, registers and administration;
- Simplifying and speeding up access to commercial courts and to alternative dispute resolution mechanisms;
- Broadening public-private dialogue processes with a particular focus on including informal operators, especially women;
- Improving access to market information; and
- Enabling better access to finance.

BER is supported by donor and development agencies and undertaken by government because of the significant influence the business environment has on the development of the private sector and therefore "on economic growth and the generation of livelihoods and jobs" (DCED 2008; 3-4). Reforms to the BE are undertaken so that businesses are able to change their behaviours in ways that lead to increased levels of investment and innovation and the creation of more and better jobs.[4] This is done by:

- Reducing business costs. By reducing business costs firms are able to increase profits so that these may be further invested to increase market share so that output and employment is increased;

[3] The *World Development Report 2005* defined the IC as "the set of location-specific factors shaping the opportunities and incentives for firms to invest productively, create jobs, and expand" (World Bank 2004). However, this year, the Bank's Independent Evaluation Group (IEG 2015; 23) defined the IC as "the support for policy, legal, and institutional reforms intended to improve the functioning of markets and reduce transaction costs and risks associated with starting, operating and closing a business in the World Bank Group's client countries" (p. 23). This definition appears to be more closely aligned to the DCED 2005 definition of the business environment.

[4] This definition is consistent with that used by IEG (2015) and OECD (2006).

- Reducing risks and uncertainty. The risks of doing business are reduced by improving the quality and stability of government policies, laws and regulations in order to reduce the cost of capital and increase the number of attractive investments in the market; and
- Increasing competitive pressures. Firms become more competitive by making market entry easier and by stimulating the efficiency and innovating incentives of the market.

Turning, then, to the research question: developing-country governments were found to undertake BER, with support from donor and development agencies, because of the anticipated impact these reforms will have on poverty and other development goals. It is the nature of the relationship between reform and poverty that requires investigation and a clear analytical framework against which the available evidence can be assessed.

In the first instance, it appears clear that the impact BER has on poverty has rarely been presented as a direct one. Most donor and development agencies that support BER suggest that there are a number of links involved in connecting reform with poverty. The *World Development Report 2005* presents a case for the central role of IC reform to growth and poverty reduction and provides a detailed analysis of the transmission mechanisms from IC changes to growth and poverty reduction. More recently, the DCED has formulated a 'Framework for Evidence' on how PSD leads to pro-poor impacts, which also lays out a series of causal links between reform and its effect on poor women and men.[5] Thus, while most agencies have not espoused a formal theory of change that describes how reform *directly* affects poverty, there are a number of causal links that have been put forward, which argue a more indirect impact. These links are discussed below and have been used to frame the focus and scope of the rapid assessment.

CAUSAL LINK 1: BER AND FIRM BEHAVIOUR

In the first causal link between BER and poverty reduction, BER is seen as influencing the behaviour of firms by inducing them to increase investment in a manner that leads to increased employment and the upgrading of plant and equipment, including new technology. Reforms make it easier for firms to increase their share of the market and move into new markets. This encourages firms to invest more and expand their market share. Through this process they become more likely to innovate and become more productive.

The DCED (2015) has described how reforms are typically designed to bring about one or several of the following three *direct* results:

- More firms are encouraged to start-up or register as formal businesses, for example as a result of simplified business registration procedures or tax incentives.
- Firms invest more following the improvement of legislative or regulatory frameworks, or otherwise change their behaviour in ways that are conducive to their business.

[5] For more information see DCED (2015)

- Firms directly increase their sales/turnover or net income, for example through the removal of trade barriers or savings from more efficient licensing and inspections processes.

In addition, increases in firm turnover or profit can be the outcome of one of the following scenarios:

- Formalisation enables businesses to grow in turnover or profit;
- A change in firm behaviour, for example the use of new legal opportunities that allow firms to save money, leads to increased turnover or profit;
- Formalisation allows businesses to become more productive, for example by gaining access to government services, which in turn increases profitability; and
- A change in firm behaviour, such as the investment in new technologies, leads to greater productivity, which in turn increases profitability.

When a business is started, there is a direct and positive impact on employment at the firm level, at the minimum for the entrepreneur him or herself. Moreover, expected or actual increases in firm turnover or profit as a result of business environment reforms can lead firms to expand and employ more people.

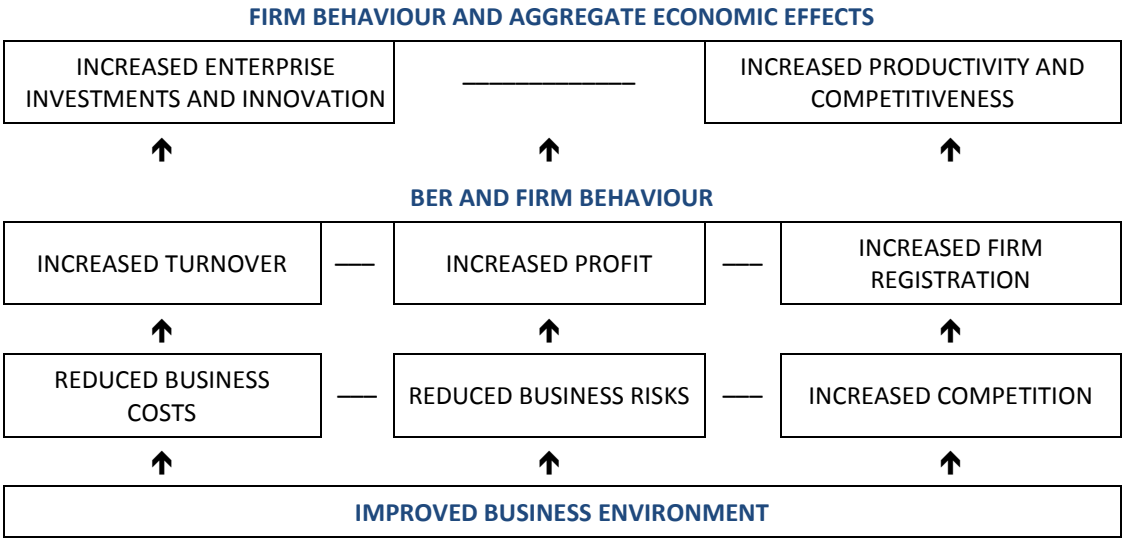
CAUSAL LINK 2: FIRM BEHAVIOUR AND AGGREGATE ECONOMIC EFFECTS

These changes in individual firm behaviour have a broader impact across the economy. The aggregate effect of firm investment leads to economy-wide outcomes, such as higher levels of private investment and increased competitive pressures. These effects lead to increases in economic growth, as measured, for example, by increases in the rate of growth of the Gross Domestic Product (GDP).

In terms of the impact on poverty, the effect of BER on economic growth is seen as contributing to poverty reduction. The links between economic growth and poverty reduction occupies a broad body of literature and goes beyond the scope of this study. However, economic growth is considered an essential prerequisite for poverty reduction. Thus, BER that stimulates growth can have a significant impact on the reduction in poverty. The World Bank's (2004) *World Development Report 2005* argues the rationale for World Bank Group engagement in investment climate activities, which it says rests in the understanding that support to investment climate reforms is an integral part of the Group's efforts to eliminate extreme poverty and boost shared prosperity. A critical element in this dynamic is the complementary role that growth and employment play. The International Labour Organization (ILO 2014) argues, for example, that people who have overcome poverty identify 'finding a paid job' or 'starting a business' as the two most important reasons for this change.

The figure below illustrates these causal linkages, which become the subject of analysis as the evidence that exist between BER and poverty is assessed.

Figure 1: Impact Chain — BER and Poverty Reduction



1.2 REPORT STRUCTURE

This report is structured in the following way: Chapter 2 describes the methodology. It outlines the procedures involved in the search for studies, the application of exclusion and inclusion criteria, the classification of studies, quality assessment and the final synthesis and assessment of the body of evidence. More details on the results of this process are presented in the appendices.

Chapter 3 presents an overview of the body of evidence. It maps the evidence and rates the quality of studies. Chapter 4 presents the findings. It outlines what the evidence says with respect to the effects and impacts of BER. Chapter 5 provides concluding comments and recommendations.

2.0 METHODOLOGY

This rapid assessment followed a systemic process of search and assessment, which is broadly outlined in the DFID (2014) *How To Note*. There were five stages of this assessment:

1. Document search;
2. Application of exclusion criteria to narrow the search results;
3. Classification of studies;
4. Quality assessment; and
5. Synthesis and assessment of the body of evidence.

The details of these steps are described below.

STEP 1: SEARCH

An initial series of Internet searches were used to identify studies that appeared relevant to the research question. These searches were conducted using a variety of search engines and used a specific set of search phrases (see Appendix 1). In the first instance, two databases were searched: Scopus and JSTOR. These databases were selected because they were considered to provide access to academic research that had been published by reputable journals and publications.

In addition, searches were conducted of a number of institutional websites and databases that were deemed to be relevant to the research question. The sites included in these searches were: DCED, DFID, International Alert, International Initiative for Impact Evaluation, Monitoring and Evaluation News, United States Agency for International Development, Microlinks, ILO, Organization for Economic Cooperation and Development (OECD), Brookings World Poverty Institute at Manchester University, and the World Bank and International Finance Corporation (IFC).

A series of broader searches were conducted using Google and Google Scholar. These searches were conducted as a final sweep of possible studies that may not have been found in the previous searches. The search in each site involved a series of common search phrases that were designed to locate studies that would address all or part of the research question (see Appendix 3).

In addition, a 'snowball technique' and manual search of possible leads was undertaken to identify studies that had not been found through the specific search phrases outlined above. This was found necessary to ensure a reasonable sampling of the relevant research.

STEP 2: APPLYING EXCLUSION CRITERIA TO THE RESULTS

The second step involved an initial filtering of the studies identified in Step 1 through the application of specific inclusion and exclusion criteria. In some cases, depending on the capabilities of the search engine, these inclusions and exclusions were applied during the search process. In other cases this was done after the search was completed. The following studies were excluded from the search results:

- Studies published before 2000 (i.e., more than 15 years old);
- Studies based solely on a conceptual thesis (i.e., lacking a clear evidence-based design) and not based upon a solid research foundation; and
- Studies in a language other than English.

Following the application of the above exclusions, a second set of criteria was applied dealing with the geographical coverage of the studies:

1. Include studies covering DFID's 28 priority countries (see Appendix 1);
2. Because the evidence base returned from the above search was too limited, studies covering BER in low and lower-middle income countries generally were included; and
3. Because the evidence base returned from the above search again was too limited, studies on BER in high-income countries containing transferable lessons for BER in DFID's priority countries were included.

As implied by the above procedure, this evidence assessment focused primarily on published studies. However, there were occasions where the search process unearthed so-called 'grey literature' or unpublished studies or work in progress. In instances where these studies met the above criteria, such studies were included in the classification and assessment procedures outlined below.

STEP 3: CLASSIFICATION OF STUDIES

The studies that were collected through Steps 1 and 2 were then appraised to assess their applicability to the research question. This appraisal sought to classify the studies according to the following factors:

- **Geographical coverage:** studies were classified into three categories: DFID Priority Countries, Other Low– and Medium-Income Countries, and Other Countries (i.e., those dealing with developed economies, but with findings that appeared relevant to developing economies).
- **Type of reform covered:** studies were reviewed to identify which elements of BER they address. This would range from a general coverage of BER to coverage that focused on a specific element, such as business licensing, tax administration and trade.
- **Type of study:** three classifications of studies were delineated: Primary Studies, Secondary Studies, and Theoretical Studies.[6]
- **Study design:** this classification sought to identify the nature of the study (e.g., non-experimental, experimental or quasi-experimental studies, macro-level analysis or firm-level surveys, single country analysis or cross-country comparisons).[7]

[6] Primary research studies empirically observe a phenomenon at first hand, collecting, analysing or presenting 'raw' data; Secondary review studies interrogate primary research studies, summarising and interrogating their data and findings; Theoretical or conceptual studies: most studies (primary and secondary) include some discussion of theory, but some focus almost exclusively on the construction of new theories rather than generating, or synthesising empirical data (DFID 2014).

- **Number of cases:** studies were reviewed to determine the number of cases from which data was drawn. This included country case studies where one or more countries were investigated and compared, as well as the number of firms surveyed in a study. This information was used in Step 4.
- **Relevance to the research question:** finally, the studies were reviewed to determine the extent to which they addressed the research question.

Based on the results of this classification process, an assessment was made as to which studies would be excluded and which would move on to the next level of assessment. This decision was based on the following:

- **Type of study:** Primary (P) and Secondary (S) Studies only would be included in the next level of assessment. Theoretical Studies (T) do not provide new evidence that would shed light on the research question and were excluded. However, some Theoretical Studies were examined in order to determine whether or not they contained references to other literature that may be relevant to the study.
- **Relevance to the research question:** only those studies that provided evidence of relevance to the research question were selected for the next level of review. There were a significant number of studies that referred BER and poverty, but did not provide evidence on the link between the two. On this basis, these studies were excluded from further assessment.

While in some cases it was possible to make these assessments using study abstracts, in the majority of cases the full studies were obtained and reviewed.

STEP 4: QUALITY ASSESSMENT

Each of the studies classified for inclusion in Step 3 were then assessed for quality in order to ensure the study is relevant and that its findings are reliable. Drawing from DFID's *How To Note*, the following criteria were selected for assessing the quality of the research presented in each study:

- Conceptual framing: Does the study acknowledge existing research? Does the study construct a conceptual framework? Does the study pose a research question or outline a hypothesis?
- Appropriateness: Does the study identify a research design? Does the study identify a research method? Does the study demonstrate why the chosen design and method are well suited to the research question?
- Transparency: Does the study present or link to the raw data it analyses? What is the geography/context in which the study was conducted? Does the study declare sources of support/funding?[8]

[7] For full details, refer to DFID (2014).

[8] Research that is funded by an agency, such as DFID or the World Bank, may be considered transparent, but the neutrality of the study may be questioned.

- Reliability: To what extent are the measures used in the study stable? To what extent are the measures used in the study internally reliable? To what extent are the findings likely to be sensitive/changeable depending on the analytical technique used?

Each study was assessed on the above four criteria using a score of 0-5, where high scores are attributed to better performance. Thus, each paper was given a final quality score out of a maximum score of 20 for a well-designed and conducted research study. The results of the above scoring were captured by the classification of each study into three categories. See the table below.

Table 1: Classification of individual study quality

Quality Classification	Score Range
High Quality [↑]	14-20
Medium Quality [→]	7-13
Low Quality [↓]	0-6

STEP 5: SYNTHESIS AND ASSESSMENT OF THE BODY OF EVIDENCE

The final step in the process of evidence assessment was to consider the overall body of evidence and how it addresses the research question. This includes an assessment of its quality, size, context, and consistency.

As the quality of each study was assessed in Step 4, above, this step involves an assessment of the overall quality of the studies reviewed. This requires a consolidated assessment of all individual studies to determine whether, as a whole, they are:

- High Quality: This is where many or a large majority of the studies reviewed are considered to be of a high quality, demonstrating adherence to the principles of research quality.
- Moderate Quality: This is where approximately half of the studies reviewed are of a moderate quality, as assessed according to the principles of research quality.
- Low Quality: This is where many or a large majority of the studies reviewed are considered to be of a low quality, showing significant deficiencies in adherence to the principles of quality.

The size of the body of evidence involves an assessment of the number of studies that address the research question and the extent to which the findings of one study have been replicated or corroborated by others. Table 2, below, provides the thresholds for determining the size of the body of evidence and classifying this as Large, Medium or Small.

Table 2: Body of evidence; size thresholds

Number of Studies	Size category
1 to 39	Small
40 to 79	Medium
80 or more	High

The context of the body of evidence refers to its specificity. While some evidence relates to a highly specific set of countries or reforms, others may have a more global benefit. Ideally, there is a convincing body of evidence on the relationship between BER and poverty both globally and in the context of particular interest.

Finally, the consistency of the body of evidence is measured. The table below defines the manner in which the body of evidence can be classified as Consistent, Inconsistent or Mixed.

Table 3: Consistency categories

Consistency	Definition
Consistent	A range of studies point to identical, or similar conclusions.
Inconsistent	One study or more directly refutes or contest the findings of another study or studies carried out in the same context or under the same conditions.
Mixed	Studies based on a variety of different designs or methods, applied in a range of contexts, have produced results that contrast with those of another study.

SOURCE: DFID (2014) Assessing the Strength of Evidence; How to Note, March, DFID, London, p. 18

Finally, the strength of the body of evidence is synthesised using the four dimensions described above in order to classify the evidence into one of five categories:

- Very Strong Evidence: Where there is a high quality body of evidence, large in size, consistent, and contextually relevant.
- Strong Evidence: Where there is a high quality body of evidence, large or medium in size, highly or moderately consistent, and contextually relevant.
- Medium Evidence: Where there are moderate quality studies, medium size evidence body, and moderate level of consistency. Studies may or may not be contextually relevant.
- Limited Evidence: Where the quality of the studies is deemed to be moderate-to-low, medium size evidence body, low levels of consistency. Studies may or may not be contextually relevant.
- No Evidence: Where there are few or no studies that address the research question.

This synthesis and assessment leads to a review of the research question and the conceptual framework used to describe the nature and context of the question. The collated evidence is then organised based on the conceptual framework, which is refined if necessary. Here the patterns in the data are explored and the overall findings are synthesised, checking for quality, sensitivity, coherence, and relevance. Chapter 3 provides the results of this analysis.

LIMITATIONS

The REA, as outlined in DFID (2014), applies a rigid, structured method of document identification and assessment. This is designed to rapidly cover a wide range of literature in order to assess the quality, consistency and strength of the evidence available to answer the research question. In applying the specified search phrases and protocols described above, this assessment is reliant upon the efficacy of the search engines employed for this purpose. To address this limitation, a number of search engines were used and a wide range of search phrases applied in order to spread a broad net. While the strict application of the REA search does not allow for the collection of any study identified outside of the defined protocol for fear this would bias the results, a 'snowball technique' was undertaken in the latter stages of the assessment, along with a series of specific, manual searches. This helped to identify a broader range of studies that would otherwise have been overlooked. However, the evidence presented here is not a broader review of the literature. Instead, it is the result of the application of a structured procedure for identifying and assessing evidence found through publicly available search engines using an objective and logical framework.

3.0 THE EVIDENCE MAP

This chapter provides a general overview of the nature of the evidence found on how BER directly affects poverty. The evidence is mapped and the initial classification of the identified studies is presented, including the results of the quality assessment and the overall results this has on the body of evidence that deals with this research question.

The search for studies produced an initial collection of 176 studies. These studies were then classified based on their geographic coverage and study type. The most relevant of these were selected for quality assessment. The table below presents an overview of the number of studies falling within these categories.

Table 4: Summary of studies identified and classified

Total studies identified in search:		**176**	
Studies rejected as immediately irrelevant:		**7**	
	Study Type	**No. of Studies**	**No. Selected for QA**
DFID Priority Countries	Primary [P]	24	12
	Secondary [S]	21	11
	Theoretical [T]	12	0
	Sub-Total	**57**	**23**
Low- and Medium Income Countries	Primary [P]	32	32
	Secondary [S]	32	22
	Theoretical [T]	35	0
	Sub-Total	**99**	**54**
Other Countries	Primary [P]	5	5
	Secondary [S]	8	7
	Theoretical [T]	7	0
	Sub-Total	**20**	**12**
	TOTALS	**176**	**89**

As the above table illustrates, 85 studies identified through the search procedure were not selected for quality assessment. This is primarily because they did not provide evidence that was relevant to the research question or because, as in the case of papers found to be Theoretical Studies, did not present any new evidence.

When examining the body of evidence assessed for this research question, the quality, size, context and consistency of the collection of studies were considered.

A total of 89 studies were assessed for quality using the four criteria described in Chapter 2, i.e., conceptual framing, appropriateness, transparency, and reliability. Of these, 65 were considered to be High Quality, i.e., with a score ranging from 14 to 20, and 24 were

considered to be Medium Quality, i.e., with a score ranging from 7 to 13. See Table 1, Appendix 2. On this basis, the **quality of the body of evidence** is judged to be High.

With 89 High and Medium Quality studies found, the overall size of the evidence is quite good. The total number of studies over the last 15 years that were found to address the research question were scattered over the world, with some countries getting significantly more attention than others. Thus, the **size of the body of evidence** is judged to be Medium-to-High, based on the thresholds presented in the previous chapter.

The **context of the evidence reviewed is broad**. Tables 2 and 3 in Appendix 2 provide an overview on the distribution of the evidence reviewed. These provide an overview of the studies that specifically focused on the three country categories. Overall, 26 per cent of the studies focused on Priority Countries, 61 per cent on Low-Income and Medium Countries, and 13 per cent on Other Countries.

The evidence overall was fairly consistent in that there was little evidence found that directly contradicted other studies. However, the evidence is also somewhat fragmented in that there were few examples of repeat studies designed to confirm other studies. In many cases, the evidence was spread across a range of BER concerns. Based on the table presented in Chapter 2, **the consistency of the body of evidence is estimated to be moderately Consistent**.[9]

In summary, roughly half of studies were selected from the initial search results based on their relevance to the research question. Seventy-three per cent were considered to be High Quality. Thus, the overall quality is considered to be High. The size of the body of evidence is considered to be Medium-to-High and its consistency is moderately Consistent. Thus, on the balance of these factors, there is a **Medium Body of Evidence** connecting BER with poverty.

[9] That is, the "range of studies point to identical, or similar conclusions" (DFID 2014).

4.0 MAIN FINDINGS

In Chapter 1, a conceptual framework for understanding the theory of change in respect of BER and poverty reduction was constructed. This was informed by various agency rationales and strategies for supporting BER in developing economies. Using the evidence collated and reviewed for this assessment, the conceptual framework is applied in order to establish what the evidence says.

As indicated in the conceptual overview, the links between BER and poverty reduction are not direct. This has been borne out in the search for evidence, which has been unable to locate a single study that attempts to present evidence of a *direct* link between BER and poverty reduction. Instead, there is evidence on the links or channels through which BER has been found to *contribute* to poverty reduction. Fifty-four studies were found to address the issues contained in the first level of the causal impact change. These studies deal with the manner in which BER has affected firm behaviour, such as through registering their business, obtaining a license or registering for tax. Twelve studies were found to address the second level of impact, dealing with the effect of BER on the broader economy. These findings are presented in the sections that follow.

The links between economic growth and poverty reduction occupies a broad body of literature and goes beyond the scope of this study. However, there is strong evidence to show how broad economic reforms indirectly spur growth and lead to poverty reduction.[10] The extent to which BER has been found to contribute to poverty reducing outcomes (i.e., the first to causal links) is discussed in the remainder of this report.

Poverty is a multidimensional phenomenon that goes beyond simple measures of income and consumption (see OECD 2001, 2013). However, this review of the evidence has sought a definition that is connected with the main focus of BER: increasing investment (first causal link) and economic growth (second causal link). Thus, it has focused on income and employment indicators. Within this context the overall effect of increased income on poverty levels is relevant, such as the proportion of the population living on less than one US dollar a day. The problem is that not all studies examining this question employ the same definition. For example, Berg and Kreuger (2003 S↑) examined the per capita income, while Minot & Goletti (2000 S↑) and Dollar (2002 S→) focused on per capita calorific intake, and Topolova (2010 S↑) considered wider household characteristics. Despite this variation, most

[10] This REA identified seven High and Medium Quality studies that specifically addressed this topic. Besley and Cord (2007 S↑) and World Bank (2005 S→) present cross-country data that links economic growth with the speed of poverty reduction and pro-poor effects. While these and many other studies confirm that broad-based growth is critical to accelerating poverty reduction, they also acknowledge that income inequality effects the pace at which growth reduces poverty. Other national, macro-level studies show broad economic reforms have reduced poverty, such as in Vietnam (Dollar 2002 S→ and Schaumburg-Müller 2005 S→) and India (Bhanumurthy and Mitra 2004 P↑, Topoleva 2010 S↑). At the micro-level, the relationship is less clear: Beck and Demirgüç-Kunt (2004 S→) explore cross-country evidence of the relationship between the size of the small and medium enterprise (SME) sector and economic growth and poverty reduction and find that SMEs do not cause economic growth or reduce poverty. They do provide qualified evidence that an effective BE causes growth, although the results do not show that a good BE has an effect on poverty reduction beyond its positive effect on GDP per capita growth.

of the evidence dealing with the effect BER has on poverty, via the outcomes examined below. Thus, this REA focuses on the poverty impacts of BER in terms of increasing incomes and employment. Any variations to this are identified in the discussion.

4.1 BER AND FIRM BEHAVIOUR

The first causal link, presented in Chapter 1, focuses on the manner in which BER influences the behaviour of firms. Through reforms that reduce compliance costs and risks, and remove barriers to market entry, firms change their behaviour by increasing their levels of investment, expanding their share of the market and becoming more productive. These improvements in firm performance contribute to increased incomes and employment for business owners and their workers.

The evidence that deals with these reforms covers four areas:

- Simplification of business registration and licensing procedures;
- Tax policies and administration reform;
- Improvement of labour laws and administration systems; and
- Land titles, registers and administration reform.

Not all studies treat these reforms as part of a recognised BER programme. While improvements to business registration and licensing are a common BER issue, tax, labour and land reform can often have a different focus in the literature. Indeed, tax, labour and land reform are extremely broad fields, containing a wide range of literature, which is referred to below where relevant. This REA has sought to identify the range of evidence available within each of these fields and to distil the key empirical findings, while directing the reader to other publications that provide a fuller review of the evidence.

4.1.1 SIMPLIFICATION OF BUSINESS REGISTRATION AND LICENSING PROCEDURES

The most direct and compelling evidence on this topic examines the impact of business and licensing reforms on firm behaviour. Seven High Quality studies examined business registration and licensing reforms in Mexico, Peru and Uganda. This evidence shows an impact of these reforms on firm investment as measured by the increasing number of firms that use the new, simplified systems, although the scale of this impact is generally small.

- In an evaluation of an IFC project designed to reform the administrative process for obtaining a business license in one of the 44 districts of metropolitan Lima, Warner (2012 P↑) confirmed the results of two other evaluations, including Fajnzylber and Montes-Rojas (2011 S↑) and Monteiro and Assunção (2012 S↑). They found that license simplification and cost reductions in Peru did in fact lead to greater registration. These reforms reduced costs and procedures, which in turn led to an increase in registrations. However, there was no evidence this led to higher average revenues, profits per worker or employment.

- In Mexico Bruhn (2011 P↑) studied the impact of a business registration reform programme, known as the Rapid Business Opening System. The simplified local business registration procedures reduced the time required to register an enterprise at the municipal level from 30 to two days. Her analysis of national employment survey data across different municipalities shows that the reform increased the number of formal business owners by only five per cent. Kaplan, et.al., (2011 P↑) confirm this. Most of the businesses using the new system were owned by people who were formally waged employees, while informal businesses tended to remain inform, i.e., unregistered. In a later study, Bruhn (2013 P↑) finds these reforms had little impact on formalisation, but did encourage former wage earners to open new formal businesses, which freed up wage jobs and creating additional formal jobs.
- In an assessment of a trade licensing reform programme in Entebbe, Uganda, Ellis, et.al., (2006 S↑) report that this reform reduced time spent on registering a business by 90 per cent and compliance costs by 75 per cent, while local revenue collection increased by 40 per cent. The effect on enterprise performance was not assessed. They found that women respond well to simplified, speedy procedures and will come into compliance once it becomes feasible for them to do so.

Bruhn and McKenzie (2013 S→) review the randomised and non-experimental studies dealing with the causal effect of policies to promote firm formalisation. They found that efforts to lower the cost of registration and simplify the registration process did not affect small informal enterprises. Most informal firms are "making what is a privately optimal decision" to remain unregistered. Reforms in this field lower the cost and complexity of business registration and licensing, which is an important, but not sufficient, step toward increasing firm investment. Thus, improving business licensing and registration does not appear to work as a strategy for formalisation, at least in terms of the number of businesses registered and licensed. This was reported by Warner (2012 P↑), Fajnzylber and Montes-Rojas (2011 S↑), Monteiro and Assunção (2012 S↑), Bruhn (2011 P↑, 2013 P↑) and Kaplan, *et.al.,* (2011 P↑), cited above. The IFC (2013; 46 S→) suggest that other efforts are needed to bolster the intended outcomes of business registration and licensing reform: "business entry reforms work best when complemented with other investment climate reforms".

The other evidence draws from six High Quality studies that examine the link between business performance and registration and licensing. This evidence is not based on reforms, but on the associations found between registration and investment, as measured by firm performance (e.g., increasing sales, profits or employment levels).

- In Sri Lanka De Mel, et.al., (2012 P↑) show how firms become formal as the benefits related to registration increase. In a field experiment it was found that simply reimbursing the direct costs of registration had no effect on formalisation. Yet, 20 per cent of firms registered when offered an amount equivalent to between one-half and one month of the median firm's profits, and 47 per cent registered when offered payments corresponding to two months of the median firm's profits. In follow-up surveys, firms that formalised were found to have higher profits. However,

this result was driven by a few fast-growing firms. Formalising was found to have no effect on the profits of the majority of firms.

- Boly (2015a S↑) surveyed 2,500 firms in Vietnam to investigate the process of firm formalisation. His results show that becoming formal leads to an increase in profits, value added and revenue, in total amount or per employee. Formalisation was also found to be beneficial for firms, irrespective of their size. While the benefits of formalisation were found to materialise in the short term, they also persisted over time. The benefits of formalisation run through better access to improved equipment, a larger customer base, advertising, and business association membership; interestingly, not through improved access to credit.
- Deininger, et.al., (2007 P↑) present the case of Sri Lanka's rural non-farm business sector surveying 1,327 rural enterprises and 1,046 households. Although regulatory constraints are not mentioned as a key concern by existing enterprises, they find the "time needed to complete company registration, the only variable which one would expect to affect start-ups differently from existing enterprises", is indeed "significant and negative". Thus, if the registration process could be simplified by reducing time taken to complete registration from the current level of 19 days to four days, "the probability for an average rural household to start-up a new enterprise would be 1.5 per cent higher".
- McCulloch, et.al., (2010 S↑) use data from the Indonesian Rural Investment Climate Survey of non-farm household enterprises, conducted in six districts in 2006. Comparing between informal and formal firms (i.e., those with at least one local business license, they find that licensing does provide advantages in terms of reduced tax and corruption payments.
- Ellis, et.al., (2007 S↑) find that women in Kenya face more severe legal, regulatory, and administrative barriers to starting and running businesses than do their male counterparts and that reducing these would disproportionately benefit women.

STRENGTH OF THE EVIDENCE

There were 12 studies that provide evidence on how reforms that simplify business registration and licensing procedures affect firm behaviour (see Table 4, Appendix 2). Seven of these are High Quality studies that assessed the actual impact of reforms, while the other five High and Medium Quality studies found an association between registration and formalisation. Overall, there is strong evidence to suggest that the anticipated benefits of business registration and licensing reform are often overstated. These reforms have not had a significant impact on the formalisation of informal firms. While such reforms have some impact on the decisions of business owners to register, there are other considerations and influences that affect the scale of impact of these reforms. The issue of tax reform and tax registration, discussed below, may be relevant in this regard.

4.1.2 TAX POLICIES AND ADMINISTRATION REFORM

Tax-related BER has also been found to influence firm behaviour. There are a number of dimensions to these kinds of reforms. This includes taxes on individuals (i.e., salaries, earnings), business, value-added tax (VAT), imports and exports, as well as taxes applied to specific business activities or sectors. This is a major field of reform in itself and studies by Joshi, *et.al.,* (2014 S→) and Carter (2013 S→) provide a broad overview of the available evidence. For the purposes of this discussion, attention is given to BER that affects the decisions of business owners to register for tax and meet their business tax obligations. This concerns tax reforms that specifically affect micro-enterprises, small and medium-sized enterprises (SMEs) and informal enterprises (i.e., those not registered with the tax authority).

Tax administration reform aims to make tax administration more transparent and efficient, and may encompass efforts to broaden the tax net to include firms that were previously excluded or exempted. Beyond this, tax reform may include the adjustment of tax rates and the use of incentive instruments. The focus is on how tax policy and administration influence firm behaviour in ways that lead to investment, which includes the decision of business owners to formalise their firm by registering with the tax office.

Only one study was found measuring the impact of a specific tax reform: Fajnzylber and Montes-Rojas (2011 S↑) examined the effect of tax reform in Brazil, which were found to reduce the tax burden on small, eligible firms by about eight per cent and changed firm behaviour: more firms registered for tax and formalised so as to benefit from the reform.[11] Both the existing and newly created firms that opted to operate in the formal sector had higher revenues and profits, and employed more workers. This was found to lead to an overall employment increase of 12 per cent.[12]

Five studies were found linking tax registration and payment with firm performance. The evidence finds that reforms to streamline and improve tax administration do influence firm behaviour, i.e., more firms are likely to register for tax as a result of the reform effort:

- In Vietnam, Rand and Torm (2012 P↑) examine informality as defined by those firms that are not registered to pay tax and do not have an official tax number. Using

[11] In 1996, Brazil introduced a business tax reduction and simplification scheme, known as 'SIMPLES', for micro and small firms. The programme sought to help small, unskilled labour intensive firms compete more effectively with larger enterprises. The new system allowed firms to substitute a fixed and relatively low percentage of total revenues for the standard payroll contribution, which led to lower labour costs. This created a strong incentive to hire new employees or to legalise existing labour relationships.

[12] While Fajnzylber and Montes-Rojas (2011 S↑) found that it is possible to increase levels of registration through reforms such as these — reforms that lead to much higher firm revenues, employment and profits — it unclear which reforms were behind these effects. Whether these results were a consequence of reduced registration costs, reductions in the number of transactions or the overall level of taxation on labour was not found to be clear. Indeed, other factors, such as the information campaign that surrounded the launching of these reforms, may have performed a significant, but as yet unmeasured, role.

survey data of household enterprises (2007, 2009) they find that becoming officially registered leads to an increase in firm gross profits and investments.

- Boly's (2015b S↑) Vietnam survey examined the impact of "switching" behaviour, where informal firms switch to become formal. He found that firms that switch from informal to formal pay less tax and have a lower probability to do so, compared to non-switching formal firms. He suggests that, as an implication, governments should adjust their tax collection provisions downward if using incumbent formal firms as the reference group. Furthermore, the costs of bringing informal sector firms into the tax net should be taken into account.
- Fajnzylber, et.al., (2009 S↑) examined micro enterprise survey data from the 1990s in Mexico and found that registering for and paying tax significantly improved firm profitability: "on average for those complying, paying taxes is not detrimental and something to be evaded, but actually improves firm performance". Other factors assessed included access to credit, training, and participation in business associations.
- Kenyon and Kapaz (2005 P↑) use data from the World Bank's Investment Climate Survey (i.e., 1,600 firms surveyed in 2003) in Brazil to show that firms that avoid paying tax by not registering are less productive and less likely to access financial markets than other firms.
- McKenzie and Sakho (2010 P↑) examine micro-enterprises in Bolivia, using distance from the tax office as an instrument for informality, in an effort to establish the causal role of formalisation. They find that formalisation, in the form of registration with the tax authorities, increases firm profitability, but only for mid-sized firms.

In its summary of findings, IFC (2013 S→) argues that a streamlined tax system can increase the number of firms in the formal economy, facilitate investment, widen the tax base, and rationalise a company's tax compliance cost. In addition to finding that an inefficient tax administration (e.g., multiple taxes, cumbersome procedures and high compliance costs) imposes significant constraints on businesses, in particular for SMEs, it highlights the importance of undertaking reforms to adjust different tax rates for companies, or to modernise and rationalise the tax system and administration, including the adoption of electronic tax payment portals.

BER largely focuses on the nature of tax systems, rather than tax rates. However, there is discussion regarding the impact changing rates and tax incentives have on firm investment. The evidence is unclear, especially with regard to how tax rates and incentives affect firms in developing economies:

- Djankov, et.al., (2010 P↑) examine corporate tax rates across 85 countries (i.e., 27 high income, 19 upper-middle income, 21 lower-middle income, and 18 low income countries) and find that the level of corporate tax directly affects the levels of investment, the number of business starting up (i.e., entrepreneurship) and the size of the informal economy. The higher the corporate tax rate, the lower the number of business start-ups and the larger the informal economy. Higher tax rates had a

greater adverse impact on manufacturing than service enterprises, while led to greater use of debt finance over equity.

- A study of the United States by Prillaman and Meier (2014 S↑) examined business tax incentives in 50 states, using multiple regression techniques, which found that tax incentives to business had been unhelpful in stimulating economic growth. Further, tax reductions could actually be harmful to state economies by reducing tax revenues and the ability of government to provide necessary public services. While this study may hold little relevance to tax systems in developing economies, where the cost of taxes is only a small percentage of the costs of production, it was interesting to note that in the state of Alabama in 2009 business taxes were only 1.89 per cent of total corporate revenues.[13]

STRENGTH OF THE EVIDENCE

Eleven High Quality studies were found to provide strong and consistent evidence on how tax-related BER affects firm behaviour (see Table 4, Appendix 2), confirming that tax reforms have led to an increase in the number of firms that register for tax. While many firms choose to operate informally in order to avoid the perceived burdens and costs associated with formality, and in particular tax, the evidence suggests that formalisation may have significant benefits for growth, or, at least may not hinder growth.

4.1.3 IMPROVEMENT OF LABOUR LAWS AND ADMINISTRATION SYSTEMS

Much has been written on the role of public and private sector employment in reducing poverty and the role of employment policy in stimulating sector productivity.[14] This REA is principally concerned with BER that affects the investment decisions of businesspeople, in this case based on changes to the laws and regulations governing labour. Reforms to the labour regime include minimum wage and employment protection legislation. The IFC (2013 S→) *Jobs Study* and the World Bank (2013 S→) *World Development Report 2013: Jobs*, including the background paper to this report prepared by Inchauste (2013 S→) provide information that synthesises existing research and covers a wide range of labour-related reforms that affect firm-level investment. Betcherman (2014 S→) provides an additional useful and recent review of the literature, while Berg and Kucera (2008 S→) provide an important perspective and overview based on the work of the ILO, which contrasts somewhat with the frameworks applied by the World Bank Group.

All of the studies reviewed agree that more and better-paid employment is critical to lifting people out of poverty. However, there is some contestation around the ways in which this can be achieved. Indeed, as with other aspects of BER presented in this report, the link

[13] Cuts to business taxes also appear to have little or no effect on poverty. This is because a major cost of tax cuts of any kind is the diminished ability for the state to provide public services. Prillaman and Meier (2014 S↑) also argued that tax increases "retard growth if the revenue is used to fund transfer payments" but increase growth when it is used to increase public services.

[14] See, for example, Gutierrez, et.al., (2007) who analyse how the employment and productivity profile of growth and its sector patterns are correlated with poverty reduction.

between labour-related BER and poverty reduction is not direct. For example Berg and Cazes (2008 S↑) raised concerns about the way in which the World Bank's *Doing Business* reports were treating labour laws and regulations, which were largely casting these as unnecessary costs or burdens on business growth.[15] In 2009, the World Bank suspended the inclusion of the Employing Workers Indicator from the *Doing Business* assessments. The Bank has since sought to adopt a more comprehensive approach to labour-market policy and law. Indeed, the 2013 report of the Independent Panel Review of the Doing Business Report has proposed additional indicators be included in the *Doing Business* assessments, such as prescribed hours of work, rest and leave provisions, minimum wages, protections against dismissal, occupational health and safety requirements, social protection and respect for basic labour standards could be considered.

Three studies used large cross-country macro-level data to investigate the impact of labour market reform on the levels of unemployment and employment, coming to differing conclusions on the impact of labour market flexibility on levels of unemployment. Bernal-Verdugo, *et.al.,* (2012a P→, 2012b P→) and Crivelli, *et.al.,* (2012 P→) examined the impact of large-scale, gradual reforms on labour market institutions and found that more flexible labour markets are negatively associated with unemployment and positively associated with employment elasticity. Furceri (2012 P→), reporting on the case of Algeria, analysed macro-level data and found that Algeria's rigid labour market, both in absolute and relative terms (i.e., when compared with other emerging economies) is 'one of the reasons' behind the high levels of unemployment. However, these results are strongly refuted by Aleksynska (2014 S↑) who criticises the methods and data sources used. She argues for further research to "properly understand the role of hiring and firing regulations, as well as the impact of their reforms on unemployment, particularly at times of crises".

The following studies examine relationship between the first type of labour market reform assessed in this REA, the introduction of minimum wages, and levels of employment in the private sector:

- Rama (2001 P↑) evaluates the effects of minimum wage increases on employment and labour productivity across the 27 Indonesian provinces and found a ten per cent increase in average wages led to a two per cent decrease in wage employment, and a five per cent decrease in investment. The decrease in employment appears to be considerable in small firms, but wage employment may actually increase in large firms (especially in the manufacturing sector) where labour is more unionised and where wage increases can defuse industrial tensions.
- Still in Indonesia, Alatas and Cameron (2003 P↑) survey medium and large firms (i.e., more than 20 employees) to examine the impact of increases in minimum wages on employment between 1990 and 1996. They argue that while the link between minimum wages and employment has been well established in developed economies, there is very little micro-level data to examine minimum wage impacts in developing countries. They found there was no evidence of relocation in response

[15] For a fuller discussion of these issues see: Berg, J. and D. Kucera (2008).

to the minimum wage increases; increases in minimum wage were not associated with reduced employment in either domestic or foreign medium and large firms. While there was some evidence that these changes negatively affected employment in small firms, this finding was not robust and further research was required.

- Hampwaye and Jeppesen (2014 P→) studied the effect of state-business relations in Zambia and found that labour laws were major concerns for food processing firms and, in particular, the minimum wage regulation of 2012. However, this study did not measure the impact of labour laws on business.

The studies on employment protection legislation, the second type labour market reform considered in this REA, are far from conclusive. Across six cross-country assessments and five national studies (described below), the evidence of the impact is unclear. While some studies show that reforms to increase protection to workers inflate the cost on employment and thereby reduce firm investment on employment, others find this effect is negligible.

The following studies provide cross-country comparisons of employment protection legislation:

- Gatti, et.al., (2013 S→) present a collection of research on the Middle East, North Africa region, published as a regional companion to the World Development Report 2013: Jobs, which provides evidence demonstrating limited labour reallocation toward more productive jobs. Two factors contribute to this "mobility deficit": high-value-added jobs are in limited supply and strict labour regulation prevents employers from dismissing workers in response to business needs. As a result, few vacancies are likely to open at any point in time, giving incentives to those who obtain jobs early in life to stay in them for long periods and to those who do not to queue for an opening.
- In a large volume presenting a range of micro-level data on the effects of labour law on employment in Latin America, much of which was conducted and published in the 1990s, Heckman and Pagés (2004 S→) find that labour market regulations are an "inequality-increasing mechanism", because they create the conditions in which some workers (i.e., those in well established firms with good conditions) benefit while many others are hurt. Regulation acts unevenly across different groups in society: young, uneducated and rural workers are much less likely to enjoy coverage than older, skilled, and urban workers.
- Haltiwanger, et.al., (2008 S↑) draw from a harmonised and integrated firm-level dataset covering 16 developed, emerging and transition economies in Eastern Europe to explore the industry and size dimensions of the job flows that relate to institutional differences across countries. They find that the consistent enforcement of stringent hiring and firing regulations reduce job turnover. Stringent labour regulations mainly affect the entry and exit of firms and their associated job creation and destruction.
- Botero, et.al., (2003 S↑) study the regulation of labour markets through employment laws, collective bargaining laws and social security laws in 85 countries and find that richer countries regulate labour less than poorer countries, although they have more

generous social security systems. Stronger labour regulation was found to be associated with a larger informal economy, lower labour force participation, and higher unemployment, especially of the young.

- Campos and Nugent (2012 S→) develop an index that captures the rigidity of employment protection legislation in some 140 countries over time starting in 1960. They found that increasing rigidity in employment protection legislation does not systematically affect economic growth. However, these reforms were found to reduce wage inequality.
- Drawing from a three-year, cross-country study covering Bangladesh, India, Nepal and Sri Lanka, which included enterprise surveys, White (2014 P→) found that labour laws had little impact on enterprise growth within the micro and small enterprise sector. While these countries have introduced thresholds that limit the full application of the labour law based on enterprise size (i.e., firms below a certain size are exempt from various provisions of the labour law), these thresholds did not appear to affect the performance of firms. Whether through a lack of awareness of these provisions or poor implementation of the law, enterprise growth was not affected.

The studies below present evidence from single-country research (Brazil, Chile, India, and China) on employment protection legislation:

- Using a combination of firm level and administrative data, Almeida and Carneiro (2009 P↑) study the case of Brazil and the role of labour enforcement (i.e., inspections and fines) on firms. They found that stricter enforcement reduces the access firms have to unregulated labour, which can increase labour costs. This was found to be negatively associated with wages, productivity and investment.
- Studying reforms to employment protection legislation in Chile and using national manufacturing census data covering a 17-year period, Petrin and Sivadasan (2006 P↑) found that strict laws around the firing of workers does impose a higher cost on the economy, but were unable to identify a significant impact on employment levels.
- Besley and Burgess (2004 P↑) examined the relationship between regulation and development in India and found that 'pro-worker' labour reforms tended to reduce investment flows and did not translate to better employment outcomes for workers. The paper finds "little evidence that pro-worker labour market regulations have actually promoted the interests of labour and, more worryingly, that they have been a constraint on growth and poverty alleviation".
- Ahsan and Pagés (2008 P→) look further at reforms that increased employment protection and the cost of labour disputes in India, using data from Besley and Burgess (2004 P↑) and other mixed sources, to find that these reforms substantially reduced formal sector employment and output. These reforms also did not increase the share of value added that goes to labour and, it is concluded, did not benefit workers.
- Xu (2010; 18 S→) asserts that existing cross-country studies on labour regulations cannot offer much policy guidance for developing countries. However, he asserts that recent firm-level studies of labour regulations in developing countries suggest

that labour flexibility facilitates faster factor adjustments, and a more efficient distribution in firm sizes. Evidence from China shows that labour flexibility improves firm performance (e.g., sales growth, investment rate and employment growth).

STRENGTH OF THE EVIDENCE

Twelve High and Medium Quality studies have presented strong and consistent evidence that labour-related BER affects the decisions of business owners and impacts on poor workers in different ways (see Table 4, Appendix 2). All of these studies identified the increase in costs associated with reforms that strengthen employment protection. While reform improves the conditions for workers in large, well-established firms, it can have adverse effects on the volume of employment offered by SMEs and can reduce the employment opportunities available to young and inexperienced workers. However, there is great contestation regarding the way research in this field is framed and, as a result, more evidence is required to better understand the relationship between labour-related BER, firm behaviour and poverty reduction.

4.1.4 LAND TITLES, REGISTERS AND ADMINISTRATION REFORM

There is a large body of literature dealing with land reform and development. Indeed, the breadth of this literature requires more attention than can be given in this REA where the focus largely will be on the links between land titling reform and firm investment, and land titling reform and access to credit.[16] Land titling and administration reform is closely connected with the role of property rights in development.[17] There have been many theoretical and macro-level studies that present the relationship between improved property rights, economic growth and poverty reduction.[18] This evidence was recently reviewed by DFID (2014 S→), which found "a medium-sized body of high-quality evidence" supporting an association between secure property rights and long-term economic growth. In the most part, the focus of these reforms is on formalising land titles and improving the registration and administration systems. However, not all agree that formalisation is the solution. Bromley (2009 S→) critiques these claims and provides a secondary analysis of the literature to argue that the focus on formalisation is misplaced: poor people are not poor because they don't own the land, but because of a broader set of "flawed economic policies". He argues there is very little empirical evidence linking the formalisation of land titles to poverty reduction and that land tenure reform should not be elevated above other

[16] Readers are directed to other publications that provide a more thorough overview of the literature in this field: DFID (2014) and USAID (2014).

[17] While the concept of 'property rights' is broad, referring, as North (1990) suggests, to "the rights individuals appropriate over their own labour and the goods and services they possess", this REA focuses on the control people have over immobile, fixed assets, specifically land and buildings.

[18] Authors such as De Soto (2000) have long argued that household property rights and formal land titles have a significant impact on capital formation and poverty. Acemoglu, *et.al.,* (2001) have shown the importance of property rights and good institutions, while Acemoglu and Johnson (2005) find that good 'property rights institutions' have a "first-order effect on long-run economic growth, investment, and financial development".

policy reform priorities. This view is supported by Payne, *et.al.,* (2009 S→) and Cousins *et.al.,* (2005 P→).

In a policy brief presenting wide-ranging research USAID (2014 S→) identifies four mechanisms that link rural land tenure and property rights to economic growth. Tenure rights were found to: increase the likelihood that farmers making investments in the present will be able to enjoy the returns to those investments in the future, increase access to credit so landholders can more easily finance on-farm investments, enable land transfers through more dynamic land markets, and make it more likely to attract further investment necessary for broad-based economic growth. In an effort to empirically test De Soto's (2000) claims regarding property rights and capital formation, Kerekes and Williamson (2008 P↑) undertake macro-level cross-country regressions to analyse property protection measures and economic growth and find positive and significant effects of property rights institutions on wealth, collateral and capital formation.

Eight studies were found using national survey data to positively associate land titling with firm investment and growth although the strength of the association differs along variables such as the size of firms:

- In an often-cited study published prior to the scope of this REA (i.e., before 2000), Besley (1995 P↑) examines land rights in two regions in Ghana. His surveys find a link between property rights and investment. However, he also warns reformers against treating land reform as a 'panacea' for the problems of low growth and investment; it is necessary to fully understand the social context in which property rights evolve.
- Using firm survey data in a number of post-communist countries in the late 1990s, Johnson, et.al., (2002 P↑) found that firms are more likely to reinvest their profit if they perceive their property rights as more secure. Secure property rights were found to be more important for investments than availability of credit.
- Green and Moser (2012 P↑) examined the case of Madagascar and found a link between secure property rights and firm-level investment. A formal land title was important for the growth of large firms, but not for SMEs, which "may be more likely to be local and thus able to rely on traditional property rights or they may simply have less need for formal titles because they have less invested".
- Deininger, et.al., (2011 P↑) applied panel survey data of rural households in Ethiopia to assess the impact of a land certification programme on land tenure and security, investment and land markets. While the ten-year period between the completion of the reform and the assessment was considered insufficient to capture the full extent of this impact, the reforms were found to have increased land-related investment and yielded benefits significantly above the cost of implementation.
- Ojah et.al., (2010 P↑) used World Bank Investment Climate Assessment data from 860 firms in Kenya, Tanzania and Uganda, and found that low levels of security of property rights led to lower levels of investments in fixed capital.
- Boucher, et.al., (2004 P↑) use panel data from Honduras and Nicaragua to compare title, credit, and land access patterns before and after market liberalisation reforms. Their regression analyses found that despite major gains in titling and some increase

in land market activity, improvements in credit and land access did not occur, and appear unlikely to occur without further policy attention to credit markets.

- Do and Iyer (2008 P↑) examine this topic in Vietnam using two data sets from the Vietnam Living Standards Survey. They found that the 1993 Land Law reforms had a positive, but not very large, impact on the decisions of households to undertake long-term agriculture investments. However, there was no evidence that these reforms led to increased access to credit for rural households.
- Smith et.al., (2007 P↑) examine land-tenure security enhancing reforms in Vietnam: where informality survives in the land market, examples were found of the detrimental effects of informal land-tenure systems, particularly on poor households: ownership disputes, reduced land values and difficulties in mortgaging informally held land. Their evidence suggests that the 'transforming effects' of formal title can also be exaggerated.

One of the major arguments presented for the importance of land titling reforms as a measure for poverty reduction is that the security of land tenure will improve access to credit. However, there is very little empirical evidence that supports this. Only one study, evaluating a land titling reform programme in Thailand, reported a positive impact, while four studies found this not to be the case, indicating that access to credit involved many other variables than the ability to use a land title as collateral.

- Burns (2004 S→) examined programme evaluations of a 20-year land titling reform programme in Thailand and found that increasing rural land tenure led to an 27 per cent increase in access to institutional credit, cheaper interest rates from formal finance providers and an overall increase in borrowers' receiving credit ranging from 75 to 123 per cent.
- Cousins, et.al., (2005 P→) provide a case study analysis of land tenure reforms in South Africa and conclude that, while these reforms are important because they address problems that contribute to insecurity and can "hamper development", they are insufficient for addressing the concerns of poor, informal settlements. Greater attention should be given to the economic, social and political context in which informal land systems are found.
- In a broad, secondary review of the literature, Domeher and Abdulai (2012 S→) explore the connection between land titling and access to credit, concluding that this link is tenuous. This is largely because of the factors beyond property ownership that affect the decision of commercial finance institutions to extend credit, such as cash flow and the debtors demonstrated ability to pay. As with other studies, the authors do not suggest land titling is useless, just that it cannot be the basis for enhancing credit access for development.
- Payne et.al., (2005 S→) review the literature and examine the cases of Senegal and South Africa to find that many of the benefits of land tenure reforms are often over-stated. Where titling provides increased tenure security, it does not necessarily protect people from eviction and expropriation of their land and often fails to increase access to credit. Typically, the poor do not wish to use land titles as collateral because the risk of losing their land is felt to be too great.

- In Argentina, Galiani and Schargrodsky (2005 P↑) compare two areas in a "natural experiment" on land titling reform and found that land titling had no effect on access to credit. This, it was argued, is because the possession of real estate was a necessary, but insufficient condition for qualifying for formal credit.[19]

Security of land tenure has a specific gender dimension that is often overlooked by researchers. The World Bank (2014 P→) *Women, Business and the Law* report indicates that women are more likely to have formal bank accounts in economies with a default full community of property or partial community of property marital regime than in economies with a default separation of property marital regime.[20] It is also reported that enterprises owned by women may face additional constraints, such as discriminatory policies and laws, including not being able to open their own bank account, sign a contract or hold land title.

STRENGTH OF THE EVIDENCE

Nineteen High and Medium Quality studies consistently confirm an association between property rights and economic growth. However, it is unclear how predictable this association is. On the one hand, studies have found that securing property rights creates greater confidence among business owners who are more prepared to invest because their long-term ownership is more assured. On the other hand, secure property rights do not, on their own, lead to improved access to finance, as is often claimed, as there are other factors that affect the performance of financial markets.

4.1.5 OVERALL BODY OF EVIDENCE ON BER AND FIRM BEHAVIOUR

Fifty-four High and Medium Quality studies have been presented demonstrating a direct impact of BER on firm behaviour: 12 on business registration and licensing reform, 11 on tax reform, 12 on labour-related reforms, and 19 on land titling reforms (see Table 4, Appendix 2). The evidence includes macro-level cross-country and national assessments, as well as national, micro-level surveys.

In all these four fields, the evidence presented indicates that the impacts of reforms are not always as great as reformers might anticipate. This may be a result of isolating these specific reforms from a broader reform programme for research purposes. It was often reported that a single reform is not enough, on its own, to create the scale of impact reformers may desire. Thus, reforms within narrow thematic areas appear to have a limited effect. In all studies reviewed a compelling case is put for the integration or packaging of other interventions that would buttress the reform effort and increase the pro-poor effects of BER.

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19 Land titling did have substantial positive impacts on housing quality, household size and investment in children's education, which suggests that securing property rights may reduce poverty in future generations.

20 The *Women, Business and the Law* report is an annual publication that examines laws and regulations that affect women's ability to earn an income, either by starting and running their own businesses or by getting jobs. It covers 143 economies in general, with 100 economies being covered by two indicators on legal reforms, Accessing institutions and Using property, which come from the *50 Years of Women's Legal Rights* database.

This includes communicating the reform to all intended beneficiaries, providing information and access to finance, and any other incentive that can be used to help informal firms recognise the benefits of formalising.

There is Strong, High Quality and consistent evidence that narrowly framed BER dealing with a single element of the environment (e.g., registration, tax, labour) does not, on its own, lead to the formalisation of informal firms. This is relevant because of the high number of poor businesswomen and men who operate unregistered, unlicensed or non-compliant businesses and because of the negative effect this has on business performance. Reforms are more likely to have an impact on informal firms when they combine with reforms in a number of fields.

4.2 FIRM BEHAVIOUR AND AGGREGATE ECONOMIC EFFECTS

The second causal link connecting BER and poverty deals with how changes made by individual firms affect the broader economy. Changes in firm behaviour have a broader impact across the economy. These aggregate effects lead to economy-wide outcomes, such as higher levels of private investment and increased competitive pressures. These effects lead to increases in economic growth as, for example, measured by GDP.

The evidence gathered through this assessment refers to a few key transmission points that connect change in the business sector with broad economic effects. These include studies that connect business regulation to investment and growth. There is a broad body of research that deals with the role of business regulation on investment. Much of this literature draws from developed economies, such as those comprising the OECD. [21] However, studies that include developing and emerging economies in their analysis demonstrate that improvements in the business regulatory regime are associated with a positive effect on economic growth. For example:

- Gorgens, et.al., (2003 P↑) use cross-country regression analysis to estimate the impact of regulation using the Fraser Institute's Economic Freedom Index as the measure of regulatory burden. They find that a more heavily regulated economy might have economic growth on average lower by about two to three per cent than less heavily regulated economies. However, this effect is mainly found in comparisons between moderately and highly regulated regimes.
- Loayza, et.al., (2004 P↑) estimate the impact of regulatory policy on GDP growth and volatility in a sample of 76 developed and developing countries in the late 1990s, using a cross-country regression. They find a negative causal relationship between economic growth and overall regulation and separately product market and labour regulation. They find that "regulation tends to reduce growth". However, in most instances they found that the quality of regulation "makes a big difference". Better institutions "help mitigate, and even eliminate, the adverse impact of regulation on macroeconomic performance".

[21] See for example: Alesina, *et.al.,* (2005) dealing with OECD countries.

- Djankov, et.al., (2006 P↑) use the World Bank's Doing Business database covering 183 countries to establish the relationship between the burden of business regulations and economic growth. The results show a statistically significant relationship between the regulatory business burden and economic growth. The findings suggest that moving from the worst to the best quartile of business regulation implies a 2.3 percentage point increase in average annual growth.
- Jalilian, et.al., (2007 P↑) use the World Bank Governance Indicators data to derive a measure of the quality of regulatory policy and governance, which include voice and accountability, political instability, government effectiveness, regulatory quality, rule of law, and control of corruption. The results show that regulatory quality has a positive and causal impact on economic growth.[22]
- Jacobzone, et.al., (2010 P↑) use OECD surveys from 1998 and 2005 to provide a regression analysis from two regulatory management systems analysis, Factor Analysis (which deals with an integrated approach to ex ante regulatory assessment) and Principal Component Analysis (dealing with the stock of existing regulation). This data is correlated with other datasets (i.e., OECD indicators of Product Market Regulations, subsets of the Doing Business and Worldwide Governance Indicators, and the Global Competitiveness Index from the World Economic Forum). The study supports the view that improvements in regulatory management system quality produce significant economic benefits. The results indicate a significant and positive impact on employment, GDP, and labour productivity in response to improvements in regulatory management systems.

While the above assessments use macro-level data to link regulations with economic growth, there is less evidence that specifically focuses on the impact of BER. Researchers face major methodological challenges when attempting to attribute economic growth to changes in business behaviour. Unlocking the potential for economic growth certainly requires BER, but is likely to require other interventions such as access to finance and infrastructure. The 'binding constraints' to economic growth are likely to be found in the BE, but also in these other areas. As the examples below illustrate, addressing only one element is clearly not enough.

- One of the most recent studies into this issue comes from an evaluation by the IEG (2014 P→) in the World Bank Group, which claimed that "within the limits of the available measures of investment climate indicators", the Bank Group was successful in improving investment climate in client countries, as measured by number of laws enacted, streamlining of processes and time, or simple cost savings for private firms" (p. ix).[23] However, the evaluation was not prepared to make claims regarding the impacts of these reforms on development outcomes and goals, the

[22] However, the results may be weakened by problems of reverse causation, where higher economic growth leads to better regulation.

[23] The IEG (2014 S→) evaluation examined 819 World Bank Group projects across 119 countries for the Financial Years 2007 to 2013. This covered an estimated US$3.7 billion of BER programmes.

higher levels of the causal chain discussed below. The "impact of regulatory reforms on firm creation, jobs, and investment", say the IEG, "is not clear" (p. 91).[24]

- In an assessment of the evidence on land-related BER, USAID (2014 S→) found that while attributing impact of economic growth to land tenure and property rights interventions is "typically very difficult and confounded by the complex development processes involved", there are outcome variables that can be linked to economic growth (e.g., investment, credit availability, poverty rates, land values, and agricultural productivity).[25]
- Rahman's (2014 S→) findings drawn from a wide range of IC reform programmes are quite mixed. He argues that rigorous empirical evidence on these reforms and job creation in developing countries is relatively scarce, and most of these studies focus on business entry reforms with a handful of them also focusing on business taxation and investment promotion. None of the random controlled trials find any evidence of an effect of entry reforms on firm formalisation and job creation. A few quasi-experimental studies demonstrate job effects from firm formalisation through tax reforms and business entry reforms where the job effects are most likely coming from the creation of new businesses rather than informal businesses graduating to the formal sector.
- Loayza, et.al., (2010 P↑) undertake a cross-country macro-level analysis of informality in Latin America and find that informality has a statistically and economically significant impact on growth and an equally significant positive impact on the incidence of poverty across countries. They describe the ambiguous impact of formalisation and the difficulties this presents in assessing the impact of informality on economic growth: two countries can have the same level of informality, but if the informality has been achieved in different ways, the countries' growth rates may be markedly different. Countries where informality is kept at bay by drastic enforcement will fare worse than countries where informality is low because of light regulations and appropriate public services. Thus, they conclude that the mechanism of formalisation matters enormously for its consequences on employment, efficiency and growth. If formalisation is purely based on enforcement, it will likely lead to unemployment and low growth. However, where it is based on improvements in both the regulatory framework and the quality and availability of

[24] This study examines cases where BER has been considered to be relatively successful, but where broader, desired change, such as increased investment and GDP growth, has not been achieved. Rwanda, was one such country. Rwanda is one of the fastest growing countries in Africa. In recent years, Rwanda has demonstrated a desire for BER and the results of these reforms have been reflected in significant improvements in its position in the annual World Bank *Doing Business* rankings. Despite the 'success' of these reforms, Rwanda's achievements in terms of private investment and FDI have been below expectations. The IEG study concludes that Doing Business reforms are "not enough and so it is broadening the scope of reforms and methodically trying to address other binding constraints to private businesses" (p. 90, Box 3.2).

[25] This broad assessment is confirmed by a national study by Minot and Goletti (2000 S↑) who analysed the effects of the liberalisation of the production and marketing of rice in Vietnam, finding that whilst the effects varied across the country, many poorer households benefitted from liberalisation. They argue that the relatively equal distribution of land was an essential prerequisite if market reform was to translate into growth.

public services, it is associated with more efficient use of resources and higher growth.

- The study by Sur, et.al., (2014 P↑) into rural non-farm employment generation in Pakistan found that IC obstacles do hinder growth in rural Pakistan. However, most of the obstacles identified concern IC issues, such as infrastructure and public transport. Infrastructure and anti-competitive behaviour was also found by other studies to affect firm performance (see Dethier, Hirn and Straub 2010 P→).

STRENGTH OF THE EVIDENCE

Twelve High and Medium Quality studies consider the association between BER and economic growth (see Table 5, Appendix 2). Five High Quality studies report on the association between business regulation and economic growth. While regulation creates a 'burden' on business, the effect of this burden is governed by the quality of business regulations. Indeed, the macro-level data, drawing from developed and developing economies, consistently finds that regulatory quality has a positive impact on economic growth.

When micro-level data is examined, the evidence confirms, it is more difficult to demonstrate an association between BER that changes firm behaviour and increases firm investment, and economic growth. This has led researchers, such as IEG (2013), to take a cautious approach and avoid attributing BER to effects at this level, while others, such as USAID (2014), suggest an inference can be made based on specific proxies. Where these proxies are used and where macro-level data is assessed within the context of BER, these claims are modest.

The small sized, but consistent and Medium-to-High quality of the studies on this link present Limited Evidence of the positive relationship between BER and economic growth.

5.0 CONCLUSIONS

5.1 THE STATE OF PLAY

This REA did not find any evidence that demonstrates a direct link between BER and poverty reduction. Strong and consistent evidence was found that reform affects poverty indirectly by changing the behaviour of private firms, although these effects varied and were of a smaller scale than most reformers tend to argue.

Reforms that simplified business registration and licensing procedures, reduced the time and cost associated with registration and licensing, but did not significantly impact on unregistered and unlicensed firms. While studies confirmed a positive link between registration and firm performance, reforms were generally not instrumental in encouraging informal enterprise to formalise. One of the reasons for this may be a concern for the tax implications of business registration.

Reform of the tax system is a major field of BER that aims to make tax administration more transparent and efficient. Here again, the evidence is consistent in positively linking tax registration and payment with firm performance. Reforms in this field have led to an increase in the number of firms that register for tax. However, despite the recognised benefits of formalisation, many firms choose to operate informally in order to avoid the perceived burdens and costs associated with formality.

Because more and better-paid employment is critical to lifting people out of poverty, the **role of labour-related BER** has been given significant attention. There is strong and consistent evidence that labour-related BER affects the decisions of business owners and impacts on poor workers in different ways. However, while all studies identified the increase in costs associated with reforms that strengthen employment protection, not all agree that these costs are negative. The employment effects of increased employment protection vary according to firm size and can reduce the employment opportunities available to young and inexperienced workers.

There is a **strong association between property rights and economic growth**. Reforms that improve the security of land tenure through land titling and administration reform do increase firm-level investment. These reforms increase the likelihood that investments made today can be realised tomorrow, facilitate a more dynamic land market and increase the attractiveness of further investments necessary for broad-based economic growth. However, there is little evidence to link land-titling reform with increased access to credit, as it is often claimed, as there are other factors that affect the performance of financial markets.

Researchers are careful about making claims regarding the outcomes of reform. While there is strong and consistent evidence on the positive association between the quality of business regulation and economic growth, there is little evidence found that confidently asserts the relationship between BER and economic growth. This is largely due to the wide range of factors that also affect this relationship.

Many factors come into play when aggregate investment and employment is considered. Unlocking the potential for economic growth certainly requires reform of the businesses environment, but it is likely to require other interventions such as access to finance, improvements in infrastructure, etc. The 'binding constraints' to economic growth are likely to be found in the BE, but also in other areas. Addressing only one element is clearly not enough.

No evidence has been found to connect BER directly with poverty reduction. There is strong evidence to show how broad, macro-economic reforms spur growth and lead to poverty reduction, but this is not a direct or linear effect. Issues such as inequality and migration play an important role. It is also clear that firm size, sector and location have an influence on how reform affects poor women and men.

5.2 POTENTIAL SUCCESS FACTORS: HOW REFORM AFFECTS LEVELS OF POVERTY

Drawing from the evidence reviewed, this section provides a brief overview of the potential success factors for BER that is designed to reduce poverty in developing economies.

- Integrate BER with macro-economic reforms — a key factor in realising the benefits of macro-reforms is to ensure BER is closely integrated with these programmes.
- Complement reforms with support interventions — attention should be given to issues such as access to finance and information, as well as to labour productivity.
- Pay attention to the BE barriers faced by women — women may not fully benefit from BER in the same way men are and reforms need to be designed, managed and monitored in a gender-sensitive manner.
- Formulate country and culture-specific reforms — there is a clear need for country and culture-specific approaches to BER in which donors take a long-term view, seeking to build consensus among stakeholders in order to ensure that reforms are viewed as legitimate.
- Broaden the scope of desired impact — broaden the scope of impacts that are analysed and include social indicators so as to take into account non-business stakeholders.

5.3 FURTHER RESEARCH

Finally, there are a number of areas where it is clear that BER would benefit from further research related to the effect of BER on poverty:

- Continuing the drive for outcome measurement — over the last decade, there has been a strong drive for more evidence on how BER affects firms and achieves specific outcomes, such as increased investment, employment and productivity. More evidence was found on how firms respond to reforms in terms of their decision to register, license and pay tax. However, the broader outcomes of these efforts are still not being adequately captured.
- BER and poverty impacts — the third and most critical level of the impact chain remains elusive in terms of hard evidence. There is a need for more information that

specifically connects BER, as opposed to broad, macro-level reforms, with poverty reduction.

- BER impact on broader social indicators — somewhat linked to the need for more information on how BER impacts on poverty is the demand for better data on how BER affects a range of social indicators.
- Gender and the business environment — there is a significant gap in the available evidence base on how women are affected by a poor BE and how reforms can be designed and managed to improve the outcomes for businesses that are owned and managed by women.

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APPENDIX 1: METHODOLOGY NOTES

STUDY SEARCHES

The search in each site involved a series of common search phrases that were designed to locate studies that would address all or part of the research question.

First, some search phrases were applied to locate studies that dealt with the general link between BER and poverty:

- "Business enabling environment" AND poverty
- "Business environment reform" AND poverty
- "Investment climate" AND poverty
- "Investment climate reform" AND poverty

Following this, searches were conducted to focus on the specific functional areas of BER and poverty:

- "Simplified business registration and licensing" AND poverty
- "Improved tax administration" AND poverty
- "Improved labour laws administration" AND poverty
- "Improved regulation" AND poverty
- "Improved land administration AND poverty
- "Access to commercial courts" AND poverty
- "Alternative dispute resolution" AND poverty
- "Public-private dialogue" and poverty
- "PPD" AND poverty ('PPD' is a commonly used abbreviation of public-private dialogue)

Table 1: DFID Priority Countries

Afghanistan	Malawi	South Africa
Bangladesh	Mozambique	South Sudan
Burma	Nepal	Sudan
DR Congo	Nigeria	Tajikistan
Ethiopia	Occupied Palestinian Territories	Tanzania
Ghana	Pakistan	Uganda
India	Rwanda	Yemen
Kenya	Sierra Leone	Zambia
Kyrgyz Republic	Somalia	Zimbabwe
Liberia		

Vietnam was included in this list of priority countries in this analysis as it had until 2011 been a DFID focus country and had received considerable assistance and support.

APPENDIX 2: QUALITY ASSESSMENTS

Table 1: Individual study quality

Quality Score	DFID Priority Countries	Low- and Middle-Income Countries	Other Countries	Total	Percentages
High Quality [↑] (SCORE 14-20)	16	43	6	**65**	73%
Medium Quality [→] (SCORE 7-13)	7	11	6	**24**	27%
Low Quality [↓] (SCORE 0-6)	0	0	0	**0**	0.0%
Total	**23**	**54**	**12**	**89**	100.0%
Percentages	**26%**	**61%**	**13%**	**-**	-

Table 2: High and Medium Quality studies reviewed based on geographical coverage

DFID Priority Countries
High Quality Primary Studies [↑] Besley 1995, Besley & Burgess 2004, Bhanumurthy & Mitra 2004, Deininger, *et.al.,* 2011, Jin & Deininger 2009, Ojah *et.al.,* 2010, Rand and Torm 2012, Smith *et. al.* 2007, Sur, *et. al.* 2014
High Quality Secondary Studies [↑] Boly 2015a,b, Besley & Cord 2007; Ellis *et. al.* 2006; Ellis *et.al.,* 2007, Minot & Goletti 2000, Topalova 2010
Medium Quality Primary Studies [→] Ahsan & Pagés 2008, Hampwaye & Jeppesen 2014, White 2014
Medium Quality Secondary Studies [→] Dollar 2002, Fedderke & Garlick 2012, Schaumburg-Müller 2005, Sitko & Jayne 2014
Low- and Medium Income Countries
High Quality Primary Studies [↑] Alatas & Cameron 2003, Almeida & Carneiro 2009, Bruhn 2011 & 2013, Betcherman 2014, Bernal-Verdugo, *et.al.,* 2012a & 2012b, Botero, *et.al.,* 2003, Boucher, *et.al.,* 2004, Campos & Nugent 2012, Crivelli, *et.al.,* 2012, Do & Iyer 2008, Deininger, *et.al.,* 2007, Deininger, *et.al.* 2005, Galiani & Schargrodsky 2005, Gatti, *et.al.,* 2013, Green & Moser 2012, Jalilian, *et.al.,* 2007, Johnson, *et.al.,* 2002, Kerekes & Williamson 2008, Kaplan, *et.al.,* 2011, Kenyon & Kapaz 2005, Loayza, *et.al.,* 2010, McCulloch, *et.al.,* 2010, McKenzie & Sakho 2010, Monteiro & Assunção 2012, Petrin & Sivadasan 2006, Rama 2001, Warner 2012, World Bank 2014
High Quality Secondary Studies [↑] Aleksynska 2014, Berg & Cazes 2008, Berg & Kreuger 2003, Berg & Kucera 2008, Bromley 2009, DFID 2014, Fajnzylber & Montes-Rojas 2011, Fajnzylber, *et.al.,* 2009, Mbabazi, *et.al.,* 2001, McCulloch 2009; Popli 2008, USAID 2014, Warner 2012
Medium Quality Primary Studies [→] Cousins, *et.al.,* 2005, Furceri 2012
Medium Quality Secondary Studies [→] Beck & Demirgüç-Kunt 2004, Burns 2004, Dethier, *et. al.* 2008, Domeher & Abdulai 2012, Heckman & Pagés 2004, IFC 2013, Joshi, *et.al.,* 2014, Klapper & Parker 2011, Rahman 2014

Other Countries
High Quality Primary Studies [↑] Djankov, *et.al.,* 2006, Djankov, *et.al.,* 2010, Gorgens, *et.al.,* 2003, Jacobzone, *et.al.,* 2010, Loayza, *et.al.,* 2004
High Quality Secondary Studies [↑] Prillaman & Meier 2014
Medium Quality Primary Studies [→] None
Medium Quality Secondary Studies [→] Carter 2013, Hertel & Reimer 2005, Winters *et. al.* 2004, World Bank 2004 & 2013, Xu 2011

Table 3: Context – the geographic focus of studies (High and Medium Quality)

DFID Priority Countries		Low-Income and Middle-Income Countries	
Afghanistan	None	**Algeria**	Furceri 2012
Bangladesh	Besley & Cord 2007, White 2014	**Argentina**	Galiani & Schargrodsky 2005
Burma	None	**China**	Xu 2010
DR Congo	None	**Chile**	Petrin & Sivadasan 2006
Ethiopia	Deininger, *et.al.,* 2011, Smith, *et.al.,* 2007	**Bolivia**	Besley & Cord 2007, McKenzie and Sakho 2010
Ghana	Besley 1995, Besley & Cord 2007 Ojah *et.al.,* 2010	**Brazil**	Almeida & Carneiro 2009, Besley & Cord 2007, Fajnzylber & Montes-Rojas 2011, Monteiro and Assunção 2012
Kenya	Ellis, *et.al.,* 2007, Ojah *et.al.,* 2010	**Burkino Faso**	Besley & Cord 2007
Kyrgyz Republic	None	**El Salvador**	Besley & Cord 2007
Malawi	Fedderke & Garlick 2012,	**Honduras**	Boucher, *et.al.,* 2004
Nepal	White 2014	**Indonesia**	Alatas & Cameron 2003, Besley & Cord 2007, McCulloch 2009, McCulloch, *et.al.,* 2010, Rama 2001
Nigeria	None	**Madagascar**	Green & Moser 2012
India	Ahsan & Pagés 2008, Bhanumurthy & Mitra 2004, Besley & Burgess 2004, Besley & Cord 2007, Topalova 2010, White 2014	**Mexico**	Bruhn 2011, 2013, Fajnzylber, *et.al.,* 2009, Kaplan, *et.al.,* 2011, Kenyon & Kapaz 2005, Popli 2008
Liberia	None	**Nicaragua**	Boucher, *et.al.,* 2004
Mozambique	None	**Peru**	Warner 2012
Palestine (OPT)	None	**Romania**	Besley & Cord 2007
Pakistan	Sur, *et. al.* 2014	**Senegal**	Besley & Cord 2007, Payne *et.al.,* 2005
Rwanda	IEG 2014 (case study)	**Sri Lanka**	Deininger, *et. al.* 2005, White 2014
Sierra Leone	None	**Thailand**	Burns 2004
Somalia	None	**Tunisia**	Besley & Cord 2007
South Africa	Cousins, *et.al.,* 2005, Payne *et.al.,* 2005	**Sri Lanka**	De Mel, *et. al.,* 2012, Deininger, *et.al.,* 2007
South Sudan	None	**Vietnam**	Besley & Cord 2007, Boly 2015a,b, Do & Iyer 2008, Dollar 2002, Minot & Goletti 2000, Rand and Torm 2012, Schaumburg-Müller 2005, Smith, *et.al.,* 2007
Sudan	None		
Tajikistan	None	**Other Countries**	
Tanzania	Jin & Deininger 2009, Ojah *et.al.,* 2010	**MENA**	Gatti, *et.al.,* 2013
Uganda	Besley & Cord 2007, Ellis, *et.al.,* 2006, Smith, *et.al.,* 2007	**USA**	Prillaman & Meier 2014
Yemen	None		
Zambia	Besley & Cord 2007, Hampwaye & Jeppesen 2014, Sitko & Jayne 2014		
Zimbabwe	None		

General (broad data sets)
Aleksynska 2014, Beck & Demirgüç-Kunt 2004, Berg & Kreuger 2003, Betcherman 2014, Berg & Cazes 2008, Berg & Kucera 2008, Bernal-Verdugo, *et.al.,* 2012a,b, Botero, *et.al.,* 2003, Bromley 2009, Carter 2013, Crivelli, *et.al.,* 2012, Dethier *et.al.* 2008, DFID 2014, Djankov, *et.al.,* 2006, Djankov, *et.al.,* 2010, Domeher & Abdulai 2012, Gorgens, *et.al.,* 2003, Haltiwanger, *et.al.,* 2008, Hertel & Reimer 2005, Heckman & Pagés 2004, IEG 2014, IFC 2013, Inchauste 2013, Jacobzone, *et.al.,* 2010, Jalilian, *et.al.,* 2007, Johnson, *et.al.,* 2002, Joshi, *et.al.,* 2014, Kerekes & Williamson 2008, Klapper & Parker 2011, Loayza, *et.al.,* 2010, Loayza, *et.al.,* 2004, Mbabazi *et.al.,* 2001, Rahman 2014, USAID 2014, Winters *et.al.,* 2004, World Bank 2004

Table 4: Studies containing evidence on BER and firm behaviour

Business registration and licensing	
High Quality [↑]	**Medium Quality [→]**
Boly 2015a Bruhn 2011 Bruhn 2013 De Mel, *et. al.,* 2012 Deininger, *et.al.,* 2007 Ellis, *et.al.,* (2006) Ellis, *et.al.,* (2007) Fajnzylber & Montes-Rojas 2011 Kaplan, *et. al.,* 2011 McCulloch, *et.al.,* 2010 Monteiro & Assunção 2012 Warner 2012	Bruhn and McKenzie 2013 [Secondary] IFC 2013 [Secondary]
Tax policies and administration reform	
High Quality [↑]	**Medium Quality [→]**
Boly 2015a Djankov, *et.al.,* 2010 Fajnzylber, *et.al.,* 2009 Kenyon & Kapaz 2005 McKenzie & Sakho 2010 Prillaman & Meier 2014 Rand and Torm 2012	Carter 2013 [Secondary] IFC 2013 [Secondary] Joshi, *et.al.,* 2014 [Secondary]
Improvement of labour laws and administration systems	
High Quality [↑]	**Medium Quality [→]**
Alatas & Cameron 2003 Almeida & Carneiro 2009 Bernal-Verdugo, *et.al.,* 2012a,b Besley & Burgess 2004 Botero, J. *et.al.,* 2003 Crivelli, et.al., 2012 Furceri 2012 Gatti, et.al., 2013 Haltiwanger, *et.al.,* 2008 Petrin & Sivadasan 2006 Rama 2001	Aleksynska 2014 Ahsan & Pagés 2008 Berg & Cazes 2008 Berg & Kucera 2008 Betcherman 2014 Campos & Nugent 2012 Hampwaye & Jeppesen 2014 Heckman & Pagés 2004 IFC 2013 [Secondary] Inchauste 2013 [Secondary] White 2014 World Bank 2013 [Secondary] Xu 2010
Land titles, registers and administration reform	
High Quality [↑]	**Medium Quality [→]**
Besley 1995 Boucher, *et.al.,* 2004 Deininger, *et.al.,* 2011 Do & Iyer 2008	Bromley 2009 Burns 2004 Cousins, *et.al.,* 2005 Domeher & Abdulai 2012

Galiani & Schargrodsky 2005 Green & Moser 2012 Ojah *et.al.,* 2010 Johnson, *et.al.,* 2002 Kerekes & Williamson 2008 Minot & Goletti 2000 Smith *et.al.,* 2007 World Bank 2014	DFID 2014 [Secondary] Payne *et.al.,* 2005 USAID 2014 [Secondary]

Table 5: Studies containing evidence on firm behaviour and aggregate economic effects

High Quality [↑]	Medium Quality [→]
Boly 2015b Ellis, *et.al.,* 2006 Ellis, *et.al.,* 2007 Djankov, *et.al.,* 2006 Gorgens, *et.al.,* 2003 Jacobzone, *et.al.,* 2010 Jalilian, *et.al.,* 2007 Loayza, *et.al.,* 2010 Loayza, *et.al.,* 2004 Sur, *et.al.,* (2014	Dethier, Hirn and Straub 2010 IEG 2014 IFC 2013 Rahman 2014 USAID 2014

APPENDIX 3: SEARCH RESULTS

Date of Search:	6 March 2015
Search Database:	Donor Committee for Enterprise Development: www.businessenvironment.org
Reference No.	DCED01
Search Phrase:	No filter – all 116 entries
Inclusive Date Range:	2000 to date
Results:	15 – all in English
Date of Search:	6 March 2015
Search Database:	Brooks World Poverty Institute @ University of Manchester
Reference No.	BWPI
Search Phrase:	No filter – all 213 entries
Inclusive Date Range:	2007 to date
Results:	3 – in English
Date of Search:	6 March 2015
Search Database:	OECD
Reference No.	OECD1
Search Phrase:	Regulatory Reform (135 entries)
Inclusive Date Range:	2000 to date
Results:	2 – in English
Date of Search:	6 March 2015
Search Database:	Townsend Centre for International Poverty at University of Bristol
Reference No.	TCIP
Search Phrase:	No filter – 40 entries
Inclusive Date Range:	2008 to date
Results:	0 – no relevance at all
Date of Search:	6 March 2015
Search Database:	EBRD
Reference No.	EBRD1
Search Phrase:	Working Papers
Inclusive Date Range:	2000 to date
Results:	0 –no relevance at all
Date of Search:	8 March 2015
Search Database:	International Alert
Reference No.	IA1
Search Phrase:	Africa
Inclusive Date Range:	2006- date
Results:	0
Date of Search:	11 March 2015
Search Database:	Google
Reference No.	G01-1
Search Phrase:	IC Reform & Poverty
Inclusive Date Range:	2000-date
Results:	60 potentially relevant entries 8 selected– all in English

Date of Search:	11 March 2015
Search Database:	Google
Reference No.	G01-2
Search Phrase:	BE Reform & Poverty (160 potentially relevant)
Inclusive Date Range:	2000- date
Results:	5 selected – all in English
Date of Search:	19 March 2015
Search Database:	Google Scholar
Reference No.	GS01-1
Search Phrase:	Investment Climate Reform & Poverty
Inclusive Date Range:	2000-date
Results:	7
Date of Search:	19 March 2015
Search Database:	Google Scholar
Reference No.	GS01-2
Search Phrase:	Poverty & Business Enabling Environment Reform (160 entries)
Inclusive Date Range:	2000-date
Results:	4
Date of Search:	19 March 2015
Search Database:	Google Scholar
Reference No.	GS01-3
Search Phrase:	Simplified business registration & licensing & poverty (116 entries)
Inclusive Date Range:	2000- date
Results:	1
Date of Search:	19 March 2015
Search Database:	Google Scholar
Reference No.	GS01-4
Search Phrase:	Improved tax administration/improved labour laws administration/improved regulation/improved land administration and poverty
Inclusive Date Range:	2000-date
Results:	0
Date of Search:	19 March 2015
Search Database:	DFID Research for Development (R4D)
Reference No.	DFID
Search Phrase:	Business Regulation
Inclusive Date Range:	2000 – date
Results:	1
Date of Search:	19 March 2015
Search Database:	International Initiative for Impact Evaluation
Reference No.	3ie-01
Search Phrase:	Working papers/Systematic reviews/Impact Evaluation Reports
Inclusive Date Range:	2009-date
Results:	0
Date of Search:	19 March 2015
Search Database:	Microsoft Academic Search
Reference No.	MAS1-01
Search Phrase:	Business Enabling Environment & Poverty and Business Environment Reform & Poverty
Inclusive Date Range:	2000-date
Results:	4 – all in English

Date of Search:	20 March 2015
Search Database:	Microsoft Academic Search
Reference No.	MAS1-02
Search Phrase:	Simplified Business Registration & licensing/Improved tax administration/improved labour laws administration/improved regulation/improved land administration and poverty
Inclusive Date Range:	2000-date
Results:	0
Date of Search:	20 March 2015
Search Database:	Microsoft Academic Search
Reference No.	MAS1-03
Search Phrase:	IC reform & poverty
Inclusive Date Range:	2000-date
Results:	9 all in English
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	SS1
Search Phrase:	"business environment" AND poverty
Inclusive Date Range:	2000 to Present
Results:	28 All in English
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	SS2
Search Phrase:	"business enabling environment" AND poverty
Inclusive Date Range:	2000 to Present
Results:	1 – in English
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"business enabling environment" AND reform AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	SS3
Search Phrase:	"investment climate" AND poverty
Inclusive Date Range:	2000 to Present
Results:	22 – all in English
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	SS4
Search Phrase:	"investment climate" AND reform AND poverty
Inclusive Date Range:	2000 to Present
Results:	4 – all in English

Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"business registration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"business licensing" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"tax administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	3 – all in English All excluded as irrelevant: two were taxation text books, one was a study on personal income tax avoidance in Nigeria. NB: Searching "taxation administration" AND poverty produced no results.
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"labour administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	3 — all in English. All excluded as irrelevant: all dealt with labour reform in the UK.
Date of Search:	19 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"regulation reform" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	20 March 2015
Search Database:	**Scopus**
Reference No.	SS5
Search Phrase:	"land administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	23 — all in English. Studies excluded: dealing with developed economies, text books, conceptual or normative reports Total after exclusion: 5

Date of Search:	20 March 2015
Search Database:	**Scopus**
Reference No.	N/A
Search Phrase:	"commercial justice" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	20 March 2015
Search Database:	**Scopus**
Reference No.	SS6
Search Phrase:	"alternative dispute resolution" AND poverty
Inclusive Date Range:	2000 to Present
Results:	3 — all in English One was excluded as irrelevant because it dealt with non-economic issues in Canada. Total after exclusion: 2
Date of Search:	20 March 2015
Search Database:	**Scopus**
Reference No.	SS7
Search Phrase:	"public private dialogue" AND poverty
Inclusive Date Range:	2000 to Present
Results:	2 — all in English One was excluded as irrelevant because it simply referred to dialogue in its abstract and was not dealing with PPD. Total after exclusion: 1
Date of Search:	23 March 2015
Search Database:	**JSTOR**
Reference No.	JSTOR1
Search Phrase:	"business enabling environment" AND poverty
Inclusive Date Range:	2000/01/01 to 2015/03/23
Other inclusions:	English, articles, books
Results:	2
Date of Search:	23 March 2015
Reference No.	N/A
Search Phrase:	"business enabling environment" AND reform AND poverty
Inclusive Date Range:	2000/01/01 to 2015/03/23
Other inclusions:	English, articles, books
Results:	Same results as JT1.
Date of Search:	23 March 2015

Search Database:	**JSTOR**
Reference No.	JSTOR2
Search Phrase:	"business environment" AND poverty
Inclusive Date Range:	2000/01/01 to 2015/03/23
Other inclusions:	English, articles, books
Results:	479 – a direct review of these results excluded non-evidence based interviews, commentary, concept articles, and studies from irrelevant disciplines (e.g., religious studies, IT management). Final Result: 9 Note: JSTORE search produce very broad results, but when combing through these, the relevance to the Search Phrase is typically poor. Many results did not combine "business environment" with "poverty".
Date of Search:	23 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"business environment" AND reform AND poverty
Inclusive Date Range:	2000/01/01 to 2015/03/23
Other inclusions:	English, articles, books
Results:	283 – a direct review of these results excluded non-evidence based interviews, commentary, concept articles, and studies from irrelevant disciplines (e.g., religious studies, IT management). After going through these results, there were no additional studies found to the earlier JSTOR search.
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"business licensing" AND poverty
Inclusive Date Range:	2000 to Present
Results:	12 – a direct review of these results excluded non-evidence based interviews, commentary, concept articles, and studies from irrelevant disciplines (e.g., religious studies, IT management). After going through these results, there were no additional studies found to the earlier JSTOR search.
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	JSTOR4
Search Phrase:	"tax administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	82 – a direct review of these results excluded non-evidence based interviews, commentary, concept articles, and studies from irrelevant disciplines (e.g., religious studies, IT management). Final Result: 9 Note: JSTORE search produce very broad results, but when combing through these, the relevance to the Search Phrase is typically poor.
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"labour administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	11 – but none relevant to the REA

Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"regulation reform" AND poverty
Inclusive Date Range:	2000 to Present
Results:	11 – but none relevant to the REA
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	SS5
Search Phrase:	"land administration" AND poverty
Inclusive Date Range:	2000 to Present
Results:	37 – a direct review of these results excluded non-evidence based interviews, commentary, concept articles, and studies from irrelevant disciplines. Final Result: 2 Note: JSTORE search produce very broad results, but when combing through these, the relevance to the Search Phrase is typically poor.
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"commercial justice" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	24 March 2015
Search Database	World Bank IFC
Reference No	WB-01
Search Phrase	Poverty Reduction & Investment Climate
Inclusive Date Range	2000 – date
Results	644 entries – 13 relevant
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"alternative dispute resolution" AND poverty
Inclusive Date Range:	2000 to Present
Results:	44 results, but none of these matched the requirements of the REA.
Date of Search:	24 March 2015
Search Database:	**JSTOR**
Reference No.	N/A
Search Phrase:	"public private dialogue" AND poverty
Inclusive Date Range:	2000 to Present
Results:	None
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"business environment reform"
Results:	No results found

Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"business environment" AND "poverty"
Results:	One, but not relevant
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"business environment"
Results:	37, but none are relevant to the REA – one study found relevant to RQ1 on business licensing in Peru. Details below table.
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"investment climate" AND "poverty"
Results:	No results found
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"investment climate"
Results:	Two results, but none relevant to the REA
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"investment promotion"
Results:	No results found
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"investment facilitation"
Results:	No results found
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	FDI
Results:	No results found
Date of Search:	24 March 2015
Search Database:	**International Initiative for Impact Evaluation**: http://www.3ieimpact.org/en/
Reference No.	N/A
Search Phrase:	"private investment"
Results:	One result, but not relevant to the REA

Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"business environment reform"
Timeframe:	Pre-2008
Results:	No results found
Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"business environment" AND "poverty"
Timeframe:	Post-2008
Results:	One report found, but not relevant to REA
Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"investment climate"
Timeframe:	Pre-2008
Results:	No posts found
Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"investment climate"
Timeframe:	Post-2008
Results:	No posts found
Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"private investment"
Timeframe:	Pre-2008
Results:	Two posts, but none relevant to the REA
Date of Search:	24 March 2015
Search Database:	**Monitoring and Evaluation NEWS**: http://mande.co.uk
Reference No.	N/A
Search Phrase:	"private investment"
Timeframe:	Post-2008
Results:	No posts found
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"business environment" AND "poverty"
Results:	33 items found, many of these are talks, presentations and conceptual position papers and briefs. After a scan of all items, none were found to be relevant to the REA.

Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"business environment reform"
Results:	20 items found, many of these are talks, presentations and conceptual position papers and briefs. After a scan of all items, none were found to be relevant to the REA.
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"investment climate reform"
Results:	8 items found, many of these are talks, presentations and conceptual position papers and briefs. After a scan of all items, none were found to be relevant to the REA.
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"investment climate" AND "poverty"
Results:	8 items found, many of these are talks, presentations and conceptual position papers and briefs. After a scan of all items, none were found to be relevant to the REA.
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"private investment"
Results:	0
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"business licensing"
Results:	4 results, but none relevant to REA
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"business registration"
Results:	9 results, but none relevant to REA
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"land administration"
Results:	1 results, but not relevant to REA
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"commercial justice"
Results:	1 results, but not relevant to REA

Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"alternative dispute resolution"
Results:	2 results, but none relevant to REA
Date of Search:	24 March 2015
Search Database:	**Microlinks (USAID)**: https://www.microlinks.org/library
Reference No.	N/A
Search Phrase:	"public private dialogue"
Results:	10 results, but none relevant to REA

Business Environment Reform and Poverty: Rapid Evidence Assessment

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