

# Business Environment of Public Sector Enterprises: Using the International Rankings for Evaluation

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## Abstract

Taking into account the globalization of the economy and the intensification of European integration processes, it has been proved that an important part of evaluating the effectiveness of activity of public sector enterprises should be a comparative analysis of the overall operation environment, namely public procurement, economic environment and tax policy, with the relevant systems of other countries of the world. The indicators and components of international ratings “Doing Business”, “Paying Taxes”, “Benchmarking Public Procurement” have been studied. Different groups of indicators forming “Doing Business” and “Paying Taxes” in the context of the impact on public sector enterprises have been identified: those which fully comply with the need to evaluate the operating environment of public sector enterprises and those which should be used with restrictions, regarding the peculiarities of creating and functioning of public sector enterprises. A comparative analysis of the place of Ukraine, Lithuania and Slovenia among other countries of the world in accordance with the international rankings of “Doing Business”, “Paying Taxes”, “Benchmarking Public Procurement” have been made. It has been substantiated that the results of such comparative analysis will allow identifying risk areas, and relevant information can be used in developing of recommendations for improving the effectiveness of activity of public sector enterprises.

## Keywords:

*business environment, international rankings, public sector enterprises, Doing Business, Paying Taxes, Benchmarking Public Procurement.*

## 1. Introduction

The public sector plays a major role in society. In most economies, public expenditure forms a significant part of gross domestic product (GDP) and public sector entities are substantial employers and major capital market participants. The public sector determines, usually through a political process, the outcomes it wants to achieve and the different types of intervention. These include enacting legislation or

regulations; delivering goods and services; redistributing income through mechanisms such as taxation or social security payments; and the ownership of assets or entities, such as state owned enterprises [5]. Public sector entities may contribute to wealth generation through the application of economic stimulus measures and fiscal interventions. Governments also make decisions on the distribution of resources between different sectors of the economy. Unlike most private sector entities, the future existence of public sector entities is not dependent upon the generation of profits. The size of the public sector and the goods and services that it provides are dependent upon factors such as political ideology and the size of the economy [8]. Despite these features, public sector enterprises play an important role in the economy of each country and an assessment of their functioning environment is an important factor in improving the quality of their services and the effectiveness of their functioning.

At present, a unified rating that would allow evaluating the conditions that are created for the functioning of public sector enterprises has not been developed yet. However, much attention in scientific literature is paid to the problems of development of public sector enterprises and their management [11], analysis of the role of the public sector in sustainable development [3], elaboration of methodology of assessment of public sector performance (PSP) and public sector efficiency (PSE) [2]. It is also worth noting the developments concerning assessment of various areas of influence on the activities of public sector enterprises, which were carried out using general and special methods of analysis, in particular, SWOT analysis of leasing market as an important element of the business environment [7].

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The most popular international ranking in the world assessing the economic conditions is “*Doing Business*” which has existed since 2003 and is prepared by The World Bank Group. “*Doing Business*” index determines the quality of business regulations which enhance or constrain business activity, the use of the regulations in different countries, regions and selected cities. Among the areas of evaluation much emphasis is put on tax system. The “*Paying Taxes*” indicator which is an important component of the above-mentioned ranking is additionally published in separate reports “*Paying Taxes*” which are compiled by the World Bank in collaboration with the auditing firm PricewaterhouseCoopers (PwC) to assess the quality of the tax system for business. The number of countries covered by the ranking is constantly increasing: in 2017-2019 – 190 countries.

It should be noted that another index devoted to the taxation has been elaborated. The *International Tax Competitiveness Index (ITCI)* [4] seeks to measure the extent to which a country’s tax system adheres to two important aspects of tax policy: competitiveness and neutrality; measures how well a country’s tax system promotes sustainable economic growth and investment in five categories: corporate income taxes, individual taxes, consumption taxes, property taxes, and the treatment of foreign earnings. But this index has some limitations, since only OECD countries are covered by it. However, its informativeness is high and in this context it is worth noting the study of the analytical relationship between the tax wedge and tax burdens, the scale effect of the Tax Wedge phenomenon in OECD countries on annual investment [13].

Analysis of “*Doing Business*” and “*Paying Taxes*” ratings is presented in scientific literature, in particular: comparative analysis of the advantages and disadvantages of “*Doing Business*” rating [24]; analysis of “*Doing Business*” with focus on Starting of Business and Paying taxes for countries of the Visegrad Group [14]; interconnection of *Doing Business* and Global Competitiveness Index for assessing the quality of the business environment in Slovakia [6]; impact of European integration on business environment and competitiveness of Czech Republic using *Doing Business* Rating and Global Competitiveness Index [10]; effects of taxes on business environment [23].

An important feature of public sector enterprises is

close interaction with the state and dependence on state (public) finances, presenting by public procurement mechanism. Information about effectiveness of the public procurement system is disclosed in international rating prepared by the World Bank Working Group. Detailed research in this area was carried out earlier; in particular, the following publications can be distinguished, which outlines methodologies that may be used for measuring performance in public procurement [15; 12]. Benchmarking Public Procurement Performance Study launched by the World Bank in 2013 and focuses on legal and regulatory environments that affect the ability of companies to do business with governments. Only three reports have been published: first in 2015, which covered 11 economies (Afghanistan, Chile, Ghana, Jordan, Mexico, Russian Federation, Sweden, Thailand, Turkey, Uganda, United States), and data was also collected later in the Russian Federation [16]; second in 2016, which expanded geographical coverage to include 77 economies in seven regions (Ukraine and Slovenia has been included in the study since 2016) [17]; third in 2017, which presented comparable data on public procurement laws and regulations across 180 economies (Lithuania has been included in the study since 2017) [18].

Benchmarking Public Procurement also complements other initiatives that enhance the transparency of public financing in general, and assess the quality and effectiveness of procurement systems in particular. Such initiatives include the Public Expenditure and Financial Accountability (PEFA) framework and the Methodology for Assessing Procurement System (MAPS) of the Organization of Economic Co-operation and Development (OECD).

## 2. Purpose

But despite the fact that the methods of calculating international ratings and the directions of their use are quite widely represented in the economic literature, the rating of the operation environment in the sphere of public sector enterprises remains undisclosed. It is extremely important to study the place of each country in the international rankings with a focus on the effectiveness of the government regulation and the business environment, identify the factors that influence changes in

indicators. It is necessary to understand the environment in which country is perceived by international organizations, investors, lenders and other interested persons in order to determine the directions of improvement and their predictive influence on the position of the country in order to increase its rating.

So the main aim of the study is to present the results of the surveys from the World Bank Group focused on the overall results of “Doing Business”, “Paying Taxes” and “Benchmarking Public Procurement” in selected countries (Ukraine, Lithuania and Slovenia) in order to determine their ability to evaluate the operation environment in the sphere of public sector enterprises.

### 3. Conceptual Models and Research Methods

Considering problems of the governance and corruption, Daniel Kauffman distinguishes procurement, tax, customs, or the judiciary as highly vulnerable institutions [9]. This is why public procurement, economic environment and tax policy require constant monitoring, collection and analysis of a wide range of data, including international ratings, comparisons and evaluations. Based on these assumptions, three ratings were selected, the results of which should be combined while evaluating the business environment of public sector enterprises. Additional factors that were taken into account when choosing ratings were publicity, transparency of these ratings, their accessibility, and the breadth of indicators and indicators covered by them.

The research is based primarily on secondary sources obtained from official authorities, educational, scientific, and monographic literature, scientific publications of the scientists on the theory and methodology of international ratings, information collected from professional press, discussions or previous participations in professional seminars and conferences relating to the chosen subject. Most of the information is gained from the studies “Doing Business”, “Paying Taxes”, and “Benchmarking Public Procurement” done by World Bank Group. To achieve the purpose set in the article and to select, classify and update accessible relevant information from the numerous published materials that would provide the basic knowledge of the selected topic, a complex of general scientific methods (analysis, synthesis, systematization, and comparison) was used.

Analysis and comparison were mainly used by preparation of the presented research.

### 4. Results

#### *Operation environment analysis based on “Doing Business”*

International ratings “Doing Business” consist of twelve indicators including ten basic and two extra. Analyzing the basic indicators, it can be concluded that seven indicators (“dealing with construction permits”, “getting electricity”, “getting credit”, “paying taxes”, “trading across borders”, and “enforcing contracts”) fully comply with the need to evaluate the operating environment of public sector enterprises. Other indicators should be taken into account with restrictions, regarding the peculiarities of creating and functioning of public sector enterprises: “starting business” should be considered taking into account the fact that public sector enterprises are created by the state and not by private individuals; “registering property” fully complies with the specifics of the functioning of public sector enterprises, since they also act as equal subjects in the operations of buying and selling property, but subject to restrictions in the field of state property; “protecting minority investors” has a limited impact on the assessment and can be taken into account when analyzing the operating environment of enterprises that are not 100% owned by the state; “resolving insolvency” should be taken into account that unlike most private sector entities, the future existence of public sector entities is not dependent upon the generation of profits and the procedures of resolving insolvency have limitations and specifics. Ukraine and Slovenia are included in different groups: Ukraine as a lower middle income is in the group of countries Europe & Central Asia which covers 23 countries in 2020; Slovenia is in the group of 34 countries OECD high income. The indicators of the countries are presented in Table 1.

According to the report of 2020 Ukraine’s rank is 64 among 190 countries which is sixteen points higher in comparison with the rating of 2017. Slovenia is now ranked among the top 40 economies but its position has been worsened since 2017: in 2017 – 30<sup>th</sup> position, in 2020 – 37<sup>th</sup>.

**Table 1. Indicators of Ukraine, Lithuania and Slovenia according to “Doing Business – 2020” [20] and “Doing-Business – 2017” [19]**

Indicator	Lithuania			Slovenia			Ukraine		
	2017	2020		2017	2020		2017	2020	
		Rank	Rank within group “OECD high income”		Rank	Rank within group “OECD high income”		Rank	Rank within group “Europe & Central Asia”
Population	2,910,199	2,789,533		2,063,768	2,067,372		45,198,200	44,622,516	
GNI per capita (US\$)	15,000	17,360		22,610	24,670		2,620	2,660	
<b>Ease of doing business rank</b>	<b>21</b>	<b>11</b>	<b>11</b>	<b>30</b>	<b>37</b>	<b>23</b>	<b>80</b>	<b>64</b>	<b>18</b>
Starting a business	29	34	21	49	41	17	20	61	15
Dealing with construction permits	16	10	8	80	119	32	140	20	4
Getting electricity	55	15	12	16	23	12	130	128	19
Registering property	2	4	4	34	54	24	63	61	16
Getting credit	32	48	15	133	119	29	20	37	12
Protecting minority investors	51	37	21	9	18	5	70	45	11
<b>Paying taxes</b>	<b>27</b>	<b>18</b>	<b>15</b>	<b>24</b>	<b>45</b>	<b>23</b>	<b>84</b>	<b>65</b>	<b>15</b>
Trading across borders	19	19	19	1	1	1	115	74	18
Enforcing contracts	6	7	6	119	112	32	81	63	17
Resolving insolvency	66	89	48	12	8	8	150	146	23

Lithuania is now ranked among the top 15 countries and its position has improved since 2017 (21<sup>st</sup> place).

Lithuania and Slovenia is ahead of Ukraine by almost all indicators. Only three indicators in Ukraine have better position in comparison with Slovenia: “dealing with construction permits”; “getting credit”; “enforcing contracts”, and only one in comparison with Lithuania: “getting credit”. According to the report of 2020 Ukraine’s rank is 64 among 190 countries which is sixteen points higher in comparison with the rating of 2017. Slovenia is now ranked among the top 40 economies but its position has been worsened since 2017: in 2017 – 30<sup>th</sup> position, in 2020 – 37<sup>th</sup>. Lithuania is now ranked among the top 15 countries and its position has improved since 2017 (21<sup>st</sup> place). Lithuania and Slovenia is ahead of Ukraine by almost all indicators. Only three indicators in Ukraine have better position in

comparison with Slovenia: “dealing with construction permits”; “getting credit”; “enforcing contracts”, and only one in comparison with Lithuania: “getting credit”.

Lithuania ranks 11<sup>th</sup> in the OECD high income group of countries, Slovenia ranks 23<sup>rd</sup> in this group. In the group of countries Europe & Central Asia Ukraine takes 18<sup>th</sup> place. In general, the trends of their ranks in groups repeat the trends of their ranks in the overall ranking.

Assessing the overall situation of Ukraine, Lithuania and Slovenia, taking into account the degree of influence of a particular indicator on public sector enterprises, following conclusions can be drawn. Slovenia has a rather high position in such important indicators as “getting electricity”, “registering property”. It is also necessary to note Slovenia’s first place by such indicator as “trading across border”. The conditions created under the “dealing with

construction permits”, “getting credit” and “enforcing contracts” (indicators for which Slovenia did not come into the top hundred countries) require certain reforms. For Ukraine, reforms in such areas as “getting electricity” are critical.

These conclusions are confirmed by a more detailed analysis of indicators which have a direct impact on the functioning of public sector enterprises (not taking into account “paying taxes”, which will be discussed later), presented in table 2.

**Table 2. Indicators of Ukraine and Slovenia in “Doing Business – 2020” [20]**

Topics	Indicator	Slovenia	Ukraine	Distance	
<b>Starting business</b>	Procedures (number)	3	6	+3	
	Time (days)	8.0	6.5	-1.5	
	Cost (% of income per capital)	0.0	0.5	+0.5	
	Minimum capital (% of income per capita)	34.3	0.0	-34.3	
<b>Dealing with construction permits</b>	Procedures (number)	17	10	-7	
	Time (days)	247.5	72.5	-175.0	
	Cost (% of warehouse value)	2.7	4.4	+1.7	
	Building quality control index (0-15)	13.0	12.0	-1.0	
<b>Getting electricity</b>	Procedures (number)	3	5	+2	
	Time (days)	38.0	267.0	+229.0	
	Cost (% of income per capital)	92.9	353.2	+260.3	
	Reliability of supply and transparency of tariffs index (0-8)	8	7	-1	
<b>Registering property</b>	Procedures (number)	7	7	-	
	Time (days)	50.5	15.0	-35.5	
	Cost (% of property value)	2.2	1.7	-0.5	
	Quality of land administration index (0-30)	23	16	-7	
<b>Getting credit</b>	Strength of legal rights index (0-12)	3	8	+5	
	Depth of credit information index (0-8)	6	7	+1	
	Credit bureau coverage (% of adults)	0.0	56.9	+56.9	
	Credit registry coverage (% of adults)	100.0	2.4	-97.6	
<b>Protecting minority investors</b>	Extent of disclosure index (0-10)	5.0	9.0	+4.0	
	Extent of director liability index (0-10)	9.0	2.0	-7.0	
	Ease of shareholder suits index (0-10)	8.0	6.0	-2.0	
	Extent of shareholder rights index (0-10)	6.0	4.0	-2.0	
	Extent of ownership and control index (0-10)	6.0	6.0	0.0	
	Extent of corporate transparency index (0-10)	5.0	7.0	+2.0	
<b>Trading across borders</b>	Time to export	Documentary compliance (hours)	1	66	+65
		Border compliance (hours)	0	6	+6
	Cost to export	Documentary compliance (US\$)	0	192	+192
		Border compliance (US\$)	0	75	+75
	Time to import	Documentary compliance (hours)	1	48	+47
		Border compliance (hours)	0	32	+32
	Cost to import	Documentary compliance (US\$)	0	162	+162
		Border compliance (US\$)	0	100	+100
<b>Enforcing contracts</b>	Time (days)	1160	378	-782	
	Cost (% of claim)	12.7	46.3	+33.6	
	Quality of judicial processes index (0-18)	11.5	11.5	-	
<b>Resolving insolvency</b>	Time (years)	0.8	2.9	+2.1	
	Cost (% of estate)	4.0	40.5	+36.5	
	Recovery rate (cents on the dollar)	90.0	9.0	-81.0	
	Strength of insolvency framework index (0-16)	11.5	11.2	-0.3	
	Outcome (0 as piecemeal sale and 1 as going concern)	1	0	-1	

The more favorable position of Ukraine on “dealing with construction permits” is a consequence of a significantly smaller number of procedures and the

requested time, despite the almost identical level of cost (% of warehouse value) and building quality control index. Despite the same level of cost (% of

claim) and the same level of judicial processes index in terms of enforcing contracts, Ukraine also has a higher position due to the smaller number of required days. For all indicators that are taken into account when assessing “getting electricity”, “getting credit” and “trading across borders” Slovenia has much more better positioning.

The additional indicators describes labour market regulation and contracting with the government (public procurement), which are not included in the ranking. These indicators must be taken into account when analyzing the functioning environment of public sector enterprises. The main shortages of these indicators are as follows: firstly, the conclusions presented in descriptive form limiting the possibilities of analysis; secondly, not all countries are mentioned in the analysis.

Indicator “Employing workers” was part of the main indicators till 2011. As for labour market regulation it is noted in “Doing Business – 2020” [20] that Slovenia has strict labor rules what make the process of hiring employees arduous. Research shows that strict employment protection legislation shapes firms’ incentives to enter and exit the economy, which in turn has implications for job creation and economic growth. Ukrainian labor laws - specifically those that regulate hiring, work scheduling, and redundancy – are strict also (as in most low- and lower-middle-income economies)

especially in public sector.

In 2017 pilot indicator set “Selling to the government” (based on Benchmarking Public Procurement Report) was introduced and only in 2020 it was presented again as “Contracting with the governments”. The contracting with the government indicators collect data through a hypothetical scenario and standardized case study includes assumptions about the procuring entity, the bidding company, the contract, and the procurement process.

*Operation environment analysis based on “Paying Taxes”*

Rating of "Paying Taxes" evaluates tax burden of an average enterprise. It should be noted that for public sector entities, specific characteristics of taxation are presented mainly in the specifics of income tax and VAT calculation and legal rules of income tax and VAT payments.

The comparison of Ukraine, Lithuania and Slovenia with other countries and groups of countries (table 3) shows that Ukraine has relatively favorable conditions by such indicator as "Number of tax payments" but too much time for calculation and payment of taxes and a relatively high overall tax rate. It is also necessary to note the positive trend of reducing the time for calculation and the overall tax rate in 2020 compared to 2017.

**Table 3. Comparison of the indicators of Ukraine, Lithuania and Slovenia in “Paying Taxes 2017” [21] and “Paying Taxes 2020” [22; 20]**

2017					2020				
Ukraine	Lithuania	Slovenia	Europe and Central Asia	OECD high income	Ukraine	Lithuania	Slovenia	Europe and Central Asia	OECD high income
<b>Rank among all countries</b>									
84	27	24	-	-	65	18	45	-	-
<i>Number of tax payments</i>									
The total number of taxes and contributions paid, the method of payment, the frequency of payment, the frequency of filing and the number of agencies involved for the standardized case study company during the second year of operation. It includes taxes withheld by the company, such as sales tax, VAT and employee-borne labor taxes.									
5,0	11,0	10,0	17,6	10,9	5,0	10,0	10,0	14,4	10,3
<i>Time for calculation and tax payments</i>									
The time it takes to prepare, file and pay (or withhold) the corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social contributions (in hours per year).									
355,5	171,0	245,0	221,5	163,4	328,0	95,0	233,0	213,1	158,8
<b>Overall tax rate</b>									
The total tax rate measures the amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits.									
51,9	42,7	31,0	33,8	40,9	45,2	42,6	31,0	31,7	39,9
<i>Post-filing index</i>									
The postfiling index is based on four components—time to comply with VAT refund, time to obtain VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.									
79,3	97,6	95,03	71,9	85,1	86,0	97,5	80,0	68,2	86,7

On the contrary, in comparison with Ukraine and Lithuania Slovenia has favorable conditions by such indicator as “overall tax rate”. Lithuania's critical distinction is a very short time for calculation and tax payments - only 95 hours in 2020 (Ukraine - 328 hours, Slovenia – 233 hours).

As for the “post-filling index”, Ukraine in 2017 had worse position in index than Slovenia. But in 2020, this index increased, in contrast to Slovenia,

where post-filling index decreased significantly. Lithuania has a high index, which does not change significantly, and this represents efficiency of the tax administration process.

An analysis of the procedures for calculating and paying taxes (table 4) shows that public sector entities in the Ukraine and Slovenia spend much more time for calculating social taxes than in Lithuania.

**Table 4. Detailed indicators “Paying Taxes - 2020” of Ukraine, Lithuania and Slovenia [22; 20]**

Tax or mandatory contribution	Payments (number)	Time (hours)	Statutory tax rate	Total tax and contribution rate (% of profit)
<b>Ukraine</b>				
Unified Social Contribution	1.0	92.0	22%	33.85%
Corporate income tax	1.0	36.5	18%	10.23%
Land tax	1.0	-	various rates	1.10%
Environmental taxes	1.0	-	various rates	0.01%
Military contribution	0.0 (jointly)	-	1.5%	0%
Value added tax (VAT)	1.0	199.0	20%	0%
Totals	5.0	328	-	45.2%
<b>Slovenia</b>				
Social security contributions	1.0	90.0	16.1%	18.16%
Corporate income tax	1.0	74.0	17.0%	12.68%
Tax on insurance	1.0	-	8.5%	0.08%
Property tax (local duties)	4.0	-	various rates	0.06%
Road tax	1.0	-	various rates	0.04%
Employee paid - Labor tax	0.0	-	22.1%	0%
Fuel tax	1.0	-	-	0%
Value added tax (VAT)	1.0	69.0	22.0%	0%
Totals	10.0	233.0	-	31.0%
<b>Lithuania</b>				
Social security contributions	1.0	34.0	30.98%	35.17%
Corporate income tax	1.0	18.0	15.0%	5.92%
Real estate tax	1.0	-	1.0%	0.98%
Environmental tax	1.0	-	39.77 Eur/ton in January - April 2016 71.13 Eur/ton in May - December 2016	0.29%
Vehicle tax	1.0	-	EUR 286 + EUR 753	0.15%
Land tax	1.0	-	0.01% - 4%	0.06%
Contributions to guarantee fund	0.0	-	0.2%	0%
Value added tax (VAT)	1.0	43.0	21.0%	0%
Fuel tax	1.0	-	-	0%
Employee paid - Social security contributions	0.0	-	9%	0%
Tax on pollution from mobile sources	1.0	-	various rates	0%
Tax on pollution from packaging	1.0	-	various rates	0%
Totals	10.0	95.0	-	42.6%

But the rates of these taxes are higher in Lithuania. With relatively identical corporate income tax rates,

the procedure for calculating and paying looks easier in Ukraine than in Slovenia and much more

easier in Lithuania. But it should be considered that not all public sector enterprises pay it. At the same time, while the VAT rate in Ukraine is less (two percent in comparison with Slovenia and one percent in comparison with Lithuania), Ukrainian enterprises spend much more time (almost three times more) on calculating and paying VAT.

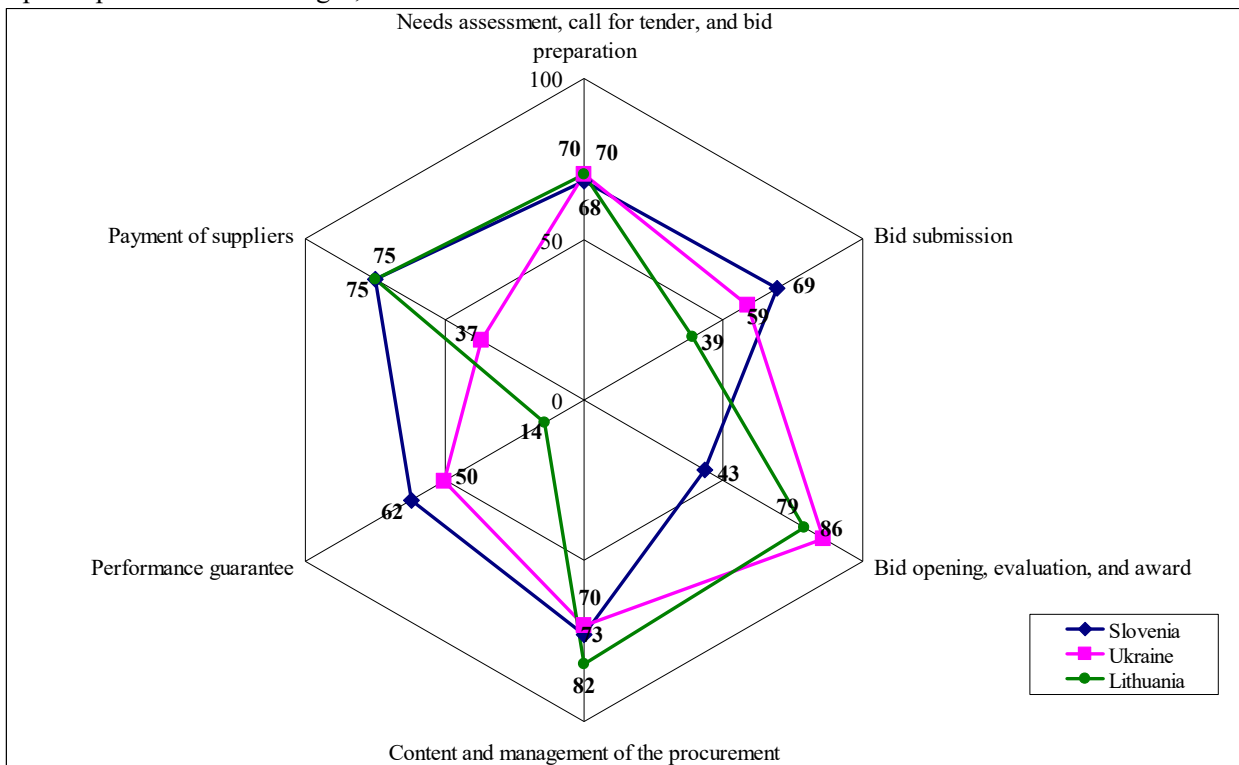
But such a small number of payments (5,0) in comparison with Slovenia and Lithuania (10,0) and average number in Europe & Central Asia (14,4) and OECD high income (10,3) is actually artificial in Ukraine. As a result of the tax reform in 2015, three property taxes were replaced by one, in which the same three types were distinguished; the same situation occurred with rental (environmental) payments, social and pension insurance fees (united social contribution).

*Operation environment analysis based on "Benchmarking Public Procurement"*

In Benchmarking Public Procurement 2017 the methodology of evaluating involves the actions of their participants at certain stages, which cover the

so-called "public procurement lifecycle" and includes groups of indicators that are: (1) quantified in points (the maximum score for each indicator, which is quantified, is 100 points): needs assessment, call for tender, and bid preparation; bid submission; bid opening, evaluation, and award; content and management of the procurement contract; performance guarantee; payment of suppliers; (2) not quantified and presented only in descriptive form: structure of the complaints mechanism; complaints submitted to the first-tier review body; complaints submitted to the second-tier review body; post-award complaints.

Slovenia is ahead of Ukraine by four indicators: bid submission; content and management of the procurement contract; performance guarantee; payment of suppliers. Only two indicators in Ukraine have better position: needs assessment, call for tender, and bid preparation; bid opening, evaluation and award (Figure 1). Lithuania is ahead of Ukraine by one indicator: content and management of the procurement.



**Figure 1. Rating of the Ukraine, Lithuania and Slovenia according to the Benchmarking Public Procurement 2017 [18]**

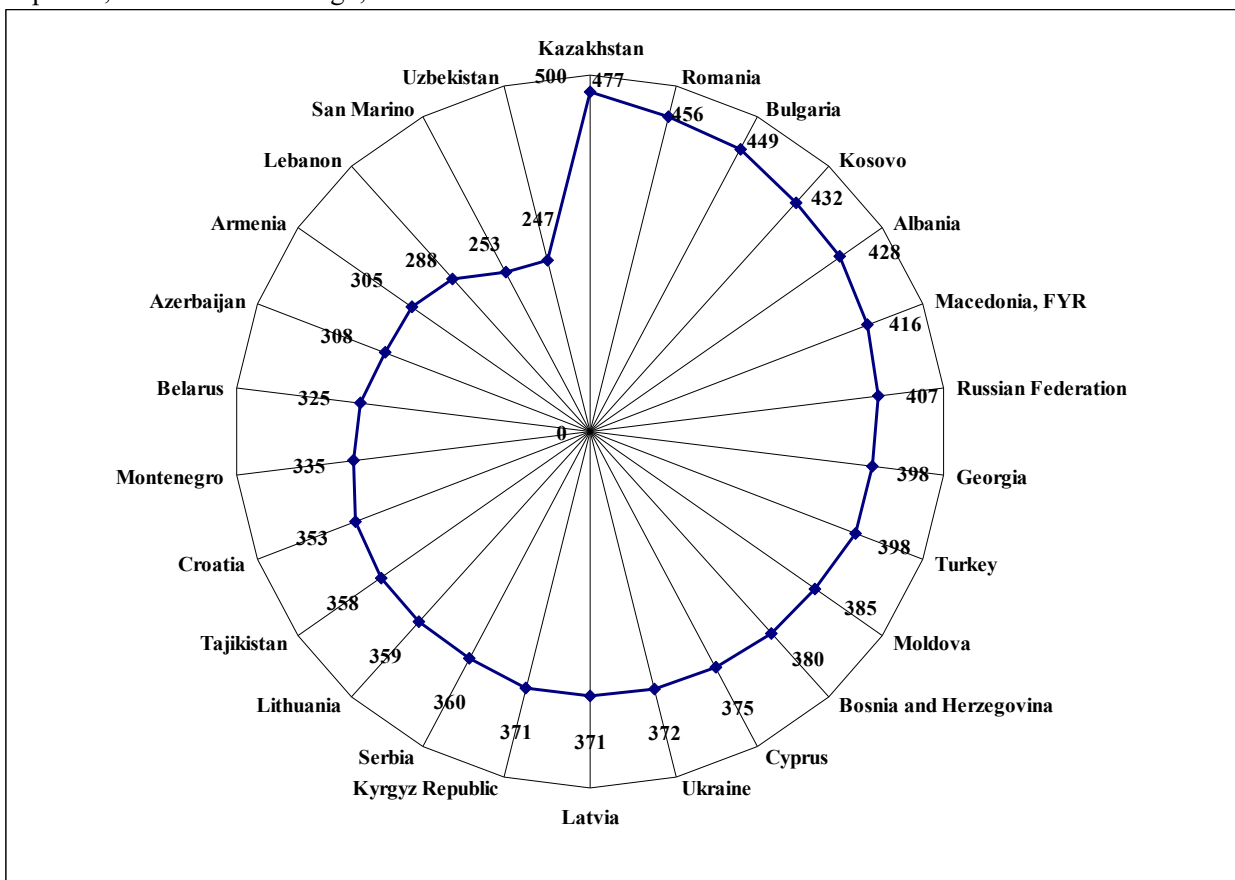
The maximum score (100) was obtained by such

countries: indicator "needs assessment, call for



tender, and bid preparation” - Russia; indicator “performance guarantee” - Ecuador, Peru, Philippines, Singapore, Suriname; indicator “payment of suppliers indicator” - Australia, Denmark, Finland, Italy, Republic of Korea, Spain, USA. The minimum score (0) was earned by following countries: indicator “Performance Guarantee” - Antigua and Barbuda, Australia, Czech Republic, Finland, Hong Kong, Iceland, Ireland, Lesotho, Luxembourg, New Zealand, Norway, Singapore, Slovakia, Sweden, Vanuatu; indicator “Payment of suppliers” - Dominican Republic, Trinidad and Tobago, Vanuatu.

It is informative to compare the estimates obtained by Ukraine, Lithuania and Slovenia with the countries of Europe and Central Asia (a group covering 25 countries and Ukraine included), as well as with some OECD countries that are classified as high-income countries. Given that the Report lacks a final rating, it has been decided to make a comparison by the amount of points. European countries (mainly Eastern Europe) and Central Asia countries (Figure 2) received at least 250 points (only Uzbekistan had 247 points and San Marino - 253 points).



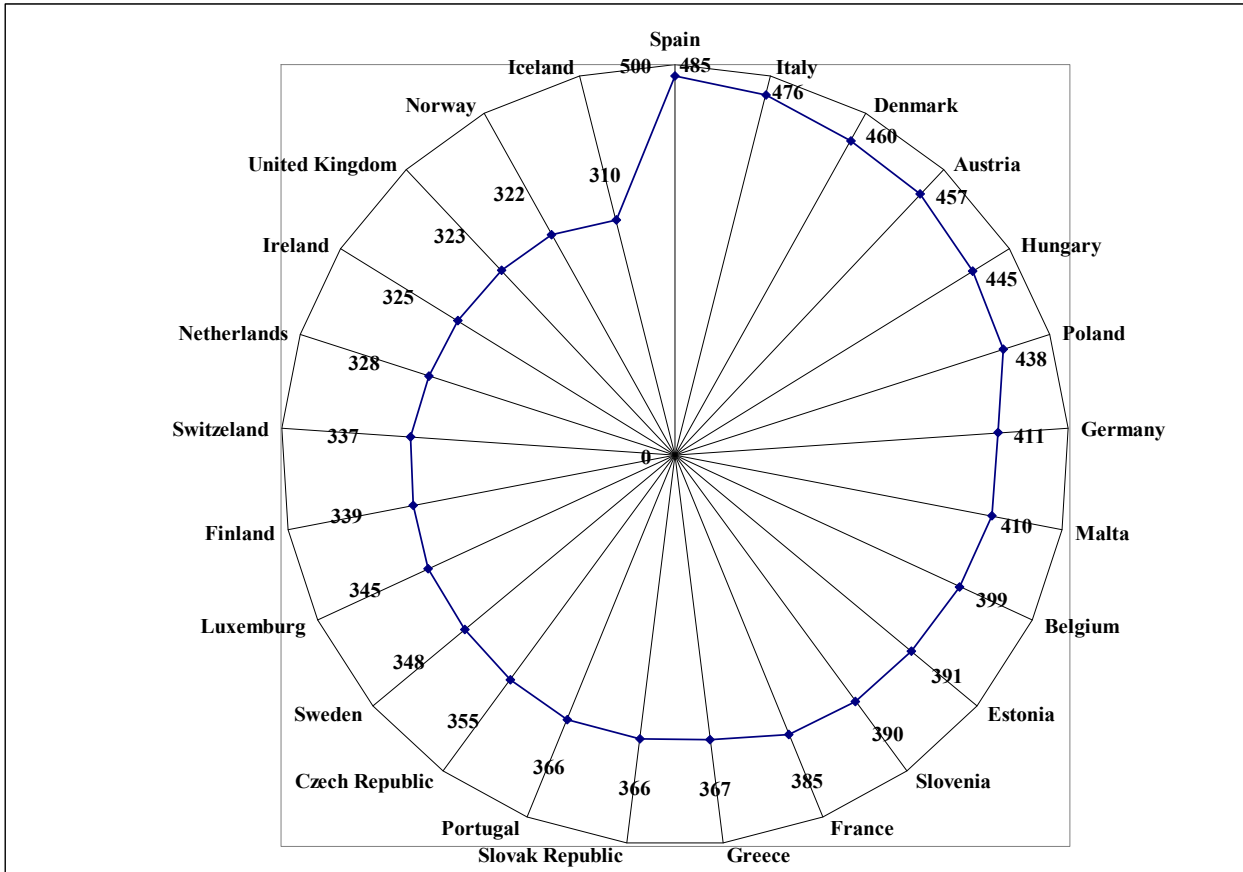
**Figure. 2. Rating of the countries of Europe and Central Asia group by the total number of points based on the data of World Bank Group, Benchmarking Public Procurement 2017 [18]**

Points in the range from 301 to 400 were awarded to 16 countries (64% of all countries in the group), and 7 countries (28%) have points ranging from 401 to 500. Ukraine receiving 372 points (or an average of 62.0 points) is at 13th place, ahead of Latvia, Kyrgyzstan, Serbia, Lithuania (with 359

scores), Tajikistan, Croatia, Montenegro, Belarus, Azerbaijan, Armenia, San Marino and Uzbekistan.

The highest total score in the group was obtained by Kazakhstan - 477 points (average score – 79,5). The total score of high-income OECD countries in Europe (Figure 3) does not cross the lower limit of 300 points. Points from 301 to 400 were awarded

to 17 countries, and 8 countries scored from 401 to 500.



**Figure 3. Rating of European countries of the OECD high-income group by the total number of points, based on the data of World Bank Group, Benchmarking Public Procurement 2017 [18]**

The highest score was received by Spain - 485 points. According to the calculations, Ukraine outperformed high-income OECD countries such as Iceland, Norway, the United Kingdom, Ireland, the Netherlands, Switzerland, Finland, Luxembourg, Sweden, Czech Republic, Portugal, Slovakia, and Greece. Slovenia received 390 points and its position is higher than position of above-mentioned countries and France.

**5. Conclusions**

1. The further increasing of the ranking in the world economy in general and in different areas in particular (trade, financial, social, etc.) is impossible without forming a solid basis for internal development for public sector entities by

improving institutional, administrative and economic instruments in this sphere. This basis must be founded on the principle that economic activity benefits from clear rules: rules that allow voluntary exchanges between economic actors, set out strong property rights, facilitate the resolution of commercial disputes, and provide contractual partners with protections against arbitrariness and abuse. Taking into account the globalization of the economy an important part of evaluating the public sector should be a comparative analysis of the overall operating environment with the relevant systems of other countries of the world.  
 2. The public sector entities have certain characteristics. In order to evaluate the conditions of their functioning, it is advisable to combine general international ratings in the sphere of

conditions for business activity and taxation and special international ratings in the sphere of public procurement. The ratings of World Bank such as “Doing Business”, “Paying Taxes” and “Benchmarking Public Procurement” are very useful. The importance of such comparative studies is explained by the numerous facts. Public sector entities in economies with good public procurement systems face lower losses from shipping to domestic markets, and experience lower incidence of bribery. Moreover, the impact of reforms in the sphere of public procurement goes beyond effective public procurement because it affects management of public funds, efficiency in their expenditure, and accountability of public officials. It also fosters innovation in the delivery of projects, potentially leading to cost savings for governments worldwide. For all governments, the administration of tax is a priority. Paying tax is one of the most universal, frequent and potentially contentious interactions that public sector entities have with their government.

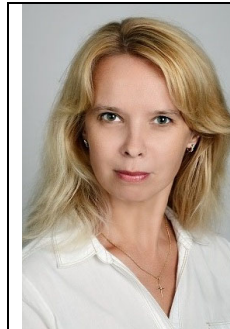
4. The results of such comparative analysis will allow identifying risk areas, and relevant information can be used in developing of recommendations and proposals for improving the effectiveness of the operation environment. And it is important to avoid activities that “artificially” increase the ranking without real improvement as this may adversely affect the image and reputation of the country causing distrust to the governance. But the following limitations in data usage can be distinguished: insufficient detail of the data, there is no complete comparison between the data because the last report “Benchmarking Public Procurement” has been published in 2017. Moreover On August 27, 2020 The World Bank Group issued the statement on the Doing Business Report [1]. A number of irregularities have been reported regarding changes to the data in the Doing Business 2018 and Doing Business 2020 reports, published in October 2017 and 2019. The changes in the data were inconsistent with the Doing Business methodology. The integrity and impartiality of data and analysis is paramount and so World Bank was immediately taking the following actions: conducting a systematic review and assessment of data changes that occurred subsequent to the institutional data review process for the last five Doing Business reports; the World

Bank Group’s independent Internal Audit function has been asked to perform an audit of the processes for data collection and review for Doing Business and the controls to safeguard data integrity. IT was announced that World Bank will act based on the findings and will retrospectively correct the data of countries that were most affected by the irregularities. The publication of the Doing Business report was paused as World Bank conduct assessment. But on September, 16, 2021 it was announced that World Bank Group management has taken the decision to discontinue the Doing Business report. There is no connection with the situation with Covid-19 and such a connection has not been officially announced. But nevertheless, it is very unfortunate that this particular rating ceased to exist exactly at the time when it is very important to see the impact of the pandemic on the prospects for business development and its current position.

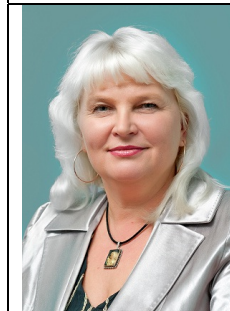
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