INDEX OF BUREAUCRACY

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FIU | Adam Smith Center for Economic Freedom

Index of Bureaucracy 2026

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11200 SW 8th St., Management Advanced Research Center, Miami, Florida, 33199, https://freedom.fiu.edu/index-of-bureaucracy

Authors:

Sary Levy-Carciente | Lead Author & Coordinator
A. Leonardi, J. Bongiovanni, A. Rosa | Fundación Libertad (ARG)
J. Velarde, Leonardo Siles | Libera Bolivia (BOL)
R. Gómez, P. H. Resende, R. Schmidt | Instituto Millenium (BRA)
Bettina Horst, Nicolás Durán | Libertad y Desarrollo, (CHL)
I. Durán | Fundación Innovación para el Desarrollo (COL)
L. Loría, E. Méndez | Ideas Lab (CRI)
F. Hosse | Berlin Center for Individualist Thought (DEU)
M. Melo, Á. Santana | Instituto OMG (DOM)
J. Andrade, G. Verdecia, I. Román | Instituto Ecuatoriano de Economía Política, (ECU)
E. Ronda, J. Bongiovanni, A. Rosa | Fundación Internacional para la Libertad (ESP)
N. Córdova L., N. Brandler | CEDATOS (FRA)
Clement Ngu | (GBR)
S. Lee, A. Monterroso | Centro de Investigaciones Económicas Nacionales (GTM)
D. DaSilva-Glasgow | University of Guyana (GUY)
N. Córdova L., C. Licona | CEDATOS (HND)
J. Kril, L. Bertoletti | B&K Agency (ITA)
N. Córdova L., Kavel Francis | CEDATOS (JAM)
M. Campos, A.L. Moreno | México Evalúa (MEX)
M. Krienert, B. Townshend, L. Andreula | Fundación Libertad (PAN)
J.I. Beteta, C. Costa Pastori | Asociación de Contribuyentes del Perú (PER)
V. Sabino Pinto | Instituto +Liberdade (PRT)
F. Rabino | Instituto Fernando de la Mora (PRY)
S. Lee, I. Rogel, M. Peñate | Centro de Investigaciones Económicas Nacionales (SLV)
A. Knowles, M. Anatol, I. John | Institute of International Relations, University of the West Indies (TTO)
J. Kril | B&K Agency (UKR)
H. Bonilla, D. Eilender | Centro de Estudios para el Desarrollo (URY)
N. Córdova L., N. Brandler | CEDATOS (VEN)

Design:

Megan Rocher, Adam Smith Center for Economic Freedom, Florida International University.

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Table of Contents

i. Preface **4**
ii. Words from the Coordinator **5**
iii. Executive Summary **6**
I. Bureaucracy: The Invisible Barrier **8**
Evolution of Bureaucratic Thought 8
Bureaucratic Overload: A Paradox 9
Bureaucracy and Digital Transformation 10
Bureaucracy and the Business Life Cycle 10
Toward Unfettered Liberty: 250 Years, One Legacy 12
Index of Bureaucracy 2026 12
II. Results **14**
II.1. Definition and Identification of the Representative Small Enterprise 14
II.2. Opening Index of Bureaucracy 15
II.3. Running Index of Bureaucracy 20
II.4. Closing Index of Bureaucracy 25
II.5 Opening, Running, and Closing Index of Bureaucracy 30
III. The Opportunity Cost of Bureaucracy **31**
IV. Summary of Results and Final Remarks **33**
V. Country Results **34**
ARGENTINA (ARG) 35
BOLIVIA (BOL) 36
BRAZIL (BRA) 37
CHILE (CHL) 38
COLOMBIA (COL) 39
COSTA RICA (CRI) 40
GERMANY (DEU) 41
DOMINICAN REPUBLIC (DOM) 42
ECUADOR (ECU) 43
SPAIN (ESP) 44
FRANCE (FRA) 45
UNITED KINGDOM (GBR) 46
GUATEMALA (GTM) 47
GUYANA (GUY) 48
HONDURAS (HND) 49
ITALY (ITA) 50
JAMAICA (JAM) 51
MEXICO (MEX) 52
PANAMA (PAN) 53
PERU (PER) 54
PORTUGAL (PRT) 55
PARAGUAY (PRY) 56
EL SALVADOR (SLV) 57
TRINIDAD AND TOBAGO (TTO) 58
UKRAINE (UKR) 59
URUGUAY (URY) 60
VENEZUELA (VEN) 61
VI. Methodology **62**
VII. Appendices **65**

i. Preface

Carlos Díaz-Rosillo, Ph.D.
Founding Director
The Adam Smith Center for Economic Freedom, Florida International University

Reclaiming the Legacy of Liberty

The commemoration of the 250th anniversary of the United States Declaration of Independence and the publication of Adam Smith's *The Wealth of Nations* serves as a profound reminder that human flourishing is inextricably linked to individual liberty and the rule of law.

This legacy of freedom is increasingly compromised by the weight of administrative complexity, which functions as an *invisible shackle* on modern society. Bureaucracy, while originally intended to provide rational governance, has evolved into a formidable barrier that forces entrepreneurs to treat their inherent right to produce as a mere concession granted by the state through endless procedures and official discretion. This burden is not merely a technical inconvenience but an ethical challenge that stifles the creative potential of individuals and undermines the prosperity of nations.

As the Adam Smith Center for Economic Freedom presents the sixth edition of the Index of Bureaucracy, we go beyond abstract theory to provide a rigorous quantification of this administrative drain across the entire business life cycle. By analyzing the stages of opening, running, and -for the first time in this edition- closing a business across 27 nations, the research reveals a sobering reality for a sample that represents 94% of Latin American and the Caribbean and 59% of European's GDP. Small enterprises across these regions, which are the primary engines of employment, are often forced to navigate a labyrinth where formalization takes nearly ten months and exiting a market can consume two years of unproductive effort. These delays represent a massive waste of human capital and trap resources in inefficient structures, creating a disconnect between institutional design and economic reality.

The path forward requires more than just the adoption of new technologies, which risk simply automating existing inefficiencies if not accompanied by deep institutional reform. This index serves as an empirical tool to guide a transition from a culture of state control to one of genuine facilitation, providing the data necessary to dismantle the barriers that prevent individuals from building their own well-being.

By reducing the weight of the administrative apparatus, we can ensure that the principles of liberty enshrined in the Declaration of Independence and *The Wealth of Nations* two and a half centuries ago remain the foundation for growth in an era of rapid global change. It is through this commitment to institutional freedom that we can liberate the human spirit to innovate, compete, and flourish once again.

ii. Words from the Coordinator

Sary Levy-Carciente
Lead Author and Coordinator
The Adam Smith Center for Economic Freedom, Florida International University

In 2026, we honor liberty as the élan vital of the individual and the cornerstone of society. This year marks the 250th anniversary of both the United States Declaration of Independence and the publication of Adam Smith's seminal work, An Inquiry into the Nature and Causes of the Wealth of Nations. *Both milestones, occurring in 1776, established that the prosperity of nations is rooted in individual freedom, the rule of law, and the market's capacity to generate wealth. Yet, two and a half centuries later, excessive bureaucracy persists as an "invisible shackle," a burden that erodes competitiveness and curtails the fundamental right of citizens to build well-being.*

Within the framework of this commemoration, and amidst a global landscape fractured by geopolitical tensions and significant socioeconomic pressures, state efficiency transcends mere technicality: it has become an ethical imperative to safeguard liberty. While the revolution of artificial intelligence and digitalization promises to dismantle obsolete structures, technology alone is insufficient. A profound reassessment of state intervention is mandatory to ensure that innovation serves as an engine for genuine freedom rather than a masked layer of control.

The Adam Smith Center for Economic Freedom at Florida International University proudly presents the sixth edition of the Index of Bureaucracy. This release marks a new milestone in our trajectory: we have consolidated a research network that currently spans 27 nations—representing 94% of the Latin American and Caribbean GDP and 59% of the European—solidifying our position as a premier global reference and granting our findings significant statistical weight.

This endeavor is the result of a coordinated effort with world-class think tanks and researchers in each nation, to whom I express my deepest gratitude for their rigor and professionalism. I wish to particularly recognize the work of economist Leonardo Siles, whose responsible and dedicated assistance was fundamental to the completion of this edition, as well as the statistician Karen Tizado, whose expert support in quantitative processing provided the analysis with greater depth and precision.

In this edition, the project has enjoyed the support of the Templeton World Charity Foundation, whose contribution, beyond financial backing, serves as an endorsement of the technical quality and relevance of our work. In this collaboration, we recognize the vital participation of Roberto Salinas León.

My special thanks go to Dr. Carlos Díaz-Rosillo, founding director of the Adam Smith Center for Economic Freedom, for being a fundamental pillar in the advancement and global reach of this research. My gratitude extends to the entire team at the Center, whose logistical and administrative efficiency made the realization of this report possible.

Two hundred and fifty years ago, the seeds of a world based on landscapes of liberty were sown. In presenting this Index of Bureaucracy 2026*, we reaffirm our commitment to providing the empirical evidence necessary so that those seeds may continue to flourish in economies that are more open, transparent, and prosperous for all.*

iii. Executive Summary

Despite recurring pledges of administrative simplification, modern governance is currently grappling with the paradox of bureaucratic overload. This normative proliferation is not incidental; it stems from structural incentives, such as regulatory cascading within multi-level systems and the political impulse to legislate in response to every social demand. While digital transformation and Artificial Intelligence (AI) emerge as potential mitigators, their implementation without rigorous institutional design risks automating inefficiency rather than fostering economic freedom.

Consequently, bureaucratic quality must be recognized as a key element for production. Its simplification and transparency do not merely combat corruption and state capture; it is fundamental to ensuring that public administration serves as a catalyst for social dynamism and the rule of law.

Furthermore, bureaucracy acts as a decisive filter throughout the corporate life cycle, disproportionately affecting MSMEs (micro, small, and medium enterprises), the primary engines of global employment. Onerous entry barriers incentivize informality, while the accumulation of operational requirements stifles growth. In the exit phase, complex liquidation processes trap unproductive capital and distort economic statistics.

In light of these challenges, establishing a detailed diagnosis of the obstacles facing the productive sector is critical. The *Index of Bureaucracy 2026*, now in its sixth edition, addresses this challenge through a structural evolution, providing an integral analysis of the three milestones of the business life cycle: **opening, running, and closing.** This 360-degree perspective enables the precise identification of the primary impediments to economic liberty at every stage. This analytical depth is further enhanced by an unprecedented geographic expansion, extending its reach to 27 nations across Latin America, the Caribbean, and Europe.

Collectively, this sample represents 12% of the global population and approximately 21% of global GDP. The coverage in Latin America and the Caribbean is particularly noteworthy, encompassing 94.4% of the population and 94.3% of the regional GDP. Europe is represented by 50% of its population and 59% of its output; specifically, the European Union reflects a representativeness of 60% and 63%, respectively. These figures underscore the significance and breadth of the findings presented in this study.

Index of Bureaucracy: Groups of Procedures

OPENING	RUNNING	CLOSING
• Identification & Registry • National Entities • Municipal Entities • Basic Services • Specifics	• Adm. of Employment • Adm. of Operations • Others	• Dissolution • Liquidation • Registration & Notification

The Index of Bureaucracy is a metric that quantifies the time—measured in hours—required for businesses to navigate bureaucratic procedures, ranging from initial startup and formal legalization to ongoing compliance and eventual closure.

The study systematizes the administrative burden through a categorized framework: five groups for opening procedures, three for running a business, and three for business closure.

To provide context for these results, an exhaustive analysis of each country's productive structure was conducted, emphasizing the activities of small enterprises within the primary, secondary, and tertiary sectors. Furthermore, the criteria defining a "small enterprise"—including annual revenue, headcount/number of employees, and asset value—were evaluated. Typically, national definitions incorporate at least two of these criteria, either through mathematical correlations or sector-specific differentiation.

An examination of small business definitions reveals that nations primarily employ three criteria: workforce size, annual revenue, and asset value. Regarding personnel, the predominant range fluctuates between 10 and 50 employees. There is a pronounced heterogeneity in maximum annual revenue thresholds, spanning from USD 20,000 to USD 60 million—a reflection

of the stark disparities and scales of the respective economies. Asset value is utilized as a metric in only six countries within the sample, with thresholds ranging from a ceiling of USD 100,000 to USD 50 million.

The **Opening Index of Bureaucracy 2026** exposes a critical systemic weakness: formalizing a small enterprise requires an average of **1,638 hours** (equivalent to 9.5 business months). This administrative burden is not correlated with national income levels nor overall development; rather, it hinges on a nation's commitment to institutional efficiency. The primary sector is the most severely impacted, while activity-specific procedures constitute the primary bottleneck. Based on performance across the five categories of opening procedures, the top-performing cluster comprises Brazil, Chile, the Dominican Republic, Ecuador, Spain, France, Guatemala, Guyana, Italy, Mexico, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay.

The **Running Index of Bureaucracy 2026** reveals that a small enterprise must dedicate, on average, **1,178 hours annually** to maintain formal operational compliance. This is equivalent to 57% of a full-time employee's annual workload dedicated exclusively to administrative tasks, in some cases necessitating the hiring of up to two people for this sole purpose. The secondary sector experiences the most significant impact, with the primary burden stemming from certifications, licenses, and tax or labor safety obligations, elements that form the core of administrative paralysis across the 27 nations analyzed. Based on performance across the three categories of operational procedures, the top-performing clusters comprise 19 countries: Argentina, Brazil, Costa Rica, the Dominican Republic, Spain, France, the United Kingdom, Italy, Mexico, Ukraine, Uruguay, Bolivia, Chile, Ecuador, Guyana, Honduras, Portugal, Paraguay, and El Salvador.

The **Closing Index of Bureaucracy 2026** demonstrates that the formal closure of a small business is an extraordinarily onerous process, requiring an average of **3,654 hours** (nearly two years of management). The crux of the issue lies in the Liquidation stage, which consumes 60% of the total time, followed by Registration and Notification. While some nations resolve the closure in under 350 hours, extreme cases such as Guyana and the Dominican Republic record periods of six and nine years, respectively. Regarding performance in the three categories of closure procedures, the best-positioned clusters are those constituted by Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Honduras, Panama, Paraguay, Chile, Costa Rica, France, Guatemala, Italy, Portugal, El Salvador, Ukraine, and Uruguay.

To quantify the magnitude of the economic distortion generated by bureaucratic excess, an opportunity cost analysis was conducted for both the private sector and the nation at large. Under this framework, the consolidation of opening, running, and closing costs reveals that the business community allocates **USD 33 billion annually** exclusively to administrative management. It is essential to specify that this figure represents the operational burden and does not include the payment of fees or tariffs associated with the procedures.

Likewise, a second assessment based on forgone labor productivity highlights the broader economic impact. By valuing the time invested in bureaucratic processes, it is estimated that the GDP at stake amounts to **USD 140 billion per annum**. This figure not only evidences a massive loss of efficiency but is roughly equivalent to **16.5% of the GDP** of the countries analyzed.

The findings presented herein underscore the imperative to optimize the efficiency and transparency of public administrations. It is essential that regulatory rigor coexist with administrative agility; to this end, superfluous or unjustifiably intrusive procedures must be rigorously purged. Such administrative simplification serves not only as a bulwark against corruption but also reinforces social cohesion and the integrity of the rule of law.

The ***Index of Bureaucracy 2026*** establishes itself as an essential analytical instrument for policymakers, the private sector, and civil society. By providing empirical evidence, it enables the precise identification of structural obstacles and facilitates the extraction of global best practices for the design of evidence-based public policy. In a global environment redefined by technological disruption, the modernization of the state apparatus is not optional; it is a *sine qua non* for cementing free, competitive, and prosperous societies.

I. Bureaucracy: The Invisible Barrier

Evolution of Bureaucratic Thought

Contemporary scholarship on bureaucracy transcends the mere dynamics of public administration, embedding itself within the spheres of economics and political science, while seeking solutions to its inherent challenges through cybernetics. Historically, analysis has transitioned from classical sociological perspectives toward models of incentives and autonomy that define state efficiency. Consequently, bureaucracy has been conceptualized through diverse lenses: as a rational mechanism of governance, a collection of utility-maximizing actors, a competitive internal hierarchy, or a semi-autonomous political entity.

Max Weber's seminal analysis, presented in *The Theory of Social and Economic Organization* (1947[1]), remains the gravitational center of bureaucratic studies. Weber conceptualized bureaucracy not merely as an administrative scheme, but as the organizational manifestation of rational-legal authority. This structure is underpinned by critical institutional pillars: an unequivocal hierarchy of command, functional specialization, strict meritocratic recruitment, and an impersonal administration governed by documentary formality.

Far from being a simple management tool, bureaucracy constitutes a legitimate form of domination anchored in legality and technical proficiency. Its value proposition to the economic system lies in predictability, precision, and disciplined competence. However, Weber's vision was deeply ambivalent. While he recognized the technical superiority of this model in the face of expanding state functions, he warned of the systemic risk of an "iron cage": a hyper-rationalization that, in its pursuit of efficiency, threatens to stifle individual liberty and organizational flexibility.

In contrast to Weber's sociological focus, William Niskanen's *Bureaucracy and Representative Government* (1971[2]) applies public choice theory, portraying bureaucrats as rational actors who maximize personal utility. He models public agencies as monopoly providers of government services, where directors seek larger budgets to augment their power, prestige, and compensation. Principal-agent problems between agencies and legislators allow bureaucrats to secure budgets exceeding the social optimum, making expansion inherent to modern political systems. While Weber emphasizes rule-bound rationality, Niskanen highlights strategic self-interest, reframing the bureaucracy as an active participant in principal-agent relations. This perspective shifted scholarly attention from formal structures toward incentive systems, inspiring extensive research on monitoring, contracting, and institutional constraints.

Breton and Wintrobe's *The Logic of Bureaucratic Conduct* (1982[3]) refines the economic perspective. Rejecting pure budget maximization, they describe bureaucracy as a multi-level hierarchy where superiors and subordinates exchange loyalty for resources and support. Authority is maintained not only through formal positions but via internal competition and negotiated compliance. Their analysis focuses on the nexus between control and discretion within hierarchies, emphasizing internal dynamics over exclusive external legislative oversight.

Aberbach, Putnam, and Rockman, in *Bureaucrats and Politicians in Western Democracies* (1981[4]), offer an empirical and comparative perspective. Based on international surveys, they challenge the conventional separation between politics and administration, finding instead considerable convergence: high-level civil servants frequently participate in agenda-setting and policy negotiation. This blurs Weber's ideal distinction between neutral technical competence and elected political leadership, suggesting that modern governance often involves shared authority and porous boundaries.

Guy Peters's 2022 article, *Understanding Bureaucratic Autonomy*,[5] synthesizes decades of research on the scope of agency independence. He distinguishes between formal autonomy, de facto autonomy, and reputational autonomy. Peters presents autonomy as a variable, relational, and context-specific phenomenon, shaped by political conditions, administrative capacity, and external legitimacy.

A recurring theme across these perspectives is discretion: the degree of interpretative authority exercised by bureaucrats.

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1 Weber, Max (1947). *The Theory of Social and Economic Organization.* Translated by A. M. Henderson and Talcott Parsons. New York: Oxford University Press.

2 Niskanen, William A. (1971). *Bureaucracy and Representative Government.* Chicago: Aldine-Atherton.

3 Breton, Albert and Wintrobe, Ronald (1982) *The Logic of Bureaucratic Conduct: An Economic Analysis of Competition, Exchange, and Efficiency in a Hierarchical Organization.* Cambridge: Cambridge University Press.

4 Aberbach, Joel D., Putnam, Robert D. and Rockman, Bert A. (1981) *Bureaucrats and Politicians in Western Democracies.* Cambridge, MA: Harvard University Press.

5 Peters, B. Guy (2022). "Understanding Bureaucratic Autonomy: Existing Approaches and a Way Forward." *Public Management Review* 24(4): 513–530.

This focus leads naturally to the concept of street-level bureaucracy, referring to the significant decision-making power held by frontline public employees—police officers, teachers, social workers, and inspectors—who implement policy through daily interactions with citizens. Confronted with limited resources and ambiguous directives, these officials transform general laws into concrete outcomes. Their discretionary decisions can either reinforce or undermine equity and accountability, proving that judgment remains an essential element of bureaucratic procedures.

Bureaucratic Overload: A Paradox

Within contemporary governance studies, a persistent paradox remains: despite continuous political pledges of deregulation and administrative simplification, the volume and complexity of rules continue to escalate. Scholarship suggests that rule expansion originates not solely from bureaucratic inefficiency, but from deep-rooted structural incentives and political considerations.

A key framework for explaining the proliferation of government rules is Bozeman's Theory (1993[6]). In this model, rule development is conceived as an essentially neutral activity that allows administrations to function predictably and transparently. However, Bozeman argues that the same mechanisms producing beneficial formalization can generate harmful "red tape." This dysfunction arises via two paths: rule-birth red tape, rules that are flawed from inception; and rule-evolution red tape, rules that begin with legitimate objectives but become burdensome as contexts shift or additional procedures are layered on. Over time, even rules designed to improve efficiency can lose their utility while retaining their administrative burdens.

A deeper understanding of the accumulation of rules stems from studies on vertical cascades of regulation. Kaufmann and van Witteloostuijn (2017[7]) investigate how norms established at higher levels of governance frequently trigger increased regulatory output at lower levels. In multilevel governance systems, supranational or national regulations require interpretation and practical application by implementing agencies. Consequently, these entities typically develop internal guidelines, protocols, and standards to define responsibilities, harmonize practices, and fulfill obligations imposed from higher levels. This process of adaptation generates additional rules within government bodies, producing chains of regulatory expansion that accumulate over time. Thus, the authors suggest that the proliferation of rules is often an inherent characteristic of governance architectures, rather than the result of isolated bureaucratic excesses.

Political motivations also drive regulatory expansion. Jakobsen and Mortensen (2016[8]) explore how shifting political agendas influence the growth of administrative rules. Politicians frequently turn to new rules to advance public policy objectives, address social concerns, and project resolve to voters. Since enacting new regulations typically attracts more attention than repealing existing ones, electoral pressures tend to favor regulatory accumulation. The primary implication of their study is that the creation of bureaucracy is closely linked to political forces and, therefore, cannot be understood solely as an isolated technical activity.

Gratton et al. (2021[9]) delve into the interaction between political incentives and bureaucratic complexity, focusing on the overproduction of laws. Their model suggests that inefficient bureaucracy makes it difficult for politicians to evaluate the performance of existing laws. In response, legislators may attempt to present themselves as reformists by introducing new bills, leading to a "Kafkaesque" framework marked by a complex legal web and procedural disorder. This can lead to legislative overproduction, often resulting in redundancies or contradictions with existing regulations. The authors characterize the outcome as a *Kafkaesque* framework, defined by a complex legal labyrinth and procedural disorder. By focusing on the short-term incentives facing politicians, this model seeks to explain the sustained growth of rules and bureaucracy.

More recent scholarship facilitates the comparison and systematization of studies analyzing bureaucratic and regulatory growth. Hinterleitner et al. (2023[10]) posit this phenomenon as a central structural element of contemporary governance. They identify factors such as rising social expectations, institutional fragmentation, and the political preference for layering new strata of regulation and bureaucracy onto existing frameworks rather than replacing them. This leads to an incremental accumulation of bureaucracy and regulation, resulting in increasingly dense policy clusters. Paradoxically, reforms aimed at simplification often introduce new obligations, ultimately fueling further expansion of the regulatory corpus.

Fernández-i-Marín et al. (2021[11]) analyze the excessive accumulation of policies in relation to administrative capacities through the concept of bureaucratic overburdening. This study demonstrates a widening gap between policy volume and the resources available for implementation. As new rules proliferate, agencies face mounting pressure to apply, monitor, and enforce them. In the absence of proportional resource increases,

6 Bozeman, B. (1993). "A Theory of Government Red Tape." *Journal of Public Administration Research and Theory*, 3(3), 273–304.

7 Kaufmann, W., and van Witteloostuijn, A. (2017). "Do Rules Breed Rules? Vertical Rule-Making Cascades at the Supranational, National, and Organizational Levels." *Organization Studies*, 38(3–4), 381–403.

8 Jakobsen, M. L., and Mortensen, P. B. (2016). "How Politics Shapes the Growth of Rules." Governance, 29(1), 39–55.

9 Gratton, G., Guiso, L., Michelacci, C., and Morelli, M. (2021) "From Weber to Kafka: Political Instability and the Overproduction of laws." *American Economic Review,* 111(9), 2964–3003.

10 Hinterleitner, M., Knill, C., and Steinebach, Y. (2023) "The Growth of Policies, Rules, and Regulations: A Review of the Literature and Research Agenda." *Regulation & Governance,* 17(4), 1298–1316.

11 Fernández-i-Marín, X., Knill, C., and Steinebach, Y. (2021). "Bureaucratic Overburdening in Advanced Democracies." *Governance*, 34(3), 731–748.

this yields implementation bottlenecks, such as delays, diminished effectiveness, and a divergence between formal norms and actual outcomes (e.g., the discrepancy between officially mandated processing times and actual duration).

Collectively, these studies indicate that the expansion of bureaucracy and its attendant procedures arises from a combination of political incentives, institutional designs, and organizational adaptations. Electoral competition drives legislators to enact new regulations as a means of demonstrating activity and commitment. Multi-level systems generate cascades of normative production as mandates from higher tiers are translated into lower-level operations. Simultaneously, policy overlap and the infrequent repeal of existing norms sustain a constant regulatory accumulation. These patterns create systemic headwinds that hinder the success of reforms intended to reduce bureaucratic burden.

Bureaucracy and Digital Transformation

Faced with the necessity of designing systems that harmonize technological infrastructure with agile legal frameworks and administrative processes, digitalization has ceased to be a peripheral option and has become the cornerstone of state competitiveness. This shift demands a transition from isolated information silos toward interoperable ecosystems that ensure transparency and accountability in public management.

The integration of digital tools and Artificial Intelligence (AI) offers a glimpse of a significant reduction in administrative burdens and greater precision in policy implementation. However, this process is not without structural challenges and hazards; poorly executed digitalization risks automating inefficiency, creating new layers of regulatory complexity, or deepening the "iron cage" of hyper-rationalization previously warned of in classical theory. Thus, technology emerges as a double-edged sword, requiring rigorous institutional design to prevent modernization from becoming an additional source of overload or a threat to the discretion necessary for fair governance.

Furthermore, the implementation of this digital transformation faces structural challenges such as institutional variation, where traditional bureaucracies often replicate analog processes behind digital façades, and regulatory fragmentation that disincentivizes innovation. Consequently, data security and privacy emerge as the pillars of citizen trust, indispensable for maintaining the legitimacy of any digital governance system.

For the business sector and policymakers, a robust digital architecture is the definitive tool for mitigating administrative overload, reducing transaction costs through digital identity and the automation of procedures. By facilitating data-driven, real-time governance, it enables the design of more precise public policies that attract both capital and talent.

In a recent work by Cieslak and Levy-Carciente (2026[12]), four dimensions of AI-driven transformation are highlighted: a) algorithmic coordination and control; b) the redistribution of discretion between human actors and machines; c) challenges to legitimacy and trust; and d) shifts in power dynamics within human-AI interaction. These dimensions reveal that AI reshapes bureaucracy through organizational, institutional, and political processes, rather than solely through its technological impact. Moreover, the authors note that AI readiness is strongly associated with regulatory quality but only weakly related to administrative efficiency from a business perspective, indicating that these represent distinct performance dimensions. The findings underscore that AI-driven administrative change is uneven and domain-specific, highlighting the need to disaggregate bureaucratic quality when assessing the implications of AI for public governance. The document emphasizes that digital transformation is not a mere technological upgrade but a profound reconfiguration of the institutional and operational architecture of public administration for the information age.

It is worth noting that, ultimately, the success of this transformation rests on the leadership required to reform institutions, ensuring the State functions as a facilitator of twenty-first-century economic dynamism, which in turn fosters environments of liberty.

Bureaucracy and the Business Life Cycle

The interaction between public administration and the private sector is not a static phenomenon but rather a dynamic process in which bureaucracy serves as a decisive filter for the survival and expansion of economic units. This impact manifests regressively, disproportionately affecting small businesses, which lack the economies of scale and administrative infrastructure necessary to absorb high compliance costs.

The importance of this segment is paramount: globally, micro, small, and medium-sized enterprises (MSMEs) represent approximately 90% of the business fabric and generate over 50% of world employment. In emerging economies, this figure is even more compelling, as formal SMEs contribute up to 40% of the national Gross Domestic Product (GDP), a proportion that rises significantly when the informal sector is taken into account (World Bank, 2024[13]; IFC, 2025[14]).

In Latin America and the Caribbean, the weight of small business is structurally decisive, yet it faces critical productivity

12 Cieslak, V. and Levy-Carciente, S. (2026) "The Digital Architect: How AI Is Rebuilding the Modern Bureaucracy." *Latin Trade*, March 16, 2026, https://latintrade.com/2026/03/16/the-digital-architect-how-ai-is-rebuilding-the-modern-bureaucracy-a-column-by-veronika-cieslak-and-sary-levy-carciente/.

13 World Bank (2024). *Small and Medium Enterprises (SMEs) Finance: Improving SMEs' Access to Finance and Finding Innovative Solutions to Unlock Sources of Capital*. Washington, DC: World Bank Group, https://www.worldbank.org/en/topic/smefinance.

14 International Finance Corporation, IFC (2025). *MSME Economic Outlook 2025: Bridging the Digital and Financing Gap for Global MSMEs*. Washington, DC: World Bank Group.

challenges. According to data from ECLAC and the ILO (2024[15], 2025[16]), MSMEs constitute more than 99.5% of all enterprises in the region and are responsible for generating 60% of formal productive employment. However, their contribution to regional GDP is proportionally lower than in OECD countries (approximately 25% compared to 50–60%), evidencing a challenging productivity gap. Despite this disparity, these enterprises are the primary engine of income for Latin American families, acting as the "most effective antidote to poverty" by providing direct sustenance to millions of households. Their role in job creation is vital in a context where regional employment growth has slowed to annual rates of 1.7%, with small units absorbing the bulk of the young and vulnerable workforce (ECLAC, 2024[17]; IDB, 2025[18]).

During the opening phase—spanning from initial registration to commencement of operations— what is termed rule-birth red tape (Bozeman, 1993) establishes entry barriers that frequently exceed the initial capacity of entrepreneurs. When procedures are excessively onerous, they create a perverse incentive toward informality as the sole survival mechanism; this prevents the enterprise from being legally established and restricts its access to financing and judicial protection.

As the firm enters its growth and scaling phase, it encounters a regulatory cascade where operational expansion often triggers multiple levels of regulation—local, national, supranational, and sectoral—that accumulate without a proportional repeal of prior norms. This phenomenon frequently results in the "dwarfism trap," a scenario in which small businesses prefer to remain undersized to avoid new layers of oversight and administrative burdens that would erode their competitiveness (Bentolila, Dolado and Jimeno, 2012[19]). In the stage of maturity and innovation, *rule-evolution bureaucracy*, rules that have lost their utility but maintain their burden, drains financial and human resources that should be allocated to research and development. The "iron cage" foretold by Weber materializes, stifling the flexibility to innovate and increase productivity, both of which are indispensable in global markets.

In the exit or closing phase of a business, complex liquidation processes act as barriers that trap capital in unproductive units, distorting the actual count of active enterprises within each productive sector, region, or country. This statistical distortion represents a critical information failure that skews the perception of a nation's overall economic health.

When *rule-birth red tape* establishes excessively onerous entry barriers, a significant proportion of the business community opts for informality as a survival mechanism. This creates an under-registration that renders the true size of the productive sector invisible. This disconnection between official records and economic reality prevents policymakers from designing precise strategies for fostering innovation or broadening the tax base, as they rely on a fragmented census that ignores the dynamics of informal small businesses.

Conversely, the exit phase of the business life cycle also contributes to this distortion due to the accumulation of rules and the complexity of liquidation procedures. High exit barriers result in many firms that have ceased operations remaining formally active in government registries, acting as "*zombie companies*" that inflate official statistics. This administrative overload, characterized by a complex legal web, generates delays and discrepancies between official processing times and operational reality, ultimately tainting data on corporate demographics.

The lack of interoperable ecosystems and regulatory fragmentation hinder real-time, data-driven governance, thereby exacerbating the lack of transparency and accountability. Without a robust digital architecture that enables a unified digital identity, the State cannot mitigate administrative overload nor accurately track the progression of firms from opening to maturity. Fixing this distortion is fundamental not only for efficient tax collection but also for ensuring the State acts as a facilitator that fosters environments of liberty and economic dynamism grounded in the reality of its productive actors.

Lastly, and of equal importance, the simplification and streamlining of administrative processes is not merely a measure of economic efficiency but a primary tool in the fight against corruption and the prevention of state capture. Bureaucratic overload and normative disorder (Gratton et al., 2021[20]) serve as a breeding ground for opacity; when rules are excessive, contradictory, or difficult to fulfill, the discretionary power of officials increases. This discretion, compounded by a lack of interoperability, creates incentives for private actors to seek "shortcuts" through bribery or for specific interest groups to influence the creation of new, favorable rules—a phenomenon known as regulatory capture. Within this context, the budget-maximization model (Niskanen, 1971[21]) warns that bureaucracy tends to expand inefficiently in the absence of clear transparency controls. Therefore, regulatory simplification, procedural agility, the standardization of criteria, and the reduction of unnecessary discretionary contact restore the sovereignty of the law and protect enterprises from extortion networks. This ensures that the

15 OIT (2024). *Informe Mundial sobre Salarios 2024–2025: ¿Está disminuyendo la desigualdad salarial a nivel mundial?* Ginebra: Oficina Internacional del Trabajo. ISBN 978-92-2-040188-0.

16 OIT (2025). *Perspectivas Sociales y del Empleo en el Mundo: Tendencias 2025* (WESO Trends). Ginebra: Oficina Internacional del Trabajo.

17 Comisión Económica para América Latina y el Caribe, CEPAL (2024). *Panorama Estratégico de las MIPYME en América Latina y el Caribe: Brechas de productividad y desafíos de formalización*. Santiago: Naciones Unidas.

18 Banco Interamericano de Desarrollo (2025). *El Motor de la Recuperación: Las PyMEs en la Estructura Productiva de América Latina y el Caribe.* Washington, DC: BID.

19 Bentolila, S., Dolado, J. J., and Jimeno, J. F. (2012). "Reforming an Emerging Dual Labor Market: The Case of Spain." Business School, Universidad de Navarra (IESE) y CEPR *Discussion Paper* No. 8643.

20 Gratton, et al. (2021). "From Weber to Kafka."

21 Niskanen (1971). *Bureaucracy and Representative Government.*

State functions as an impartial arbiter rather than an entity captured by special interests (Transparency International, 2024[22]).

Ultimately, a modern public administration must recognize that bureaucratic quality is an essential factor of production, especially for the small enterprise, the irreplaceable engine of social dynamics and family income stability.

Toward Unfettered Liberty: 250 Years, One Legacy

This 2026, we find ourselves at a historical crossroads of profound relevance for economic and political thought: the 250th anniversary of the United States Declaration of Independence and the publication of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations*. Both milestones, occurring in 1776, laid the foundations of a world order built upon individual liberty, the rule of law, and the market's capacity to generate prosperity. However, two and a half centuries later, the dynamism described by Smith and the autonomy defended by the Founding Fathers face a silent and persistent threat.

Contemporary bureaucracy, far from being limited to its function of technical organization, has frequently transformed into an "invisible barrier." This structure, which originally sought rationality, now often operates as a systemic impediment that stifles the entrepreneurial spirit and curtails the freedom of action of citizens. When regulatory excess and administrative overload become the norm, liberty ceases to be a full right and instead becomes a concession mediated by permits, procedures, and official discretion.

In this commemorative context, the struggle for administrative simplification and efficiency must not be viewed merely as a technical reform but as a moral imperative to reclaim the ideals of 1776. Recognizing bureaucracy as an obstacle to liberty is the first step toward transitioning to an institutional architecture that, rather than imprisoning the individual, acts as a facilitator for that natural flow of effort that Smith considered the true source of the wealth and well-being of nations. Only by liberating productive units, especially small businesses, from these invisible chains can we ensure that the legacy of freedom we celebrate today continues to flourish in the twenty-first century.

Index of Bureaucracy 2026

This sixth edition of the ***Index of Bureaucracy 2026***, developed at the Adam Smith Center for Economic Freedom at Florida International University, examines the impact of administrative burden on small businesses to advance an agenda of transformation toward a future of productive dynamism and civil liberties.

Its objective is to offer insights that guide policymakers and the business community, while providing tools for citizens to exercise effective oversight of public administration. Furthermore, the index fosters a critical analysis of state management; promotes the principle of subsidiarity in relation to private activity; and works in favor of a free, responsible, and prosperous society.

Methodologically, the study has been expanded and deepened this year by quantifying the bureaucratic burden across three critical stages of the business life cycle: opening until commencement of operations; compliance with recurring procedures to maintain operational formality; and, as a new feature for this edition, the processes required for business closure. This advancement in analytical depth coincides with the continuous growth of the research, which continues to broaden its spatial scope to offer an increasingly comprehensive view of the bureaucratic impact on enterprises and their productivity.

Regarding its geographic reach, the index has achieved a notable expansion and currently covers 27 nations. Within Latin America and the Caribbean, the study encompasses 20 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela. On the European continent, the research integrates seven countries: France, Germany, Italy, Portugal, Spain, Ukraine, and the United Kingdom, consolidating itself as a transatlantic reference for administrative efficiency.

Altogether, the sample represents 12% of the world's population and approximately 21% of global product. The coverage in Latin America and the Caribbean is particularly striking, reaching 94.4% of the population and 94.3% of its GDP. Meanwhile, Europe is represented by 50% of its population and 59% of its product; specifically, the European Union records a representativeness of 60% and 63%, respectively. These figures underscore the relevance and scope of the results obtained in this study.

The gathering of information required for the calculations was carried out with the support of the following organizations/researchers (alphabetically):

- Asociación de Contribuyentes del Perú, Peru
- B&K Agency SRL (responsible for the data collection for Italy and Ukraine)
- Berlin Center For Individualist Thought, Germany
- CEDATOS (responsible for the data collection for France, Honduras, Jamaica, and Venezuela), Centro de Estudios para el Desarrollo, Uruguay
- Centro de Investigaciones Económicas Nacionales, Guatemala (responsible for the data collection for Guatemala and El Salvador)
- Dianna Dasilva, Guyana.
- Fundación Innovación para el Desarrollo, Colombia.
- Fundación Internacional para la Libertad, España
- Fundación Libertad, Argentina
- Fundación Libertad, Panama

22 Transparencia Internacional (2024). *Índice de Percepción de la Corrupción: El Impacto de la Burocracia y la Falta de Digitalización en la Integridad Pública.* Berlín: Transparency International.

- Hong Wang Ngu, United Kingdom
- IDEAS Labs, Costa Rica
- Institute of International Relations, University of West Indies, Campus de St. Augustine, Trinidad and Tobago
- Instituto Ecuatoriano de Economía Política, Ecuador
- Instituto Fernando de la Mora, Paraguay
- Instituto Libertad y Desarrollo, Chile
- Instituto + Liberdade, Portugal
- Instituto Millenium, Brazil
- Instituto OMG, Dominican Republic
- Libera Bolivia, Bolivia
- México Evalúa, Mexico.

From the data collection, the most representative productive activities within each economic sector for each country are identified, alongside the bureaucratic procedures required at each stage (opening, running, and closing). The study documents the time required for each task and the frequency with which they must be performed (for running procedures). This data serves as the basis for a comparative analysis of results and an assessment of the opportunity cost impacts in both financial terms for the firm and output for the nation.

The objective is to provide actionable information to policymakers, entrepreneurs, and citizens who are driving transformations to enhance governance, productivity, and the overall quality of life for the citizenry.

II. Results

II.1. Definition and Identification of the Representative Small Enterprise

One of the methodological distinctives of the **Index of Bureaucracy** is its analysis of regulatory burden within the specific legal and normative framework of each country. Rather than applying a standardized model of productive activity or selecting one at random, the study adapts to the specific economic structure of each nation through a disaggregation by economic sectors (primary, secondary, and tertiary). This approach ensures a more accurate measurement of the administrative hurdles that actually constrain productivity in each country.

In examining the definitions of a small enterprise, it is observed that countries primarily employ three criteria: the number of employees, the volume of revenue, and the value of assets. The first two are nearly universal and are typically applied in combination—either through mathematical formulas or sectoral segmentations—in most legislation.

Regarding the workforce, the limit for defining a small enterprise in the countries under study is established below 250 workers, although the predominant range oscillates between 10 and 50 workers. The highest thresholds are found in France, with a maximum of 250 workers, followed by Peru with 100 and Brazil with 75.

There is a marked heterogeneity in the maximum levels of annual revenue, with a range varying from USD 20,000 to USD 60 million, reflecting the disparities and dimensions of the economies. At the top of the scale are the European nations, with revenue ceilings of USD 10–60 million. Conversely, Venezuela presents the lowest level at just USD 20,000, followed by Guyana with nearly USD 300,000 and then Jamaica and Mexico, whose maximum values reach USD 500,000. The rest of the countries analyzed are concentrated in a stratum with annual sales caps situated between USD 1 million and USD 3.5 million.

The level of assets is used as a selection criterion in only six countries of the sample. The thresholds vary significantly: from Guyana, with a maximum of USD 100,000 and Argentina, with USD 1.8 million, to Germany, Spain, and the United Kingdom, whose values are in the range of USD 10–12 million. France presents the highest threshold at USD 50 million.

For their part, Bolivia and Costa Rica employ mathematical formulas that integrate the three aforementioned criteria to determine the resulting value that defines the enterprise size.

An analysis of sectoral relevance reveals that the majority of the nations studied possess a predominantly tertiary economy, with contributions exceeding two-thirds of their GDP; standing out are the Dominican Republic (81%) and France (80%). The secondary sector ranks as the second-largest economic force, accounting for between one-quarter and one-fifth of the total. Mexico distinguishes itself as the exception within the group, exhibiting a more balanced distribution between industry (57%) and services (42%). In contrast, Guyana displays an atypical structure that is highly concentrated in the primary sector (85%), thereby relegating the tertiary sector to 10% and the secondary sector to a marginal 5%.

To identify the most representative productive activities within each economic sector, three criteria were considered: share of sectoral value added, number of active enterprises, and number of jobs generated. In cases where two or three activities demonstrated comparable significance, they were included in the representative sample.

In the primary sector, in most of the countries, small enterprises concentrate their activities within section A of the ISIC Rev. 4 (agriculture, forestry, and fishing). Within this category, the agriculture and livestock sub-sector is the most prevalent, while fishing and aquaculture feature prominently only in Ecuador and Mexico. Conversely, Trinidad and Tobago is the sole country where the predominant activity falls under section B of the ISIC Rev. 4 (mining and quarrying).

In the secondary sector, the most representative activities of small enterprises are concentrated in sections C (manufacturing) and F (construction) of the ISIC Rev. 4. The latter stands out due to its broad coverage, appearing as a representative activity in 16 of the 27 countries in the sample. Within the manufacturing sector, a diverse base is observed, encompassing the production of food, beverages, apparel, chemical products, plastics, and furniture.

The tertiary sector exhibits a greater diversity of representative activities, concentrated primarily in the following sections: section G: wholesale and retail trade; repair of motor vehicles and motorcycles; section H: transport and storage; section I: accommodation and food service activities; section L: real estate activities; section M: professional, scientific, and technical activities; and section P: education.

It is important to highlight that part of the variability observed in the results is explained by the specific nature of the selected productive activities, which, in many cases, face particular bureaucratic procedures in order to operate formally.

II.2. Opening Index of Bureaucracy

Figure 1 shows the results for the 27 countries analyzed in 2026 regarding the bureaucratic burden, measured in absolute hours, required to open a small business, from registration through to launch.

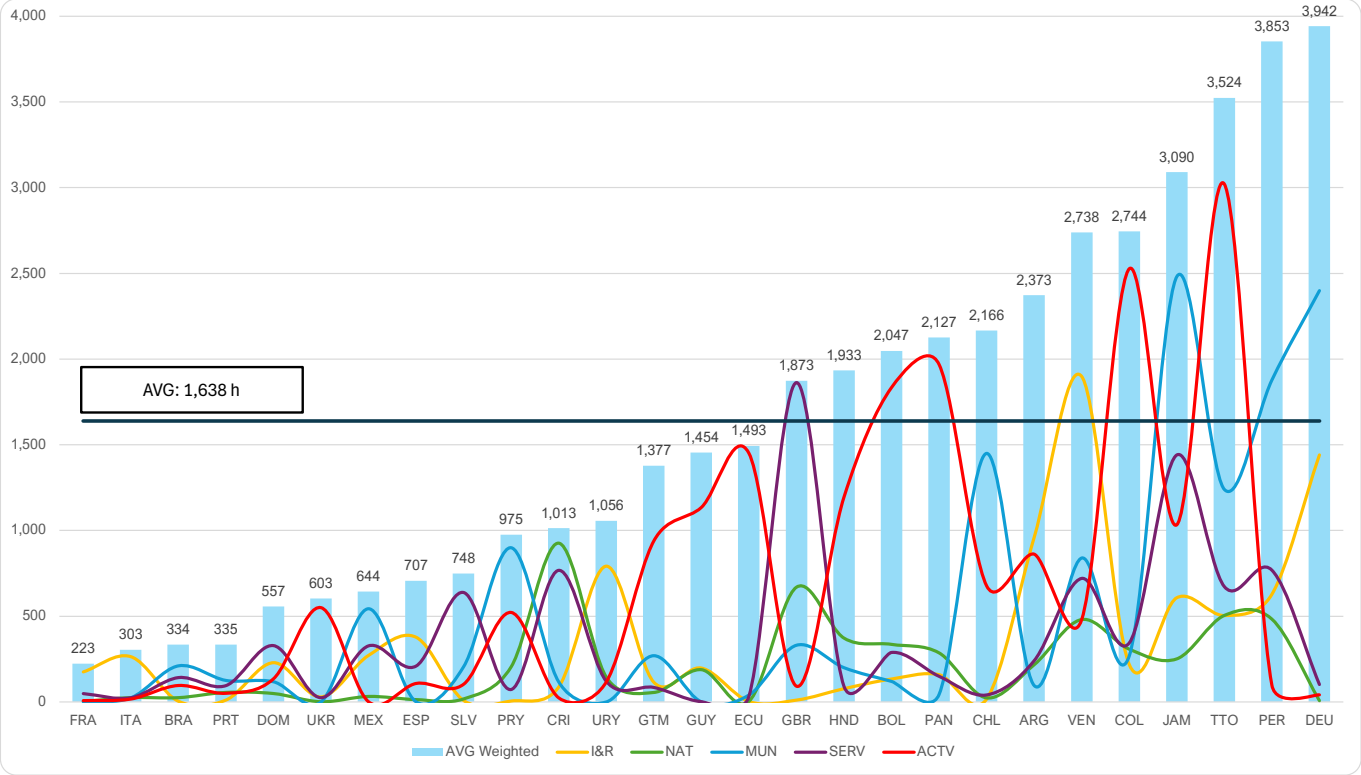


Figure 1. Opening Index of Bureaucracy 2026. Country, Category of Procedures (in hours, weighted average by sectoral relevance).

The results reveal a high degree of dispersion among the countries analyzed: the maximum recorded value exceeds the minimum by a factor of almost 18. Specifically, the time required ranges from 223 hours, recorded in France, to 3,942 hours in Germany; in the latter case, the bureaucratic burden amounts to nearly two years of full-time work dedicated solely to obtaining the necessary operational authorization for the new business.

Of the sample, 15 countries fall below average, while 12 rank above it. Regarding the distribution by hours, four nations (France, Italy, Brazil, and Portugal) record fewer than 500 hours; six (the Dominican Republic, Ukraine, Mexico, Spain, El Salvador, and Paraguay) fall within the 500–1,000 range; seven (Costa Rica, Uruguay, Guatemala, Guyana, Ecuador, the United Kingdom, and Honduras) fall within the 1,000–2,000 range; six (Bolivia, Panama, Chile, Argentina, Venezuela, and Colombia) fall within 2,000–3,000; and the remaining four (Jamaica, Trinidad and Tobago, Peru, and Germany) exceed 3,000 hours.

According to the World Bank's income classification, the sample consists of 12 high-income countries, 12 upper-middle-income countries, two lower-middle-income countries, and one unclassified (Venezuela). Conversely, under IMF's criteria, six are categorized as advanced economies, one as an emerging and developing economy in Europe, and 20 belong to Latin America and the Caribbean. Nevertheless, these categorizations do not demonstrate a correlation with the countries' rankings; it can therefore be inferred that it is the institutional efforts, along with the domestic political and technical commitments, within each nation that determine the observed results.

Results by Economic Sector

Considering the various economic sectors, the primary sector exhibits the highest bureaucratic burden at 2,137 hours, followed by the tertiary sector at 1,883 hours, while the secondary sector shows 1,819 hours.

In the primary sector, administrative efficiency is led by France (223 hours), Guyana (268 hours), Portugal (375 hours), Ukraine (418 hours), and Brazil (464 hours). In contrast, the opposite end of the distribution reveals significantly higher time burdens in Bolivia (3,000 hours), Trinidad and Tobago (4,154 hours), Jamaica (6,480 hours), Colombia (7,566 hours), reaching a peak in Germany (8,633 hours).

The secondary sector presents a similar dynamic of institutional disparity. Ukraine (58 hours) leads the series for its agility, followed by France (224 hours), Brazil (233 hours), Italy (288 hours), and Bolivia (480 hours). However, management becomes particularly burdensome in nations such as Argentina (3,351 hours), Trinidad and Tobago (3,424 hours), Peru (4,152 hours), and Colombia (4,933 hours), with Germany (8,633 hours) recording the most burdensome bureaucracy in this segment.

Finally, the analysis of the tertiary sector places Portugal (172

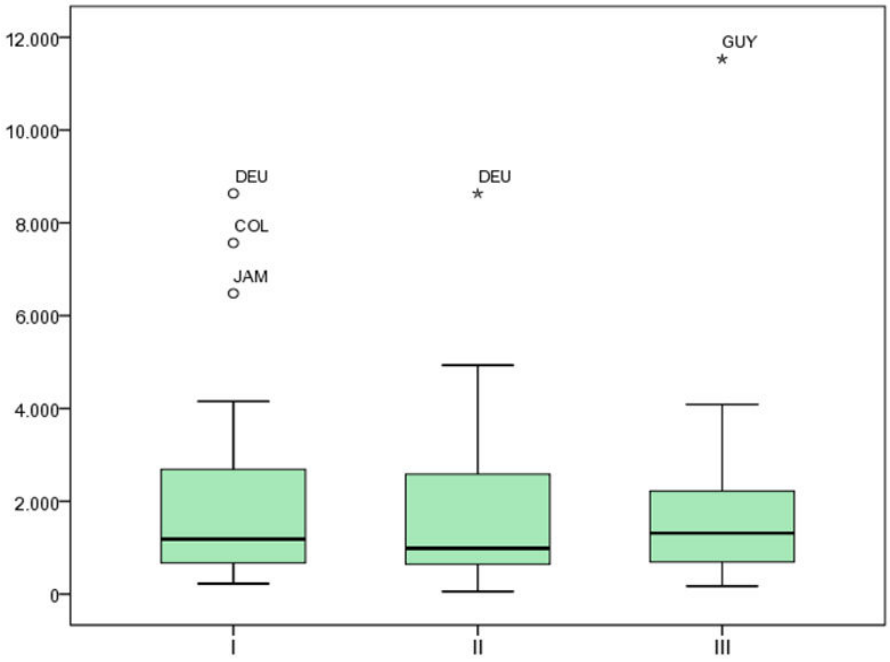


Figure 2. Opening Index of Bureaucracy 2026. Box plot[23] by economic sector (hours).

hours) as the benchmark for the greatest speed, followed by France (223 hours), Italy (288 hours), and Brazil (342 hours). This trend reverses drastically when observing the upper margin of the sample, where Venezuela (2,760 hours), Trinidad and Tobago (3,424 hours), and Peru (4,086 hours) show considerable lags, culminating with the exceptional figure of Guyana (11,531 hours).

The results presented here constitute a fundamental input for public policy, facilitating the creation of strategies aimed at the development and economic vitality of productive sectors. Furthermore, they provide the business sector with a clear perspective on the critical elements to be weighed up in their future investment projects.

Results by Type of Procedure

Within the context of requirements for opening a small business, in nine of the nations analyzed, the administrative burden associated with procedures specific to a given economic activity stands out as the most burdensome. These procedures account for an average of 43% of the total bureaucratic burden, requiring 706 hours, and are particularly demanding in Trinidad and Tobago, Colombia, Panama, Bolivia, and Ecuador.

Ranking second in terms of significance are municipal procedures and permits, which demand an average of 515 hours, equivalent to 32% of the total time, and constitute the greatest time burden in eight countries. Jamaica, Germany, Peru, and Chile exhibit critically high levels of demand in this regard.

Identification and registration processes emerge as the most demanding in six of the nations analyzed, requiring an average of 342 hours, which represents 21% of the total time. This administrative burden is particularly pronounced in Venezuela (1,898 hours), Germany (1,441 hours), Argentina (960 hours), and Uruguay (792 hours).

Dealing with national entities constitutes the segment with the highest demand in Costa Rica (926 hours); for the sample as a whole, this category averages 210 hours, equivalent to 13% of total time commitment. Finally, contracting basic services, an indispensable requirement for business operations, demands an average of 356 hours (22% of the time). Within this category, the cases of the United Kingdom (1,862 hours) and Jamaica (1,440 hours) stand out due to their high complexity.

Beyond the inter-institutional comparative analysis regarding overall business opening times, the structure of the relative weights of administrative procedures within each country reveals critical nuances. This internal heterogeneity serves as a strategic input for policymakers, enabling them to design administrative simplification interventions specifically targeted at the critical nodes or bottlenecks unique to each local context. Furthermore, this data disaggregation proves fundamental for the business sector, as it provides a roadmap identifying the most complex procedures, those that must be carefully weighed during investment planning, operational expansion, or the formalization of new productive units (see Fig. 4).

23 The box plot allows us to highlight the biases in the distribution of the index results, while also displaying its median. Its whiskers indicate the values of the observations that lie outside the central 50% of the distribution.

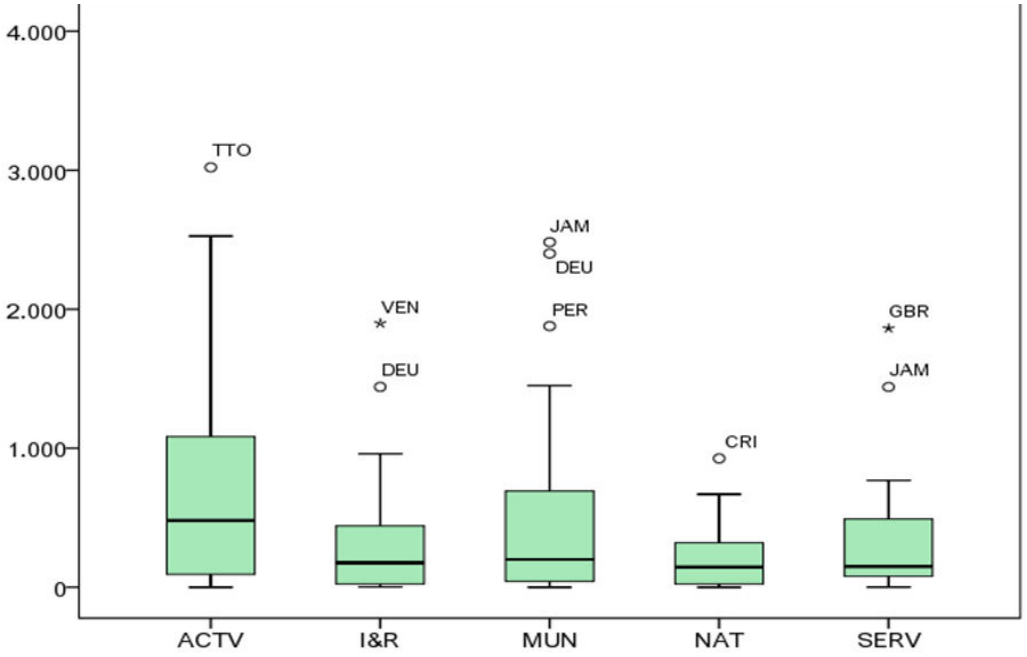


Figure 3. Opening Index of Bureaucracy 2026. Box Plot by procedures (hours).

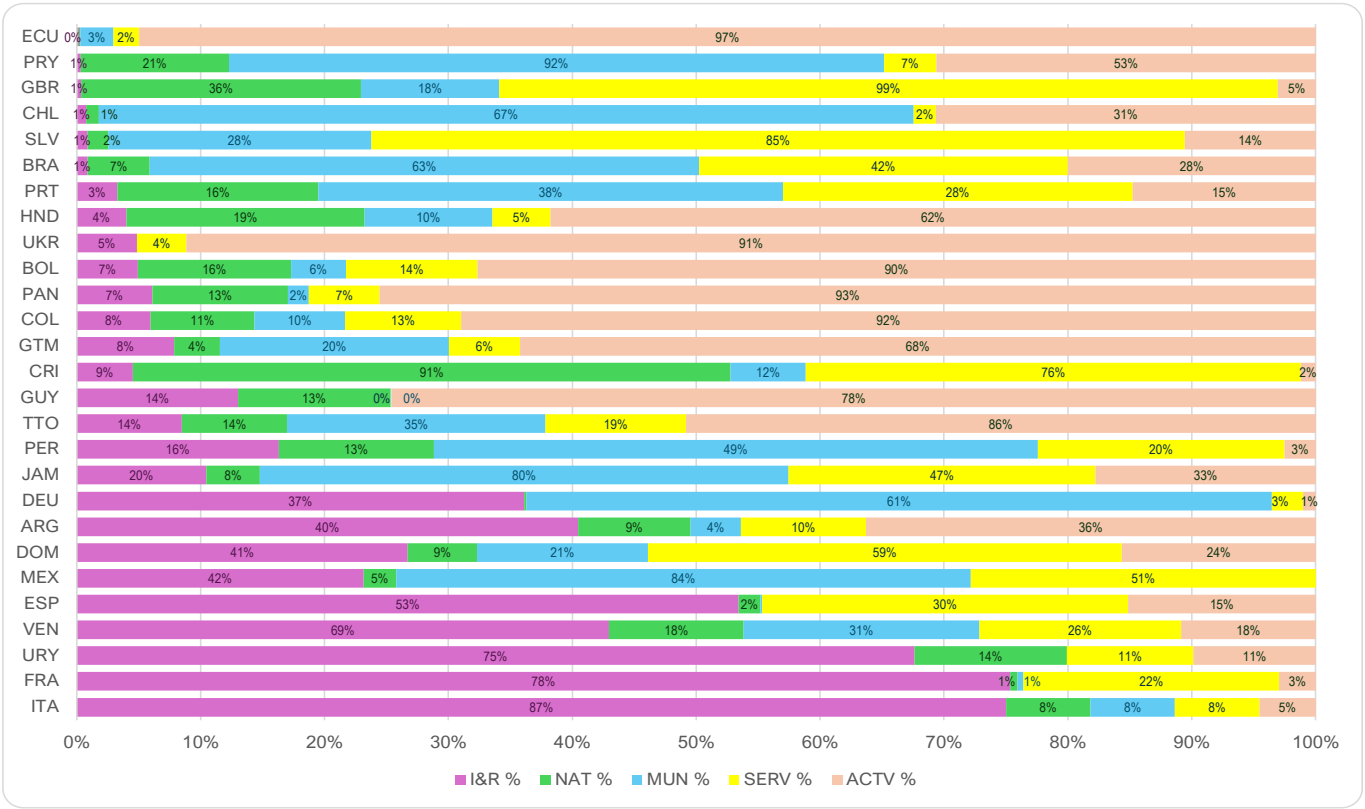


Figure 4. Opening Index of Bureaucracy 2026. Relative weight of each group of procedures (%).

Cluster Analysis

Countries were grouped into clusters based on their similarity, and separated from those that were most dissimilar, using the results observed across the various bureaucratic procedures required to open a business. Prior to this, Principal Component Analysis (PCA) was applied to manage variables by factors, reduce dimensionality, and eliminate correlations (see Section VI: Methodology).

The PCA results indicate that the first factor accounts for 42.04% of the total inertia, while the second factor accounts for 22.65%. A third factor accounts for 17.31% of the —primarily associated with identification and registration procedures but was excluded from the analysis because its eigenvalue fell below one. By retaining the first two factors, the model captures a total of 64.68% of the inertia (or variability).

The first factor exhibits a high correlation with identification and registration procedures (-0.54), registration with national agencies (-0.77), municipal registration and permits (-0.69), and applications for basic services (-0.83). The second factor is characterized by a stronger correlation with procedures specific to the particular productive activity (-0.85).

Thus, three clusters or conglomerates are formed (Fig. 5):

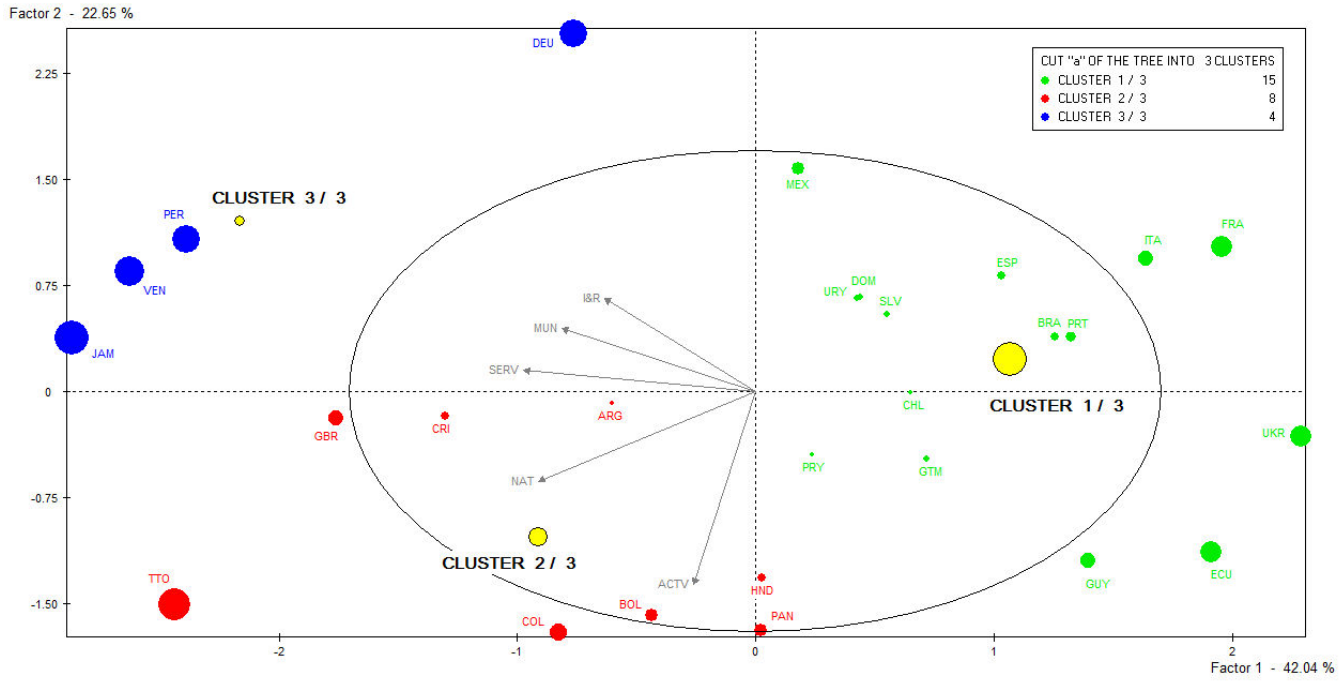


Figure 5. Opening Index of Bureaucracy 2026. Clusters (by weighted totals).

Cluster 1 (green). Includes 15 countries: Brazil, Chile, the Dominican Republic, Ecuador, Spain, France, Guatemala, Guyana, Italy, Mexico, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay. This group consists of countries situated within the positive coordinates of the first factor. Their position is explained primarily by the influence of variables such as registration with national entities and the application for basic services, areas in which they generally exhibit values below the mean (with the exception of El Salvador regarding the latter variable). Regarding identification and registration, municipal registration and permits, and procedures specific to productive activities, these countries also exhibit values below the mean in at least 11 of the 15 nations comprising this group.

Cluster 2 (red). Includes eight countries: Argentina, Bolivia, Colombia, Costa Rica, Honduras, Panama, Trinidad and Tobago, and the United Kingdom. This group comprises countries located primarily within the negative coordinates of both the first and second factors; they exhibit values above the mean regarding procedures for registration with national entities and procedures specific to productive activities, though in the latter case, Costa Rica and the United Kingdom serve as exceptions.

Cluster 3 (blue). Includes four countries: Germany, Jamaica, Peru, and Venezuela. It is situated within the negative coordinates of the first factor and the positive coordinates of the second, a position driven primarily by values above the mean regarding procedures for identification and registration, municipal registration and permits, registration with national entities, and the application for basic services—with Germany serving as an exception in the last two of these categories.

In summary: Cluster 1 presents the best results within the sample regarding business start-up procedures; Cluster 2 could stand to improve in the areas of registration with national entities and procedures specific to productive activities; and Cluster 3, generally speaking, offers significant potential for improvement across at least four of the five aggregated categories of procedures, specifically: identification and registration, registration with national entities, municipal registration and permits, and the application for basic services.

Findings

The **Opening Index of Bureaucracy 2026** *reveals a critical weakness in administrative agility: formalizing a small business requires, on average, 1,638 hours (9.5 working months). This burden is unrelated to a country's income level or stage of development but rather reflects its national commitment to institutional efficiency. The primary sector is the most heavily affected, while activity-specific procedures constitute the primary bottleneck. Based on performance across the five categories of opening procedures, the cluster of best-positioned countries comprises Brazil, Chile, the Dominican Republic, Ecuador, Spain, France, Guatemala, Guyana, Italy, Mexico, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay.*

Excessive bureaucracy acts as a barrier to entry that discourages business creation; the associated opportunity costs and resource depletion prove prohibitive before operations can even begin. By transforming legal compliance into a labyrinthine process, productive entities are driven toward the informal economy. This phenomenon not only renders employment precarious and diminishes tax revenue but also undermines economic vitality by depriving new investments of the legal certainty necessary to scale up and compete.

II.3. Running Index of Bureaucracy

The findings of the study, which cover 27 nations, indicate that a small business must allocate, on average, **1,178 hours annually** to complying with the bureaucratic requirements necessary to operate formally. This figure—calculated using a weighted average based on the relative importance of economic sectors in each country—is equivalent to **147 eight-hour workdays**. Under a standard schedule of 260 working days per year (52 weeks of five working days, excluding public holidays), this requirement implies that **57% of an employee's annual working time** is dedicated exclusively to fulfilling administrative obligations imposed by public bureaucracy (see Fig. 6).

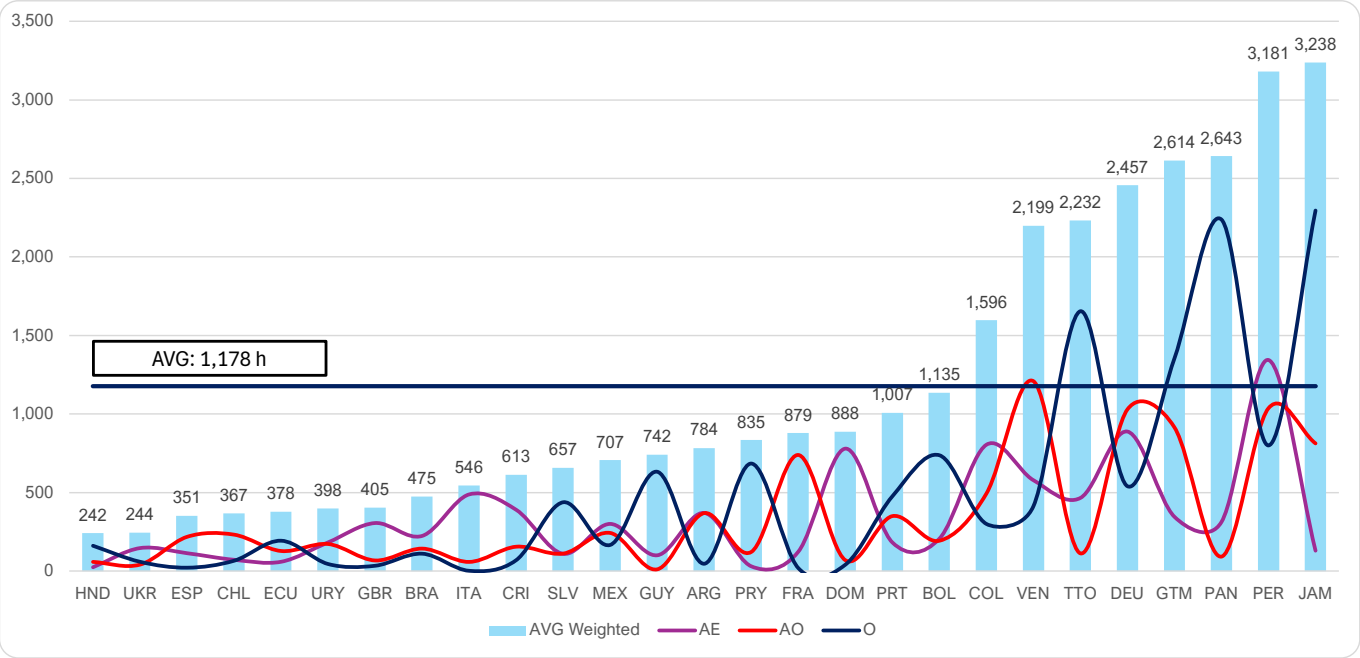


Figure 6. Running Index of Bureaucracy 2026. Country, type of procedure (hours/year weighted average by sectoral relevance).

In terms of distribution, 19 of the countries analyzed exhibit bureaucratic burden levels below the average, while eight sit above it; notably, 18 nations out of the total do not exceed the threshold of 50% of a worker's annual time. Nevertheless, it is essential to highlight the significant dispersion in the results, evidenced by a gap of more than 13-fold between the extremes of the data series. While the minimum value recorded is 242 hours per year, equivalent to 30 workdays, or 12% of a worker's capacity, the maximum reaches 3,239 hours. This extreme figure represents 405 eight-hour workdays, which, in operational terms, translates into the need to hire more than one full-time employee solely to manage regulatory compliance.

In this regard, Venezuela, Trinidad and Tobago, Germany, Guatemala, Panama, Peru, and Jamaica stand out due to the burdensome nature of their administrative requirements. All these nations demand more than 260 workdays annually, thereby exceeding the capacity of a single worker and compelling companies to allocate personnel dedicated entirely to these tasks.

At the opposite end of the spectrum, Honduras, Ukraine, Spain, Chile, Ecuador, Uruguay, the United Kingdom, and Brazil stand out for their efficient performance, as compliance with bureaucratic requirements for formal operations demands less than 25% of the annual work hours, a figure significantly below the sample average.

Results by Economic Sector

An assessment by economic sector indicates that, on average, across the countries under study, the least affected by the burden of operational formalities is the tertiary sector (1,077 hours annually), followed by the primary sector (1,176 hours annually), while the secondary sector reports the heaviest burden (1,473 hours annually). However, the differences among them are not substantial.

The dispersion of results reveals marked heterogeneity across the sectors analyzed. This asymmetry is particularly critical in the primary sector, where the gap between the minimum (96 hours per year) and the maximum (4,737 hours per year) reaches a magnitude of 49-fold. Within this sector, Peru, Trinidad and Tobago, Panama, Jamaica, and Venezuela stand out as outliers, while the best-positioned countries are the Dominican Republic, Honduras, the United Kingdom, and Chile.

In the secondary sector, the amplitude of the data series is 27-fold, with values ranging between 243 and 6,574 annual hours; Panama and Jamaica stand out as outliers, while the best-positioned countries are Honduras, Uruguay, the United Kingdom, Spain, and Chile. Finally, the tertiary sector exhibits a dispersion of 26-fold, recording values that fluctuate from 122 to 3,161 hours per year. This sector is led by Ukraine, followed by Ecuador, Brazil, and Honduras, while at the other

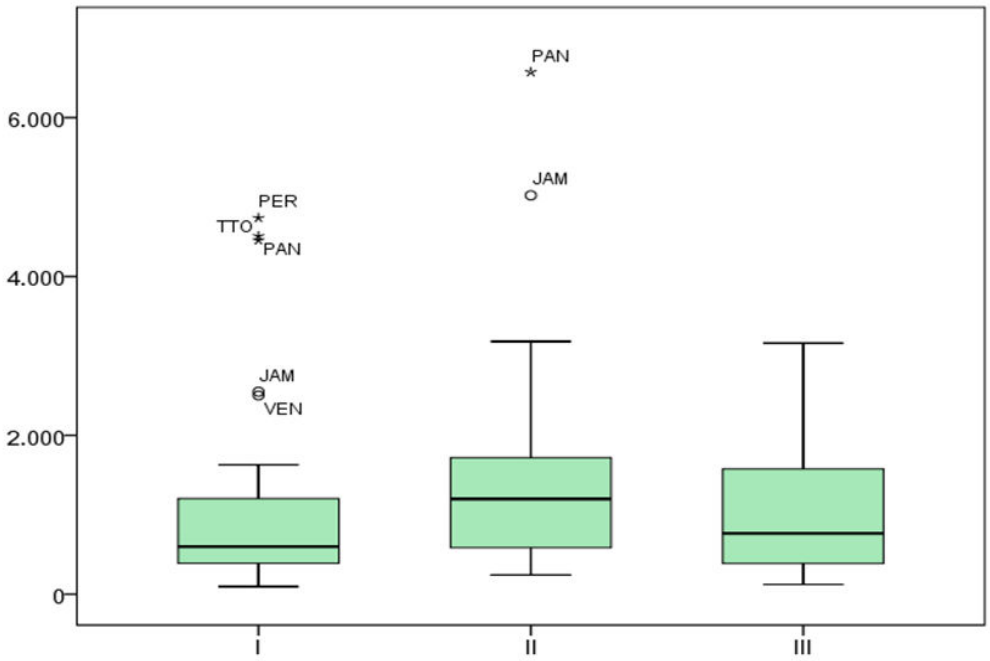


Figure 7. Running Index of Bureaucracy 2026. Box Plot by economic sector (hours annually).

end of the spectrum, we find Peru, Germany, Jamaica, Guatemala, and Venezuela.

Results by Type of Procedure

An analysis of the results reveals that the "Other" category constitutes the segment with the highest time demand, averaging 503 hours per year (63 working days), which represents 43% of the total time allocated to bureaucracy. Within this section, procedures specific to productive activities, as well as those stemming from certifications and licenses, stand out due to their complexity. It is worth noting that this set of procedures exhibits extreme disparity, with a range spanning nearly 2,300-fold, from a minimum of one hour per year in Italy to a maximum of 2,297 hours per year in Jamaica.

Ranking with similar levels of incidence are the procedures linked to "Administration of Operations" and "Administration of Employment." The former demands an average of 340 hours per year (43 working days), equivalent to 29% of the operational time burden; tax obligations and workplace safety

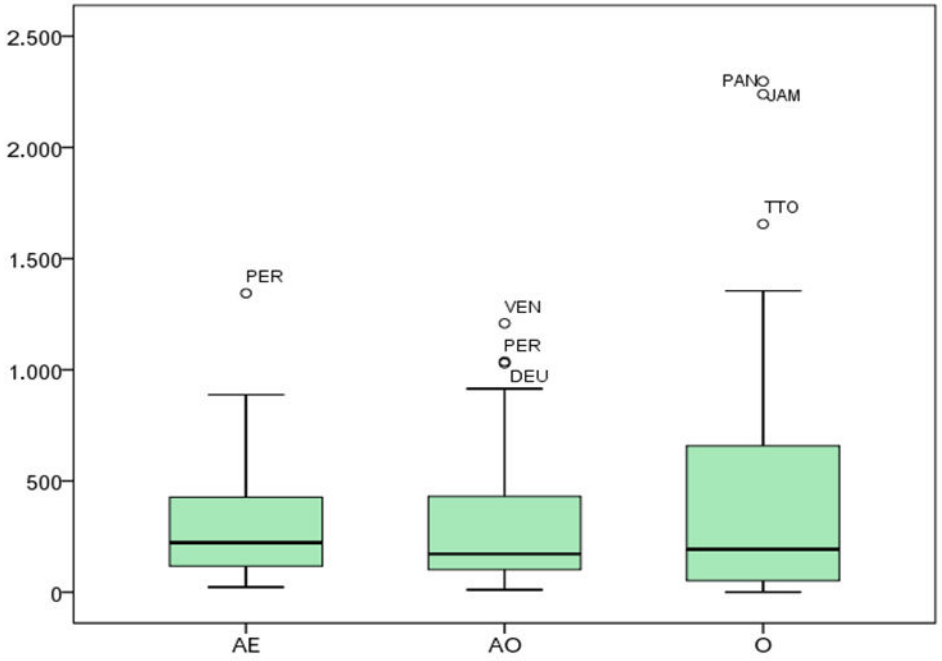


Figure 8. Running Index of Bureaucracy 2026. Box Plot by type of procedure (hours annually).

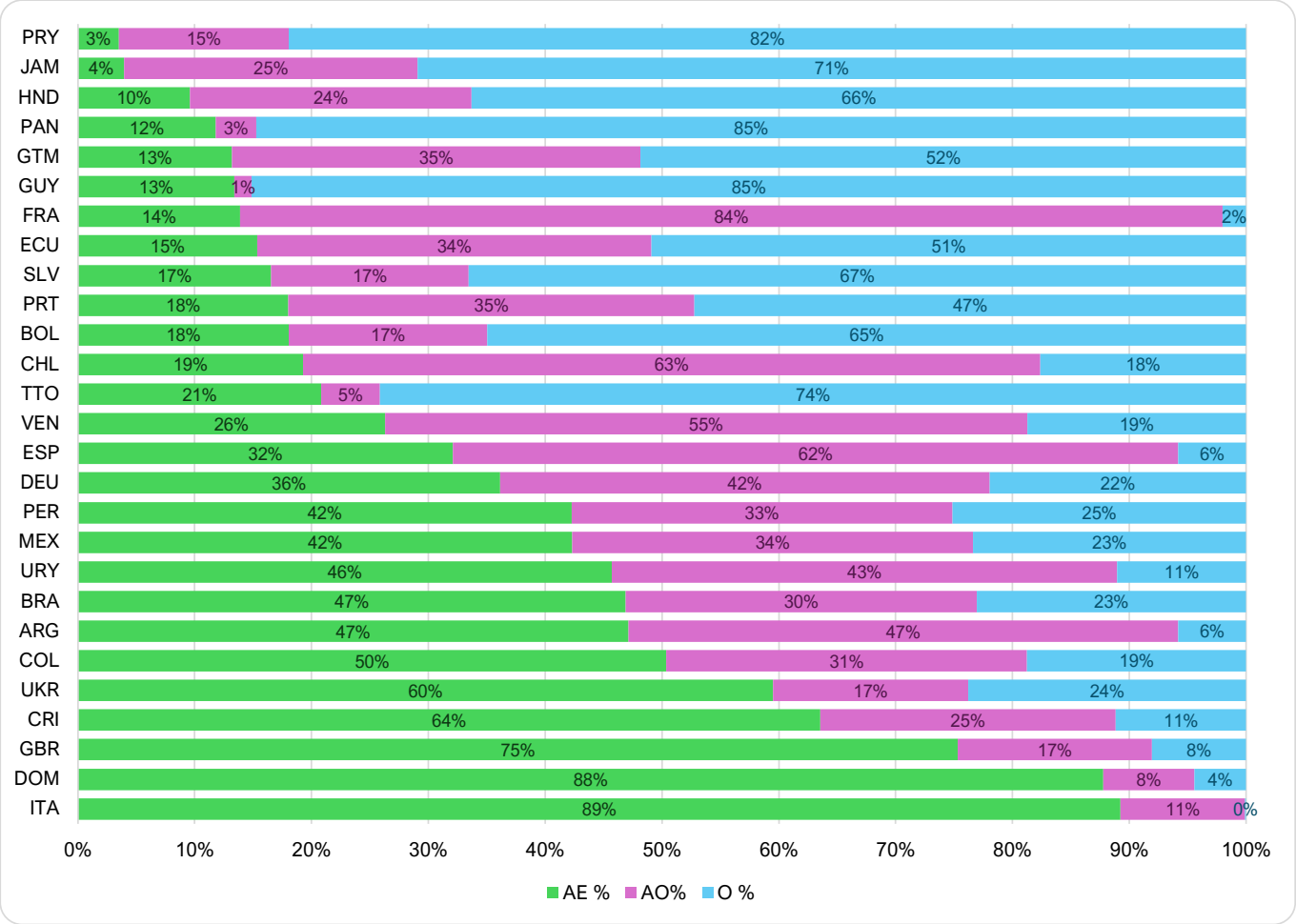


Figure 9. Running Index of Bureaucracy 2026. Relative weight of each group of procedures (%).

regulations predominate within this group. This category of procedures displays a dispersion of 110-fold, with Guyana recording the minimum (11 hours per year) and Venezuela the maximum (1,209 hours per year).

Finally, the procedures associated with Administration of Employment require an average of 335 hours per year (42 working days), accounting for 28% of the time dedicated to these administrative tasks. Although variability remains considerable, this group exhibits the lowest relative dispersion (a factor of 58), led by the efficiency of Honduras (23 hours per year) compared to the opposite end of the distribution, occupied by Peru (1,344 hours per year).

The box plot categorized by type of procedure (Fig. 8) clearly illustrates the skewness in the distribution of results for the Running Index of Bureaucracy, as well as their respective medians. The chart's whiskers reflect the dispersion lying outside the central 50% of the distribution. This visualization allows for the identification of outliers within each category of procedures.

Beyond the absolute values recorded, the relative significance of each category of procedures varies significantly among the nations analyzed. In countries such as Panama, Guyana, Paraguay, Trinidad and Tobago, and Jamaica, the "Other" category holds a dominant position, absorbing more than 70% of the time dedicated to operational procedures.

Meanwhile, in Italy, the Dominican Republic, and the United Kingdom, the administrative burden is concentrated primarily in Administration of Employment, with an incidence exceeding 75%. In contrast, nations such as France, Chile, and Spain focus more than 62% of their bureaucratic activity on Administration of Operations, with France standing out, where this category reaches an exceptional concentration of 84% (see Fig. 9).

Cluster Analysis

For the operational procedures, a cluster analysis was conducted, following a Principal Component Analysis (PCA). The PCA results indicate that the first two factors collectively explain 83.28% of the total variance (52.57% for the first and 30.71% for the second). Although the second factor presents an eigenvalue slightly lower than one (0.92), the decision was made to retain it alongside the first in order to maximize the cumulative explained variance. The first component exhibits a high negative correlation with Administration of Employment procedures (-0.75) and Administration of Operations procedures (-0.85), while the second is primarily linked to the Other group (-0.82).

Given the combined similarities regarding the time required

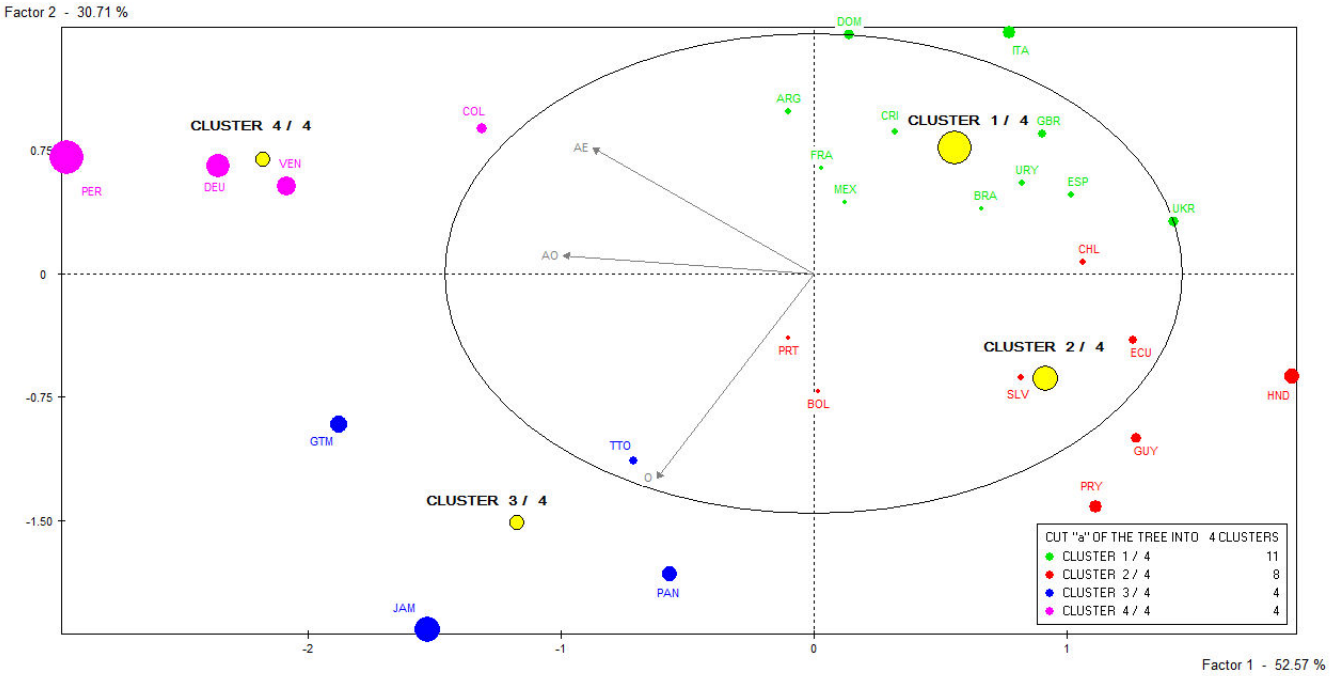


Figure 10. Running Index of Bureaucracy 2026. Clusters by weighted totals.

to complete bureaucratic procedures associated with employment administration, operations, and other formalities, the four country clusters detailed below emerge.

Cluster 1 (green). Includes 11 countries: Argentina, Brazil, Costa Rica, the Dominican Republic, Spain, France, the United Kingdom, Italy, Mexico, Ukraine, and Uruguay. These countries are located primarily in the positive coordinates of the first and second factors and are characterized by having values below the mean for the group Other. Furthermore, the majority of them fall below the mean for Administration of Employment (7/11) and Administration of Operations (9/11).

Cluster 2 (red). Includes eight countries: Bolivia, Chile, Ecuador, Guyana, Honduras, Portugal, Paraguay, and El Salvador. These countries are located, for the most part, in the positive coordinates of the first factor and the negative coordinates of the second factor and are characterized by having values below the mean for Administration of Employment. Additionally, the majority of them fall below the mean for Administration of Operations, all except Portugal.

Cluster 3 (blue). Includes four countries: Guatemala, Jamaica, Panama, and Trinidad and Tobago. These countries are located in the negative coordinates of both the first and second factors and are characterized by having values significantly above the mean for Other.

Cluster 4 (magenta). Includes four countries: Colombia, Germany, Peru, and Venezuela. These countries are located in the negative coordinates of the first factor and the positive coordinates of the second factor and are characterized by having values above the mean for both Administration of Employment and Administration of Operations.

In summary: Cluster 1 (Argentina, Brazil, Costa Rica, the Dominican Republic, Spain, France, the United Kingdom, Italy, Mexico, Ukraine, Uruguay) and Cluster 2 (Bolivia, Chile, Ecuador, Guyana, Honduras, Portugal, Paraguay, El Salvador) yield the best overall results, whereas Clusters 3 and 4 yield the opposite.

Findings

The **Running Index of Bureaucracy 2026** *reveals that a small business must dedicate, on average,* **1,178 hours annually** *to maintain its formal operational status. This is equivalent to 57% of a single worker's time spent exclusively on administrative tasks, a burden that, in some cases, necessitates hiring up to two additional employees solely for this purpose. The secondary sector bears the brunt of this impact, with the heaviest burden stemming from certifications, licenses, and tax or workplace safety obligations, factors that constitute the core of the administrative paralysis observed across the 27 nations analyzed. Based on performance across these three categories of operational procedures, the best-positioned country clusters comprise a group of 19 nations: Argentina, Brazil, Costa Rica, the Dominican Republic, Spain, France, the United Kingdom, Italy, Mexico, Ukraine, Uruguay, Bolivia, Chile, Ecuador, Guyana, Honduras, Portugal, Paraguay, and El Salvador.*

This excessive burden imposes a "glass ceiling" on development, diverting both human and financial capital away from innovation and toward mere regulatory compliance. Furthermore, the inherent complexity and prolonged waiting times create a perverse incentive for corruption, encouraging businesses to seek informal shortcuts or resort to bribery in order to ensure their survival. Ultimately, bureaucracy stifles efficiency and degrades both institutional ethics and the investment climate.

II.4. Closing Index of Bureaucracy

In this 2026 edition, the Closing Index of Bureaucracy has been introduced for the first time, a dimension rarely addressed in economic literature, yet of paramount importance to the business sector and to the State's assessment of national productive dynamics. The methodology organizes business closure procedures into three fundamental phases: first, **Dissolution**, understood as the legal act formalizing the cessation of activities; second, **Liquidation**, the stage dedicated to managing assets and liabilities to definitively conclude operations; and finally, **Registration and Notification**, the process ensuring the legal and administrative termination of the economic entity before the competent authorities.

hours) and Germany (10,147 hours).

Similarly, the figures obtained reveal that, in 12 of the countries analyzed, the business closure process extends for more than a year. During this period, organizations must maintain an operational and administrative cost structure without generating revenue from their productive activities. Added to this burden are financial costs and labor liabilities stemming from staff severance payments, as well as expenses associated with final accounting closure and the payment of fees for handling administrative formalities with public authorities.

It is worth noting that, alongside Portugal and Costa Rica, the cases of Uruguay and Guatemala stand out for their operational efficiency, managing to conclude the closure process in

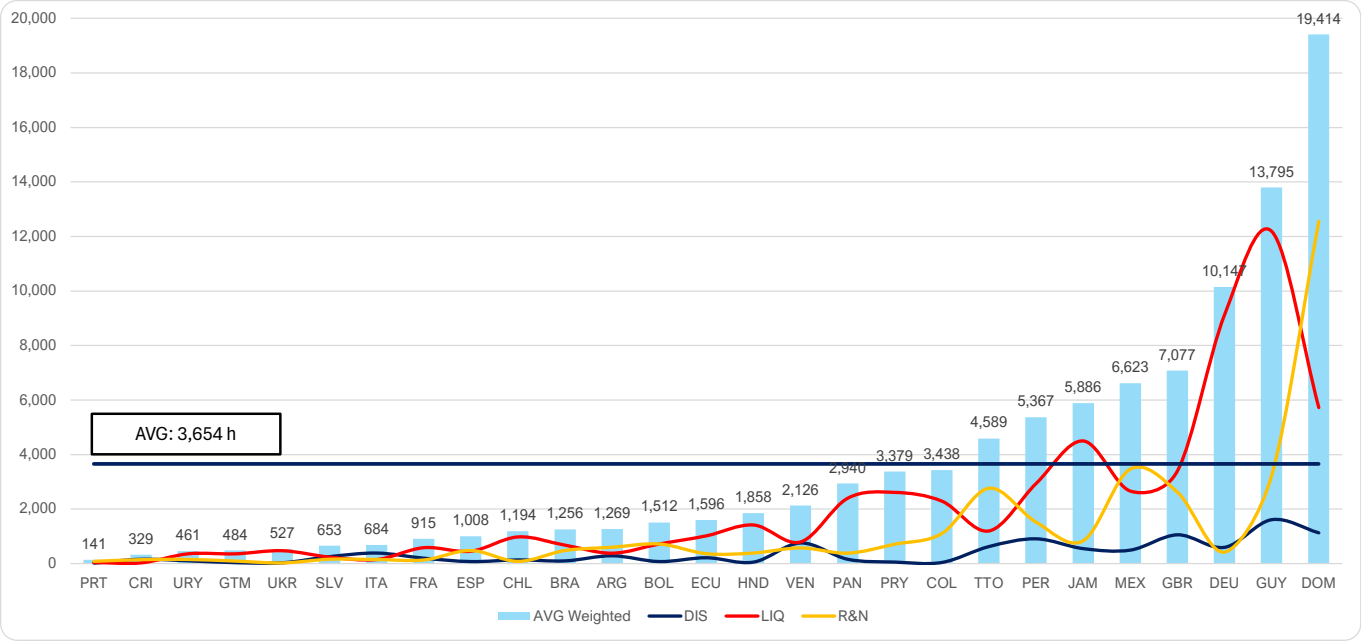


Figure 11. Closing Index of Bureaucracy 2026. Country, type of procedure (hours, weighted average by sectoral relevance).

The study's findings underscore the administrative burden entailed in closing a small business across the 27 nations analyzed. On average, this process demands **3,654 hours** of effort to satisfy all bureaucratic requirements. This figure, calculated using a weighted average that accounts for the relative importance of economic sectors in each country, is equivalent to **457 eight-hour workdays.** In terms of duration, this requirement represents a burden of **21 months**, amounting to **nearly two years** dedicated exclusively to managing the cessation of operations (see Fig. 11).

In terms of distribution, 19 of the nations analyzed exhibit closing times below the average, while eight fall above it. The results reveal a marked dispersion, a factor of 138, between the extremes of the data set; at the more efficient end of the spectrum, Portugal stands out with 141 hours, followed by Costa Rica with 329 hours. In contrast, the opposite end of the distribution reveals extraordinary time burdens, led by the Dominican Republic (19,414 hours), followed by Guyana (13,795

less than a quarter. A second tier of administrative agility comprises Ukraine, El Salvador, Italy, France, and Spain, where the necessary procedures are completed within a timeframe not exceeding six months.

Results by Economic Sector

A breakdown by economic sector reveals that the administrative burden associated with ceasing operations affects the entire productive structure across the board, albeit with varying degrees of intensity. The primary sector records the heaviest burden, averaging 3,945 hours, followed by the secondary sector with 3,671 hours, and the tertiary sector with 3,393 hours. Regardless of the specific industry, the demands involved are critically high, averaging between 20 and 23 months. It is imperative to note that cases such as those of the Dominican Republic and Guyana represent outliers, where the closure process can drag on for nearly a decade, evidence of an extremely rigid exit barrier for the business community.

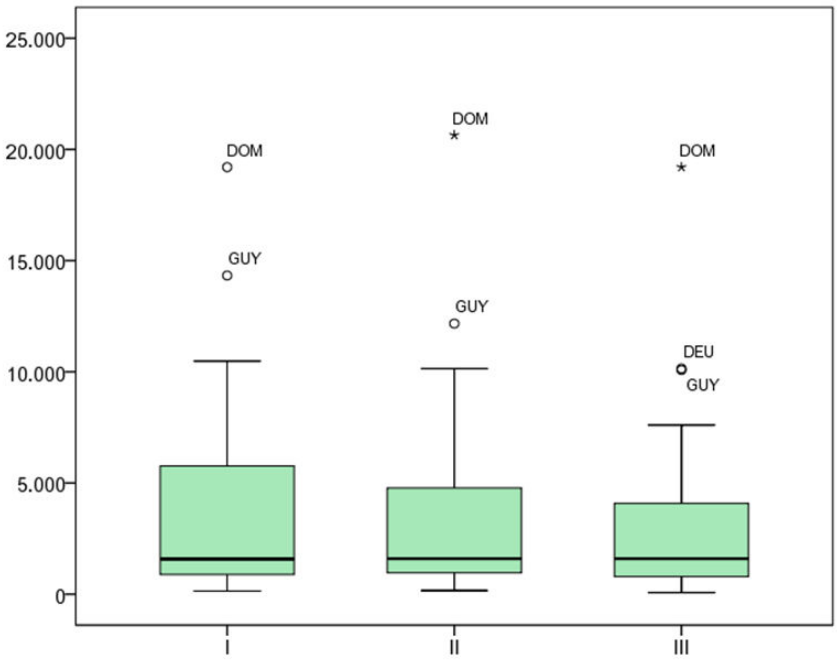


Figure 12. Closing Index of Bureaucracy 2026. By economic sector (hours).

In the primary sector, the dispersion of results exhibits marked heterogeneity, with a range spanning a factor of 141. At the more efficient end of the spectrum, Portugal (136 hours), Costa Rica (329 hours), Uruguay (461 hours), and Guatemala (484 hours) stand out; at the opposite extreme lie the Dominican Republic (19,204 hours) and Guyana (14,328 hours). Meanwhile, the secondary sector presents a dispersion factor of 129, ranging from 160 hours in Portugal to 20,644 hours in the Dominican Republic. In this segment, 15 nations manage to complete the necessary procedures in less than a year, while the remaining 12 exceed that threshold (see Fig. 12).

Finally, the tertiary sector displays the widest range recorded: a factor of 267. This range fluctuates drastically between the 72 hours recorded by Ukraine and the 19,204 hours in the Dominican Republic. In this sector, 15 countries require less than a year for formal closure, while the remaining 12 exceed this timeframe, thereby reinforcing a trend of high bureaucratization regarding business closures in nearly half of the analyzed sample.

Results by Type of Procedures

An analysis of the categories involved in closing a business reveals that Dissolution is the segment with the lowest relative demand, averaging 372 hours (47 working days), representing 10% of the total process time. Within this category, Guyana (1,608 hours), the Dominican Republic (1,126 hours), and the United Kingdom (1,053 hours) stand out as outliers due to their inefficiency. In contrast, the greatest administrative agility is observed in Portugal, Ukraine, Guatemala, and Colombia, where the procedure is completed in less than 50 hours.

Conversely, the Liquidation phase constitutes the most critical core of the process, averaging 2,139 hours (267 working days) and accounting for nearly 60% of the total time burden. The gap between the extremes reaches a magnitude of 420-fold: while Costa Rica (29 hours) and Portugal (42 hours) lead the rankings in efficiency, nations such as Guyana (12,187 hours) and Germany (9,130 hours) demonstrate extreme bureaucratic difficulty. This stage is the most burdensome for the economic entity, as the time consumed by bureaucracy is compounded by the financial pressure of settling labor liabilities and fulfilling obligations to creditors.

Finally, the Registration and Notification phase consumes an average of 1,270 hours (159 working days), equivalent to nearly 35% of the total time. In this phase, the disparity is alarming, with a 502-fold difference between the extremes. Ukraine leads the rankings with a mere 25 hours, followed by Chile (82 hours) and Portugal (83 hours). At the opposite end of the spectrum, the Dominican Republic records an extraordinary figure of 12,565 hours, followed by Mexico (3,470 hours) and Guyana (3,240 hours). It is worth noting that, despite these extremes, 74% of the sample (20 countries) manages to fall below the 1,000-hour threshold for this process.

Beyond the absolute figures recorded, the internal composition of the bureaucratic burden associated with closing a business varies significantly among the nations analyzed. The predominance of the Liquidation stage is notable, establishing itself as the most demanding phase in 17 of the countries studied; meanwhile, Registration and Notification accounts for the greatest time burden in six nations, while Dissolution does so in only three. An exceptional case is observed in Bolivia, where the time distribution is practically equal between Liquidation and Registration and Notification, together, these two stages account for more than 90% of the total bureaucratic burden linked to closing a business (see Fig. 14).

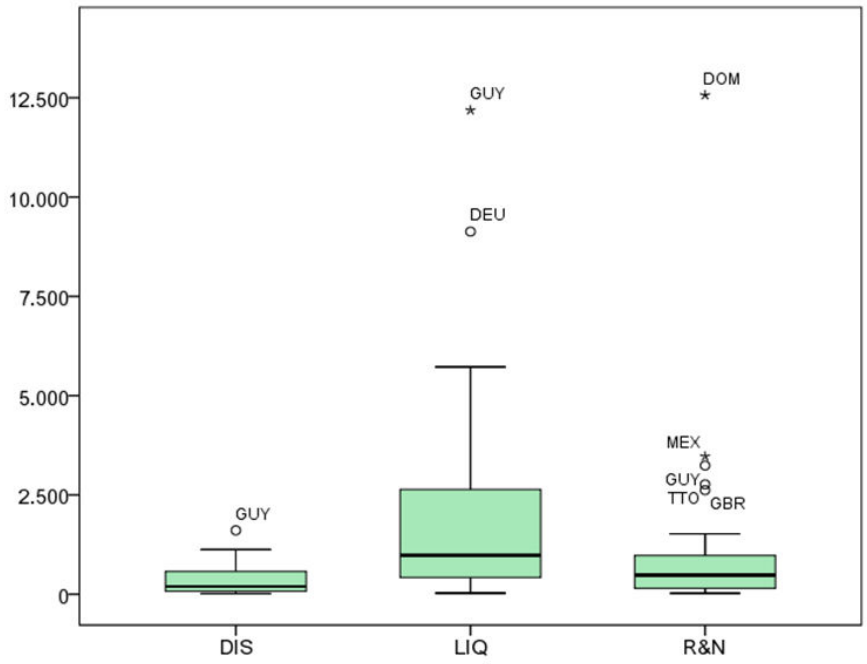


Figure 13. Closing Index of Bureaucracy 2026. Box Plot by group of procedures (hour).

Figure 14. Closing Index of Bureaucracy 2026. Relative weight by group of procedures (%).

Cluster Analysis

Using the closure procedures, a cluster analysis was performed, following a Principal Component Analysis (PCA). The PCA results indicate that the first factor accounts for 78.82% of the variance, while the second factor accounts for 11.41%. There is a third factor that accounts for 9.77% of the variance, which was not included in the analysis. It is worth noting that both the second and third factors exhibit eigenvalues lower than one (0.34 and 0.29, respectively); however, the first two were retained in the analysis based on the cumulative variance they account for. The first factor shows a high correlation with the procedures for Dissolution (0.89), Liquidation (0.88), and Registration and Notification (0.90), whereas the second factor shows a stronger correlation with the Liquidation group (0.46).

Considering the combined similarities regarding the time required to complete the bureaucratic procedures associated with Dissolution, Liquidation, and Registration and Notification, the three clusters of countries detailed below emerge:

Cluster 1 (green). This cluster comprises nine countries: Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Honduras, Panama, and Paraguay. These countries are situated, for the most part, at the negative coordinates of the first factor and the positive coordinates of the second factor; they are characterized by having values below the mean across all procedures—Dissolution, Liquidation, Registration and Notification—with the exception of Colombia, Panama, and Paraguay in the case of Liquidation.

Cluster 2 (red). This cluster includes nine countries: Chile, Costa Rica, France, Guatemala, Italy, Portugal, El Salvador, Ukraine, and Uruguay, which are situated in the negative coordinates of the first factor and, for the most part, in the negative coordinates of the second factor. They are characterized by having values below the mean across all three types of closure procedures, with the exception of Italy, which slightly exceeds the mean regarding dissolution procedures.

Cluster 3 (blue). This cluster includes nine countries: Germany, the Dominican Republic, the United Kingdom, Guyana, Jamaica, Mexico, Peru, Trinidad and Tobago, and Venezuela, which are situated in the positive coordinates of the first factor and, primarily, in the negative coordinates of the second factor. They are characterized by having values that are, for the most part, above the mean regarding the management of the three types of closure procedures.

In summary: Cluster 1 (Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Honduras, Panama, and Paraguay) and Cluster 2 (Chile, Costa Rica, France, Guatemala, Italy, Portugal, El Salvador, Ukraine, and Uruguay) yield the best overall results, whereas Cluster 3 yields the opposite.

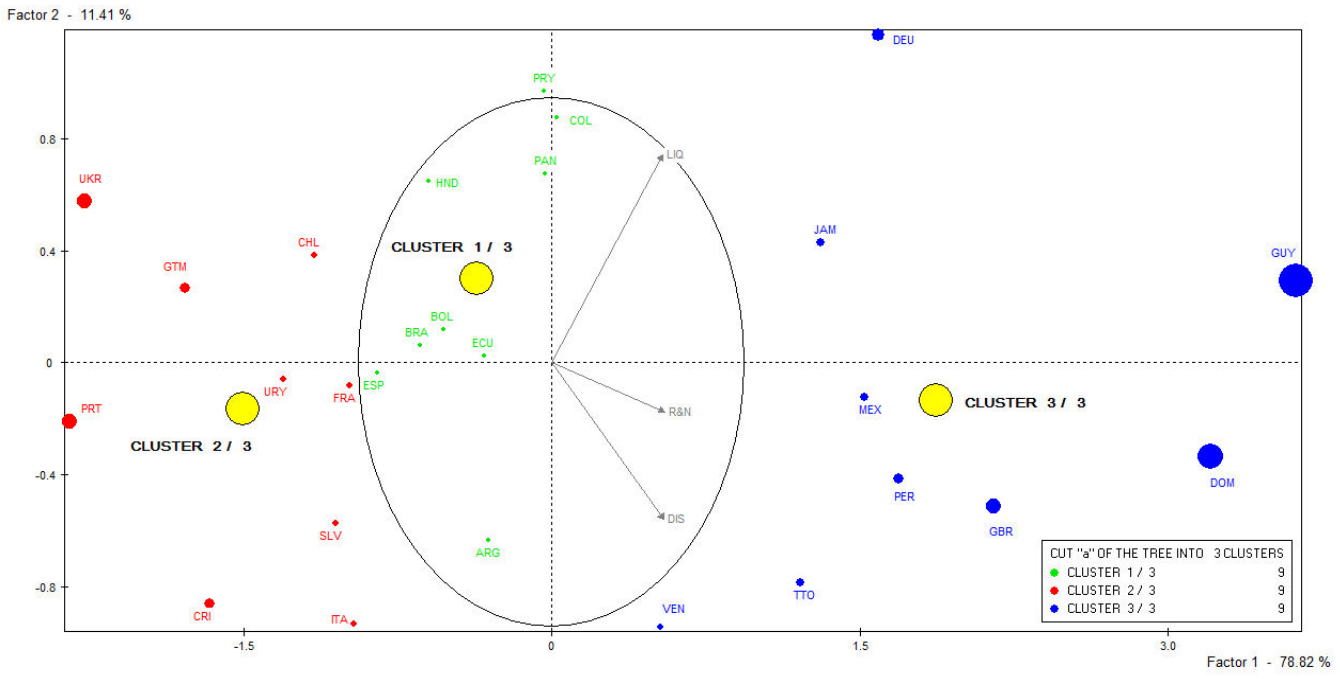


Figure 15. Closing Index of Bureaucracy 2026. Clusters by weighted totals.

Findings

The **Closing Index of Bureaucracy 2026** *reveals that the formal closing of a small business is an extremely burdensome process requiring, on average,* **3,654 hours***, nearly two years of administrative work. The problem lies primarily in the Liquidation stage, which consumes 60% of the total time, followed by Registration and Notification procedures. While some countries complete the closing process in fewer than 350 hours, extreme cases such as Guyana and the Dominican Republic record durations of six and nine years, respectively. Based on performance across the three categories of closing procedures, the clusters comprising Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Honduras, Panama, Paraguay, Chile, Costa Rica, France, Guatemala, Italy, Portugal, El Salvador, Ukraine, and Uruguay are the best positioned.*

This bureaucratic burden surrounding business closures gives rise to the phenomenon of "zombie companies," unviable economic entities that remain legally active because they cannot afford the cost of formal dissolution. This distorts national statistics, reflecting a business landscape artificially inflated by entities that generate neither value nor employment. Furthermore, it hinders the "creative destruction" essential for economic dynamism, trapping assets and talent within failed structures rather than allowing their reallocation toward more competitive projects.

II.5 Opening, Running, and Closing Index of Bureaucracy

Given that the efficiency of procedures, covering business opening, running, and closing, is crucial for stimulating investment and productivity, the procedures for all three stages were analyzed jointly (utilizing results based on totals weighted by sectoral relevance). A statistical cluster analysis was applied, yielding three distinct country clusters characterized by clearly differentiated features; these clusters serve to provide specific guidance for public policy direction (see Fig. 16), namely:

Cluster 1 (green). Includes 15 countries: Argentina, Bolivia, Brazil, Chile, Costa Rica, Ecuador, Spain, France, Honduras, Italy, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay. They are characterized by average running and closing times that do not exceed the global mean of the sample; furthermore, the majority of them do not exceed the global mean regarding opening procedures, with the exceptions of Argentina, Bolivia, Chile, and Honduras.

Cluster 2 (red). Includes four countries: the Dominican Republic, the United Kingdom, Guyana, and Mexico. This group presents values below the mean for running and opening procedures (in the latter case, with the exception of the United Kingdom); however, it has significant room for improvement regarding closing procedures, where its group average exceeds the global mean by more than three times.

Cluster 3 (blue). Includes eight countries: Colombia, Germany, Guatemala, Jamaica, Panama, Peru, Trinidad and Tobago, and Venezuela. These countries have room for improvement across all three types of procedures, with the majority exceeding the global mean in at least two of them.

In summary: Cluster 1 (Argentina, Bolivia, Brazil, Chile, Costa Rica, Ecuador, Spain, France, Honduras, Italy, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay) offers the best overall results; Cluster 2 has room for improvement regarding closing procedures; while Cluster 3, generally speaking, has room for improvement across all three types of procedures.

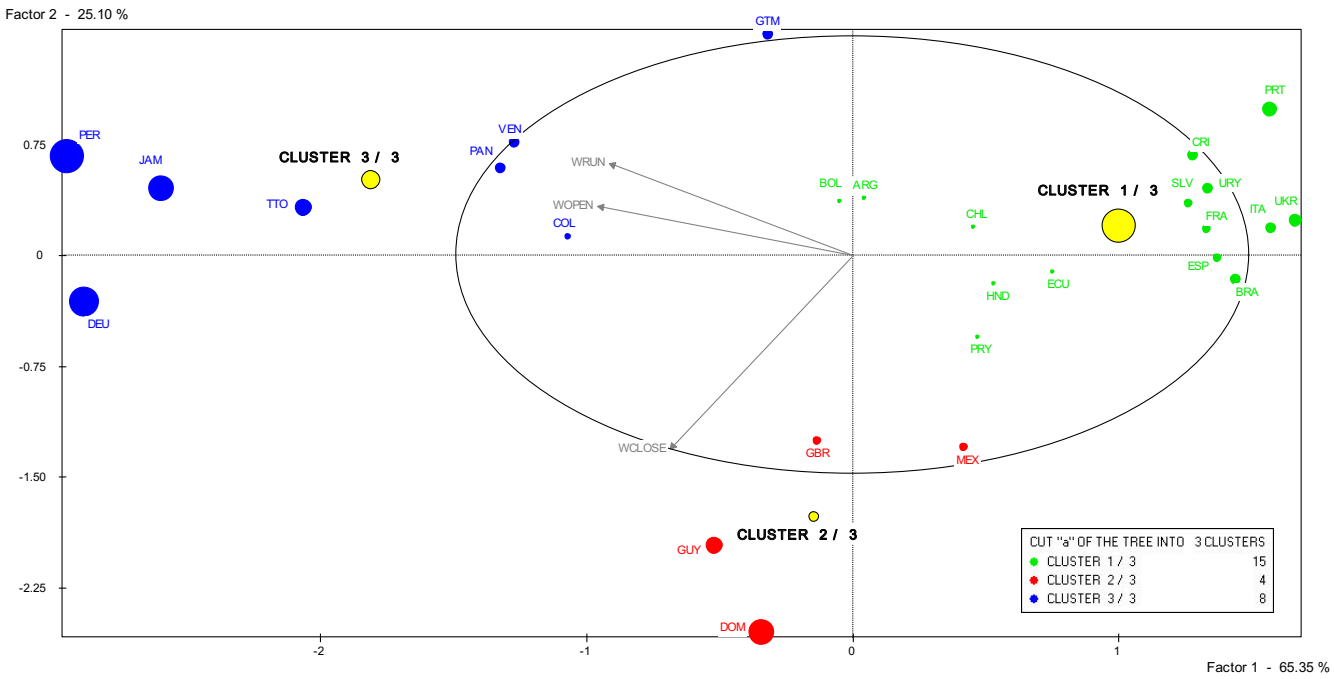


Figure 16. Closing Index of Bureaucracy 2026, combining Opening, Running, and Closing. Cluster by weighted totals..

III. The Opportunity Cost of Bureaucracy

While the preceding analysis has made it possible to gauge the administrative burden in terms of absolute hours, such quantification proves insufficient to fully grasp the complexity of the underlying economic phenomenon and its impact on national competitiveness.

To capture the true magnitude of this economic distortion, it is imperative to incorporate the variable of opportunity cost. From this perspective, the time and human capital absorbed by bureaucratic management constitute not merely operational inefficiency but a net drain on the potential benefits that the economy fails to capture. Thus, bureaucracy transcends the category of a mere operating expense to establish itself as an institutional friction that directly inhibits organizations' potential for innovation and their trajectory of expansion.

The severity of this opportunity cost is asymmetrical and depends on the country's productivity environment. In high-performance economies, the time consumed by bureaucracy represents a substantial loss of marginal value, given that this alternative resource possesses a high capacity for generating efficiency. Conversely, in low-productivity context, the administrative burden acts as a structural barrier that perpetuates stagnation, hindering the transition toward models of greater economic complexity. This distortion is exacerbated when considering the business life cycle: while an established organization may be able to absorb these externalities, for an emerging enterprise or an entity within a knowledge-intensive sector, regulatory rigidity can compromise both its operational viability and its strategic agility.

Assessing this impact demands a counterfactual analysis. It is not merely a matter of recording current activity but rather of projecting the development that has been inhibited: the research left undone, the product left unlaunched, or the market left unexplored. While this dimension entails an intrinsic degree of uncertainty, it is undeniable that bureaucratic density imposes a constraint on strategic options, thereby limiting the capacity for value creation and the scaling of competitive advantages. Bureaucracy, therefore, functions as an implicit tax on organizational agility.

To translate this abstraction into financial terms, the first approach involves monetizing the labor time consumed by mandatory public bureaucracy. Based on this premise, it is observed that the average wage in the nations analyzed stands at **USD 9 per hour**, albeit with a dispersion factor of more than 15 times between the extremes of the sample, a gap that places Venezuela and El Salvador (above USD 2/h) in the lower tier, in contrast to the highest average wage rates found in Germany (USD 31/h), the United Kingdom (USD 28/h), France (USD 19/h), and Italy (USD 19/h).

When projecting these average values onto the broader business landscape, it becomes evident that managing bureaucratic complexity induces financial friction of critical proportions. The direct cost of market entry amounts to USD 14,922 in opening fees, while maintaining legal operational status requires an annual outlay of USD 10,602. Furthermore, the closure of companies, a fundamental process for the efficient reallocation of economic resources, imposes a burden of USD 32,886 per firm.

The magnitude of this phenomenon acquires systemic significance when these figures are scaled up to encompass the entire business population within the sample. Considering an average of 315,000 new companies established annually, the capital diverted solely for market entry totals USD 4.7 billion per country. Added to this is the bureaucratic cost of ongoing operations; for a business population of an average of 2.3 million firms in each country, this represents a massive drain of USD 24.4 billion annually in cash flows that are consequently withheld from productive investment. Finally, based on an estimated annual business closure rate of 5%, the costs associated with market exit siphon off an additional USD 3,8 billion from the economic ecosystem. A consolidation of the costs associated with business opening, operating, and closing reveals that the business sector divests **USD 32,8 billion annually** in bureaucratic management.

The preceding calculations use the annual average of total and newly established companies within the surveyed nations. The sample exhibits significant heterogeneity: total company counts range from fewer than 200,000 in Guyana, Trinidad and Tobago, the Dominican Republic, and Uruguay, to over 5 million in the United Kingdom, Mexico, Italy, and France. Brazil represents the upper extreme with 18 million firms. A similar disparity exists in business creation; while Costa Rica, Panama, and Guyana record fewer than 2,000 new companies annually, France surpasses one million and Brazil reaches 4 million.

It is important to underscore that the previous figure excludes the payment of fees or public charges associated with each specific procedure. In aggregate terms, these figures represent not merely an administrative expense, but rather a transfer of value from the productive sector toward procedural inefficiency, thereby severely limiting the capacity for capital formation and growth in the nations under study.

The preceding exercise quantifies the direct burden that companies bear to attain formal status, maintain their operational standing, and execute operational closures, based on the opportunity cost of human capital, valued in terms of the average wage. However, this analysis represents merely a lower bound

of the issue, as it fails to capture the systemic distortion resulting from the reallocation of strategic resources toward non-productive functions.

From a macroeconomic perspective, the magnitude of these costs acts as a structural disincentive to formalization, exacerbating labor precariousness and eroding the tax base that underpins the State's revenue-generating capacity. It is imperative to clarify that this calculation is strictly confined to the value of the labor time invested; consequently, the actual financial impact is substantially higher once tax rates, administrative fees, and other transactional costs inherent to bureaucratic management are factored in.

A second approach to assessing the cost of bureaucracy is derived from analyzing the value of lost labor productivity. According to the definition provided by the International Labor Organization (ILO), labor productivity refers to the volume of output (measured in terms of Gross Domestic Product) generated per unit of labor (whether measured in terms of employed persons or hours worked) over a specific period.

Using the most recent data -2025- on GDP per hour worked (adjusted for purchasing power parity in constant 2021 values), it is observed that the average productivity across the analyzed countries stands at **USD 38.23**. However, a stark disparity exists between the extremes: productivity peaks in Guyana (USD 146.50), followed by Germany (USD 84.25) and France (USD 82.00), while falling to just USD 8.99 in Bolivia and USD 12.11 in El Salvador.

Similar disparities are evident in the scale of the economies. While the sample average GDP is **USD 846 billion**, the gap between the largest and smallest economies is vast. At the upper end, Germany (USD 4.7 trillion), the United Kingdom (USD 3.7 trillion), and France (USD 3.1 trillion) dominate the group. Conversely, the lower end is represented by significantly smaller economies, such as Jamaica (USD 22 billion), Guyana (USD 24.7 billion), and Trinidad and Tobago (USD 25.6 billion).

Based on an average of 2.3 million active companies, the annual creation of 312,000 productive units, and a closure rate of 5%, the economic impact of bureaucracy is overwhelming. The opportunity cost in terms of production of opening amounts to USD 19.5 billion, the cost of running to USD 103.6 billion, and the cost of closure to USD 16.1 billion. In aggregate, these figures reach nearly **USD 140 billion annually**, representing **16.5% of the average GDP** across the countries analyzed.

The interplay between life-cycle bureaucracy, productivity, and the size of the productive base generates a highly differentiated impact across the sample. In absolute terms, Germany's bureaucratic opportunity cost exceeds **USD 900 billion annually**, surpassing **19% of its GDP**. This is followed by France at nearly USD 440 billion (14% of GDP) and the UK at approximately USD390 billion (over 10% of GDP). On the other end of the spectrum, Honduras and El Salvador fall below the USD 2 billion mark, and their respective opportunity cost is lower, 2.7% and 5.4% of GDP, respectively. Notably, in economies such as Trinidad and Tobago, Guatemala, Portugal, Panama, Jamaica, and Peru, the opportunity cost of bureaucracy is particularly acute, ranging between 20% and 45% of GDP, regardless its absolute value.

Ultimately, the true impact of bureaucracy transcends monetary figures. These costs constitute a critical barrier for the business sector, particularly for small enterprises that lack economies of scale. By diverting resources toward administrative processes, innovation and competitiveness are stifled, generating a disproportionately negative effect that hinders comprehensive economic development.

IV. Summary of Results and Final Remarks

- The ***Index of Bureaucracy 2026*** presents results for 27 countries: 20 from Latin America and the Caribbean (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela) and seven from Europe (Germany, Spain, France, Italy, Portugal, the United Kingdom, and Ukraine). The sample represents 12% of the global population and nearly 21% of global output. In Latin America and the Caribbean, coverage encompasses 94.4% of the population and 94.3% of GDP, while in Europe, it covers 50% of the population and 59% of output.
- In this edition, the *Index of Bureaucracy* takes on the challenge of analyzing the three stages of the business lifecycle: **opening, running, and closure**.
- The **Opening Index of Bureaucracy 2026** reveals a critical weakness: formalizing the opening of a small business requires approximately **1,638 hours (9.5 working months**), and these results show no correlation with a country's income level or stage of development. The primary sector is the most heavily affected, while activity-specific administrative procedures constitute the primary bottleneck. The cluster of countries best ranked regarding business opening is comprised of Brazil, Chile, the Dominican Republic, Ecuador, Spain, France, Guatemala, Guyana, Italy, Mexico, Portugal, Paraguay, El Salvador, Ukraine, and Uruguay.
- The **Running Index of Bureaucracy 2026** reveals that small businesses devote **1,178 hours annually** to maintaining their formal operational status. This is equivalent to **57% of a worker's time** dedicated exclusively to administrative tasks. The secondary sector is the most affected, with the heaviest burden stemming from certifications, licenses, and tax or workplace safety obligations. The clusters best positioned across the three groups of running procedures include the following 19 countries: Argentina, Brazil, Costa Rica, the Dominican Republic, Spain, France, the United Kingdom, Italy, Mexico, Ukraine, Uruguay, Bolivia, Chile, Ecuador, Guyana, Honduras, Portugal, Paraguay, and El Salvador.
- The **Closing Index of Bureaucracy 2026** reveals that the formal closing of a small business is an extremely burdensome process that requires, on average, **3,654 hours (nearly two years).** The primary issue lies in the Liquidation stage, which consumes 60% of the total time, followed by Registration and Notification. While some countries complete the closure process in fewer than 350 hours, others record periods ranging from six to nine years. Based on performance across the three categories of closing procedures, the clusters comprising Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Honduras, Panama, Paraguay, Chile, Costa Rica, France, Guatemala, Italy, Portugal, El Salvador, Ukraine, and Uruguay are the best positioned.
- To gauge the magnitude of the economic distortion generated by excessive bureaucracy, an analysis was conducted regarding its **opportunity cost**, both for the private sector and for the nation as a whole. In the former case, a consolidation of the costs associated with business opening, operating, and closing reveals that the business community allocates **USD 33 billion annually** solely to bureaucratic compliance. This figure excludes the payment of associated fees or tariffs. The second approach, based on labor productivity, estimates that GDP losses amount to **USD 140 billion annually**. This figure is equivalent to **16.5% of GDP** of the countries analyzed.
- While there is a global consensus regarding the importance of effective governance and institutional robustness, the findings of this research underscore the urgency of intervening in the bureaucratic structures that govern productive activity.
- Administrative efficiency and transparency have ceased to be merely desirable attributes, evolving instead into **essential preconditions for competitiveness**. It is imperative that the legitimate requirements of the State be administered with agility and legal certainty. Simultaneously, it is necessary to identify and eliminate those superfluous, redundant, or excessively intrusive procedures that, far from adding value, stifle private initiative and erode economic freedom.
- Considering the foregoing, the ***Index of Bureaucracy 2026*** serves as a high-level analytical tool for decision-makers, the business sector, and civil society. Its purpose transcends mere measurement: it seeks to provide the empirical evidence necessary to redesign institutional strategies, optimize regulatory frameworks, and inform decisions aimed at eliminating the bottlenecks that constrain productive potential. Ultimately, this endeavor aspires to foster environments characterized by greater **freedom and prosperity**.

V. Country Results

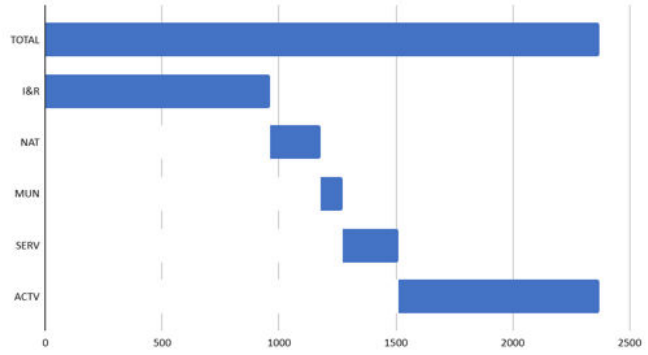
ARGENTINA (ARG)

Fundación Libertad.
A. Leonardi, J. Bongiovanni, A. Rosa

In Argentina, small businesses represent 91.9% of the country's total private companies. Their definition is established, according to the declared activity, based on annual total revenue, the number of employees, and an asset cap. For this study, representative activities from each sector were considered:

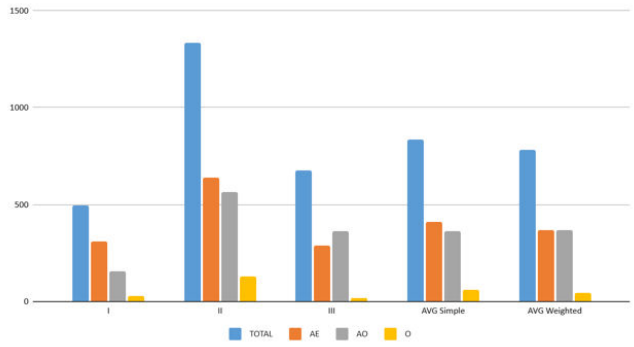
- Primary (18.75%): mixed farming;
- Secondary (21.73%): plastic and synthetic rubber manufacturing and construction; and
- Tertiary (59.52%): non-specialized retail trade and telecommunications.

Opening Procedures



Opening a Simplified Joint-Stock Company (SAS) requires an average of 2,373.24 hours. The identification and registration stage accounts for the greatest burden (960 hours), followed by access to basic services (240 hours) and municipal permits and registrations (96 hours).

At the sectoral level, there are significant differences: the primary sector requires 583.5 hours (24 days) and the tertiary sector 591 hours (24 days), while the secondary sector presents a considerably greater burden, reaching 1,839 hours (76 days).



Running Procedures

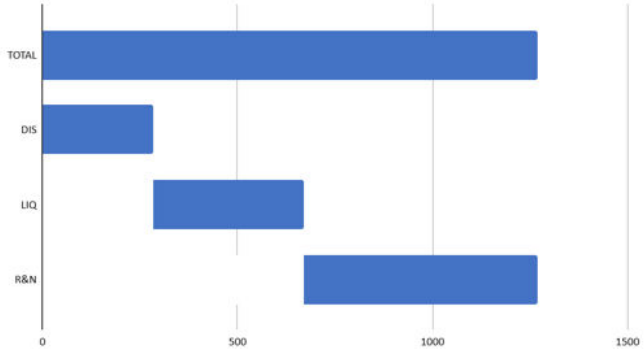
Once in operation, small businesses must devote an average of 783.76 hours per year to complying with administrative obligations. This is equivalent to 32.66 calendar days or 98 eight-hour workdays, representing approximately 38.9% of the working days in the year.

Differences are observed across sectors, with the secondary sector being the most intensive in terms of bureaucratic burden, far exceeding the primary sector.

Closing Procedures

Closing a small business requires an average of 1,268.56 hours (52 calendar days). The process consists of three stages: Dissolution (284.56 hours), Liquidation (384 hours), and Registration and Notification, which account for the greatest burden (600 hours).

Unlike the start-up stage, closing procedures are more homogeneous across sectors, which suggests the existence of cross-cutting procedures that similarly affect all economic activities.



Final Remarks

The results show that opening, running, and closing a small business in Argentina involve lengthy time requirements and high administrative complexity. On average, opening requires 2,373 hours, operating 783.8 hours per year, and closing 1,268.6 hours. Although operating time falls in 2026 compared with 2024, the bureaucratic burden remains high, and its structure shows no significant changes.

BOLIVIA (BOL)

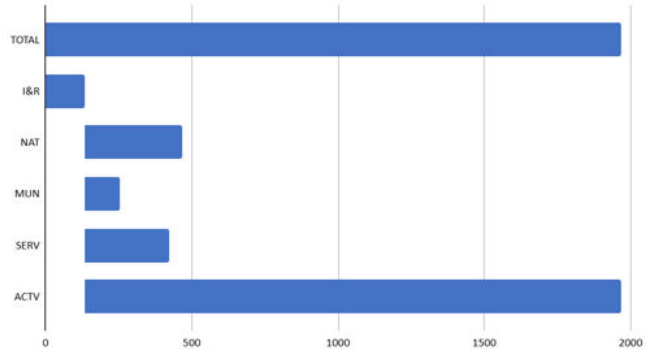
LIBERA Bolivia.
Leonardo Siles

Bolivia has a population of 12.5 million with GDP per capita (PPP) of USD 11,570. In 2024, small businesses amount to 9.5% of the total registered companies and are defined according to the Bolivian law as a geometric average between scaled values of sales, equity, and hired personnel. Using administrative data from the Bolivian Registry of Commerce, the representative activities by sector were chosen as follows:

- Primary sector (21%): mixed farming;
- Secondary sector (22%): construction of buildings;
- Tertiary sector (57%): freight transport by road and retail sale of automotive fuel.

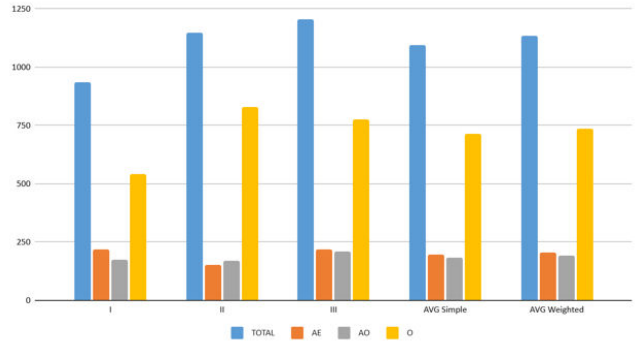
Opening Procedures

Bolivian entrepreneurs require 1,967 hours on average for opening a small business or 82 days from start to end. Specific procedures by productive activities account for the greatest share of the opening process, with over 1,800 hours (93.2% of time). However, it is worth noting that firms from the secondary sector are not required to comply with any specific procedure, so the total time for starting this kind of small business is 480 hours or 20 days.



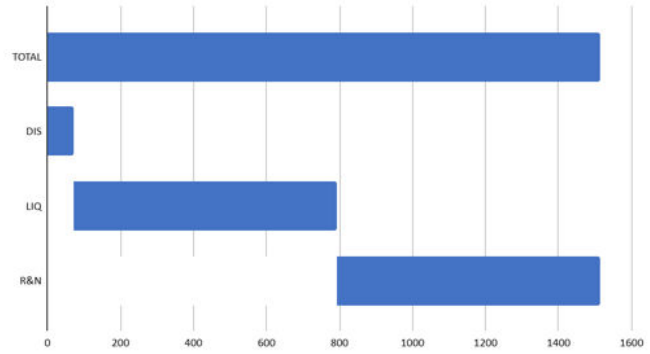
Running Procedures

The average time for complying with running procedures in Bolivia is 1,135 hours/year or 142 eight-hour business days. As was the case with opening procedures, small businesses spend most of the time dealing with specific permits or authorizations: on average, they devote 65% of the time to procedures other than Administration of Employment (18%) and Administration of Operations (17%). By economic activities, the services sector is subject to the highest burden, with bureaucratic procedures requiring 150 business days.



Closing Procedures

Closing a small business in Bolivia requires 1,512 hours or 63 days on average. Both liquidation and notification procedures each add 720 hours to the total time. Special attention is deserved by two public entities that enlarge the amount of time for closing a business: the national health insurance fund and city halls. In the case of the latter, notification of closure and cancelation of the municipal permit can take from 30 to 90 days.



Final Remarks

Bureaucratic burden on small businesses in Bolivia has remained stable over the last four years. Considering that over 80% of the economic activity occurs in the informal sector, this fact points to bureaucracy as a main driver of informality in Bolivia. Reforms that attempt to reduce, simplify, or outright eliminate bureaucratic procedures are encouraged to improve the business landscape and increase the productivity of Bolivia. The new government appears to be aware of this burden and of its consequences if not properly addressed.

BRAZIL (BRA)

Instituto Millenium.
Paulo Resende, Rodrigo Schmidt.

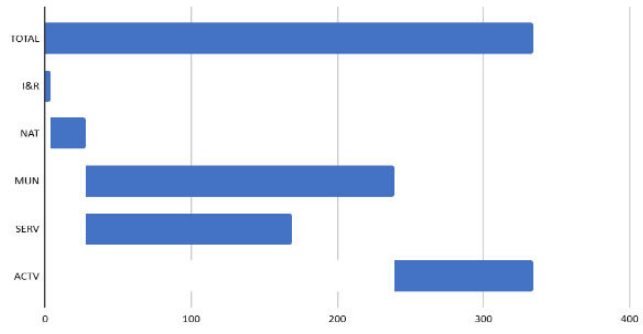
Brazil is the world's fifth-largest country with a population of 213 million, and a GDP of USD 2.268 billion. Micro and small businesses represent 97% of companies, 28% of GDP, and 70% of formal hiring in 2025. Small companies have less than 49 employees (sales/services) or less than 99 (industry), and revenue ranging USD 65–858,000. The most relevant productive activities were considered:

- Primary (11%): cattle farming;
- Secondary (20%): building construction; and
- Tertiary (69%): restaurants.

In 2024, 75% of the labor force was employed in the tertiary sector, 21% in the secondary, and 4% in the primary. Brazil has 103 million workers, with 47.1% under the CLT hiring regimen, 37% working informally or self-employed, and 5.6% unemployment.

Opening Procedures

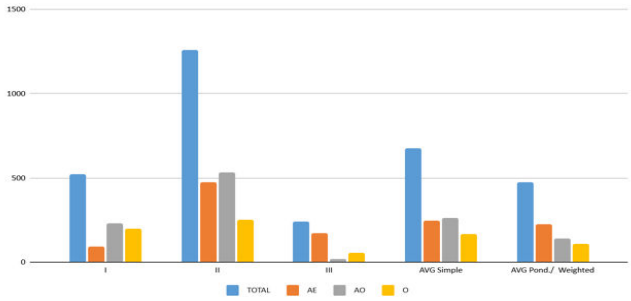
Opening a business takes 333.7 hours on average. While digital registration is fast, national processing creates bottlenecks, and local permits—like fire and sanitary licenses—consume a staggering 210.7 hours. Basic services add 141.4 hours, while sector-specific rules range 48–50 hours for construction and restaurants to 367 hours for cattle farming, primarily due to inspections and health registries.



Running Procedures

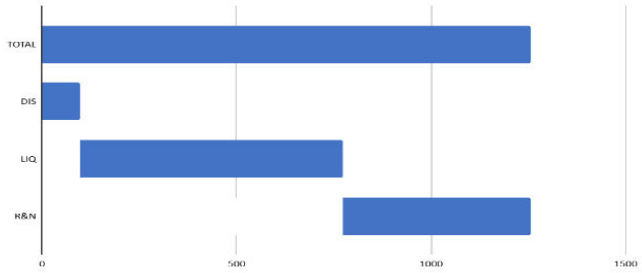
Time spent on mandatory running procedures averaged 475 hours and varied significantly across sectors. Construction companies, which faced 1,258 hours yearly, spent 38% of that time on employment procedures, and 42% on taxes. There is no single tax procedure bottleneck, but the large quantity of procedures (minimum of 30 in construction) demands a significant amount of time for assessment, payment, and management.

Restaurants operate primarily under the Simples Nacional tax regime, which unifies several tax procedures and yields a significantly lower bureaucratic burden. This regime is also adhered to by a share of construction and cattle farms, but is commonly opted out of in these sectors for lower tax rates.



Closing Procedures

Closing a representative business requires on average 1,256 hours. The most time-consuming procedures are related to liquidation (677 hours), with processing times from the Business Services authorities (Junta Comercial), including amending the company's name to include "*in liquidation*" (120 hours), and other procedures.



The Registration and Notification phase (482 hours) is driven by the cancellation of licenses and permits across federal, state, and municipal authorities. Most procedures are digital, but closing remains significantly less integrated than opening.

Final Remarks

The total SME lifecycle shows an important bureaucratic burden. Closing lacks the integration opening has, requires several concurrent negative certificates, and demands deregistration across multiple uncoordinated authorities. Tax complexity remains the dominant running burden, particularly for construction, and the ongoing tax reform transition is already affecting two sectors; 40% of companies close after two years and up to 50% after three, making these initial years critical.

CHILE (CHL)

Libertad y Desarrollo.
Bettina Horst (coord.), Nicolás Durán.

Chile has a territorial area of 756,945 sq km, a population of 19.8 million, and a GDP of USD 596.6 billion (PPP, in constant 2017 international dollars).

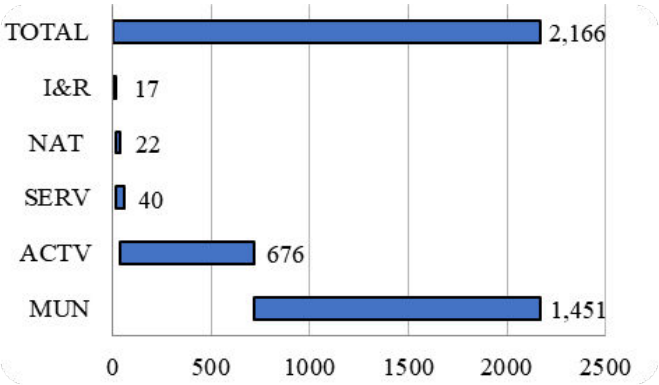
A total of 21.2% of all firms (excluding those with no sales or missing information) are small enterprises. These are defined as firms whose annual revenues from sales, services, and other business activities exceed 2,400 *unidades de fomento* (UF) and do not exceed 25,000 UF, or those employing between 10 and 49 workers.

This study adopts a sales-based classification, as it is the approach most widely used in public policy in Chile. Accordingly, the most relevant economic activities for each sector are defined as follows:

- Primary (12%): agriculture, livestock, forestry, and fishing;
- Secondary (20.3%): manufacturing and construction;
- Tertiary (67.7%): wholesale and retail trade, repair of motor vehicles and motorcycles; and transportation and storage.

Opening Procedures

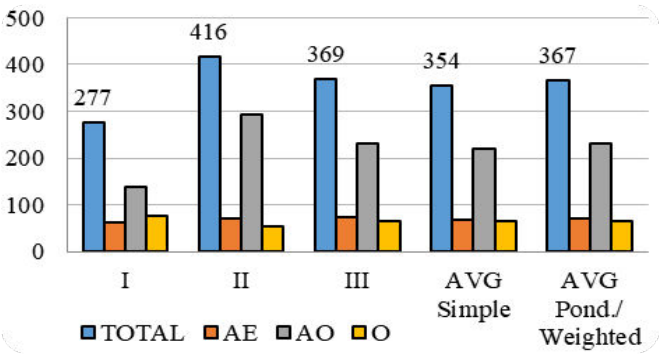
Starting a small business in Chile requires, on average, 2,166 hours, equivalent to 90 days. Approximately 69% of this time is devoted to completing general administrative procedures, while the remaining 31% corresponds to sector-specific regulatory requirements.



In particular, the secondary sector exhibits the longest time required for business start-up. This is mainly explained by the longer duration of registration processes and municipal permitting procedures, in addition to the time required to obtain sector-specific permits associated with each productive activity.

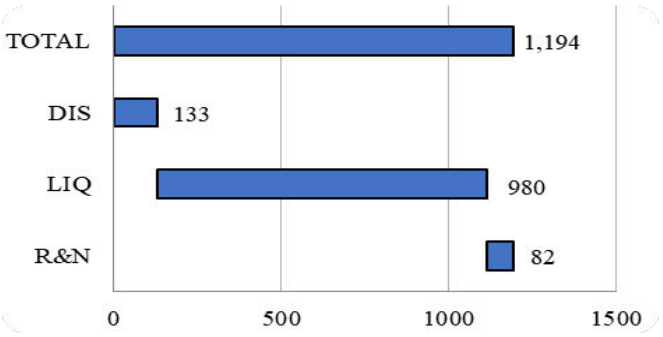
Running Procedures

Maintaining a small business in operation in Chile requires, on average, 367 hours, equivalent to 15 days. More than 63% of the total time is devoted to operational management. There are differences across sectors. For example, the primary sector records the shortest total time, but the longest duration in "Other" procedures. The secondary sector requires the most time for operational management. Meanwhile, the tertiary sector exhibits the highest time associated with employment administration.



Closing Procedures

The full process of closing a small business can take up to 1,194 hours, equivalent to 50 days. This duration may vary depending on the degree of compliance with the firm's outstanding obligations.



The secondary sector records the longest time required for business closing, with most of the time devoted to the settlement of the firm's obligations. This is followed by the tertiary sector. Finally, the primary sector shows the shortest closure time among sectors, which is also explained by the shorter time required to settle outstanding obligations.

COLOMBIA (COL)

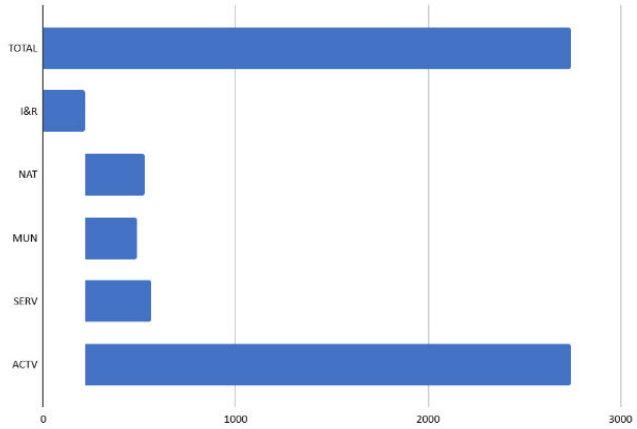
Fundación Innovación para el Desarrollo.
Iván Durán.

Colombia's population is 53.3 million with a GDP per capita (PPP) of USD 22,500. Small firms represent about 1.5% of total companies and are defined by employment and revenues. Based on administrative data, the selected representative activities are:

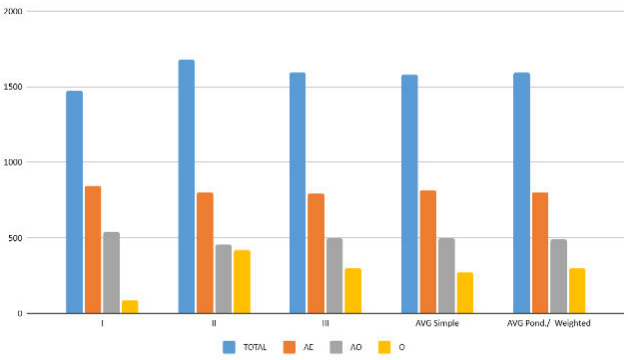
- Primary (11%): palm oil cultivation;
- Secondary (20%): building construction; and
- Tertiary (69%): auto parts retail.

Opening Procedures

Opening a small firm in Colombia takes 2,744 hours on average, with wide sectoral variation: 7,566 hours in the primary sector, 4,932 hours in the secondary, and 1,348 hours in the tertiary. Differences are driven mainly by sector-specific permits—environmental and water in the primary sector, and construction and environmental licenses in the secondary—while the tertiary sector faces lower but still relevant municipal and safety requirements. Cross-cutting procedures (company formation, banking, tax registration) also add meaningful costs.



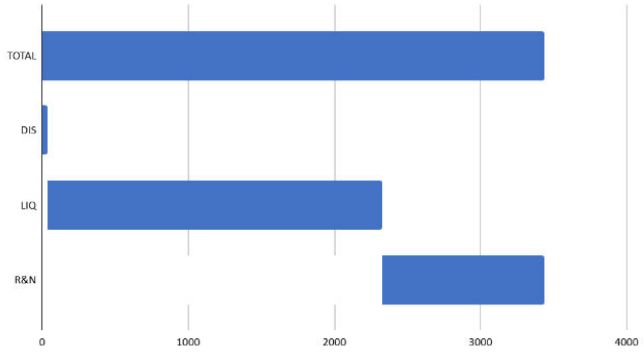
Running Procedures



The average annual administrative burden is 1,596 hours, driven mainly by labor administration, occupational safety and health, and tax compliance. Social security obligations constitute the largest recurring cost, complemented by payroll and parafiscal obligations. Sector-specific requirements are more significant in agriculture and construction, where sanitary, environmental, and technical reporting add further complexity.

Closing Procedures

The average burden to close a firm is 3,438 hours. Although more standardized than entry, the process remains complex due to sequential steps—Dissolution, Liquidation, Registration updates and tax Notifications—requiring shareholder approval, settlement of obligations, and final procedures with the Chamber of Commerce and the Tax Office (DIAN).



Final Remarks

The regulatory burden on small firms in Colombia is significant and uneven, with the primary sector facing the highest entry costs due to environmental and water permits. Key constraints include regulatory duplication, weak digital integration, slow licensing, the burden of social security, and high non-wage labor costs. Recommendations are to improve licensing efficiency, strengthen the differentiated social security regime, advance digital integration through the VUE (business one-stop shop), and reassess non-wage labor costs while ensuring fiscal sustainability.

COSTA RICA (CRI)

IDEAS Labs.
Luis E. Loría and Ester Méndez.

Costa Rica has a land area of 51,100 sq km. In 2025, its population was 5.2 million, and GDP per capita (PPP, constant 2021 international dollars) was USD26,873.44.

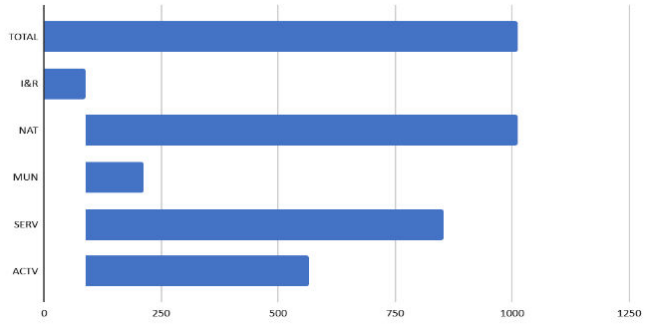
According to 2022 data published by the Central Bank of Costa Rica (BCCR) on the contribution of legal entities (Unidades Jurídicas, UJ) to GDP by ISIC Rev. 4 section, measured by income, microenterprises contributed 19.1% of GDP, small enterprises 10.6%, medium enterprises 10.7%, and large enterprises 59.6%.

The formula published by the Ministry of Economy, Industry and Commerce (MEIC) is applied to determine firm size, taking into account employment, annual sales, and net assets.

According to these classification criteria, in 2024, the BCCR's Business Statistics classified a total of 299,426 legal entities, of which 90.7% were microenterprises, 5.9% were small enterprises, 2.0% were medium-sized enterprises, and 1.3% were large enterprises. For the present study, the following representative activities were selected:

- Primary (4.8%): livestock farming;
- Secondary (22.1%): building construction; and
- Tertiary (73.1%): retail trade.

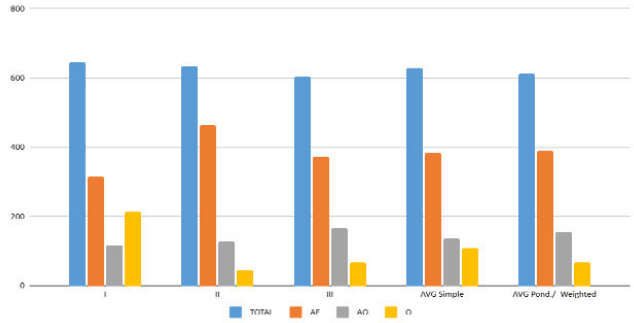
Opening Procedures



We determined the number of hours it would take for a legal entity to become operational in the city of San José, Costa Rica. These figures may vary depending on the municipality or region of the country where the procedures are carried out. On average, a small business could be up and running after investing 1,013 hours.

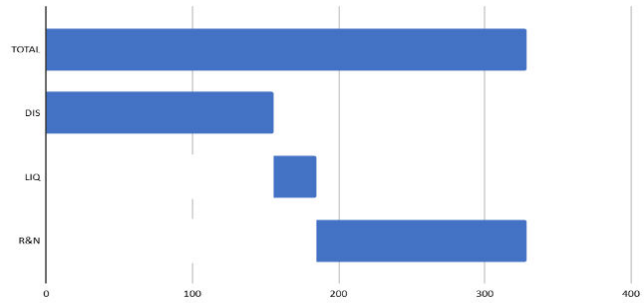
Running Procedures

The average amount of time that a small business spends completing routine procedures and remaining formal, weighted by the share of the economic sector, is 613 hours per year, or 77 eight-hour workdays. Businesses devote the largest share of time to employment administration, 389 hours (64%), followed by operations administration, 155 hours (25%), and other procedures, 68 hours (11%).



Closing Procedures

Closing a small business in Costa Rica takes an average of 329 hours, or 41 eight-hour workdays, assuming that all obligations are fully up to date. Among closure procedures, those related to Dissolution, 156 hours (47%), and Registration and Notification, 144 hours (44%), are the most time-consuming.



Final Remarks

Small businesses in Costa Rica face a considerable bureaucratic burden, despite the significant commitment of the federal government to combat it. Over the past four years, as part of the "Le dejamos trabajar" initiative led by MEIC, 177 bottlenecks were eliminated to contribute to economic development, investment, and job creation.

GERMANY (DEU)

Berlin Center for Individualist Thought.
Felix Hosse.

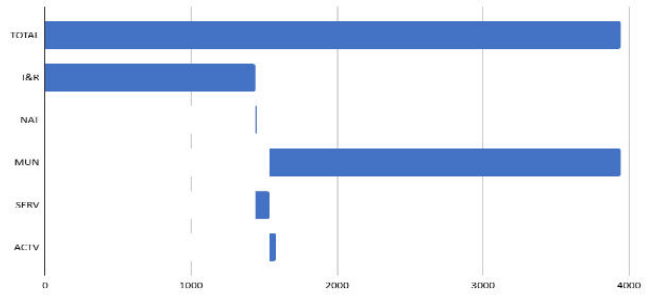
Germany has a population of 84 million with a total GDP of USD 4.7 trillion (2025). Small-sized companies in this study, organized as GmbHs are defined according to the EU Commission Recommendation 2003/361/EC as enterprises with fewer than 50 employees and either annual revenue not exceeding USD 11.7 million or a balance sheet total not exceeding USD 11.7 million.

Small businesses (fewer than 50 employees) account for 95.8% of all registered companies in Germany. By revenue share across sectors, the tertiary sector hosts 70.8% of small firms, the secondary sector 29.1%, and the primary sector 0.2%. For this study, relevant productive activities of each sector were considered, namely:

- Primary (1.0%): raising of swine/pigs in combination with grain farming;
- Secondary (27.7%): manufacture of metal-forming machinery and machine tools; and
- Tertiary (71.3%): sale, maintenance, and repair of motor vehicles.

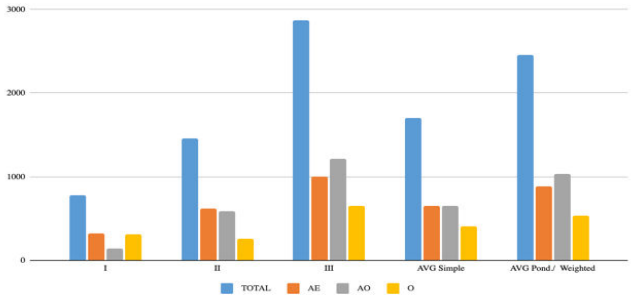
Opening Procedures

Opening procedures for small-sized companies in Germany require a weighted average of 3,942 hours. Sectors I and II are the most demanding at 8,633 hours each, driven almost entirely by the municipal permits and registration group (7,091 hours), which in the primary and secondary sectors includes the mandatory BImSchG §4 full immission control permit. Sector III (motor vehicle repair) is comparatively lighter at 2,056 hours, as it is not subject to the §4 full permit requirement, with only a §15 environmental notification applicable.



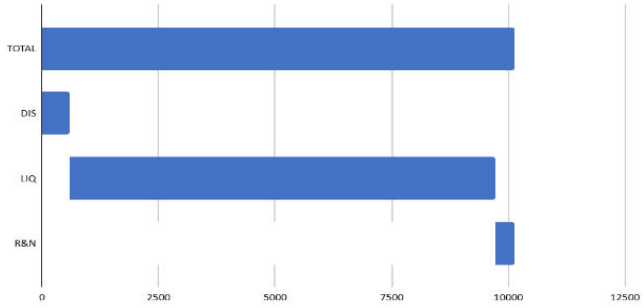
Running Procedures

Annual running procedures require a weighted average of 2,457 hours. The secondary sector (1,459 hours) and tertiary sector (2,868 hours) carry the highest ongoing burden. The Administration of Operations subgroup (AO) accounts for the largest share in Sectors II and III. For primary sector companies, sector-specific agricultural procedures, add 156 hours annually on top of the general regulatory base.



Closing Procedures

Closing procedures are uniform across all three sectors at 10,147 hours, reflecting the sector-independent character of German corporate dissolution law. The dominant element is the *Sperrjahr*, the mandatory 12-month creditor protection period under GmbHG §73, which alone accounts for 9,130 hours (90% of total closing hours). The minimum calendar time from shareholders' resolution to legal dissolution of the entity is approximately 58 to 65 weeks.



Final Remarks

The three activities selected for this study once formed the backbone of Germany's sectoral productivity, and together they built the economic density that made Germany one of the wealthiest nations on earth. Today, none can be replicated by a new entrant: BImSchG §4 permits alone delay market entry by up to 18 months, the Sperrjahr locks capital for over a year upon dissolution, and cumulative compliance runs into thousands of hours annually. If Germany intends to retain its sectoral dominance, the data presented here point unambiguously to the need for sweeping regulatory reform.

DOMINICAN REPUBLIC (DOM)

Instituto OMG.
Monika Melo, Angela Santana.

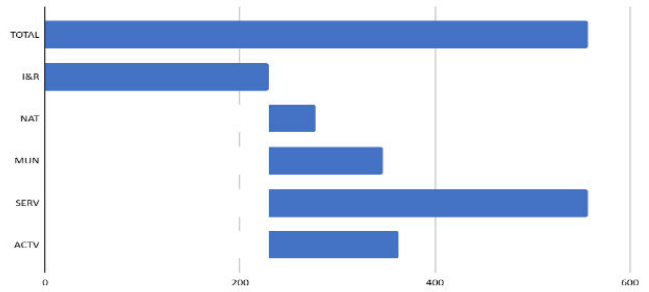
Small enterprises are defined as firms employing 11–50 workers and reporting annual gross sales of up to DOP 74.5 million. Approximately 30,000 small enterprises are formally registered. The economic activities selected by sector are:

- Primary: cultivation of tropical and subtropical fruits, and livestock production;
- Secondary: construction of buildings, other manufacturing industries; and
- Tertiary: wholesale and retail trade; hotels, bars, and restaurants; financial services, consulting services, and administrative and support services.

Opening Procedures

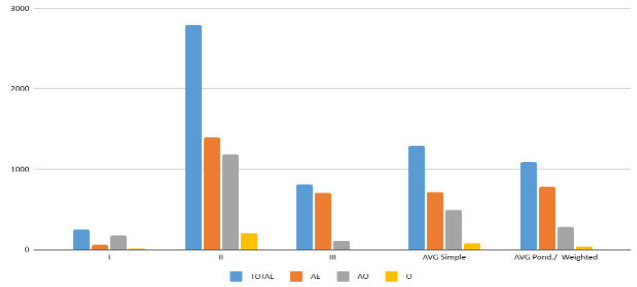
Mandatory incorporation and registration procedures for all businesses are relatively fast. Most time-consuming stages are tax registration (100 h), bank account opening (176–480 h), and sector-specific permits (229–328 h). Timelines vary significantly by sector, with longer durations observed in regulated and productive activities.

Overall, the total duration reflects the accumulation of delays across interdependent stages—exacerbated by factors such as banking due diligence, limited interoperability, and partial digitalization—highlighting the importance of improving coordination, enabling parallel processing, and addressing structural constraints.



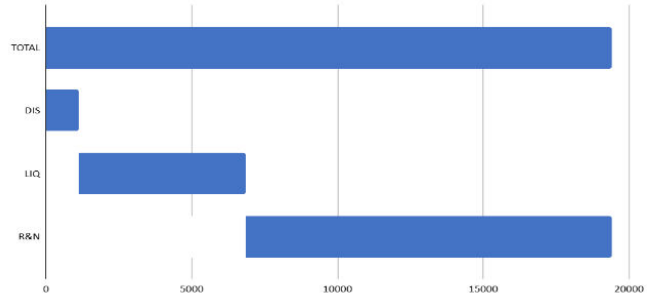
Running Procedures

The analysis of operational procedures indicates that the time required is generally low and standardized, averaging up to 24 hours. However, the primary burden stems from ongoing compliance with the DGII. Certain specific procedures, such as updating employee payroll information, are typically completed within approximately 24 hours, while in sectors such as construction, permit management can range from 10 to 72 hours. Overall, the operational burden depends on the volume of activity and the internal capacity of firms; therefore, despite advances in digitalization, sustained and coordinated efforts by all stakeholders remain essential.



Closing Procedures

The business closure process, while not legally complex, involves extended timelines due to the sequential nature and accumulation of stages reaching 19,414 hours. Internal closure activities require a minimum of 720 hours, while in regulated sectors, prior authorizations can range from 24 to 1,440 hours. The cancellation of the RNC is identified as the most time-consuming step, generating delays and uncertainty in the final stage.



Final Remarks

The analysis highlights significant opportunities to enhance the efficiency of business procedures in the Dominican Republic. Rather than legal complexity, current dynamics are driven by institutional fragmentation and the sequential execution of processes, creating room for greater integration and coordination. Despite progress in digitalization, areas such as corporate bank account opening and cancellation of the Taxpayer Identification Number (RNC) still present opportunities for optimization, with the potential to significantly reduce processing times. Overall, advancing process simplification, institutional interoperability, and taxpayer capacity building will help consolidate a more agile, inclusive, and efficient business environment under a continuous improvement approach.

ECUADOR (ECU)

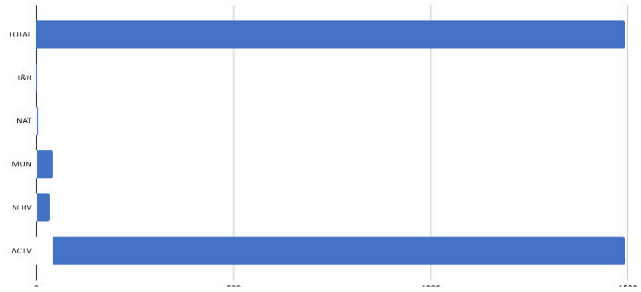
Instituto Ecuatoriano de Economía Política
Joselo Andrade, Gerardo Verdecia e Isaac Román.

Ecuador has 283,561 sq km and a population of 18,243,816. A small enterprise is defined as one with annual sales between USD 100,001 and USD 1,000,000 and/or 10–49 workers. Productive activities selected by sector are:

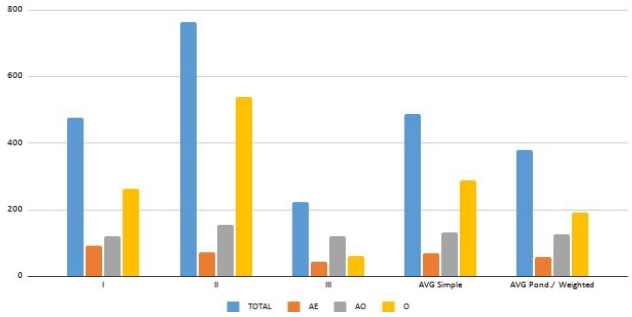
- Primary (18.99%): cultivation of tropical and subtropical fruits and marine aquaculture;
- Secondary (19.66%): manufacture of clothing, except fur apparel, and construction of buildings;
- Tertiary (61.32%): wholesale of other household goods, architecture and engineering activities and related technical consultancy, and freight transport by road.

Opening Procedures

Opening a business in Ecuador requires a weighted average of 1,492.79 hours. Productive Activity Specific (ACTV) procedures account for 1,450.12 hours, vastly overshadowing general registration requirements. Sector III imposes the heaviest burden at 1,930.68 hours, driven by freight transport licensing, whereas Sector II requires only 602.68 hours.



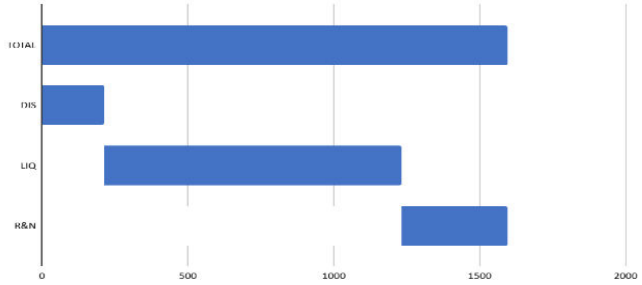
Running Procedures



Running a business requires a weighted average of 377.94 hours. Sector II bears the heaviest burden at 764.52 hours due to construction-related compliance, while Sector III records 223.49 hours. Other Tasks total 192.39 hours, driven by activity-specific procedures (146.23 h). Tax compliance averages 120.81 hours, the bulk of Administration of Operations tasks (127.50 h). Administration of Employment accounts for 58.05 hours. Inspection and supervision peaks sharply in Sector II at 228.65 hours due to UAFE reporting in construction.

Closing Procedures

Closing a business totals a weighted average of 1,595.52 hours. The Dissolution stage accounts for 211.94 hours (regulatory authorization, notarization, and publication). Liquidation is by far the most burdensome phase at 1,019.69 hours, driven by the notification of liquidation (499.85 h) and the presentation of the liquidation balance and liquidator's report (339.90 h). Registration and Notification requires 363.89 hours, covering liquidation registration, publication, and tax/regulatory notifications.



Final Remarks

Ecuador's bureaucratic environment poses a significant challenge for small enterprises at every stage of their lifecycle. Opening is heavily burdened by activity-specific permits, particularly in the primary and tertiary sectors. Interviews revealed a persistent lack of standardization in opening procedures: outcomes vary depending on the individual official handling the process, introducing arbitrariness that generates uncertainty and delays. Running is dominated by tax compliance and employment administration. Closing a business is centered on a time-consuming liquidation phase, further compounded by the overload of staff at the Superintendencia de Compañías.

Streamlining permit issuance, standardizing criteria across officials, reinforcing institutional capacity, and digitizing procedures would significantly reduce the bureaucratic burden on Ecuadorian small enterprises.

SPAIN (ESP)

Fundación Internacional para la Libertad.
E. Ronda, J. Bongiovanni, A. Rosa.

In Spain, companies are classified according to European Union criteria based on employment and revenue. A small business has between 10 and 49 employees, up to 50 million euros in annual revenue, and a balance sheet of up to 43 million. It represents 6% of the total number of companies.

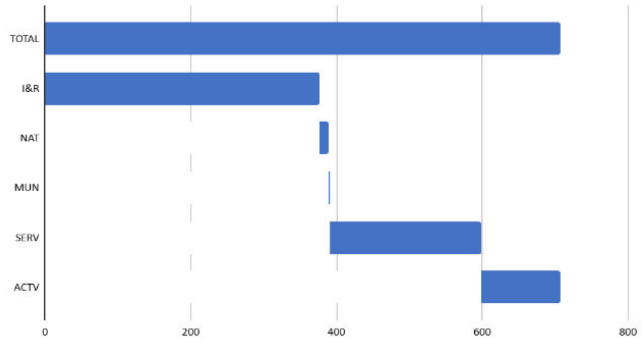
The productive structure is distributed as follows with representative activities:

- Primary (5.18%): vegetable cultivation;
- Secondary (21.71%): furniture manufacturing and masonry and finishing work;
- Tertiary (73.12%): beverage establishments and real estate intermediation.

Opening Procedures

The opening of a small business requires an average of 706.50 hours. The identification and registration phase accounts for the greatest burden (377 hours), followed by access to basic services (208 hours), and registration with national agencies (12.43 hours).

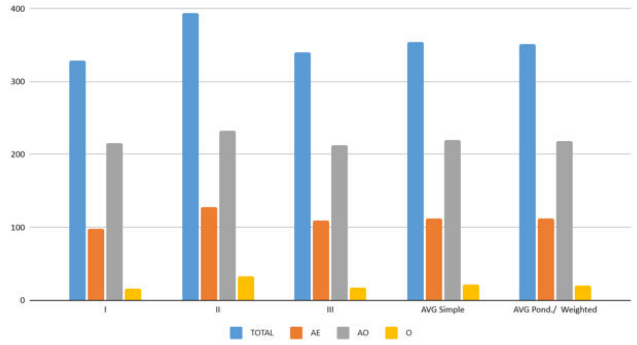
Activity-specific procedures account for approximately 15% of the total. At the sectoral level, the primary sector shows the highest times (336 hours), while the secondary and tertiary sectors record lower burdens (92.8 and 94.9 hours).



Running Procedures

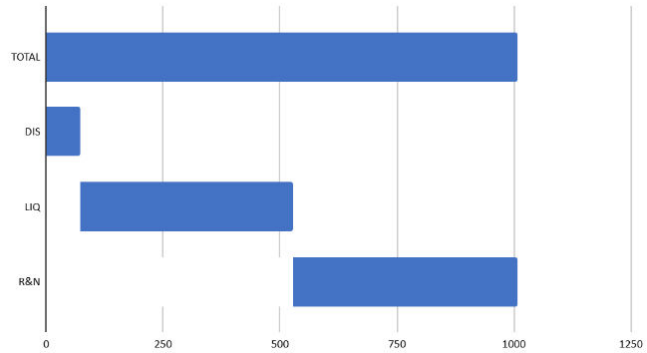
During operation, companies must devote an average of 350.78 hours per year to administrative obligations, equivalent to 14.6 calendar days or 17.7% of working days.

The secondary sector presents the highest relative burden. Administration of Operations accounts for 62% of the time (217.71 hours), followed by Administration of Employment (112.65 hours). Bookkeeping is the most time-consuming procedure (120.60 hours), representing 34% of the total.



Closing Procedures

Closing requires an average of 1,008 hours (42 days). The process is divided into Dissolution (72 hours), Liquidation (456 hours), and Registration and Notification (480 hours), with the greatest burden concentrated in the latter stages. Unlike the previous stages, closing shows greater homogeneity across sectors.



Final Considerations

The report shows that small businesses in Spain face a high bureaucratic burden throughout their entire life cycle: opening a business requires 706.5 hours, operating it requires 350.8 hours annually, and closing it requires 1,008 hours. Although opening times improve in 2026, operating times show a slight increase, reflecting recurring operational, accounting, and tax requirements. Reducing this burden requires broader simplification to make the system more predictable and less costly for entrepreneurs.

FRANCE (FRA)

CEDATOS.

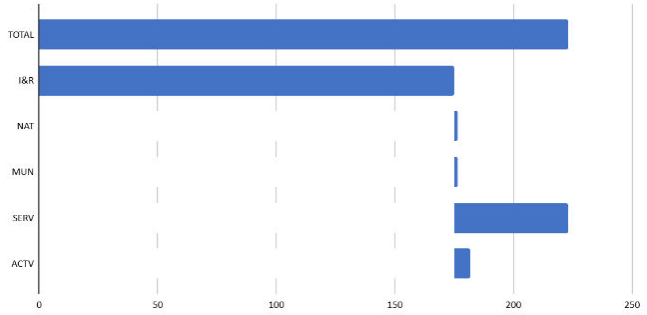
Nancy Cordova (coord.), Natalia Brandler.

France is a high-income European economy with a productive structure dominated by services, a smaller but still significant industrial base, and a relatively limited primary sector. Small enterprises are defined, in line with the French framework, as firms with fewer than 50 employees and annual revenue or balance sheet total not exceeding EUR 10 million, and they account for the bulk of enterprises in rural production, artisanal food processing, and local retail. For this study, three representative activities were selected:

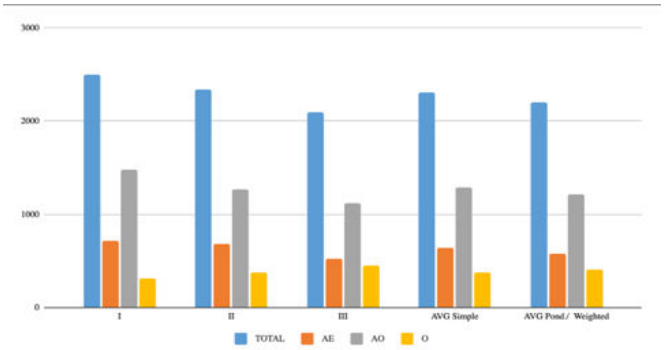
- Primary: viticulture;
- Secondary: artisanal cheese production; and
- Tertiary: a small Intermarché-type (neighborhood grocery store) retail outlet.

Opening Procedures

Opening a small business in France takes on average 223.2 hours, mainly due to company registration, INPI/Guichet Unique filing, bank capital deposit, legal notice publication, and electricity, water, and internet connections, plus coordination and waiting times with multiple institutions.



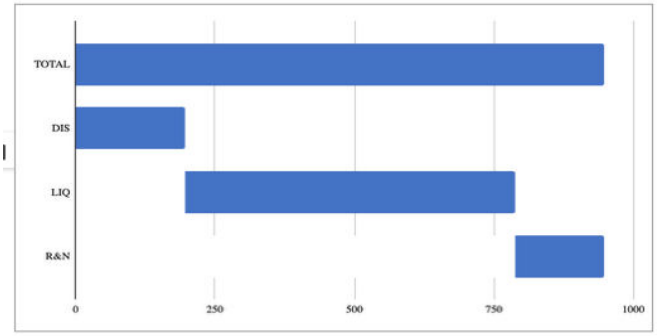
Running Procedures



Running a small enterprise in France requires, on average, 879.21 hours/year, mostly devoted to accounting and tax tasks, payroll documentation, preparation of annual financial records, working-time tracking, and VAT declarations, with additional time for inspections, sector-specific obligations, and coordination with external service providers.

Closing Procedures

The estimated time required to close a business is 948 hours, measured as calendar duration, covering Dissolution, Liquidation, and final Registration and tax Notifications, with the heaviest burden in transfer-tax processing and sequential filings that must occur in order, limiting parallelism and extending the overall timeline.



Final Remarks

In viticulture, the burden centers on document collection, coordination with advisors, and seasonal peaks around harvest and reporting. In fromageries, time is absorbed by HACCP, hygiene, and traceability records and readiness for sanitary inspections. In small retail, payroll, working-time tracking, staff documentation, and VAT/accounting duties dominate the administrative workload.

The findings for France suggest that small enterprises face a structured but dense compliance environment, where the main cost is not extreme legal complexity but the steady diversion of managerial time into accounting, tax, payroll, and documentation tasks. This tends to push firms toward outsourcing and digital tools, which can mitigate internal workload but also create dependence on external service providers and raise fixed costs. At the same time, the relatively moderate opening and closing times, compared with the heavy running burden, indicate that policy efforts aimed at simplifying recurring reporting, inspections, and record-keeping could have a larger impact on day-to-day business capacity than reforms focused only on incorporation or dissolution procedures.

UNITED KINGDOM (GBR)

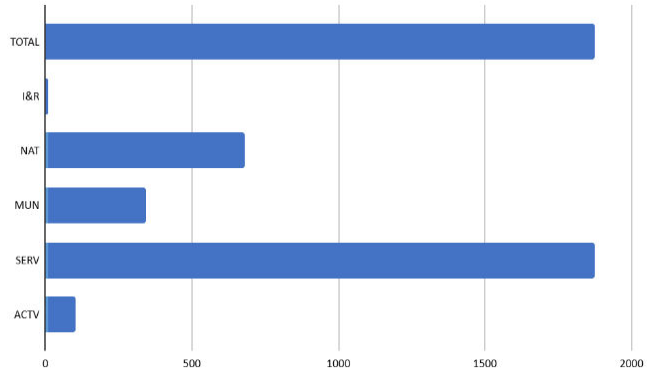
Clement Ngu.

The United Kingdom has an area of 243,610 sq km, a population of approximately 67.7 million, and a GDP of around USD 4.1 trillion.

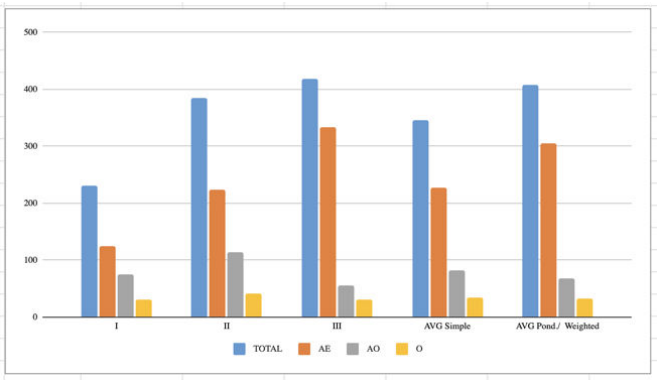
In the UK, small companies are defined as those with <£15 million annual revenue, a total balance sheet of <£7.5 million, and <50 employees. The following productive activities, with its ISIC codes, for each sector were considered:

- Primary (1.9%): mixed farming;
- Secondary (15.4%): construction of residential and non-residential buildings (0111); and
- Tertiary (83%): business and other management consultancy activities (7022).

Opening Procedures



To start a business, all procedures can be completed via the Companies House online platform. Registering a company is standardized, and most applicants receive confirmation within 24 hours. However, registering for basic services is the most time-consuming step, particularly opening a bank account. This has been reported in the British media and is reflected in the data collected. One respondent reported spending more than four months opening an account because of due diligence processes introduced after the 2008 financial crisis.

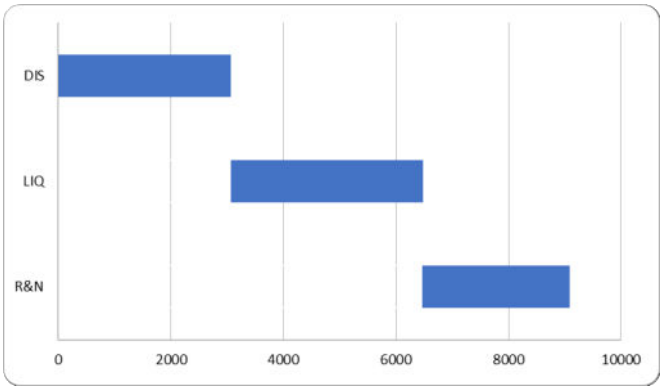


Running Procedures

The weighted average time spent running a business is 406.72 hours per year. Among the steps identified, confirming right to work and criminal record checks are the most time-consuming. They are dependent on the number of new hires and whether the employee has previously completed these processes. Digital software is widely used for payroll and VAT, hence these tasks are handled swiftly.

Closing Procedures

Closing a business takes, on average, 1,053 hours. Those with clean accounts can complete the process within three months, while those involving creditors or disputes take significantly longer. Respondents also reported that a company may be automatically struck off if no new accounts are filed after a year.



Final Remarks

Filling out the paperwork is straightforward, supported by fully digitalized processes and software for accounting and tax returns. Key bottlenecks are the efficiency of case handling and the bureaucracy of local governments. Such unpredictability means that small businesses are distracted from focusing on running a business and having to scale back plans to avoid delays. This is evident in agriculture and construction.

GUATEMALA (GTM)

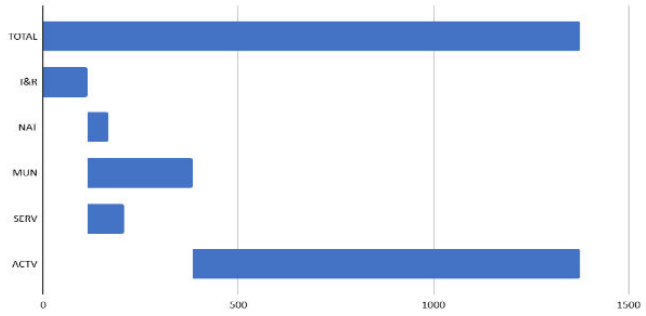
CIEN.
Sigfrido Lee, Andrea Monterroso.

Guatemala has a population of 18.8 million (2025) and an economic structure composed of 11% in the primary sector, 23% in the secondary, and 66% in the tertiary. Small businesses are defined as those with 11–80 employees and annual sales between 191 and 3,700 minimum wages.

The main finding is that the operating stage concentrates the greatest regulatory burden: a small business requires, on average, 2,614 hours per year to comply with operating procedures, compared with 1,377 hours to open and 484 hours to close.

Opening Procedures

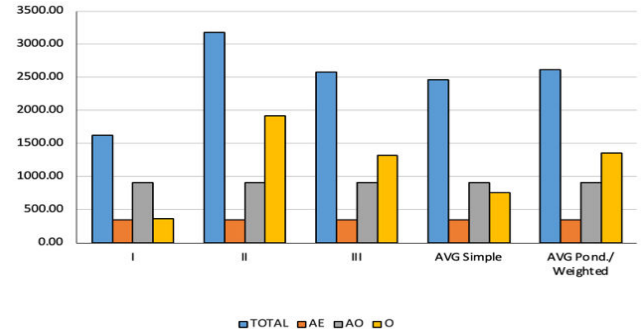
Opening a business in Guatemala requires approximately 1,377 hours to complete the procedures demanded by various government entities. These procedures are divided into general procedures and activity-specific procedures depending on the firm's economic activity.



The analysis shows that sector-specific requirements represent a significant burden and that the total time required to start a business varies substantially across sectors.

Running Procedures

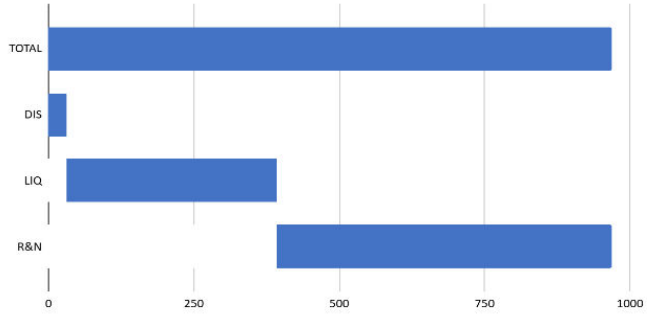
The main challenge for small businesses is concentrated in operating procedures. On a weighted average basis, a small business spends 2,614 hours per year complying with bureaucratic requirements. This burden is not only greater in magnitude, but also more complex and sustained over time: it represents 1.9 times the time required to complete start-up procedures.



The regulatory burden during the operating stage varies across economic sectors. The secondary sector requires 3,181 hours per year for compliance during operation, almost double the 1,629 hours required in the primary sector.

Closing Procedures

In Guatemala, the process of closing a small business requires a weighted average of 484 hours. Although it is less burdensome than the previous stages, the closure process still represents a barrier for those seeking to cease operations. The process includes three stages: Dissolution with 32 hours, Liquidation with 120 hours, and Registration update procedures with 332 hours. Despite the strong sectoral variation observed in the previous stages, this process is uniform across sectors.



Final Remarks

In sum, the 2026 analysis confirms that the regulatory compliance burden manifests differently at each stage of the business life cycle and shows relevant sectoral differences. In particular, the main gaps across sectors are explained by the specific procedures associated with each economic activity, rather than by the general procedures common to all businesses. This is evident in both the start-up and operating stages, where the secondary sector faces a heavier burden than the primary sector due to additional specific requirements. Finally, although the closure process is estimated at 484 hours, this figure is an average and may increase depending on the case and on administrative processing times.

GUYANA (GUY)

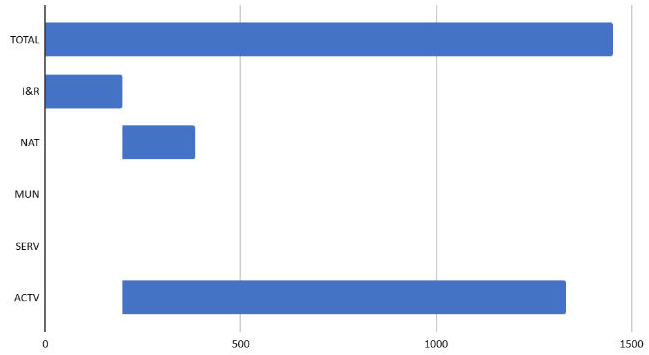
Department of Economics, University of Guyana.
Dianna DaSilva-Glasgow (coord.), Jason Allicock.

The Small Business Act. No.2 of 2004 defines a small business as "any person or persons who satisfies at least two of the following conditions (i) employs not more than twenty-five persons; has gross annual revenues of not more than sixty million dollars; (iii) has total business assets of not more than twenty million dollars…."

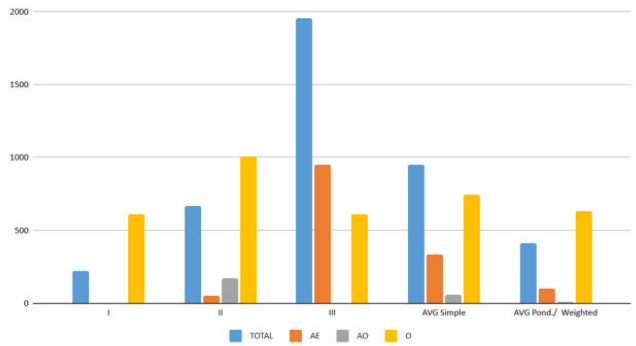
Small businesses account for over 53% of businesses in Guyana and can be found across all major sectors. For this research, the representative productive activities chosen are:

- Primary: fruits and vegetables and livestock production;
- Secondary: agro-processing; and
- Tertiary: business services.

Opening Procedures



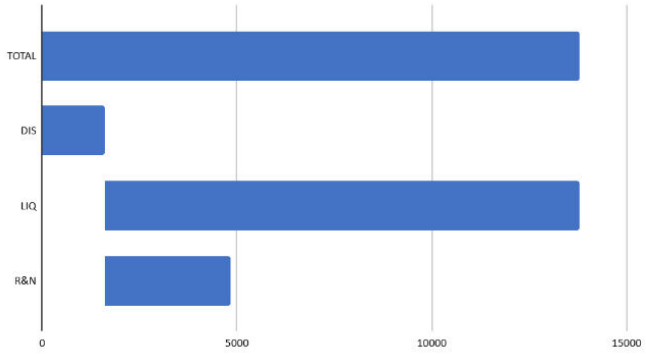
The total average weighted time taken to open a small business in Guyana is 1,454 hours. The most time-consuming procedures are procedures specific to productive sectors and identification and registration with national entities. The least time- consuming are municipal permits and registration and basic services requests, which include electricity, water, and telephone.



Running Procedures

The total weighted time taken to run a business is 415.7 hours. The most time-consuming procedures are certification/ authorizations/ licenses, inspection/ supervision/ fiscalization, legal updates, and activities specific to productive sectors; whereas the least time-consuming procedures relate to Administration of Employment and Administration of Operations.

Closing Procedures



The total weighted time taken to close a business is 13,795 hours, with Liquidation accounting for the bulk of the time. Closing time varies by the sector or financial status of the company. Companies with a wider asset base including land and equipment may take a longer time to be dissolved.

Final Remarks

The most important consideration to note for starting, running, and closing a small business in Guyana relates to the institutional response time and non-digital nature of most procedures. Investments to reduce processing times or to facilitate digital processing would be very beneficial to small businesses.

HONDURAS (HND)

CEDATOS.
Nancy Cordova (coord.), Carlos Licona.

In Honduras, a small enterprise is legally defined as a business employing 11 to 50 workers, according to the Ley de Apoyo a la Micro y Pequeña Empresa.

Small enterprises, together with micro and medium firms (MIPYMES), make up over 90% of all businesses in the country. Small enterprises operate across all sectors, concentrated mainly in:

- Primary (7%): agriculture and livestock;
- Secondary (25%): food processing; and
- Tertiary (68%): hotel and food services.

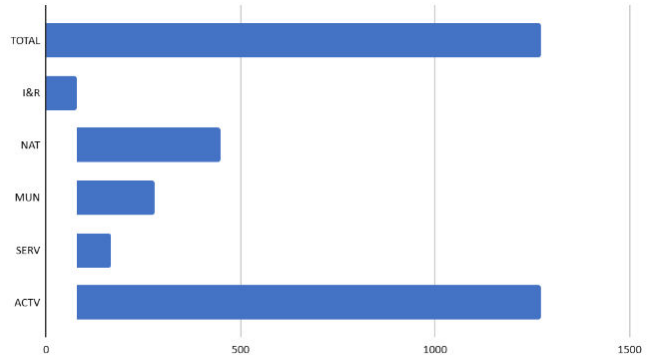
Small enterprises are the backbone of Honduras' economy, driving employment and local production, but they face challenges such as informality, limited access to finance (credit), low productivity, and weak technological adoption due to low productivity, which prevents formalization and growth. Strong concentration in low value-added service sectors suggests limited industrial diversification, scalability, and export potential, as well as low resilience to external shocks.

Opening Procedures

Opening a company in Honduras is a formal, multi-step process, but it is well-defined and standardized. Compliance with mercantile registration, tax obligations, and municipal permits is essential to operate legally and to access banking, contracts, and financing.

The weighted average time to complete all opening procedures is estimated at approximately 1,933 hours.

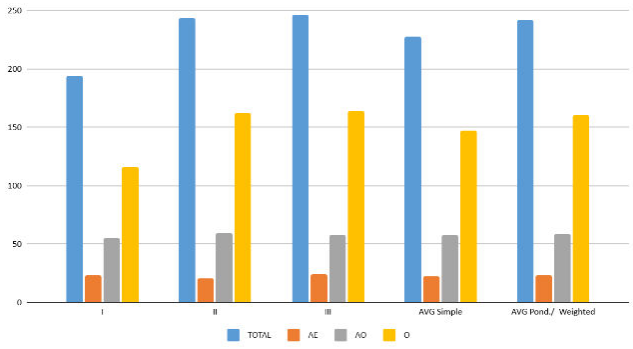
Requesting Sector-Specific Licenses from ARSA and SERNA are the most time consuming; this is a key bottleneck.



Running Procedures

Once a company is legally incorporated in Honduras, it must comply with a set of continuous obligations to remain active, avoid fines, and maintain legal standing. These obligations are supervised mainly by SAR, municipalities, and regulation authorities.

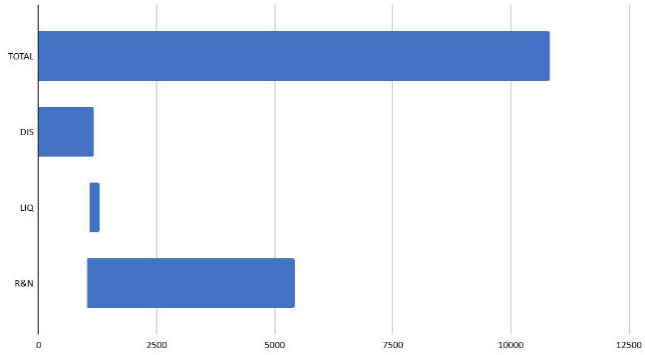
The weighted average time to complete all running procedures is estimated at approximately 240 hours. Certifications and inspections are the most time-consuming activities.



Closing Procedures

Dissolution and liquidating a company in Honduras is a formal legal process. A company is not considered closed until it has completed mercantile, tax, municipal, and labor formalities.

The weighted average time to complete all closing procedures is estimated at approximately 1,860 hours. Liquidation process is long and complex, depending on companies' finances. The complexity of closing procedures discourages formal exit.



Final Remarks

Small businesses in Honduras operate in a challenging environment that requires balancing legal compliance, cash-flow control, labor obligations, and market adaptability to avoid fines and closures.

ITALY (ITA)

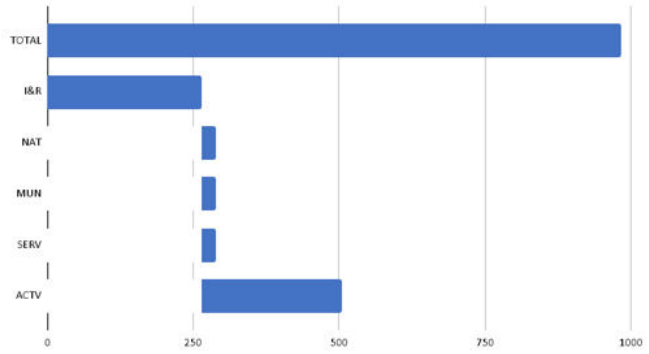
B&K Agency.
Julia Kril, Luca Bertoletti.

Small enterprises constitute the cornerstone of Italy's economic landscape, comprising over 4 million firms that collectively account for 99.6% of the nation's business sector. These enterprises employ approximately 76% to 80% of the workforce and contribute over 65% of the national added value, primarily driving the manufacturing, fashion, food, and mechanical industries. Roughly 95% of these small companies are micro enterprises with less than nine employees.

Italy implemented the European definition of SMEs in 2005 with *Decreto legge 18 Aprile 2025*. In the three sectors, the largest categories are:

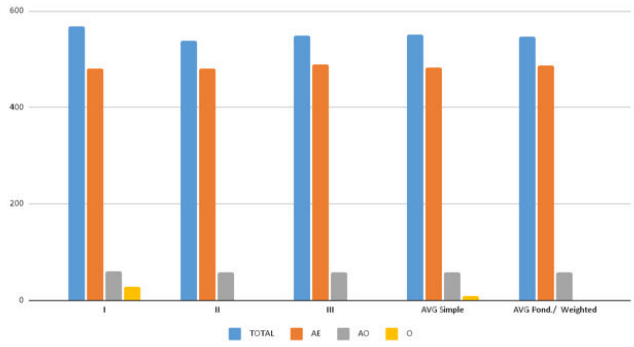
- Primary: crop and animal production;
- Secondary: construction of buildings; and
- Tertiary: wholesale and retail trade; repair of motor vehicles and motorcycles.

Opening Procedures



To open a company the average time required is 520 hours, with the most time consuming procedure being the filling and formal creation of the company before the notary.

With the simplification package, the remaining procedures (e.g., national agencies notification, permits, and municipality approval) can be done online on www.impresainungiorno.gov.it/en/.



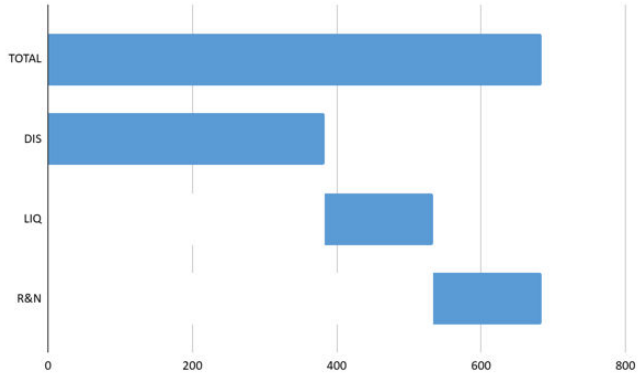
Running Procedures

The average time for running a company is 551 hours a year with the most time-consuming procedure being managing payroll and pension tax, requiring an average of 122 hours a year.

With the simplification system approved in 2025, all of the bureaucratic procedures for running the company can be done online, and the average time does not change much between the three sectors.

Closing Procedures

In closing the company the most time-consuming part is liquidation and filing the closing documents with the notary that could take up to 360 hours. With the simplification package approved in 2025, the company can be considered closed even without the approval of the regulator.



Final Remarks

In Italy bureaucratic procedures have become much easier than in the past. Beside the digitization of procedures, the current government has introduced a mechanism for self-certification (*Segnalazione Certificata di Inizio Attività*) and positive administrative silence, shifting the State's role from that of a preventive guardian to an ex-post auditor. This is a system in which entrepreneurs assume responsibility for regulatory compliance, thereby reducing the bureaucratic tax on productivity.

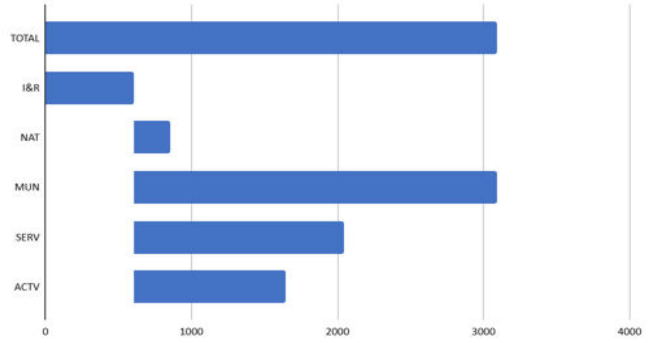
JAMAICA (JAM)

CEDATOS.
Kavel Francis, Nancy Cordova (coord.).

Spanning 10,991 sq km with a population of 2.8 million and a GDP of around USD 19.7 billion, Jamaica's economy is led by the tertiary (services) sector (60.79%), followed by the secondary (industry) sector (24.3%) and the primary (agriculture) sector (14.91%).

The private sector is shaped largely by small and medium enterprises, defined locally as businesses with annual sales of J$15–75 million (USD 95,965–479,826) and/or 6–20 employees, with revenue as the primary criterion (MSME and Entrepreneurship Policy).

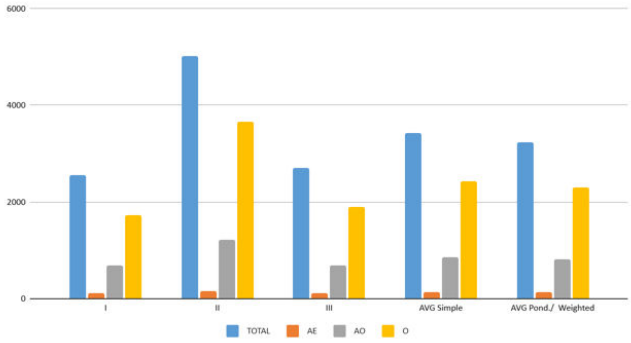
Opening Procedures



In Jamaica, national registration—conducted through the Companies Office of Jamaica ("COJ")—is relatively efficient; this process includes name reservation and incorporation via the BRF1 "Superform," which centralizes information regarding the company and its directors. Specifically, Thus, Identification and Registration (I&R) require 608 hours and Registration in National entities (NAT) requires 250 hours. However, the total average of 3,090 hours stems from delays occurring at the municipal level (2,482 hours, MUN) due to required permits and approvals. Additional steps include 1,440 hours (SERV) for securing utility services and 1,033 hours (ACTV) for other operational requirements.

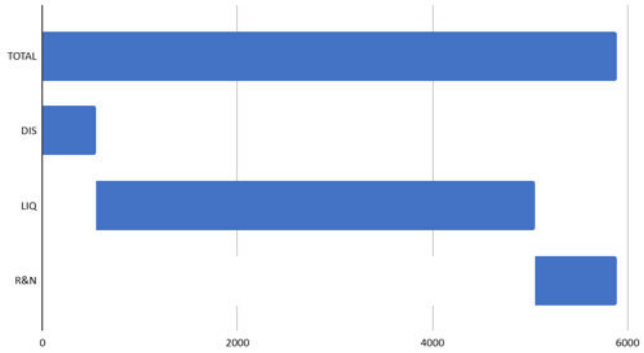
Running Procedures

Annual compliance demands total roughly 3,238 hours. Operational tasks, such as permits and inspections, account for about 2,297 hours, with inspections alone consuming around 1,045 hours. This burden is heaviest in the primary and secondary sectors due to stricter regulatory requirements, while tertiary businesses face greater licensing and sanitation obligations, whose core businesses require around 755 hours. Administrative tasks like taxes, reporting, and payroll also add a further 813 hours across all sectors. Ongoing renewals and certifications contribute an additional 129 hours annually.



Closing Procedures

Dissolution of a small business in Jamaica takes about 5,886 hours. The liquidation phase alone accounts for around 4,500 hours, with formal deregistration handled via the COJ and tax clearance with the Tax Administration Jamaica.



Final Remarks

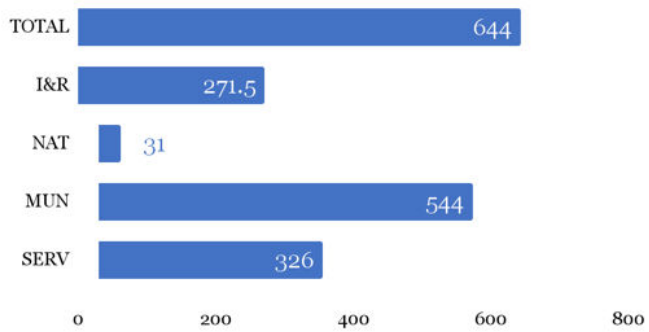
Jamaica's SME-driven, service-based economy (60.79%), with a total opening time of about 3,090, has fast national entry (250–608 hours) but is undermined by municipal bottlenecks (≈2,482 hours), high annual compliance costs (≈3,238 hours), and a lengthy closure process (≈5,886 hours), which point to the need for digitization, process integration, and simplified SME-specific compliance pathways.

MEXICO (MEX)

México Evalúa.
Ana Moreno.

By 2026, Mexico's population of 133 million reached a GDP per capita (PPP) of USD 22,033. The economy is service-driven: the primary sector (agriculture) holds 4.5% of GDP, the secondary (industry) 34.4%, and the tertiary (services) a dominant 61.1%. Small businesses, defined by INEGI as having 1 to 50 employees, are the backbone of this landscape, representing over 99% of registered companies when combined with micro-enterprises and serving as the vital link to large-scale industry.

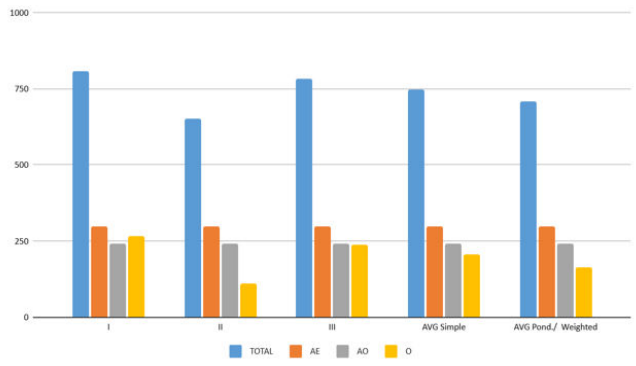
Opening Procedures



Running a small business in Mexico requires 644 hours of administrative effort. Municipal permits remain the primary bottleneck, consuming 544 hours. Key hurdles include obtaining exterior advertising licenses (240 hours) and operating permits (120 hours). Additionally, basic service requests total 326.5 hours, largely due to electricity contracts (155 hours) and banking/AML controls (120.5 hours). Ultimately, local bureaucracy and utility setup represent the steepest barriers for new entrepreneurs.

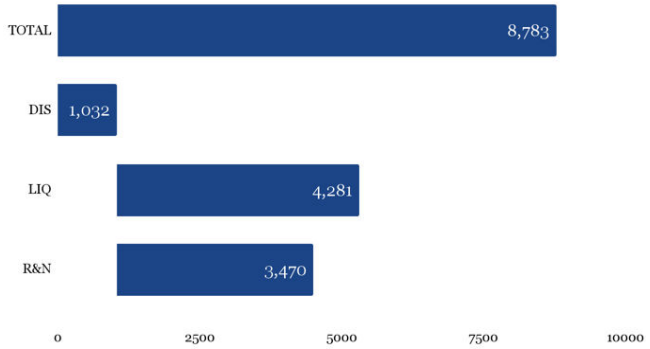
Running Procedures

In Mexico, small-business compliance demands 747 hours annually, or 19 work weeks. Employment administration is the heaviest burden, taking 300 hours, with labor contract and litigation management alone requiring 192 hours. Operations and taxes consume another 226 hours; key bottlenecks include obtaining digital invoicing seals (76.6 hours) and monthly ISR declarations (51.1 hours). Combined with AML and sanitary rules, these "hidden costs" create a massive administrative load that challenges the sustainability of Mexican entrepreneurs.



Closing Procedures

Closing a company in Mexico requires 8,783 hours—far exceeding the time to open one. The primary hurdle is the RFC cancellation (2,520 hours) at the SAT due to strict fiscal audits. Unlike the 30-day startup window, closing an entity demands years of oversight, making the exit barrier a massive burden in a business's lifecycle.



Final Remarks

Mexican small business lifecycles are defined by administrative imbalance. While getting a tax ID takes 30 days, operational setup requires 644 hours and annual compliance 747 hours. The exit is the greatest barrier: closing takes 8,783 hours (up to three years depending on the company's complexities like debts, stranded assets, tax liabilities, closing costs). Tax procedures are the main bottlenecks and cannot be accelerated. Closing costs range from USD 4,500 to 11,000. Consequently, many small companies choose "Suspension of Activities" over "fiscal death" to avoid immediate costs, despite the long-term risk of fines and legal liabilities associated with unresolved entities.

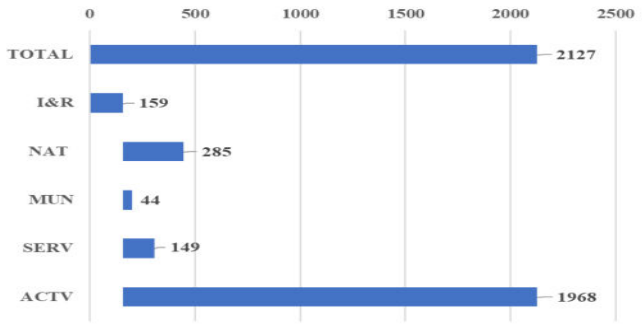
PANAMA (PAN)

Fundación Libertad.
Marissa Krienert (coord.), B. Townshend, L. Andreula

Under Panama's Law 33 of July 25, 2000, a small business is defined as a firm with annual sales between USD 150,000.01 and USD 1,000,000. The report places this representative firm within the country's broader productive structure, where economic activity is concentrated mainly in the tertiary sector, followed by the secondary and primary sectors. Based on GDP distribution, the sectors included in the report are weighted at 66.15% for the tertiary sector, 28.02% for the secondary sector, and 5.83% for the primary sector, reflecting the relative importance of each sector within the share of the economy covered by the study.

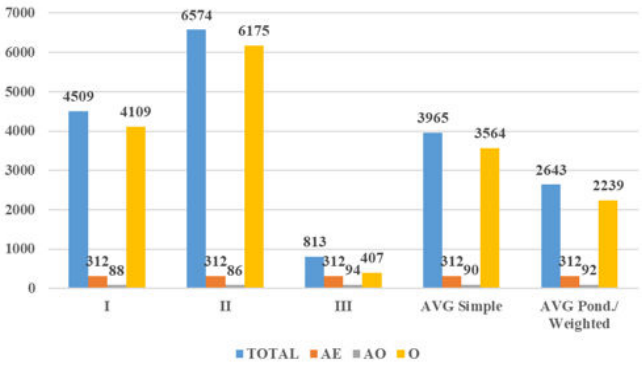
Opening Procedures

Opening requires an estimated 2,126.9 hours, or about 88 days, with most delays concentrated in activity-specific permits rather than basic registration. The longest procedures are the sanitary operating permit, the alcohol sales permit where applicable, and the occupancy certificate, largely due to inspection and follow-up requirements.



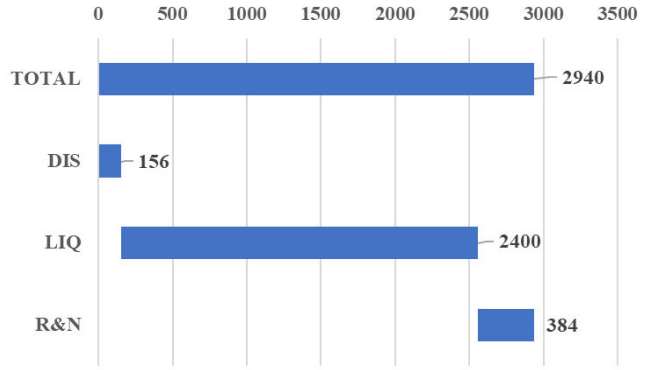
Running Procedures

The report estimates an annual operating burden of 2,642.8 hours, equivalent to 330.4 eight-hour workdays. This burden varies by sector, with the secondary sector facing the highest burden and the tertiary sector the lowest. Most of the annual time is concentrated in activity-specific procedures, especially renewals, technical permits, reports, and other compliance requirements, while institutional delays and inspections add further uncertainty and costs.



Closing Procedures

The estimated burden for business closure is 2,940 hours, or about 122.5 days, and is largely driven by the liquidation phase. The main bottleneck is the review carried out by the Caja del Seguro Social (CSS), whose documentary requirements and low predictability make formal closure especially difficult. The report suggests that reforms should focus on making closure procedures, inspections, coordination, and case tracking more efficient and predictable.



Final Remarks

The evidence shows that the delays tend to accumulate at stages requiring validation, revision, or inter-agency interaction, increasing uncertainty and extending effective compliance times. This dynamic redirects managerial effort away from productive activities toward administrative follow-up, with stronger effects in sectors characterized by higher regulatory specialization. Addressing these structural inefficiencies would reduce time costs and strengthen the reliability of the regulatory environment, with direct implications for business formalization, continuity, and orderly market exit.

PERU (PER)

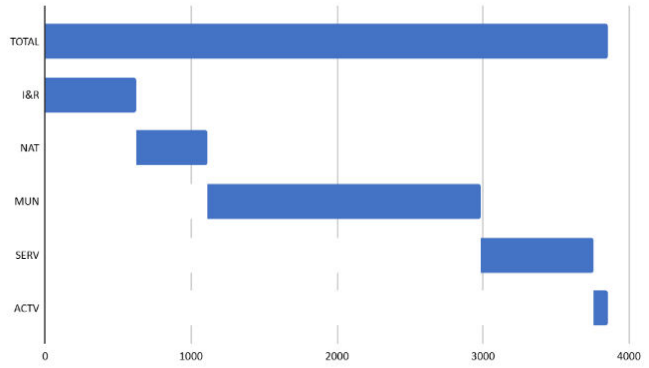
Asociación de Contribuyentes del Perú.
Camila Costa.

Peru's population is nearly 35 million with GDP per capita (PPP) of USD 17,802. Most Peruvian businesses are micro-enterprises, accounting for over 90% of the total, with annual revenues below 150 tax units. Small businesses represent about 5.4% of all registered companies and, under Peruvian law, are defined as those with annual sales ranging between 150 and 1,700 Tax Units (UIT). Using administrative data from the National Superintendency of Customs and Tax Administration, the representative activities by sector were chosen as follows:

- Primary (19%): agriculture, mining, fishing, etc.;
- Secondary (20%): manufacture of clothing, except fur apparel; and
- Tertiary (61%): other personal service activities, not elsewhere classified (n.e.c.).

Opening Procedures

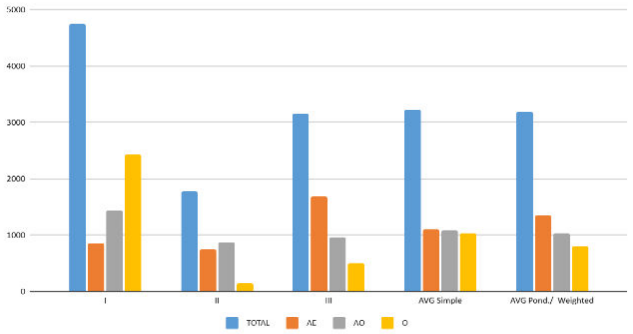
Peruvian entrepreneurs require 3,853 hours on average for opening a small business or 161 days from start to end. Municipal Permits and Registration account for the greatest share of the opening process, with 1,879 hours (48.8% of time).



However, it is worth noting that firms from the primary sector face the lowest bureaucratic burden, despite a wait of 408 hours for specific productive activity procedures, resulting in a total opening time of 2,784 hours or 116 days.

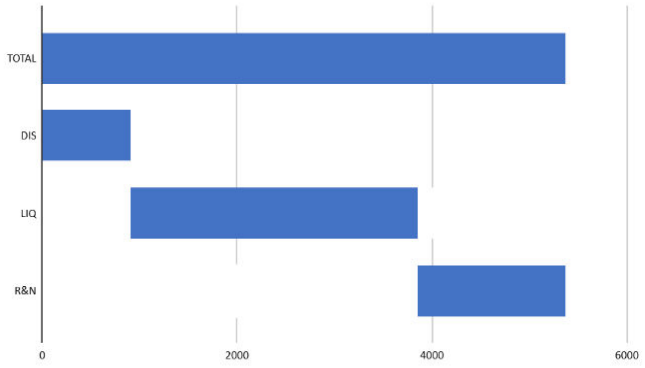
Running Procedures

The average time for complying with running procedures is 3,181 hours or 133 days. As was the case with opening procedures, small businesses spend most of the time dealing with requirements related to Administration of Employment (AE): on average, they devote 42% of the time to these tasks, followed by Administration of Operations (AO) at 33%, and Other specific procedures (O) at 25%. By economic activities, the primary sector is subject to the highest burden, with bureaucratic procedures requiring 4,737 hours or 592 business days.



Closing Procedures

Closing a small business demands 5,367 hours or 224 days, on average. Both Liquidation and Registration and Notification procedures each account for a significant part of the timeline, adding 2,941 and 1,520 hours respectively. Special attention is deserved for some public entities that enlarge that amount of time: the National Superintendency of Public Registries and city halls. In the case of the latter, obtaining the final approval for the cancellation of municipal permits and licenses can extend the administrative process.



Final Remarks

The current system in Peru imposes a significant bureaucratic burden, transforming formality into an obstacle rather than a support. With municipalities acting as the primary bottleneck (48.8% of entry time) and labor bureaucracy hindering daily operations, the State effectively pushes entrepreneurs toward informality. It is urgent to shift toward a trust-based model with ex-post supervision, allowing a focus on growth and productivity.

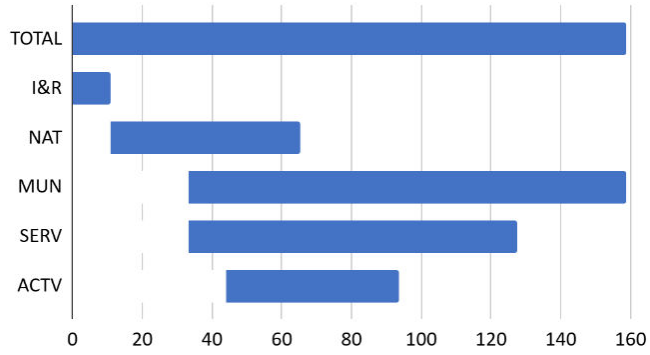
PORTUGAL (PRT)

Instituto + Liberdade.
Vasco Sabino Pinto.

Portugal's population is 10.76 million with a GDP of USD 338 billion. Micro-enterprises (<10 employees) represent 96.2% of businesses, with an annual revenue or balance sheet total up to €2 million, while small businesses (10–49 employees) make up 3.3% and range from €2 million to €10 million. For this study, relevant activities include:

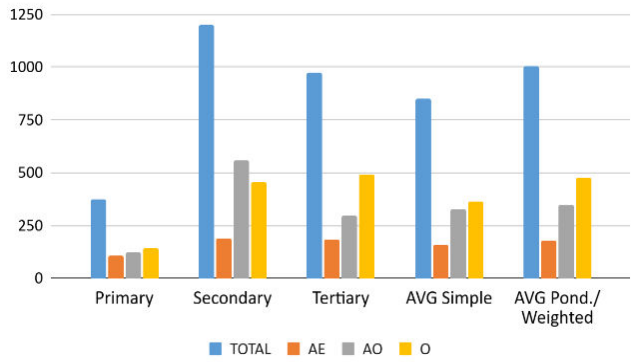
- Primary (2.3%): agriculture;
- Secondary (21.4%): construction; and
- Tertiary (76.3%): other service activities.

Opening Procedures



Opening a business in Portugal faces significant "context costs" despite rapid initial registration. In total, the process demands **411 hours** of effort. Getting the usage license is the most grueling hurdle (113 h). Furthermore, opening a bank account adds hours of administrative delay, driven by rigid KYC protocols (95 h). These delays create a massive gap between legal incorporation and actual operational readiness.

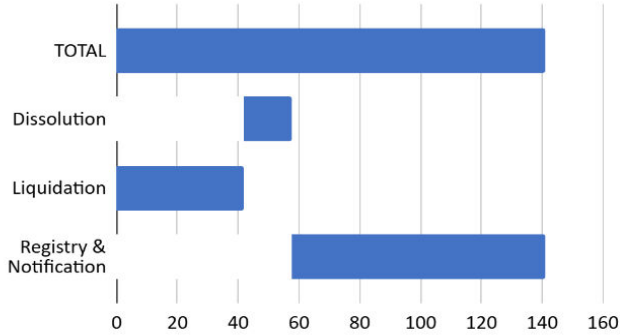
Running Procedures



Running a company in Portugal averages **1,007 h/year**, driven primarily by certified billing (170 h) and licensing (153 h). The secondary sector faces additional strain, as industrial firms must synchronize complex inventory and production cycles with real-time tax reporting. Immigrants now form the economy's operational backbone, performing over 80% of southern agricultural harvests and dominating construction labor. However, operational scaling stalled in 2025 due to immigration agency paralysis. The state proved unable to legalize the essential workforce companies desperately needed to function. This administrative gap was fueled by desynchronized Social Security and Immigration platforms, creating a systemic barrier to growth.

Closing Procedures

Closing a business in Portugal is a complex **141-hour** process. The transition is stalled by fragmented procedures, such as obtaining Debt Clearance Certificates and navigating rigid bank KYC exit protocols.



These "complexity traps"—where entities cannot close bank accounts due to pending micro-fees or minor tax adjustments—delay market exits and keep inactive companies legally tied to ongoing bureaucratic obligations.

Final Remarks

Small businesses suffer most from rigid labor laws, fiscal unpredictability, and a "regressive" administrative weight. Interviewees cited redundant licensing, contradictory entity evaluations, and "gray zones" in tacit approvals. Entrepreneurs feel disadvantaged following rules while competitors use personal connections to bypass hurdles. Instituto +Liberdade and interviewees propose prioritizing the "once-only" principle via unified digital platforms, expanding tacit approvals schemes to additional sectors, increasing the use of procedural conferences, simplifying the IRC, and extending *vacatio legis* for better adaptation.

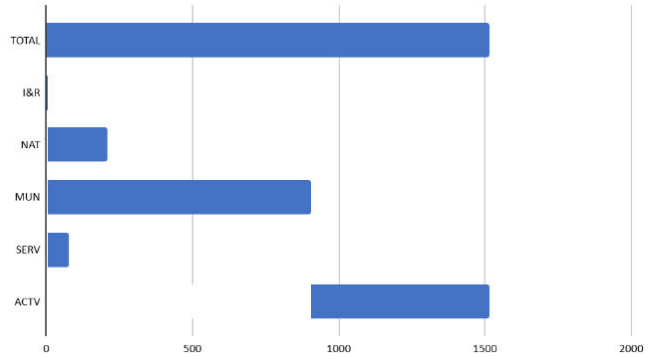
PARAGUAY (PRY)

Instituto Fernando de la Mora.
Federico Rabino.

Paraguay defines a small enterprise as an economic unit with an annual revenue of up to Gs. 3,230,227,453 (approx. USD 464,981) and employing up to 30 workers, according to Law 4457/12 and Decree 3698/20. These represent 10% of the total formal companies in the country. The economic structure is divided into:

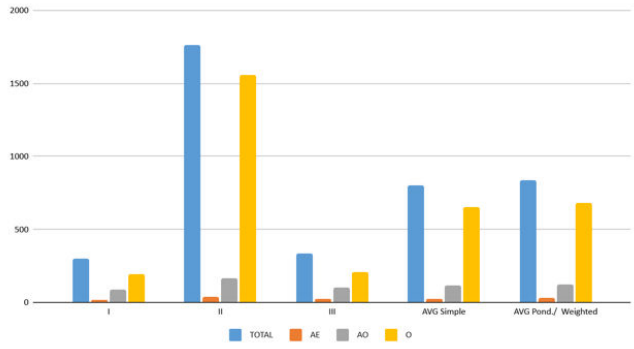
- Primary (12.82%): mixed agricultural and livestock farming;
- Secondary (35.38%): building construction; and
- Tertiary (51.80%): retail trade and accounting services.

Opening Procedures



Opening a formal company and making it fully operational in Paraguay takes a weighted average of 1,514.55 hours, which represents more than 63 calendar days.

The legal constitution of the EAS and the issuance of the Tax ID require a system processing time of up to 72 hours; this occurs within the national entities registration phase alongside the corporate bank account opening, which takes 204 hours. Since national regulatory agencies require the physical municipal patent to issue specific sector registries, the process becomes sequential and effectively halts the legal operability of the company for months.

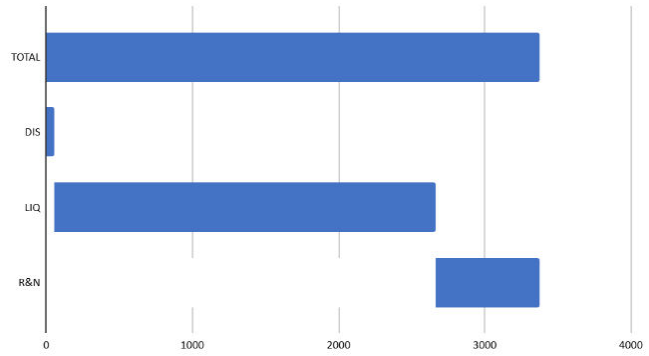


Running Procedures

Maintaining a company in the formal sector requires a weighted average of **834.85 hours** annually. The secondary sector (industry/construction) is the most penalized with 1,760 hours, due to constant inspections, environmental license renewals, and worksite registrations with the Ministry of Labor (MTESS) and the Social Security Institute (IPS).

Closing Procedures

Liquidating and formally closing a Simplified Joint Stock Company (EAS) takes **3,379.29 hours** (more than 140 days). While the initial dissolution process is relatively fast (53.23 h), the definitive cancellation of the Tax ID (RUC) before the DNIT and employer deregistration with the IPS require retrospective audits, in addition to obtaining municipal debt-free clearance certificates.



Final Remarks

The 2026 index demonstrates that Paraguay's high informality rate (close to 62%) is a direct consequence of uneven and burdensome administrative barriers. The main concern identified during fieldwork was consistently related to municipal entities; entrepreneurs reported overlapping requirements and a complete lack of integration between the central government's and the municipalities' databases. Although SUACE was designed to streamline procedures, in practice, it acts only as an initial point of contact. It is therefore urgent to fully integrate municipalities into the VUE/SUACE digital platform and implement automatic approvals subject to ex-post audits, so that obtaining a commercial license does not delay the start of productive activities for MSMEs.

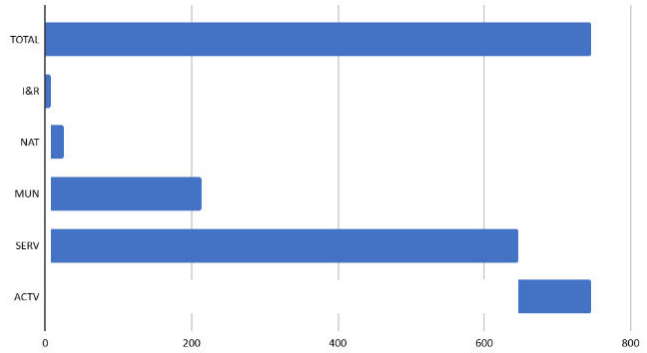
EL SALVADOR (SLV)

CIEN.
S. Lee (coord.), Ileana Rogel, Moisés Peñate.

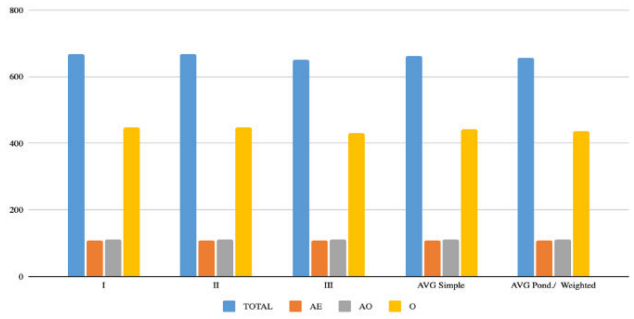
El Salvador has a population of 6.3 million and GDP of USD 35.4 billion. The Salvadoran economy has a predominantly tertiary structure. In this context, small businesses account for 5.32% of all businesses in the country and play a key role in job creation, particularly in trade, manufacturing, and services, with women comprising 43.3% of the employed population. For this analysis, the selected subsectors are:

- Primary (5.4%): coffee production;
- Secondary (27.5%): footwear manufacturing;
- Tertiary (67.1%): general insurance.

Opening Procedures



In terms of opening a business, the country has made significant progress. In 2025, the time required to open a small business was reduced to 748.47 hours, representing a 36.1% decrease compared to 2023. This improvement is mainly due to changes in the secondary and tertiary sectors, the elimination of municipal solvency as a requirement for company formation, the expansion of free registration procedures, and the strengthening of digitalization in national institutions. However, the provision of basic services remains the main bottleneck in the startup process, accounting for more than 637 hours, particularly due to the time required to connect water and electricity services.



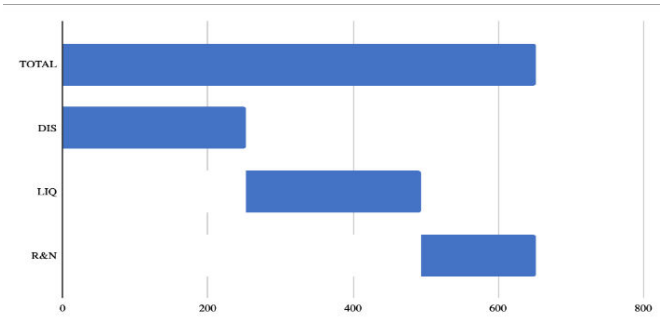
Running Procedures

During their operational phase, small businesses must spend an average of 658.31 hours per year on administrative procedures. The heaviest burden stems from certifications, permits, and municipal forms, as well as compliance with labor, tax, and occupational health and safety obligations. This administrative burden cuts across all productive sectors and constitutes a structural obstacle to business productivity and sustainability.

Closing Procedures

Business closure remains one of the most complex and time-consuming processes. The formal closure of a small business takes an average of 652.65 hours, equivalent to 27.19 consecutive days. Of this total, approximately 252.60 hours are spent on Dissolution procedures, 240 hours on the Liquidation process, and 160.05 hours on Registration and Notification with the relevant authorities.

The current legal framework establishes strict procedures for Dissolution, Liquidation, and Notification of cancellation that require specialized legal and accounting support.



Final Remarks

In general terms, the analysis confirms that the main challenge facing El Salvador's business ecosystem no longer lies in the creation of companies, but rather in their survival and orderly exit from the market. In this regard, the report identifies as strategic priorities the simplification and standardization of municipal management, the reform of basic service delivery processes, the design of a simplified closure procedure for small businesses with no outstanding obligations, and the consolidation of digitization processes.

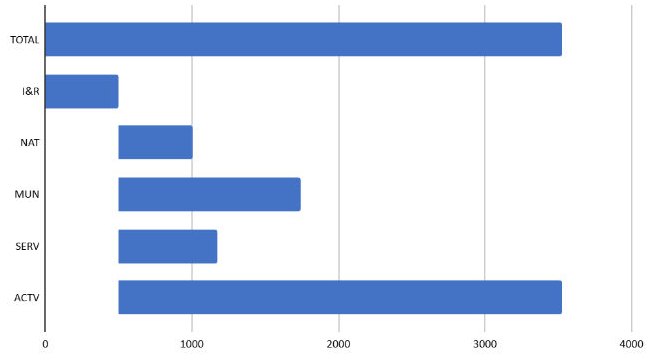
TRINIDAD AND TOBAGO (TTO)

Institute of International Relations, The University of The West Indies.
Marlon Anatol, Iyana John.

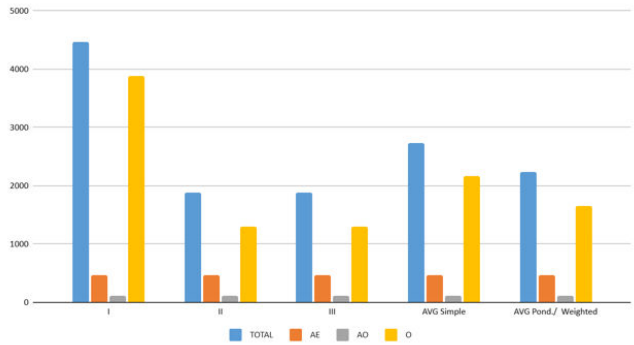
Trinidad and Tobago has a territorial area of 5,128 sq km, a population of 1.3 million, and GDP of USD 25.63 billion. The Ministry of Labor and Small Enterprise Development defined a small company as having ≤ 25 employees and ≤ TTD 8,000,00 (USD 1.18 million) in annual revenue. This study examines:

- Primary (13.73%): mining and quarrying;
- Secondary (23.71%): construction and chemical manufacturing;
- Tertiary (62.56%): trade in chemical products.

Opening Procedures



Opening a business takes approximately 150 days on average, with the most significant delays in sector-specific approvals. Mining and quarrying operations have the lengthiest timelines, with mining licenses alone taking an estimated five months. The Certificate of Environmental Clearance can extend this period further. Municipal approvals also contribute to delays. Town and Country approvals can take up to three months. In manufacturing and trade, securing a premises license takes around four months. Overall, procedural complexity and sequential approvals significantly slow business entry.

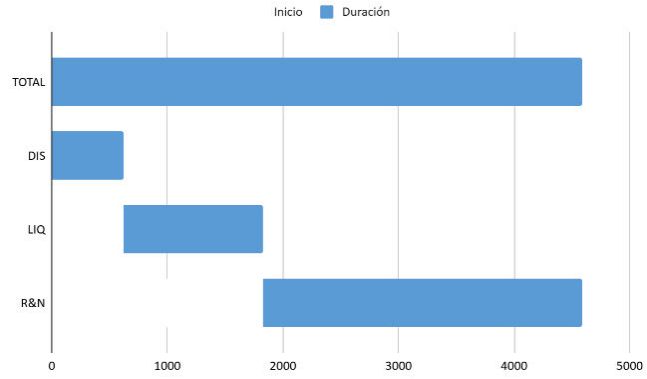


Running Procedures

Businesses spend roughly 2,232 h/y on administrative processes, notably permit renewals. Requirements often mirror those in the opening phase, creating recurring inefficiencies. Mining and quarrying permits are typically renewed every five years, while some manufacturing and trade permits require annual renewal. For mining and quarrying delays are widespread. Firms report waiting multiple years for approvals, leading to reliance on expired permits.

Closing Procedures

On average, it takes approximately six months to close a solvent company, with the mining and quarrying sector continuing to experience the longest delay. Even after submitting final return documents to the Registrar, there is a statutory three-month waiting period before the business is officially dissolved. For small businesses, closure is often achieved through the strike-off process, whereby a company is removed from the Register after failing to file annual returns for three years.



Final Remarks

Respondents consistently highlighted excessive wait times across procedures, with the mining and quarrying sector being the most affected. Processes remain largely paper-based and reliant on in-person interactions. Partial digitization has not significantly improved efficiency. Delays are also influenced by broader systemic and cultural factors.

UKRAINE (UKR)

B&K Agency.
Julia Kril.

Ukraine's population is 30.5 million people with a total GDP of USD 174.474 billion. There are 271,021 registered small companies.

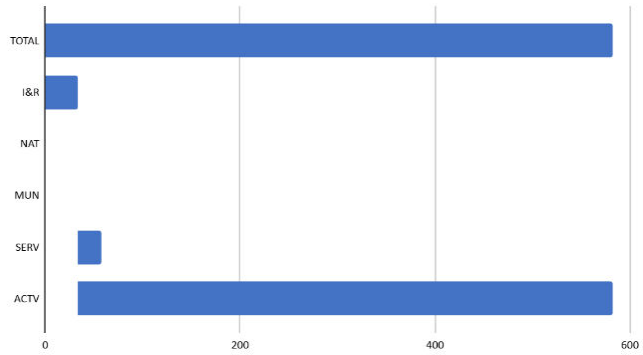
In Ukraine, small enterprises are defined as those whose average number of employees for the financial year does not exceed 50 persons, and gross revenue does not exceed 1.6 million USD. A small enterprise can be a physical person entrepreneur or a legal entity such as limited liability partnership (LLC), or a farmer's unit. Representative small firms are defined:

- Primary (12.82%): growing of cereals, legumes and oil-seeds;
- Secondary (17.31%): construction of buildings; and
- Tertiary (69.87%): wholesale trade.

Opening Procedures

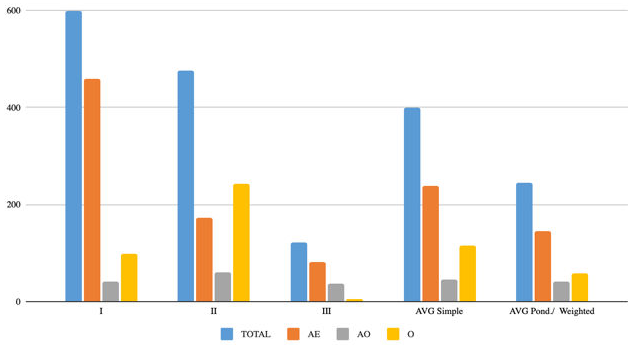
Ukrainian entrepreneurs can normally open a business within 63.5 hours, which includes registering the company and getting a bank account. Business owners often state that they registered the company within 24 to 48 hours.

The activity-specific procedures extend average total to 602 hours, where the most time-consuming period consists of waiting time for the alcohol or tobacco sale license (10 to 30 days). If the wholesale shop does not sell either product, the activity-specific procedure time significantly diminishes.



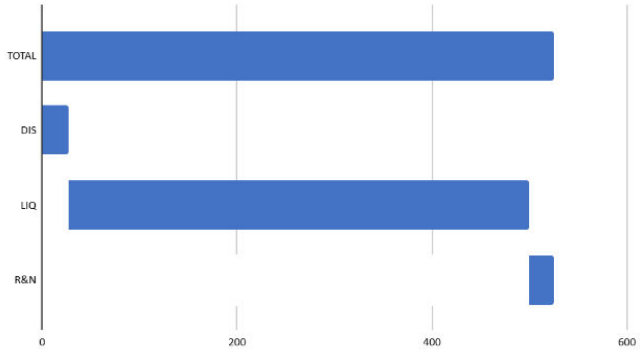
Running Procedures

Business in Ukraine spend an average 245 hours or 31 eight-hour business days per year on compliance. Tax compliance for small businesses is relatively simple as many companies run on a unified tax regime that requires one quarterly tax declaration and provides exemption from VAT. Most taxes are administered online via the taxpayer's electronic portal. Agricultural companies spend significant time on payroll and statistical reporting (360 hours or 45 days/year), while construction companies face project-specific requirements, particularly filing for building permits and waiting for approval (243 hours per project or 30 days). All administrative documentation is standardized and submitted directly via digital filing systems.



Closing Procedures

Closing a small business requires 525 hours or 22 days on average. Liquidation is the longest process, on average taking up to 500 hours. The Liquidation process differs for different types of legal ownership. An entrepreneur can close a company within two weeks if accounting is in place, while LLCs require, by law, two to six months wait time for creditors to collect their debts.



Final Remarks

Since 2020, running a business in Ukraine has been simplified as most public bodies are digitalized and integrated into one digital ecosystem. Issues arise outside of official bureaucratic procedures as with low margins for error resulting in fines and external pressures on the Ukrainian economy.

URUGUAY (URY)

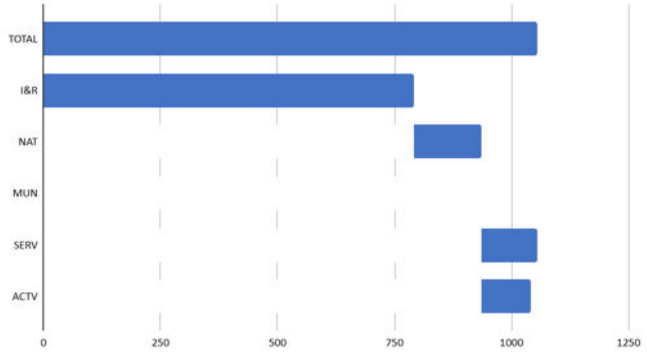
CED.
Deborah Eilender

Uruguay is a small open economy with a population of approximately 3.4 million and a high degree of institutional stability. Its productive structure is characterized by a strong predominance of the services sector, followed by industry and a smaller but relevant primary sector.

For this study, the analysis focuses on small-sized firms operating across three main sectors: primary, secondary, and tertiary. These firms represent a key component of employment generation and economic dynamism.

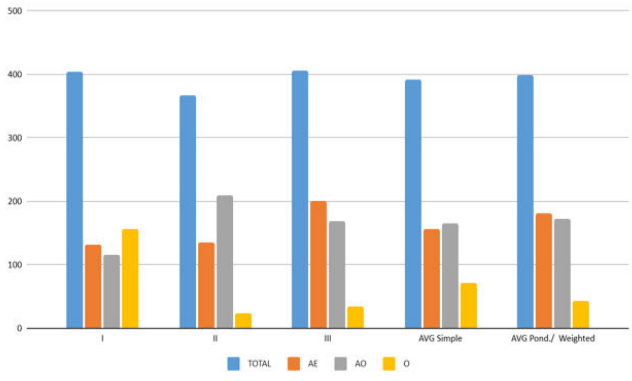
This report assesses the administrative burden faced by firms in Uruguay, measured in terms of time allocated to bureaucratic procedures related to business opening, operation, and closure.

Opening Procedures



Starting a business in Uruguay entails a significant administrative burden. Firms must devote 1,056 hours to complete all required procedures and become fully operational.

The process involves multiple steps across different public agencies and requires repeated submission of documentation. While some processes have benefited from digitalization, the overall burden remains high.



Running Procedures

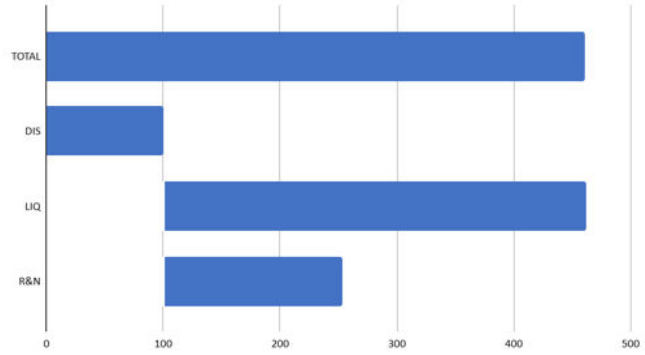
Once operational, firms face a continuous administrative burden. On average, 398 hours per year are devoted to compliance with regulatory requirements, including employment, taxation, and reporting.

Due to the complexity of these procedures, firms frequently outsource administrative tasks to specialized professionals.

Closing Procedures

Closing a business also involves a considerable administrative burden. Firms must complete formal procedures, including deregistration, settlement of obligations, and legal documentation. On average, this requires a total of 461 hours.

This process is often complex and time-consuming, particularly for small firms.



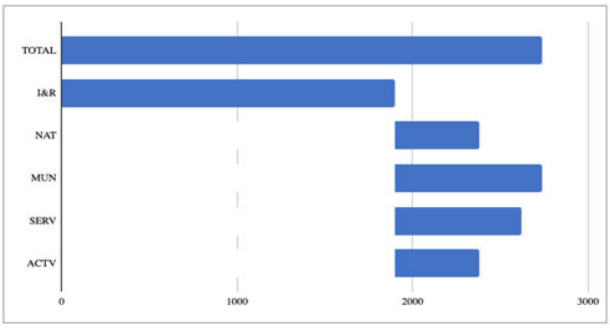
VENEZUELA (VEN)

CEDATOS.
Nancy Cordova (coord.), Natalia Brandler.

Venezuela is an oil-dependent economy with a large services sector, a reduced but still relevant industrial base, and a vulnerable primary sector shaped by prolonged crisis. For this index, sector weights and representative industries are:

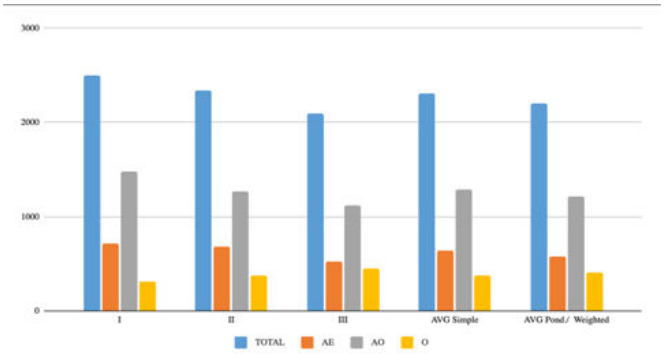
- Primary (20%): livestock, a cattle farm;
- Secondary (10%): small food manufacturing, a bakery;
- Tertiary (70%): commerce and services, a neighborhood pharmacy.

Opening Procedures



The estimated time to open a small enterprise is 2,738 hours, reflecting the cumulative burden of mercantile registration, registration with national entities, municipal permits, and sector-specific authorizations. Opening times are heavily affected by municipal variation, waiting periods and the additional complexity of sanitary and local operating requirements.

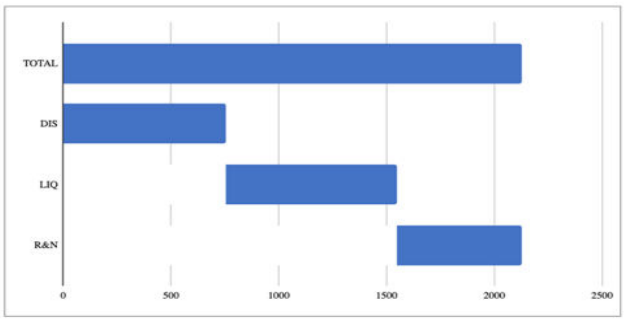
Running Procedures



The estimated annual time required to run the business is 2,198.85 hours. The largest burdens are municipal tax filings and payments, invoicing and bookkeeping obligations, SENIAT reporting, ISLR withholding returns, and monthly payroll calculation and payment, while legal updates and inspection-related procedures add a continuous layer of compliance work throughout the year.

Closing Procedures

The estimated time required to close the business is 2,126 hours, measured as calendar duration. This includes the steps for Dissolution, Liquidation and final Registration/Notification and is particularly sensitive to institutional delays because the process depends on sequential approvals, solvencies and registrations before the enterprise can be fully extinguished.



Final Remarks

Interviews show that the burden is experienced differently across sectors. In cattle farming, firms emphasize sanitary controls, animal health requirements, and field inspections that often coincide with critical moments in the production cycle. In bakeries, the burden is shaped by frequent sanitary oversight, food-handling controls, and constant readiness for inspections. In pharmacies, regulatory density is highest, with inventory controls, cold-chain monitoring, prescription records, and periodic reporting to health authorities forming a permanent administrative layer within everyday operations.

Small firms face a very high compliance burden driven not only by the number of legal procedures but also by institutional delays, inspections, and the practical difficulties of operating in a low-digitalization environment.

The findings suggest that small enterprises in Venezuela operate under an administrative framework that absorbs substantial managerial time and reduces the time available for productive activity. The burden is amplified by uneven institutional performance, recurrent inspections, and the persistence of in-person and paper-based procedures, which together make compliance more time-consuming and uncertain than the formal list of procedures alone would suggest.

VI. Methodology

For the purposes of this study, a "bureaucratic burden" is defined as any requirement imposed by a public authority that would not be necessary to meet inherent market demands or that would be significantly smaller and/or more flexible were it not for the imposed regulations.

In gathering the data, procedures specific to the interests of a particular company, or those occurring with highly irregular frequency were excluded, as were those required for unique or infrequent projects (such as brand changes, physical facility expansions, amendments to corporate articles of incorporation, or similar matters).

The methodology employed was guided by the following principles:

- Consideration of the differences in the productive structures of each country.
- A focus on small enterprises, adhering to the respective national definitions for this category.
- Three categories of bureaucratic procedures were considered:
  - Those required to open a company, up to the point of operational launch.
  - Those required to run the company's legal and formal operations.
  - Those required to close a company.
- Data collection was conducted with expert professionals and subsequently validated by business owners.
- The unit of analysis is the country/territory; the unit of measurement is time, expressed in hours for company establishment and dissolution procedures, and in annual hours for ongoing operational procedures.
- The metrics report the total number of hours that the bureaucratic burden imposes upon companies.

In accordance with the foregoing, the data collection and analysis process was structured as follows:

1. Sample

In 2026, the sample includes 27 countries. Within Latin America and the Caribbean, the study covers 20 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela. On the European continent, the research incorporates seven countries: Germany, Spain, France, Italy, Portugal, the United Kingdom, and Ukraine.

The data was collected for small businesses, adhering to national definitions.

2. Representative Sectoral Productive Activity of Small Enterprises

The productive structure of each country was characterized, and the most significant productive activities carried out by medium-sized enterprises across the primary, secondary, and tertiary sectors were identified.

To identify these representative productive activities, the International Standard Industrial Classification (ISIC-4) was utilized; this classification system provides a categorization of activities employed by most countries for their national and international trade statistics.

In instances where several productive activities were of similar significance, two or three of them were included within the representative sample.

3. Opening Index of Bureaucracy

This category encompasses the procedures mandated by public authorities for establishing a new small business, from the initial steps through to its operational launch. These procedures have been grouped into five categories:

- Identification and Registration (I&R): Includes procedures for applying for a trade name, drafting and registering the company's articles of incorporation, and completing the registration process to obtain a tax identification number.
- Registration with National Public Agencies (NAT): Covers mandatory procedures required in areas such as labor relations, pension and retirement systems, social security, and industrial and agricultural registries, among others.
- Municipal Registration and Permits (MUN): Encompasses procedures associated with land-use compliance, cadastral registration, and other local-level requirements. Given the potential for variation across local and regional governments, the specific locality used as the basis for data collection has been explicitly identified.
- Application for Basic Services (SERV): Includes the procedures required to apply for water and sanitation, electricity, and telephone services. These services were taken into account regardless of whether the providers are public or private entities.

- Activity-Specific Requirements (ACTV): Comprises those procedures that may be required based on the particular nature of the specific business activity to be undertaken.

4. Running Index of Bureaucracy

This category encompasses the bureaucratic procedures required to maintain a small business in formal operation—procedures that would not be mandated by the market, or for which market-driven requirements would be substantially less stringent or more flexible.

These procedures were grouped into three categories:

- Administration of Employment (AE): Includes the mandatory records and reports associated with personnel management, namely: (a) administration of wages, taxes, and contributions (naturally, this excludes the time associated with the actual payment of employee remuneration); (b) administration of hiring and termination processes; and (c) labor reporting (recording details regarding working hours, vacations, leave, etc.).
- Administration of Operations (AO): Covers procedures related to the company's ongoing operations, namely: (a) tax administration, including income tax, property tax, consumption tax, value-added tax (VAT), and any other mandatory taxes; (b) waste and refuse management; (c) vehicle administration (including procedures related to purchase, sale, maintenance, and operation); and (d) workplace safety.
- Other (O): Comprises all procedures not covered in the preceding categories, such as: (a) mandatory certifications and services (legally required certifications, technical inspections, and safety checks; in cases where third-party services are required, this includes the time spent searching the market for the most suitable service provider); (b) inspections and audits; (c) procedures specific to the company's particular productive activity; and (d) retraining necessitated by legislative or regulatory changes.

Note: Some procedures serve as prerequisites for the fulfillment of subsequent processes. In such instances, filing the necessary paperwork with public authorities does not necessarily result in the immediate issuance of the final document that formally absolves the business owner of the corresponding obligations; rather, it entails an additional waiting period. In these specific cases, provided that the public authority issues a provisional receipt or proof of filing that serves as a substitute for the final document, and provided that the absence of the final document does not impede the fulfillment of subsequent obligations, the time allocated to the procedure is calculated solely based on the administrative steps taken up to the point of obtaining said provisional receipt. If, conversely, it is not possible to proceed using a substitute document and the definitive document must be awaited, the time allocated to the procedure includes the waiting period until said document is delivered.

5. Closing Index of Bureaucracy

This category encompasses the procedures mandated by public authorities for closing a company. These procedures have been grouped into three categories:

- Dissolution (DIS): This constitutes the legal and administrative act through which the organization formalizes its intention to cease operational activities. It includes authorization procedures required by the specific regulatory body (for those productive activities where such authorization is mandatory); the formal notarization of the dissolution agreement approved by the shareholders; and publication of the shareholders' meeting minutes recording the decision to liquidate.
- Liquidation (LIQ): This is the stage during which the realization of assets and settlement of liabilities are carried out, with the objective of definitively concluding the entity's obligations prior to its legal extinction. It includes procedures associated with the assessment and settlement of liabilities (labor, financial, mortgage, third-party, and shareholder liabilities); notification of the liquidation to all entities where the company is registered; the application for clearance certificates from public entities to support the liquidator's report; the presentation of the liquidation balance sheet and the liquidator's report to the shareholders; and the payment of taxes on the transfer of assets to the shareholders.
- Registration and Notification (R&N): This is the final legal-administrative stage in which the dissolution of the company's legal personality is formally effected before the State and third parties. It includes procedures such as registration of the shareholders' resolution regarding the liquidation; publication of the shareholders' meeting minutes attesting the liquidation; notification of the company's liquidation to the tax authority; and, in cases where required, notification to the regulatory body governing the specific productive activity.

6. Information Gathering

Once the representative productive activities within each economic sector had been defined, a group of professional experts in the field (administrators, accountants, and lawyers) was contacted to identify the procedures required at each stage, as well as the associated timeframes. This information was subsequently validated by business owners, administrative managers, or individuals designated by their respective companies. In cases where companies indicated that they outsourced the management of such procedures to specialized firms, those firms were also interviewed.

7. Measurement

Following the collection of all data, the process of quantifying the time required for bureaucratic procedures was undertaken.

Regarding business opening procedures, the possibility of per-

forming various steps simultaneously was identified, thereby allowing for the determination of the total time required to open a company. For running procedures, the time required to complete each specific step was identified, along with the frequency with which these steps are mandated and the number of individuals who must be involved to ensure compliance. Furthermore, the degree of digitization involved in processing each procedure was assessed: non-digitalized, partially digitalized, fully digitalized, or utilizing a hybrid approach (both in-person and digital).

Note: Although many procedures may be digitized, factors such as the quality of internet connectivity services, disruptions in electricity or telephone services, or system overloads affecting the portals used to conduct these procedures, or the associated payment platforms, can result in actual processing times that deviate significantly from the digital ideal. These factors were considered, and the figures recorded reflect the actual time effectively required to comply with all legally mandated procedures.

Subsequently, for each country, the time required to complete each specific type of procedure was calculated, as was the aggregate total for both startup and operational procedures. Additionally, average figures were established by economic sector and by country (calculated as both a simple average and an average weighted by sectoral relevance).

7. Analysis of Results

An assessment of the results was conducted on a country-by-country basis, followed by a comparative analysis of the countries included in the sample. This comparative analysis is performed in terms of absolute hours, without taking into account the opportunity costs incurred by the companies or the economies under study. To address this, a dedicated section is included regarding the opportunity cost associated with the time allocated to complying with bureaucratic burdens.

For the aggregated analyses—covering bureaucratic procedures related to opening, running, and closing a business, as well as these categories combined—statistical techniques were employed to filter the data by procedure type and economic sector; for this purpose, the statistical data analysis software SPSS was used.

To capture the variability within the data—given the significant differences observed across the results for individual countries—Ward's method, utilizing squared Euclidean distance, was applied. This method groups countries by minimizing within-group variance, thereby facilitating the formation of homogeneous clusters. Prior to this analysis, outliers situated at the upper end of the distribution—indicative of a positively skewed distribution—were identified. To achieve greater symmetry, Tukey's Ladder of Transformations was applied. Finally, Principal Component Analysis (PCA) was performed to manage the variables and integrate them into factors, which subsequently defined the dimensions for cluster aggregation or composite groups. The statistical software package SPAD® was used for this analysis.

VII. Appendices

Appendix A: Opening Index of Bureaucracy 2026. Summary Table by Country.

Country	Procedure. Group	I	II	III	AVG Simple	AVG Weighted
ARG	**GRAND TOTAL**	**2,095.50**	**3,351.20**	**2,103.70**	**2,516.80**	**2,373.24**
ARG	Identification & Registry	960.00	960.00	960.00	960.00	960.00
ARG	National Entities Registration	216.00	216.00	216.00	216.00	216.00
ARG	Municipal Permits & Registration	96.00	96.00	96.00	96.00	96.00
ARG	Basic Services Request	240.00	240.00	240.00	240.00	240.00
ARG	Productive Activity Specific	583.50	1,839.20	591.70	1,004.80	861.24
BOL	**GRAND TOTAL**	**3,000.00**	**480.00**	**2,304.00**	**1,928.00**	**2,046.67**
BOL	Identification & Registry	120.00	120.00	144.00	128.00	133.70
BOL	National Entities Registration	240.00	360.00	360.00	320.00	334.99
BOL	Municipal Permits & Registration	120.00	120.00	120.00	120.00	120.00
BOL	Basic Services Request	288.00	288.00	288.00	288.00	288.00
BOL	Productive Activity Specific	2,880.00	0.00	2,160.00	1,680.00	1,833.55
BRA	**GRAND TOTAL**	**463.75**	**233.00**	**341.85**	**346.20**	**333.79**
BRA	Identification & Registry	5.50	5.00	3.76	4.75	4.20
BRA	National Entities Registration	72.00	76.00	1.00	49.67	23.83
BRA	Municipal Permits & Registration	19.25	46.00	289.09	118.11	210.68
BRA	Basic Services Request	170.00	366.00	72.00	202.67	141.38
BRA	Productive Activity Specific	367.00	106.00	48.00	173.67	95.08
CHL	**GRAND TOTAL**	**2,137.00**	**2,586.00**	**2,046.00**	**2,256.46**	**2,166.13**
CHL	Identification & Registry	21.00	27.00	13.00	20.26	16.93
CHL	National Entities Registration	29.00	40.00	16.00	28.20	22.47
CHL	Municipal Permits & Registration	720.00	1,920.00	1,440.00	1,360.00	1,450.51
CHL	Basic Services Request	48.00	36.00	40.00	41.33	40.15
CHL	Productive Activity Specific	1,368.00	600.00	576.00	848.00	676.21
COL	**GRAND TOTAL**	**7,566.00**	**4,932.83**	**1,348.67**	**4,615.83**	**2,744.14**
COL	Identification & Registry	221.33	216.50	217.83	218.56	217.94
COL	National Entities Registration	306.33	304.67	307.67	306.22	306.92
COL	Municipal Permits & Registration	266.33	257.33	272.33	265.33	268.66
COL	Basic Services Request	350.83	357.67	338.33	348.94	343.59
COL	Productive Activity Specific	7,344.67	4,716.33	1,130.83	4,397.28	2,526.20
CRI	**GRAND TOTAL**	**1,311.00**	**902.00**	**1,107.00**	**1,018.00**	**1,013.00**
CRI	Identification & Registry	102.00	36.00	102.00	80.00	87.00
CRI	National Entities Registration	1,209.00	601.00	1,005.00	938.00	926.00
CRI	Municipal Permits & Registration	528.00	96.00	96.00	240.00	117.00
CRI	Basic Services Request	964.00	866.00	724.00	851.00	767.00
CRI	Productive Activity Specific	480.00	0.00	0.00	160.00	23.00
DEU	**GRAND TOTAL**	**8,633.00**	**8,633.00**	**2,056.00**	**6,440.67**	**3,942.28**
DEU	Identification & Registry	1,441.00	1,441.00	1,441.00	1,441.00	1,441.00

Country	Procedure. Group	I	II	III	AVG Simple	AVG Weighted
DEU	National Entities Registration	3.00	4.00	7.00	4.67	6.13
DEU	Municipal Permits & Registration	7,091.00	7,091.00	514.00	4,898.67	2,400.28
DEU	Basic Services Request	101.00	101.00	101.00	101.00	101.00
DEU	Productive Activity Specific	91.00	104.00	15.00	70.00	40.39
DOM	**GRAND TOTAL**	**859.00**	**1,129.00**	**557.00**	**649.00**	**557.00**
DOM	Identification & Registry	229.00	229.00	229.00	229.00	229.00
DOM	National Entities Registration	48.00	48.00	48.00	48.00	48.00
DOM	Municipal Permits & Registration	630.00	630.00	0.00	420.00	118.00
DOM	Basic Services Request	328.00	328.00	328.00	328.00	328.00
DOM	Productive Activity Specific	0.00	900.00	0.00	300.00	134.00
ECU	**GRAND TOTAL**	**1,002.68**	**602.68**	**1,930.68**	**1,178.68**	**1,492.79**
ECU	Identification & Registry	2.43	2.43	2.43	2.43	2.43
ECU	National Entities Registration	2.17	2.17	2.17	2.17	2.17
ECU	Municipal Permits & Registration	40.25	40.25	40.25	40.25	40.25
ECU	Basic Services Request	32.00	32.00	32.00	32.00	32.00
ECU	Productive Activity Specific	960.00	560.00	1,888.00	1,136.00	1,450.12
ESP	**GRAND TOTAL**	**1,000.25**	**685.05**	**692.05**	**792.45**	**706.50**
ESP	Identification & Registry	458.50	364.10	375.65	399.42	377.43
ESP	National Entities Registration	12.75	13.15	12.20	12.70	12.43
ESP	Municipal Permits & Registration	1.00	1.00	1.00	1.00	1.00
ESP	Basic Services Request	192.00	214.00	208.30	204.77	208.69
ESP	Productive Activity Specific	336.00	92.80	94.90	174.57	106.93
FRA	**GRAND TOTAL**	**223.38**	**223.50**	**223.13**	**223.34**	**223.20**
FRA	Identification & Registry	175.38	175.50	175.13	175.34	175.20
FRA	National Entities Registration	1.30	1.50	1.25	1.35	1.30
FRA	Municipal Permits & Registration	1.50	1.75	1.00	1.42	1.15
FRA	Basic Services Request	48.00	48.00	48.00	48.00	48.00
FRA	Productive Activity Specific	3.00	11.00	6.00	6.67	6.84
GBR	**GRAND TOTAL**	**2,231.60**	**733.10**	**2,219.30**	**1,135.34**	**1,872.90**
GBR	Identification & Registry	19.60	11.10	10.30	13.67	10.71
GBR	National Entities Registration	557.00	656.00	676.00	629.67	668.77
GBR	Municipal Permits & Registration	0.00	360.00	335.00	231.67	330.98
GBR	Basic Services Request	434.00	722.00	2,209.00	1,121.67	1,862.19
GBR	Productive Activity Specific	2,212.00	51.00	27.25	763.42	91.01
GTM	**GRAND TOTAL**	**919.00**	**1,879.00**	**1,279.00**	**1,359.00**	**1,377.40**
GTM	Identification & Registry	114.80	114.80	114.80	114.80	114.80
GTM	National Entities Registration	54.20	54.20	54.20	54.20	54.20
GTM	Municipal Permits & Registration	270.00	270.00	270.00	270.00	270.00
GTM	Basic Services Request	84.00	84.00	84.00	84.00	84.00
GTM	Productive Activity Specific	480.00	1,440.00	840.00	920.00	938.40

Country	Procedure. Group	I	II	III	AVG Simple	AVG Weighted
GUY	**GRAND TOTAL**	**267.50**	**1,473.00**	**11,531.15**	**4,423.88**	**1,454.14**
GUY	Identification & Registry	123.50	633.00	611.15	455.88	197.74
GUY	National Entities Registration	144.00	408.00	444.00	332.00	187.20
GUY	Municipal Permits & Registration	1.15	0.00	0.00	0.38	0.98
GUY	Basic Services Request	1.00	1.50	0.00	0.83	0.93
GUY	Productive Activity Specific	0.00	840.00	10,920.00	3,920.00	1,134.00
HND	**GRAND TOTAL**	**2,156.00**	**2,106.00**	**1,848.00**	**2,036.67**	**1,933.44**
HND	Identification & Registry	76.00	76.00	78.00	76.67	77.36
HND	National Entities Registration	350.00	300.00	400.00	350.00	371.60
HND	Municipal Permits & Registration	200.00	200.00	200.00	200.00	200.00
HND	Basic Services Request	90.00	90.00	90.00	90.00	90.00
HND	Productive Activity Specific	1,440.00	1,440.00	1,080.00	1,320.00	1,194.48
ITA	**GRAND TOTAL**	**984.00**	**288.00**	**288.00**	**520.00**	**303.45**
ITA	Identification & Registry	264.00	264.00	264.00	264.00	264.00
ITA	National Entities Registration	24.00	24.00	24.00	24.00	24.00
ITA	Municipal Permits & Registration	24.00	24.00	24.00	24.00	24.00
ITA	Basic Services Request	24.00	24.00	24.00	24.00	24.00
ITA	Productive Activity Specific	720.00	0.00	0.00	240.00	15.98
JAM	**GRAND TOTAL**	**6,480.00**	**2,496.00**	**2,496.00**	**3,824.00**	**3,090.01**
JAM	Identification & Registry	2,160.00	336.00	336.00	944.00	607.96
JAM	National Entities Registration	720.00	168.00	168.00	352.00	250.30
JAM	Municipal Permits & Registration	4,320.00	2,160.00	2,160.00	2,880.00	2,482.04
JAM	Basic Services Request	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00
JAM	Productive Activity Specific	1,056.00	960.00	1,056.00	1,024.00	1,032.67
MEX	**GRAND TOTAL**	**644.00**	**644.00**	**644.00**	**644.00**	**644.00**
MEX	Identification & Registry	271.50	271.50	271.50	271.50	271.50
MEX	National Entities Registration	31.00	31.00	31.00	31.00	31.00
MEX	Municipal Permits & Registration	544.00	544.00	544.00	544.00	544.00
MEX	Basic Services Request	326.50	326.50	326.50	326.50	326.50
MEX	Productive Activity Specific	0.00	0.00	0.00	0.00	0.00
PAN	**TOTAL GENERAL**	**4,839.00**	**1,959.00**	**1,959.00**	**2,919.00**	**2,126.90**
PAN	Identificación y registro	159.00	159.00	159.00	159.00	159.00
PAN	Inscripción en entes nacionales	204.00	324.00	276.00	268.00	285.25
PAN	Inscripción y permisos municipales	36.00	36.00	48.00	40.00	43.94
PAN	Solicitud de servicios básicos	420.00	132.00	132.00	228.00	148.79
PAN	Específicos por actividad productiva	4,680.00	1,800.00	1,800.00	2,760.00	1,967.90
PER	**GRAND TOTAL**	**2,784.00**	**4,152.00**	**4,086.00**	**3,674.00**	**3,853.19**
PER	Identification & Registry	336.00	720.00	688.00	581.33	627.90
PER	National Entities Registration	168.00	360.00	620.00	382.67	482.31
PER	Municipal Permits & Registration	1,440.00	2,256.00	1,890.00	1,862.00	1,878.52

Country	Procedure. Group	I	II	III	AVG Simple	AVG Weighted
PER	Basic Services Request	432.00	792.00	864.00	696.00	767.88
PER	Productive Activity Specific	408.00	24.00	24.00	152.00	96.58
PRT	**GRAND TOTAL**	**375.00**	**914.00**	**172.00**	**486.90**	**335.10**
PRT	Identification & Registry	19.60	18.20	8.70	15.50	11.00
PRT	National Entities Registration	43.90	102.40	41.20	62.50	54.40
PRT	Municipal Permits & Registration	150.20	425.60	40.80	205.50	125.70
PRT	Basic Services Request	80.00	148.00	80.00	102.70	94.60
PRT	Productive Activity Specific	81.20	220.00	0.80	100.70	49.60
PRY	**GRAND TOTAL**	**1,445.35**	**905.35**	**905.35**	**1,085.35**	**974.58**
PRY	Identification & Registry	5.35	5.35	5.35	5.35	5.35
PRY	National Entities Registration	204.00	204.00	204.00	204.00	204.00
PRY	Municipal Permits & Registration	900.00	900.00	900.00	900.00	900.00
PRY	Basic Services Request	72.00	72.00	72.00	72.00	72.00
PRY	Productive Activity Specific	1,440.00	600.00	240.00	760.00	521.21
SLV	**GRAND TOTAL**	**674.99**	**705.99**	**769.49**	**716.82**	**748.47**
SLV	Identification & Registry	8.32	8.32	8.32	8.32	8.32
SLV	National Entities Registration	16.50	16.50	16.50	16.50	16.50
SLV	Municipal Permits & Registration	205.99	205.99	205.99	205.99	205.99
SLV	Basic Services Request	637.67	637.67	637.67	637.67	637.67
SLV	Productive Activity Specific	29.00	60.00	123.50	70.83	102.48
TTO	**GRAND TOTAL**	**4,154.00**	**3,424.00**	**3,424.00**	**3,667.30**	**3,524.20**
TTO	Identification & Registry	504.00	504.00	504.00	504.00	504.00
TTO	National Entities Registration	504.00	504.00	504.00	504.00	504.00
TTO	Municipal Permits & Registration	2,190.00	2,190.00	672.00	1,684.00	1,240.30
TTO	Basic Services Request	672.00	672.00	672.00	672.00	672.00
TTO	Productive Activity Specific	3,650.00	2,920.00	2,920.00	3,163.30	3,020.20
UKR	**GRAND TOTAL**	**417.50**	**57.50**	**771.50**	**415.50**	**602.52**
UKR	Identification & Registry	33.50	33.50	27.50	31.50	29.31
UKR	National Entities Registration	0.00	0.00	0.00	0.00	0.00
UKR	Municipal Permits & Registration	0.00	0.00	0.00	0.00	0.00
UKR	Basic Services Request	24.00	24.00	24.00	24.00	24.00
UKR	Productive Activity Specific	360.00	0.00	720.00	360.00	549.22
URY	**GRAND TOTAL**	**1,056.00**	**1,056.00**	**1,056.00**	**1,056.00**	**1,056.00**
URY	Identification & Registry	792.00	792.00	792.00	792.00	792.00
URY	National Entities Registration	144.00	144.00	144.00	144.00	144.00
URY	Municipal Permits & Registration	0.00	0.00	0.00	0.00	0.00
URY	Basic Services Request	120.00	120.00	120.00	120.00	120.00
URY	Productive Activity Specific	72.00	120.00	120.00	104.00	115.45
VEN	**GRAND TOTAL**	**2,688.00**	**2,688.00**	**2,760.00**	**2,712.00**	**2,738.40**
VEN	Identification & Registry	1,848.00	1,848.00	1,920.00	1,872.00	1,898.40

Country	Procedure. Group	I	II	III	AVG Simple	AVG Weighted
VEN	National Entities Registration	480.00	480.00	480.00	480.00	480.00
VEN	Municipal Permits & Registration	840.00	840.00	840.00	840.00	840.00
VEN	Basic Services Request	720.00	720.00	720.00	720.00	720.00
VEN	Productive Activity Specific	480.00	480.00	480.00	480.00	480.00

Appendix B: Running Index of Bureaucracy 2026. Summary Table by Country.

Country	Group	I	II	III	AVG Simple	AVG Weighted
ARG	**GRAND TOTAL**	**493.25**	**1,334.20**	**674.32**	**833.92**	**783.76**
ARG	Adm. Employment	309.25	639.34	289.58	412.72	369.27
ARG	Adm. Operations	154.00	565.68	364.75	361.48	368.90
ARG	Others	30.00	129.18	19.99	59.72	45.59
BOL	**GRAND TOTAL**	**934.00**	**1,146.00**	**1,204.00**	**1,094.67**	**1,134.94**
BOL	Adm. Employment	220.00	152.00	220.00	197.33	205.00
BOL	Adm. Operations	172.00	168.00	210.00	183.33	192.82
BOL	Others	542.00	826.00	774.00	714.00	737.12
BRA	**GRAND TOTAL**	**520.90**	**1,258.30**	**242.17**	**673.79**	**475.29**
BRA	Adm. Employment	92.00	476.00	171.08	246.36	222.90
BRA	Adm. Operations	232.00	532.00	16.08	260.03	142.73
BRA	Others	196.90	250.30	55.00	167.40	109.65
CHL	**GRAND TOTAL**	**277.00**	**416.00**	**368.50**	**353.83**	**367.10**
CHL	Adm. Employment	62.00	70.00	72.50	68.17	70.73
CHL	Adm. Operations	138.00	293.00	230.00	220.33	231.68
CHL	Others	77.00	53.00	66.00	65.33	64.69
COL	**GRAND TOTAL**	**1,472.33**	**1,680.50**	**1,591.17**	**1,581.33**	**1,596.38**
COL	Adm. Employment	844.67	805.17	797.17	815.67	803.91
COL	Adm. Operations	537.67	457.83	496.33	497.28	493.02
COL	Others	90.00	417.50	297.67	268.39	299.45
CRI	**GRAND TOTAL**	**644.00**	**635.00**	**604.00**	**627.67**	**612.77**
CRI	Adm. Employment	314.00	463.00	372.00	383.00	389.33
CRI	Adm. Operations	116.00	127.00	166.00	136.33	154.98
CRI	Others	214.00	45.00	66.00	108.33	68.46
DEU	**GRAND TOTAL**	**777.00**	**1,459.00**	**2,868.00**	**1,701.33**	**2,457.01**
DEU	Adm. Employment	322.00	620.00	1,000.00	647.33	888.01
DEU	Adm. Operations	145.00	583.00	1,215.00	647.67	1,029.32
DEU	Others	310.00	256.00	653.00	406.33	539.69
DOM	**GRAND TOTAL**	**96.38**	**1,593.62**	**766.21**	**818.74**	**887.67**
DOM	Adm. Employment	60.80	1,299.16	696.80	685.59	779.16
DOM	Adm. Operations	17.25	84.63	68.28	56.72	69.14
DOM	Others	18.33	209.83	1.13	76.43	39.37
ECU	**GRAND TOTAL**	**477.06**	**764.52**	**223.49**	**488.36**	**377.94**
ECU	Adm. Employment	92.21	71.26	43.27	68.91	58.05
ECU	Adm. Operations	120.67	155.58	120.67	132.31	127.50
ECU	Others	264.18	537.68	59.55	287.14	192.39
ESP	**GRAND TOTAL**	**329.25**	**393.85**	**339.52**	**354.21**	**350.78**
ESP	Adm. Employment	97.50	128.23	109.10	111.61	112.65

Country	Group	I	II	III	AVG Simple	AVG Weighted
ESP	Adm. Operations	215.00	232.84	213.40	220.41	217.71
ESP	Others	16.75	32.77	17.02	22.18	20.42
FRA	**GRAND TOTAL**	**596.30**	**791.40**	**932.75**	**773.48**	**879.21**
FRA	Adm. Employment	117.50	109.90	127.00	118.13	122.25
FRA	Adm. Operations	447.00	631.00	796.00	624.67	739.05
FRA	Others	31.80	50.50	9.75	30.68	17.90
GBR	**GRAND TOTAL**	**230.90**	**378.70**	**417.85**	**342.48**	**404.92**
GBR	Adm. Employment	124.40	223.80	332.45	226.88	304.99
GBR	Adm. Operations	75.50	113.50	54.90	81.30	67.23
GBR	Others	31.00	41.40	30.50	34.30	32.70
GTM	**GRAND TOTAL**	**1,628.75**	**3,180.75**	**2,580.75**	**2,463.42**	**2,614.03**
GTM	Adm. Employment	344.60	344.60	344.60	344.60	344.60
GTM	Adm. Operations	914.65	914.65	914.65	914.65	914.65
GTM	Others	369.50	1,921.50	1,321.50	762.67	1,354.78
GUY	**GRAND TOTAL**	**616.35**	**1,235.86**	**1,564.32**	**1,138.85**	**742.12**
GUY	Adm. Employment	2.20	52.53	949.60	334.78	99.46
GUY	Adm. Operations	2.10	175.33	2.20	59.88	10.77
GUY	Others	612.05	1,008.00	612.52	744.19	631.89
HND	**GRAND TOTAL**	**194.00**	**243.00**	**246.00**	**227.67**	**241.71**
HND	Adm. Employment	23.00	21.00	24.00	22.67	23.18
HND	Adm. Operations	55.00	60.00	58.00	57.67	58.30
HND	Others	116.00	162.00	164.00	147.33	160.24
ITA	**GRAND TOTAL**	**568.00**	**538.00**	**548.00**	**551.33**	**546.14**
ITA	Adm. Employment	480.00	480.00	490.00	483.33	487.48
ITA	Adm. Operations	60.00	58.00	58.00	58.67	58.04
ITA	Others	28.00	0.00	0.00	9.33	0.62
JAM	**GRAND TOTAL**	**2,549.00**	**5,021.00**	**2,695.00**	**3,421.67**	**3,238.45**
JAM	Adm. Employment	123.00	147.00	123.00	131.00	128.83
JAM	Adm. Operations	690.00	1,210.00	684.00	861.33	812.71
JAM	Others	1,736.00	3,664.00	1,888.00	2,429.33	2,296.90
MEX	**GRAND TOTAL**	**808.46**	**652.52**	**781.02**	**747.33**	**707.34**
MEX	Adm. Employment	299.42	299.42	299.42	299.42	299.42
MEX	Adm. Operations	242.47	242.47	242.47	242.47	242.47
MEX	Others	266.57	110.63	239.13	205.44	165.45
PAN	**GRAND TOTAL**	**4,508.56**	**6,573.71**	**813.31**	**3,965.19**	**2,642.81**
PAN	Adm. Employment	311.76	311.76	311.76	311.76	311.76
PAN	Adm. Operations	88.21	86.46	94.46	89.71	91.85
PAN	Others	4,108.59	6,175.49	407.09	3,563.72	2,239.19
PER	**GRAND TOTAL**	**4,737.00**	**1,778.00**	**3,160.67**	**3,225.22**	**3,180.68**
PER	Adm. Employment	864.00	756.00	1,686.67	1,102.22	1,344.12

Country	Group	I	II	III	AVG Simple	AVG Weighted
PER	Adm. Operations	1,437.00	870.00	968.00	1,091.67	1,036.94
PER	Others	2,436.00	152.00	506.00	1,031.33	799.62
PRT	**GRAND TOTAL**	**373.80**	**1,200.60**	**971.24**	**848.55**	**1,006.58**
PRT	Adm. Employment	106.50	187.60	182.00	158.70	181.46
PRT	Adm. Operations	122.00	559.50	297.71	326.40	349.69
PRT	Others	145.30	453.50	491.53	363.44	475.43
PRY	**GRAND TOTAL**	**302.00**	**1,760.00**	**334.50**	**798.83**	**834.85**
PRY	Adm. Employment	19.50	36.50	26.50	27.50	29.14
PRY	Adm. Operations	90.00	163.00	101.00	118.00	121.53
PRY	Others	192.50	1,561.00	207.00	653.50	684.19
SLV	**GRAND TOTAL**	**669.06**	**669.06**	**652.26**	**663.46**	**657.39**
SLV	Adm. Employment	108.75	108.75	108.75	108.75	108.75
SLV	Adm. Operations	111.10	111.10	111.10	111.10	111.10
SLV	Others	449.21	449.21	432.41	443.61	437.54
TTO	**GRAND TOTAL**	**4,455.60**	**1,879.40**	**1,878.40**	**2,737.80**	**2,232.49**
TTO	Adm. Employment	465.00	465.00	465.00	465.00	465.00
TTO	Adm. Operations	113.00	113.00	112.00	112.67	112.37
TTO	Others	3,877.60	1,301.40	1,301.40	2,160.13	1,655.11
UKR	**GRAND TOTAL**	**599.00**	**475.00**	**122.00**	**398.67**	**244.26**
UKR	Adm. Employment	460.00	172.00	81.00	237.67	145.34
UKR	Adm. Operations	41.00	60.00	36.00	45.67	40.80
UKR	Others	98.00	243.00	5.00	115.33	58.12
URY	**GRAND TOTAL**	**403.00**	**367.50**	**405.00**	**391.83**	**397.61**
URY	Adm. Employment	131.00	135.00	201.00	155.67	181.69
URY	Adm. Operations	115.50	209.50	169.50	164.83	172.06
URY	Others	156.50	23.00	34.50	71.33	43.86
VEN	**GRAND TOTAL**	**2,502.00**	**2,334.00**	**2,093.00**	**2,309.67**	**2,199.00**
VEN	Adm. Employment	710.00	685.00	525.00	640.00	578.00
VEN	Adm. Operations	1,483.00	1,271.00	1,122.00	1,292.00	1,209.00
VEN	Others	309.00	378.00	446.00	377.67	412.00

Appendix C: Closing Index of Bureaucracy 2026. Summary Table by Country.

Country	Group	I	II	III	AVG Simple	AVG Weighted
ARG	**GRAND TOTAL**	**1,140.00**	**1,140.00**	**1,356.00**	**1,212.00**	**1,268.56**
ARG	Dissolution	156.00	156.00	372.00	228.00	284.56
ARG	Liquidation	384.00	384.00	384.00	384.00	384.00
ARG	Registry & Notification	600.00	600.00	600.00	600.00	600.00
BOL	**GRAND TOTAL**	**1,512.00**	**1,512.00**	**1,512.00**	**1,512.00**	**1,512.00**
BOL	Dissolution	72.00	72.00	72.00	72.00	72.00
BOL	Liquidation	720.00	720.00	720.00	720.00	720.00
BOL	Registry & Notification	720.00	720.00	720.00	720.00	720.00
BRA	**GRAND TOTAL**	**958.00**	**1,122.51**	**1,343.00**	**1,141.17**	**1,256.26**
BRA	Dissolution	11.00	11.76	136.00	52.92	97.37
BRA	Liquidation	452.00	464.37	775.00	563.79	677.24
BRA	Registry & Notification	495.00	646.38	432.00	524.46	481.65
CHL	**GRAND TOTAL**	**942.00**	**1,436.00**	**1,167.00**	**1,181.46**	**1,194.00**
CHL	Dissolution	120.00	147.00	131.00	132.42	132.64
CHL	Liquidation	720.00	1,200.00	960.00	960.00	979.70
CHL	Registry & Notification	102.00	89.00	76.00	89.04	81.66
COL	**GRAND TOTAL**	**3,645.00**	**3,645.00**	**3,345.00**	**3,545.00**	**3,438.00**
COL	Dissolution	40.00	40.00	40.00	40.00	40.00
COL	Liquidation	2,292.00	2,292.00	2,292.00	2,292.00	2,292.00
COL	Registry & Notification	1,313.00	1,313.00	1,013.00	1,213.00	1,106.00
CRI	**GRAND TOTAL**	**329.00**	**329.00**	**329.00**	**329.00**	**329.00**
CRI	Dissolution	156.00	156.00	156.00	156.00	156.00
CRI	Liquidation	29.00	29.00	29.00	29.00	29.00
CRI	Registry & Notification	144.00	144.00	144.00	144.00	144.00
DEU	**GRAND TOTAL**	**10,146.50**	**10,146.50**	**10,146.50**	**10,146.50**	**10,146.50**
DEU	Dissolution	594.50	594.50	594.50	594.50	594.50
DEU	Liquidation	9,130.00	9,130.00	9,130.00	9,130.00	9,130.00
DEU	Registry & Notification	422.00	422.00	422.00	422.00	422.00
DOM	**GRAND TOTAL**	**19,204.00**	**20,644.00**	**19,204.00**	**19,684.00**	**19,414.00**
DOM	Dissolution	912.00	2,352.00	912.00	1,392.00	1,126.00
DOM	Liquidation	5,724.00	5,724.00	5,724.00	5,724.00	5,723.00
DOM	Registry & Notification	12,568.00	12,568.00	12,568.00	12,568.00	12,565.00
ECU	**GRAND TOTAL**	**1,596.00**	**1,596.00**	**1,596.00**	**1,596.00**	**1,596.00**
ECU	Dissolution	212.00	212.00	212.00	212.00	212.00
ECU	Liquidation	1,020.00	1,020.00	1,020.00	1,020.00	1,020.00
ECU	Registry & Notification	364.00	364.00	364.00	364.00	364.00
ESP	**GRAND TOTAL**	**1,008.00**	**1,008.00**	**1,008.00**	**1,008.00**	**1,008.00**
ESP	Dissolution	72.00	72.00	72.00	72.00	72.00

ESP	Liquidation	456.00	456.00	456.00	456.00	456.00
ESP	Registry & Notification	480.00	480.00	480.00	480.00	480.00
FRA	**GRAND TOTAL**	**902.00**	**910.00**	**958.00**	**923.30**	**948.20**
FRA	Dissolution	196.00	196.00	196.00	196.00	196.00
FRA	Liquidation	578.00	586.00	594.00	586.00	592.20
FRA	Registry & Notification	128.00	128.00	168.00	141.30	160.00
GBR	**GRAND TOTAL**	**4,909.50**	**5,323.50**	**7,608.90**	**5,947.30**	**7,076.66**
GBR	Dissolution	371.60	1,057.50	1,076.20	835.10	1,053.42
GBR	Liquidation	2,452.50	2,275.10	3,730.90	2,819.50	3,403.77
GBR	Registry & Notification	2,085.40	1,990.90	2,801.80	2,292.70	2,619.47
GTM	**GRAND TOTAL**	**484.00**	**484.00**	**484.00**	**484.00**	**484.00**
GTM	Dissolution	32.00	32.00	32.00	32.00	32.00
GTM	Liquidation	360.00	360.00	360.00	360.00	360.00
GTM	Registry & Notification	92.00	92.00	92.00	92.00	92.00
GUY	**GRAND TOTAL**	**14,328.00**	**12,168.00**	**10,080.00**	**12,192.00**	**13,795.20**
GUY	Dissolution	1,608.00	1,608.00	1,608.00	1,608.00	1,608.00
GUY	Liquidation	12,720.00	10,560.00	8,472.00	10,584.00	12,187.20
GUY	Registry & Notification	3,240.00	3,240.00	3,240.00	3,240.00	3,240.00
HND	**GRAND TOTAL**	**874.00**	**2,016.00**	**1,898.00**	**1,596.00**	**1,857.87**
HND	Dissolution	28.00	54.00	54.00	45.33	52.23
HND	Liquidation	570.00	1,566.00	1,448.00	1,194.67	1,417.80
HND	Registry & Notification	276.00	396.00	396.00	356.00	387.84
ITA	**GRAND TOTAL**	**764.00**	**774.00**	**654.00**	**730.67**	**684.08**
ITA	Dissolution	384.00	384.00	384.00	384.00	384.00
ITA	Liquidation	140.00	150.00	150.00	146.67	149.78
ITA	Registry & Notification	240.00	240.00	120.00	200.00	150.30
JAM	**GRAND TOTAL**	**10,480.00**	**6,224.00**	**4,624.00**	**7,109.33**	**5,885.93**
JAM	Dissolution	664.00	640.00	480.00	594.67	546.31
JAM	Liquidation	8,976.00	4,744.00	3,304.00	5,674.67	4,499.62
JAM	Registry & Notification	840.00	840.00	840.00	840.00	840.00
MEX	**GRAND TOTAL**	**6,623.00**	**6,623.00**	**6,623.00**	**6,623.00**	**6,623.00**
MEX	Dissolution	492.00	492.00	492.00	492.00	492.00
MEX	Liquidation	2,661.00	2,661.00	2,661.00	2,661.00	2,661.00
MEX	Registry & Notification	3,470.00	3,470.00	3,470.00	3,470.00	3,470.00
PAN	**GRAND TOTAL**	**2,940.00**	**2,940.00**	**2,940.00**	**2,940.00**	**2,940.00**
PAN	Dissolution	156.00	156.00	156.00	156.00	156.00
PAN	Liquidation	2,400.00	2,400.00	2,400.00	2,400.00	2,400.00
PAN	Registry & Notification	384.00	384.00	384.00	384.00	384.00
PER	**GRAND TOTAL**	**9,360.00**	**5,664.00**	**4,032.00**	**6,352.00**	**5,367.02**
PER	Dissolution	2,568.00	564.00	504.00	1,212.00	906.16
PER	Liquidation	5,328.00	3,576.00	1,992.00	3,632.00	2,940.89

PER	Registry & Notification	1,464.00	1,524.00	1,536.00	1,508.00	1,519.98
PRT	**GRAND TOTAL**	**136.00**	**160.00**	**136.00**	**144.00**	**141.10**
PRT	Dissolution	16.00	16.00	16.00	16.00	16.00
PRT	Liquidation	40.00	48.00	40.00	42.70	41.70
PRT	Registry & Notification	80.00	96.00	80.00	85.30	83.40
PRY	**GRAND TOTAL**	**2,312.00**	**4,232.00**	**3,061.00**	**3,201.67**	**3,379.28**
PRY	Dissolution	52.00	54.00	53.00	53.00	53.23
PRY	Liquidation	1,764.00	3,362.00	2,312.00	2,479.33	2,613.24
PRY	Registry & Notification	496.00	816.00	696.00	669.33	712.82
SLV	**GRAND TOTAL**	**652.65**	**652.65**	**652.65**	**652.65**	**652.65**
SLV	Dissolution	252.60	252.60	252.60	252.60	252.60
SLV	Liquidation	240.00	240.00	240.00	240.00	240.00
SLV	Registry & Notification	160.05	160.05	160.05	160.05	160.05
TTO	**GRAND TOTAL**	**7,423.00**	**4,138.00**	**4,138.00**	**5,233.00**	**4,589.00**
TTO	Dissolution	3,457.00	172.00	172.00	1,267.00	623.00
TTO	Liquidation	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
TTO	Registry & Notification	2,766.00	2,766.00	2,766.00	2,766.00	2,766.00
UKR	**GRAND TOTAL**	**1,583.00**	**1,581.00**	**72.00**	**1,078.67**	**526.92**
UKR	Dissolution	29.00	29.00	27.00	28.33	27.60
UKR	Liquidation	1,529.00	1,527.00	20.00	1,025.33	474.32
UKR	Registry & Notification	25.00	25.00	25.00	25.00	25.00
URY	**GRAND TOTAL**	**461.00**	**461.00**	**461.00**	**461.00**	**461.00**
URY	Dissolution	100.00	100.00	100.00	100.00	100.00
URY	Liquidation	361.00	361.00	361.00	361.00	361.00
URY	Registry & Notification	152.00	152.00	152.00	152.00	152.00
VEN	**GRAND TOTAL**	**1,808.00**	**2,188.00**	**2,208.00**	**2,068.00**	**2,126.00**
VEN	Dissolution	648.00	868.00	768.00	761.33	754.00
VEN	Liquidation	680.00	720.00	840.00	746.67	796.00
VEN	Registry & Notification	480.00	600.00	600.00	560.00	576.00

Appendix D. Clusters. Opening Index of Bureaucracy 2026

Appendix D1. Principal Component Analysis: Table of Eigenvalues and Total Variance Explained per Component.

Number	Eigenvalue	%	Cumulated %
1	2.102	42.04	42.04
2	1.132	22.65	64.68
3	0.865	17.31	81.99
4	0.650	13.01	95
5	0.250	5	100

D2. Principal Component Analysis: Table of correlations between active variables and factors.

Label variable	Axis 1	Axis 2	Axis 3
I&R	-0.54	0.41	-0.57
NAT	-0.77	-0.4	0.28
MUN	-0.69	0.28	-0.27
SERV	-0.83	0.1	0.44
ACTV	-0.22	-0.85	-0.44

D3. Clusters: Ranking of the 10 representative cases by distance to the centroid.

Cluster 1 / 3 Count: 15		
Rank	**Distance to centroid**	**Case**
1	0.349	ESP
2	0.488	BRA
3	0.600	PRT
4	0.681	URY
5	0.700	DOM
6	0.760	CHL
7	0.862	ITA
8	0.923	GTM
9	1.157	PRY
10	1.430	FRA

Cluster 2 / 3 Count: 8		
Rank	**Distance to centroid**	**Case**
1	0.617	BOL
2	1.045	COL
3	1.047	HND
4	1.659	PAN
5	2.258	ARG
6	3.978	TTO
7	4.517	CRI
8	6.927	GBR

Cluster 3 / 3 Count: 4		
Rank	**Distance to centroid**	**Case**
1	0.364	VEN
2	1.067	PER
3	1.326	JAM
4	5.197	DEU

Appendix E. Clusters. Running Index of Bureaucracy 2026

Appendix E1. Principal Component Analysis: Table of Eigenvalues and Total Variance Explained per Component.

Number	Eigenvalue	%	Cumulated %
1	1.577	52.57	52.57
2	0.921	30.71	83.28
3	0.502	16.72	100

E2. Principal Component Analysis: Table of correlations between active variables and factors.

Label variable	Axis 1	Axis 2	Axis 3
AE	-0.75	0.5	-0.43
AO	-0.85	0.07	0.52
O	-0.54	-0.82	-0.22

E3. Clusters: Ranking of the 10 representative cases by distance to the centroid.

Cluster 1 / 4 Count: 11		
Rank	**Distance to centroid**	**Case**
1	0.153	BRA
2	0.175	CRI
3	0.187	URY
4	0.299	MEX
5	0.328	GBR
6	0.574	ARG
7	0.784	ESP
8	0.988	UKR
9	1.064	ITA
10	2.094	DOM

Cluster 2 / 4 Count: 8		
Rank	**Distance to centroid**	**Case**
1	0.062	SLV
2	0.248	ECU
3	0.683	PRY
4	0.955	CHL
5	1.017	BOL
6	1.035	HND
7	1.063	GUY
8	1.122	PRT

Cluster 3 / 4 Count: 4		
Rank	**Distance to centroid**	**Case**
1	1.406	TTO
2	1.418	PAN
3	1.680	GTM
4	1.756	JAM

Cluster 4 / 4 Count: 4		
Rank	**Distance to centroid**	**Case**
1	0.045	DEU
2	0.659	VEN
3	0.790	PER
4	0.999	COL

Appendix F. Clusters. Closing Index of Bureaucracy 2026

Appendix F1. Principal Component Analysis: Table of Eigenvalues and Total Variance Explained per Component.

Number	Eigenvalue	%	Cumulated %
1	2.365	78.82	78.82
2	0.342	11.41	90.23
3	0.293	9.77	100

F2. Principal Component Analysis: Table of correlations between active variables and factors.

Label variable	Axis 1	Axis 2	Axis 3
DIS	0.89	-0.34	-0.31
LIQ	0.88	0.46	-0.13
R&N	0.9	-0.11	0.43

F3. Clusters: Ranking of the 10 representative cases by distance to the centroid.

Cluster 1 / 3 Count: 9		
Rank	**Distance to centroid**	**Case**
1	0.133	BRA
2	0.166	BOL
3	0.178	HND
4	0.287	ECU
5	0.371	ESP
6	0.474	PAN
7	0.581	PRY
8	0.729	COL
9	0.910	ARG

Cluster 2 / 3 Count: 9		
Rank	**Distance to centroid**	**Case**
1	0.116	URY
2	0.289	FRA
3	0.315	GTM
4	0.369	SLV
5	0.525	CHL
6	0.584	CRI
7	0.902	PRT
8	0.925	ITA
9	1.423	UKR

Cluster 3 / 3 Count: 9		
Rank	**Distance to centroid**	**Case**
1	0.129	PER
2	0.220	GBR
3	0.674	JAM
4	0.785	MEX
5	1.315	TTO
6	2.305	DOM
7	2.519	DEU
8	2.534	VEN
9	3.755	GUY

Appendix G. Clusters. Combined Analysis 2026 (Opening, Running, Closing)

Appendix G1. Principal Component Analysis: Table of Eigenvalues and Total Variance Explained per Component.

Number	Eigenvalue	%	Cumulated %
1	1.960	65.35	65.35
2	0.753	25.1	90.45
3	0.287	9.55	100

G2. Principal Component Analysis: Table of correlations between active variables and factors.

Label variable	Axis 1	Axis 2	Axis 3
WOPEN	-0.9	0.2	-0.39
WRUN	-0.86	0.37	0.36
WCLOSE	-0.64	-0.76	0.07

G3. Clusters: Ranking of the 10 representative cases by distance to the centroid.

Cluster 1 / 3 Count: 15		
Rank	**Distance to centroid**	**Case**
1	0.147	SLV
2	0.190	ESP
3	0.203	URY
4	0.302	ECU
5	0.306	CRI
6	0.444	UKR
7	0.513	BRA
8	0.534	ITA
9	0.712	FRA
10	0.935	HND

Cluster 2 / 3 Count: 4		
Rank	**Distance to centroid**	**Case**
1	0.197	GUY
2	0.604	MEX
3	0.850	GBR
4	1.075	DOM

Cluster 3 / 3 Count: 8		
Rank	**Distance to centroid**	**Case**
1	0.384	VEN
2	0.433	TTO
3	0.587	PAN
4	0.841	JAM
5	0.997	COL
6	1.339	PER
7	2.165	DEU
8	4.000	GTM

INDEX OF BUREAUCRACY 2026

"Bureaucracy is the number one enemy of growth and freedom. The Index of Bureaucracy 2026 exposes the reality of a state apparatus that shackles entrepreneurs and crushes innovation. The Index supplies an indispensable roadmap for dismantling regulation, simplifying government and eliminating unaccountable power."

Liz Truss
Former Prime Minister of the United Kingdom

"The Adam Smith Center's Index of Bureaucracy is a useful tool that measures administrative requirements businesses face when starting and operating in an economy. For policymakers committed to structural reform, this index serves as a benchmark of progress and provides data to continue building a more predictable, efficient, and competitive business environment where companies thrive."

María Luisa Hayem
Minister of Economy of El Salvador