Economy Profile Bolivia

# Doing Business 2020

Comparing Business
Regulation in

190 Economies



# **Economy Profile of Bolivia**

Doing Business 2020 Indicators (in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Employing workers	Flexibility in employment regulation and redundancy cost

#### **About Doing Business**

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of employing workers. Although Doing Business does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed subnational studies, which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit doingbusiness.org

# Ease of Doing Business in





Region	Latin America & Caribbean
Income Category	Lower middle income
Population	11,353,142
City Covered	La Paz



DB RANK



# Rankings on Doing Business topics - Bolivia



# **Topic Scores**





















Starting a Business (rank)	175
Score of starting a business (0-100)	69.4
Procedures (number)	12
Time (days)	39.5
Cost (number)	37.3
Paid-in min. capital (% of income per capita)	0.0
Dealing with Construction Permits (rank)	139
Score of dealing with construction permits (0-100)	60.0
Procedures (number)	15
Time (days)	235
Cost (% of warehouse value)	1.3
Building quality control index (0-15)	7.0
Getting Electricity (rank)	96
Score of getting electricity (0-100)	73.2
Procedures (number)	7
Time (days)	36
Cost (% of income per capita)	638.7
Reliability of supply and transparency of tariff index (0-8)	6
Registering Property (rank)	148
Score of registering property (0-100)	49.9
Procedures (number)	7
Time (days)	90
Cost (% of property value)	4.7
Quality of the land administration index (0-30)	7.0

Getting Credit (rank)	144
Score of getting credit (0-100)	35.0
Strength of legal rights index (0-12)	0
Depth of credit information index (0-8)	7
Credit registry coverage (% of adults)	26.1
Credit bureau coverage (% of adults)	55.0
Protecting Minority Investors (rank)	136
Score of protecting minority investors (0-100)	38.0
Extent of disclosure index (0-10)	1.0
Extent of director liability index (0-10)	5.0
Ease of shareholder suits index (0-10)	6.0
Extent of shareholder rights index (0-6)	4.0
Extent of ownership and control index (0-7)	1.0
Extent of corporate transparency index (0-7)	2.0
Paying Taxes (rank)	186
Score of paying taxes (0-100)	21.6
Payments (number per year)	42
Time (hours per year)	1,025
Total tax and contribution rate (% of profit)	83.7
Postfiling index (0-100)	50.0

Trading across Borders (rank)	100
Score of trading across borders (0-100)	71.6
Time to export	
Documentary compliance (hours)	144
Border compliance (hours)	48
Cost to export	
Documentary compliance (USD)	25
Border compliance (USD)	65
Time to export	
Documentary compliance (hours)	72
Border compliance (hours)	114
Cost to export	
Documentary compliance (USD)	30
Border compliance (USD)	315
Enforcing Contracts (rank)	109
Score of enforcing contracts (0-100)	55.6
Time (days)	591
Cost (% of claim value)	25.0
Quality of judicial processes index (0-18)	6.0
Resolving Insolvency (rank)	103
Score of resolving insolvency (0-100)	42.3
Recovery rate (cents on the dollar)	40.8
Time (years)	1.8
Cost (% of estate)	14.5
Outcome (0 as piecemeal sale and 1 as going concern)	0
	6.5

# **=** Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

# Procedures to legally start and formally operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city
- Postregistration (for example, social security registration, company seal)
- Obtaining approval from spouse to start a business or to leave the home to register the company
- Obtaining any gender specific document for company registration and operation or national identification card

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

# Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

# Paid-in minimum capital (% of income per capita)

• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

#### **Case study assumptions**

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

#### The business:

- -Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- -Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- -Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- -Does not qualify for investment incentives or any special benefits.
- -Is 100% domestically owned.
- -Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.
- -Is managed by one local director.
- -Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.
- -Has start-up capital of 10 times income per capita.
- -Has an estimated turnover of at least 100 times income per capita.
- -Leases the commercial plant or offices and is not a proprietor of real estate.
- -Has an annual lease for the office space equivalent to one income per capita.
- -Is in an office space of approximately 929 square meters (10,000 square feet).
- -Has a company deed that is 10 pages long.

# The owners:

- -Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.
- -Are in good health and have no criminal record.
- -Are married, the marriage is monogamous and registered with the authorities.
- -Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

# Starting a Business - Bolivia

# **Standardized Company**

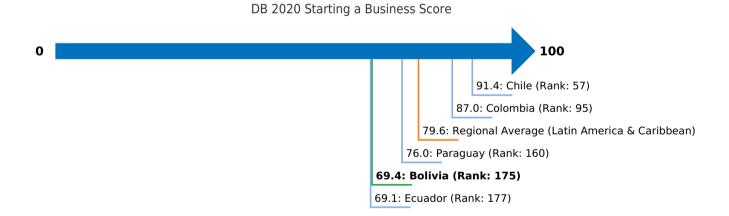
Legal form	Sociedad de Responsabilidad Limitada
Paid-in minimum capital requirement	BOB 0
City Covered	La Paz

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	12	8.1	4.9	1 (2 Economies)
Time - Men (days)	39.5	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	37.3	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	12	8.1	4.9	1 (2 Economies)
Time – Women (days)	39.5	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	37.3	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Bolivia - Score

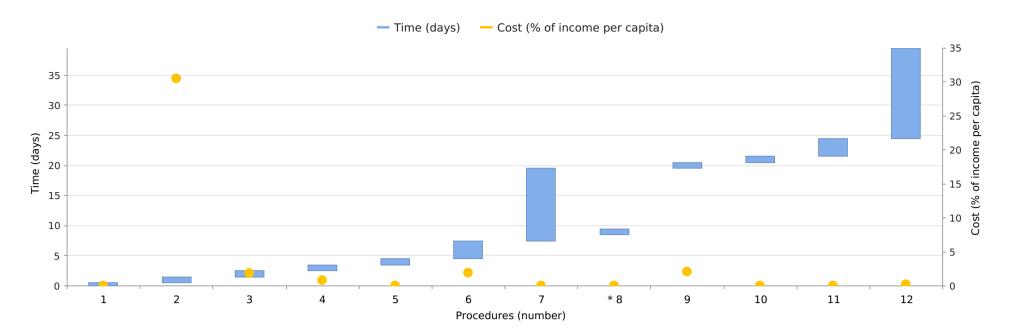


Figure - Starting a Business in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Bolivia - Procedure, Time and Cost



<sup>\*</sup>This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

# Details - Starting a Business in Bolivia - Procedure, Time and Cost

(e) sketch of the company's domicile.

After the registration, the National Tax Service will issue the certificate of registration, the display

document of the NIT, access card to the Virtual Office and an identification sticker.

No.	Procedures	Time to Complete	Associated Costs
1	Search for the company name and reserve the proposed name  Agency: Registry of Commerce in FUNDEMPRESA  The existence of the company name can be verified through the website  (http://www.miempresa.gob.bo/). The name reservation expires after 10 days.	Less than one day (online procedure)	no charge
2	Hire an attorney to draft the articles of incorporation, bylaws and constitution act, which includes the appointment of the provisory board Agency: Lawyer  Professional fees may vary. The lawyers association's fee schedule (Colegio de Abogados) establishes that the minimum fee for the company incorporation should be BOB 6,000. The fee for processing the formalities at the registry may also vary.	1 day	BOB 6,000 legal fee + BOB 1,300 procurement for processing of documents with Registry
3	Notarize the Articles of Incorporation "escritura de constitución"  Agency: Notary  The notary must draft the document and the partners must appear before the notary to sign and set their fingerprint in the documents. Several notarized copies of public deeds are required for filing according to the procedures discussed here. Most other documents required for registration must also be notarized.	1 day	BOB 350 + BOB 30 per copy (3 copies)
4	Publish company deed "titulo de constitución" in the electronic gazette (Gaceta Electronica)  Agency: Electronic Gazette of the Registry of Commerce of Bolivia Pursuant to the proceedings undertaken by the Registry of Commerce, the publication of the incorporation deed needs to contain at least the following information:  1) Notarial introduction  2) Transcription of clauses regarding:  a. Place and date of the signature  b. Name, age, marital status, nationality, profession, domicile, id number for natural persons that are shareholders and name, nature, nationality and domicile of the juridical persons that are shareholders  3) Denomination and domicile of the incorporated company  4) Purpose of the company  5) Amount of the capital  6) Amount contributed by each shareholder. In sociedades anónimas, also is necessary to establish the authorized capital, the subscribe capital and the paid in capital  7) Term of duration of the company  The firm must wait until the documents are actually published before filing the request to obtain legal capacity with the Registry of Commerce.  The publication is done on the electronic gazette of the Registry of Commerce (http://www.gacetadecomercio.gob.bo).	1 day	BOB 192
5	Register at the National Tax Service to obtain the tax identification number (Número de Identificación Tributaria, NIT)  Agency: National Tax Service (Servicio de Impuestos Nacionales)  All companies must obtain a Tax Identification Number which will allow them to pay and declare all corresponding taxes, including the VAT. This procedure is partially carried out online with the creation of an online temporary user that allows the access to the Virtual Office and to the MASI-001 form. The business founders must fill in this form and once it is submitted, a file number will be provided.  After registering online, the legal representative needs to present and sign the following original documents and stamp his or her fingerprints at the National Tax Service:  (a) public deed of the company's articles of incorporation, (b) a utility (electricity or water) bill to evidence the domicile of both the company and the legal representative, (c) public deed of the power of attorney granted in favor of the company's legal representative, (d) representative's identification document, (e) sketch of the company's domicile	1 day	no charge

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The employer may register with any health insurance institution (Caja Nacional de Salud, Caja Petrolera de Salud, Caja de Salud de la Banca Privada, etc.). The employer fills and submits the required forms, attaching copies of the proof of identification for the company's legal representative, the articles of incorporation, the commercial registry certificate, the tax identification number (TIN), the opening balance sheet (duly registered) and payroll, and employees' civil status (along with names, proof of identity, and names of dependents). Three forms must be completed for the employer and two for each employee.

**<sup>→</sup>**Takes place simultaneously with previous procedure.



# Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. See the methodology for more information

#### What the indicators measure

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

Official costs only, no bribes

#### **Building quality control index (0-15)**

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

#### Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

#### The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

#### The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

#### The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

# **Dealing with Construction Permits - Bolivia**

#### **Standardized Warehouse**

Estimated value of warehouse	BOB 1,196,891.90
City Covered	La Paz

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	15	15.5	12.7	None in 2018/19
Time (days)	235	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	1.3	3.6	1.5	None in 2018/19
Building quality control index (0-15)	7.0	9.0	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Bolivia - Score

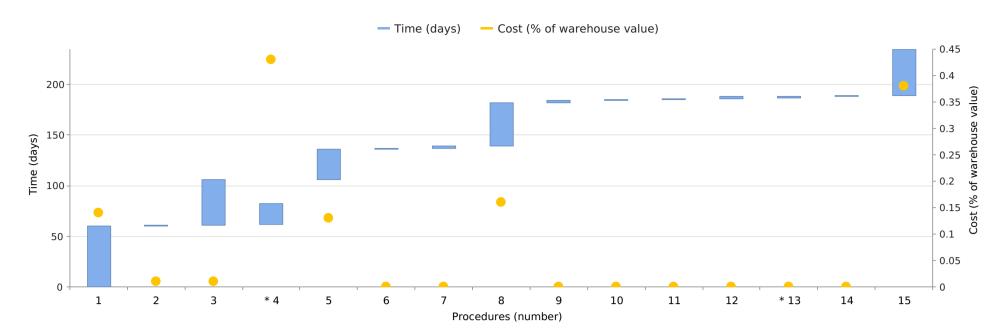


Figure - Dealing with Construction Permits in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

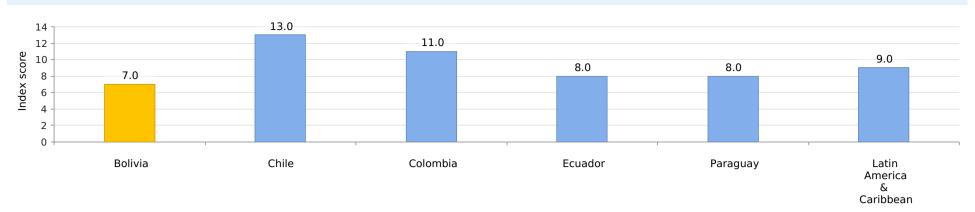
Figure - Dealing with Construction Permits in Bolivia - Procedure, Time and Cost



<sup>\*</sup>This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

# Figure - Dealing with Construction Permits in Bolivia and comparator economies - Measure of Quality



# **Details - Dealing with Construction Permits in Bolivia - Procedure, Time and Cost**

avoid structures to be damaged or collapsed or leaned.

No.	Procedures	Time to Complete	Associated Costs
1	Request and obtain cadastre certificate  Agency: Municipality  To request the cadastre certificate, a form must be picked up at the Municipality (where stamps must be purchased) for a fee of BOB 70.00. The form must be completed by an architect recognized by the Municipality (the architect is assumed to be a BuildCo employee). Typically, such an architect would charge about BOB 200.00 to BOB 500.00. Finally, a topographic plot plan must be acquired and attached to the form. Such a plan costs about BOB 1,620.00.  Thus, the fees to be paid at the Municipality amount to BOB 1,620.00 + BOB 70.00 = BOB 1,690.00.	60 days	BOB 1,690
2	Request and obtain a Land Registry Certificate ("Folio real"-"Información Rápida") at Real Estate Office (Oficina de Derechos Reales)  Agency: Real Estate Office (Oficina de Derechos Reales)  The Información Rápida of the Folio Real indicates the land's location, surface and limits, and ownership history. To obtain this folio, BuildCo must present an application letter, attaching two copies of the testimony of property from the Real Estate Office and two copies of the owner's identity card.  For this request, BuildCo must present the cadastre certificate obtained in procedure 1.	1 day	BOB 78
3	Request and obtain a zoning permit (traso vial) from Municipality  Agency: Municipality  To obtain a zoning permit (traso vial) a special form must be completed by a professional licensed by the College of Architects of La Paz. It is assumed in this case that the professional is a BuildCo staff member. La Paz does not have updated, comprehensive maps of some zones (particularly industrial zones). The current maps date back to 1986. This document defines the construction impact on adjacent zones.  Documents to be presented are:  - the cadastre certificate  - the Land Registry certificate.	45 days	BOB 96
<b>⇒</b> 4	Obtain results of geotechnical study / soil test  Agency: Private licensed company  BuildCo will request a soil test for the structural calculations for the foundation. Contractors ask for a soil test to ensure that the foundation of the building is solid. The engineer must understand the suitability of the soil for the proposed construction work. It allows to build a solid foundation and	20 days	BOB 5,125

	The inspectors confirm that the plans and the site fulfill all regulatory requirements. This procedure cannot be be simultaneous with the previous ones.		
8	Obtain the construction permit at the Municipality  Agency: Municipality  Fees are paid at the Municipality after the plans have been approved. Due to a backlog of applications at the Municipality, it takes 43 days on average from the date of request to receipt of permit.	43 days	BOB 1,951
9	Request and receive inspection of the support structure  Agency: Municipality  To request and receive an inspection for support structure, roof and installations must address the Municipality of La Paz.	2 days	no charge
10	Request and receive inspection of the roof  Agency: Municipality  To request and receive an inspection for support structure, roof and installations must address the Municipality of La Paz	1 day	no charge
11	Request and receive inspection of installations  Agency: Municipality  To request and receive an inspection for support structure, roof and installations must address the Municipality of La Paz.	1 day	no charge
12	Request and receive final inspection  Agency: Municipality  To request and receive a final inspection BuildCo. must address the Municipality of La Paz.	2 days	no charge

<b>⇒</b> 13	Request water and sewage connection  Agency: Empresa Pública de Agua y Saneamiento In parallel, BuildCo. can request a water and sewage connection, BuildCo must submit the following required documents:  Royal folio (folio real en derechos reales)  Identification  Location plan  Sanitary plan (if the building has two or more floors)	1 day	no charge
14	Receive a technical inspection (water connection feasibility study)  Agency: Empresa Pública de Agua y Saneamiento  Once the application form has been received, the technical inspection determines the feasibility of service. Following the inspection, the water utility provider calculates the water and sewage connection fee.	1 day	no charge
15	Connect to water and sewage services  Agency: Empresa Pública de Agua y Saneamiento  The connection to water and sewage services is finally obtained.	46 days	BOB 4,581

**茸**Takes place simultaneously with previous procedure.

Bolivia

# **Details - Dealing with Construction Permits in Bolivia - Measure of Quality**

	Answer	Score
Building quality control index (0-15)		7.0
Quality of building regulations index (0-2)		1.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid.	0.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by inhouse engineer; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		2.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection does not always occur in practice; Final inspection occurs most of the time.	0.0
Liability and insurance regimes index (0-2)		1.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Professional in charge of the supervision; Construction company.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
Professional certifications index (0-4)		0.0
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	There are no specific requirements.	0.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	There are no specific requirements.	0.0

# Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

# Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

# Price of electricity (cents per kilowatt-hour)\*

 Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

#### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

#### **Getting Electricity - Bolivia**

#### **Standardized Connection**

Name of utility	DELAPAZ
Price of electricity (US cents per kWh)	17.5
City Covered	La Paz

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	7	5.5	4.4	3 (28 Economies)
Time (days)	36	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	638.7	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	6	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Bolivia - Score

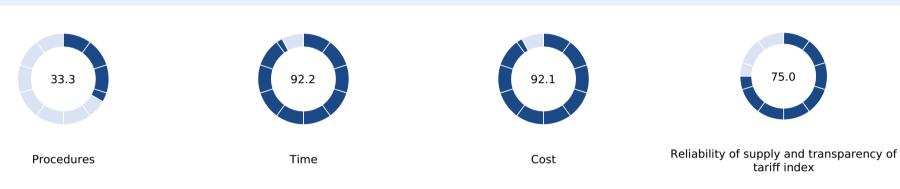
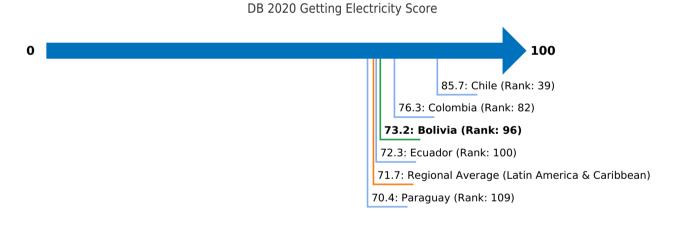
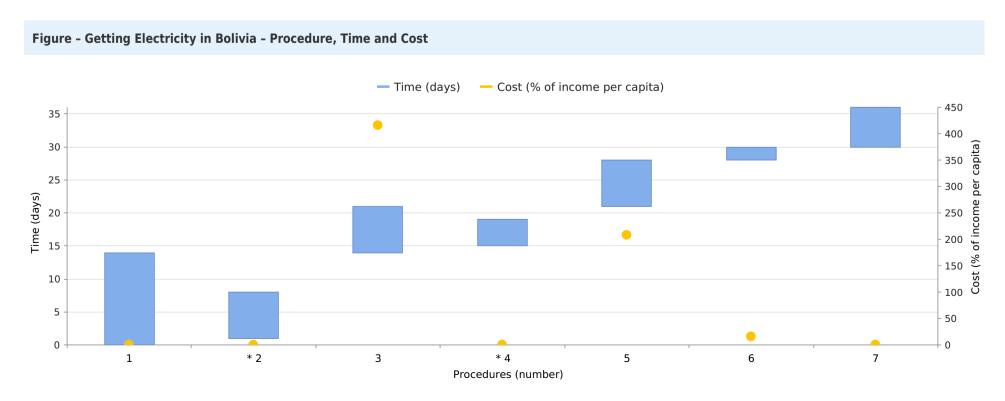


Figure - Getting Electricity in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

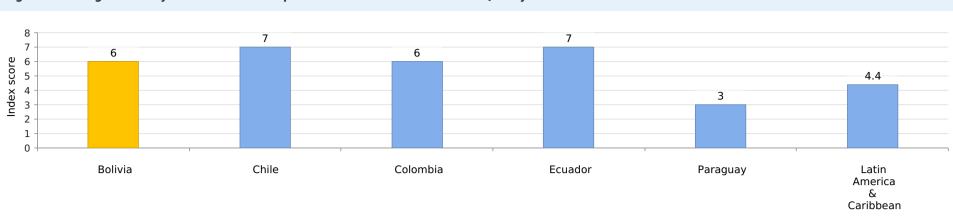


<sup>\*</sup>This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Bolivia and comparator economies - Measure of Quality



# **Details - Getting Electricity in Bolivia - Procedure, Time and Cost**

No.	Procedures	Time to Complete	Associated Costs
1	Inform Delapaz of required load profile and await estimate of connection costs  Agency: Delapaz S.A.  The customer has to inform DELAPAZ of the required electricity demand and provide the contact information of the engineer in charge of the works.	14 calendar days	USD 0
<b>⇒</b> 2	Receive external inspection by Delapaz  Agency: Delapaz S.A.  DELAPAZ inspects the premises to establish the relevant connection point and to prepare a technical report on the material needed for the new connection. It is preferable that a representative of the customer is present at the time of the inspection. DELAPAZ will give technical instructions on the works that need to be carried out in order to ensure that the internal installations comply with the Norma Boliviana NB 777 and the internal service regulations of DELAPAZ. If everything is in order the customer will receive right away the necessary specification for the materials that need to be bought and installed for the external connection.	7 calendar days	USD 0
3	Purchase material for connection  Agency: Local business  The customer purchases the materials needed for the connection works in the local market (in case of electricity connections for residential and apartment buildings, materials would be provided by the utility).	7 calendar days	USD 14,000
<b>⇒</b> 4	Obtain excavation permit for laying underground cable  Agency: Municipality  The customer has to obtain an excavation permit from the Municipality for the opening of the road required to lay the underground cables (permiso excepcional para cierre y uso de via publica).  The permit is free of charge and the list of documents required is:  1. Sketch of the location plans;  2. Building permit;  3. Building plans approved by the Municipality (in some cases).	4 calendar days	BOB 0
5	Carry out civil works for connection and build transformer chamber  Agency: Private contractor  The customer's contractor prepares the transformer chamber. Once the chamber is finalized, the transformer will be transported to the site and tested to ensure it complies with the norms of the utility.  Once the client has concluded the external work, he has to inform DELAPAZ. An employee from the utility will then do an external site inspection and issue documents DRYNS-04 and DRYNS-05 to certify that the works were done in accordance with the standards of DELAPAZ. A representative of the customer should be present during this inspection.	7 calendar days	USD 7,000
6	Submit official service application to Delapaz and await supply contract Agency: Delapaz S.A.  The customer submits the official application in writing, indicating that the preparatory works have been concluded. DELAPAZ will issue an application in the system. The client has to include in the application the future consumption profile, the peak demand (in kW) for the purpose of the billing. He also has to attach an identification document for the person signing the supply contract, a copy of his power of attorney for the company he represents and a copy of his tax registration number ("Numero Tributario de Identificación"). The application will only be accepted if the customer has no pending debts with DELAPAZ. Two payments have to be made: one for the connection and a small security deposit.	2 calendar days	USD 523.36
7	Sign supply contract and await final connection by Delapaz  Agency: Delapaz S.A.  Once the application has been approved (formulario DRYNS-05) DELAPAZ programs the execution of the final connection works and the customer can sign the supply contract. DELAPAZ installs the transformer and the meter and the electricity starts flowing.	6 calendar days	USD 0

 $<sup>\</sup>Rightarrow$ Takes place simultaneously with previous procedure.

# **Details - Getting Electricity in Bolivia - Measure of Quality**

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	1
System average interruption duration index (SAIDI)	8.0
System average interruption frequency index (SAIFI)	8.6
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http:/www.ae.gob.bo/aew ebmobile/main? mid=1&cid=30
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

# Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.



#### Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

#### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A twostory warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

# **Registering Property - Bolivia**

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	7	7.4	4.7	1 (5 Economies)
Time (days)	90	63.7	23.6	1 (2 Economies)
Cost (% of property value)	4.7	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	7.0	12.0	23.2	None in 2018/19

Figure - Registering Property in Bolivia - Score

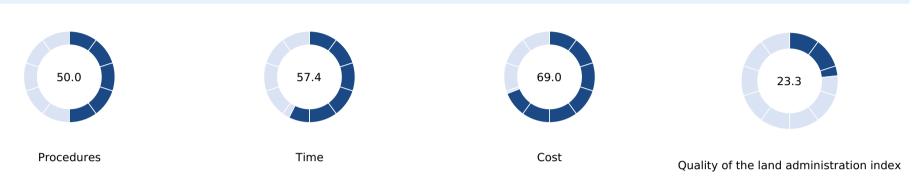
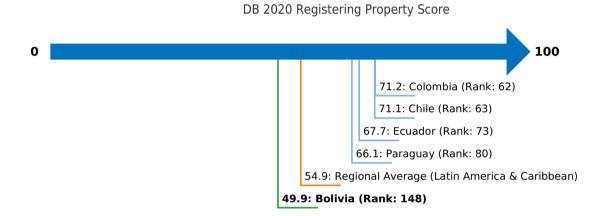
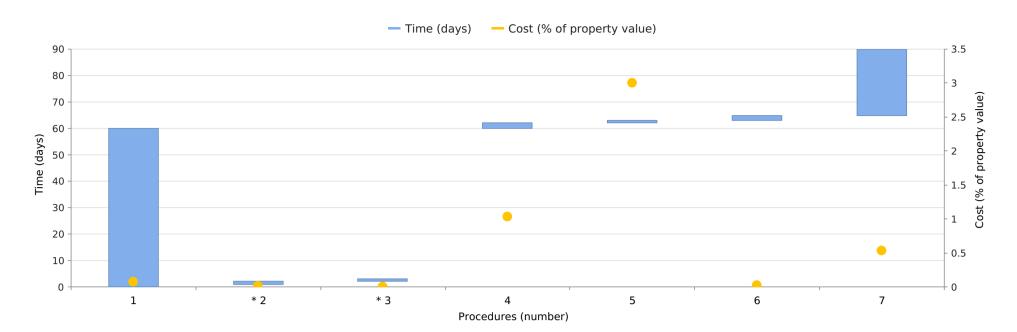


Figure - Registering Property in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

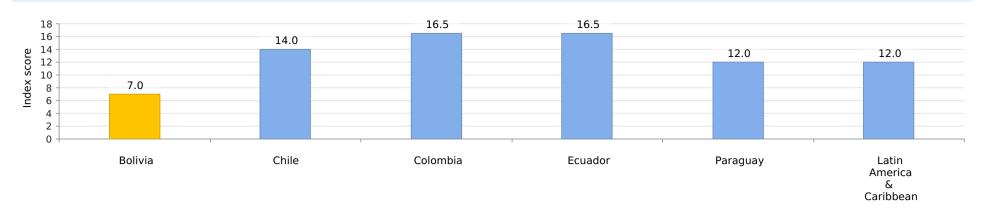
Figure - Registering Property in Bolivia - Procedure, Time and Cost



<sup>\*</sup>This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Bolivia and comparator economies - Measure of Quality



#### Details - Registering Property in Bolivia - Procedure, Time and Cost

	,,,,		
No.	Procedures	Time to Complete	Associated Costs
1	An architect inspects the property and prepares the cadastral plan  Agency: Municipality (Gobierno Autónomo de la Ciudad de la Paz)  An architect must go and verify the property to determine its cadastral value and prepare a cadastral plan. This plan is required to obtain the Cadastral Registry Certificate and the Unified Form in the Municipality.	60 days	BOB 800; (Approx. BOB 800. The Architect's fees vary according to the type of work required. Updating the information of an existing Cadastral Certificate will be less costly than requesting a new Cadastral plan of the property.)
<b>⇒</b> 2	Obtain the ownership and non-encumbrance certificate ("Folio real actualizado") at the Land Registry  Agency: Land Registry (Registro de derechos reales)  The seller must obtain the "folio real actualizado" before starting the transaction formally. The Folio Real is the certificate showing the current legal status of a property. The document is composed of 3 main parts: (i) Ownership over the Domain, with all the owners of the property in the last years, (ii) Non-encumbrances, showing the liens and Restrictions over the property and (iii) Cancellations of loads or mortgages.	1 day	BOB 112; (BOB 112 for the Land Registry certificate (Folio Real))
	In the case that a lawyer is hired to prepare this application and do the follow up of the procedure,		

#### **⇉** 3 The seller must obtain the Cadastral Registry Form at the Municipality including the cadastral value of the property

Agency: Municipality (Gobierno Autónomo de la Ciudad de la Paz)

The procedures with the Land Registry can be followed up online:

The seller picks up the map prepared by the architect at the Municipality, and at the same time obtains the standardized Cadastral Registry Form, including the cadastral value of the property. This form is usually not in possession of the seller, or it is not up to date due to modifications on the property.

The seller should present the following documentation to complete this procedure:

• Public Deed of the purchase of the property

he/she will charge a minimum of BOB 100.

http://magistratura.organojudicial.gob.bo/

- Public Deed of the purchase by the previous owner
- Property Title issued by the Land Registry
- Yearly property taxes for the last 5 years
- The ID of the seller
- Proof of payments of utility services (such as electricity, water, gas, phone if applicable)
- Cadastral map/plan of the property prepared by an architect (obtained in Procedure 1)
- Non-encumbrance certificate

If the Cadastral Registry Form is obtained with the support of an external professional, the cost increase to BOB 140

#### 4 Lawyer prepares the sale agreement ("minuta")

Agency: Lawyer

The seller is responsible for gathering all the documentation, which includes:

- Property title issued by the Land Registry
- Updated Folio Real (obtained in Procedure 2)
- Yearly property taxes proof of payment for the last 5 years
- Public deed of the purchase of the property
- Legal representative power
- Cadastral Registry Form issued by the Municipality (obtained in Procedure 3)

The rates are established by article 40 of the Decree No. 16793 19/07/79 sanctioned by Agreement No. 034/2005 de 2/08/2005 of the Court of Justice of La Paz. Likewise, the recent law N 387 of July 9, 2013, also regulates the attorney's professional fees in chapter IV. However, the parties can agree on a different rate with the notary depending on their financial resources.

1 day

2 days

BOB 46; (BOB 46 if the

Cadastral Registry form is obtained directly by the seller)

BOB 12,268.92; (BOB 300 + 1% of the price of the transaction)

Doing Business 2020		Bolivia		
5	The "minuta" is delivered to the Municipality for payment of transfer taxes and the name of buyer is recorded  Agency: Municipality (Gobierno Autónomo de la Ciudad de la Paz)  The buyer obtains the sales tax certificate and registers its name at the Municipality. The documentation shall include the sale agreement or "minuta." The payment is made at a commercial bank, and the payment receipt will have to be shown to the notary later.		1 day	BOB 35,906.76; (3% transfer tax levied on the cadastral value of the property or purchase price, whichever is higher)
6	Agency: Notary  The "minuta" is executed by a P of the "minuta" or sale agreeme the buyer and the seller.  The documentation shall include • Sales tax certificate (obtained • Certificate that the buyer is reg The fees levied by the Notary are		2 days	BOB 180
7	buyer  Agency: Land Registry (Registry Registry Registratura.organojudici System and time is needed to see less amount of time when all the The documentation needed to loe The notarized "minuta";  Payment receipt of transfer tax Proof of payment last yearly pro	nas been computerized recently al.gob.bo), most of the information on previous titles is not in the arch physically for old titles. This step will require a considerably information is included on the system. dge for registration includes:	25 days	BOB 6,384.46; (BOB 400 + 0.5% on the cadastral value of the property or purchase price, whichever is higher (registration fee))

**<sup>⇒</sup>**Takes place simultaneously with previous procedure.

• Legal representative power

form

# **Details - Registering Property in Bolivia - Measure of Quality**

	Answer	Score
Quality of the land administration index (0-30)		7.0
Reliability of infrastructure index (0-8)		2.0
Type of land registration system in the economy:	Deed Registration System	
What is the institution in charge of immovable property registration?	Real Estate Office (Registro de Derechos Reales)	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy —in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	La Unidad de Catastro, de la Dirección de Administración Territorial y Catastral del Gobierno Autónomo Municipal de La Paz	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
Transparency of information index (0-6)		1.5
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available- and if so, how?	Yes, online	0.5
Link for online access:	http://www.organojudi cial.gob.bo/tdjch/instit ucion/tramitesddrr.as px	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available-and if so, how?	Yes, on public boards	0.5
Link for online access:		
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2018:		
Who is able to consult maps of land plots in the largest business city?	Only intermediaries and interested parties	0.0

Doing Business 2020 Bolivia		
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://www.lapaz.bo/i nfoservicio/certificaci ones-2/	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0-8)		0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Land dispute resolution index (0-8)		3.5
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	La Ley de Inscripción de Derechos Reales de 15 de noviembre de 1887; Reglamento, Modificación y Actualización a la Ley de Inscripción de Derechos Reales D.S. 27957 de 24 de diciembre de 2004.	
Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
Type of guarantee:		
Legal basis:		
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:	Bolivia: Reglamento, modificación y actualización a la Ley de Inscripción de Derechos Reales, DS Nº 27957, 24 de diciembre de 2004. (Law for the registration of Real Estate Rights, 24th december 2004).	
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	No	0.0

Doing Business 2020	Bolivia		
	harge of a case involving a standard land dispute between two local operty worth 50 times gross national income (GNI) per capita and located	Juzgado Público en lo Civil y Comercial.	
How long does it take on average to ol appeal)?	btain a decision from the first-instance court for such a case (without	Between 2 and 3 years	1.0
Are there publicly available statistics o court?	on the number of land disputes at the economy level in the first instance	No	0.0
Number of land disputes in the econor	my in 2018:		
Equal access to property rights index	(-2-0)		0.0
Do unmarried men and unmarried wor	men have equal ownership rights to property?	Yes	
Do married men and married women h	have equal ownership rights to property?	Yes	0.0

# Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

 Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

 Number of individuals and firms listed in largest credit bureau as a percentage of adult population

## Credit registry coverage (% of adults)

 Number of individuals and firms listed in credit registry as a percentage of adult population

#### **Case study assumptions**

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

# **Getting Credit - Bolivia**

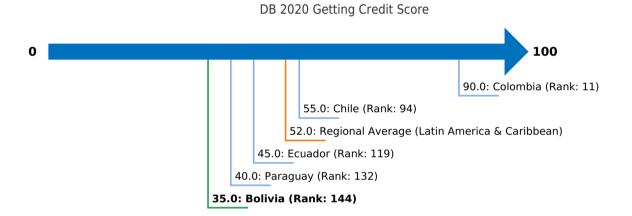
Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	0	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	7	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	26.1	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	55.0	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Bolivia - Score



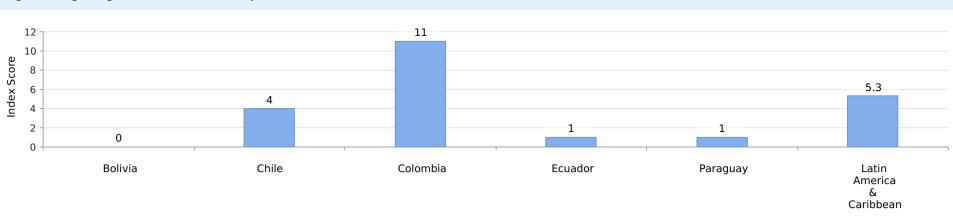
Score - Getting Credit

Figure - Getting Credit in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

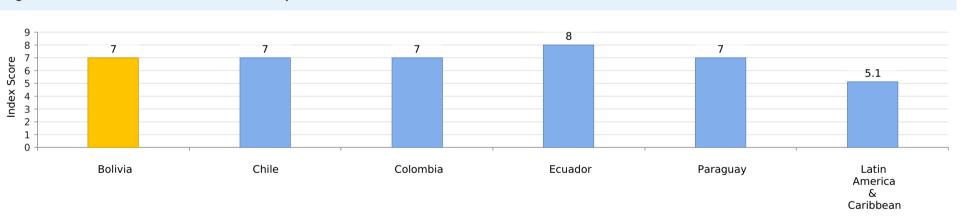
Figure - Legal Rights in Bolivia and comparator economies



# **Details - Legal Rights in Bolivia**

Strength of legal rights index (0-12)		0
Does an integrated or unified legal framework for secured transactions that extends to the creation, to security interests in movable assets exist in the economy?	publicity and enforcement of functional equivalents	No
Does the law allow businesses to grant a non possessory security right in a single category of mova of collateral?	ble assets, without requiring a specific description	No
Does the law allow businesses to grant a non possessory security right in substantially all of its asse collateral?	ets, without requiring a specific description of	No
May a security right extend to future or after-acquired assets, and does it extend automatically to th original assets?	e products, proceeds and replacements of the	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of and can the collateral agreement include a maximum amount for which the assets are encumbered		No
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified electronic database indexed by debtor's name?	d geographically and by asset type, with an	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?		No
Does a modern collateral registry exist in which registrations, amendments, cancellations and search party?	hes can be performed online by any interested third	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults	outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liqu	idated?	No
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-su protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time lin		No
Does the law allow parties to agree on out of court enforcement at the time a security interest is cre the collateral through public auction or private tender, as well as, for the secured creditor to keep the		No





# **Details - Credit Information in Bolivia**

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	Yes	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	3,834,557	1,824,962
Number of firms	28,320	11,858
Total	3,862,877	1,836,820
Percentage of adult population	55.0	26.1

#### Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

- Extent of disclosure index (0-10): Disclosure, review, and approval requirements for related-party transactions
- Extent of director liability index (0-10): Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- Ease of shareholder suits index (0-10): Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- Extent of conflict of interest regulation index (0-30): Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- Extent of shareholder rights index (0-6): Shareholders' rights and role in major corporate decisions
- Extent of ownership and control index (0-7): Governance safeguards protecting shareholders from undue board control and entrenchment
- Extent of corporate transparency index (0-7): Corporate transparency on ownership stakes, compensation, audits and financial prospects
- Extent of shareholder governance index (0-20): Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- Strength of minority investor protection index (0-50): Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

#### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

# **Protecting Minority Investors - Bolivia**

#### Stock exchange information

Stock exchange	Bolsa Boliviana de Valores
Stock exchange URL	http://www.bbv.com.bo
Listed firms with equity securities	53
City Covered	La Paz

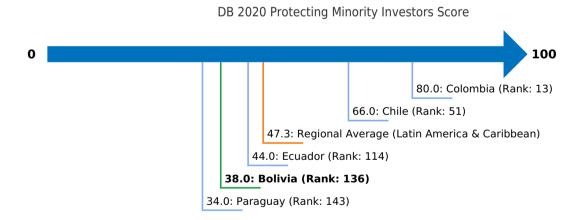
Indicator	Bolivia	Latin America &	OECD high	Best Regulatory Performance
Extent of disclosure index (0.10)	1.0	Caribbean	income	
Extent of disclosure index (0-10)	1.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	5.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	6.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	4.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	1.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	2.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Bolivia - Score



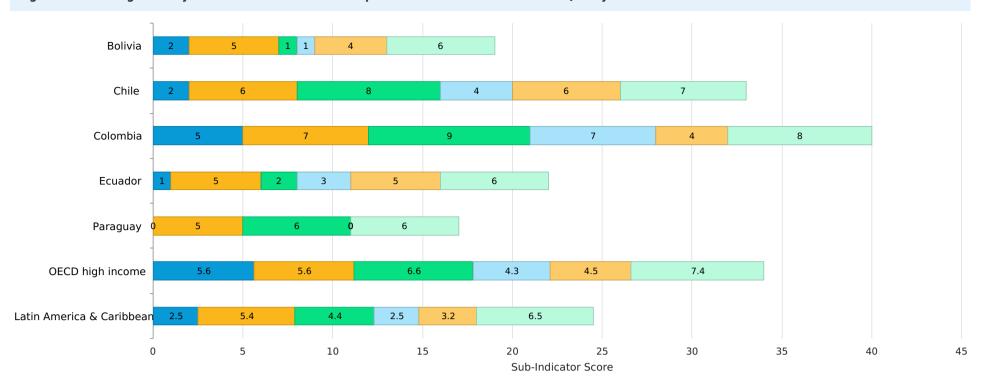
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Bolivia and comparator economies - Measure of Quality



# **Details - Protecting Minority Investors in Bolivia - Measure of Quality**

	Answer	Score
Extent of conflict of interest regulation index (0-30)		
Extent of disclosure index (0-10)		1.0
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	No disclosure obligation	0.0
Must Buyer immediately disclose the transaction to the public? (0-2)	No disclosure obligation	0.0
Extent of director liability index (0-10)		5.0
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		6.0
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	No	0.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-20)		
Extent of shareholder rights index (0-6)		4.0
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	No	0.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Extent of ownership and control index (0-7)		1.0
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0

Doing Business 2020 Bolivia		
Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Extent of corporate transparency index (0-7)		2.0
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

### **[5]** Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). See the methodology for more information.

#### What the indicators measure

# Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### **Postfiling Index**

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

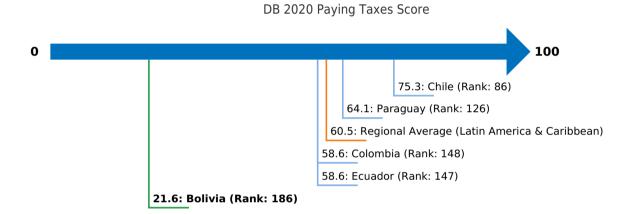
### **Paying Taxes - Bolivia**

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	42	28.2	10.3	3 (2 Economies)
Time (hours per year)	1025	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	83.7	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	50.0	47.5	86.7	None in 2018/19

Figure - Paying Taxes in Bolivia - Score

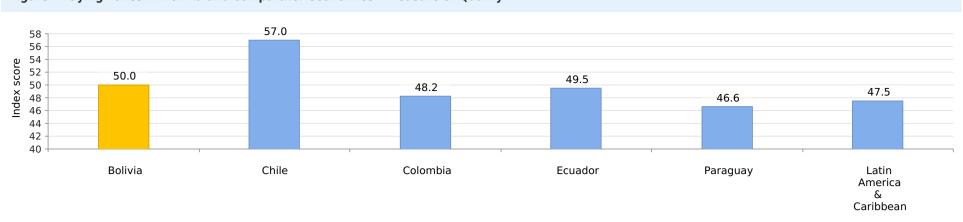


Figure - Paying Taxes in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Bolivia and comparator economies - Measure of Quality



# **Details - Paying Taxes in Bolivia**

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Transactions tax	12.0			3%	sales	60.96	
Employer paid - Social security contributions	12.0		507.0	16.71%	gross salaries	18.85	
Corporate income tax	1.0		110.0	25%	taxable profit	3.20	not included
Property transfer tax	1.0			3%	sale price	1.82	
Property tax	1.0			various rates	property value	1.65	
Municipal license tax	1.0			various rates		0.28	
Vehicle tax	1.0			various rates	vehicle value	0.13	
Tax on bank transactions	1.0			0.3%	bank transactions	0.02	
Value added tax (VAT)	12.0		408.0	13%	value added	0.00	not included
Employee paid - Social security contributions	0.0	jointly		12.71%	gross salaries	0.00	withheld
Totals	42		1025			83.7	

# Details - Paying Taxes in Bolivia - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	0.0
Labor tax and contributions (% of profit)	18.8
Other taxes (% of profit)	64.9

### **Details - Paying Taxes in Bolivia - Measure of Quality**

	Answer	Score
Postfiling index (0-100)		50.0
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0.0
Time to obtain VAT refund (weeks)	No VAT refund per case study scenario	0.0
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	1.5	100
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table. The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

# Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

#### What the indicators measure

### **Documentary compliance**

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### **Border compliance**

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

### **Domestic transport**

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as 22×24=528 hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

**Bolivia** 

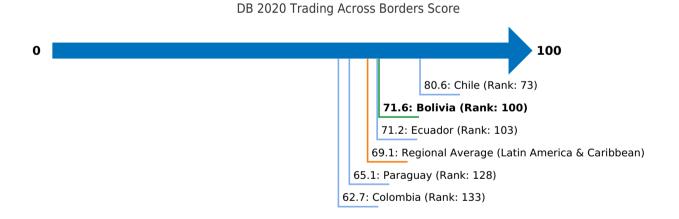
### **Trading across Borders - Bolivia**

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	48	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	65	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	144	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	25	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	114	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	315	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	72	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	30	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Bolivia - Score

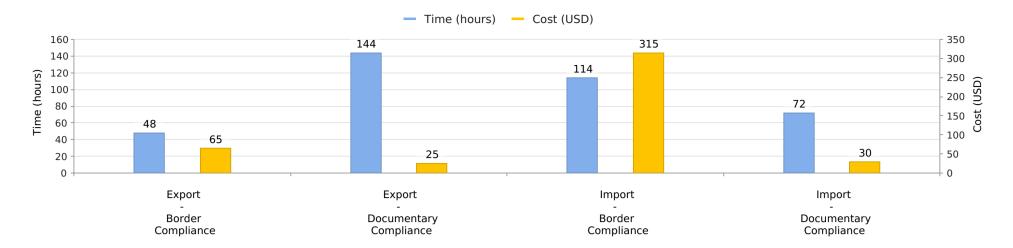


Figure - Trading across Borders in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Bolivia - Time and Cost



# **Details - Trading across Borders in Bolivia**

Characteristics	Export	Import
Product	HS 80 : Tin and articles thereof	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	Japan
Border	Tambo Quemado border crossing	Tambo Quemado border crossing
Distance (km)	280	280
Domestic transport time (hours)	6	6
Domestic transport cost (USD)	750	750

# **Details - Trading across Borders in Bolivia - Components of Border Compliance**

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	24.0	50.0
Export: Clearance and inspections required by agencies other than customs	24.0	0.0
Export: Port or border handling	24.0	15.0
Import: Clearance and inspections required by customs authorities	42.0	200.0
Import: Clearance and inspections required by agencies other than customs	72.0	100.0
Import: Port or border handling	42.0	15.0

# **Details - Trading across Borders in Bolivia - Trade Documents**

Export	Import
Export Permit/Formulario Único de Exportación de Minerales y Metales	Bill of Lading
Customs Export Declaration - DEX	Commercial Invoice
Customs Transit Document	Packing List
Commercial Invoice	Customs Transit Document
Packing List	Customs Import Declaration
Inspection Report (Fuerza Especial de Lucha Contra el Narcotráfico)	DUP
Bill of Lading	Road Transport Document
Collection Order	SOLAS certificate
SOLAS certificate	

# m Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. See the methodology for more information.

#### What the indicators measure

# Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

# Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

#### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

# **Enforcing Contracts - Bolivia**

### **Standardized Case**

Claim value	BOB 45,537
Court name	Juzgados Públicos Civil y Comercial
City Covered	La Paz

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	591	774.2	589.6	120 (Singapore)
Cost (% of claim value)	25.0	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	6.0	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Bolivia - Score



Figure - Enforcing Contracts in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Bolivia - Time and Cost

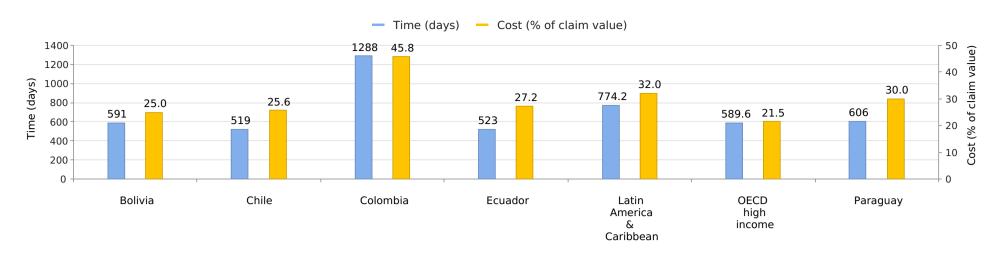
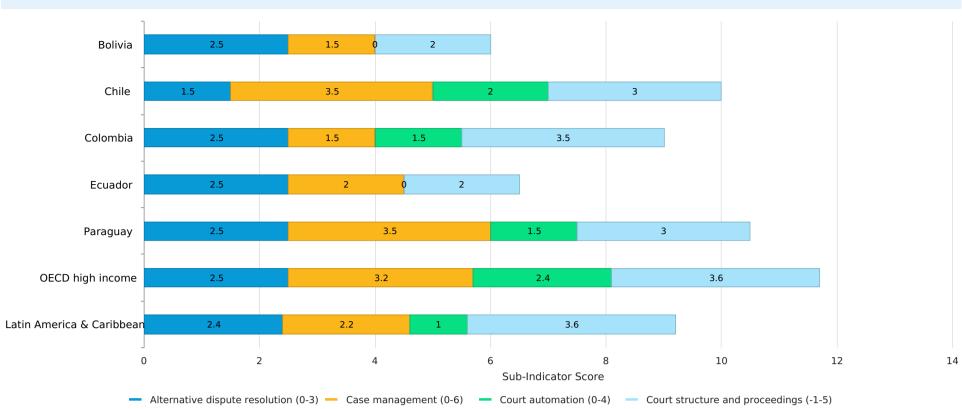


Figure - Enforcing Contracts in Bolivia and comparator economies - Measure of Quality



# **Details - Enforcing Contracts in Bolivia**

	Indicator
Time (days)	591
Filing and service	40
Trial and judgment	401
Enforcement of judgment	150
Cost (% of claim value)	25.0
Attorney fees	10
Court fees	10
Enforcement fees	5
Quality of judicial processes index (0-18)	6.0
Court structure and proceedings (-1-5)	2.0
Case management (0-6)	1.5
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	2.5

# **Details - Enforcing Contracts in Bolivia - Measure of Quality**

	Answer	Score
Quality of judicial processes index (0-18)		6.0
Court structure and proceedings (-1-5)		2.0
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		1.5
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	No	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		0.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
Alternative dispute resolution (0-3)		2.5
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

Doing Business 2020	Bolivia		
2. Mediation/Conciliation			1.0
2.a. Is voluntary mediation	or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, desig		Yes	
	ntives for parties to attempt mediation or conciliation (i.e., if mediation or refund of court filing fees, income tax credits or the like)?	No	



# Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. See the methodology for more information.

#### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

### Outcome

 Whether business continues operating as a going concern or business assets are sold piecemeal

### **Recovery rate for creditors**

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

# Strength of insolvency framework index (0-16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

#### **Case study assumptions**

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

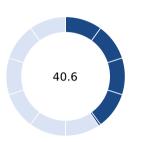
# **Resolving Insolvency - Bolivia**

Indicator	Bolivia	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	40.8	31.2	70.2	92.9 (Norway)
Time (years)	1.8	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0			
Strength of insolvency framework index (0-16)	6.5	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Bolivia - Score

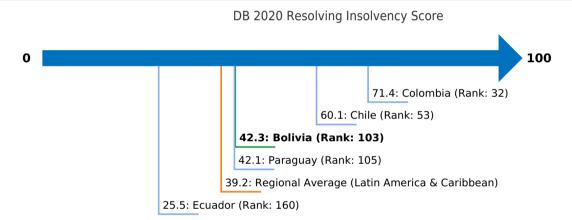






Strength of insolvency framework index

Figure - Resolving Insolvency in Bolivia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Bolivia - Time and Cost

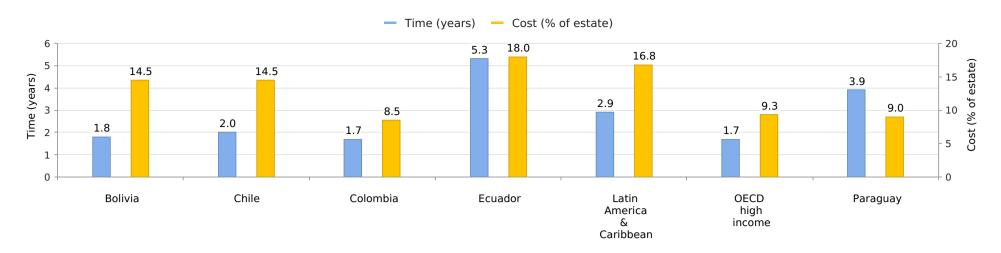
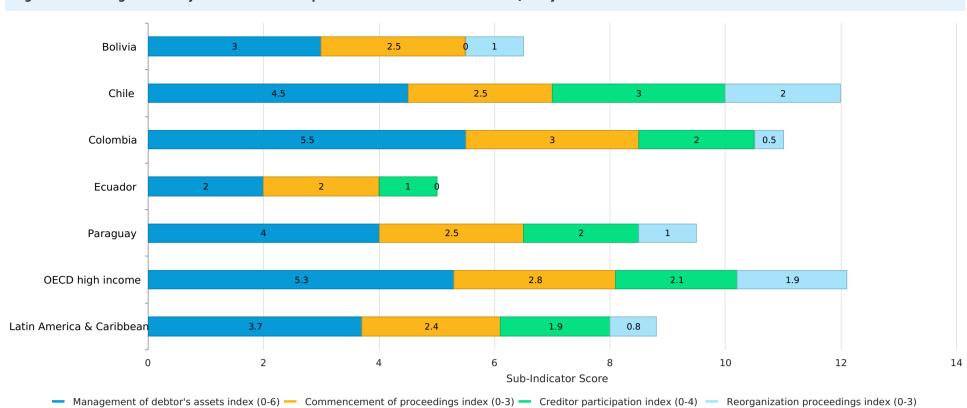
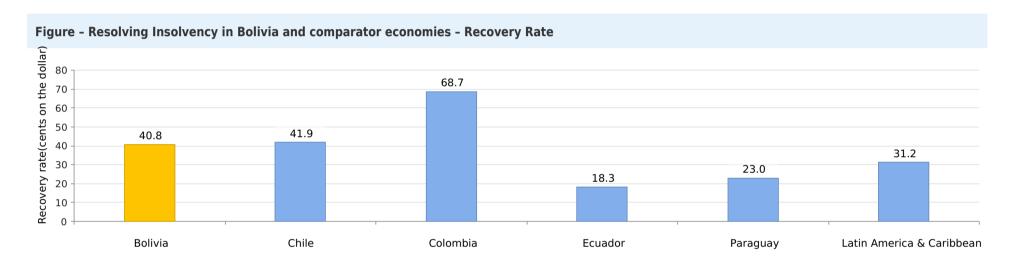


Figure - Resolving Insolvency in Bolivia and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."



# **Details - Resolving Insolvency in Bolivia**

Indicator	Answer	Score
Proceeding	foreclosure	After 10 working days following Mirage's inability to pay its debt, BizBank would enforce its security interest over Mirage's assets by filing for a foreclosure proceeding. BizBank would enforce its security interest through the sale of the assets used as collateral in satisfaction of secured loan (Code of Civil Procedure Art. 514 and 561). This judicial foreclosure proceeding will not be suspended since the implementation of the Companies Restructuring Act No 2495 (which establishes the possibility for a stay in proceedings) is temporarily postponed. Therefore, in situations such as the one describe in the case study, the foreclosure proceeding would continue until the assets used as collateral are sold and the debt is repaid.
Outcome	piecemeal sale	Once the foreclosure proceedings finishes (which would allow BizBank take possession of the property), Mirage will stop operating and its assets will be sold piecemeal.
Time (in years)	1.8	The judicial foreclosure procedure will take approximately 1.8 years in Bolivia from the moment of Mirage's default until the debt is repaid to the secured creditor. The procedure would last 1.25 years until the approval to initiate foreclosure is handed down by the Court. It would take an additional 6 months period until the debt is fully repaid.
Cost (% of estate)	14.5	The costs associated with the case would amount to approximately 14.5% of the value of the debtor's estate. The main component of the cost would be the attorney's fees which would amount to 12% of the value of the estate. The rest would be judicial expenses and notification costs associated with the auction (2.5 %)
Recovery rate (cents on the dollar)		40.8

### Details - Resolving Insolvency in Bolivia - Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		6.5
Commencement of proceedings index (0-3)		2.5
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		3.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		1.0
Which creditors vote on the proposed reorganization plan?	(c) Other	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		0.0
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	No	0.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

# **Employing Workers**

Doing Business presents detailed data for the employing workers indicators on the Doing Business website (http://www.doingbusiness.org). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. See the methodology for more information.

#### What the indicators measure

### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage;(v) ratio of minimum wage to the average value added per worker.

#### **Working hours**

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

### **Redundancy rules**

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

### **Redundancy cost**

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

#### **Case study assumptions**

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

# **Employing Workers - Bolivia**

# **Details - Employing Workers in Bolivia**

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	12.0
Maximum length of fixed-term contracts, including renewals (months)	24.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	298.7
Ratio of minimum wage to value added per worker	0.7
Maximum length of probationary period (months)	3.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	25.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	100.0
Restrictions on night work?	No
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	15.0
Paid annual leave for a worker with 5 years of tenure (working days)	20.0
Paid annual leave for a worker with 10 years of tenure (working days)	30.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	21.7
Redundancy rules	
Dismissal due to redundancy allowed by law?	No
Third-party notification if one worker is dismissed?	n.a.
Third-party approval if one worker is dismissed?	n.a.
Third-party notification if nine workers are dismissed?	n.a.
Third-party approval if nine workers are dismissed?	n.a.
Retraining or reassignment obligation before redundancy?	n.a.
Priority rules for redundancies?	n.a.
Priority rules for reemployment?	n.a.
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	N/A
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	N/A
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	N/A

Doing Business 2020	Bolivia	
Severance pay for redundancy dismis	ssal for a worker with 10 years of tenure (weeks of salary)	N/A
Severance pay for redundancy dismis	N/A	
Unemployment protection after one y	No	

### **Business Reforms in Bolivia**

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are reforms implemented since Doing Business 2008.

 $\checkmark$  = Doing Business reform making it easier to do business. × = Change making it more difficult to do business.

#### DB2019

- **Starting a Business:** Bolivia made starting a business easier by eliminating the requirement for name reservation certificates, allowing online publication of the deeds and reducing publication and registration fees at the Ministry of Labor.
- ✓ **Getting Electricity:** Bolivia made getting electricity faster by simplifying the application process, as the utility now allows clients to present the electrical plans that are signed by certified electrical engineers.

### DB2018

Trading across Borders: Bolivia made exporting and importing easier by implementing the Sistema Único de Modernización Aduanera (SUMA), an automated customs data management system.

#### DB2017

- **✓ Starting a Business:** Bolivia made starting a business easier by decreasing the time needed to register a company.
- > Dealing with Construction Permits: Bolivia made dealing with construction permits lengthier by implementing a new requirement to pay for the land registry certificate at the Judiciary Council.
- ✓ **Enforcing Contracts:** Bolivia made enforcing contracts easier by adopting a new code of civil procedure that introduces pre-trial conferences and by implementing an automated system to assign cases to judges randomly.

### DB2015

Trading across Borders: Bolivia made trading across borders more difficult by increasing customs clearance time.

### DB2012

X Paying Taxes: Bolivia raised social security contribution rates for employers.

### DB2009

Resolving Insolvency: Bolivia made resolving insolvency more difficult by suspending applications for voluntary restructuring—leaving as the only option an unwieldy bankruptcy procedure that typically takes years.

Doing Business 2020 is the 17th in a series
of annual studies investigating the regulations
that enhance business activity and those that
constrain it. It provides quantitative indicators covering
12 areas of the business environment in 190 economies. The
goal of the Doing Business series is to provide objective data for
use by governments in designing sound business regulatory policies
and to encourage research on the important dimensions of the regulatory
environment for firms.

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