Doing Business in the Arab World 2009

COMPARING REGULATION IN 20 ECONOMIES

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A copublication of the World Bank and the International Finance Corporation

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1 2 3 4 08 07 06 05

A publication of the World Bank and the International Finance Corporation.

Copies of *Doing Business 2009, Doing Business 2008, Doing Business 2007: How to Reform, Doing Business in 2006: Creating Jobs, Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org.

Contents

Doing Business 2009 in the Arab World is a report drawing on the data of the global *Doing Business* project and database, as well as the findings of *Doing Business 2009,* the sixth in a series of annual reports published by the World Bank and the International Finance Corporation. *Doing Business* investigates the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 181 economies—from Afghanistan to Zimbabwe—and over time. This report focuses on 20 Arab economies: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, West Bank and Gaza and Yemen.

Regulations affecting 10 stages of the life of a business are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2009* are current as of June 1, 2008. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why. Other areas important to business—such as country's proximity to large markets, quality of infrastructure services (other than services related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by *Doing Business*.

This report was produced with the support of the Arab Monetary Fund.

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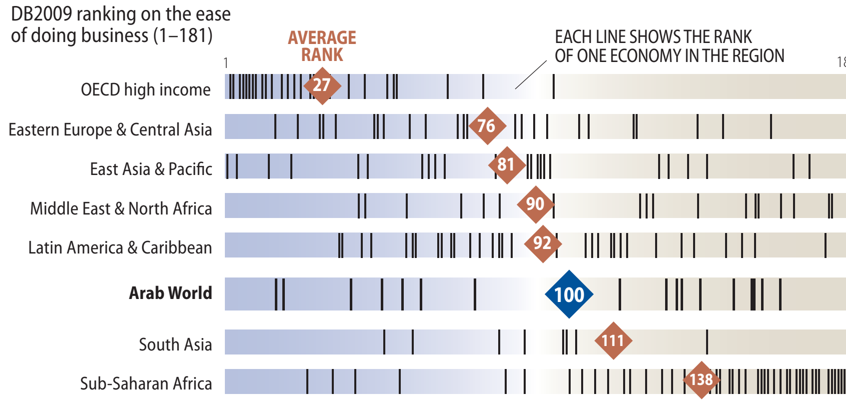
This report is based on *Doing Business 2009*.

Overview

FIGURE 1.1

Where do Arab economies rank on business-friendly regulations?



Source: Doing Business database.

Economies in the Arab world are making it easier for small- to medium-size enterprises to do business.

Since 2004 *Doing Business* has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening up access to credit and enforcing contracts by measuring their impact on 10 indicator sets. Worldwide, nearly 1,000 reforms with an impact on these indicators have been captured.

Many governments have taken action to create a better regulatory environment. Worldwide, 113 economies—including 20 in the Arab World—implemented 239 reforms making it easier to do business between June 2007 and June 2008—the most reforms recorded in a single year since the *Doing Business* project started. In the past year reformers focused on easing business start-up, lightening tax burdens, simplifying import and export regulations and improving credit information systems.

Across regions, the Middle East and North Africa (MENA) continued its upward trend with 27 reforms in two-thirds of the region's economies, moving from the third fastest reforming region last year to the second fastest reforming region this year.

In a region once known for prohibitive entry barriers, 2 Arab countries—Tunisia and Yemen—eliminated the minimum capital requirement for starting a business, while Jordan reduced it by more than 96%.

Yemen also launched a one-stop shop to make it easier to start a business. Syria was the second biggest reformer in business start-up in the region. Syria issued a new company law and commercial code that took registration out of the court, introduced statutory time limits and made using lawyers optional. But along with these reforms, Syria also made starting a business more difficult: a 33% increase in its minimum paid-in capital requirement.

Lebanon and Oman improved the efficiency of their one-stop shops for business start-up. The procedures that used to take 46 days in Lebanon now take 11. Egypt was a top global reformer in 2007/08. Following on the previous reforms, Egypt further reduced registration costs and its minimum paid-in capital requirement. Saudi Arabia continued to simplify commercial registrations and reduced fees by 80%. Computerization of the registry in West Bank and Gaza reduced registration time.

EASING ENTRY—THE MOST POPULAR REFORM

Making it easier to start a business continued to be the most popular *Doing Business* reform globally in 2007/08. Forty-nine economies, of which 10 are in the Arab World, simplified start-ups and reduced costs. These are among the 115 economies—more than half the world's total—that have reformed in this area over the past 5 years. The Arab economies reforming in this area are Egypt, Jordan, Lebanon, Mauritania, Oman, Saudi Arabia, Syria, Tunisia, West Bank and Gaza and Yemen.

The second most popular reforms were in the area of getting credit information. Five Arab countries reformed in this area: Egypt, Morocco, Tunisia, United Arab Emirates, West Dank and gaze. The third most popular were reforms to ease trading across borders. Four Arab countries reformed in this area: Djibouti, Egypt, Morocco and Syria. In all 3 areas, administrative reforms increased efficiency and transparency.

Reforms in other areas can be harder, particularly if they require legal changes or involve difficult political tradeoffs. In the Arab economies, there were no reforms in areas related to enforcing contracts, employing workers and getting credit (legal rights).

WHO IS REFORMING IN 2007/08?

Doing business is becoming easier in most parts of the Arab World. This year, 13 Arab economies introduced 31 reforms—29 of which made it easier to do business while 2 made it harder:

Djibouti improved its port administration and eliminated some document requirements for exporting and importing, reducing the time to import from 18 to 16 days, the documents to export from 8 to 5 and the documents to import from 6 to 5.

Egypt made starting a business easier by cutting the paid-in minimum capital requirement by 80%, abolishing bar association fees and automating tax registration. Egypt passed a new building code with the aim of establishing a single window for processing construction related approvals and reducing procedures and time to deal with construction permits. Egypt also simplified procedures for registering a property and introduced time limits for various procedures, reducing the time to transfer a property in Cairo from 193 to 72 days. The port of Alexandria continued to upgrade its facilities and speed up customs clearance, while banks delivered letters of credit faster this year, leading to a reduction of 1 day for export and 3 days for import. The Capital Market Authority increased protection for minority investors by introducing new listing rules for the Cairo and Alexandria Stock Exchange, which require an independent body to assess transactions between interested parties before they are approved. Borrowers have the right to inspect the data stored in the private credit bureau, thanks to new regulations from the Central bank of Egypt.

Jordan reduced the paid-in minimum capital requirement for starting a business by more than 96%.

Lebanon streamlined the business registration processes, reducing the time to start a business from 46 to 11 days and eliminated one procedure.

Mauritania simplified registration process requirements, saving time and costs while reducing the number of required procedures. In addition, Mauritania introduced its first building code. This simplifies the requirements for small construction projects and lays the groundwork for a one-stop shop.

Morocco guaranteed the right of borrowers to inspect data concerning their creditworthiness, helping to improve the quality and accuracy of the data utilized by financial institutions in assessing the risk profile of their clients. Also, effective 2008, the corporate income tax rate was reduced from 35% to 30%. Morocco abolished its container ID card procedure thereby speeding up the import and export process.

Oman's one-stop shop at the Ministry of Commerce and Industry became fully operational, cutting 3 procedures and 79 days to start a business in Oman.

TABLE 1.1

	Reforms in 2007/08									
Economy	Starting a business	Dealing with construction permits	Employing workers	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
Algeria										
Bahrain										
Comoros										
Djibouti								✔		
Egypt	✔	✔		✔	✔	✔		✔		
Iraq										
Jordan	✔									
Kuwait										
Lebanon	✔									
Mauritania	✔	✔								
Morocco					✔		✔	✔		
Oman	✔									
Qatar										
Saudi Arabia	✔			✔		✔				✔
Sudan										
Syria	✔							✔		
Tunisia	✔				✔	✔	✔	✗		
United Arab Emirates					✔					
West Bank and Gaza	✔	✗			✔					
Yemen	✔									

✔ Reforms making it easier to do business ✗ Reforms making it more difficult to do business

TABLE 1.2

Rankings on the ease of doing business

AW RANK	2009 RANK	ECONOMY
	1	Singapore
	2	New Zealand
	3	United States
	4	Hong Kong, China
	5	Denmark
	6	United Kingdom
	7	Ireland
	8	Canada
	9	Australia
	10	Norway
	11	Iceland
	12	Japan
	13	Thailand
	14	Finland
	15	Georgia
1	16	Saudi Arabia
	17	Sweden
2	18	Bahrain*
	19	Belgium
	20	Malaysia
	21	Switzerland
	22	Estonia
	23	Korea
	24	Mauritius
	25	Germany
	26	Netherlands
	27	Austria
	28	Lithuania
	29	Latvia
	30	Israel
	31	France
	32	South Africa
	33	Azerbaijan
	34	St. Lucia
	35	Puerto Rico
	36	Slovakia
3	37	Qatar*
	38	Botswana
	39	Fiji
	40	Chile
	41	Hungary
	42	Antigua and Barbuda
	43	Tonga
	44	Armenia
	45	Bulgaria
4	46	United Arab Emirates
	47	Romania
	48	Portugal
	49	Spain
	50	Luxembourg
	51	Namibia
5	52	Kuwait
	53	Colombia
	54	Slovenia
	55	Bahamas, The
	56	Mexico
6	57	Oman
	58	Mongolia
	59	Turkey
	60	Vanuatu
	61	Taiwan, China
	62	Peru
	63	Jamaica
	64	Samoa
	65	Italy
	66	St. Vincent and the Grenadines
	67	St. Kitts and Nevis
	68	Kyrgyz Republic
	69	Maldives
	70	Kazakhstan
	71	Macedonia, former Yugoslav Republic of
	72	El Salvador
7	73	Tunisia
	74	Dominica
	75	Czech Republic
	76	Poland
	77	Pakistan
	78	Belize
	79	Kiribati
	80	Trinidad and Tobago
	81	Panama
	82	Kenya
	83	China
	84	Grenada
	85	Belarus
	86	Albania
	87	Ghana
	88	Brunei
	89	Solomon Islands
	90	Montenegro
	91	Palau
	92	Vietnam
	93	Marshall Islands
	94	Serbia
	95	Papua New Guinea
	96	Greece
	97	Dominican Republic
8	98	Yemen
9	99	Lebanon
	100	Zambia
10	101	Jordan
	102	Sri Lanka
	103	Moldova
	104	Seychelles
	105	Guyana
	106	Croatia
	107	Nicaragua
	108	Swaziland
	109	Uruguay
	110	Bangladesh
	111	Uganda
	112	Guatemala
	113	Argentina
11	114	Egypt
	115	Paraguay
	116	Ethiopia
	117	Costa Rica
	118	Nigeria
	119	Bosnia and Herzegovina
	120	Russian Federation
	121	Nepal
	122	India
	123	Lesotho
	124	Bhutan
	125	Brazil
	126	Micronesia
	127	Tanzania
12	128	Morocco
	129	Indonesia
	130	Gambia, The
13	131	West Bank and Gaza
14	132	Algeria
	133	Honduras
	134	Malawi
	135	Cambodia
	136	Ecuador
15	137	Syria
	138	Uzbekistan
	139	Rwanda
	140	Philippines
	141	Mozambique
	142	Iran
	143	Cape Verde
	144	Madagascar
	145	Ukraine
	146	Suriname
16	147	Sudan
	148	Burkina Faso
	149	Senegal
	150	Bolivia
	151	Gabon
17	152	Iraq
18	153	Djibouti
	154	Haiti
19	155	Comoros
	156	Sierra Leone
	157	Liberia
	158	Zimbabwe
	159	Tajikistan
20	160	Mauritania
	161	Côte d'Ivoire
	162	Afghanistan
	163	Togo
	164	Cameroon
	165	Lao PDR
	166	Mali
	167	Equatorial Guinea
	168	Angola
	169	Benin
	170	Timor-Leste
	171	Guinea
	172	Niger
	173	Eritrea
	174	Venezuela
	175	Chad
	176	São Tomé and Principe
	177	Burundi
	178	Congo, Rep.
	179	Guinea-Bissau
	180	Central African Republic
	181	Congo, Dem. Rep.

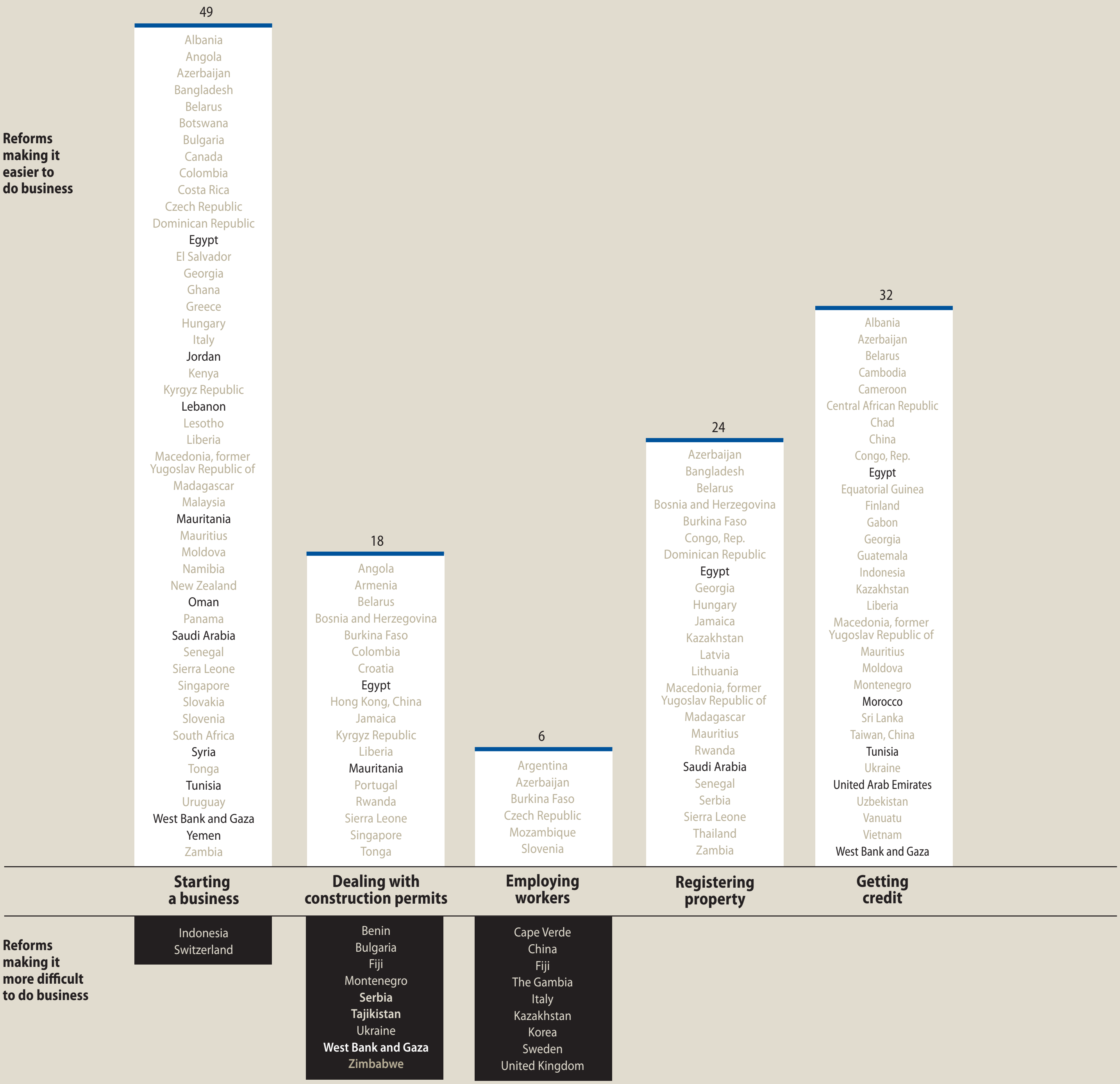
* Bahrain and Qatar were first included in the *Doing Business* database in 2008.

Note: The rankings for all economies are benchmarked to June 2008. Rankings on the ease of doing business are the average of the economy's rankings on the 10 topics covered in *Doing Business 2009*.

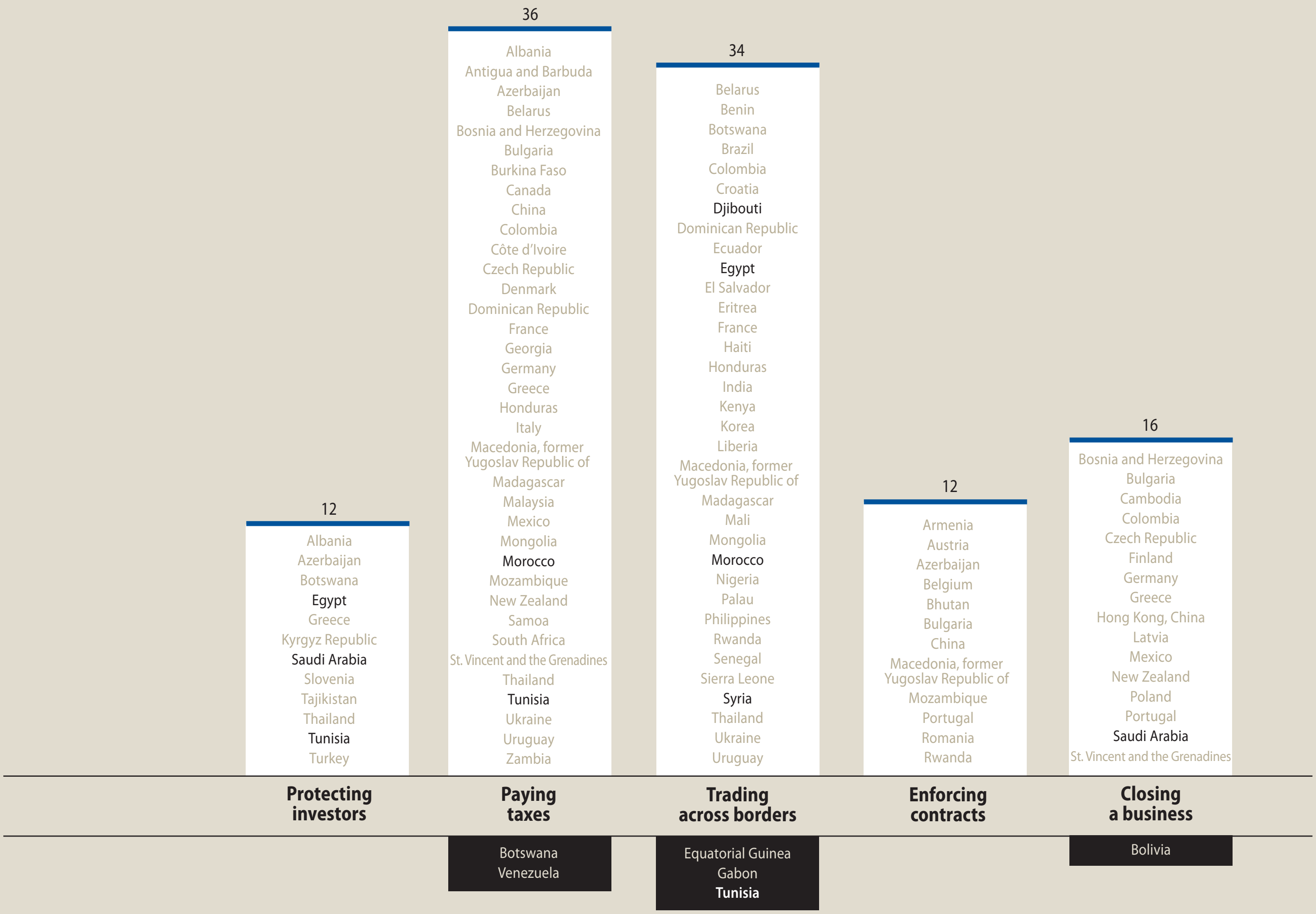
Source: Doing Business database.

FIGURE 1.4

239 reforms in 2007/08 made it easier to do business—26 made it more difficult



Source: Doing Business database.


12
Albania
Azerbaijan
Botswana
Egypt
Greece
Kyrgyz Republic
Saudi Arabia
Slovenia
Tajikistan
Thailand
Tunisia
Turkey
Protecting investors
36
Albania
Antigua and Barbuda
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Burkina Faso
Canada
China
Colombia
Côte d'Ivoire
Czech Republic
Denmark
Dominican Republic
France
Georgia
Germany
Greece
Honduras
Italy
Macedonia, former Yugoslav Republic of
Madagascar
Malaysia
Mexico
Mongolia
Morocco
Mozambique
New Zealand
Samoa
South Africa
St. Vincent and the Grenadines
Thailand
Tunisia
Ukraine
Uruguay
Zambia
Paying taxes
Botswana
Venezuela
34
Belarus
Benin
Botswana
Brazil
Colombia
Croatia
Djibouti
Dominican Republic
Ecuador
Egypt
El Salvador
Eritrea
France
Haiti
Honduras
India
Kenya
Korea
Liberia
Macedonia, former Yugoslav Republic of
Madagascar
Mali
Mongolia
Morocco
Nigeria
Palau
Philippines
Rwanda
Senegal
Sierra Leone
Syria
Thailand
Ukraine
Uruguay
Trading across borders
Equatorial Guinea
Gabon
Tunisia
12
Armenia
Austria
Azerbaijan
Belgium
Bhutan
Bulgaria
China
Macedonia, former Yugoslav Republic of
Mozambique
Portugal
Romania
Rwanda
Enforcing contracts
16
Bosnia and Herzegovina
Bulgaria
Cambodia
Colombia
Czech Republic
Finland
Germany
Greece
Hong Kong, China
Latvia
Mexico
New Zealand
Poland
Portugal
Saudi Arabia
St. Vincent and the Grenadines
Closing a business
Bolivia

Saudi Arabia reduced commercial registration fees and cut procedures for starting a business, reducing the start-up time by 2 days. It also provided new provisions to increase the protection of minority shareholders by prohibiting interested parties from voting on the approval of related-party transactions, while increasing sanctions against directors for misconduct. For registering property, Saudi Arabia adopted a comprehensive electronic system of registering title deeds. As a result, parties can transfer a property with 1 procedure in 1 day.

Syria introduced a new commercial code that simplified business start-up by abolishing the court and lawyers' involvement in the registration process. At the same time, reforms in the tax directorate further simplified tax registrations for new business. The entry of private banks into the Syrian market sped up the issuing of Letters of Credit. This led to a reduction of 2 days in document preparation time for both exports and imports.

Tunisia was a runner-up reformer in the MENA region this year—after Egypt and Saudi Arabia. Tunisia introduced the Law on Economic Initiative in December 2007 which abolished the paid-in minimum capital requirement for limited liability companies. The law also allows minority investors to ask a judge to rescind prejudicial related-party transactions. The Central Bank of Tunisia now collects and distributes more detailed information from banks, including positive information (like loan amounts) and negative information (like arrears and defaults). Also, individuals and firms can now consult their credit data in all Central Bank offices. In addition, the Ministry of Finance enabled the online declaration of taxes accompanied by physical payments at the tax bureaus. Tunisia required freight arriving at the port to be accompanied by a unit of the customs authority and thereby increased the time to import by 1 day.

The United Arab Emirate's credit bureau, Emcredit, started collecting information on the repayment pattern of individual borrowers as well as firms in February 2007. This has helpedsupervise banks and borrowers' debt levels while fostering a culture of sharing credit information.

The West Bank and Gaza's information management system at its commercial registry became fully operational, reducing the time to start a business by 31 days. Also, the online system implemented by the Central Bank now allows a systematic upload of information on all loans extended by the financial institutions in the member countries, which increases the credit information coverage of borrowers. Rising prices for construction materials and price indexation increased the cost of dealing with building permits substantially.

Yemen launched a new one-stop shop making it possible to complete business start-up at a single location and made it easier to obtain a license from the municipality and to register with the chamber of commerce and tax office. It also abolished the seal and paid-in minimum capital requirements, reducing substantially the number of procedures and time to register a business.

FIVE YEARS OF BUSINESS REFORMS

This year, *Doing Business* also analyzed reform trends over the past 5 years. The analysis concludes that sustained government commitment is the most important predictor of regulatory reform. For many economies, the reforms captured in *Doing Business* reflect a broader, sustained commitment to improving their global competitiveness. Among the systematic reformers, Egypt and Saudi Arabia stand out. Both countries have reformed in 5 or more of the areas covered by *Doing Business;* Egypt implemented 22 reforms over the past 5 years.

Reform was motivated by various reasons. Several economies were motivated by growing competitive pressure related to joining common markets or trade agreements, while some others saw a need to facilitate local entrepreneurship (Egypt) or diversify their economy (Saudi Arabia). Many reformers started by learning from others. Egypt looked to India for information technology solutions and Saudi Arabia looked to France for modifying its commercial code. The most active reformers did not shy away from undertaking broad reform programs. Egypt has implemented one-stop shops for import and export and business start-up. At the same time, it introduced sweeping tax reforms, improved its credit information systems and modified the listing rules of the Cairo Stock Exchange.

Over the past 5 years, the most popular area of reform in the Arab World has been in business start-ups, with 10 reforming economies. Getting credit (information) was the second most popular area of reform, followed by improvement in trade across borders. Some reforms took place in the following areas: Protecting investors, dealing with licenses, registry property, paying taxes and closing a business. There was only one reform noted in employing workers and no reforms in getting credit (legal rights) or in enforcing contracts.

ARAB ECONOMIES WHO REFORMED CONSISTENTLY IN THE PAST 5 YEARS

Egypt reformed 4 years in a row. It reformed in 6 areas: starting a business, registering property, dealing with licenses, getting credit information, trading across borders, paying taxes and protecting investors.

Saudi Arabia reformed 4 years in a row. It reformed in 6 areas: starting a business, registering property, getting credit, trading across borders, protecting investors and closing a business.

Tunisia reformed 4 years in a row. It reformed in 6 areas: starting a business, registering property, getting credit, protecting investors, paying taxes and trading across borders.

Morocco reformed 3 years in row. It reformed in 6 areas: starting a business, paying taxes, registering property, dealing with licenses, getting credit and trading across borders.

Syria reformed 3 years in a row. It reformed in 3 areas: starting a business, trading across borders and paying taxes.

Mauritania reformed 3 years in a row. It reformed in 4 areas: starting a business, registering property, enforcing contracts and dealing with licenses.

West Bank and Gaza reformed 2 years in a row. It reformed 3 areas: starting a business, getting credit and paying taxes.

Algeria reformed 2 years in a row. It reformed in 3 areas: trading across borders, paying taxes and getting credit.

Jordan reformed 3 years in a row. It reformed in 2 areas: starting a business and trading across borders.

Kuwait reformed 2 years in a row. It reformed in 3 areas: registering property, dealing with licenses and getting credit.

Djibouti reformed 3 years in a row. It reformed in 3 areas: employing workers (making it more difficult), registering property and trading across borders.

Yemen reformed twice in 2 areas: starting a business and paying taxes and **United Arab Emirates** reformed twice in 2 areas: trading across borders and getting credit. **Lebanon** and **Sudan** each reformed once. **Comoros** did not reform.

REGULATORY REFORMS: WHAT ARE THE BENEFITS?

Of Egypt's estimated 25 million urban properties, only 7% were formally registered in 2005. Six months after reforming its property registry, title registrations increased and related revenue rose by 39%. In Oman, following its one-stop shop implementation, the number of commercial registrations increased by approximately 93% in 1 year, from 733 to 1,306 per month. In Saudi Arabia, an 81% increase in new company registrations followed its reduction in minimum capital requirements.

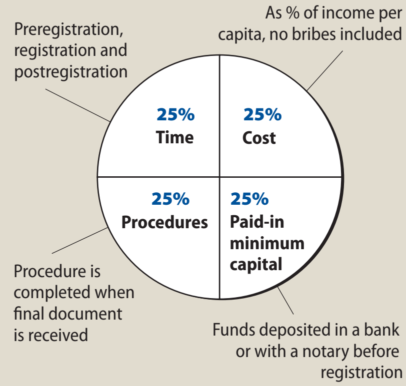
Initial results like these show that reforms lead to change on the ground. Further confirming this are the findings of an increasing number of studies using the *Doing Business* data to analyze the effect of regulatory burdens on such outcomes as informality, job creation, productivity, economic growth and poverty reduction. Research generally finds that countries with burdensome regulation have larger informal sectors, higher unemployment rates and slower economic growth. Recent research also gives some insights into the impact of reforms around the globe. One study reports some of the payoffs of reforms in Mexico where the number of registered businesses rose by nearly 6%, employment increased by 2.6% and prices fell by 1%, thanks to competition from new entrants. Another study finds that increasing the flexibility of labor regulations in India reduced job informality in the retail sector by a third.

Doing Business topics

Starting a business

FIGURE 2.1

Rankings on starting a business are based on 4 subindicators



Entrepreneurs with an idea for a new business must first face the hurdles of setting it up—procedures and cost required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all entities involved in the process function without corruption.

To make the data comparable across economies, detailed assumptions about the business are used. Among these are: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up capital of 10 times income per capita, a turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing economies. Each procedure is a potential opportunity for bribery. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

TABLE 2.1

Where is it easy to start a business—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	Most difficult (AW RANK 16–20)	GLOBAL RANK
Saudi Arabia	28	Mauritania	143
Tunisia	37	Comoros	160
Egypt	41	West Bank and Gaza	166
Bahrain	49	Djibouti	173
Yemen	50	Iraq	175

Note: Rankings are the average of the economy rankings on the procedures, time, cost and paid-in minimum capital for starting a business.
Source: Doing Business database.

TABLE 2.2

Who regulates business start-up the least—and who the most?

***Procedures** (number)*

Fewest		Most	
Lebanon	5	Djibouti	11
Egypt	6	Iraq	11
Morocco	6	West Bank and Gaza	11
Qatar	6	Kuwait	13
Bahrain	7	Algeria	14

***Time** (days)*

Fastest		Slowest	
Qatar	6	Kuwait	35
Egypt	7	Djibouti	37
Bahrain	9	Sudan	39
Lebanon	11	West Bank and Gaza	49
Tunisia	11	Iraq	77

***Cost** (% of income per capita)*

Least		Most	
Bahrain	0.6	Lebanon	87.5
Kuwait	1.3	Yemen	93.0
Oman	3.6	Iraq	150.7
Tunisia	7.9	Comoros	188.6
Qatar	9.1	Djibouti	200.2

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

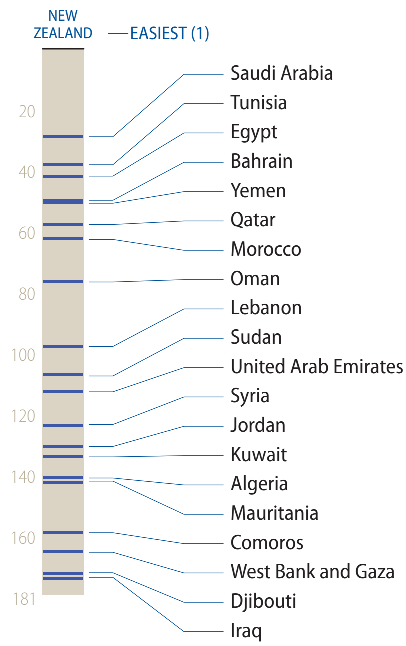
Least		Most	
Saudi Arabia	0.0	United Arab Emirates	311.9
Sudan	0.0	Mauritania	422.6
Tunisia	0.0	Oman	461.2
Yemen	0.0	Djibouti	514.0
Egypt	2.0	Syria	4,353.8

Source: Doing Business database.

FIGURE 2.2

Arab economies rankings on the ease of starting a business

Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN 2007/08?

Starting a business was the most popular area for reform in the Arab world this year. In a region once known for prohibitive entry barriers, 2 countries—Tunisia and Yemen—eliminated the minimum paid-in capital requirement for starting a business, while Jordan reduced it substantially. Yemen's move is one of the boldest reforms this year as its minimum capital requirement was among the highest in the world. Details of reforms in the region include:

Egypt made starting a business easier by reducing the paid-in minimum capital by 80%, abolishing bar association fees and automating the tax registration process.

Jordan reduced the minimum paid-in minimum capital for starting a business by more than 96%.

Lebanon streamlined the business registration processes, reducing the time to start a business from 46 to 11 days and eliminating 1 procedure.

Mauritania simplified registration process requirements, saving time and costs while reducing the number of required procedures.

Oman's one-stop shop at the Ministry of Commerce and Industry became fully operational, cutting 3 procedures and 79 days to start a business in Oman.

Saudi Arabia cut procedures for business start-up and reduced commercial registration fees, reducing the time to start a business by 2 days.

Syria introduced a new commercial code that simplified business start-up by abolishing the court and lawyers' involvement in the registration process, while reforms at the tax directorate further simplified tax registration for new business.

Tunisia introduced the Law on Economic Initiative in December 2007 which abolished the paid-in minimum capital requirement for limited liability companies.

The West Bank and Gaza's information management system at its commercial registry became fully operational, reducing the time to start a business by 31 days.

Yemen launched a new one-stop shop making it possible to complete business start-up at a single location and made it easier to obtain a license from the municipality and to register with the chamber of commerce and tax office. It also abolished the seal and paid-in minimum capital requirements reducing substantially the number of procedures and time to register a business.

WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

Most reforms in 2007/08 were a continuation of previous reforms as follows:

Egypt

In 2006, Egypt introduced computerized models for company contracts and implemented a single access point and approvals within 24 hours. It reorganized its business authority by:

- Moving its Companies Department, General Authority for Investment and Free Zones (GAFI) and bureaus representing various governmental bodies into the same building
- Delegating company registration to GAFI
- Introducing the electronic registration of documents whereby all formalities are reviewed and completed online
- Facilitating the filing of applications with the chamber of commerce and the submission of contracts for certification with the lawyers syndicate and notary
- Automating the publication of registration documents and then mailing them to the applicant with all fees due at one time.

As a result of these changes, time and costs were reduced substantially.

In 2007, Egypt continued its reforms and further simplified the publication requirement by making it sufficient to publish an extract of company's constitution in GAFI's Company Gazette, instead of in the official gazette. As a result, costs were further reduced.

In 2008, Egypt reduced the minimum capital requirement for limited liability companies from 50,000 to 1,000 Egyptian pounds. In addition, it further simplified registration by making it possible for entrepreneurs, once registered, to file all documentation at a one-stop shop—including tax registration (for both income and sales taxes) and chamber of commerce registration. The entrepreneur pays all fees at the bank counter, notarizes the contract at the notary counter and returns the following day to pick up the final registration documents. In addition, the publication can be done immediately at the registry for a much lower fee.

Jordan

In 2004 Jordan started reforming in this area. In 2007, Jordan started operating its one-stop shop. Entrepreneurs can complete the following formalities in one building (albeit at different counters):

- Company registration
- Tax registration (including obtaining a tax number for VAT and income tax)
- Chamber of commerce and/or chamber of industry registration
- Municipality of Amman.

Note that the municipality's counter only allows the renewal of licenses. The initial license still has to be obtained at the municipality itself. In early July 2008, Jordan continued reforming by amending its Companies Law and reducing the minimum capital by more than 96%, from 30,000 to 1,000 Jordanian dinars.

Lebanon

In 2008, Lebanon continued to streamline its business registration process—a process that started back in March 2006. As a result, visits to government offices are no longer needed. Instead, one or two trips to any branch of its postal service (LibanPost) is all that's required. Once the documents are submitted along with the required fees to LibanPost, the resulting required documents are received by mail within 5 to 7 business days.

Mauritania

In 2007, Mauritania reduced the registration tax for new companies from 0.5% to 0.25% start-up capital. In May 2008, Mauritania passed a new decree that only exporting companies can apply for the incentives provided in its investment code.

Morocco

In 2004 Morocco started reforming in this area. In 2006, Morocco cut the minimum paid-in capital requirement by 90%.

Oman

The first phase of Oman's one-stop shop went live in May 2006 with 39 electronic services for business registrations. The on-line one-stop shop became more fully operational towards the end of 2007. It automated business procedures, including commercial registrations and applications for industrial and mineral licenses. It also used technology (e-mail and short message service) to upgrade the communication channels available to entrepreneurs and investors. This one-stop shop currently coordinates six ministries, nine regional offices and is accessible by more than 100 individual users from Oman's Ministry of Commerce and Industry. Soon the ministry plans to launch an Internet version of the system for investors to access anywhere.

Saudi Arabia

In 2006, Saudi Arabia simplified processes at its Ministry of Commerce. As part of this reform, the Saudi Arabian General Investment Agency (SAGIA) finalized agreements with 17 government agencies to remove impediments and introduce incentives for businesses. SAGIA also launched its "10/10" project which aims to make Saudi Arabia one of the top 10 countries in the world by 2010, as ranked in *Doing Business*.

In 2007, Saudi Arabia eliminated the paid-in minimum capital requirement that used to be 1057% income per capita (and one of the highest in the region). In addition, it simplified business start-up procedures; procedures at its Ministry of Commerce were sped up and registration with the Chamber of commerce was automated.

In 2008, Saudi Arabia continued to streamline business registrations. It eliminated the requirement to publish the summary Articles of Association in the local newspaper and reduced the commercial registration fees with its Ministry of Commerce by 80%. It also moved its registration procedures online.

Syria

Syria's business start-up reforms have not followed a straight path. In 2006, Syria reduced its stamp duty from 1.5% to 0.5% of capital. In 2007, it made business registrations more expensive by requiring Limited Liability Companies (LLCs) to publish their memorandum of association in the official gazette. In 2008, it passed a new law and commercial code, opening the door to electronic processing. Syria also tried to harmonize its laws with laws around the world. Furthermore, Syria's 2008 reforms included detailed explanations of legal forms while abolishing of the concept of a "closed company" in order to encourage formation of LLCs.

As a result, the following aspects of business registration were also reformed:

- Court involvement in the registration process was abolished
- Decisions regarding companies' memorandum of association were given a statutory time limit of 2 weeks
- Lawyers' involvement in the drafting of the memorandum of association was abolished and replaced with a standard version
- Publication of the entire memorandum of association was no longer necessary; companies could simply publish a copy of their registration certificate.

At the same time, a new directorate of taxes with reduced tax registration processing times helped further improve Syria's business environment.

Tunisia

In 2005, Tunisia reduced the minimum capital for a limited liability company by 90%, from 10,000 to 1,000 Tunisian dinars. In order to encourage entrepreneurs with limited funds to incorporate and create jobs. In 2008, it eliminated the minimum capital requirement altogether.

West Bank and Gaza

It takes less time to register a company in the West Bank and Gaza, thanks to the full implementation of a new information management information system, which unifies the registries across the West Bank and Gaza economy. The system enables online registrations, helps train staff and sets up a single portal for online procedures and information services. At the same time, tax administration reforms have reduced the time it takes to register to pay taxes.

Yemen

In 2004 Yemen started reforming in this area. In 2008, Yemen embarked on a process to reform its commercial registration process. It started by rationalizing and simplifying business registration, establishing a one-stop shop. The result was a dramatic reduction the number of procedures and time required to complete them. Online procedures include registration applications, company-name reservations, memorandum and articles of association, ministerial decree licenses, publication announcement follow ups and Register Card applications for its Ministry of Industry and Trade. Moreover, obtaining a license from a municipality and registering with a chamber of commerce and tax office have all become more efficient. Costs were further reduced by abolishing the need to use a company seal.

GLOBAL REFORM TRENDS

CREATING A ONE-STOP SHOP

Five Arab economies have created or improved one-stop shops in the past 5 years. One-stop shops can be a quick way to build momentum for reform. Morocco created its in less than 6 months. And introducing a one-stop shop has had promising results. In Oman, business registrations increased from an average 733 a month in 2006 to 1,306 a month in 2007. However, creating a one-stop shop is no magic bullet. Entrepreneurs may still deal with formalities outside the shop. In Guatemala, for example, a one-stop shop organized commercial, tax and social security registration in 2 to 3 days—on paper, at least. But before the registrar can finalize the registration, a notice must be published for 8 days during which third parties can raise objections. In practice, despite Guatemala's one-stop shop, 11 procedures and 26 days are still required for new businesses. Around the world, reformers can run the risk of creating "one-more-stop shops" or "mailboxes" that merely receive applications and forward them to ministries for approval.

ABOLISHING THE MINIMUM PAID-IN CAPITAL REQUIREMENT

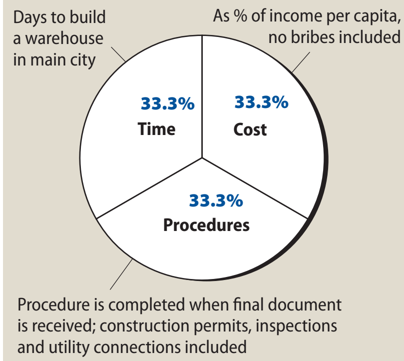
Globally, 69 economies allow entrepreneurs to start a company without putting up a fixed amount of capital before registration. They allow entrepreneurs to determine what is appropriate for the business based on its type and capital structure. Many Arab economies have reduced or abolished their minimum capital requirement in the past 5 years, including Egypt, Saudi Arabia, Jordan and Yemen. This group has seen some of the biggest spikes in new company registrations. Tunisia reduced its requirement and new registrations increased by 30% between 2002 and 2006. That encouraged the country to abolish it altogether in 2007/08.

USING TECHNOLOGY

Making registration electronic is among the most effective ways to speed company formation worldwide. Seven of the economies with the fastest business start-up offer electronic registration—Australia, Canada, Denmark, Estonia, New Zealand, Portugal and Singapore. More than 20 economies have introduced electronic registration in the past 5 years. Customers are not the only ones saving on time and cost. When Belgium implemented its paperless registration and filing system, it reduced annual administrative costs by €1.7 billion. Electronic registration is possible in more than 80% of rich economies but only about 30% of developing ones. That is not surprising, of course, given the differences in internet access and costs.

Dealing with construction permits

FIGURE 3.1
Rankings on dealing with construction permits are based on 3 subindicators



Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, *Doing Business* focuses on the construction sector. Construction companies are under constant pressure: from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

TABLE 3.1
Where is dealing with construction permits easy—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	Most difficult (AW RANK 16–20)	GLOBAL RANK
Bahrain	14	Oman	133
Qatar	27	Sudan	135
Yemen	33	Mauritania	142
United Arab Emirates	41	West Bank and Gaza	149
Saudi Arabia	50	Egypt	165

Note: Rankings are the average of the economy rankings on the procedures, time and cost to comply with formalities to build a warehouse.
Source: Doing Business database.

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

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

The warehouse to be built:

- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.

TABLE 3.2
Who regulates construction permits the least—and who the most?

Procedures *(number)*			
Fewest		**Most**	
Bahrain	13	Algeria	22
Yemen	13	Kuwait	25
Djibouti	14	Mauritania	25
Iraq	14	Syria	26
Oman	16	Egypt	28
Time *(days)*			
Fastest		**Slowest**	
Bahrain	56	Iraq	215
Qatar	76	Algeria	240
Tunisia	84	Oman	242
Kuwait	104	Egypt	249
Yemen	107	Sudan	271
Cost *(% of income per capita)*			
Least		**Most**	
Qatar	0.8	Oman	721.4
United Arab Emirates	1.5	Iraq	915.0
Algeria	46.8	Djibouti	982.8
Bahrain	57.2	Tunisia	1,017.8
Saudi Arabia	74.7	West Bank and Gaza	1,399.9

Source: Doing Business database.

- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

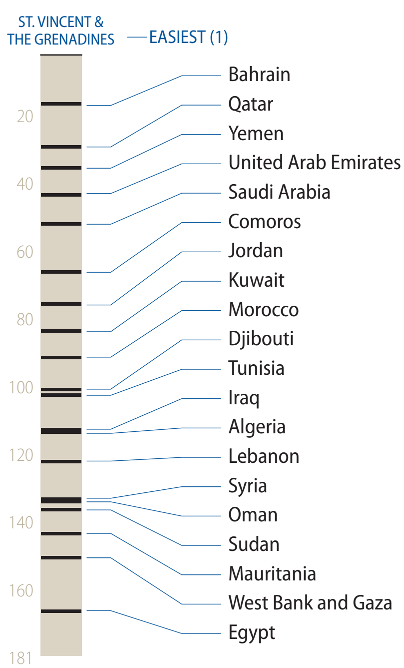
Egypt and **Mauritania** reformed their construction permit procedures.

Egypt issued a new construction law with the goal of reducing the time to obtain a building permit by establishing a single window and enforcing a 30-day statutory time limit. The new code also introduces a single certificate for obtaining all utility connections. Before, each utility connection required 3 separate letters from the municipality.

FIGURE 3.2

Arab economies rankings on the ease of dealing with construction permits

Global ranking (1–181)



Mauritania introduced its first building code. The code simplifies the requirements for small construction projects and lays the groundwork for a one-stop shop.

WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

While **Egypt** and **Mauritania** were the only reformers in 2007/08, looking back 5 years, Morocco and Kuwait also reformed

Egypt

In 2007, Egypt reformed the notarization and registration processes at the real estate registry and introduced a flat fee instead of a percentage to register a property or building. Previously, registering a newly built building cost 4% of the building value. Moreover, documentation process was streamlined and instead of requiring many copies, single copies of the required documents were housed in a central file.

In 2008, Egypt issued a new construction law that aims to simplify licensing procedures by establishing a single window for all pre-permit approvals. In addition, the law aims to reduce the total time to obtain a building permit though the establishment of this single window and better enforcement of existing statutory time limits. Moreover, the new construction law streamlines utility connection requests. Previously, newly built buildings required separate letters from the municipality to obtain utility connections.

Kuwait

In 2007, Kuwait implemented a utility reform by introducing a new automated system connecting all government agencies responsible for issuing technical approvals for the installation of utilities. As a result, the time to obtain a connection to utilities (phone, sewage and electricity) has decreased significantly. However, as a result of increasing the number of employees and implementing the automated system, the fees for obtaining a building permit nearly doubled the time to obtain other services such as fire inspection increased.

Mauritania

In 2008, a draft construction code (“*Code de l’Urbanisme*”) was put forward, but has yet to be implemented. The aim is to streamline processes for obtaining building permits by clarifying statutory time limits and establishing a single window for the processing of building permits. Applicants are to submit all their documents at one central location and pay a fixed fee depending on the type of construction requested. Representatives from the municipality and appropriate ministries are to be represented in the single window. Applications will be reviewed for processing on the spot and applicants will be issued a date when they may expect a decision. Applicants will no longer require a pre-approval clearance or “visa” from the National Laboratory *(Laboratoire Nationale)* or Agency of Civil Protection *(Agence de Protection Civile)*.

Morocco

In 2007, a one-stop shop was established in Casablanca where documents are electronically filed and issuance dates assigned (within 15 days). However, an inter-agency commission must meet to approve the dossiers. The main advantage of the one-stop shop is that possible delays are much more predictable. The one-stop shop helps intra-agency communication and helps ensure that the application dossier is not lost.

West Bank and Gaza

In 2008, West Bank and Gaza had a negative reform as a result of increased construction fees. These were instituted in response to a shortage of building materials and price indexation. The cost increase affected the cost to obtain a survey map, test soil, hire independent engineers to review building plans and approve them for submission, and receive final inspection for building and connection.

GLOBAL REFORMS TRENDS

STREAMLINING PROJECT CLEARANCES

The most popular reform feature globally has been to streamline project clearances. Because building approvals require the technical oversight of multiple agencies, an obvious choice has been to set up a one-stop shop. But this is no easy fix. One-stop shops are designed to integrate services through a single point of contact between building authorities and entrepreneurs. Their success depends on coordination between these authorities and on sound overarching legislation.

Take the experience of Bangladesh. In August 2007 Dhaka's municipal building authority introduced a one-stop shop for building permits. Almost a year later builders still had to visit each agency responsible for approvals, mainly because of inconsistent fire safety regulations. By law, only buildings with more than 10 floors should require fire safety clearance. The fire department insists that the cutoff should be 6 floors, as in the old regulations. Builders can spend 6 months shuttling between agencies, trying to make sense of the inconsistent rules.

SETTING TIME LIMITS

The second most popular reform feature has been to introduce statutory time limits or silence-is-consent rules. Many economies write time limits into the law in the hope of ending administrative delays. For example, Algeria put a 2-month time limit on issuing building permits in 2006. But obtaining a building permit still takes an average 150 days because of lack of administrative resources. Builders wait, out of fear that their buildings will be demolished if they proceed without a permit. In Colombia a law introduced a silence-is-consent rule in 1997. Ten years later implementing regulation and a far-reaching public awareness campaign finally made it possible for builders to take control of the process. "Now we can begin construction after 45 working days without any fear. As long as every requirement is complied with, we know the law protects us," says one Colombian architect.

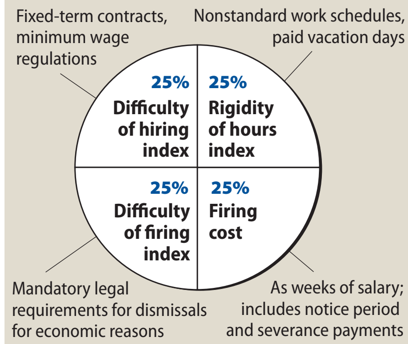
RATIONALIZING INSPECTIONS

The third most popular reform feature has been to shift from random inspections toward a more risk-based approach, with inspections only at critical stages of construction. Building authorities have traditionally relied on random inspections to ensure compliance. Today only 41 economies—most in Africa, Latin America and the Caribbean and the Middle East and North Africa—still use them. Building authorities have learned that random inspections strain their limited resources and are an inefficient way to ensure building safety. Eleven of the top 15 economies on the ease of dealing with construction permits have gone beyond risk-based inspections. Instead, they allow certified professionals or independent agencies to perform inspections during construction. Building authorities usually inspect buildings only after they are complete. Singapore, one of the top performers, delegates control and supervision of the entire construction process to licensed engineers and architects. In Japan more flexible licensing regulations for private inspection companies have increased their numbers and made contracting with them faster and cheaper for builders. Most EU economies have shifted at least part of inspections to the private domain. Their experience shows that private inspections work best when supported by strong professional associations with well-regulated accreditation mechanisms. A mature insurance industry also helps.

Employing workers

FIGURE 3.1

Rankings on employing workers are based on 4 subindicators



Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. *Doing Business* examines government regulation in the area of employment.

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment. The redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

To make the data comparable across economies, a range of assumptions about the worker and the company are used.

The company is assumed to be a limited liability manufacturing corporation that operates in the economy's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, *Doing Business* measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by *Doing Business* while ratifying and complying with all conventions directly relevant to the factors measured by *Doing Business* and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and

TABLE 4.1

Where is it easy to employ workers—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	**Most difficult** (AW RANK 16–20)	GLOBAL RANK
Oman	24	Mauritania	123
Bahrain	26	Djibouti	137
Kuwait	43	Sudan	144
Saudi Arabia	45	Comoros	162
United Arab Emirates	47	Morocco	168

Note: Rankings are the average of the economy rankings on the difficulty of hiring, rigidity of hours, difficulty of firing and firing cost indices.
Source: Doing Business database.

TABLE 4.2

Who makes employing workers easy—and who does not?

Rigidity of employment index *(0–100)*			
Least		**Most**	
Kuwait	13	Djibouti	46
Saudi Arabia	13	Comoros	46
United Arab Emirates	13	Algeria	48
		Tunisia	49
Bahrain	23	Morocco	63
Oman	24		

Firing cost *(weeks of salary)*			
Least		**Most**	
Iraq	0	Morocco	85
Oman	4	West Bank and Gaza	91
Bahrain	4	Comoros	100
Jordan	4	Sudan	118
Yemen	17	Egypt	132

Note: The rigidity of employment index is the average of the difficulty of hiring index, rigidity of hours index and difficulty of firing index.
Source: Doing Business database.

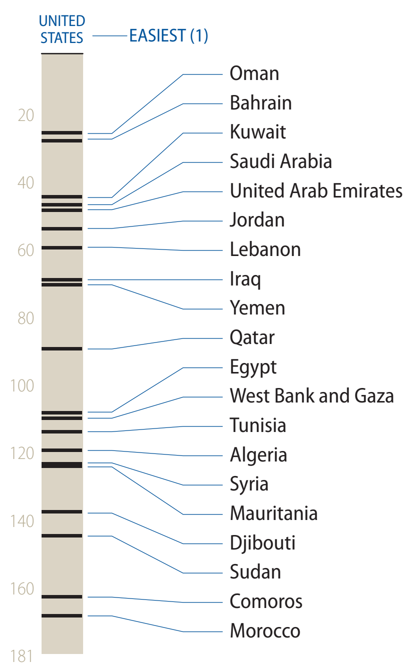
labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth. When economies err on the side of excessive rigidity, it is to the detriment of businesses and workers alike.

While limited reforms were made in Djibouti 2 years ago, no Arab economy reformed employment practices as measured by *Doing Business* last year.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

No Arab economies reformed their employment practices.

FIGURE 4.2
Arab economies rankings on the ease of employing workers
Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

Djibouti

In 2006, Djibouti issued a new labor code, which altered the law regarding fixed-term contracts making it less flexible. The previous law established that fixed-term contracts were to be used for seasonal, temporary and occasional workers. However, it did not limit them to only those types of workers. While seasonal and temporary work contracts were restricted to defined tasks with a maximum 6 month time span, fixed-term contracts in general were not subject to the defined task restriction and were allowed for up to 2 years with the possibility of a renewal for a maximum cumulative term of 4 years. The 2006 labor code limited the maximum term to 12 months only renewable once and restricts the applicability of fixed term contracts to the following set of predefined job types:

- Seasonal and temporary workers
- Workers engaged for a specific task lasting not longer than 6 months
- Occasional workers
- Workers hired by the hour or by the day
- Workers hired for the duration of a given project
- Workers replacing permanent employees on medical, maternity, or training leave
- Workers recruited in response to a temporary increase in the volume of work.

GLOBAL REFORM TRENDS

MOVING TOWARD MORE FLEXIBLE REGULATIONS

Governments in Eastern Europe and Central Asia have been the most active reformers in the past 5 years, introducing 19 reforms increasing the flexibility of labor regulations as measured by *Doing Business*. Organization for Economic Co-operation and Development (OECD) high-income economies follow with 16, with Australia, Germany and Switzerland all reforming more than once.

In Africa, Uganda (in 2006), Mozambique (in 2007) and Burkina Faso (in 2008) enacted new labor laws, introducing worker protections while increasing the flexibility of labor regulations. Namibia (in 2004) eased restrictions on working hours. Yet among regions, Africa continues to have the most rigid labor regulations. Dismissal costs for a worker with 20 years of employment amount to more than 3 years of salary in Sierra Leone and more than 8 years in Zimbabwe. Africa is also home to the countries with the largest numbers of mandatory paid annual leave days: Eritrea with 34, Ethiopia with 33 and Cameroon with 32.

Three reformers stand out in Eastern Europe and Central Asia. Slovakia (in 2004) and Azerbaijan (in 2008) introduced flexibility in the use of fixed-term contracts, in work schedules and in redundancy requirements. Georgia made big changes in those areas in 2005 and 2006 and also introduced changes in notice periods and severance payments. Reform was widespread: 8 of the 10 countries in the region that have joined the European Union have reformed their labor laws. Several, including Lithuania and Romania, did so to harmonize their laws with EU legislation.

In South Asia, 2 economies have reformed. Bhutan went far, implementing its first labor code in 2007. The new labor code established protective measures for workers without imposing heavy burdens on employers. The protections created incentives for workers to join the private sector—and employers now have a larger pool of candidates to choose from. The better working conditions have led to higher productivity.

In Latin America, Colombia and Argentina made labor regulations more flexible. Both made redundancy dismissals easier—Colombia in 2004 and Argentina in 2005. Argentina also reduced dismissal costs in 2007. In East Asia and Pacific, Vietnam eased restrictions on fixed-term contracts, while Taiwan

(China) eased restrictions on working hours. Except for Israel, no economies in the Middle East and North Africa made labor regulations more flexible.

INCREASING FLEXIBILITY IN SETTING HOURS AND USING CONTRACTS

Over the past 5 years 36 reforms have been aimed at increasing flexibility in working hours and the use of fixed-term contracts. Five reforms have made scheduling working hours more difficult. Nine have restricted the use of fixed-term contracts.

Most of the reforms aimed at increasing flexibility in working hours took place in Eastern Europe and Central Asia. These reforms, concentrated in 2004 and 2005, allowed more flexible arrangements for overtime and permitted businesses to shift working hours from the low to the high season.

REDUCING DISMISSAL COSTS

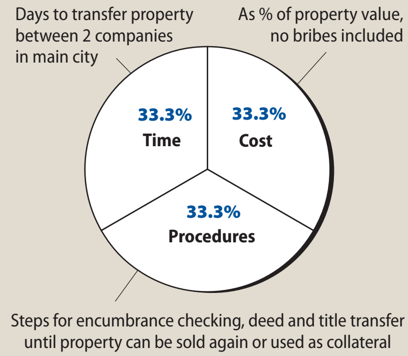
Outside the Arab world, 10 economies granted businesses more flexibility in dismissals during economic downturns. But 15 economies made such dismissals costlier or more difficult. In Bolivia and Venezuela, for example, an employer cannot let workers go for economic reasons without their consent. Under these circumstances employers might think twice before hiring a new worker.

High dismissal costs can deter employers from creating jobs in the formal sector. That argues for reducing dismissal burdens. But excessive flexibility leads to another problem: concern among existing employees about losing their jobs and being left without a safety net. One solution is to offer unemployment insurance rather than severance pay. In Austria employers contribute to a fund from which they may withdraw if a worker is made redundant after 3 years of employment. In St. Kitts and Nevis severance payments are made from a government-administered fund that employers pay into overtime. In Italy employers deposit a portion of each employee's salary into a designated fund over the course of the employment relationship. In Korea employers adopting the new defined contribution plan will contribute 1 month's salary annually to each employee's private pension account.

Registering property

FIGURE 5.1

Rankings on registering property are based on 3 subindicators



Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property; the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

TABLE 5.1

Where is registering property easy—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	Most difficult (AW RANK 16–20)	GLOBAL RANK
Saudi Arabia	1	Lebanon	102
United Arab Emirates	11	Jordan	115
Bahrain	18	Morocco	117
Oman	19	Djibouti	134
Sudan	35	Algeria	162

Note: Rankings are the average of the economy rankings on the procedures, time and cost to register property.
Source: Doing Business database.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? *Doing Business* shows that completing a simple formal property transfer in the largest business city of an African economy cost on average 10% of the value of the property and takes on average 90 days. Worse, the property registries are so poorly organized that they provide little security of ownership.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this. Globally, twenty-four economies made it easier to register property in 2007/08.

TABLE 5.1

Who regulates property registration the least—and who the most?

Procedures *(number)*			
Fewest		**Most**	
Bahrain	2	Kuwait	8
Oman	2	Lebanon	8
Saudi Arabia	2	Morocco	8
United Arab Emirates	3	Qatar	10
Mauritania	4	Algeria	14
Time *(days)*			
Fastest		**Slowest**	
Saudi Arabia	2	Mauritania	49
United Arab Emirates	6	Algeria	51
Iraq	8	Kuwait	55
Sudan	9	West Bank and Gaza	63
Oman	16	Egypt	72
Cost *(% of property value)*			
Least		**Most**	
Saudi Arabia	0.0	Algeria	7.5
Qatar	0.3	Jordan	10.0
Kuwait	0.5	Djibouti	13.2
Bahrain	0.9	Comoros	20.8
Egypt	0.9	Syria	28.0

Source: Doing Business database.

The most popular reform: lowering the cost of registration by reducing the property transfer tax, registration fees or stamp duty.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

Egypt and **Saudi Arabia** reformed

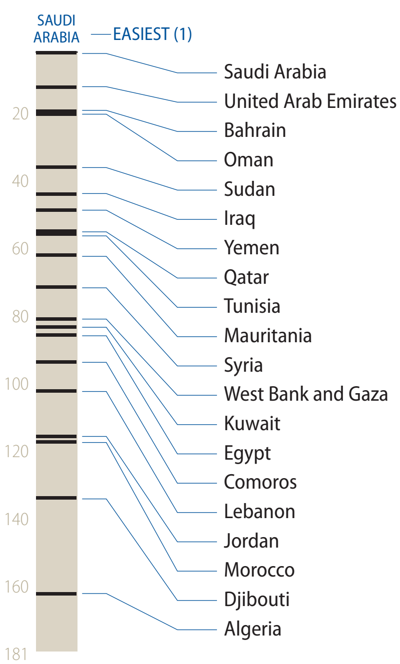
Egypt simplified administrative procedures and introduced time limits. That cut the time to register property by 4 months, from 193 days to 72.

Saudi Arabia introduced a comprehensive electronic system to register title deeds at the First Notary Public Department in Riyadh, making it possible to transfer property in 2 procedures and 2 days.

FIGURE 5.2

Arab economies rankings on the ease of registering property

Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

While Egypt and Saudi Arabia were the only 2 reformers in 2007/08, Djibouti, Kuwait, Mauritania and Tunisia reformed in previous years.

Djibouti

In 2007, Djibouti improved the efficiency at its property registry Service des Domaines by making it easier to work with notaries on transferring property. This has resulted in a dramatic reduction in the time necessary to transfer property.

Egypt

In 2005, approximately 85% of Egyptian properties were unregistered. In 2007, Egypt embarked on a reform plan to lower the total cost of registration from 5.92% to 1.02% of the underlying property value, on average, in order to encourage registrations. The plan cut out inspection report fees and introduced a flat rate of 2,000 Egyptian pounds ($323) instead of charging 3% of the value of the property. Six months after Egypt reduced its registration fees, revenues rose by 39%. Moreover, a new law set time limits for the procedures required to conduct registration processing, site inspection, inspection report delivery and the review and approval of contracts.

In 2008, the Ministry of State for Administrative Development led administrative reforms via its national real estate registration project. The reform strived to simplify administrative procedures and smooth the workflow between the real estate registry and the Egyptian Surveying Authority. It also introduced time limits for several procedures. As a result of new arrangements, the time to register property was significantly reduced.

Kuwait

In 2006, Kuwait increased staffing in its registry and thus reduced the amount of time required to carry out registration procedures.

Mauritania

In 2006, a new law reduced registration costs as a whole. Specifically, the cost to register a sale agreement in court went from no cost to 2% of the underlying property value (paid to the state), while cost to transfer property at the registry (paid to the property registry, or, Service des Domaines) was lowered from 4% of the underlying property value plus a flat fee of MRO 100,000 to just 1.2% of the underlying property value.

Morocco

In 2006, the transfer tax was reduced from 5% to 2.5% property value. In January 2007, a circular was issued to reiterate the requirement to seek approval from several tax agencies, rather than just one, in order to obtain a tax clearance certificate.

Saudi Arabia

Saudi Arabia did not have a real property registry before 2005. Registration used to take place at the government notary public at no charge. In 2005, the Real Property Registration Law came into effect. Under the new law, no registration fees were charged when a property was first registered.The first time a property was registered, a notarized title deed was required; however after the first registration, notarized document was not necessary. Since 2005, a new Real Property Registry reports to the Ministry of Justice. A judge is involved in the first registration but not in subsequent transfers.

In 2008, the adoption of a comprehensive electronic system of registering title deeds further reduced the procedures and time for property transfers. In accordance with new procedures, an official notary public, in the presence of legal representatives of the buyer and seller, first to verifies that all documents are complete. The notary public then submits the documents electronically to a centralized Records Department, which prepares a new title deed showing the buyer as the owner of the property. The new title deed is immediately added to the electronic records of all title deeds in Riyadh. After a few hours, the representatives for the buyer and seller appear a second time before the notary public, who prints a copy of the new title deed and asks the representatives and 2 witnesses to sign the sale agreement, which is a standard form. The signed sale agreement is scanned and saved in the electronic records, while the original is kept in the notary public's files.

Tunisia

In 2004 Tunisia started reforming in this area. In 2007, Tunisia computerized its property files. As a result, property checks (to view any encumbrances and see a history of the property) take one day to visit the registry to log-on a computer, view and print files. The process used to take 7 days.

GLOBAL REFORM TRENDS

LOWERING COSTS

Across regions and economies, the most popular reform feature has been reducing property transfer taxes and fees—registration fees, notary fees and stamp duties. In 2005 and 2006 such reductions were made by 7 of 10 reforming economies. Big cuts were made in Africa. In 2004 the region had the highest average cost for property transfer, at around 13% of the property value. Today the average cost is 10.5% of the property value—much lower, though still higher than the 6% in Latin America, the region with the second highest cost. Many economies have reduced the cost of property registration by establishing a low fixed registration fee rather than charging entrepreneurs a percentage of their property value. For example: In 2005 Slovakia abolished its 3% real estate transfer tax and set a low fixed fee for expedited registration at 8,000 koruny ($286). In 2007 Egypt, as noted above, and Poland both adopted similar reforms. This reform tends to reduce fraud in reporting the market value of property and increase tax revenue.

COMPUTERIZING THE REGISTRY

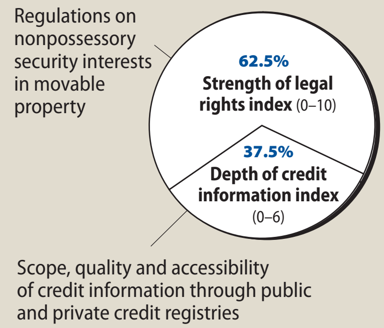
One of the most popular reform features has been computerizing the registry and introducing online procedures that aid interaction between the notary and the registry. Computerization can be costly, so it is not surprising that more than half of such reforms have been in Eastern Europe and Central Asia and OECD high-income economies.

Computerizing registries has proved to be highly effective. The economies that have done so since 2005 have seen the time to register property drop by 45%, on average. In El Salvador, which computerized its registry in 2006, the time to register property fell from 52 days to 33. Portugal computerized the Lisbon real estate registries in 2007, reducing the time from 81 days to 42. Computerizing records not only facilitates registration but also improves the preservation of the records and, as a result, the security of titles. Digitizing the property registry's records and facilitating electronic access can improve things, but this alone is often not enough. In 2005 Honduras launched a reform aimed at allowing every entrepreneur online access to the registry's information. But online access did not resolve the many inconsistencies in information between the registry and the cadastre. To do this, the 2 agencies must be coordinated and the cadastre updated regularly.

Getting credit

FIGURE 6.1

Rankings on getting credit are based on 2 subindicators



Note: Private bureau coverage and public registry coverage do not count for the rankings.

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. *Doing Business* constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

TABLE 6.1

Where is getting credit easy—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	Most difficult (AW RANK 16–20)	GLOBAL RANK
Saudi Arabia	59	Iraq	163
United Arab Emirates	68	West Bank and Gaza	163
Bahrain	84	Djibouti	172
Egypt	84	Yemen	172
Kuwait	84	Syria	178

Note: Rankings on the ease of getting credit are based on the sum of the strength of legal rights index and the depth of credit information index.
Source: Doing Business database.

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population.

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. This year, three main changes were made to improve this measure further: first, a standardized case scenario with specific assumptions was introduced to bring this indicator into line with other *Doing Business* indicators. Second, the indicator now focuses not on tangible movable collateral, such as equipment, but on revolving movable collateral, such as accounts receivable and inventory. Third, the indicator no longer considers whether management remains in place during a reorganization procedure, better accommodating economies that adopt reorganization procedures. The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law:

- Any business may use movable assets as collateral while keeping possession of the assets, and any financial institution may accept such assets as collateral.
- The law allows a business to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets.
- The law allows a business to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets.
- A security right may extend to future or after-acquired assets and may ex-

TABLE 6.2

Who has the most credit information and the most legal rights for borrowers and lenders—and who the least?

Legal rights for borrowers and lenders *(strength of legal rights index, 0–10)*			
Most		**Least**	
Sudan	5	Iraq	3
Bahrain	4	Yemen	2
Kuwait	4	Djibouti	1
Saudi Arabia	4	Syria	1
United Arab Emirates	4	West Bank and Gaza	0

Borrowers covered by credit registries *(% of adults)*			
Most		**Least**	
Bahrain	35.8	Jordan	0.97
Kuwait	31.2	Algeria	0.20
Oman	23.4	Djibouti	0.18
Tunisia	14.9	Mauritania	0.17
Saudi Arabia	14.1	Yemen	0.07

Note: The rankings on borrower coverage reflected in the table include only Arab economies with public or private credit registries (15 in total). Another 5 Arab economies have no credit registry and therefore no coverage.
Source: Doing Business database.

tend automatically to the products, proceeds or replacements of the original assets.
- General description of debts and obligations is permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties.
- A collateral registry is in operation that is unified geographically and by asset type and that is indexed by the name of the grantor of a security right.
- Secured creditors are paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated.
- Secured creditors are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

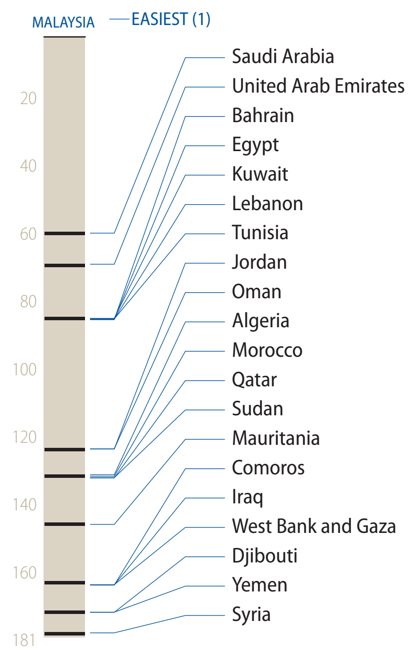
WHICH ARAB ECONOMIES REFORMED IN 2007/08?

Morocco, West Bank and Gaza, United Arab Emirates, Tunisia and **Egypt** reformed.

Egypt's central bank issued new regulations that gave borrowers the right to inspect the data stored in the private credit bureau.

Morocco guaranteed the right of borrowers to inspect data concerning their creditworthiness, which helps potential borrowers control the accuracy of their credit profile at the same time it helps financial institutions with better data for risk assessments.

FIGURE 6.2
Arab economies rankings on the ease of getting credit
Global ranking (1–181)



Tunisia's central bank now collects and distributes more detailed information from banks—including positive information (like loan amounts) and negative information (like arrears and defaults). Also, individuals and firms can now consult their credit data in all central bank offices.

United Arab Emirates In February 2007, the credit bureau, Emcredit, started collecting data on repayments by individual borrowers as well as firms. This has improved the supervision of the debt level of banks and borrowers and has helped develop a culture of sharing credit information.

West Bank and Gaza's central bank now has an online system that allows a systematic upload of information on all loans extended by the financial institutions in member countries, which increases the credit information availability.

WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

Most of the Arab economies that reformed in 2007/08 continued previous reforms as follows:

Algeria

In 2006, the central bank instructed financial institutions to declare to the public credit registry their unpaid credits and loans as well as any other negative information.

Egypt

In 2005, Egypt reduced its minimum reporting amount and introduced a negative list for credit cards and car loan balances below 30,000 EGP. As a result, banks were given more comprehensive information on borrowers.

In January 2006, Egypt's central bank approved the rules and regulations to set up and operate a new private credit bureau. In 2007, a new private credit bureau was opened for business. Its shareholders are 27 banks and a social development fund, all with equal shares. The board of directors has 11 members (8 from banks and 3 as technical experts). The central bank regulates the bureau.

In 2008, the central bank issued licensing regulations for private credit bureaus. These regulations guarantee that borrowers have the right to view all of their credit information. The private credit bureau can charge individuals 12 Egyptian pounds per inspection and companies 25 Egyptian pounds per inspection.

Kuwait

In 2007, Kuwait's private credit bureau added retailers (such as furniture vendors that offer credit) as suppliers of credit information. The result is more complete credit information.

Morocco

In 2008, Morocco passed a law that allowed borrowers to inspect the data in its credit registry. It also clarified the process for contesting data and correcting errors in its new private credit bureau.

Saudi Arabia

In 2004 Saudi Arabia's public registry cut the minimum loan size for collecting data substantially, almost doubling the number of borowers recorded. In 2007, Saudi Arabia launched its private credit bureau. The bureau issues reports on companies' credit exposure and includes their financial statements and ownership details. In addition, mobile telephone companies started providing information to the bureau.

Tunisia

In 2004 Tunisia started reforming in this area. In 2007, Tunisia's public credit registry for firms and individuals abolished its minimum loan requirement. In the same year, a new law authorized the central banks' credit registry to collect and distribute data to banks on individuals' loans in arrears. (Before, the amount of loans in arrears was collected, but was not distributed.) The law guarantees that borrowers listed can consult the public credit registry's data. Individuals and firms can request this information any one of the central bank's offices. Furthermore, on-line access to individual and commercial credit reports is being developed. Since January 2007, credit information has become more comprehensive. In addition, the amount of overdraft and arrears were separated, making it possible to provide better details for each type of debt.

United Arab Emirates

In 2007, a new private credit bureau, Emcredit, started operating. Initially, Emcredit collected information (specifically, company registration and bounced checks) solely from the Department of Economic Development of Dubai. Now Emcredit also collects data from financial institutions, the Department of Economic Development, the public prosecution departments and the Ministry of Labor. From all these sources, Emcredit collects positive and negative information on individuals and firms. Borrowers have the right to consult their data, under the Data Protection Law. Information gathered from government agencies (companies' operations, corporate structure and bounced checks, for example) is updated daily. Data gathered from banks are updated twice a month, although payments are typically due only once a monthly.

West Bank and Gaza

In 2007, the West Bank and Gaza's public credit registry lowered the minimum loan requirement from 10,000 USD to zero and instructed all banks to disclose all the loans granted to customers. In 2008, the public credit registry set up on-line access to credit information for lenders. As a result, 2 years of credit information are currently accessible to lenders on-line. Furthermore, all information is updated digitally and remotely, with more detail and fewer processing errors. Specifically, credit enquiries and new loans are updated immediately while outstanding loan payments are updated monthly.

GLOBAL REFORM TRENDS

Allowing parties to agree to pursue out-of-court enforcement if the debtor default has been the most popular reform feature strengthening the legal rights of borrowers and lenders. The ability to make such an agreement can persuade lenders wary of long court procedures to make a loan in the first place. Economies that have allowed such agreements include Croatia, France, Ghana, Honduras, India, the Kyrgyz Republic, Peru and Vietnam.

Establishing a geographically unified collateral registry that covers substantially all movable property has been another popular reform feature. Such a registry allows potential lenders to find out easily and with certainty whether there are competing claims on the collateral. India stands out among those that have taken such a step. Its huge geographic area and large population make its creation of an online, unified national database of security rights in movable assets a notable achievement.

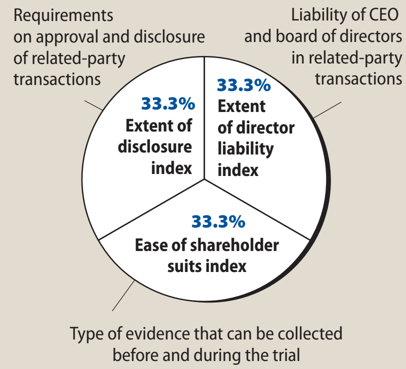
Many economies around the world passed new secured transactions laws. For example: Peru introduced a new bill on guarantees based on movable property in 2006. Now almost any type of movable asset—tangible or intangible, present or future—can secure a loan, and assets no longer have to be described specifically. More than 20 different types of pledges were consolidated into one. The country's 17 collateral registries have been combined as well.

More than a quarter of the reforms in credit information involved setting up new registries: 19 economies saw the creation of private credit bureaus; 8 others set up new public credit registries Worldwide, the biggest gains were in Eastern Europe and Central Asia, where nearly half the economies established either a public credit registry or a private credit bureau, followed by the Middle East and North Africa, where many Arab economies are found. In 20 economies across the globe, reforms expanded the range of credit information collected and distributed by public or private credit registries. In 13 of these, the public registry eliminated the minimum cutoff for recording loans, more than quadrupling coverage on average. What made this reform possible in many cases was developing the information infrastructure and shifting from a paper-based to an online system. In 8 economies, private credit bureaus expanded the sources of credit information to nonfinancial institutions such as utilities (like mobile phone companies) or retailers (like supermarkets and furniture stores). Such changes took place in Bulgaria, Georgia, Kazakhstan, Kenya, Kuwait, Nicaragua, Saudi Arabia (as mentioned above) and Trinidad and Tobago.

Protecting investors

FIGURE 7.1

Rankings on protecting investors are based on 3 subindicators



Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections. To document some of the protections investors have, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain.

The case facts are straightforward. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors. Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

TABLE 7.1

Where are investors protected—and where not?

Most protected (AW RANK 1–5)	GLOBAL RANK	Least protected (AW RANK 16–20)	GLOBAL RANK
Kuwait	24	Mauritania	142
Saudi Arabia	24	Tunisia	142
West Bank and Gaza	38	Sudan	150
Bahrain	53	Morocco	164
Algeria	70	Djibouti	177

Note: Rankings are based on the strength of investor protection index.
Source: Doing Business database.

TABLE 7.2

Where are investor protections strong—and where not?

***Extent of disclosure index** (0–10)*

Most		Least	
Lebanon	9	Djibouti	5
Bahrain	8	Iraq	4
Egypt	8	United Arab Emirates	4
Oman	8	Sudan	0
Saudi Arabia	8	Tunisia	0

***Extent of director liability index** (0–10)*

Most		Least	
Saudi Arabia	8	Egypt	3
Kuwait	7	Djibouti	2
United Arab Emirates	7	Morocco	2
Algeria	6	Comoros	1
Qatar	6	Lebanon	1

***Ease of shareholder suits index** (0–10)*

Easiest		Most difficult	
West Bank and Gaza	7	Oman	2
Tunisia	6	Syria	2
Bahrain	5	United Arab Emirates	2
Comoros	5	Morocco	1
Egypt	5	Djibouti	0

Source: Doing Business database.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

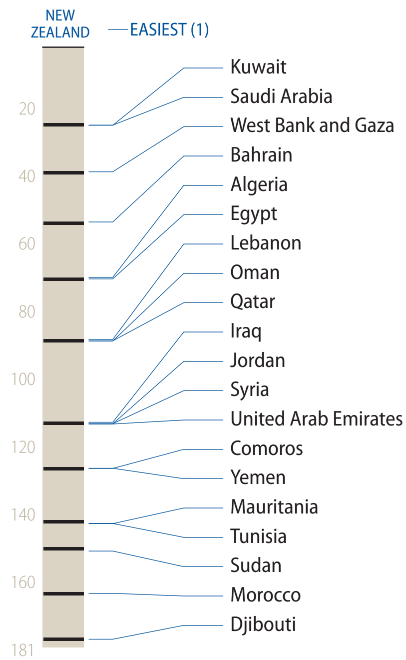
Egypt, Tunisia and Saudi Arabia reformed

EGYPT'S Capital Market Authority increased protection for minority investors by introducing new listing rules for the Cairo and Alexandria Stock Exchanges, which require an independent body to assess transactions between interested parties before transactions are approved. It also expands the scope of the disclosure required regarding transactions between interested parties. A review committee from each company must see that an independent financial adviser examines any related-party transactions and confirm that the general assembly approves these types of transactions. The main goal of this reform is to protect investors by increasing transparency.

SAUDI ARABIA provided new provisions to increase the protection of minority shareholders by prohibiting interested parties from voting on the approval of related-party transactions, and increasing sanctions against directors for misconduct. In 2008, Saudi Arabia's Ministry of Trade and Industry modified the company law that addresses approval and disclosure requirements for related-party transactions. In the past, directors were allowed to participate in the process of approval of a transaction between interested parties. Now, directors are not allowed to vote to approve a transaction between interested parties. The new legislation also increases the legal remedies available in cases dealing with the liability of directors for misconduct. In the event directors are found liable for the prejudices caused to a company in a transaction where they had a personal interest, they must repay the profit made from the transaction.

TUNISIA'S 2008 Economic Initiative Law allows minority investors to request the judge to rescind prejudicial related-party transactions.

FIGURE 7.2
Arab economies rankings on protecting investors
Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

In addition to the reforms carried out by Egypt, Saudi Arabia and Tunisia in 2007/08, only Tunisia's reforms reach back to 2005.

TUNISIA

In 2005, Tunisia amended its corporate law multiple times, improving the transparency of corporate dealings and strengthening internal controls on director misconduct (misuse of corporate assets). The amendments and additions to the corporate law aimed to guarantee the company's financial accountability and protect minority shareholders' interests. The scope of the reforms provided a baseline of operational transparency (opening the books of the company to shareholders); required external checks on managerial actions (strengthening auditor responsibility); and prohibited abusive actions (prohibiting company loans to directors, managers and their families). The new law provides that a group of shareholders representing at least 10% of the share capital of the company may ask to inspect company financial statements, annual report, list of the guaranties, backings, securities and sureties granted by the company and the minutes of the shareholders meetings over the last three years. Moreover, the law prohibited the granting of loans, grants, securities or advances to the top managers of a company as well as to their spouses, ascendants and descendants. Finally, outside auditors were required to periodically review the efficiency of a company's internal controls.

As previously mentioned, Tunisia enacted its Economic Initiative Law in 2008. This new law reinforces its previous legislation regarding prejudicial related-party transactions shareholders' access to companies' internal documents. In addition, it gives shareholders owning at least 10% of the shares can request the judge) to appoint an inspector with full powers to access internal documentation of the company.

GLOBAL REFORM TRENDS

GOING FOR MORE DISCLOSURE

Across regions, the most popular reform feature has been to require greater disclosure of related-party transactions, as we saw in Egypt. The results of a 2002 global survey on corporate governance provide one explanation: around 90% of the investors surveyed want more transparency in the day-to-day management of companies. What do they mean by more transparency? Unified accounting standards, immediate disclosure of major transactions and more involvement of minority investors in major decisions and transactions.

Requirements for greater disclosure, while popular, are unlikely to succeed everywhere. Extensive disclosure standards require the necessary infrastructure to communicate the information effectively and, more importantly, people such as lawyers and accountants to comply with the standards. Many poor countries lack both. They may have stock exchanges—but no website to post the information on. And they may have certified accountants—but in such small numbers that complying with disclosure requirements is virtually impossible. Take Vietnam. Its securities law has significant disclosure and reporting requirements, but the country still lacks the systems to store and monitor the information electronically.

FINDING INSPIRATION FOR REFORM

Crisis can be an important engine of reform. The East Asian financial crisis and corporate scandals such as those involving Enron, Parmalat and WorldCom triggered regulatory reforms around the world. These crises exposed weaknesses in markets previously considered models of sound regulation. Countries affected by the crises reformed their laws. So did other countries, using the experiences to avoid the same mistakes. Mexico, for example, used the U.S. experience to create impetus for its regulatory reforms.

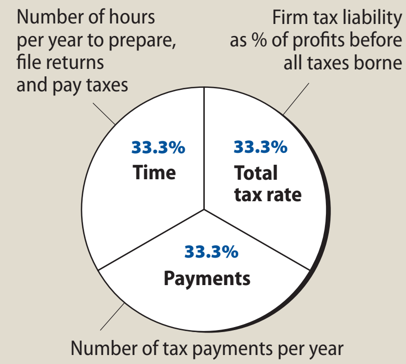
Countries that want to reform can choose to amend existing regulations or start from scratch, depending on how up-to-date their current legislation is. In 2007 Georgia amended its securities legislation by adding provisions regulating disclosure and approval of transactions between interested parties. Belarus, Colombia and Thailand did the same. Other countries, such as Mozambique and Slovenia, started from scratch. Adopting an entirely new law offers an opportunity to reform other areas—such as business registration, directors' duties, disclosure rules and issuance of shares.

Reformers often find inspiration in economies with a similar legal origin or in their main commercial partners. Mexico's securities law reform took into account aspects of a U.S. law—the Public Company Accounting Reform and Investor Protection Act of 2002, commonly known as the Sarbanes-Oxley Act. Botswana and Mozambique followed the South African model. As a reformer from Mozambique explains, "Our previous code was inherited from Portugal. Today our main commercial partner is South Africa, and we are surrounded by countries that have the same model. We prefer to adopt legislation that would enable us to attract more investment from South Africa and make life easier for our main investors."

Even the best regulations will make little difference if the court system is weak. Bangladesh and Montenegro have laws setting out strong disclosure requirements and extensive obligations for directors. But with the most basic commercial disputes taking more than 1,000 days to resolve in Bangladesh and more than 500 in Montenegro, these laws may not have the desired effect.

Paying taxes

FIGURE 8.1
Rankings on paying taxes are based on 3 subindicators



Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But sometimes small and medium size companies opt not to pay taxes and operate in the informal sector instead. Potential entrepreneurs may opt out of business altogether. The cost of this is less revenues for the government and fewer jobs for its citizens. One way to encourage formal business operation and enhance tax compliance is to ease and simplify the process of paying taxes for businesses.

The *Doing Business* tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo that started operations last year. *Doing Business* asks tax practitioners in 181 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.

The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded. Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- Total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the

TABLE 8.1
Where is it easy to pay taxes—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	**Most difficult** (AW RANK 16–20)	GLOBAL RANK
Qatar	2	Morocco	119
United Arab Emirates	4	Yemen	138
Saudi Arabia	7	Egypt	144
Oman	8	Algeria	166
Kuwait	9	Mauritania	174

Note: Rankings are the average of the economy rankings on the number of payments, time and total tax rate.
Source: Doing Business database.

TABLE 8.2
Who makes paying taxes easy—and who does not?

Payments *(number per year)*

Fewest		**Most**	
Qatar	1	Algeria	34
Iraq	13	Djibouti	35
Kuwait	14	Mauritania	38
Oman	14	Sudan	42
Saudi Arabia	14	Yemen	44

Time *(hours per year)*

Fastest		**Slowest**	
United Arab Emirates	12	Syria	336
Bahrain	36	Morocco	358
Qatar	36	Algeria	451
Oman	62	Mauritania	696
Saudi Arabia	79	Egypt	711

Total tax rate *(% of profit)*

Lowest		**Highest**	
Qatar	11	Yemen	48
United Arab Emirates	14	Comoros	49
Kuwait	14	Tunisia	59
Saudi Arabia	14	Algeria	74
Bahrain	15	Mauritania	99

Source: Doing Business database.

quality of infrastructure and social services. Efficient tax systems tend to have less complex tax arrangements, comprising of straightforward compliance procedures and clear laws. Taxpayers in such economies often get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses, and also more revenue collected and better public services.

More burdensome tax regimes create an incentive to evade taxes.

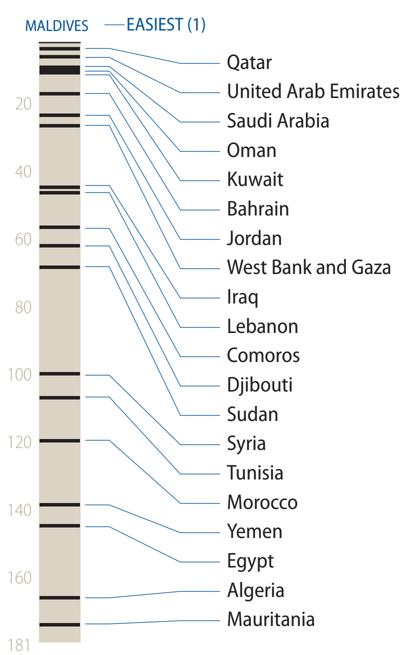
WHICH ARAB COUNTRIES REFORMED IN 2007/08?

Morocco and **Tunisia** reformed.

Morocco lowered the standard corporate tax rate from 35% to 30%.

Tunisia made filing and paying taxes easier by expanding electronic options. Although companies have been able to file and pay taxes online since 2005, many have been reluctant to pay their taxes this way. To address their concerns while easing the administrative burden, Tunisia introduced an option for filing tax returns online while paying the taxes in person at a tax office. This is a practical intermediate step toward a full online system.

FIGURE 8.2
Arab economies rankings on the ease of paying taxes
Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

While Morocco and Tunisia were the only two economies with tax reforms in 2007/08, looking back, a number of other tax reforms tool place in the last 5 years.

Algeria

In 2006, Algeria reduced the standard corporate tax rate from 30% to 25%. The reduction was part of a larger effort intended to reduce the tax burden on companies and foster investments.

Egypt

In 2005, Egypt issued a new tax law that reduced corporate income tax rate from 40% or 32% to 20%. It eliminated its state development duty (2% of profits), reduced withholding tax on interest and royalties from 32% to 20% flat rate and raised the sales tax on telecommunication from 10% to a flat 15% rate. The law also allowed for electronic filing to same time.

Morocco,

In 2006, the tax laws concerning corporate income tax, personal income tax, value added tax (VAT), registration duties and tax incentives were abrogated. Provisions existing in these laws were gathered in an Assessment and Collection Tax Book while the VAT rate for bank transactions increased from 7% to 10%. In 2008, a new tax law decreased the corporate tax rate from 35% to 30%, as we mentioned above, and increased the taxable base.

Sudan

In 2005, Sudan decreased its corporate income tax from 30% to 10%. However, the tax went up again to 30% in 2006.

Syria

In 2006, in an effort to encourage foreign and domestic investments and increase tax collection, a new tax law was issued lowering taxes. This was accompanied by the Tax Evasion Law and other laws that carried stricter enforcement measures, including imprisonment. Moreover, the tax administration has been reformed in Syria. Tax forms were unified in 2004 and were further simplified in 2007 to conform to the new tax laws. In September 2006, preparations started for a new VAT to be enacted later in 2008 or 2009.

Tunisia

In 2006, Tunisia reduced its standard corporate tax rate from 35% to 30%—excepting specific industries such as finance. It also lowered its higher VAT rates from as high as 29% to 18% rate. However, to limit the revenue loss, transactions that had the lowest VAT rate (10%) were increased to 12%.

In 2008, Tunisia moved to accept tax declarations and payments in 3 ways:

- On paper declaration and payment at the tax administration bureau
- Online declaration and online payment
- Online declaration and payment at the tax administration bureau.

West Bank and Gaza

In 2006, West Bank and Gaza decreased its VAT from 16% to 14.5%. At the same time, it decreased corporate income taxes from 16% to 15%.

Yemen

In 2005, facing public pressure, Yemen reduced its sales taxes. The new sales taxes ranges from 2.5% to 10%, with 5% applied to most sectors. The new sales tax was a final tax replacing a production tax in which a good's tax would be accumulated over the different stages of its production.

GLOBAL REFORM TRENDS

CUTTING RATES

Reducing corporate income tax rates has been the most popular reform feature around the world. More than 60 economies have done this. Countries can increase tax revenue by lowering rates and persuading more businesses to comply with the more favorable rules. For example, look at the Russian Federation's large tax cuts in 2001: Corporate tax rates fell from 25% to 24%, and a simplified tax scheme lowered rates for small business. Yet tax revenue increased—by an annual average of 14% over the next 3 years. One study shows that the new revenue was due to greater compliance.

GOING ELECTRONIC

Introducing electronic filing has been a popular and effective way to make it easier to pay taxes. Businesses can enter financial information online and file it with one click—with no calculations and no interaction with tax officials. Errors can be identified instantly, and returns processed quickly. In Hong Kong (China) businesses file an electronic corporate tax return and pay corporate income tax annually. Complying with tax requirements takes just 80 hours a year. Sixty economies—from Azerbaijan to Colombia and Lesotho—have made e-filing possible, and the list is growing.

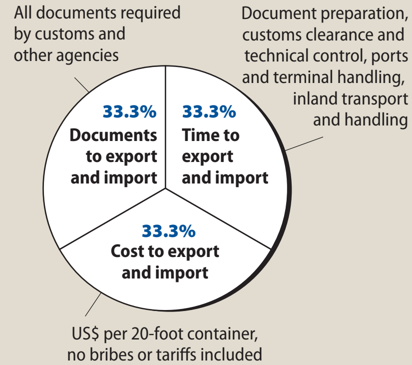
These reforms can ease the administrative burden of paying taxes. But it can take time for them to make a real difference. In Argentina as well as in Tunisia, it took almost 3 years before smaller firms felt the impact. The reason is that small firms often lack the software needed for electronic filing and payments. Moreover, taxpayers often distrust online systems when it comes to dealing with sensitive financial information.

Businesses in Azerbaijan are benefiting from an ambitious tax modernization reform started by the government 3 years ago. Electronic payment and filing systems have been in place since March 2007. The goal is to have 100% online filing. Tax authorities have been actively promoting online filing among businesses paying value added tax. The efforts have had results: 95% of these businesses are using the service, completing more than 200,000 online transactions in the first 3 months of 2008 alone—and saving an average 577 hours a year. Online filing is also available for corporate income tax. Reforms introducing electronic payment and filing systems often need to provide public education and training. Azerbaijan provided free software to taxpayers 6 months before implementing its new system, giving them time to become familiar with it. Distributing the tax software early paid off in more than one way: users also suggested improvements simplifying the design of the software's interface. To make the new online system more effective; Azerbaijan's government also introduced advanced accounting software to help in computing tax payments. This has especially benefited medium-size companies, which make up a sizable share of the users. For smaller enterprises—those more likely to lack access to the internet—Azerbaijan's Ministry of Taxes is installing computer stations around the country that are linked to the central database. Kenyan and Mozambican taxpayers are also enjoying the benefits of electronic tax systems. Companies in Kenya can complete and submit social security forms online. Complying with labor tax obligations used to take them 72 hours a year; now it takes about 20% less time. Their Mozambican counterparts can complete social security forms electronically and are looking forward to being able to submit them online, which will further simplify the task.

Trading across borders

FIGURE 9.1

Rankings on trading across borders are based on 3 subindicators



The benefits of trade are well documented; as are the obstacles. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

To make the data comparable across countries, several assumptions about the business and the traded goods are used.

The business is of medium size, employs 60 people, and is located in the periurban area of the economy's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy. The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

TABLE 9.1

Where is trading easy—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	**Most difficult** (AW RANK 16–20)	GLOBAL RANK
United Arab Emirates	14	Yemen	126
Saudi Arabia	16	Comoros	129
Bahrain	21	Sudan	139
Egypt	24	Mauritania	158
Djibouti	35	Iraq	178

Note: Rankings are the average of the economy rankings on the documents, time and cost required to export and import.
Source: Doing Business database.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

Djibouti, Egypt, Morocco and **Syria** reformed.

Djibouti improved its port administration and eliminated some document requirements for exporting and importing, reducing the time to import from 18 to 16 days, the documents to export from 8 to 5 days, and the documents to import from 6 to 5 days.

TABLE 9.2

Who makes importing easy—and who does not?

Documents *(number)*			
Fewest		**Most**	
Djibouti	5	Iraq	10
Saudi Arabia	5	Kuwait	10
Bahrain	6	Morocco	10
Egypt	6	Oman	10
Sudan	6	Mauritania	11
Time *(days)*			
Fastest		**Slowest**	
United Arab Emirates	10	Lebanon	38
		West Bank and Gaza	40
Bahrain	15		
Egypt	15	Mauritania	42
Djibouti	16	Sudan	49
Morocco	18	Iraq	101
Cost *(US$ per container)*			
Least		**Most**	
United Arab Emirates	587	Yemen	1,475
		Mauritania	1,523
Qatar	657	Syria	1,625
Saudi Arabia	678	Sudan	2,900
Egypt	823	Iraq	3,900
Bahrain	845		

Who makes exporting easy—and who does not?

Documents *(number)*			
Fewest		**Most**	
Bahrain	5	Syria	8
Djibouti	5	Comoros	10
Lebanon	5	Iraq	10
Qatar	5	Oman	10
Saudi Arabia	5	Mauritania	11
Time *(days)*			
Fastest		**Slowest**	
United Arab Emirates	10	Comoros	30
		Yemen	31
Bahrain	14	Mauritania	35
Egypt	14	Sudan	35
Morocco	14	Iraq	102
Syria	15		
Cost *(US$ per container)*			
Least		**Most**	
United Arab Emirates	618	Syria	1,190
		Algeria	1,248
Saudi Arabia	681	Mauritania	1,520
Morocco	700	Sudan	2,050
Jordan	730	Iraq	3,900
Tunisia	733		

Source: Doing Business database.

Egypt's port of Alexandria continued to upgrade its facilities and speed up customs clearance, while banks delivered letters of credit faster this year, leading to a reduction of 1 day for export and 3 days for import.

Morocco abolished its container ID card thereby speeding up the import and export process.

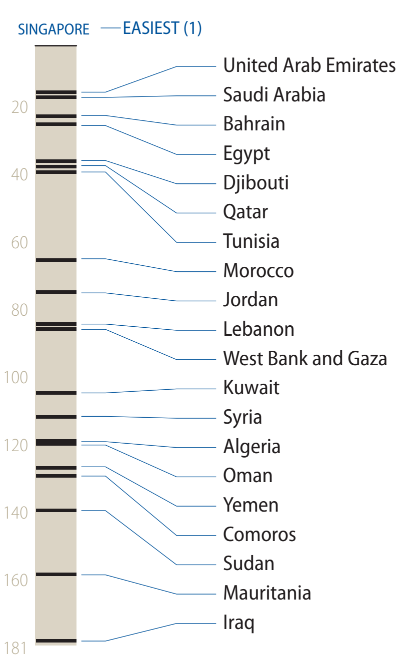
Syria eased up the entry requirements for private banks which then sped up the issuing of letters of credit. This led to a reduction of 2 days in document preparation time for both exports and imports in Syria.

Tunisia had a negative reform by requiring all freight arriving at its port to be accompanied by a unit of the customs authority and thereby increased the time to import by 1 day.

FIGURE 9.2

Arab economies rankings on the ease of trading across borders

Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

While **Djibouti, Egypt, Morocco** and **Syria** continued their reforms. looking back, **Algeria Jordan, Tunisia, Saudi Arabia** and **United Arab Emirates** also reformed.

Algeria

In 2007, in an effort to fight the smuggling of counterfeit goods, Algeria's Ministry of Commerce introduced another layer of compulsory inspections to the clearance process. An inspections agency acting on behalf of the Ministry of Commerce was assigned the responsibility. However, the inspections were not coordinated with those already carried out by Algerian customs. The new inspections required the same documents used in the pre-existing customs inspection plus a certificate of conformity. A third inspection was conducted if the product requires a phytosanitary certificate. In addition, the scanning of all containerized cargo—imports and exports—became compulsory, thus adding an additional cost to the clearance process. Port charges were further revised to make them uniform for all containers—large or small, imported or exported, loaded or unloaded—which led to a 10% increase in container charges, on average. At the same time, the customs clearance fees charged by brokers for their professional services dropped by 40 to 50% because the approval of license applications to be a customs broker eased up and competition flooded in.

Djibouti

In 2007, the implementation of an electronic system helped expedite the customs clearance process with goods being cleared even before their vessel arrives. Currently, documents can be sent electronically from Dubai, which is Djibouti's main trade partner. Further, customs clearance forms are available on-line and can be directly filled out electronically. Moreover, there has been increased coordination with the banks to authorize the transfers of customs duties, port fees and other charges. Customs offices have also extended their working hours to include week-ends and holidays. In 2008, Dubai intervened to help Djibouti's port run more efficiently: It streamlined the document preparation process for imports and exports, which cut time in customs. As mentioned, Djibouti's recent reforms cut 2 days off the time to import and 3 days off the time to export.

Egypt

In 2005, Egypt created a single window for documentation, put time limits on customs proceedings and consolidated the number of relevant departments from 26 to 5. Two years later, in 2007, Egypt continued its broad reforms by improving the training of custom officials, conducting selective inspections of cargo and enhancing the existing facilities at its Domiatta and Alexandria ports with electronic tracking systems. In 2008, Egypt further upgraded the facilities at its Alexandria port, constructing a new 600-meter berth and warehouses, which resulted in shorter handling times. In addition, customs personnel were instructed to complete customs clearance of all goods within 24 hours. Meanwhile, reforms in the banking sector reduced the time required to obtain a letter of credit.

Jordan

In 2006, Jordan improved its infrastructure with information technology solutions. Its container terminal was completely computerized, with state-of-the-art software (such as NAVIS and IFS) to ensure the optimal stacking of containers at the container yard and other efficiencies. As a result of electronic processes, traders were able to track the status of their shipments and the movements of the container within the container terminal, thereby aiding them in planning and speeding up clearance. To complement these soft infrastructure improvements, Jordan has made significant investments in hard infrastructure—such as gantry cranes, rubber tire cranes, straddle carriers, bomb-carts, tractors and other vehicles. Reforms were also made in the management of port personnel and their work environment, which contributed to higher productivity levels and fewer human errors.

Morocco

In 2006, Morocco implemented a new risk-based system that classified traders in 3 categories: A (superior), B (intermediary) and C (remaining). Category A companies go through customs with only random inspections (i.e., 1% of companies). If traders commit customs infractions, their operations are not blocked. As a result, customs clearance times have dropped. In addition, Morocco's port reform law divided port authority among 2 agencies (COMANAV and SODEP) with terminal management awarded to private agents. The moves reduced of port fees by about 30%. Plans are underway to establish a one-stop shop, linking customs with various government ministries involved in providing approvals related to exporting and importing.

In 2008, Morocco eliminated the container ID card for both imports and exports. As a result, a shipping company can simply provide an electronic link to a trader to use for electronic declaration. The net result is a reduction in the time required to prepare relevant documents.

Saudi Arabia

In 2007, Saudi Arabia streamlined its trade documentation system by allowing the transfer of data electronically and by abolishing the requirement for a consular certificate. Prior to this, exporters to Saudi Arabia were required to obtain an attestation from the Saudi Embassy regarding the type of goods, prices and quantities, prior to shipment. There has also been an improvement in port capacity, allowing Saudi Arabia's port of Jeddah to clear more containers per day.

Syria

In 2005, Syria started modernizing its customs offices in order to implement an electronic data interchange system, simplify procedures, increase transparency and improve the productivity of its staff. By 2006, IT divisions in several customs directorates were set up, helping to roll out new IT equipment and software (specifically, ASYCUDA from EDI), starting in four main locations. So far, two data input centers have been set up in Damascus and Lattakia to allow traders to submit declarations electronically. In 2008, these customs reforms were fortified with the easing up of entry requirements for private banks which then sped up the time it took to issue letters of credit.

Tunisia

In 2008, Tunisia introduced a new requirement for arriving freight within the port zone, which has prolonged the import process and increased its cost. The customs authorities also state that they are in the process of studying alternatives, such as replacing the unit that must currently accompany arriving freight with a tracking technology (GPS and GPRS).

United Arab Emirates

In 2005, improvements in the infrastructure of Jebel Ali port reduced the time for export and import significantly. Improvements included a port expansion with new berths and of the electronification of relevant documents, such as custom declarations.

GLOBAL REFORM TRENDS

The number of economies implementing new reforms to facilitate cross-border trade has been on the rise globally. In 2005 there were 25 reformers. In 2007/08 there were 34. Africa increasingly took the lead over the 5-year period. In the Arab World on average, 4 economies reformed each year.

SPEEDING CLEARANCE

The most popular reform to facilitate trade has been the implementation of an electronic data interchange system. Electronic transmission of documents not only speeds the clearance of goods; it often reduces the possibilities for paying bribes. That changed with the advent of electronic data processing. But to avoid a dual electronic and manual customs clearance process, the new systems must be complemented by supporting legislation authorizing electronic transactions.

Economies implementing an electronic data interchange system saw the time to clear goods cut by 3 days on average. Reforms in this area also help increase the predictability of clearance times. Before Pakistan implemented its electronic system, only 4.3% of goods were cleared within a day; for a quarter of the goods, clearance took a week. Now 93% of goods are cleared within a day.

Where electronic data interchange systems are in place, it is easier to manage risk in customs clearance, another popular reform. Around the world, thirteen economies have introduced risk-based inspections alongside electronic transmission of documents. In economies that use risk-based inspections, 19% of containers are inspected on average; in economies that do not, 53% are.

LOOKING BEYOND CUSTOMS

While customs reform remains important to trading across borders, several other reforms also play a part. Indeed, in the *Doing Business* sample, customs clearance accounts for less than 20% of the time to export, from the time the export contract is concluded to the time the goods leave the port. Approvals from ministries, health authorities, security agencies, inspection agencies, port authorities, banks and immigration authorities account for most delays.

Countries increasingly recognize the importance of a comprehensive approach to trade facilitation. Korea has brought together 69 government agencies as well as private participants through its single-window system. Senegal has brought together 15 agencies. El Salvador has linked 3 government departments and continues to expand this network.

FINDING INEXPENSIVE REFORMS

Some needed trade reforms are expensive, such as building roads or port infrastructure. But much can be done without heavy spending. Clarifying the rules is an important start.

More publicity, training and regular meetings with exporters on the clearance process can also make a difference. In Jamaica, where such efforts are in place, customs brokers with low error rates are rewarded with access to fast-track clearance procedures, while those with high error rates face more scrutiny. “Because I want my goods cleared quickly, I do not accept all documents sent to me by my clients. I sometimes ask them to bring a clearer invoice,” says Loraine, a customs broker in Jamaica.

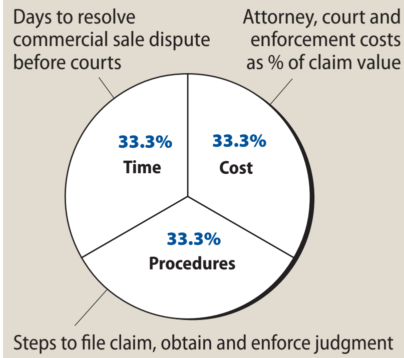
Payment of customs duties need not delay the release of cargo. Why not introduce a bond or financial guarantee, allowing goods to be released pending completion of the paperwork? Many economies, such as Malaysia, have done just that.

Countries save costs by synchronizing documents and procedures at the border. Thanks to a border cooperation agreement with Sweden and Finland, Norway is estimated to have avoided more than $9 million a year in costs to customs authorities and $48 million a year in costs to economic operators. In some regions trade is hindered by bureaucratic hurdles at borders. In Africa and Central Asia border crossings account for significant delays in trade. But change has begun. South Africa and Mozambique are creating a one-stop border post at the Lebombo–Ressano Garcia crossing. Indeed, regional approaches to trade facilitation may yield the biggest benefits in both regions.

Enforcing contracts

FIGURE 10.1

Rankings on enforcing contracts are based on 3 subindicators



Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. *Doing Business* tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is collected through study of the codes of civil procedure and other court regulations as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer) both located in the economy's largest business city. The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality. The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita). The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits. Judgment is 100% in favor of the Seller and is not appealed. Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.

TABLE 10.1

Where is enforcing contracts easy—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	Most difficult (AW RANK 16–20)	GLOBAL RANK
Yemen	41	Iraq	148
Tunisia	72	Comoros	150
Mauritania	84	Egypt	151
Kuwait	94	Djibouti	159
Qatar	98	Syria	174

Note: Rankings are the average of the economy rankings on the procedures, time and cost to resolve a commercial dispute through the courts.
Source: Doing Business database.

Rankings on enforcing contracts are based on 3 sub-indicators:

- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- Cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach.

In the absence of efficient courts, firms undertake fewer investments or business transactions.

And they prefer to involve only a small group of people who know each other from previous dealings.

It is notable that no Arab economies reformed in this area over the past year.

TABLE 10.2

Where is enforcing contracts the most efficient—and where the least?

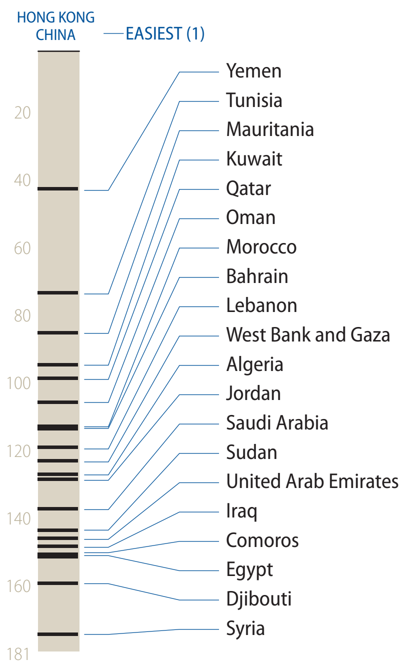
***Procedures** (number of steps)*			
Fewest		**Most**	
Lebanon	37	United Arab Emirates	50
Yemen	37	Iraq	51
Jordan	39	Oman	51
Tunisia	39	Sudan	53
Djibouti	40	Syria	55
***Time** (days)*			
Fastest		**Slowest**	
Mauritania	370	Lebanon	721
Comoros	506	Sudan	810
Iraq	520	Syria	872
Yemen	520	Egypt	1,010
Tunisia	565	Djibouti	1,225
***Cost** (% of claim)*			
Least		**Most**	
Kuwait	13.3	Lebanon	30.8
Oman	13.5	Jordan	31.2
Bahrain	14.7	Iraq	32.5
Yemen	16.5	Djibouti	34.0
Sudan	19.8	Comoros	89.4

Source: Doing Business database.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

No Arab economies reformed in this area.

FIGURE 10.2
Arab economies rankings on the ease of enforcing contracts
Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

Mauritania reformed over the past 5 years. Since 2006, 105 new magistrates have been hired to help speed up hearings. In 2007, Mauritania's commercial courts replaced specialized commercial chambers, which may have only had one sitting judge. Moreover, the government increased the compensation for judges. With increased capacity, commercial court judges are able to hold two hearings per month with a capacity to review approximately 15 cases per hearing, or 30 cases per month. Overall, delays have been reduced only slightly without affecting the overall execution time for contract enforcement.

With so few reforms to strengthen contract enforcement among Arab economies, this is clearly an area requiring more effort in the future.

GLOBAL REFORM TRENDS

Reformers considering ways to improve the regulatory environment for businesses often shy away from tackling court reforms. This is not surprising. The success rate of court reforms is low: on average, only 1 in 4 attempted reforms succeed in reducing costs and delays. Even successful reforms often take years to produce visible results.

As a general rule, economies that rank high on the ease of enforcing contracts continually reform their courts to adjust to changing business realities. Denmark is an example. In 2006 it introduced special rules for cases below about $8,600. That reduced the number of cases before the general courts in Copenhagen by 38%. Reformers did not stop there. In March 2008 a new law introduced mediation after a successful pilot showed that two-thirds of all cases referred to mediation in 2003–05 resulted in an amicable settlement. The message: stay focused on improvement, even if you are already doing well.

INTRODUCING COMMERCIAL COURTS

The most popular reform feature in Africa over the past 5 years has been introducing specialized commercial courts, as Mauritania did, or commercial sections within existing courts. Some African countries have a longer track record with specialized courts or divisions—including Kenya, Madagascar, Tanzania, Uganda and Zambia. As a result, the average time to resolve a commercial dispute dropped by about 19%, from 604 days to 492. Because judges must be hired and trained, rules adjusted and funding ensured, achieving such reductions in time usually takes years. In Ghana, for example, a commercial division began operating in its high court in March 2005. *Doing Business* 2008 records a drop in time from 552 days to 487—more than 2 years later. Specialized commercial courts are often criticized because they deal only with the financially most important cases. Those in Tanzania, for example, accept only cases with a value 66 times income per capita. In Zambia it is 15 times income per capita. Minimum thresholds can be justified as a way to avoid overloading newly established specialized courts. But a balance must be struck between access to justice and a reasonable caseload for the new courts. A pragmatic approach is to lower minimum thresholds as courts are gradually able to accept more cases. This is better than having courts inundated with cases from the start.

Countries in Latin America have sped criminal cases by using oral proceedings rather than an exchange of written documents. Argentina and Chile started this trend in the 1990s. Colombia, Guatemala, Honduras and Mexico are now working on similar reforms. And Colombia plans to extend oral proceedings to commercial cases over the next 4 years.

While oral proceedings are a recent trend in Latin America, countries in other regions have a longer history with them. Take Luxembourg, which ranks second on the ease of enforcing contracts. There, parties do not exchange long, written pleadings in commercial cases. Instead, they exchange only the written evidence they intend to rely on during oral arguments before the judge. This saves several months.

IMPOSING STRICT DEADLINES

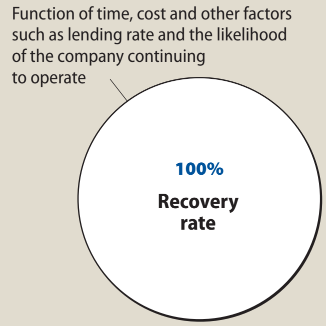
In 1995 the "arbitrazh courts" became responsible for dealing with commercial disputes in the Russian Federation. In 2002, to make proceedings faster, the Russian Federation revised its commercial procedural code. Its most significant innovation was to introduce strict mandatory time limits: 2 months for a full hearing, 1 month for accelerated procedures.

Most Central Asian countries copied the Russian procedural rules, including the strict deadlines. Judges are held accountable for respecting the deadlines, with those who do best standing better chances for promotion. Not surprisingly, of the 10 economies with the fastest average times to enforce a contract, half are in Eastern Europe and Central Asia.

Closing a business

FIGURE 11.1

Rankings on closing a business are based on 1 subindicator



Note: Time and cost do not count separately for the ranking.

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The *Doing Business* indicators identify weaknesses in the bankruptcy law as well as the main bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's largest business city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

TABLE 11.1

Where is it easy to close a business—and where not?

Easiest (AW RANK 1–5)	GLOBAL RANK	**Most difficult** (AW RANK 16–20)	GLOBAL RANK
Bahrain	25	Mauritania	148
Qatar	31	Comoros	181
Tunisia	32	Iraq	181
Algeria	49	Sudan	181
Saudi Arabia	57	West Bank and Gaza	181

Note: Rankings are based on the recovery rate: how many cents on the dollar claimants (creditors, tax authorities and employees) recover from the insolvent firm.
Source: Doing Business database.

TABLE 11.2

Where is bankruptcy the most efficient—and where the least?

Time *(years)*			
Fastest		**Slowest**	
Tunisia	1.3	Egypt	4.2
Saudi Arabia	1.5	Jordan	4.3
Morocco	1.8	Djibouti	5.0
Algeria	2.5	United Arab Emirates	5.1
Bahrain	2.5		
		Mauritania	8.0

Cost *(% of estate)*			
Least		**Most**	
Kuwait	1	Egypt	22
Oman	3.5	Lebanon	22
Algeria	7	Qatar	22
Tunisia	7	Saudi Arabia	22
Yemen	8	United Arab Emirates	30

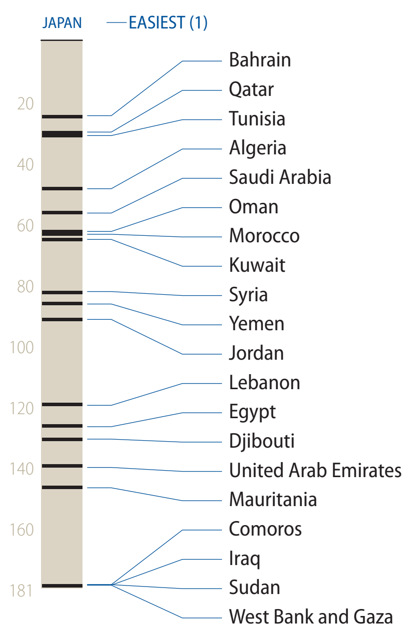
Recovery rate *(cents on the dollar)*			
Highest		**Lowest**	
Bahrain	63.2	Lebanon	19.0
Qatar	52.7	Egypt	16.8
Tunisia	52.3	Djibouti	15.9
Algeria	41.7	United Arab Emirates	10.2 0.0
Saudi Arabia	37.5		
		Mauritania	6.7

Note: The rankings reflected in the table include only Arab economies with a practice of bankruptcy (16 in total). Another 4 have no practice.
Source: Doing Business database.

WHICH ARAB ECONOMIES REFORMED IN 2007/08?

Saudi Arabia was the only reformer in the Middle East and North Africa. Its Ministry of Commerce introduced strict deadlines for bankruptcy procedures. Auctions of debtors' assets are expected to take place quicker than before. As a result, the process to determine the fate of a company in financial jeopardy (i.e., sale as going concern, piecemeal sale of assets, or approval of a reorganization plan) can range from 12 to 18 months. Once a judgment has been made and the fate of the company is determined, recovery of payment is fairly expeditious—creditors can expect to recover some monies owed within 1 month of judgment.

FIGURE 11.2
Arab economies rankings on the ease of closing a business
Global ranking (1–181)



WHICH ARAB ECONOMIES REFORMED IN THE PAST 5 YEARS?

Saudi Arabia and Tunisia reformed in 2008, Saudi Arabia reformed as discussed above.

In 2004 Tunisia amended the law guiding the insolvency procedure. The amendment has resulted in increased protection of creditors' rights and helped the continuity of the business. As a result, the time for insolvency was reduced from 2.5 years in 2004 to 1.3 years in 2005.

With so few reforms to improve the ability to close a business among Arab economies, this is clearly an area requiring more efforts.

GLOBAL REFORM TRENDS

EXPANDING CREDITORS' RIGHTS

Elsewhere in the world, expanding creditors' rights has been the most popular reform feature over the past 5 years. Seventeen economies have empowered creditors: China, the Czech Republic, Denmark, Finland, France, Hungary, Indonesia, Italy, Korea, Poland, Portugal, Puerto Rico, Romania, Serbia, Slovakia, the United States and Vietnam. Giving creditors more say in the process speeds the resolution of bankruptcy and is likely to result in the continuation of the business. Allowing creditors a greater role in decision making increases the recovery rate. Reforms expanding the powers of creditors have been most concentrated among OECD high-income economies. Finland gave creditors the right to set up a creditors' committee to advise the administrator. France and Korea now allow the creditors' committee to vote on the reorganization plan. Denmark encouraged creditors to report to the court any trustee actions that appear to delay the process. The court can then replace the trustee if it decides—based on the creditors' reports—that the trustee is incompetent. Several economies, including Finland and France, granted higher priority to creditors in bankruptcy claims. France gave a "supersecured" position to creditors that lend money to distressed companies, giving them priority over previous secured creditors. That makes it easier for such companies to obtain new loans and continue operating.

OECD high-income economies have also promoted reorganization. Finland, France, Italy and Korea made reorganization more accessible to troubled companies. Italy now allows distressed companies to seek an agreement with creditors before entering formal bankruptcy and with no prerequisites. That permits the companies to continue operating.

Besides OECD high-income economies, several in East Asia and Pacific also empowered creditors. Indonesia expanded the powers of creditors' committees so they can file and vote on reorganization plans. China adopted a new bankruptcy law in 2007, its first since 1949, significantly strengthening creditors' rights. Secured creditors now rank first in payment priority. Vietnam also gave higher priority to secured creditors, and removed priority for tax claims, when it changed its 1993 bankruptcy law in 2004.

SPEEDING BANKRUPTCY PROCEEDINGS

The second most popular reform feature in closing a business has been introducing or tightening deadlines in court procedures and streamlining appeals. Sixteen economies have undertaken such reforms: Armenia, Bulgaria, Colombia, Estonia, Georgia, Lithuania, Portugal, Puerto Rico, Romania, Saudi Arabia, Serbia, Slovakia, Spain, Tunisia, the United Kingdom and the United States. Imposing time limits facilitates fast resolution of bankruptcy, avoiding deterioration in a company's value over time.

This type of reform has been most popular in Eastern Europe and Central Asia, where no fewer than 8 economies have reformed in this direction in the past 5 years. Romania, Bulgaria and Estonia restricted procedural appeals. In 2004 Romania reduced the time allowed for each appeal from 30 days to 10, shortening the total duration of the bankruptcy procedure from 55 months to 40. Bulgaria restricted opportunities for procedural appeals. Before the reform, the initial decision could be appealed to 2 higher levels of courts. Now only 1 appeal is possible. Estonia allows debt recovery to continue even when there is an appeal, avoiding disruption of the process.

Armenia, Bulgaria, Estonia, Georgia, Lithuania, Serbia and Slovakia introduced or tightened procedural time limits. Armenia passed a new law incorporating time limits into the reorganization procedure. Serbia set strict time limits: claimants have 5 days to raise objections to the resolution, appeals must be made within 8 days after the ruling, and the court has 30 days to issue a decision on an appeal. Slovakia tightened time limits, speeding bankruptcy by at least 9 months in 2006.

GETTING THE FOCUS RIGHT

When it comes to reforming bankruptcy regulations, it is often assumed that reorganization is always the best course of action. But in low-income economies reorganization does not always lead to the highest return for creditors.

Mandatory reorganization procedures in some African economies often make matters worse. Take for example Benin, the Republic of Congo and Côte d'Ivoire. All have mandatory reorganization provisions, but their judicial systems lack the capacity to handle these types of cases. Among the main problems: frequent adjournments and courts that fail to hand down timely decisions.

In such systems, reorganization usually ends in liquidation. The time spent in reorganization only delays the process and increases the cost. Reforms that focus on debt enforcement or foreclosure are more likely to show results in those countries. And reforms that ensure properly resourced and well-functioning courts can help a larger number of viable businesses to reorganize successfully.

Overall, economies around the world are reforming toward more efficient bankruptcy systems. In the years since *Doing Business* started collecting data on the topic, the average time to complete bankruptcy proceedings has declined by 4%.

Ease of doing business

The ease of doing business index ranks economies from 1 to 181. For each economy the index is calculated as the ranking on the simple average of its percentile rankings on each of the 10 topics covered in *Doing Business 2009*. The ranking on each topic is the simple average of the percentile rankings on its component indicators (table 12.1).

If an economy has no laws or regulations covering a specific area—for example, bankruptcy—it receives a "no practice" mark. Similarly, an economy receives a "no practice" or "not possible" mark if regulation exists but is never used in practice or if a competing regulation prohibits such practice. Either way, a "no practice" or "not possible" mark puts the economy at the bottom of the ranking on the relevant indicator.

Here is one example of how the ranking is constructed. In Iceland it takes 5 procedures, 5 days and 2.6% of annual income per capita in fees to open a business. The minimum capital required amounts to 13.6% of income per capita. On these 4 indicators Iceland ranks in the 9th, 3rd, 13th and 58th percentiles. So on average Iceland ranks in the 21st percentile on the ease of starting a business. It ranks in the 48th percentile on protecting investors, 26th percentile on trading across borders, 8th percentile on enforcing contracts, 8th percentile on closing a business and so on. Higher rankings indicate simpler regulation and stronger protection of property rights. The simple average of Iceland's percentile rankings on all topics is 23%. When all economies are ordered by their average percentile rank, Iceland is in 11th place.

More complex aggregation methods—such as principal components and unobserved components—yield a nearly identical ranking. The choice of aggregation method has little influence on the rankings because the 10 sets of indicators in *Doing Business* provide sufficiently broad coverage across topics. So *Doing Business* uses the simplest method.

The ease of doing business index is limited in scope. It does not account for an economy's proximity to large markets, the quality of its infrastructure services (other than services related to trading across borders or construction permits), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the context of an economy. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

Doing Business also uses a simple method to calculate the top reformers. First, it selects the economies that im-

TABLE 12.1
Which indicators make up the ranking?

Starting a business	***Protecting investors***
Procedures, time, cost and paid-in minimum capital to open a new business	Strength of investor protection index: extent of disclosure index, extent of director liability index and ease of shareholder suits index
Dealing with construction permits	***Paying taxes***
Procedures, time and cost to obtain construction permits, inspections and utility connections	Number of tax payments, time to prepare and file tax returns and to pay taxes, total taxes as a share of profit before all taxes borne
Employing workers	***Trading across borders***
Difficulty of hiring index, rigidity of hours index, difficulty of firing index, firing cost	Documents, time and cost to export and import
Registering property	***Enforcing contracts***
Procedures, time and cost to transfer commercial real estate	Procedures, time and cost to resolve a commercial dispute
Getting credit	***Closing a business***
Strength of legal rights index, depth of credit information index	Recovery rate in bankruptcy

plemented reforms making it easier to do business in 3 or more of the 10 *Doing Business* topics. One reform is counted per topic. For example, if an economy merged several procedures by creating a unified property registry and separately reduced the property transfer tax, this counts as 1 reform for the purposes of attaining the 3 reforms required to be a candidate for top reformer.

Second, *Doing Business* ranks these economies on the increase in their ranking on the ease of doing business from the previous year. For example, Albania, Burkina Faso and Rwanda each reformed in 4 aspects of business regulation. Albania's aggregate ranking on the ease of doing business improved from 135 to 86, Burkina Faso's from 164 to 148 and Rwanda's from 148 to 139. These changes represent an improvement in the ranking by 49 places, 16 places and 9 places, respectively. Albania therefore ranks ahead of Burkina Faso in the list of top 10 reformers. Rwanda does not make the list.

In summary, top reformers are economies that have implemented 3 or more reforms making it easier to do business and, as a result, improved their position in the ease of doing business more than other economies. The change in ranking is calculated by comparing this year's ranking with last year's back-calculated ranking. To ensure consistency over time, data sets for previous years are adjusted to reflect any changes in methodology, additions of new economies and revisions in data.

Case studies

Case studies were previously published in *Celebrating Reform 2007* and *Celebrating Reform 2008*

CASE STUDY

SAUDI ARABIA • STARTING A BUSINESS

Competitiveness from innovation, not inheritance

Karim Ouled Belayachi and Jamal Ibrahim Haidar

Starting a business in Saudi Arabia used to be limited to those who could afford one of the highest minimum capital requirements in the world—$125,000 for limited liability companies. In July 2007 Saudi Arabia slashed the minimum capital requirement and simplified business startup procedures. What once required 13 procedures now takes only 7. The time to start a business fell from 39 days in 2006 to only 15 in 2007. According to *Doing Business*, the country's ease of starting a business ranking soared from 159 in 2007 to 36 in 2008.

The need to transform the Saudi economy was clear—from one based on inherited wealth to one based on innovation. The oil sector makes up more than half the gross domestic product (GDP) but employs only 2% of the workforce. Even if oil maintained its high price, the sector would not generate the new jobs to satisfy the growing workforce. The country's population is young, with 49% younger than 20, and a large share will soon enter the labor market. That could fan unemployment.

HOW TO REFORM FAST? POLITICAL COMMITMENT

After seeing that the country was not the best in the Middle East and North Africa region and compared poorly with the rest of the world, King Abdullah of Saudi Arabia said in 2006, "I want Saudi Arabia to be among the top 10 countries in *Doing Business* in 2010. No Middle Eastern country should have a better investment climate by 2007." This drove the creation of the 10 by 10 Initiative, with a goal to place Saudi Arabia among the 10 most competitive economies by 2010. The political structure of Saudi Arabia made it possible to start the reform right away.

Saudi Arabia's reforms began in 2003, spurred by a desire to join the World Trade Organization. The agency responsible, the Saudi Arabia Government Investment Authority (SAGIA), improved Saudi Arabia's investor rights and protections in 2003 and enhanced its competitiveness with accession to the World Trade Organization in 2005. But the $125,000 minimum paid-in capital requirement put Saudi Arabia among the lowest 20 countries in *Doing Business's* starting a business indicator in 2006. After the success in 2003–05 SAGIA executives got direct responsibility for reforming the business entry process to encourage domestic investment.

First, they realigned their agency's mission statement to become "to position Saudi Arabia among the top 10 most competitive economies in the world by 2010 through the creation of a pro-business environment, a knowledge-based society, and by developing world-class economic cities to enhance economic development across the country." Public advertisements seek to include every citizen in that mission.

To analyze performance and promote improvements, the National Competitiveness Center created benchmarks aimed at remodeling the business entry process and rubbing out its rough bureaucratic edges. It used *Doing Business's* "starting a business" methodology to measure results.

Collaboration, teamwork, and leadership were key to the reform's success. SAGIA's governor, Amr Dabbagh, and deputy governor, Awwad Al-Awwad, spearheaded the reform program because of their backgrounds. Dabbagh brought extensive private sector experience—he was a former chief executive of the Dabbagh Group, with previous work in telecommunications, media and technology, energy, and other major industries. Al-Awwad brought public sector experience, as an official across several government entities. Together, they proved invaluable in lobbying private and public stakeholders to support change.

An outside agency, SAGIA was not directly responsible for business registration. Its board of directors included representatives from each ministry and 2 members from the private sector nominated by SAGIA's governor. Their diagnosis: entrepreneurial activity in Saudi Arabia was limited, mainly because the process to start a business was long, costly, and required a high minimum capital. The complex business entry process stifled entrepreneurship and innovation. Unlike in other rich countries, small and medium-size businesses did not contribute much to GDP.

FACING OPPOSITION

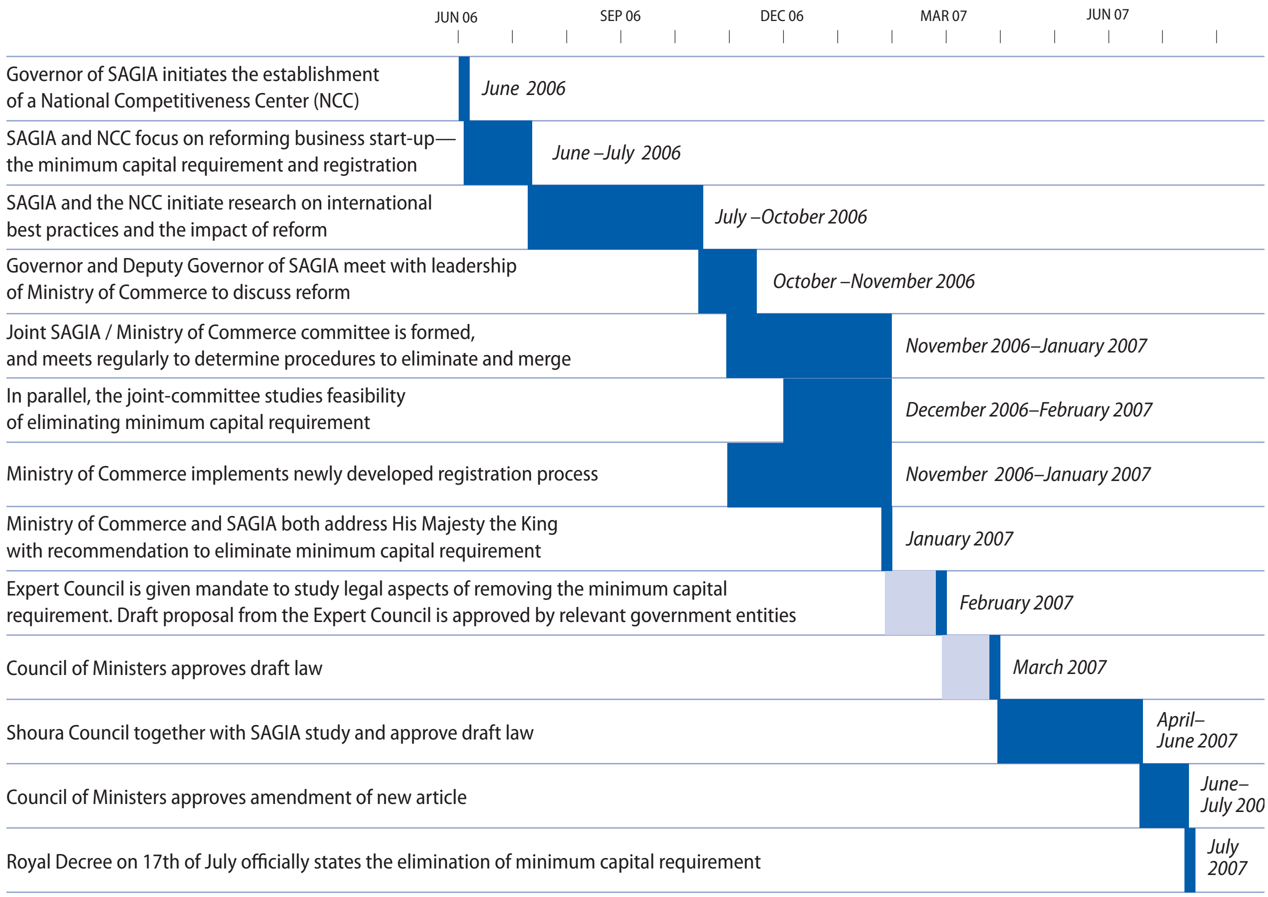
The main arguments for keeping a minimum capital were protecting creditors and protecting companies against insolvency. The argument was not based on specific events, but on a larger view of what would be best for the country.

From November 2006 through January 2007 SAGIA tailored business cases to address these arguments. Their point: a minimum capital requirement made little sense because capital structure depends on a firm's operations and because creditors are protected by the mark-up in asset values.

The reformers challenged their detractors: If a high minimum capital requirement is good, why don't the rich countries require such large amounts? Why does economic informality spread in parallel with the required minimum capital? Why would a company that designs software have the same capital as a highly leveraged company that transports radioactive waste? If capital requirements reflect creditor risks, shouldn't they differ across sectors? SAGIA also benefited

FIGURE 13.1
Timeline of business start-up reform in Saudi Arabia

Source: Doing Business database



from internal *Doing Business* research that showed that minimum paid-in capital does not prevent bankruptcy.

WHAT GETS MEASURED GETS DONE

After the announcement of the 10-by-10 Initiative, SAGIA set up a system of key benchmarks, with targets for each year based on an aggressive goal to be among the top 10 countries by 2010. The goal was not only to improve, but to improve compared with others. So, international benchmarks were the targets. The end-of-year bonuses of SAGIA's executive staff depended on achieving or surpassing an overall *Doing Business* rank below 40 in 2006, 30 in 2007, 25 in 2008, 15 in 2009, and 10 in 2010.

SAGIA reported its progress directly to King Abdullah, every quarter. The king wanted briefings on successful collaborations with other ministries—and on the obstacles SAGIA encountered. The system made everyone accountable to the highest levels of government, creating an urgency and sense of responsibility. In 2006 the team missed the annual target, so it faced significant political pressure to make sturdy progress the next year.

The reforms encompassed many agencies and departments outside SAGIA. So, for every significant step forward, SAGIA used a media campaign to thank the relevant ministries or departments, with television spots, newspaper announcements, and awards ceremonies. "It is important to let people know that everyone is part of the 10-by-10 Initiative and that everyone is a winner," says Al-Awwad.

QUICK WINS TO CREATE MOMENTUM

Major legal changes do not happen quickly. To re-engineer business registration, SAGIA created momentum by advocating for smaller, simpler reforms. Eliminating the minimum capital would have to wait for later. The reformers identified quick reforms—procedures with little function that could be easily eliminated without objection from the entity that administered them.

An example was the procedure that required the Chamber of Commerce to stamp the company books. The procedure served no real purpose, and the Chamber of Commerce agreed to eliminate it. Also reformed were steps that could be merged together.

In the old registration process the

company name and a summary of the articles of association were submitted separately for publication in the Official Gazette. No rationale other than historical protocol justified the separate submissions. The Ministry of Commerce was thus open to a single submission. Technocrats from SAGIA and the Ministry of Commerce implemented the reforms. These quick reforms brought momentum that made it easier for SAGIA to advocate more challenging reforms, such as reducing costs for business registration. The General Organization of Social Insurance's plans computerize its registration procedure and go online further streamlined and simplified business startup.

Meetings at the ministerial or deputy levels became the basis for memorandums of understanding between the organizations—to formalize the agreed reforms. These became a reference point to create pressure and ensure commitment.

PIGGYBACKING? ONLY IF IT WORKS

Navigating government agencies was a challenge, but it built understanding of how to promote reforms. Legislative reforms required much more creativity. Discovering that the Ministry of Commerce had already drafted a new Companies Law, SAGIA "piggy-backed" on the new law and received the ministry's support to add Article 164, eliminating the minimum capital requirement.

From January to May 2007 the Ministry of Commerce and the governor of SAGIA lobbied the Supreme Economic Council, the Council of Ministers, and the Shura Council to pass the new law. But the process began to slow. Making use of the new law had originally accelerated matters, but questions arose about articles unrelated to the minimum capital requirement. SAGIA and the Ministry of Commerce agreed that Article 164 could still be fast-tracked if stripped from the new law. The legislative creativity worked. Within a month Article 164 won passage through all legislative bodies and the king's signature. Reflecting on the experience, the deputy governor Al-Awwad of SAGIA says, "it is sometimes important not to wait until you have the whole perfect picture. Instead focus on what works."

LEVERAGING INTERNATIONAL EXPERIENCE

Early in the implementation phase, the king sent a memo instructing SAGIA to hold workshops with every related agency in Saudi Arabia on how to improve its ease of *Doing Business*. At these workshops SAGIA and others elaborated clear responsibilities, timetables, action points, and benchmarks.

To benefit from international experience, in June 2006 reformers contracted with consultants from Monitor Group—a global strategic consulting firm that specializes in national economic development—to learn more about best practices for business entry around the world. Monitor Group brought analytical expertise and strategy assistance. And it was a useful outside player to assess current conditions and future requirements. In collaboration with the Ministry of Commerce, it developed a performance measurement system for ministry staff, highlighting the importance of results.

Since its formation, the Ministry of Commerce has been keen to foster the domestic private sector. SAGIA benefited, spotlighting how the ministry's strategic vision aligned with its own. Within a few months the ministry became a partner in championing the reform.

Making the reforms sustainable and responsive to the private sector was imperative because stakeholder views change over time. So, the National Competitiveness Center established a second level of work at the cluster level—a platform for members of the private and public sectors to meet, discuss, and resolve issues, with the National Competitiveness Center just a facilitator.

MORE OUTREACH NEEDED

Dabbagh and SAGIA have tried to communicate the reforms broadly, but much more can be done. In this country—of more than 27 million inhabitants, where small and medium-size enterprises contribute only 28% of GDP—a stronger media campaign is needed to motivate would-be entrepreneurs to create their businesses and to join the formal sector. The team is reaching out to those people to trumpet the opportunities.

A senior Saudi official who was directly engaged in the reform says, "We are not just content to rest on the accomplishments. We know there is a great deal more work to be done to achieve our 10-by-10 objective, but we like to look at our goal as Michelangelo did when he said, 'The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.'"

CASE STUDY

EGYPT • REGISTERING PROPERTY

How to raise revenues by lowering fees

Jamal Ibrahim Haidar

Over the last decade Egypt's economy grew rapidly. But its property market remained far below its economic potential—for government revenues and as an investment vehicle for citizens. In July 2006 the government collected just EGP 6.1 million in registration fees, less than the price of an apartment in "The First Residence," a luxury building in an affluent Cairo neighborhood. Old property registration laws from 1964, high fees, and inefficient government agencies hindered the formalization of real estate.

A 2004 World Bank study found that 60% of Egyptian domestic firms identified tax administration as a major constraint, 53% identified corruption as a major constraint, and 26% expected to pay informal payments to get things done. Firms not able to pay were excluded from regular business. Ranked 147 of 175 countries on the *Doing Business* registering property indicator, Egypt was behind all but 2 countries in the Middle East and North Africa. But reform in 2006 helped Egypt cut registration fees from 5.9% to 1% of property value. And meanwhile state revenues rose—along with the country's *Doing Business* ranking.

A FORTUNE IN UNREGISTERED PROPERTY

Of Egypt's estimated 25 million urban properties, only 7% were formally registered. According to Hernando De Soto, unregistered property in Egypt is worth $241 billion—55 times the foreign direct investment the country received over the last 200 years, including the Suez Canal and the Aswan Dam, or 30 times the value of the Cairo stock exchange.

In 2005, 90% of properties were either unregistered or registered at underestimated values.[1] Transferring a property between domestic companies cost 5.9% of property value. Compare that with less than 0.5% in New York. Egypt's fee based on a percentage of the property value encouraged undervaluation, complicated property registration, and required more regulation to secure tax revenues. It also created opportunities for corruption.

EMPOWERING WINNERS

The government identified 2 problem areas: high costs and cumbersome procedures. According to Emad Hassan, director of National Database Program of the Ministry of State for Administrative Development, the goal was to bring informal property into the official national framework by formalizing it. How? By reducing property registration fees, simplifying the property registration process, and encouraging citizens and companies to obtain titles. An inspiration was Peru's 2003 nationwide titling program, which quickly converted informal property into securely delineated holdings.

Reducing registration fees was not a new idea in Egypt. But before 2004 the program focused on cutting the fees to 3% of property value. From March 2005 a new vision emerged, based on the assumption that the property registration is a public service, so fees should just equal the real cost to the government. The new model for reform recommended changing the fees structure from one based on percentages to one based on fixed fees.

The focus was on empowering the winners from reform and engaging stakeholders. To determine who could affect the success of the reform, the Ministry of State for Administrative Development conducted stakeholder mapping. First, staff created a comprehensive stakeholders list. Second, they brainstormed about how each person or group could make a tangible contribution to the reform—they did not want relevant people to sit on the sidelines because they were not given a role and asked to participate. Third, they identified steps to mitigate potential resistance.

Cooperating with the Ministries of Justice and the Property Tax Authority, the Ministry of State for Administrative Development led a pilot project between March and December 2005 to study property registration. Representatives of the government departments met 6 times, once a month. In 3 meetings they also invited bankers, technical experts from the World Bank and the International Finance Corporation, and members of the Lawyers' Syndicate to present their opinions.

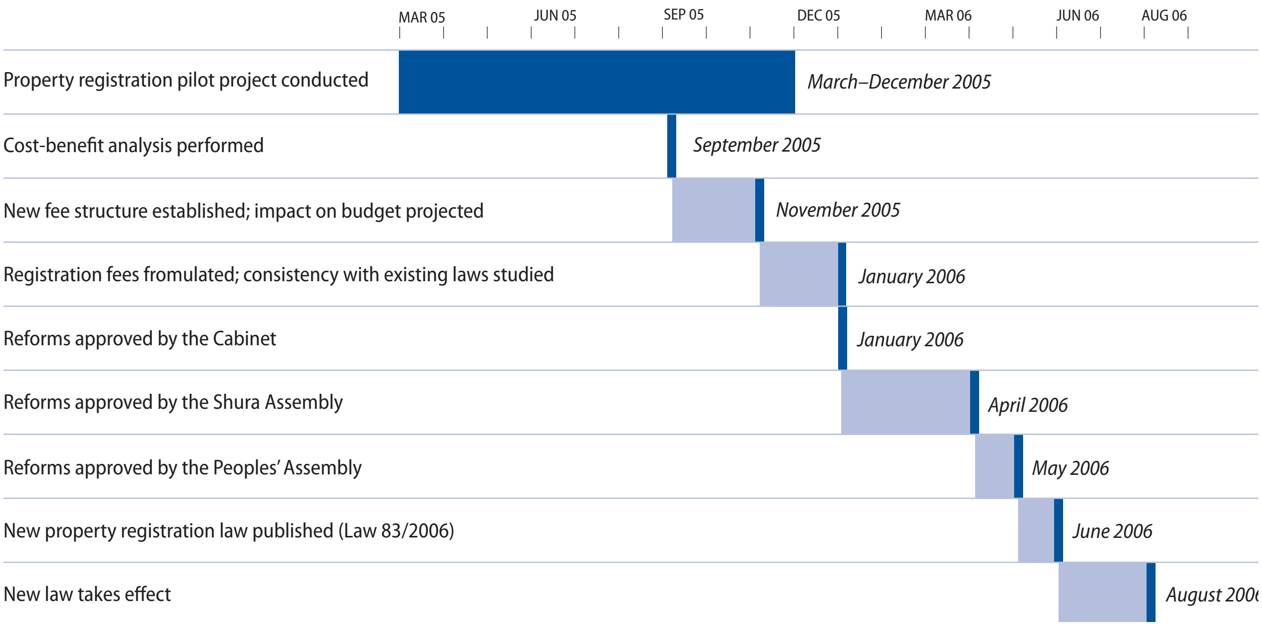
The reformers understood the importance of involving the stakeholders in face-to-face meetings, forming a stakeholder working group in April 2005. It comprised the Ministry of Investment, with its 2 arms, the General Authority for Investment and the Mortgage Finance Authority; the Ministry of State for Administrative Development; the Ministry of Justice; the Public Notary Authority of the Ministry of Justice; the Ministry of Housing; the Real Estate Taxation Authority of the Ministry of Finance; the Egyptian Surveying Authority of the Ministry of Water Resources and Irrigation; and governorates and municipalities under the Ministry of State for Local Development.

In November 2005 the working group delivered its final report. Its conclusion: if only half the informal properties became registered after the reform, the revenues would be EGP 5.5 billion, more than half of that net profits.

The Ministry of State for Administrative Development used a cost-benefit model to identify the real cost of registering property: EGP 23 for drafting a title, EGP 40 for surveying and measurements

FIGURE 13.2
Timeline of property reform in Egypt

Source: Doing Business database



services, and EGP 37 for registration services—for a total of EGP 100.

CAPPING FEES

In December 2005 the highest ministerial committee of the Council of Ministers approved the study. The council instructed Mamdouh Marei, minister of justice to make the necessary legislative adjustments. A draft law was prepared in January 2006, along with a study to measure the draft law's effects on other laws. The aim was to make property registration fees comparable to those in other emerging economies—less than 2% of property value in Georgia, Russia, and Chile. The new cost structure would lower or eliminate excessive fees for inspections and requesting registration.

The Shura Council approved the amendment of Law No. 70 of 1964 concerning notarization and registration fees and the land register system law in April 2006, only months after the Ministry of Justice formulated the new registration fees schedule in January. The Peoples' Assembly approved Law 83 in May 2006, and it was issued in June 2006 and enforced in August 2006. The premise was simple: the larger the area, the higher the fee, because people with more can afford higher fees.[2] Other key provisions:

- The fees for document registration, initiatory pleadings, and related works are capped at EGP 2,000 ($350).
- The notarization and registration fees are capped at EGP 30 ($5.21).
- 14 other registration fees are now merely symbolic, each less than $6.
- Fees for inspections and requesting registration are now gone.

The total property registration fees decreased from 5.9% of property value to 1%. Revenues from title registrations rose 39% between the 6 months before the reform and the 6 months after.

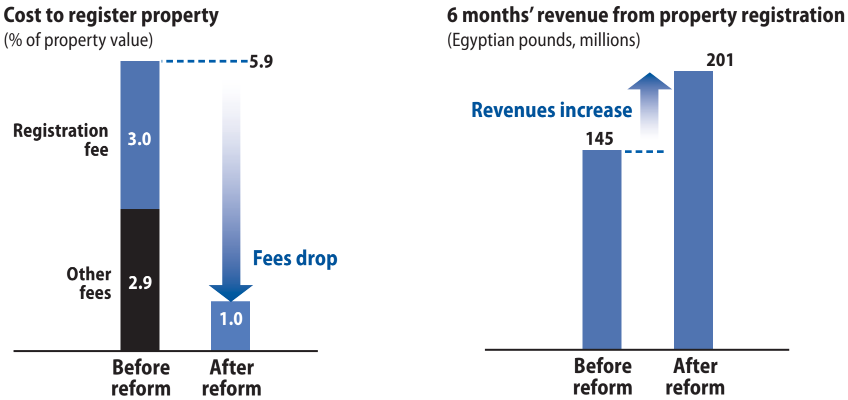
OVERCOMING OPPOSITION WITH A SHARED VISION

"The aim was not to reach consensus but to facilitate acceptance of the reform idea among relevant agencies. In addition to identifying the reform and its impact, we had to build a common understanding of the case across the relevant public and private agencies," says Hassan, director of National Database Program. The initial focus was on the ministers of investment, justice, and finance, then on key stakeholders in the economy as a whole. The Ministry of State for Administrative Development held specialized conferences and workshops tackling the housing industry, mortgage finance, and property registration, and the Lawyers' Syndicate, major taxpayers, and banking industry provided positive feedback.

The Egyptian opposition was initially skeptical about who would benefit from the reform. "If we reduce the cost of registering property, what would be the impact on the property capital and credit market? How would the poor benefit?" asked an opposition parliamentarian. To address those challenges, Mahmoud Mohieldin, minister of investment, developed a shared vision. He ensured that the new cost structure would cut excessive fees and make the cost of registering property affordable without affecting government revenues. In a January 2006 speech at the Peoples' Assembly, he emphasized that the reform would benefit the most people possible.

India was his example. In July 2004 the state of Maharashtra cut stamp duties from 10% to 5%—and boosted total

FIGURE 13.3
Cutting fees increased revenue in Egypt



Source: Doing Business database, Egyptian Ministry of State for Administrative Development.

stamp duty revenues by 20%, about 80% of that from property transfers. Now more properties are registered, and the registry holds better information on property values and on who owns what. That supports the collection of capital gains and property taxes as well.

AMBITIOUS GOALS

Introducing a higher flat fee for larger properties helped overcome the initial criticism that poor people would not benefit. The People's Assembly demanded a broad target group for the reform. The minister of Investment understood this and backed up the reform with the right legislation. Osamah Saleh, Chairman of Mortgage Finance Authority, says "We were aiming to reduce property registration fees so that every property holder will have the chance to receive a formal title. The poor especially would benefit because they would have the chance to use their properties as collateral, start *Doing Business*, and achieve their dreams."

As a reform leader, Professor Ahmad Mahmoud Othman Darwish, minister of state for administrative development, ensured that the work plan was robust, the milestones were achievable, and the appropriate resources were committed to do the work. He set clear expectations up front on the time individuals and teams would have to commit to the effort. He also determined how individual and team performance would become part of the regular appraisal process. Departments rewarded contributions to the success of the transformation formally (by public recognition) and professionally (by promotions).

The Egyptian property registration reform aims to formalize 1 million properties during 2007/08, 2 million during 2008/09, 4 million during 2009/10, and 6 million a year during 2010–10. Citizens and businesses in both rural and urban areas got encouragement to register their properties. Within a year of the law's passage, revenues from title deeds jumped from EGP 100,000 to EGP 2 million, and total registration revenues from EGP 6.3 million to EGP 41.5 million.

THE MESSAGE—A NEW ERA FOR PROPERTY REGISTRATION

The Ministry of Finance's successful media campaign about its tax reforms in January 2006 ushered in a new era for communicating legal reform to the public. The Ministry of Investment used the same approach to communicate the property registration reform, conveying news, key milestones, and the benefits to the public. It distributed the approved law to the private sector and nongovernmental organizations and held roundtables with the Lawyers' Syndicate, major taxpayers, and the banking industry. It also convinced banks to market new mortgage offerings to attract more property into the Egyptian formal economy.

LONG TIME STILL A PROBLEM

A remaining challenge for Egypt is to reduce the time it takes to register property. Today, it still takes an entrepreneur more than 6 months to register a property transfer in Cairo.

Hani, who sells newspapers in the streets of Cairo, sums up the dilemma: "My house is mine and not mine. It is mine because I inherited it from my father. It is not mine because it is not registered in my name. I cannot spend 6 months without work in order to go through the property registration process. My mother works at home. I often worry that people will seize my house when I'm away."

Simplifying and combining procedures, keeping registry records updated, continuing to digitize records, and introducing fast-track procedures could be next steps to help Hani and others like him.

NOTES

1. OPIC, Office of Economic Development, Issue Paper 1:2005, July 2005.
2. If the property area is less than or equal to 100 square meters, registration fees are EGP 500 (less than 100). If the property area is more than 100 but less than or equal to 200 square meters, registration fees are EGP 1000 (less than $200). If the property area is more than 200 but less than or equal to 300 square meters, registration fees are EGP 1500 (less than $300). If the property area is more than 300 square meters, registration fees are EGP 2000 (less than $400).

CASE STUDY

JORDAN • TRADING ACROSS BORDERS

A public-private partnership brings order to Aqaba's port

Doina Cebotari and Allen Dennis

The port of Aqaba, Jordan's only sea port, was the country's biggest hindrance to trade in mid-2003. Waiting times for ships at berth were long, and congestion at the container terminal severe. Major international shipping lines suspended their dealings with the Aqaba Container Terminal. But by the end of 2005 the congestion had disappeared, and the congestion charge was gone—thanks to reforms. Lloyds—the world's leading maritime and transport news and analysis portal—chose the terminal as among the 3 best terminals in the Middle East and the Indian subcontinent.

LONG WAITS TO TRADERS AT AQABA

Aqaba is in the northern Red Sea, at the junction of trading routes between 3 continents (Europe, Asia, and Africa) and 4 countries (Iraq, Israel, Saudi Arabia, and Syria,). Because of its multi-modal transport system, it emerged in the 1980s as the third-largest Red Sea port after Suez in Egypt and Jeddah in Saudi Arabia. By the late 1990s the port's importance in the Levant had drastically fallen in the face of stiff competition from Latakia, Beirut, and Dubai. Its low use masked the terminal's poor management and underinvestment in soft and hard infrastructure. It took a crisis to bring about the recognition that the terminal needed a serious change.

In mid-2003 the terminal came to a standstill, experiencing the worst congestion in its history. Vessels docking at the port often faced anchorage waiting times of 150 hours.[1] To compensate for the delays, shipping lines imposed surcharges of $500 per 20-feet container load. Traders also had to bear higher demurrage charges because of the longer storage periods at the port—48 days at their peak.

The congestion compelled some local traders and shipping lines serving Iraq to use ports in more distant Lebanon and Syria. The cost to the Jordanian economy from such congestion was an estimated $120 million a year. But the crisis proved to be a catalyst for a dedicated team of reformers to push ahead with the painful but necessary changes at the port.

FACES OF REFORM—3 CHAMPIONS

The commitment, hard work, and determination of Imad Fakhoury, Nader al-Dahabi, and Ali Abu Al-Ragheb drove reforms through tough opposition.

Fakhoury—chairman of the Aqaba Development Corporation, the central development arm of the Aqaba Special Economic Zone Authority, charged with implementing the 2001–20 master plan for Aqaba region—was key in turning around the terminal. A Harvard alumnus, Fakhoury wrote his thesis on transforming Aqaba into a freeport area. During the mid-2003 crisis he pushed for a public-private partnership to run the port, arguing that this would be "strategically very important to Jordan, its economy, and its in-transit trade."[2] Nader al-Dahabi, chief commissioner of the Aqaba Special Economic Zone Authority during 2004–07, supported him. They worked together to raise awareness and support for the public-private partnership at the terminal.

Abu Al-Ragheb, twice minister of trade and industry (1991–93 and 1995) and prime minister of Jordan (2000-2003), was a prominent architect of economic legislation in Jordan. He oversaw a series of reform laws, among them the Privatization Law 25/2000, which allowed port ownership to be transferred to a neutral party (the Aqaba Development Corporation) that could move ahead rapidly with reforms.

Ultimately, the personal involvement of King Abdullah II himself pushed the project forward in the face of fierce opposition. The king's support was rooted in his commitment to developing Aqaba to drive the growth of Jordan. When in July 2000 the Aqaba Special Economic Zone faced stiff opposition in Parliament, the king defended the project himself.[3] In 2002 the king paid 2 surprise visits in less than a week to the Customs Department in Aqaba to check on measures to facilitate customs procedures.[4] In mid-2003, when the port of Aqaba was in crisis, the king demanded that a plan be implemented within 3 months to solve the container port problem. Recognizing the key role of Aqaba's port in the success of the Aqaba Special Economic Zone, the king again lent his strong commitment to reforms.

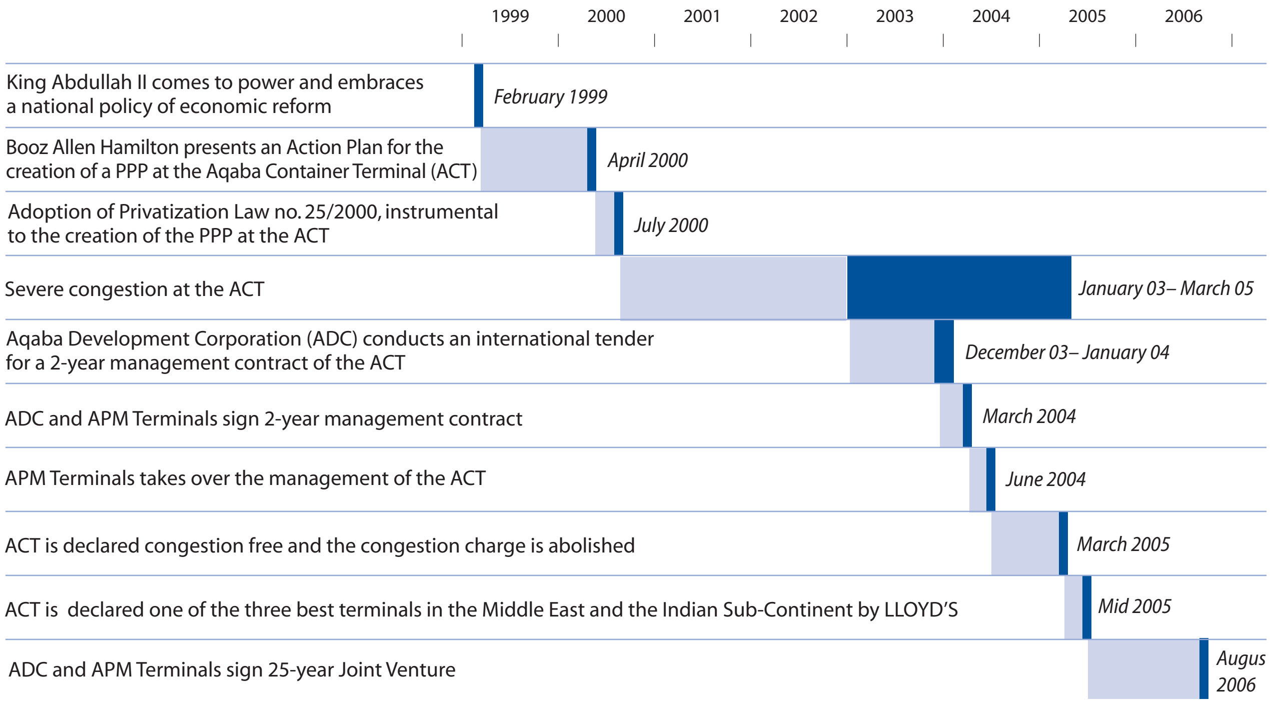
BRINGING IN THE PRIVATE SECTOR

The investment required to modernize the terminal and make it internationally successful was estimated at $500 million over 2003–28. But Jordan's dire economic situation, the legacy of the financial and currency crises of the early 1990s, meant that such a financial commitment would burden the state budget. Fakhoury was a staunch advocate of getting the private sector involved in the running of the port while maintaining state ownership.

A $1.2 million World Bank feasibility study in 1998 recommended a public-private partnership. Consultants from Booz Allen Hamilton then drafted an action plan based on the recommendations as part of a $15 million, 3-year technical assistance program under the U.S. Agency for International Development.

FIGURE 13.1
Timeline of trade reform at the Port of Aqaba, Jordan

Source: Doing Business database



CREATING AN OWNERSHIP STRUCTURE TO DRIVE REFORMS

The public-private partnership would have been impossible without a transfer in the ownership and control of the port from the Ministry of Transport to the Aqaba Development Corporation in late 2003. The ministry, though not against the reform at the Port of Aqaba, would have been hobbled by the opposing views of its various stakeholders that it would have tried to appease. Unlike the Ministry of Transport, the Aqaba Development Corporation, being a new body, was not entangled in the numerous demands of the stakeholders. In this way it was able to overcome the policy paralysis that doomed earlier restructuring attempts by the ministry. Even so, other battles still had to be fought and won before the reforms could go ahead.

ENGAGING THE OPPOSITION AND WINNING PUBLIC SUPPORT

The government tried to understand and address the concerns of people opposing the reform. It made every effort to gain public support—through radio shows, publicity campaigns, and press conferences. Some of the toughest and most vocal opposition came from Parliament. The major worry was that the public-private partnership might undermine national security. Mahmoud Kharabsheh, a member of the powerful Legal Affairs, Economic, and Finance committees, charged that the project would "jeopardize the safety of the country," arguing that a strategic national asset should not fall into the hands of foreigners. To assuage these concerns, the Aqaba Development Corporation, under Fakhoury's guidance, noted that under the model of a public-private partnership, the port would always be government owned. The private agent would be responsible only for providing services.

Rather than immediately enter a long-term public-private partnership, the government decided to start with a management contract lasting 2 years. Under the management contract, the private sector would only be responsible for providing management services and not any port infrastructure. This 2-year period would give Jordanians the possibility of evaluating the performance of the private partners. So, if the concerns were justified, the option would be to not to continue in this policy direction. The 2 years could be seen as a test of the potential viability of a public-private partnership at the container terminal. If the container terminal operator were to prove effective and the public were to be satisfied with its results, a 25-year joint venture would be entered.

The Jordanian Ports and Clearance Workers' Association voiced another major concern: private involvement could bring layoffs. The port was the largest employer in the region, with 5,000 workers on its payroll, so this was a legitimate concern. Fakhoury and al-Dahabi, in more than 20 meetings with the press and the association, emphasized that there would be no involuntary dismissal of port employees. It was a compromise.

The Jordan Shipping Agents Association was initially opposed as well. It claimed that local companies were capable of managing the terminal just as well, provided that they got the necessary equipment. But the reformers countered that no Jordanian company could compare to a global container terminal operator with know-how, cost, and time advantages. A global operator would also benefit from economies of scale in sourcing and knowledge. To assure critics that only the best foreign terminal operator would be chosen, Fakhoury promised a transparent public tender for the management contract.

HIRING THE BEST CANDIDATE—TRANSPARENTLY

In early 2004 Fakhoury hired consultants from Booz Allen Hamilton to draft 2 terms of reference for the international tender, in line with the best practices in the World Bank Port Toolkit. The first was for the 2-year management contract, and the second for the 25-year joint venture with the Aqaba Development Corporation. Of the 11 leading international container terminal operators invited to participate in the public tender, 8 placed bids.

Hutchinson Ports Holding, P&O Ports, and APM Terminals placed the 3 most attractive offers. APM Terminals—a division of A.P. Moller-Maersk group, with extensive global experience running container terminals in more than 40 countries—offered the highest royalty, the highest equity stake in the 25-year joint venture, and the most attractive expansion plans. On 8 March 2004 APM Terminals signed a 2-year management contract with the Aqaba Development Corporation.

To evaluate APM Terminals' work in the 2-year trial, the Aqaba Development Corporation created performance indicators to measure progress at the container terminal. Meanwhile, the Aqaba Development Corporation lent political support to APM Terminals. Fakhoury and al-Dahabi took the heat from the media, labor unions, clearing agents, and shipping associations for the 18 months before the results became apparent to the public.

BUSINESS NOT AS USUAL

APM Terminals brought considerable expertise to managing the Aqaba Container Port. A first signal of change was visual—cleaning the port to create a new work environment. Patricio Junior, chief executive of APM Terminals Jordan, and his team emphasized human resources, introducing an approach based on hard work, discipline, and merit rather than on tribal affiliation. So, recruitment was transparent and objective, with no tribal favors. Now workers get onsite and overseas training, as well as a better compensation package. Schemes were also put in place to reward workers for their achievements. APM Terminals built an onsite clinic and offered all their employees health insurance, meals, and compensation for transportation. But workers were also not allowed to "moonlight," and insubordinate workers were fired.

The motivated workforce's raised productivity and performance, was aided by the new regime's $30 million investment in soft and hard infrastructure. Gantry cranes, rubber tire cranes, straddle carriers, bomb carts tractors, and other vehicles were purchased and installed soon after the management takeover on 1 June 2004. By June 2005 the container terminal was 100% computerized, with state of the art software.

FLEXIBILITY TO ACCOMMODATE LOCAL NEEDS

The reforms recognized local norms and cultures, with workers and the new management both willing to adjust. Before the reforms, it was common for port workers to take several breaks, with port operations often coming to a halt because key workers were missing during prayer. Of the 20 hours the port operated, about 2 hours were lost to such breaks. In response, the new managers devised a shift system to accommodate daily prayers among port workers, allowing port operations to continue uninterrupted 24 hours a day.

EASIER TRADE AT AQABA

Reforms at Aqaba started yielding results soon after the management takeover in summer 2004. By February 2005 the anchorage waiting time—129 hours in 2003—was completely gone. And average port stays dropped from 8 days to a few hours, with all congestion surcharges cancelled by 1 March 2005. New shipping companies started using Aqaba's port, including the China Navigation Company. By the end of 2005 the port was dealing with 21 shipping lines and was chosen by Lloyds as among the 3 best terminals in the Middle East and the Indian Subcontinent.

Efficiency improvements are ongoing—but obvious for all to see. By 2007 container dwelling times were down to 16 days, and port productivity had more than tripled, from 9 moves an hour to 28. There was a 14% increase in the number of vessels calling at Aqaba and a 40% increase in the average cargo size per vessel. Most important, all these productivity gains came without any layoffs. The king was so satisfied that he offered Jordanian citizenship to Patricio Junior.

Trade logistics in Jordan improved, as reflected in the *Doing Business* trade indicator.[5] The number of days to import dropped from 28 in 2004 to 22 in 2007, and the number of days to export fell from 28 in 2004 to 19 in 2007. The cost to export also dropped from $720 per 20-foot container in 2004 to $680 in 2007. More improvements are expected.

A REMARKABLE CHANGE

The turnaround at Aqaba offers 3 important lessons for policymakers. First, it is essential to have a strong, influential team to champion reforms. In Jordan the King and his reform-minded technocrats brought a visionary approach to Jordan's development and the role of a vibrant and competitive Aqaba port. Even in difficult times, they pushed ahead with the reform agenda.

Second, global best practices, if adapted to the local context, are a good guide. It was clear that the way to modernize and manage the Aqaba Container Terminal was in a private-public partnership. But given all the national concerns in Jordan about the management of a strategic national asset by a foreign company, a graduated approach to the needed reform was adopted—hence the initial offer of a 2-year management contract and a subsequent 25-year joint venture based on an excellent management performance and favorable public opinion.

Third, to obtain the desired results, reformers must work with the best talent around. The Aqaba Development Corporation, under the leadership of Imad Fakhoury, selected APM Terminals to manage Aqaba, but only after a rigorous and transparent selection process that drew the attention of the leading world container terminal operators.

NOTES

1. Aqaba Development Corporation, Presentation on the Aqaba Container Terminal Presentation, 2007
2. Ibid.
3. To date, the Aqaba Special Economic Zone Authority and the Aqaba Development Corporation attracted $8 billion of investment in the region in the period 2000-2007, above the 130% initial target. Tax collection increased 40 fold. Most important, 15,000 new jobs were created in the Aqaba region, thus turning the Aqaba Special Economic Zone into a model for the creation of other special economic zones in the country.
4. Riad Al Khouri, "Policy Initiatives and Reforms in the MENA Region, Review Workshop—Governance Case Study of Jordanian Customs," draft paper, February 2004.
5. World Bank Group, *Doing Business* Jordan Country Profile, www.doingbusiness.org.

Doing Business indicators

	Algeria	Bahrain	Comoros	Djibouti	Egypt	Iraq	Jordan
Ease of doing business (Arab World rank)	14	2	19	18	11	17	10
Ease of doing business (global rank)	132	18	155	153	114	152	101
STARTING A BUSINESS (ARAB WORLD RANK)	15	4	17	19	3	20	13
Procedures (number)	14	7	11	11	6	11	10
Time (days)	24	9	23	37	7	77	14
Cost (% of income per capita)	10.8	0.6	188.6	200.2	18.3	150.7	60.4
Min. capital (% of income per capita)	36.6	210.1	280.8	514.0	2.0	59.1	24.2
DEALING WITH LICENSES (ARAB WORLD RANK)	13	1	6	10	20	12	7
Procedures (number)	22	13	18	14	28	14	18
Time (days)	240	56	164	195	249	215	122
Cost (% of income per capita)	46.8	57.2	77.9	982.8	376.7	915.0	443.7
EMPLOYING WORKERS (ARAB WORLD RANK)	14	2	19	17	11	8	6
Difficulty of Hiring Index	44	0	39	67	0	33	11
Rigidity of Hours Index	60	20	60	40	20	60	20
Difficulty of Firing Index	40	50	40	30	60	20	60
Rigidity of Employment	48	23	46	46	27	38	30
Firing costs (weeks of wages)	17	4	100	56	132	0	4
REGISTERING PROPERTY (ARAB WORLD RANK)	20	3	15	19	14	6	17
Procedures (number)	14	2	5	7	7	5	8
Time (days)	51	31	24	40	72	8	22
Cost (% of property value)	7.5	0.9	20.8	13.2	0.9	6.5	10.0
GETTING CREDIT (ARAB WORLD RANK)	10	3	15	18	3	15	8
Strength of legal rights index (1–10)	3	4	3	1	3	3	4
Depth of credit information index (1–6)	2	4	0	1	5	0	2
Public registry coveage (% of adults)	0.2	0.0	0.0	0.2	2.2	0.0	1.0
Private bureau coverage (% of adults)	0.0	35.8	0.0	0.0	4.7	0.0	0.0
PROTECTING INVESTORS (ARAB WORLD RANK)	5	4	14	20	5	10	10
Disclosure Index	6	8	6	5	8	4	5
Director Liability Index	6	4	1	2	3	5	4
Shareholder Suits Index	4	5	5	0	5	4	4
Investor Protection Index	5.3	5.7	4.0	2.3	5.3	4.3	4.3
PAYING TAXES (ARAB WORLD RANK)	19	6	11	12	18	9	7
Payments (number)	34	25	20	35	29	13	26
Time (hours)	451	36	100	114	711	312	101
Total tax rate (% of profit)	74.2	15.0	48.8	38.7	46.1	24.7	31.1
TRADING ACROSS BORDERS (ARAB WORLD RANK)	14	3	17	5	4	20	9
Documents for export (number)	8	5	10	5	6	10	7
Time for export (days)	17	14	30	19	14	102	19
Cost to export (US$ per container)	1,248	805	1,073	1,058	737	3,900	730
Documents for import (number)	9	6	10	5	6	10	7
Time for import (days)	23	15	21	16	15	101	22
Cost to import (US$ per container)	1,428	845	1,057	978	823	3,900	1,290
ENFORCING A CONTRACT (ARAB WORLD RANK)	11	8	17	19	18	16	12
Procedures (number)	47	48	43	40	42	51	39
Time (days)	630	635	506	1,225	1,010	520	689
Cost (% of debt)	21.9	14.7	89.4	34.0	26.2	32.5	31.2
CLOSING A BUSINESS (ARAB WORLD RANK)	4	1	20	14	13	20	11
Time (years)	2.5	2.5	NO PRACTICE	5.0	4.2	NO PRACTICE	4.3
Cost (% of estate)	7	10	NO PRACTICE	18	22	NO PRACTICE	9
Recovery rate (cents on the dollar)	41.7	63.2	0.0	15.9	16.8	0.0	27.3

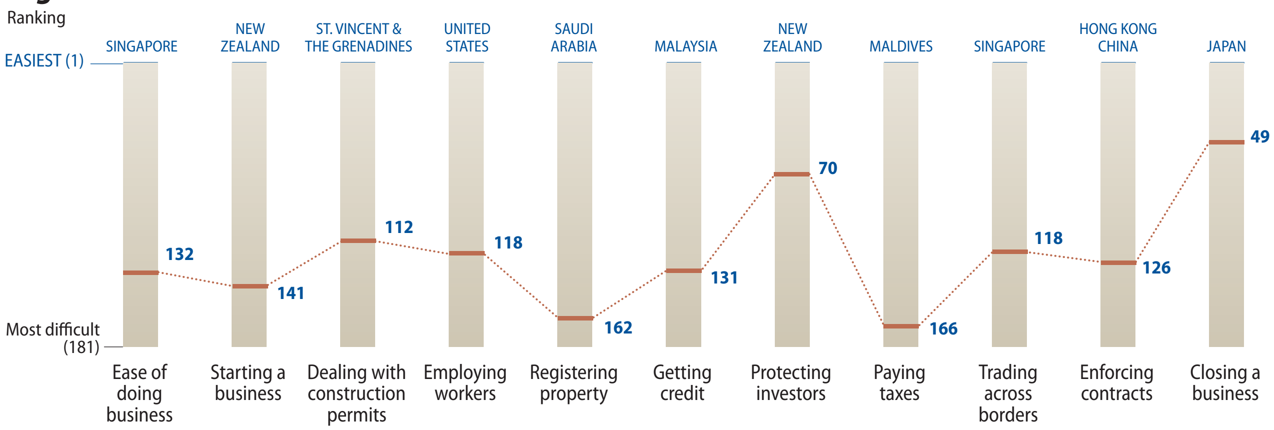
	Kuwait	Lebanon	Mauritania	Morocco	Oman	Qatar	Saudi Arabia
Ease of doing business (Arab World rank)	5	9	20	12	6	3	1
Ease of doing business (global rank)	52	99	160	128	57	37	16
STARTING A BUSINESS (ARAB WORLD RANK)	14	9	16	7	8	6	1
Procedures (number)	13	5	9	6	7	6	7
Time (days)	35	11	19	12	14	6	12
Cost (% of income per capita)	1.3	87.5	33.9	10.2	3.6	9.1	14.9
Min. capital (% of income per capita)	81.7	57.0	422.6	52.3	461.2	75.4	0.0
DEALING WITH LICENSES (ARAB WORLD RANK)	8	14	18	9	16	2	5
Procedures (number)	25	20	25	19	16	19	18
Time (days)	104	211	201	163	242	76	125
Cost (% of income per capita)	171.4	217.8	475.0	292.5	721.4	0.8	74.7
EMPLOYING WORKERS (ARAB WORLD RANK)	3	7	16	20	1	10	4
Difficulty of Hiring Index	0	44	56	100	33	0	0
Rigidity of Hours Index	40	0	40	40	40	60	40
Difficulty of Firing Index	0	30	40	50	0	20	0
Rigidity of Employment	13	25	45	63	24	27	13
Firing costs (weeks of wages)	78	17	31	85	4	69	80
REGISTERING PROPERTY (ARAB WORLD RANK)	13	16	10	18	4	8	1
Procedures (number)	8	8	4	8	2	10	2
Time (days)	55	25	49	47	16	16	2
Cost (% of property value)	0.5	5.9	5.2	4.9	3.0	0.3	0.0
GETTING CREDIT (ARAB WORLD RANK)	3	3	14	10	8	10	1
Strength of legal rights index (1–10)	4	3	3	3	4	3	4
Depth of credit information index (1–6)	4	5	1	2	2	2	6
Public registry coveage (% of adults)	0.0	6.8	0.2	2.4	23.4	..	0.0
Private bureau coverage (% of adults)	31.2	0.0	0.0	0.0	0.0	0.0	14.1
PROTECTING INVESTORS (ARAB WORLD RANK)	1	7	16	19	7	7	1
Disclosure Index	7	9	5	6	8	5	8
Director Liability Index	7	1	3	2	5	6	8
Shareholder Suits Index	5	5	3	1	2	4	3
Investor Protection Index	6.3	5.0	3.7	3.0	5.0	5.0	6.3
PAYING TAXES (ARAB WORLD RANK)	5	10	20	16	4	1	3
Payments (number)	14	19	38	28	14	1	14
Time (hours)	118	180	696	358	62	36	79
Total tax rate (% of profit)	14.4	36.0	98.7	44.6	21.6	11.3	14.5
TRADING ACROSS BORDERS (ARAB WORLD RANK)	12	10	19	8	15	6	2
Documents for export (number)	8	5	11	7	10	5	5
Time for export (days)	20	27	35	14	22	21	17
Cost to export (US$ per container)	995	872	1,520	700	821	735	681
Documents for import (number)	10	7	11	10	10	7	5
Time for import (days)	20	38	42	18	26	20	18
Cost to import (US$ per container)	1,152	1,073	1,523	1,000	1,037	657	678
ENFORCING A CONTRACT (ARAB WORLD RANK)	4	9	3	7	6	5	13
Procedures (number)	50	37	46	40	51	43	44
Time (days)	566	721	370	615	598	570	635
Cost (% of debt)	13.3	30.8	23.2	25.2	13.5	21.6	27.5
CLOSING A BUSINESS (ARAB WORLD RANK)	8	12	16	7	6	2	5
Time (years)	4.2	4.0	8.0	1.8	4.0	2.8	1.5
Cost (% of estate)	1	22	9	18	4	22	22
Recovery rate (cents on the dollar)	34.5	19.0	6.7	35.1	35.1	52.7	37.5

	Sudan	Syria	Tunisia	United Arab Emirates	West Bank and Gaza	Yemen
Ease of doing business (Arab World rank)	16	15	7	4	13	8
Ease of doing business (global rank)	147	137	73	46	131	98
STARTING A BUSINESS (ARAB WORLD RANK)	10	12	2	11	18	5
Procedures (number)	10	8	10	8	11	7
Time (days)	39	17	11	17	49	13
Cost (% of income per capita)	50.8	18.2	7.9	13.4	69.1	93.0
Min. capital (% of income per capita)	0.0	4353.8	0.0	311.9	56.1	0.0
DEALING WITH LICENSES (ARAB WORLD RANK)	17	15	11	4	19	3
Procedures (number)	19	26	20	21	21	13
Time (days)	271	128	84	125	199	107
Cost (% of income per capita)	240.3	697.0	1,017.8	1.5	1,399.9	189.7
EMPLOYING WORKERS (ARAB WORLD RANK)	18	15	13	5	12	9
Difficulty of Hiring Index	39	11	28	0	33	0
Rigidity of Hours Index	20	40	40	40	40	60
Difficulty of Firing Index	50	50	80	0	20	40
Rigidity of Employment	36	34	49	13	31	33
Firing costs (weeks of wages)	118	80	17	84	91	17
REGISTERING PROPERTY (ARAB WORLD RANK)	5	11	9	2	12	7
Procedures (number)	6	4	4	3	7	6
Time (days)	9	19	39	6	63	19
Cost (% of property value)	3.1	28.0	6.1	2.0	0.9	3.8
GETTING CREDIT (ARAB WORLD RANK)	10	20	3	2	15	18
Strength of legal rights index (1–10)	5	1	3	4	0	2
Depth of credit information index (1–6)	0	0	5	5	3	0
Public registry coveage (% of adults)	0.0	0.0	14.9	6.5	7.8	0.1
Private bureau coverage (% of adults)	0.0	0.0	0.0	7.7	0.0	0.0
PROTECTING INVESTORS (ARAB WORLD RANK)	18	10	16	10	3	14
Disclosure Index	0	6	0	4	6	6
Director Liability Index	6	5	5	7	5	4
Shareholder Suits Index	4	2	6	2	7	2
Investor Protection Index	3.3	4.3	3.7	4.3	6.0	4.0
PAYING TAXES (ARAB WORLD RANK)	13	14	15	2	8	17
Payments (number)	42	20	22	14	27	44
Time (hours)	180	336	228	12	154	248
Total tax rate (% of profit)	31.6	43.5	59.1	14.4	16.8	47.8
TRADING ACROSS BORDERS (ARAB WORLD RANK)	18	13	7	1	11	16
Documents for export (number)	6	8	5	5	6	6
Time for export (days)	35	15	17	10	25	31
Cost to export (US$ per container)	2,050	1,190	733	618	835	1,129
Documents for import (number)	6	9	7	7	6	9
Time for import (days)	49	21	23	10	40	28
Cost to import (US$ per container)	2,900	1,625	858	587	1,225	1,475
ENFORCING A CONTRACT (ARAB WORLD RANK)	14	20	2	15	10	1
Procedures (number)	53	55	39	50	44	37
Time (days)	810	872	565	607	700	520
Cost (% of debt)	19.8	29.3	21.8	26.3	21.2	16.5
CLOSING A BUSINESS (ARAB WORLD RANK)	20	9	3	15	20	10
Time (years)	NO PRACTICE	4.1	1.3	5.1	NO PRACTICE	3.0
Cost (% of estate)	NO PRACTICE	9	7	30	NO PRACTICE	8
Recovery rate (cents on the dollar)	0.0	29.5	52.3	10.2	0.0	28.6

Country tables

COUNTRY PROFILE

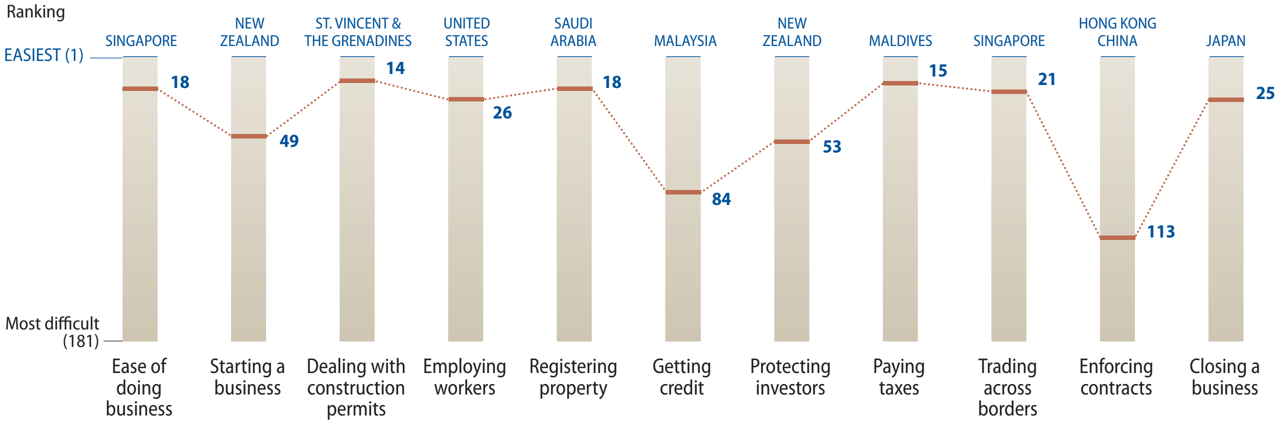
Algeria



ALGERIA		Ease of doing business (rank)	132 (AW 14)
Middle East & North Africa		GNI per capita (US$)	3,620
Lower middle income		Population (millions)	33.9
Starting a business (rank)	141 (AW 15)	**Protecting investors** (rank)	70 (AW 5)
Procedures (number)	14	Extent of disclosure index (0-10)	6
Time (days)	24	Extent of director liability index (0-10)	6
Cost (% of income per capita)	10.8	Ease of shareholder suits index (0-10)	4
Minimum capital (% of income per capita)	36.6	Strength of investor protection index (0-10)	5.3
Dealing with construction permits (rank)	112 (AW 13)	**Paying taxes** (rank)	166 (AW 19)
Procedures (number)	22	Payments (number per year)	34
Time (days)	240	Time (hours per year)	451
Cost (% of income per capita)	46.8	Total tax rate (% of profit)	74.2
Employing workers (rank)	118 (AW 14)	**Trading across borders** (rank)	118 (AW 14)
Difficulty of hiring index (0-100)	44	Documents to export (number)	8
Rigidity of hours index (0-100)	60	Time to export (days)	17
Difficulty of firing index (0-100)	40	Cost to export (US$ per container)	1,248
Rigidity of employment index (0-100)	48	Documents to import (number)	9
Firing cost (weeks of salary)	17	Time to import (days)	23
		Cost to import (US$ per container)	1,428
Registering property (rank)	162 (AW 20)		
Procedures (number)	14	**Enforcing contracts** (rank)	126 (AW 11)
Time (days)	51	Procedures (number)	47
Cost (% of property value)	7.5	Time (days)	630
		Cost (% of claim)	21.9
Getting credit (rank)	131 (AW 10)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	49 (AW 4)
Depth of credit information index (0-6)	2	Time (years)	2.5
Public registry coverage (% of adults)	0.2	Cost (% of estate)	7
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	41.7

COUNTRY PROFILE

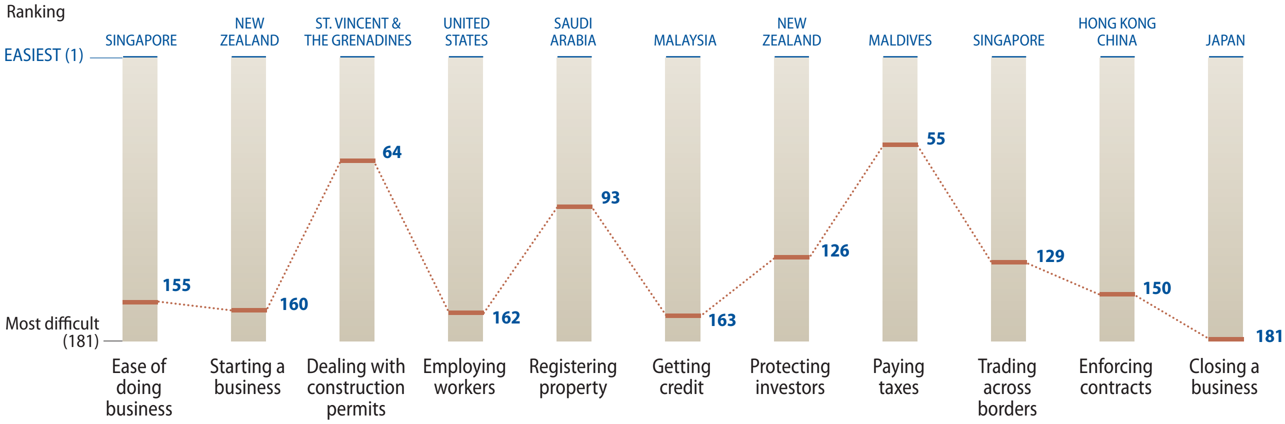
Bahrain



BAHRAIN		Ease of doing business (rank)	18 (AW 2)
Middle East & North Africa		GNI per capita (US$)	25,731
High income		Population (m)	0.8
Starting a business (rank)	49 (AW 4)	**Protecting investors** (rank)	53 (AW 4)
Procedures (number)	7	Extent of disclosure index (0-10)	8
Time (days)	9	Extent of director liability index (0-10)	4
Cost (% of income per capita)	0.6	Ease of shareholder suits index (0-10)	5
Minimum capital (% of income per capita)	210.1	Strength of investor protection index (0-10)	5.7
Dealing with construction permits (rank)	14 (AW 1)	**Paying taxes** (rank)	15 (AW 6)
Procedures (number)	13	Payments (number per year)	25
Time (days)	56	Time (hours per year)	36
Cost (% of income per capita)	57.2	Total tax rate (% of profit)	15.0
Employing workers (rank)	26 (AW 2)	**Trading across borders** (rank)	21 (AW 3)
Difficulty of hiring index (0-100)	0	Documents to export (number)	5
Rigidity of hours index (0-100)	20	Time to export (days)	14
Difficulty of firing index (0-100)	50	Cost to export (US$ per container)	805
Rigidity of employment index (0-100)	23	Documents to import (number)	6
Firing cost (weeks of salary)	4	Time to import (days)	15
		Cost to import (US$ per container)	845
Registering property (rank)	18 (AW 3)		
Procedures (number)	2	**Enforcing contracts** (rank)	113 (AW 8)
Time (days)	31	Procedures (number)	48
Cost (% of property value)	0.9	Time (days)	635
		Cost (% of claim)	14.7
Getting credit (rank)	84 (AW 3)		
Strength of legal rights index (0-10)	4	**Closing a business** (rank)	25 (AW 1)
Depth of credit information index (0-6)	4	Time (years)	2.5
Public registry coverage (% of adults)	0.0	Cost (% of estate)	10
Private bureau coverage (% of adults)	35.8	Recovery rate (cents on the dollar)	63.2

COUNTRY PROFILE

Comoros



COMOROS		Ease of doing business (rank)	155 (AW 19)
Sub-Saharan Africa		GNI per capita (US$)	680
Low income		Population (m)	0.6

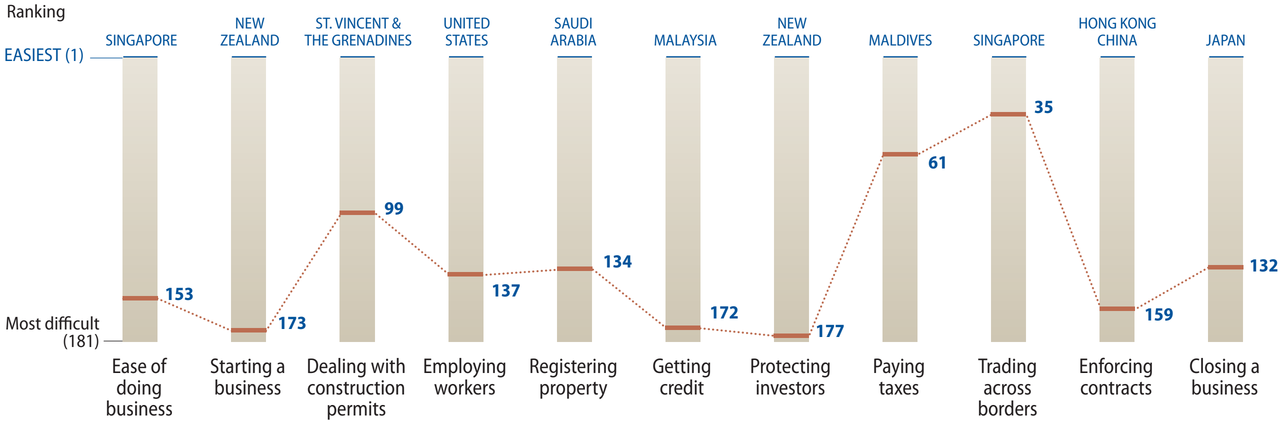
Starting a business (rank)	160 (AW 17)
Procedures (number)	11
Time (days)	23
Cost (% of income per capita)	188.6
Minimum capital (% of income per capita)	280.8
Dealing with construction permits (rank)	64 (AW 6)
Procedures (number)	18
Time (days)	164
Cost (% of income per capita)	77.9
Employing workers (rank)	162 (AW 19)
Difficulty of hiring index (0-100)	39
Rigidity of hours index (0-100)	60
Difficulty of firing index (0-100)	40
Rigidity of employment index (0-100)	46
Firing cost (weeks of salary)	100
	93 (AW 15)
Registering property (rank)	5
Procedures (number)	24
Time (days)	20.8
Cost (% of property value)	
	163 (AW 15)
Getting credit (rank)	3
Strength of legal rights index (0-10)	0
Depth of credit information index (0-6)	0
Public registry coverage (% of adults)	0.0
Private bureau coverage (% of adults)	0.0

Protecting investors (rank)	126 (AW 14)
Extent of disclosure index (0-10)	6
Extent of director liability index (0-10)	1
Ease of shareholder suits index (0-10)	5
Strength of investor protection index (0-10)	4.0
Paying taxes (rank)	55 (AW 11)
Payments (number per year)	20
Time (hours per year)	100
Total tax rate (% of profit)	48.8
Trading across borders (rank)	129 (AW 17)
Documents to export (number)	10
Time to export (days)	30
Cost to export (US$ per container)	1,073
Documents to import (number)	10
Time to import (days)	21
Cost to import (US$ per container)	1,057
Enforcing contracts (rank)	150 (AW 17)
Procedures (number)	43
Time (days)	506
Cost (% of claim)	89.4
Closing a business (rank)	181 (AW 20)
Time (years)	No practice
Cost (% of estate)	No practice
Recovery rate (cents on the dollar)	0.0

COUNTRY PROFILE

Djibouti

Ranking



DJIBOUTI		Ease of doing business (rank)	153 (AW 18)
Middle East & North Africa		GNI per capita (US$)	1,090
Lower middle income		Population (m)	0.8

Starting a business (rank)	173 (AW 19)
Procedures (number)	11
Time (days)	37
Cost (% of income per capita)	200.2
Minimum capital (% of income per capita)	514.0

Dealing with construction permits (rank)	99 (AW 10)
Procedures (number)	14
Time (days)	195
Cost (% of income per capita)	982.8

Employing workers (rank)	137 (AW 17)
Difficulty of hiring index (0-100)	67
Rigidity of hours index (0-100)	40
Difficulty of firing index (0-100)	30
Rigidity of employment index (0-100)	46
Firing cost (weeks of salary)	56

Registering property (rank)	134 (AW 19)
Procedures (number)	7
Time (days)	40
Cost (% of property value)	13.2

Getting credit (rank)	172 (AW 18)
Strength of legal rights index (0-10)	1
Depth of credit information index (0-6)	1
Public registry coverage (% of adults)	0.2
Private bureau coverage (% of adults)	0.0

Protecting investors (rank)	177 (AW 20)
Extent of disclosure index (0-10)	5
Extent of director liability index (0-10)	2
Ease of shareholder suits index (0-10)	0
Strength of investor protection index (0-10)	2.3

Paying taxes (rank)	61 (AW 12)
Payments (number per year)	35
Time (hours per year)	114
Total tax rate (% of profit)	38.7

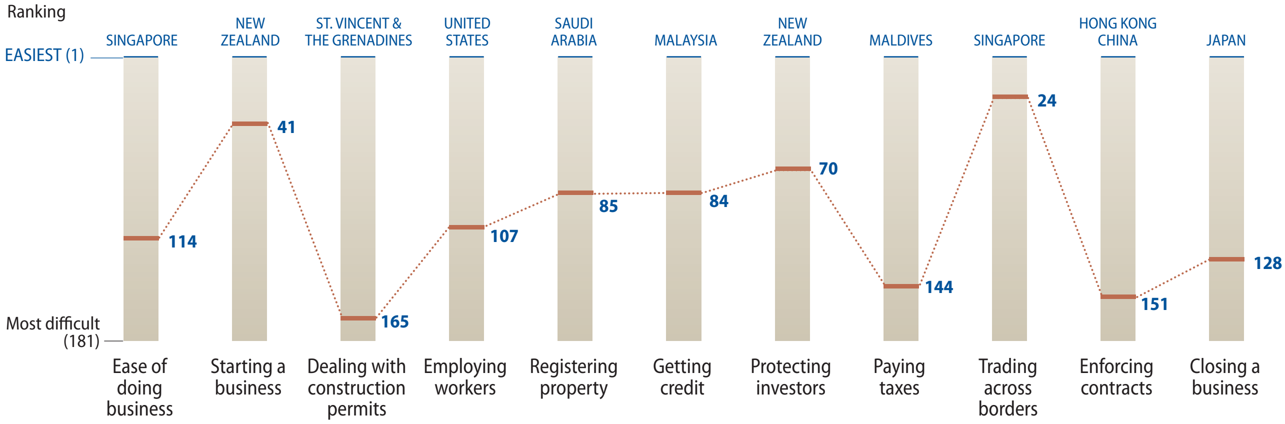
Trading across borders (rank)	35 (AW 5)
Documents to export (number)	5
Time to export (days)	19
Cost to export (US$ per container)	1,058
Documents to import (number)	5
Time to import (days)	16
Cost to import (US$ per container)	978

Enforcing contracts (rank)	159 (AW 19)
Procedures (number)	40
Time (days)	1,225
Cost (% of claim)	34.0

Closing a business (rank)	132 (AW 14)
Time (years)	5.0
Cost (% of estate)	18
Recovery rate (cents on the dollar)	15.9

COUNTRY PROFILE

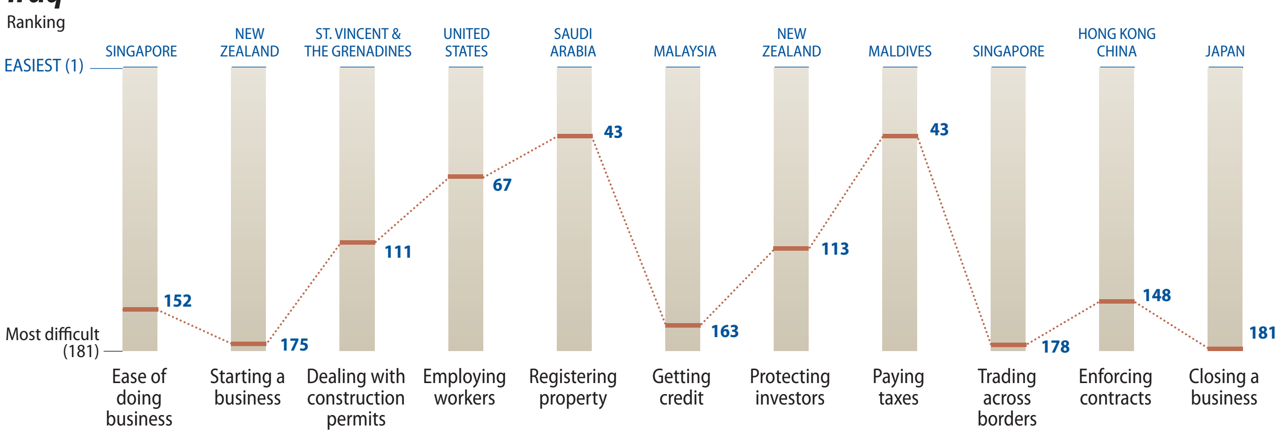
Egypt



EGYPT		Ease of doing business (rank)	114 (AW 11)
Middle East & North Africa		GNI per capita (US$)	1,580
Lower middle income		Population (m)	75.5
Starting a business (rank)	41 (AW 3)	**Protecting investors** (rank)	70 (AW 5)
Procedures (number)	6	Extent of disclosure index (0-10)	8
Time (days)	7	Extent of director liability index (0-10)	3
Cost (% of income per capita)	18.3	Ease of shareholder suits index (0-10)	5
Minimum capital (% of income per capita)	2.0	Strength of investor protection index (0-10)	5.3
Dealing with construction permits (rank)	165 (AW 20)	**Paying taxes** (rank)	144 (AW 18)
Procedures (number)	28	Payments (number per year)	29
Time (days)	249	Time (hours per year)	711
Cost (% of income per capita)	376.7	Total tax rate (% of profit)	46.1
Employing workers (rank)	107 (AW 11)	**Trading across borders** (rank)	24 (AW 4)
Difficulty of hiring index (0-100)	0	Documents to export (number)	6
Rigidity of hours index (0-100)	20	Time to export (days)	14
Difficulty of firing index (0-100)	60	Cost to export (US$ per container)	737
Rigidity of employment index (0-100)	27	Documents to import (number)	6
Firing cost (weeks of salary)	132	Time to import (days)	15
		Cost to import (US$ per container)	823
Registering property (rank)	85 (AW 14)		
Procedures (number)	7	**Enforcing contracts** (rank)	151 (AW 18)
Time (days)	72	Procedures (number)	42
Cost (% of property value)	0.9	Time (days)	1,010
		Cost (% of claim)	26.2
Getting credit (rank)	84 (AW 3)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	128 (AW 13)
Depth of credit information index (0-6)	5	Time (years)	4.2
Public registry coverage (% of adults)	2.2	Cost (% of estate)	22
Private bureau coverage (% of adults)	4.7	Recovery rate (cents on the dollar)	16.8

COUNTRY PROFILE

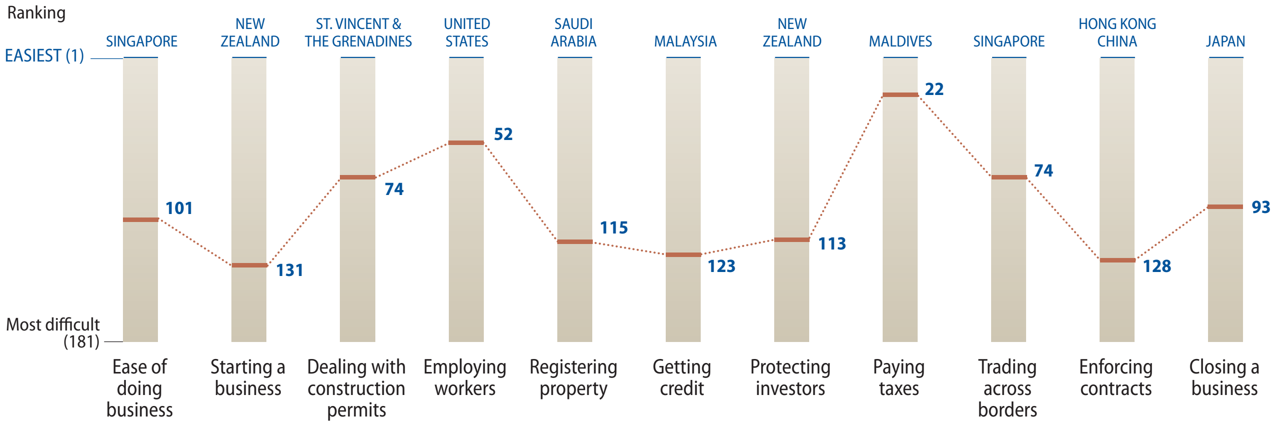
Iraq



IRAQ		Ease of doing business (rank)	152 (AW 17)
Middle East & North Africa		GNI per capita (US$)	1,224
Lower middle income		Population (m)	28.5
Starting a business (rank)	175 (AW 20)	**Protecting investors** (rank)	113 (AW 10)
Procedures (number)	11	Extent of disclosure index (0-10)	4
Time (days)	77	Extent of director liability index (0-10)	5
Cost (% of income per capita)	150.7	Ease of shareholder suits index (0-10)	4
Minimum capital (% of income per capita)	59.1	Strength of investor protection index (0-10)	4.3
Dealing with construction permits (rank)	111 (AW 12)	**Paying taxes** (rank)	43 (AW 9)
Procedures (number)	14	Payments (number per year)	13
Time (days)	215	Time (hours per year)	312
Cost (% of income per capita)	915.0	Total tax rate (% of profit)	24.7
Employing workers (rank)	67 (AW 8)	**Trading across borders** (rank)	178 (AW 20)
Difficulty of hiring index (0-100)	33	Documents to export (number)	10
Rigidity of hours index (0-100)	60	Time to export (days)	102
Difficulty of firing index (0-100)	20	Cost to export (US$ per container)	3,900
Rigidity of employment index (0-100)	38	Documents to import (number)	10
Firing cost (weeks of salary)	0	Time to import (days)	101
		Cost to import (US$ per container)	3,900
Registering property (rank)	43 (AW 6)		
Procedures (number)	5	**Enforcing contracts** (rank)	148 (AW 16)
Time (days)	8	Procedures (number)	51
Cost (% of property value)	6.5	Time (days)	520
		Cost (% of claim)	32.5
Getting credit (rank)	163 (AW 15)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	181 (AW 20)
Depth of credit information index (0-6)	0	Time (years)	No practice
Public registry coverage (% of adults)	0.0	Cost (% of estate)	No practice
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	0.0

COUNTRY PROFILE

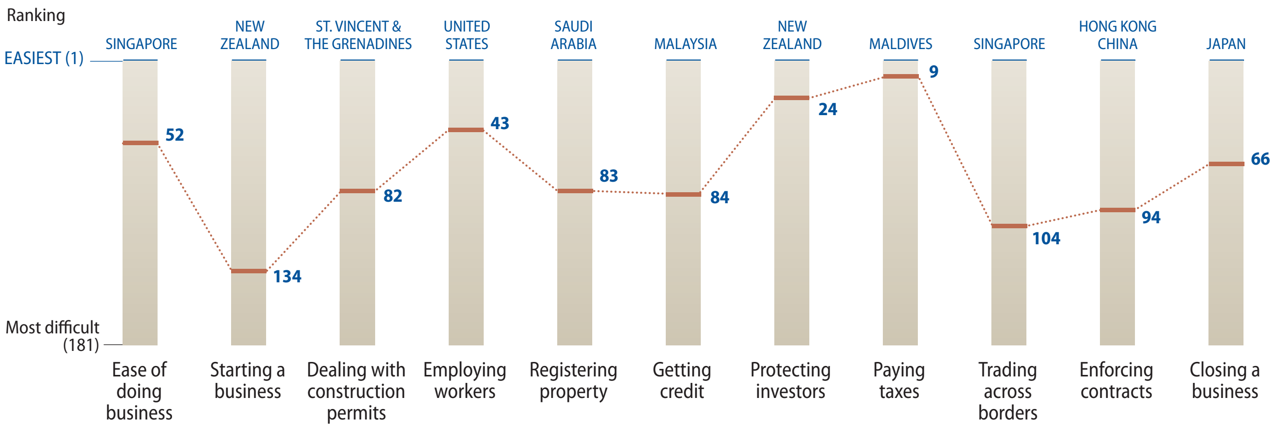
Jordan



JORDAN		Ease of doing business (rank)	101 (AW 10)
Middle East & North Africa		GNI per capita (US$)	2,850
Lower middle income		Population (m)	5.7
Starting a business (rank)	131 (AW 13)	**Protecting investors** (rank)	113 (AW 10)
Procedures (number)	10	Extent of disclosure index (0-10)	5
Time (days)	14	Extent of director liability index (0-10)	4
Cost (% of income per capita)	60.4	Ease of shareholder suits index (0-10)	4
Minimum capital (% of income per capita)	24.2	Strength of investor protection index (0-10)	4.3
Dealing with construction permits (rank)	74 (AW 7)	**Paying taxes** (rank)	22 (AW 7)
Procedures (number)	18	Payments (number per year)	26
Time (days)	122	Time (hours per year)	101
Cost (% of income per capita)	443.7	Total tax rate (% of profit)	31.1
Employing workers (rank)	52 (AW 6)	**Trading across borders** (rank)	74 (AW 9)
Difficulty of hiring index (0-100)	11	Documents to export (number)	7
Rigidity of hours index (0-100)	20	Time to export (days)	19
Difficulty of firing index (0-100)	60	Cost to export (US$ per container)	730
Rigidity of employment index (0-100)	30	Documents to import (number)	7
Firing cost (weeks of salary)	4	Time to import (days)	22
		Cost to import (US$ per container)	1,290
Registering property (rank)	115 (AW 17)		
Procedures (number)	8	**Enforcing contracts** (rank)	128 (AW 12)
Time (days)	22	Procedures (number)	39
Cost (% of property value)	10.0	Time (days)	689
		Cost (% of claim)	31.2
Getting credit (rank)	123 (AW 8)		
Strength of legal rights index (0-10)	4	**Closing a business** (rank)	93 (AW 11)
Depth of credit information index (0-6)	2	Time (years)	4.3
Public registry coverage (% of adults)	1.0	Cost (% of estate)	9
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	27.3

COUNTRY PROFILE

Kuwait



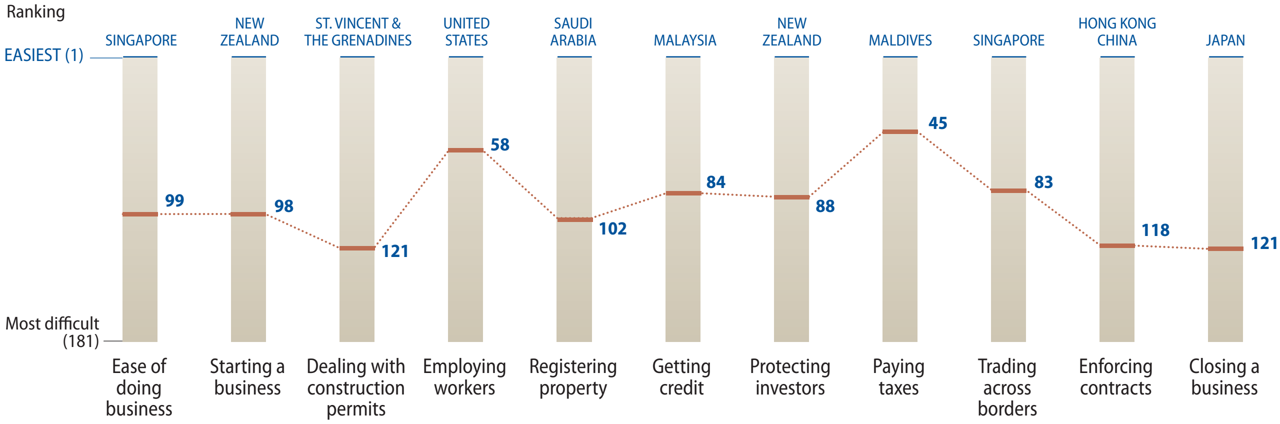
KUWAIT		Ease of doing business (rank)	52 (AW 5)
Middle East & North Africa		GNI per capita (US$)	31,640
High income		Population (m)	2.7

Starting a business (rank)	134 (AW 14)
Procedures (number)	13
Time (days)	35
Cost (% of income per capita)	1.3
Minimum capital (% of income per capita)	81.7
Dealing with construction permits (rank)	82 (AW 8)
Procedures (number)	25
Time (days)	104
Cost (% of income per capita)	171.4
Employing workers (rank)	43 (AW 3)
Difficulty of hiring index (0-100)	0
Rigidity of hours index (0-100)	40
Difficulty of firing index (0-100)	0
Rigidity of employment index (0-100)	13
Firing cost (weeks of salary)	78
Registering property (rank)	83 (AW 13)
Procedures (number)	8
Time (days)	55
Cost (% of property value)	0.5
Getting credit (rank)	84 (AW 3)
Strength of legal rights index (0-10)	4
Depth of credit information index (0-6)	4
Public registry coverage (% of adults)	0.0
Private bureau coverage (% of adults)	31.2

Protecting investors (rank)	24 (AW 1)
Extent of disclosure index (0-10)	7
Extent of director liability index (0-10)	7
Ease of shareholder suits index (0-10)	5
Strength of investor protection index (0-10)	6.3
Paying taxes (rank)	9 (AW 5)
Payments (number per year)	14
Time (hours per year)	118
Total tax rate (% of profit)	14.4
Trading across borders (rank)	104 (AW 12)
Documents to export (number)	8
Time to export (days)	20
Cost to export (US$ per container)	995
Documents to import (number)	10
Time to import (days)	20
Cost to import (US$ per container)	1,152
Enforcing contracts (rank)	94 (AW 4)
Procedures (number)	50
Time (days)	566
Cost (% of claim)	13.3
Closing a business (rank)	66 (AW 8)
Time (years)	4.2
Cost (% of estate)	1
Recovery rate (cents on the dollar)	34.5

COUNTRY PROFILE

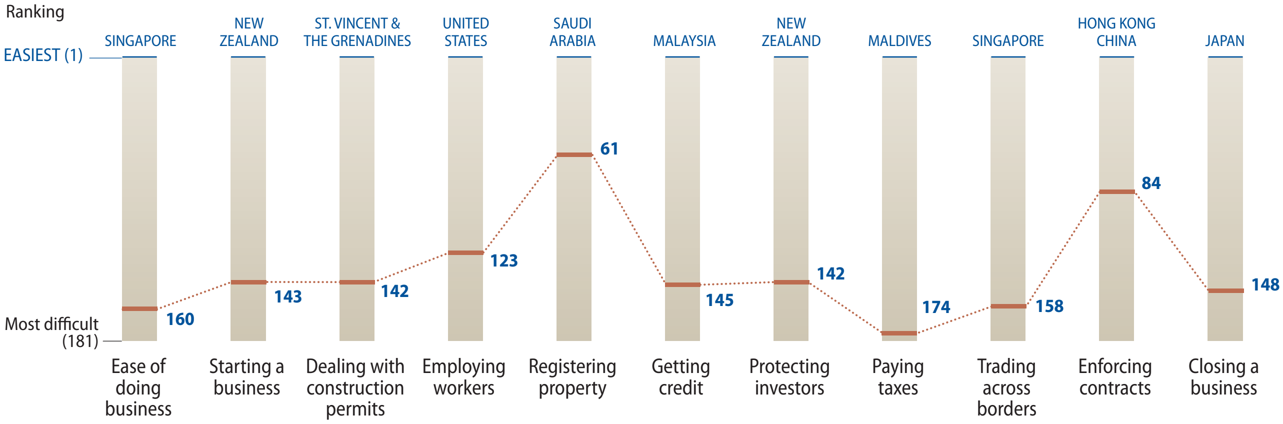
Lebanon



LEBANON		Ease of doing business (rank)	99 (AW 9)
Middle East & North Africa		GNI per capita (US$)	5,770
Upper middle income		Population (m)	4.1
Starting a business (rank)	98 (AW 9)	**Protecting investors** (rank)	88 (AW 7)
Procedures (number)	5	Extent of disclosure index (0-10)	9
Time (days)	11	Extent of director liability index (0-10)	1
Cost (% of income per capita)	87.5	Ease of shareholder suits index (0-10)	5
Minimum capital (% of income per capita)	57.0	Strength of investor protection index (0-10)	5.0
Dealing with construction permits (rank)	121 (AW 14)	**Paying taxes** (rank)	45 (AW 10)
Procedures (number)	20	Payments (number per year)	19
Time (days)	211	Time (hours per year)	180
Cost (% of income per capita)	217.8	Total tax rate (% of profit)	36.0
Employing workers (rank)	58 (AW 7)	**Trading across borders** (rank)	83 (AW 10)
Difficulty of hiring index (0-100)	44	Documents to export (number)	5
Rigidity of hours index (0-100)	0	Time to export (days)	27
Difficulty of firing index (0-100)	30	Cost to export (US$ per container)	872
Rigidity of employment index (0-100)	25	Documents to import (number)	7
Firing cost (weeks of salary)	17	Time to import (days)	38
		Cost to import (US$ per container)	1,073
Registering property (rank)	102 (AW 16)		
Procedures (number)	8	**Enforcing contracts** (rank)	118 (AW 9)
Time (days)	25	Procedures (number)	37
Cost (% of property value)	5.9	Time (days)	721
		Cost (% of claim)	30.8
Getting credit (rank)	84 (AW 3)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	121 (AW 12)
Depth of credit information index (0-6)	5	Time (years)	4.0
Public registry coverage (% of adults)	6.8	Cost (% of estate)	22
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	19.0

COUNTRY PROFILE

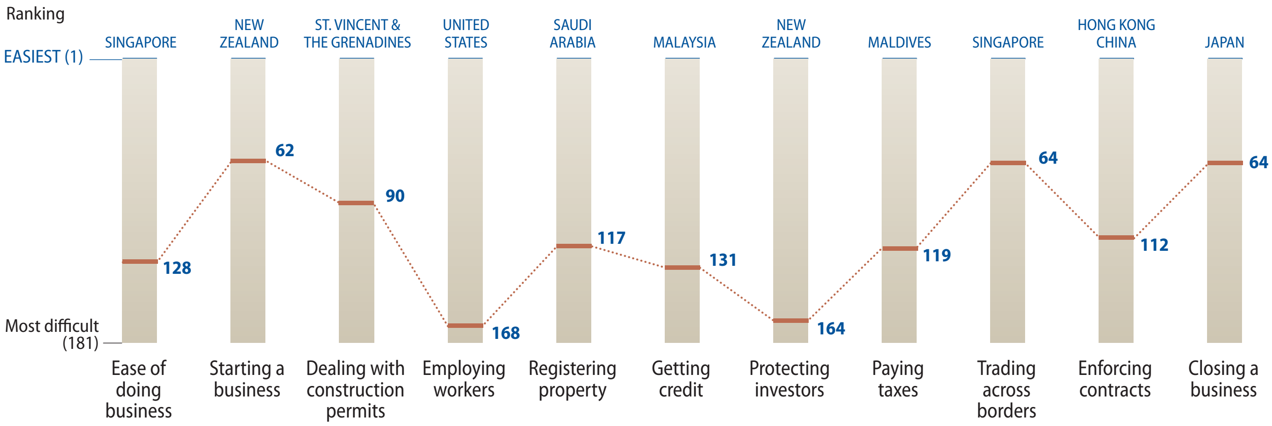
Mauritania



MAURITANIA		Ease of doing business (rank)	160 (AW 20)
Sub-Saharan Africa		GNI per capita (US$)	840
Low income		Population (m)	3.1
Starting a business (rank)	143 (AW 16)	**Protecting investors** (rank)	142 (AW 16)
Procedures (number)	9	Extent of disclosure index (0-10)	5
Time (days)	19	Extent of director liability index (0-10)	3
Cost (% of income per capita)	33.9	Ease of shareholder suits index (0-10)	3
Minimum capital (% of income per capita)	422.6	Strength of investor protection index (0-10)	3.7
Dealing with construction permits (rank)	142 (AW 18)	**Paying taxes** (rank)	174 (AW 20)
Procedures (number)	25	Payments (number per year)	38
Time (days)	201	Time (hours per year)	696
Cost (% of income per capita)	475.0	Total tax rate (% of profit)	98.7
Employing workers (rank)	123 (AW 16)	**Trading across borders** (rank)	158 (AW 19)
Difficulty of hiring index (0-100)	56	Documents to export (number)	11
Rigidity of hours index (0-100)	40	Time to export (days)	35
Difficulty of firing index (0-100)	40	Cost to export (US$ per container)	1,520
Rigidity of employment index (0-100)	45	Documents to import (number)	11
Firing cost (weeks of salary)	31	Time to import (days)	42
		Cost to import (US$ per container)	1,523
Registering property (rank)	61 (AW 10)		
Procedures (number)	4	**Enforcing contracts** (rank)	84 (AW 3)
Time (days)	49	Procedures (number)	46
Cost (% of property value)	5.2	Time (days)	370
		Cost (% of claim)	23.2
Getting credit (rank)	145 (AW 14)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	148 (AW 16)
Depth of credit information index (0-6)	1	Time (years)	8.0
Public registry coverage (% of adults)	0.2	Cost (% of estate)	9
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	6.7

COUNTRY PROFILE

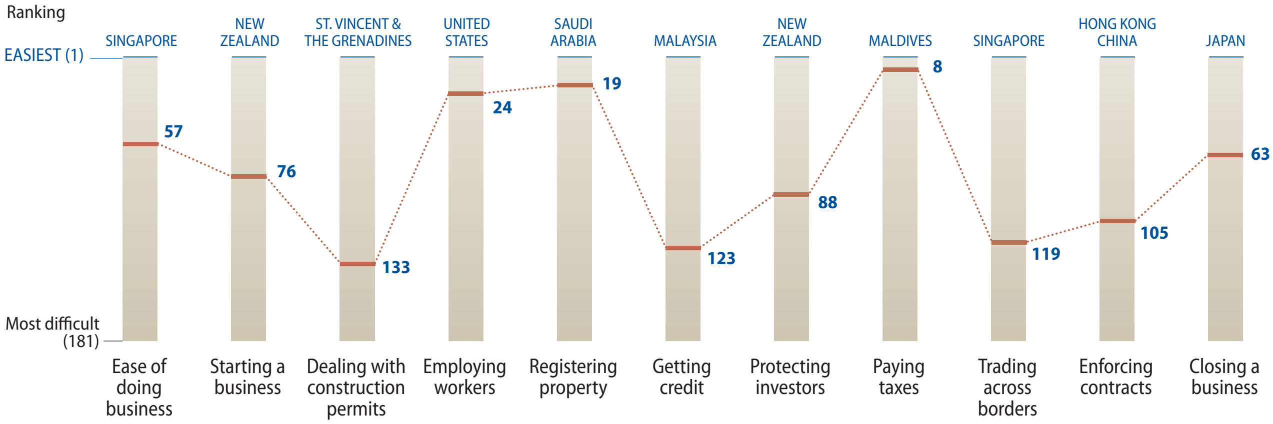
Morocco



MOROCCO		Ease of doing business (rank)	128 (AW 12)
Middle East & North Africa		GNI per capita (US$)	2,250
Lower middle income		Population (m)	30.9
Starting a business (rank)	62 (AW 7)	**Protecting investors** (rank)	164 (AW 19)
Procedures (number)	6	Extent of disclosure index (0-10)	6
Time (days)	12	Extent of director liability index (0-10)	2
Cost (% of income per capita)	10.2	Ease of shareholder suits index (0-10)	1
Minimum capital (% of income per capita)	52.3	Strength of investor protection index (0-10)	3.0
Dealing with construction permits (rank)	90 (AW 9)	**Paying taxes** (rank)	119 (AW 16)
Procedures (number)	19	Payments (number per year)	28
Time (days)	163	Time (hours per year)	358
Cost (% of income per capita)	292.5	Total tax rate (% of profit)	44.6
Employing workers (rank)	168 (AW 20)	**Trading across borders** (rank)	64 (AW 8)
Difficulty of hiring index (0-100)	100	Documents to export (number)	7
Rigidity of hours index (0-100)	40	Time to export (days)	14
Difficulty of firing index (0-100)	50	Cost to export (US$ per container)	700
Rigidity of employment index (0-100)	63	Documents to import (number)	10
Firing cost (weeks of salary)	85	Time to import (days)	18
		Cost to import (US$ per container)	1,000
Registering property (rank)	117 (AW 18)		
Procedures (number)	8	**Enforcing contracts** (rank)	112 (AW 7)
Time (days)	47	Procedures (number)	40
Cost (% of property value)	4.9	Time (days)	615
		Cost (% of claim)	25.2
Getting credit (rank)	131 (AW 10)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	64 (AW 7)
Depth of credit information index (0-6)	2	Time (years)	1.8
Public registry coverage (% of adults)	2.4	Cost (% of estate)	18
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	35.1

COUNTRY PROFILE

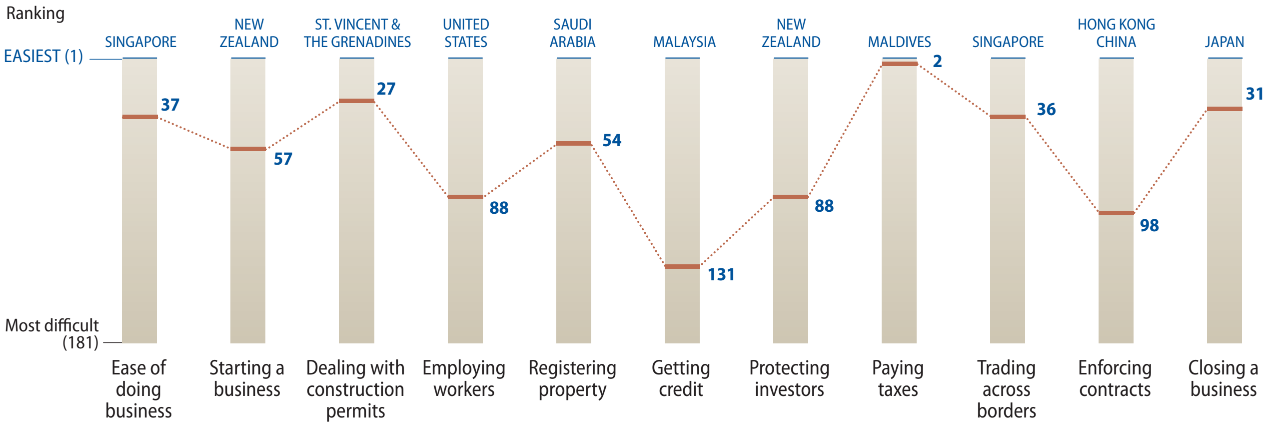
Oman



OMAN		Ease of doing business (rank)	57 (AW 6)
Middle East & North Africa		GNI per capita (US$)	11,120
High income		Population (m)	2.6
Starting a business (rank)	76 (AW 9)	**Protecting investors** (rank)	88 (AW 7)
Procedures (number)	7	Extent of disclosure index (0-10)	8
Time (days)	14	Extent of director liability index (0-10)	5
Cost (% of income per capita)	3.6	Ease of shareholder suits index (0-10)	2
Minimum capital (% of income per capita)	461.2	Strength of investor protection index (0-10)	5.0
Dealing with construction permits (rank)	133 (AW 16)	**Paying taxes** (rank)	8 (AW 4)
Procedures (number)	16	Payments (number per year)	14
Time (days)	242	Time (hours per year)	62
Cost (% of income per capita)	721.4	Total tax rate (% of profit)	21.6
Employing workers (rank)	24 (AW 1)	**Trading across borders** (rank)	119 (AW 15)
Difficulty of hiring index (0-100)	33	Documents to export (number)	10
Rigidity of hours index (0-100)	40	Time to export (days)	22
Difficulty of firing index (0-100)	0	Cost to export (US$ per container)	821
Rigidity of employment index (0-100)	24	Documents to import (number)	10
Firing cost (weeks of salary)	4	Time to import (days)	26
		Cost to import (US$ per container)	1,037
Registering property (rank)	19 (AW 4)		
Procedures (number)	2	**Enforcing contracts** (rank)	105 (AW 6)
Time (days)	16	Procedures (number)	51
Cost (% of property value)	3.0	Time (days)	598
		Cost (% of claim)	13.5
Getting credit (rank)	123 (AW 8)		
Strength of legal rights index (0-10)	4	**Closing a business** (rank)	63 (AW 6)
Depth of credit information index (0-6)	2	Time (years)	4.0
Public registry coverage (% of adults)	23.4	Cost (% of estate)	4
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	35.1

COUNTRY PROFILE

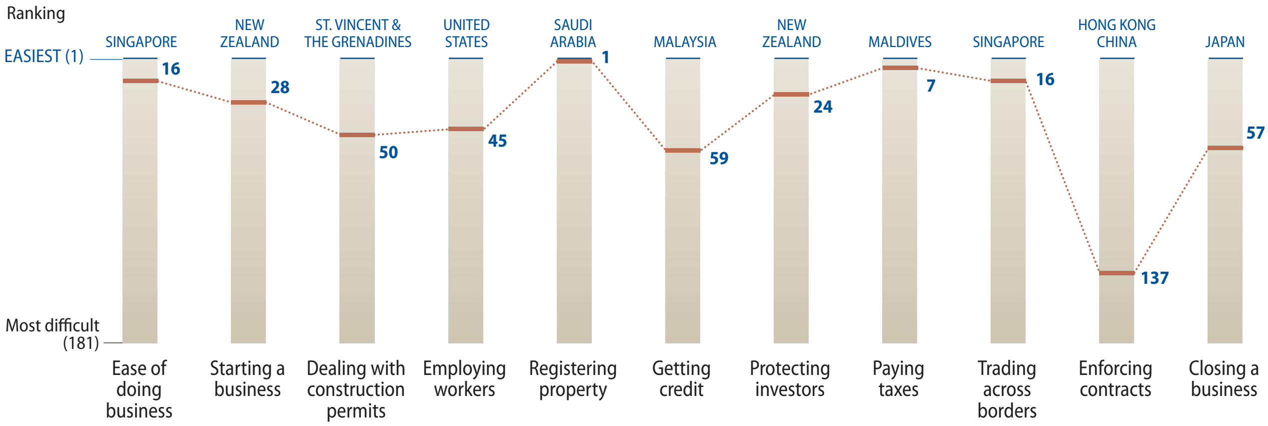
Qatar



QATAR		Ease of doing business (rank)	37 (AW 3)
Middle East & North Africa		GNI per capita (US$)	72,849
High income		Population (m)	0.8
Starting a business (rank)	57 (AW 6)	**Protecting investors** (rank)	88 (AW 7)
Procedures (number)	6	Extent of disclosure index (0-10)	5
Time (days)	6	Extent of director liability index (0-10)	6
Cost (% of income per capita)	9.1	Ease of shareholder suits index (0-10)	4
Minimum capital (% of income per capita)	75.4	Strength of investor protection index (0-10)	5.0
Dealing with construction permits (rank)	27 (AW 2)	**Paying taxes** (rank)	2 (AW 1)
Procedures (number)	19	Payments (number per year)	1
Time (days)	76	Time (hours per year)	36
Cost (% of income per capita)	0.8	Total tax rate (% of profit)	11.3
Employing workers (rank)	88 (AW 10)	**Trading across borders** (rank)	36 (AW 6)
Difficulty of hiring index (0-100)	0	Documents to export (number)	5
Rigidity of hours index (0-100)	60	Time to export (days)	21
Difficulty of firing index (0-100)	20	Cost to export (US$ per container)	735
Rigidity of employment index (0-100)	27	Documents to import (number)	7
Firing cost (weeks of salary)	69	Time to import (days)	20
		Cost to import (US$ per container)	657
Registering property (rank)	54 (AW 8)		
Procedures (number)	10	**Enforcing contracts** (rank)	98 (AW 5)
Time (days)	16	Procedures (number)	43
Cost (% of property value)	0.3	Time (days)	570
		Cost (% of claim)	21.6
Getting credit (rank)	131 (AW 10)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	31 (AW 2)
Depth of credit information index (0-6)	2	Time (years)	2.8
Public registry coverage (% of adults)	..	Cost (% of estate)	22
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	52.7

COUNTRY PROFILE

Saudi Arabia

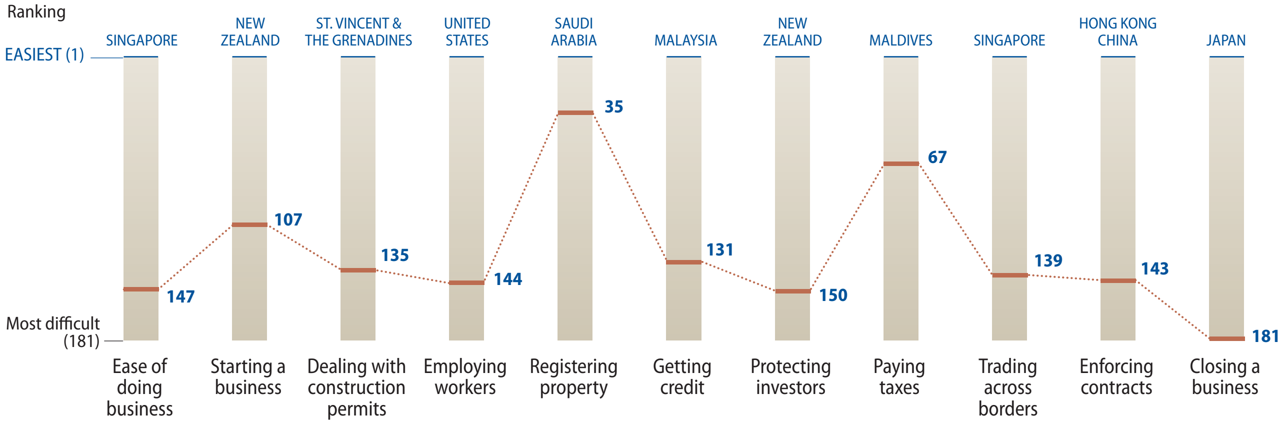


SAUDI ARABIA		Ease of doing business (rank)	16 (AW 1)
Middle East & North Africa		GNI per capita (US$)	15,440
High income		Population (m)	24.2
Starting a business (rank)	28 (AW 1)	**Protecting investors** (rank)	24 (AW 1)
Procedures (number)	7	Extent of disclosure index (0-10)	8
Time (days)	12	Extent of director liability index (0-10)	8
Cost (% of income per capita)	14.9	Ease of shareholder suits index (0-10)	3
Minimum capital (% of income per capita)	0.0	Strength of investor protection index (0-10)	6.3
Dealing with construction permits (rank)	50 (AW 5)	**Paying taxes** (rank)	7 (AW 3)
Procedures (number)	18	Payments (number per year)	14
Time (days)	125	Time (hours per year)	79
Cost (% of income per capita)	74.7	Total tax rate (% of profit)	14.5
Employing workers (rank)	45 (AW 4)	**Trading across borders** (rank)	16 (AW 2)
Difficulty of hiring index (0-100)	0	Documents to export (number)	5
Rigidity of hours index (0-100)	40	Time to export (days)	17
Difficulty of firing index (0-100)	0	Cost to export (US$ per container)	681
Rigidity of employment index (0-100)	13	Documents to import (number)	5
Firing cost (weeks of salary)	80	Time to import (days)	18
		Cost to import (US$ per container)	678
Registering property (rank)	1 (AW 1)		
Procedures (number)	2	**Enforcing contracts** (rank)	137 (AW 13)
Time (days)	2	Procedures (number)	44
Cost (% of property value)	0.0	Time (days)	635
		Cost (% of claim)	27.5
Getting credit (rank)	59 (AW 1)		
Strength of legal rights index (0-10)	4	**Closing a business** (rank)	57 (AW 5)
Depth of credit information index (0-6)	6	Time (years)	1.5
Public registry coverage (% of adults)	0.0	Cost (% of estate)	22
Private bureau coverage (% of adults)	14.1	Recovery rate (cents on the dollar)	37.5

COUNTRY PROFILE

Sudan

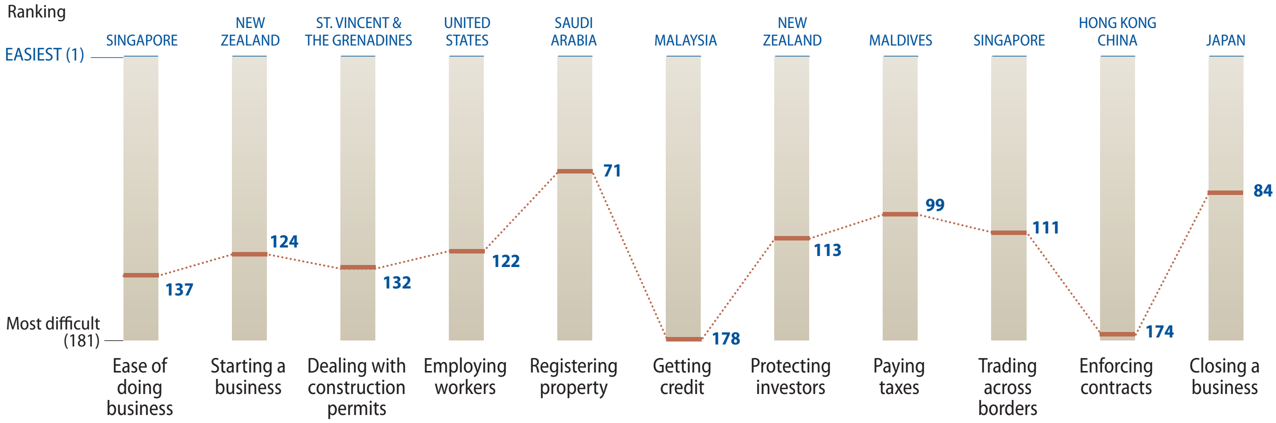
Ranking



SUDAN		Ease of doing business (rank)	147 (AW 16)
Sub-Saharan Africa		GNI per capita (US$)	960
Lower middle income		Population (m)	38.6
Starting a business (rank)	107 (AW 10)	**Protecting investors** (rank)	150 (AW 18)
Procedures (number)	10	Extent of disclosure index (0-10)	0
Time (days)	39	Extent of director liability index (0-10)	6
Cost (% of income per capita)	50.8	Ease of shareholder suits index (0-10)	4
Minimum capital (% of income per capita)	0.0	Strength of investor protection index (0-10)	3.3
Dealing with construction permits (rank)	135 (AW 17)	**Paying taxes** (rank)	67 (AW 13)
Procedures (number)	19	Payments (number per year)	42
Time (days)	271	Time (hours per year)	180
Cost (% of income per capita)	240.3	Total tax rate (% of profit)	31.6
Employing workers (rank)	144 (AW 18)	**Trading across borders** (rank)	139 (AW 18)
Difficulty of hiring index (0-100)	39	Documents to export (number)	6
Rigidity of hours index (0-100)	20	Time to export (days)	35
Difficulty of firing index (0-100)	50	Cost to export (US$ per container)	2,050
Rigidity of employment index (0-100)	36	Documents to import (number)	6
Firing cost (weeks of salary)	118	Time to import (days)	49
		Cost to import (US$ per container)	2,900
Registering property (rank)	35 (AW 5)		
Procedures (number)	6	**Enforcing contracts** (rank)	143 (AW 14)
Time (days)	9	Procedures (number)	53
Cost (% of property value)	3.1	Time (days)	810
		Cost (% of claim)	19.8
Getting credit (rank)	131 (AW 10)		
Strength of legal rights index (0-10)	5	**Closing a business** (rank)	181 (AW 20)
Depth of credit information index (0-6)	0	Time (years)	No practice
Public registry coverage (% of adults)	0.0	Cost (% of estate)	No practice
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	0.0

COUNTRY PROFILE

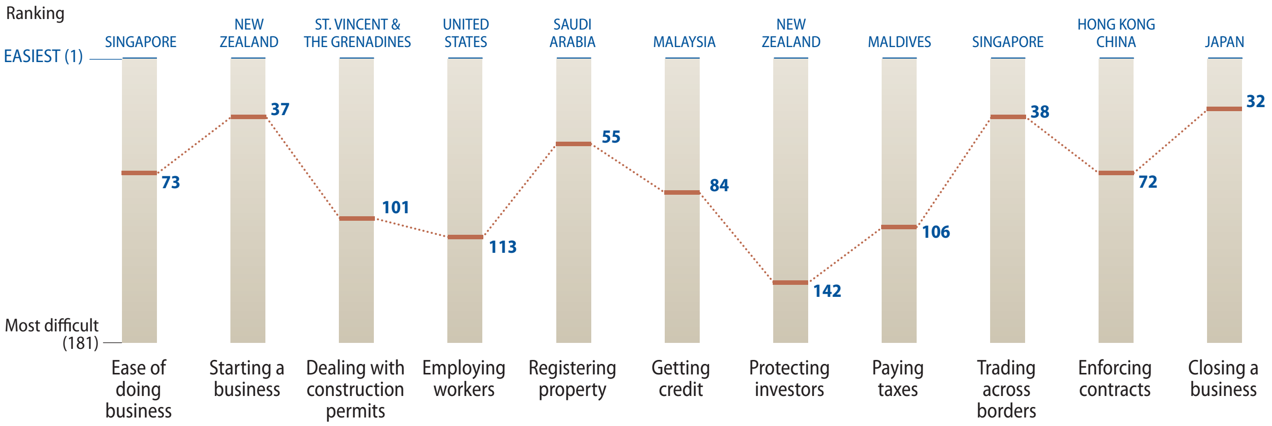
Syria



SYRIA		Ease of doing business (rank)	137 (AW 15)
Middle East & North Africa		GNI per capita (US$)	1,760
Lower middle income		Population (m)	19.9
Starting a business (rank)	124 (AW 12)	**Protecting investors** (rank)	113 (AW 10)
Procedures (number)	8	Extent of disclosure index (0-10)	6
Time (days)	17	Extent of director liability index (0-10)	5
Cost (% of income per capita)	18.2	Ease of shareholder suits index (0-10)	2
Minimum capital (% of income per capita)	4353.8	Strength of investor protection index (0-10)	4.3
Dealing with construction permits (rank)	132 (AW 15)	**Paying taxes** (rank)	99 (AW 14)
Procedures (number)	26	Payments (number per year)	20
Time (days)	128	Time (hours per year)	336
Cost (% of income per capita)	697.0	Total tax rate (% of profit)	43.5
Employing workers (rank)	122 (AW 15)	**Trading across borders** (rank)	111 (AW 13)
Difficulty of hiring index (0-100)	11	Documents to export (number)	8
Rigidity of hours index (0-100)	40	Time to export (days)	15
Difficulty of firing index (0-100)	50	Cost to export (US$ per container)	1,190
Rigidity of employment index (0-100)	34	Documents to import (number)	9
Firing cost (weeks of salary)	80	Time to import (days)	21
		Cost to import (US$ per container)	1,625
Registering property (rank)	71 (AW 11)		
Procedures (number)	4	**Enforcing contracts** (rank)	174 (AW 20)
Time (days)	19	Procedures (number)	55
Cost (% of property value)	28.0	Time (days)	872
		Cost (% of claim)	29.3
Getting credit (rank)	178 (AW 20)		
Strength of legal rights index (0-10)	1	**Closing a business** (rank)	84 (AW 9)
Depth of credit information index (0-6)	0	Time (years)	4.1
Public registry coverage (% of adults)	0.0	Cost (% of estate)	9
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	29.5

COUNTRY PROFILE

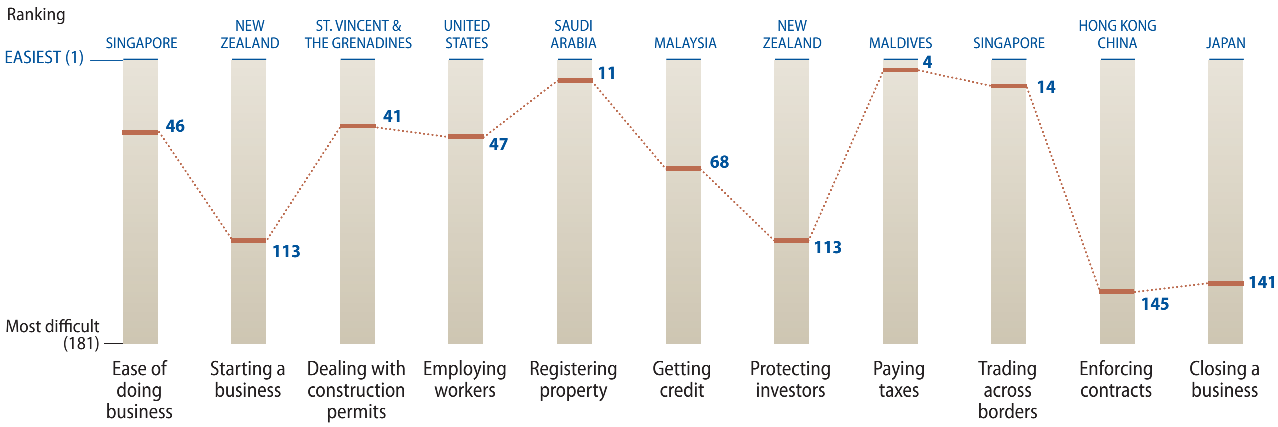
Tunisia



TUNISIA		Ease of doing business (rank)	73 (AW 7)
Middle East & North Africa		GNI per capita (US$)	3,200
Lower middle income		Population (millions)	10.2
Starting a business (rank)	37 (AW 2)	**Protecting investors** (rank)	142 (AW 16)
Procedures (number)	10	Extent of disclosure index (0-10)	0
Time (days)	11	Extent of director liability index (0-10)	5
Cost (% of income per capita)	7.9	Ease of shareholder suits index (0-10)	6
Minimum capital (% of income per capita)	0.0	Strength of investor protection index (0-10)	3.7
Dealing with construction permits (rank)	101 (AW 11)	**Paying taxes** (rank)	106 (AW 15)
Procedures (number)	20	Payments (number per year)	22
Time (days)	84	Time (hours per year)	228
Cost (% of income per capita)	1,017.8	Total tax rate (% of profit)	59.1
Employing workers (rank)	113 (AW 13)	**Trading across borders** (rank)	38 (AW 7)
Difficulty of hiring index (0-100)	28	Documents to export (number)	5
Rigidity of hours index (0-100)	40	Time to export (days)	17
Difficulty of firing index (0-100)	80	Cost to export (US$ per container)	733
Rigidity of employment index (0-100)	49	Documents to import (number)	7
Firing cost (weeks of salary)	17	Time to import (days)	23
		Cost to import (US$ per container)	858
Registering property (rank)	55 (AW 9)		
Procedures (number)	4	**Enforcing contracts** (rank)	72 (AW 2)
Time (days)	39	Procedures (number)	39
Cost (% of property value)	6.1	Time (days)	565
		Cost (% of claim)	21.8
Getting credit (rank)	84 (AW 3)		
Strength of legal rights index (0-10)	3	**Closing a business** (rank)	32 (AW 3)
Depth of credit information index (0-6)	5	Time (years)	1.3
Public registry coverage (% of adults)	14.9	Cost (% of estate)	7
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	52.3

COUNTRY PROFILE

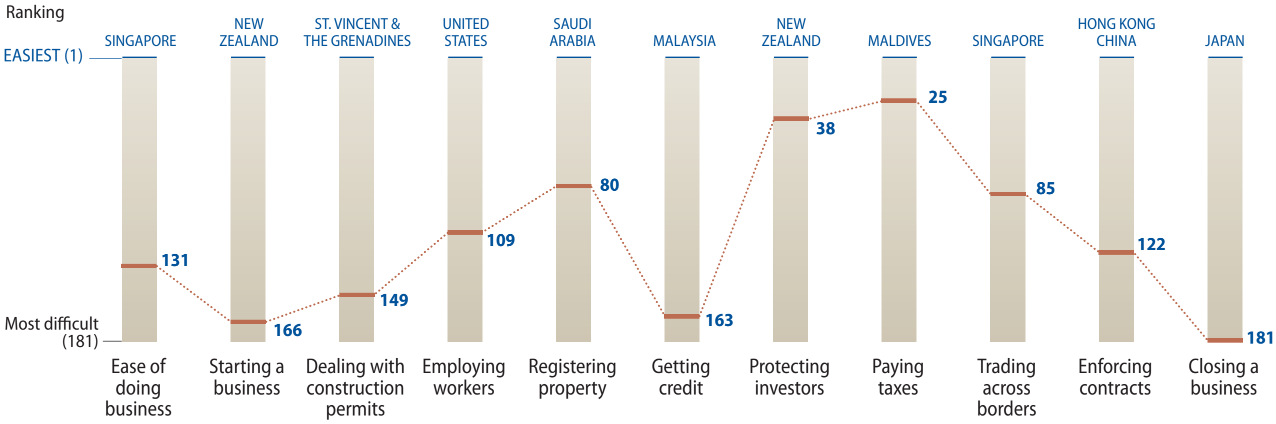
United Arab Emirates



UNITED ARAB EMIRATES		Ease of doing business (rank)	46 (AW 4)
Middle East & North Africa		GNI per capita (US$)	26,210
High income		Population (m)	4.4
Starting a business (rank)	113 (AW 11)	**Protecting investors** (rank)	113 (AW 10)
Procedures (number)	8	Extent of disclosure index (0-10)	4
Time (days)	17	Extent of director liability index (0-10)	7
Cost (% of income per capita)	13.4	Ease of shareholder suits index (0-10)	2
Minimum capital (% of income per capita)	311.9	Strength of investor protection index (0-10)	4.3
Dealing with construction permits (rank)	41 (AW 4)	**Paying taxes** (rank)	4 (AW 2)
Procedures (number)	21	Payments (number per year)	14
Time (days)	125	Time (hours per year)	12
Cost (% of income per capita)	1.5	Total tax rate (% of profit)	14.4
Employing workers (rank)	47 (AW 5)	**Trading across borders** (rank)	14 (AW 1)
Difficulty of hiring index (0-100)	0	Documents to export (number)	5
Rigidity of hours index (0-100)	40	Time to export (days)	10
Difficulty of firing index (0-100)	0	Cost to export (US$ per container)	618
Rigidity of employment index (0-100)	13	Documents to import (number)	7
Firing cost (weeks of salary)	84	Time to import (days)	10
		Cost to import (US$ per container)	587
Registering property (rank)	11 (AW 2)		
Procedures (number)	3	**Enforcing contracts** (rank)	145 (AW 15)
Time (days)	6	Procedures (number)	50
Cost (% of property value)	2.0	Time (days)	607
		Cost (% of claim)	26.3
Getting credit (rank)	68 (AW 2)		
Strength of legal rights index (0-10)	4	**Closing a business** (rank)	141 (AW 15)
Depth of credit information index (0-6)	5	Time (years)	5.1
Public registry coverage (% of adults)	6.5	Cost (% of estate)	30
Private bureau coverage (% of adults)	7.7	Recovery rate (cents on the dollar)	10.2

COUNTRY PROFILE

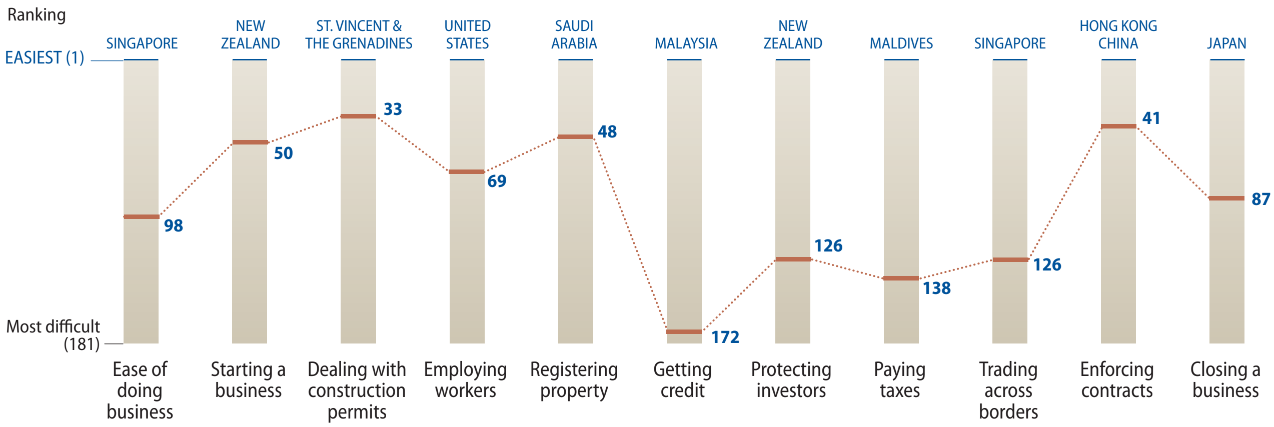
West Bank and Gaza



WEST BANK AND GAZA		Ease of doing business (rank)	131 (AW 13)
Middle East & North Africa		GNI per capita (US$)	1,230
Lower middle income		Population (m)	3.9
Starting a business (rank)	166 (AW 18)	**Protecting investors** (rank)	38 (AW 3)
Procedures (number)	11	Extent of disclosure index (0-10)	6
Time (days)	49	Extent of director liability index (0-10)	5
Cost (% of income per capita)	69.1	Ease of shareholder suits index (0-10)	7
Minimum capital (% of income per capita)	56.1	Strength of investor protection index (0-10)	6.0
Dealing with construction permits (rank)	149 (AW 19)	**Paying taxes** (rank)	25 (AW 8)
Procedures (number)	21	Payments (number per year)	27
Time (days)	199	Time (hours per year)	154
Cost (% of income per capita)	1,399.9	Total tax rate (% of profit)	16.8
Employing workers (rank)	109 (AW 12)	**Trading across borders** (rank)	85 (AW 11)
Difficulty of hiring index (0-100)	33	Documents to export (number)	6
Rigidity of hours index (0-100)	40	Time to export (days)	25
Difficulty of firing index (0-100)	20	Cost to export (US$ per container)	835
Rigidity of employment index (0-100)	31	Documents to import (number)	6
Firing cost (weeks of salary)	91	Time to import (days)	40
		Cost to import (US$ per container)	1,225
Registering property (rank)	80 (AW 12)		
Procedures (number)	7	**Enforcing contracts** (rank)	122 (AW 10)
Time (days)	63	Procedures (number)	44
Cost (% of property value)	0.9	Time (days)	700
		Cost (% of claim)	21.2
Getting credit (rank)	163 (AW 15)		
Strength of legal rights index (0-10)	0	**Closing a business** (rank)	181 (AW 17)
Depth of credit information index (0-6)	3	Time (years)	No practice
Public registry coverage (% of adults)	7.8	Cost (% of estate)	No practice
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	0.0

COUNTRY PROFILE

Yemen



YEMEN		Ease of doing business (rank)	98 (AW 8)
Middle East & North Africa		GNI per capita (US$)	870
Low income		Population (millions)	22.4
Starting a business (rank)	50 (AW 5	**Protecting investors** (rank)	126 (AW 14)
Procedures (number)	7	Extent of disclosure index (0-10)	6
Time (days)	13	Extent of director liability index (0-10)	4
Cost (% of income per capita)	93.0	Ease of shareholder suits index (0-10)	2
Minimum capital (% of income per capita)	-	Strength of investor protection index (0-10)	4.0
Dealing with construction permits (rank)	33 (AW 3)	**Paying taxes** (rank)	138 (AW 17)
Procedures (number)	13	Payments (number per year)	44
Time (days)	107	Time (hours per year)	248
Cost (% of income per capita)	189.7	Total tax rate (% of profit)	47.8
Employing workers (rank)	69 (AW 9)	**Trading across borders** (rank)	126 (AW 16)
Difficulty of hiring index (0-100)	0	Documents to export (number)	6
Rigidity of hours index (0-100)	60	Time to export (days)	31
Difficulty of firing index (0-100)	40	Cost to export (US$ per container)	1,129
Rigidity of employment index (0-100)	33	Documents to import (number)	9
Firing cost (weeks of salary)	17	Time to import (days)	28
		Cost to import (US$ per container)	1,475
Registering property (rank)	48 (AW 7)		
Procedures (number)	6	**Enforcing contracts** (rank)	41 (AW 1)
Time (days)	19	Procedures (number)	37
Cost (% of property value)	3.8	Time (days)	520
		Cost (% of claim)	16.5
Getting credit (rank)	172 (AW 18)		
Strength of legal rights index (0-10)	2	**Closing a business** (rank)	87 (AW 10)
Depth of credit information index (0-6)	0	Time (years)	3.0
Public registry coverage (% of adults)	0.1	Cost (% of estate)	8
Private bureau coverage (% of adults)	0.0	Recovery rate (cents on the dollar)	28.6

Acknowledgments

Doing Business in the Arab World 2009 was prepared by a team led by Yara Salem and Dahlia Khalifa. *Doing Business 2009* was prepared by a team led by Sylvia Solf, Simeon Djankov (through March 2008) and Penelope Brook (from April 2008) under the general direction of Michael Klein. The team comprised Teymour Abdel Aziz, Svetlana Bagaudinova, Karim O. Belayachi, Mema Beye, Frederic Bustelo, César Chaparro Yedro, Maya Choueiri, Roger Coma-Cunill, Santiago Croci Downes, Marie Delion, Allen Dennis, Jacqueline den Otter, Alejandro Espinosa-Wang, Monica Fonseca Fernandez, Kjartan Fjeldsted, Elena Gasol Ramos, Carolin Geginat, Cemile Hacibeyoglu, Jamal Haidar, Sabine Hertveldt, Palarp Jumpasut, Dahlia Khalifa, Jean Michel Lobet, Oliver Lorenz, Valerie Marechal, Andres Martinez, Alexandra Mincu, Sushmitha Narsiah, Joanna Nasr, Dana Omran, Caroline Otonglo, Nadia Ram, Rita Ramalho, Camille Ramos, Ivana Rossi, Yara Salem, Pilar Salgado-Otónel, Umar Shavurov, Larisa Smirnova, Jayashree Srinivasan, Susanne Szymanski, Tea Trumbic, Caroline van Coppenolle, Bryan Welsh, Justin Yap and Lior Ziv. Jan Bezem, Sonali Bishop, Tara Sabre Collier, Sarah Iqbal, Alice Ouedraogo, Babacar Sedikh Faye and Jennifer Yip assisted in the months prior to publication.

Oliver Hart and Andrei Shleifer provided academic advice on the project. The paying taxes project was conducted in collaboration with PricewaterhouseCoopers, led by Robert Morris.

Alison Strong copyedited the manuscript. Gerry Quinn designed the report and the graphs. Kim Bieler assisted in the typesetting. Alexandra Quinn provided desktopping services. The online service of the *Doing Business* database is managed by Ramin Aliyev, Felipe Iturralde Escudero and Graeme Littler under the direction of Suzanne Smith.

We are grateful for valuable comments provided by colleagues across the World Bank Group and for the guidance of World Bank Group Executive Directors.

The report was made possible by the generous contribution of more than 6,700 lawyers, accountants, judges, businesspeople and public officials in 181 economies. Global and regional contributors are firms that have completed multiple surveys in their various offices around the world.

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The case studies appearing on pages 44–53 were first published in *Celebrating Reform 2007* and *Celebrating Reform 2008.*

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