



DOING BUSINESS IN THE g7+ 2013

Smarter Regulations for
Small and Medium-Size Enterprises

2007 2012
2005 2009 2004 2011
2008 2006 2010 2013

COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS
IN THE g7+ AND WITH 185 ECONOMIES

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Doing Business in the g7+ 2013 is a special report drawing on the global *Doing Business* project and its database as well as the findings of *Doing Business 2013*, the 10th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulation and the protection of property rights that can be compared across 185 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 11 areas of the life of a business are covered: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers. The employing workers data are not included in this year's ranking on the ease of doing business.

Data in *Doing Business 2013* are current as of June 1, 2012. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why.

The g7+ group is a country-owned and country-led global mechanism to monitor, report and draw attention to the unique challenges faced by fragile states. The goals of the g7+ are to stop conflict, build nations and eradicate poverty through innovative development strategies harmonized with the country context, aligned with the national agenda and led by the state and its people. Established in April 2010 on the sidelines of the Organisation for Economic Co-operation and Development's International Dialogue on Peacebuilding and Statebuilding in Dili, Timor-Leste, the group has grown from its original membership of 7 states to include countries across Asia, Africa and the Pacific. Its current members are Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon Islands, Somalia, South Sudan, Timor-Leste and Togo.

Preface

A favorable business environment in which companies can thrive creates opportunities for all people and ultimately lifts many out of poverty. Creating such opportunities is particularly important in fragile and conflict-affected states. According to the World Bank's *World Development Report 2011: Conflict, Security, and Development*, lack of economic opportunities and high unemployment are key sources of fragility. For policy makers in these countries, it is critical to encourage entrepreneurship through a regulatory environment conducive to the growth of businesses and the creation of employment opportunities—an environment that promotes the rule of law, competition and transparency.

Doing Business in the g7+ 2013 compares business regulation among g7+ member countries. It draws on the global *Doing Business* project and its database as well as the findings of *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*. The data in the report focus on 10 areas of business regulation, 2 of which relate to access to power and access to finance—the top 2 obstacles for firms operating in fragile and conflict-affected states according to enterprise surveys conducted by the World Bank.

On average, g7+ countries do lag behind international best practices in business regulation—unsurprising given the fragility that characterizes them. Yet many g7+ countries offer excellent examples of efficient business regulation. Take Liberia, for example, where complying with the legal and regulatory requirements to start a new business in Monrovia takes just 6 days—the same as in New York City. And the Solomon Islands has established a legal framework for secured transactions that provides rights and protections for borrowers and lenders similar to those in Denmark. Indeed, if a hypothetical g7+ country adopted all the best business regulatory practices that already exist within this group, it would stand at 10 in the global ranking of 185 economies on the ease of doing business, tying with Australia.

For many fragile and conflict-affected states, the data published in the annual *Doing Business* reports have proved to be a powerful tool for inspiring and guiding reforms of business regulations. Among the 50 economies worldwide that have improved their business environment the most since 2005 are 7 in the g7+ group: Sierra Leone, Burundi, Guinea-Bissau, Timor-Leste, Côte d'Ivoire, Togo and the Solomon Islands. These countries have implemented the kinds of reforms that make it easier for firms to operate and help restore confidence among entrepreneurs by signaling a more business-friendly environment. And while the *Doing Business* indicators focus on small to medium-size domestic firms, a recent study finds that a better ranking on the ease of doing business is significantly associated with larger inflows of foreign direct investment. This finding suggests that economies that provide a good regulatory environment for domestic firms tend to also provide a good one for foreign-owned firms.

Each fragile or conflict-affected state is unique, and the potential for greater private sector investment depends on multiple factors, such as security, political stability,

proximity to markets and the availability of natural resources. But many g7+ countries face similar challenges and could adopt similar solutions. This report highlights how some g7+ countries have succeeded in making it easier to do business, offering examples that could serve as inspiration for fellow g7+ members and other fragile and conflict-affected states facing similar challenges.

We hope that policy makers, researchers, the private sector and civil society will find this report helpful in identifying challenges and opportunities for business regulatory reforms in economies affected by fragility and conflict.

Sincerely,

Two handwritten signatures in black ink. The signature on the left is stylized and appears to be 'PG'. The signature on the right is more cursive and appears to be 'GB'.

Pierre Guislain and Georgina Baker
Directors
International Finance Corporation, World Bank Group

Measuring business regulations in the g7+

2007 2012 2011
2005 2009 2004
2008 2006 2013

One and a half billion people live in areas affected by fragility, conflict or large-scale, organized criminal violence.¹ The members of the g7+ group—Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon

Islands, Somalia, South Sudan, Timor-Leste and Togo—have come together to monitor, report and draw attention to the unique challenges faced by fragile states.² Their efforts recognize that while many states are underdeveloped or plagued by social unrest, fragility poses particular problems that combine underdevelopment and conflict.³

BOX 1.1 MAIN FINDINGS OF THE REPORT

The regulatory environment in the g7+ is improving . . .

- All g7+ economies have improved their business regulatory environment since 2005, narrowing the gap with the best performance observed globally by *Doing Business*. Sierra Leone, Burundi, Guinea-Bissau, Timor-Leste, Côte d'Ivoire, Togo and the Solomon Islands are among the 50 economies globally that have made the biggest improvements relative to their earlier performance.
- In the past 8 years all 16 g7+ economies covered by *Doing Business* implemented reforms making it easier to do business in at least 2 areas of business regulation, and 12 did so in at least 4 areas.
- The biggest reform efforts in the g7+ were aimed at making it easier to start a business, get credit, register property and pay taxes. Particularly remarkable are the improvements in starting a business: through 28 regulatory reforms, g7+ economies have cut the average time to start a business by more than half since 2005, and the cost (as a percentage of income per capita) by two-thirds.

. . . and good regulatory practices can be found among g7+ economies . . .

- A hypothetical economy combining the best regulatory practices observed in 2012 among the g7+ economies—the “best of the g7+”—would stand at 10 in the global ranking on the ease of doing business.

. . . but business regulations in the g7+ still lag behind international best practices

- The business regulatory environment is significantly more difficult on average in g7+ economies than in International Development Association (IDA) member economies or even in other fragile and conflict-affected states. Among the 185 economies covered by *Doing Business*, g7+ economies have an average ranking of 160 on the ease of doing business.
- On average, g7+ economies perform relatively better on indicators measuring the efficiency of regulatory processes, such as the starting a business, getting electricity and paying taxes indicators. Their performance is weakest on those measuring the strength of legal institutions relevant to business regulation, such as the enforcing contracts and resolving insolvency indicators.

This chapter's analysis of the business regulatory environment in g7+ economies includes Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon Islands, Timor-Leste and Togo. Country tables and detailed topic data are available for these economies as well as South Sudan at the end of the report. Doing Business does not collect data for Somalia.

Establishing legitimate institutions and governance that give everyone a stake in national prosperity is crucial to breaking the cycle of insecurity, creating jobs for citizens and providing security and justice.⁴ The private sector is the key engine of job creation, accounting for 90% of all jobs in the developing world.⁵ But governments need to ensure that the conditions are in place for strong private-sector-led growth. Implementing a set of good business regulations as measured by *Doing Business*, while important, cannot guarantee these conditions. Other factors—including war, political unrest and the education level of the workforce—are also important determinants of the business environment. Yet by removing bottlenecks to firm creation and growth, governments can signal the emergence of a more business-friendly environment. This in turn can set the stage for broader reform.⁶

Through indicators benchmarking 185 economies, *Doing Business* measures and tracks changes in the regulations applying to domestic small and medium-size companies in 11 areas in their life cycle. The results for each economy can be compared with those for other economies and over time. This year's aggregate ranking on the ease of doing business is based on indicator sets that measure and benchmark regulations affecting 10 of those areas: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also documents regulations on employing workers.

A fundamental premise of *Doing Business* is that economic activity requires good rules that are transparent and accessible to all its citizens. And where government policies support a dynamic business environment—with firms making investments, creating jobs and increasing productivity—they help create greater opportunities for all people and can ultimately lift many out of poverty.

DO BUSINESS REGULATIONS MATTER?

Many developing countries have large informal sectors—overall in the developing world, employment in the informal sector accounts for half the total labor force.⁷ The share is undoubtedly even larger in fragile states. Indeed, firm-level survey data reveal that in Chad and the Democratic Republic of Congo 90% of formal sector firms report that they must compete against unregistered or informal businesses, among the largest shares in the 135 economies surveyed.⁸ Firms operating in the informal sector tend to be less productive and often offer lower wages than formally registered firms. They are also likely to have poorer access to credit and employ fewer workers—and their workers remain outside the protections of labor law.⁹ At the macro level, firms in the informal sector deprive governments of potential tax revenue and diminish their capacity for regulatory oversight.¹⁰

Regulation plays a part: where it is particularly onerous, levels of informality tend to be higher (see figure 3.2 in the chapter “About *Doing Business*”). Regulations put in place to safeguard economic activity and facilitate business operations, if poorly designed, can become obstacles to doing business. They can be like traffic lights put up to prevent gridlock—ineffective if a red light lasts for an hour. Most people would run the red light, just as most businesses facing burdensome regulations will try to circumvent them to stay afloat.

Conversely, good business regulations—with transparent rules that make compliance easy and inexpensive—can encourage firms to operate in the formal sector. Just as good rules are needed to allow traffic to flow in a city, they are also essential to allow business transactions to flow. Good business regulations enable the private sector to thrive and businesses to expand their transactions network. The economies that rank highest on the ease of doing business are not those where

regulation is absent—but those where governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector.

Around the world, good business regulations also help combat corruption. Corruption imposes a heavy administrative and financial burden on firms—it undermines their operational efficiency and raises the costs and risks associated with doing business.¹¹ For fragile states, prevalent corruption is also a national security issue. Corruption has doubly pernicious effects on the risk of violence, both fueling grievances and undermining the effectiveness of national institutions and social norms.¹² Effective regulations can help reduce corruption by shutting out opportunities for public officials to solicit bribes or “unofficial payments.”

And studies are emerging that support the claim that economies that provide a good regulatory environment for domestic firms tend to also provide a good one for foreign firms. While the *Doing Business* indicators focus on small to medium-size domestic firms, *Doing Business 2013* presents cross-country correlations showing that inflows of foreign direct investment (FDI) are higher for economies performing better on *Doing Business* indicators, even when taking into account differences across economies in other factors considered important for FDI. Results suggest that on average across economies, a difference of 1 percentage point in regulatory quality as measured by *Doing Business* distance to frontier scores is associated with a difference in annual FDI inflows of \$250–500 million.¹³

HOW DO g7+ ECONOMIES COMPARE GLOBALLY?

How does the business regulatory environment in g7+ economies compare globally? *Doing Business* measures business regulations through 2 types of indicators: indicators relating to the *strength of legal institutions* relevant to business regulation and indicators relating to the *complexity and cost of regulatory processes*. Those

in the first group focus on the legal and regulatory framework for getting credit, protecting investors, enforcing contracts and resolving insolvency. Those in the second focus on the cost and efficiency of regulatory processes for starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders. Based on time-and-motion case studies from the perspective of the business, these indicators measure the procedures, time and cost required to complete a transaction in accordance with relevant regulations. (For a detailed explanation of the *Doing Business* methodology, see the data notes and the chapter “About *Doing Business*.”)

As measured by these 2 groups of *Doing Business* indicators, the environment in which local entrepreneurs do business is significantly more difficult on average in g7+ economies than in International Development Association (IDA) economies¹⁴ or even in other fragile and conflict-affected states (FCS).¹⁵ Among the 185 economies covered by *Doing Business*, g7+ economies have an average ranking of 160 on the ease of doing business (figure 1.1).

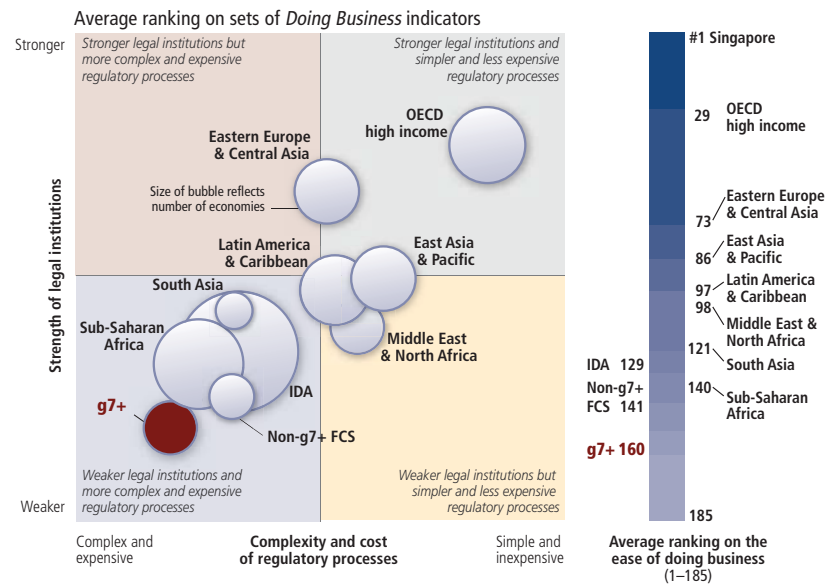
Economies that rank high on the ease of doing business tend to combine efficient regulatory processes with strong legal institutions that protect property and investor rights. OECD high-income economies have, by a large margin, the most business-friendly regulatory environment on both dimensions. Entrepreneurs in g7+ economies face both more complex regulatory processes and weaker legal institutions as measured by *Doing Business*. Indeed, g7+ economies as a group are in the bottom third of the global ranking in all 10 areas measured by *Doing Business* (figure 1.2). But g7+ economies perform relatively better on average on indicators measuring the efficiency of regulatory processes, such as the starting a business, getting electricity and paying taxes indicators. Their average performance is weaker on indicators measuring the strength of legal institutions, such as the

enforcing contracts and resolving insolvency indicators.

Yet the business environment differs among g7+ economies. This is apparent in their rankings on the overall ease of

doing business (table 1.1). It is also apparent in their performance in the areas encompassed in those rankings. Take starting a business, where Burundi stands at 28 in the global ranking. An entrepreneur in Burundi can start a business

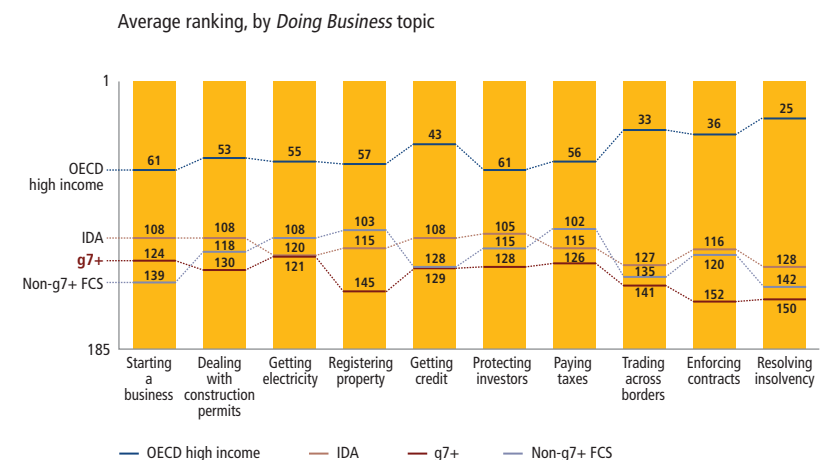
FIGURE 1.1 Doing business is comparatively difficult in g7+ economies



Note: Strength of legal institutions refers to the average ranking on getting credit, protecting investors, enforcing contracts and resolving insolvency. Complexity and cost of regulatory processes refers to the average ranking on starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders. FCS = fragile and conflict-affected states.

Source: *Doing Business* database.

FIGURE 1.2 On average, g7+ economies rank in the bottom third in all areas measured by *Doing Business*



Note: FCS = fragile and conflict-affected states.

Source: *Doing Business* database.

TABLE 1.1 Rankings on the ease of doing business

DB2013 g7+ rank	DB2013 rank	Economy	DB2013 reforms	DB2013 g7+ rank	DB2013 rank	Economy	DB2013 reforms	DB2013 g7+ rank	DB2013 rank	Economy	DB2013 reforms
	1	Singapore	0		63	Antigua and Barbuda	0		125	Honduras	0
	2	Hong Kong SAR, China	0		64	Ghana	0		126	Bosnia and Herzegovina	2
	3	New Zealand	1		65	Czech Republic	3		127	Ethiopia	1
	4	United States	0		66	Bulgaria	1		128	Indonesia	1
	5	Denmark	1		67	Azerbaijan	0		129	Bangladesh	1
	6	Norway	2		68	Dominica	1		130	Brazil	1
	7	United Kingdom	1		69	Trinidad and Tobago	2		131	Nigeria	0
	8	Korea, Rep.	4		70	Kyrgyz Republic	0		132	India	1
	9	Georgia	6		71	Turkey	2		133	Cambodia	1
	10	Australia	1		72	Romania	2		134	Tanzania	1
	11	Finland	0		73	Italy	2		135	West Bank and Gaza	1
	12	Malaysia	2		74	Seychelles	0		136	Lesotho	2
	13	Sweden	0		75	St. Vincent and the Grenadines	0		137	Ukraine	3
	14	Iceland	0		76	Mongolia	3		138	Philippines	0
	15	Ireland	2		77	Bahamas, The	0		139	Ecuador	0
	16	Taiwan, China	2		78	Greece	3	3	140	Sierra Leone	2
	17	Canada	1		79	Brunei Darussalam	2		141	Tajikistan	1
	18	Thailand	2		80	Vanuatu	0		142	Madagascar	1
	19	Mauritius	2		81	Sri Lanka	4		143	Sudan	0
	20	Germany	2		82	Kuwait	0		144	Syrian Arab Republic	1
	21	Estonia	0		83	Moldova	2		145	Iran, Islamic Rep.	1
	22	Saudi Arabia	2		84	Croatia	1		146	Mozambique	0
	23	Macedonia, FYR	1		85	Albania	2		147	Gambia, The	0
	24	Japan	1		86	Serbia	3		148	Bhutan	0
	25	Latvia	0		87	Namibia	1	4	149	Liberia	3
	26	United Arab Emirates	3		88	Barbados	0		150	Micronesia, Fed. Sts.	0
	27	Lithuania	2		89	Uruguay	2		151	Mali	1
	28	Switzerland	0		90	Jamaica	2		152	Algeria	1
	29	Austria	0		91	China	2		153	Burkina Faso	0
	30	Portugal	3	1	92	Solomon Islands	0		154	Uzbekistan	4
	31	Netherlands	4		93	Guatemala	1		155	Bolivia	0
	32	Armenia	2		94	Zambia	1	5	156	Togo	1
	33	Belgium	0		95	Maldives	0		157	Malawi	1
	34	France	0		96	St. Kitts and Nevis	0	6	158	Comoros	2
	35	Slovenia	3		97	Morocco	1	7	159	Burundi	4
	36	Cyprus	1		98	Kosovo	2		160	São Tomé and Príncipe	0
	37	Chile	0		99	Vietnam	1		161	Cameroon	1
	38	Israel	1		100	Grenada	1		162	Equatorial Guinea	0
	39	South Africa	1		101	Marshall Islands	0		163	Lao PDR	3
	40	Qatar	1		102	Malta	0		164	Suriname	0
	41	Puerto Rico (U.S.)	1		103	Paraguay	0		165	Iraq	0
	42	Bahrain	0	2	104	Papua New Guinea	0		166	Senegal	0
	43	Peru	2		105	Belize	1		167	Mauritania	0
	44	Spain	2		106	Jordan	0	8	168	Afghanistan	0
	45	Colombia	1		107	Pakistan	0	9	169	Timor-Leste	0
	46	Slovak Republic	4		108	Nepal	0		170	Gabon	0
	47	Oman	1		109	Egypt, Arab Rep.	0		171	Djibouti	0
	48	Mexico	2		110	Costa Rica	4		172	Angola	1
	49	Kazakhstan	3		111	Palau	0		173	Zimbabwe	0
	50	Tunisia	0		112	Russian Federation	2	10	174	Haiti	0
	51	Montenegro	2		113	El Salvador	1		175	Benin	4
	52	Rwanda	2		114	Guyana	0		176	Niger	1
	53	St. Lucia	0		115	Lebanon	0	11	177	Côte d'Ivoire	0
	54	Hungary	3		116	Dominican Republic	0	12	178	Guinea	3
	55	Poland	4		117	Kiribati	0	13	179	Guinea-Bissau	0
	56	Luxembourg	0		118	Yemen, Rep.	0		180	Venezuela, RB	0
	57	Samoa	0		119	Nicaragua	0	14	181	Congo, Dem. Rep.	1
	58	Belarus	2		120	Uganda	1		182	Eritrea	0
	59	Botswana	1		121	Kenya	1		183	Congo, Rep.	2
	60	Fiji	1		122	Cape Verde	0	15	184	Chad	1
	61	Panama	3		123	Swaziland	1	16	185	Central African Republic	0
	62	Tonga	0		124	Argentina	0				

Note: The rankings for all economies are benchmarked to June 2012. This year's rankings on the ease of doing business are the average of the economy's percentile rankings on the 10 topics included in this year's aggregate ranking. The number of reforms excludes those making it more difficult to do business.

Source: Doing Business database.

by completing 4 procedures in 8 days and paying a cost equivalent to 18% of income per capita. There is no minimum capital requirement. By contrast, to start a business in Haiti an entrepreneur must go through 12 procedures, spend 105 days doing so and pay 287% of income per capita—then deposit funds amounting to another 21% of income per capita as paid-in minimum capital. Not surprisingly, Haiti is near the bottom of the global ranking on the ease of starting a business, at 183.

Similar differences exist in other regulatory processes, such as getting electricity. In Papua New Guinea, getting an electricity connection is easy for entrepreneurs. It takes only 4 procedures and 66 days and costs 60% of income per capita—better than the averages for OECD high-income economies. Entrepreneurs in Guinea-Bissau are not so lucky. Because of the limited generation capacity, they face a long wait before the electricity can start flowing. Obtaining a formal connection to the electricity network there takes 455 days and costs 1,737% of income per capita.

The differences among g7+ economies are not just in the efficiency of regulatory processes. They also show up in the strength of legal institutions relevant to business regulation. The Solomon Islands provides strong legal protections of the rights of borrowers and lenders in secured transactions (though it lacks a credit registry for collecting and sharing credit information). It stands at 83 in the global ranking on the ease of getting credit. The Democratic Republic of Congo is near the bottom of the ranking, at 176.

In some cases the best performance among g7+ economies as measured in 2012 is equal or close to the global best performance observed by *Doing Business* across all economies and years. One example is the minimum capital requirement. Several g7+ economies—including Afghanistan, Burundi, the Democratic Republic of Congo,¹⁶ Liberia, Papua New Guinea, Sierra Leone and the Solomon

Islands—require no paid-in minimum capital to start a business (table 1.2).

Strikingly, if one computed a synthetic ranking based on the best score observed in 2012 among the g7+ economies for each indicator, this “best of the g7+” ranking would be 10 globally, 82 places higher than the top-ranked g7+ economy (the Solomon Islands, at 92). In this hypothetical g7+ economy, starting a business would take just 6 days (the same as in Liberia), registering a property for commercial use would cost 3.3% of the property value (just as in Burundi), and exporting would require 6 documents (as in Timor-Leste). It may be some time before a single g7+ economy combines all of the group’s best business regulatory practices. But this exercise does highlight the fact that many g7+ economies have already implemented globally observed good practices in some areas of business regulation. And the examples it points to could inspire governments to take on bold regulatory reforms.

THE g7+ NARROWS THE REGULATORY GAP

To complement the ease of doing business ranking, a relative measure, the *Doing Business 2012* report introduced the distance to frontier, an absolute measure of business regulatory efficiency. This measure aids in assessing how much the regulatory environment for local entrepreneurs improves in absolute terms over time by showing the distance of each economy to the “frontier” in regulatory performance, which represents the best performance—the most efficient practice or highest score—observed on each of the *Doing Business* indicators across all economies and years included since 2005. The measure is normalized to range between 0 and 100, with 100 representing the frontier. A higher score therefore indicates a more efficient business regulatory system (for a detailed description of the methodology, see the chapter on the ease of doing business and distance to frontier).

The distance to frontier measure shows that all 15 g7+ economies covered by *Doing Business* since 2005 have improved their business regulatory environment over the years. Though far from the frontier, they have all narrowed the gap and are today closer to the best performance observed globally by *Doing Business* than they were in 2005 (figure 1.3). Indeed, these economies have moved 8 percentage points closer to the frontier on average—a greater advance than both the global average of 6 percentage points and the average among non-g7+ fragile and conflict-affected states of 4 percentage points.

This progress toward the frontier reflects concerted efforts to improve the business regulatory environment. In the year from June 2011 to June 2012, 8 of the g7+ economies implemented at least 1 institutional or regulatory reform making it easier to do business in the areas measured by *Doing Business*. One made it more difficult to do business. Among the 8 implementing reforms to make it easier in 2011/12, Burundi stands out as having jumped ahead the most in the relative ranking on the ease of doing business. Indeed, Burundi ranks among the 10 economies globally that were recognized as having improved the most in 2011/12 across 3 or more areas measured by *Doing Business*. But Burundi did not start its regulatory reforms in the past year. It stands out as an economy that has improved its business regulatory environment over the long run (see the chapter on country examples).

Nor is Burundi the only g7+ economy to have done so. Sierra Leone, Burundi, Guinea-Bissau, Timor-Leste, Côte d’Ivoire, Togo and the Solomon Islands are all among the 50 economies globally that have narrowed the distance to frontier the most since 2005 (table 1.3). This can be attributed largely to extensive institutional and regulatory reforms in these economies: Sierra Leone implemented 20 in the past 8 years, and Burundi 15.

TABLE 1.2 Global best performance and g7+ performance on *Doing Business* indicators

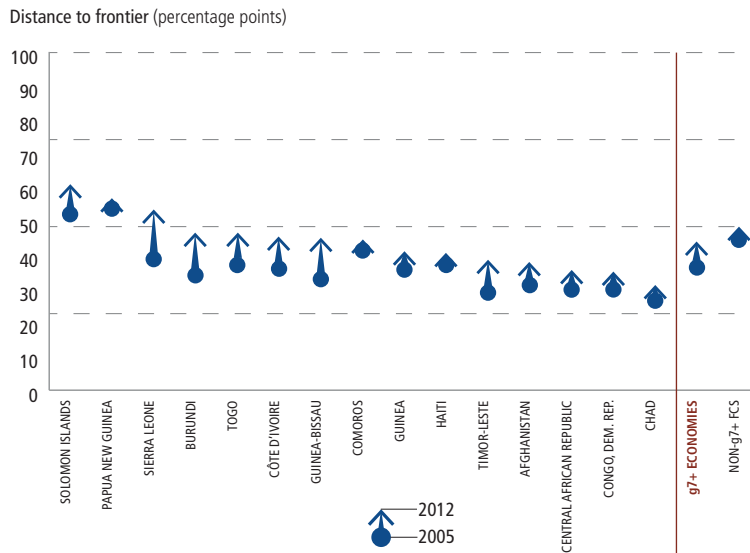
TABLE 4.2 Global best performance and g7+ performance on Doing Business indicators					
Topic and indicator	Global best performance across years	Performance in 2012 in the g7+			
		Best score	Best performer	Average score	Worst score
Starting a business					
Procedures (number)	1	4	Afghanistan, Burundi, Liberia	7	12
Time (days)	1	6	Liberia	36	105
Cost (% of income per capita)	0	2.9	Timor-Leste	107.7	286.6
Minimum capital (% of income per capita)	0	0	Afghanistan, Burundi, Democratic Republic of Congo, Liberia, Papua New Guinea, Sierra Leone, Solomon Islands	147.2	444.1
Dealing with construction permits					
Procedures (number)	6	9	Haiti	17	29
Time (days)	25	75	Liberia	262	1,129
Cost (% of income per capita)	0.2	13.9	Timor-Leste	1,033.7	5,106.8
Getting electricity ^a					
Procedures (number)	3	3	Timor-Leste	5	8
Time (days)	17	55	Côte d'Ivoire	141	465
Cost (% of income per capita)	0	59.9	Papua New Guinea	6,860.5	27,211.6
Registering property					
Procedures (number)	1	4	Comoros, Papua New Guinea	7	10
Time (days)	1	30	Comoros	114	301
Cost (% of property value)	0	3.3	Burundi	9.78	17.9
Getting credit					
Strength of legal rights index (0–10)	10	9	Solomon Islands	5	2
Depth of credit information index (0–6)	6	4	Papua New Guinea	1	0
Protecting investors					
Extent of disclosure index (0–10)	10	8	Burundi	5	1
Extent of director liability index (0–10)	9	7	Sierra Leone, Solomon Islands	3	1
Ease of shareholder suits index (0–10)	10	8	Papua New Guinea, Solomon Islands	5	1
Paying taxes					
Payments (number per year)	3	18	Timor-Leste	40	62
Time (hours per year)	0	80	Solomon Islands	290	732
Total tax rate (% of profit)	27.5 ^b	27.5 ^b	Liberia, Solomon Islands, Timor-Leste	73.0	339.7
Trading across borders					
Documents to export (number)	2	6	Guinea-Bissau, Timor-Leste, Togo	8	10
Time to export (days)	5	15	Liberia	35	75
Cost to export (US\$ per container)	390	750	Timor-Leste	2,135	5,902
Documents to import (number)	2	5	Solomon Islands	9	17
Time to import (days)	4	20	Solomon Islands	41	101
Cost to import (US\$ per container)	317	755	Timor-Leste	2,652	8,525
Enforcing contracts					
Procedures (number)	21	33	Côte d'Ivoire	42	51
Time (days)	120	276	Guinea	812	1715
Cost (% of claim)	0.1	25	Afghanistan, Guinea-Bissau	73	163.2
Resolving insolvency					
Recovery rate (cents on the dollar)	94.4	37.6	Côte d'Ivoire	15.0	0

a. Data on getting electricity were first made available in *Doing Business* 2012.

b. The total tax rate shown is the threshold set for the indicator this year. See the data notes for more details.

Source: *Doing Business* database.

FIGURE 1.3 All g7+ economies are closer to the frontier in regulatory practice today than they were in 2005



Note: The distance to frontier measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2005. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). The figure excludes Liberia as it was added to the *Doing Business* sample only in 2006. The average for non-g7+ fragile and conflict-affected states (FCS) excludes Kosovo as it was added to the *Doing Business* sample only in 2009.

Source: *Doing Business* database.

Indeed, in the past 8 years the 16 g7+ economies covered by *Doing Business* implemented 121 business regulatory reforms making it easier to do business. All of them implemented reforms in at least 2 areas of business regulation, and 12 did so in at least 4 areas (table 1.4). They implemented the largest number of reforms in the areas of starting a business (28 reforms in 15 economies), getting credit (20 reforms in 15 economies), registering property and paying taxes. And consistent with global patterns, g7+ economies were more likely to focus their reform efforts on reducing the complexity and cost of regulatory processes—the focus of 84 reforms recorded by *Doing Business* since 2005—than on strengthening legal institutions—the focus of 37 reforms.

But the path of regulatory reform over the past 8 years was not always straight. Several g7+ economies followed a path that zigzagged between improvement and worsening of the business regulatory environment, at times implementing

measures that added to the complexity or cost of regulatory processes or undermined property rights or investor protections as measured by *Doing Business*. One example comes from Guinea. At the beginning of 2010 Guinea abandoned its fee schedule for building permits in favor of a case-by-case method for determining cost, leading to a 59% increase in the cost to obtain a permit. In 2012, however, Guinea clarified the method for calculating the cost, reducing it once again. Even top improvers in the g7+ group, such as Burundi and Sierra Leone, have sometimes followed a zigzag path (for illustrations of their reform paths, see figure 1.4 and the chapter on country examples).

Implementing effective regulatory reform is always difficult. The challenges are even greater for countries affected by conflict, for several reasons. Reaching an initial agreement on change is hard because elites distrust one another and few people trust the state. Once an agreement is reached, maintaining it is difficult

TABLE 1.3 The 50 economies narrowing the distance to frontier the most since 2005

Rank	Economy	Region	Improvement (percentage points)
1	Georgia	ECA	31.6
2	Rwanda	SSA	26.5
3	Belarus	ECA	23.5
4	Burkina Faso	SSA	18.5
5	Macedonia, FYR	ECA	17.4
6	Egypt, Arab Rep.	MENA	16.3
7	Mali	SSA	15.8
8	Colombia	LAC	15.3
9	Tajikistan	ECA	15.2
10	Kyrgyz Republic	ECA	14.8
11	Sierra Leone	SSA	14.7
12	China	EAP	14.3
13	Azerbaijan	ECA	12.9
14	Croatia	ECA	12.8
15	Ghana	SSA	12.7
16	Burundi	SSA	12.6
17	Poland	OECD	12.3
18	Guinea-Bissau	SSA	12.2
19	Armenia	ECA	12.2
20	Ukraine	ECA	12.0
21	Kazakhstan	ECA	11.9
22	Senegal	SSA	11.5
23	Cambodia	EAP	11.1
24	Angola	SSA	11.0
25	Mauritius	SSA	10.9
26	Saudi Arabia	MENA	10.7
27	India	SAS	10.6
28	Guatemala	LAC	10.4
29	Madagascar	SSA	10.3
30	Morocco	MENA	10.1
31	Yemen, Rep.	MENA	10.1
32	Peru	LAC	10.1
33	Mozambique	SSA	10.0
34	Czech Republic	OECD	9.8
35	Timor-Leste	EAP	9.7
36	Côte d'Ivoire	SSA	9.5
37	Togo	SSA	9.5
38	Slovenia	OECD	9.5
39	Mexico	LAC	9.4
40	Niger	SSA	9.4
41	Nigeria	SSA	9.0
42	Portugal	OECD	9.0
43	Solomon Islands	EAP	8.9
44	Uruguay	LAC	8.8
45	Dominican Republic	LAC	8.8
46	Taiwan, China	EAP	8.8
47	São Tomé and Príncipe	SSA	8.7
48	France	OECD	8.6
49	Bosnia and Herzegovina	ECA	8.4
50	Albania	ECA	8.3

Note: Rankings are based on the absolute difference for each economy between its distance to frontier in 2005 and that in 2012. The data refer to the 174 economies included in *Doing Business 2006* (2005). Eleven economies were added in subsequent years. The distance to frontier measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2005. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). EAP = East Asia and the Pacific; ECA = Eastern Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; OECD = OECD high income; SAS = South Asia; SSA = Sub-Saharan Africa.

Source: *Doing Business* database.

TABLE 1.4 Reforms making it easier to do business recorded in g7+ economies since 2005, by *Doing Business* topic

Economy	Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency	Total
Afghanistan	2		1	2	1						6
Burundi	1	2		3	1	1	2	1	2	2	15
Central African Republic	2			2	2						6
Chad	2				2				1		5
Comoros	1			1	1						3
Congo, Dem. Rep.	3	2		1			1	1	1		9
Côte d'Ivoire	3	1		1	1		4				10
Guinea	1	1	1		1						4
Guinea-Bissau	2			1	1		1		1		6
Haiti	1			1	1			2			5
Liberia	3	2	1		2		1	3	1		13
Papua New Guinea					1				1		2
Sierra Leone	2	2		3	3	1	4	2	1	2	20
Solomon Islands	1			1	1	1				1	5
Timor-Leste	2				1		1	1	1		6
Togo	2				1		2	1			6
Total	28	10	3	16	20	3	16	11	9	5	121
Reforms reducing the complexity and cost of regulatory processes											84
Reforms strengthening legal institutions											37

Note: Reforms reducing the complexity and cost of regulatory processes are those in the areas of starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders. Reforms strengthening legal institutions are those in the areas of getting credit, protecting investors, enforcing contracts and resolving insolvency.

Source: *Doing Business* database.

because institutional change can increase the risk of violence in the short term as a result of political backlash from groups that lose power or economic benefits. Moreover, countries do not exist in isolation: during fragile periods of institutional transformation they may face external security threats or economic shocks that can overwhelm progress.¹⁷ And all these challenges are difficult to overcome where institutional capacity is weak and resources are limited—as they are in many g7+ economies.

The zigzag path seen in several g7+ economies suggests that they may have had to be flexible in pursuing their reform agenda, changing course as they realized that they were moving too quickly or going in the wrong direction. And history shows that countries that have moved away from fragility and conflict often did so not through one decisive “make or break” moment—but through many transition moments. National leaders have to build confidence in the state and

transform institutions over time, and a repeated process allows space for collaborative norms and capacities to develop and for success to build on successes in a virtuous cycle.¹⁸

TACKLING KEY CHALLENGES OF g7+ ECONOMIES

Between 2005 and 2012 g7+ economies as a group narrowed the gap with the frontier in regulatory practice in most of the areas measured by *Doing Business* (figure 1.5). They showed greater improvements on average than other fragile and conflict-affected states in every regulatory area. And they moved toward the frontier in the complexity and cost of regulatory processes at a faster pace than toward the frontier in the strength of legal institutions. The g7+ economies made the biggest advances in the areas where they implemented the most regulatory reforms, such as starting a business and getting credit. Big leaps are also obvious in the areas of registering property and resolving insolvency. But governments

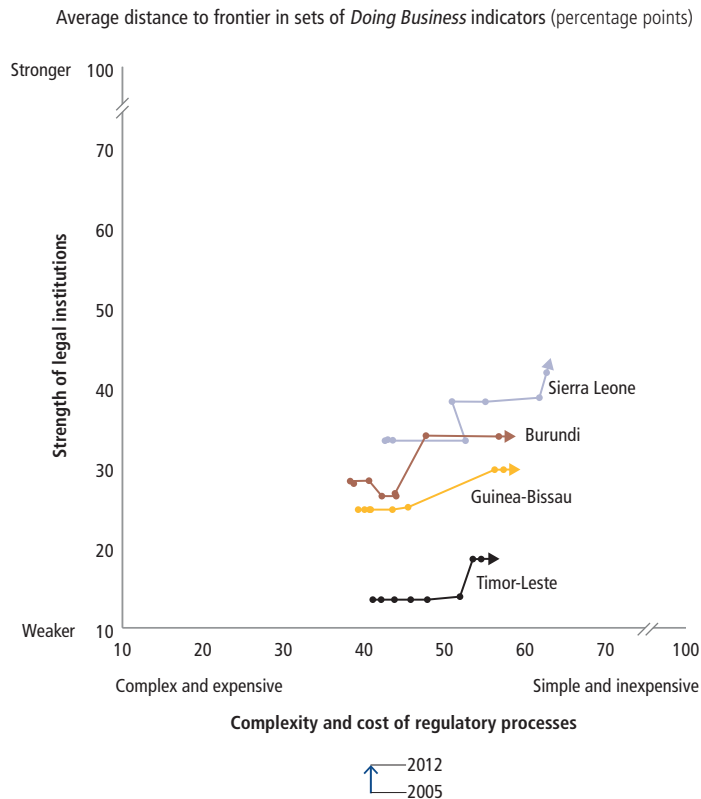
of g7+ economies are also starting to tackle other areas of business regulation where there are great immediate needs. These include enforcing contracts, getting electricity and trading across borders.

Making business start-up easier

A critical way for policy makers to encourage entrepreneurship is by creating a regulatory environment conducive to the creation and growth of businesses—one that promotes rather than inhibits competition.¹⁹ A good place to begin is by simplifying the regulatory requirements for starting a formal business, particularly a limited liability company. With a limited liability company—the type of company on which *Doing Business* focuses—the financial liability of company owners is limited to their investments. With no personal assets at risk, entrepreneurs have more freedom to innovate.

While starting a business in g7+ economies remains challenging, there has been remarkable improvement. In 2005 the

FIGURE 1.4 Different g7+ economies have followed different regulatory reform paths



Note: *Strength of legal institutions* refers to the average distance to frontier in getting credit, protecting investors, enforcing contracts and resolving insolvency. *Complexity and cost of regulatory processes* refers to the average distance to frontier in starting a business, dealing with construction permits, registering property, paying taxes and trading across borders. Each dot refers to a different year, starting in 2005 and ending in 2012. The distance to frontier measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2005. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier).

Source: *Doing Business* database.

time to start a business averaged 78 days in g7+ economies (figure 1.6). It averaged only 29 days in the best 3 quartiles of economies around the world as ranked by performance on this indicator. But today in the g7+ group, thanks to reforms in 15 of 16 economies (28 reforms in total), starting a business takes only 37 days on average. That's not the only gain. The average number of procedures fell from 11 to 8, and the average cost from 3.31 times income per capita to 1.11 times. And the paid-in minimum capital requirement was cut by more than half, from 3.20 times income per capita to 1.57 times.

What does it take to achieve gains like these? The most common features of reforms in business entry have included creating a single interface, reducing or

abolishing minimum capital requirements and adopting technology. Liberia offers a good example. In 2011, having already worked to simplify business registration for several years, the government established the Liberia Business Registry. In doing so, it was able to bring together agencies that are involved in the registration process under one roof thanks to the cooperation of the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Commerce and Industry, and the National Social Security and Welfare Corporation. The creation of the new registry reduced the time to start a business by 14 days.

Several other g7+ economies have also created one-stop shops. The popularity of single interfaces for business start-up is unsurprising. They not only save time

and money; they can also make procedural requirements more transparent and easier to access. Globally, in economies that have one-stop shops offering at least one service besides business registration, start-up is more than twice as fast as in those without such services.²⁰

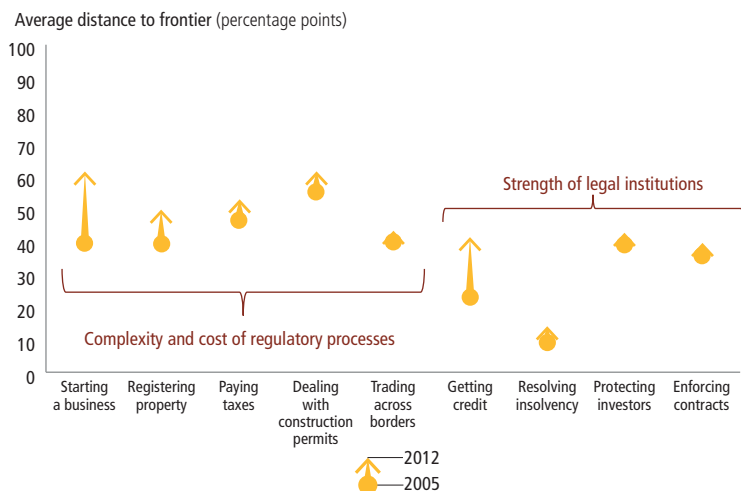
Improving access to credit

Once a business gets started, it needs working capital to operate, to grow and to compete successfully in the market. Among the most effective means of providing working capital to firms is through secured credit.²¹ Lack of credit is identified as the second biggest obstacle for firms in fragile and conflict-affected states.²² *Doing Business* measures 2 types of institutions and systems that facilitate access to finance for entrepreneurs: the legal rights of borrowers and lenders in secured transactions through one set of indicators and the sharing of credit information through another.

On average, g7+ economies have relatively strong legal rights allowing borrowers and lenders to use movable assets as collateral—though not necessarily the well-functioning judicial systems needed to enforce these rights. But most g7+ economies have weak credit information systems. Some have no credit registry or bureau, making it a challenge for creditors to assess the creditworthiness of entrepreneurs seeking a loan.

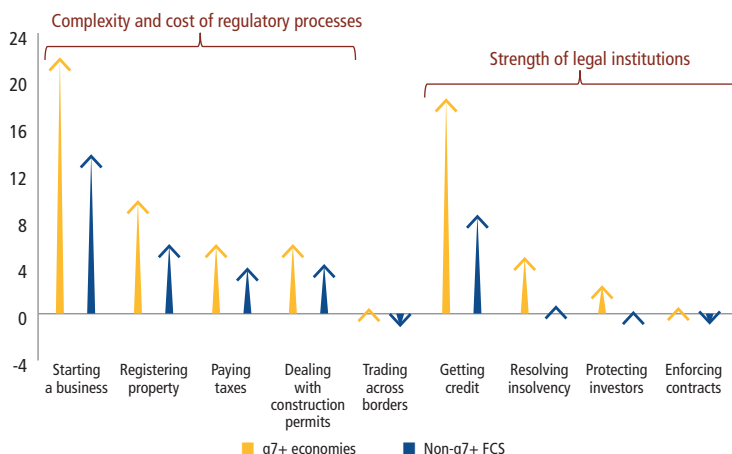
But the situation in g7+ economies is improving. Over the past 8 years 15 of the 16 g7+ economies covered by *Doing Business* implemented reforms to make getting credit easier. Particularly impressive are the gains in the strength of the legal rights relating to access to credit. In 2005 g7+ economies had weaker legal rights of borrowers and lenders on average than other fragile and conflict-affected states. Today they provide stronger legal rights than the other group and have moved close to the global average (figure 1.7). Afghanistan and the Solomon Islands are among the countries that focused on strengthening these legal rights. Both passed new laws on secured transactions that broaden

FIGURE 1.5 The g7+ economies have moved closer to the frontier in regulatory practice in almost all areas . . .



. . . but they have narrowed the gap the most in starting a business and getting credit

Average improvement in distance to frontier since 2005 (percentage points)



Note: Figure illustrates the extent to which average regulatory practice across economies has moved closer to the most efficient practice in each area measured by *Doing Business*. The distance to frontier measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2005. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). Liberia is excluded as it was added to the *Doing Business* sample only in 2006. FCS = fragile and conflict-affected states.

Source: *Doing Business* database.

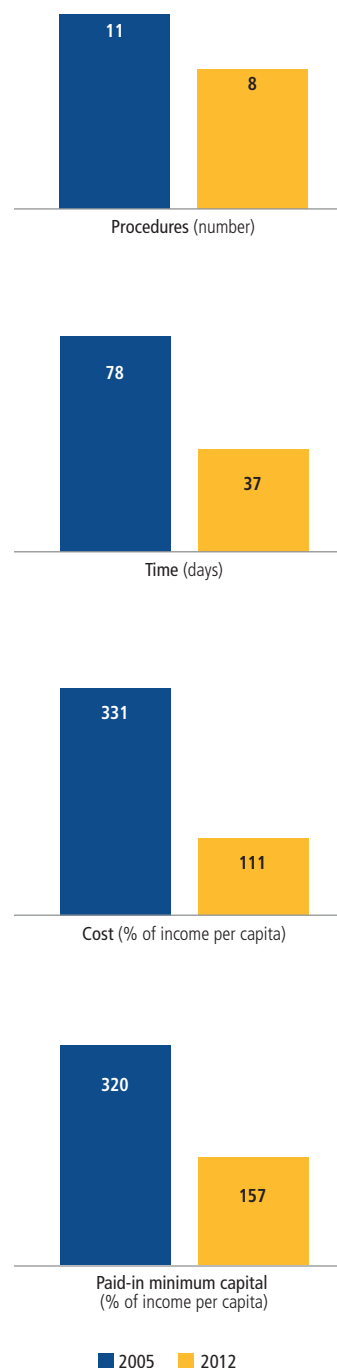
the range of assets that can be used as collateral, allow a general description of debts and obligations secured by collateral and permit out-of-court enforcement of security interests.

Liberia not only strengthened the legal institutions for secured transactions but also improved credit information sharing. In 2005 its central bank established a database for all delinquent and common (or joint) borrowers in the system. By April

2008 a nascent public credit registry had emerged, thanks to 5,000 records provided by 5 financial institutions in the country. By providing credit information on potential borrowers, the registry helps banks improve risk management. In October 2010 Liberia strengthened its legal framework for secured transactions by adopting a new commercial code that broadens the range of assets that can be used as collateral (including future

FIGURE 1.6 The g7+ economies have made it easier to start a business

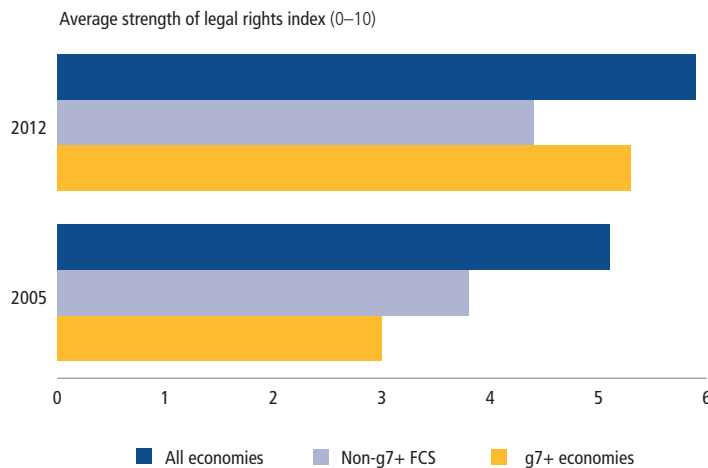
Average indicator value



Note: To ensure an accurate comparison, the figure shows data only for the 15 g7+ economies included in the *Doing Business* 2006 (2005) sample. Liberia was added to the *Doing Business* sample only in 2006 and is therefore excluded. The 2005 data are adjusted for any data revisions and changes in methodology.

Source: *Doing Business* database.

FIGURE 1.7 The g7+ economies have strengthened the legal rights of borrowers and lenders



Note: To ensure an accurate comparison, the figure shows data for the same sample of 174 economies for both 2005 and 2012 and uses the regional classifications applying in 2012. The economies added to the *Doing Business* sample after 2005 and therefore excluded here are The Bahamas, Bahrain, Barbados, Brunei Darussalam, Cyprus, Kosovo, Liberia, Luxembourg, Malta, Montenegro and Qatar. The 2005 data are adjusted for any data revisions and changes in methodology. FCS = fragile and conflict-affected states.

Source: *Doing Business* database.

assets) and extends security interests to the proceeds of the original asset.

Today more than half of g7+ economies permit a general description of collateral and allow out-of-court enforcement—provisions that help expand the use of collateral and improve the ability to enforce claims in the event of default. But few beyond the Solomon Islands maintain a central collateral registry—unified geographically and recording interests in all types of movable assets. Before accepting collateral, creditors need an effective way to find out whether the potential borrower has already granted a security interest in the collateral and, if so, what priority those rights have. If registries are not unified across regions, a creditor will have no way of knowing whether a security interest in an asset has already been registered in another jurisdiction. And a need to search multiple registries increases transactions costs. But where registries are unified and computerized, a creditor can immediately check all the registries in an economy from one location, by searching the debtor's name.

There are also many opportunities for g7+ economies to improve their credit

information systems. Less than half have a system that includes data on loans below 1% of income per capita in credit reports, only one has a system that includes both positive and negative credit information, and only one a system that includes credit information from retailers, trade creditors or utilities as well as financial institutions.

Yet sharing full information makes a difference. A credit information system that reports only negative information penalizes borrowers who default on payments—yet fails to reward diligent borrowers who pay on time. Making information on reliable repayment available in credit reports allows customers to establish a positive credit history and improves the ability of lenders to distinguish good borrowers from bad ones. One effective way to expand the range of information distributed by credit registries is to include credit information from retailers and utility companies. Providing information on payment of electricity and phone bills can help establish a good credit history for those without previous bank loans or credit cards. This represents an important opportunity for including people without traditional banking relationships.

Lowering or eliminating minimum loan thresholds can also be an effective way to increase coverage. Where thresholds for the loans included in a credit bureau's database are high, retail and small business loans are more likely to be excluded. This can hurt those that benefit the most from credit information systems—such as female entrepreneurs and small enterprises, whose loans are typically smaller.²³ But including small loans requires developing the technological capability to process large amounts of data, which might be a challenge for g7+ economies. Moreover, lenders may feel that requesting the credit history of a small borrower is not worth the cost, since the transaction fee is fixed and may be too high for the size of the loan involved.

Strengthening contract enforcement

A judicial system that provides effective commercial dispute resolution is crucial to a healthy economy.²⁴ Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. And speedy trials are essential for small enterprises, which may lack the resources to stay in business while awaiting the outcome of a long court dispute. While using alternative dispute resolution systems may have benefits, *Doing Business* focuses on how public institutions function in the case of a commercial dispute.

Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. But war and civil strife in a country disrupt the judicial system by destroying court buildings and records and driving qualified professionals out of the country.²⁵ Uncertainty about the legitimacy of the courts often discourages their use. Fragile states also sometimes face broad strikes in the judiciary. The *Doing Business 2011* report noted that Chad has contended with judges' strikes for higher salaries over the years and Burundi had to overcome a lawyers' strike in 2006.²⁶

During a conflict, informal economic activity increases. Once the conflict ends, a key issue is how to efficiently resolve disputes over property.²⁷ Rebuilding the judiciary can take years, and legal professionals may be in short supply. Chad has only about 150 practicing lawyers, and in 2009 it had only 6 new law graduates.²⁸ Togo has around 100 practicing lawyers for a population of 6.2 million.²⁹

Despite the challenges, postconflict economies are revitalizing their judiciaries. In the past 9 years *Doing Business* recorded 14 reforms in g7+ economies that helped improve court efficiency in commercial dispute resolution. Burundi has enacted a new civil procedure code, amended its commercial code and company code and reorganized its judiciary since 2004. Sierra Leone created a fast-track commercial court in 2011, offering a new, more modern venue for commercial dispute resolution. Liberia launched a specialized commercial court in November 2011 and has appointed 3 new judges for the court. And in October 2012 Côte d'Ivoire set up a stand-alone commercial court.

Other g7+ economies could implement similar good practices. Creating a specialized commercial jurisdiction—by introducing a dedicated stand-alone court, a specialized commercial section within existing courts or specialized judges within a general civil court—can result in faster and less costly contract enforcement. One reason for the greater efficiency is that judges become expert in handling commercial disputes. Commercial courts often have less formal procedures: the use of oral arguments is permitted even in economies where the general courts require written procedures. Analysis of *Doing Business* data shows that commercial disputes are resolved 5 months faster on average in economies with specialized commercial courts or sections than in those without them.³⁰ In parallel with such institutional reforms, policy makers might also consider implementing alternative dispute resolution methods, such as by establishing an arbitration center or introducing mediation proceedings.

Solutions such as these may sometimes be easier and faster to implement, and they offer many advantages to the litigants, including confidentiality.

With the aim of improving the efficiency of courts and increasing the transparency of judicial decisions, many economies around the world—including Chad, the Comoros and Guinea-Bissau within the g7+ group—require judgments in court cases to be made publicly available. Many also impose disclosure requirements on members of the judiciary, in the hope of making it easier to discover instances of corruption. While these practices do not in themselves guarantee a fair trial, they can increase the chances.

Making it easier to connect to electricity

To operate, businesses need basic infrastructure. But businesses in fragile and conflict-affected states must often do without it. Electricity emerges as a key bottleneck—the biggest constraint in the business environment for firms in conflict-affected areas, according to World Bank Enterprise Surveys.³¹ Yet even as lack of electricity hampers recovery efforts by the private sector in fragile states, comprehensive reform of the electricity sector is made difficult by insecurity.

Getting a new electricity connection poses other unique challenges in fragile states. In Guinea-Bissau, for example, a customer can complete all procedures required to get a new connection and yet still receive no electricity—because the utility simply lacks the generation capacity to turn on the power to the connection. In Guinea-Bissau as well as Afghanistan and Sierra Leone electricity shortages are so chronic that when new commercial customers with moderately high electricity needs (such as for a warehouse for storage of refrigerated goods) request a connection, utilities instead advise them to buy their own generator.³² In Sierra Leone, getting a new electricity connection can be a burdensome process requiring the customer to complete 8 interactions with the utility.

In addition, utilities in many g7+ economies charge their customers security deposits as a guarantee against nonpayment of future electricity bills. Because most utilities hold the deposit until the end of the contract and repay it without interest, this requirement can impose a substantial financial burden on small and medium-size businesses, especially those facing credit constraints. In the Central African Republic a medium-size company effectively grants the utility an interest-free credit equivalent to 1,195% of income per capita—and meanwhile is prevented from putting the money to a more productive use.

Because security deposits are supposed to protect utilities against the risk of nonpayment, it is not surprising that they are more likely to be charged in economies where utilities cannot count on efficient court systems and must expect that contracts can be enforced only with significant delays. In these economies utilities should consider lessening the financial burden that security deposits represent for customers. A start would be to return the deposit after 1 or 2 years rather than at the end of the connection contract. Returning the deposit with interest is a route that some utilities around the world are pursuing.

Some g7+ economies are taking steps to reduce the challenges in getting a new electricity connection: in the past 3 years *Doing Business* recorded 3 reforms in the g7+ group that made the process easier.³³ In 2012 Guinea simplified the process for getting a new connection by making the utility, Electricité de Guinée (EDG), responsible for handling the excavation permit application on behalf of the customer. The customer submits the application to EDG along with the connection request, and EDG then sends the application on to the Ministry of Public Works. This frees the customer from having to follow up with the ministry, reducing the number of interactions required to obtain a connection.

Getting an electricity connection also became easier in Liberia in 2012, thanks in part to the adoption of better procurement practices by the Liberia Electricity Corporation. Afghanistan made getting electricity easier in 2011 by improving the efficiency of the electricity department in Kabul and introducing a new fee schedule for connections.

Such good practices can be relevant for other g7+ economies. Streamlining approvals by utilities and other public agencies—as Guinea did in 2012—is among the most effective ways to reduce connection delays and the duplication of formalities. Where utilities make the connection process cheap and efficient as measured by the getting electricity indicators, supply is likely to be more reliable as measured by the total hours of power outages per customer per year (figure 1.8).³⁴

Improving efficiency in trading across borders

Trading can play a vital role in postconflict economies. Conflict wipes out basic infrastructure and destroys production capacity. As a result, many postconflict economies must import all types of goods, including food, basic inputs and construction materials.³⁵ At the same time, exporting activity is likely to be small. Yet the benefits of exporting, particularly for developing economies, are well documented—ranging from economies of scale to knowledge transfers and the chance to become part of global supply chains.³⁶

Trading across borders remains challenging in g7+ economies. On average, it takes 35 days to export and 41 days to import—significantly more time than the global averages of 22 days to export and 24 days to import. Trading is also costly in g7+ economies—at \$2,135 per 20-foot container to export and \$2,652 to import (the global averages are \$1,470 and \$1,742).

But many g7+ governments, recognizing the importance of trade in economic

development, are taking actions to make it easier to trade across borders. Some have improved port operations (for example, the Democratic Republic of Congo by authorizing private terminal operators to handle cargo in 2009) or introduced risk-based inspection systems to improve the efficiency of customs clearance (including Haiti in 2008 and Liberia in 2009).

Others are focusing on facilitating the processing and clearance of goods by introducing electronic systems for filing, transferring, processing and exchanging customs information—important tools now widely used in complex trading systems. In the past several years Burundi, Liberia and Sierra Leone have all implemented or upgraded the Automated System for Customs Data (ASYCUDA), a computer software package for electronically processing customs clearance documents.

If implemented effectively, electronic systems for customs clearance save precious time and money. They can also reduce interactions with officials, which means fewer opportunities for corruption. The newest web-based systems allow traders to submit their documents from anywhere and to pay duties online. Duties

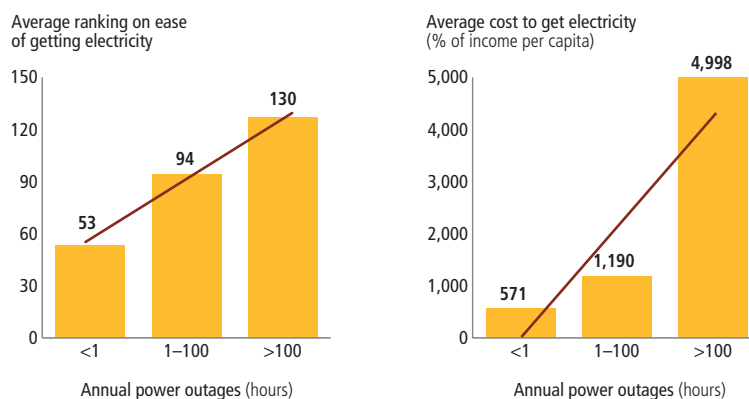
represent a substantial share of government revenue in many g7+ economies, so systems to collect them transparently and efficiently are important. For economies implementing such systems, the key to success is their ability to accommodate their regulatory framework to the new information technologies.

Increasing the transparency of business regulation

Lack of transparency around the decisions made by policy makers and government officials can lead to resource misallocation as funds, rather than being directed toward their most productive ends, are instead captured for private gain. Lack of transparency can also undermine the credibility of those who are perceived as being its beneficiaries and thus sharply limit their ability to gain public support for economic and other reforms. Conversely, access to information can empower citizens to monitor the quality of government services and the use of public resources.

The *Doing Business 2013* report presented new data that speak to the efforts at transparency made by government agencies tasked with implementing business regulation. The data cover 4 types of agencies: company registries, property registries, building departments

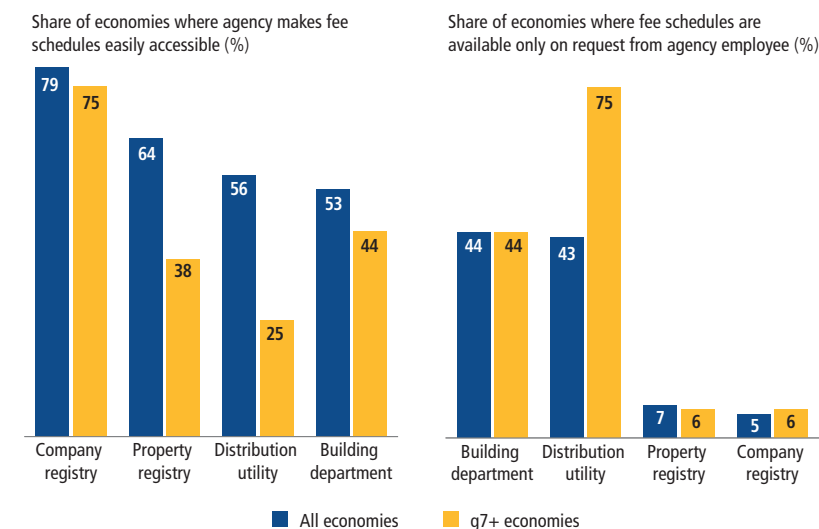
FIGURE 1.8 In economies where utilities provide connections relatively cheaply and efficiently, supply tends to be more reliable



Note: Data refer to outages per low- or medium-voltage customer in the largest business city. The sample includes 86 economies. South Asia is excluded because of lack of data. Relationships in the left-hand chart are significant at the 5% level after controlling for income per capita. Relationships in the right-hand chart are significant at the 1% level after controlling for income per capita.

Source: *Doing Business* database.

FIGURE 1.9 Many regulatory agencies in g7+ economies make fee schedules difficult to access



Note: Fee schedules are considered easily accessible if they can be obtained through the website of the relevant agency or through public notices (brochures or notice boards) available at that agency or a related one, without a need to meet with an official (left-hand chart). They are considered not easily accessible if they can be obtained only by meeting with an official (right-hand chart) or if they are available in an official gazette or law but are not easily accessible to the public.

Source: *Doing Business* database.

and power distribution utilities. They capture how these agencies make basic regulatory information—such as fee schedules for their services—available to businesses.

The report's analysis based on the data shows that government agencies make it difficult to access basic information in too many economies, including in the g7+ group. In only 6 of 16 g7+ economies (Guinea, Guinea-Bissau, Liberia, Papua New Guinea, Sierra Leone and Timor-Leste) do 3 of the 4 agencies measured by *Doing Business* make their fee schedules easily accessible—such as on their website or through brochures or notice boards. Distribution utilities are the least transparent: in 75% of g7+ economies the fee schedule for a new electricity connection can be obtained only by requesting it from an agency employee, leaving room for bribery and corruption (figure 1.9).

Company registries are much more transparent: in 75% of g7+ economies these agencies make their fee schedule easily accessible. In Liberia, for example, the Ministry of Commerce and Industry posts its fee schedule for registration of a new enterprise on its website. And in Sierra

Leone the Office of the Administrator and Registrar General displays the fee schedule for business registration on its notice board in Freetown as well as posting it online.³⁷

SHARING GOOD PRACTICES WITHIN THE g7+

As this report shows, many g7+ governments are making strides in improving the business regulatory environment for local entrepreneurs. Some g7+ governments—including those in Burundi, the Central African Republic, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Liberia and Sierra Leone—have formed interministerial regulatory reform committees to ensure coordination of efforts across agencies. These committees are using the *Doing Business* indicators as one input to inform their programs for improving the business environment.

In shaping regulatory reform programs, policy makers also look to good practices in business regulation around the world, seeking insights into how governments have improved in the past in the areas measured by *Doing Business*. Global good practices are often designed for

environments that are secure, have high capacity in state institutions and have functioning competitive markets. As the World Bank's *World Development Report 2011* points out, however, environments of repeated violence are insecure, have institutional deficits and generally have only partially functioning markets.³⁸ When adopting global good practices, g7+ economies may therefore need to adapt them to their specific challenges.

Yet many g7+ economies are already implementing global good practices in business regulation (table 1.5). Other g7+ economies can draw from their experiences. One vision of the g7+ group is that through the sharing of lessons among peers, its members can use their successes and failures to inform a new and better understanding of their own conditions and necessary steps for transitions.³⁹ Indeed, the g7+ platform could provide an ideal framework for sharing information on good practices in business regulatory reforms that could be directly adopted by other g7+ economies.

SUSTAINING REFORM MOMENTUM IN THE g7+

There is much to celebrate in the progress that g7+ economies have made in their business regulatory environments: in most of these economies it is significantly easier to do business today as measured by *Doing Business* than it was 8 years ago. But there is much more to do, and the challenge in all these economies is to sustain the reform momentum through the continued commitment of their governments.

Many of the reforms implemented by g7+ governments were funded by donors through specific projects. Sustaining these improvements even after the donor projects are completed, while potentially challenging, is paramount. Fully implementing these reforms can take many years. Achieving long-term results that translate into real benefits for local entrepreneurs trying to do business in g7+ economies requires sustained effort. A

TABLE 1.5 Good practices around the world, by *Doing Business* topic

Topic	Practice	Economies ^a	Economies with practice in the g7+
Making it easy to start a business	Putting procedures online	106	Papua New Guinea, Solomon Islands
	Having no minimum capital requirement	91	Afghanistan, Burundi, Democratic Republic of Congo, Liberia, Papua New Guinea, Sierra Leone, Solomon Islands
	Having a one-stop shop	88	Afghanistan, Burundi, Central African Republic, Chad, Guinea, Guinea-Bissau, Liberia, Sierra Leone, Togo
Making it easy to deal with construction permits	Having comprehensive building rules	135	Comoros, Democratic Republic of Congo, Côte d'Ivoire, Guinea, Solomon Islands, Togo
	Using risk-based building approvals	86	Burundi, Central African Republic, Guinea, Papua New Guinea, Sierra Leone, Solomon Islands
	Having a one-stop shop	31	None
Making it easy to obtain an electricity connection	Streamlining approval processes (utility obtains excavation permit or right of way if required)	104 ^b	Burundi, Central African Republic, Comoros, Democratic Republic of Congo, Papua New Guinea, Sierra Leone, Timor-Leste, Togo
	Providing transparent connection costs and processes	103	Comoros, Guinea-Bissau, Papua New Guinea, Timor-Leste
	Reducing the financial burden of security deposits for new connections	96	Burundi, Sierra Leone, Timor-Leste
	Ensuring the safety of internal wiring by regulating the electrical profession rather than the connection process	40	Timor-Leste
Making it easy to register property	Using an electronic database for encumbrances	108	Papua New Guinea
	Offering cadastre information online	50	None
	Offering expedited procedures	16	None
	Setting fixed transfer fees	10	None
Making it easy to get credit	Legal rights		
	Allowing out-of-court enforcement	122	Afghanistan, Central African Republic, Chad, Comoros, Côte d'Ivoire, Guinea, Guinea-Bissau, Liberia, Sierra Leone, Solomon Islands, Togo
	Allowing a general description of collateral	92	Afghanistan, Central African Republic, Chad, Comoros, Côte d'Ivoire, Guinea, Guinea-Bissau, Liberia, Papua New Guinea, Sierra Leone, Solomon Islands, Togo
	Maintaining a unified registry	67	Solomon Islands
	Credit information		
	Distributing data on loans below 1% of income per capita	123	Central African Republic, Chad, Papua New Guinea, Timor-Leste
	Distributing both positive and negative credit information	105	Haiti
	Distributing credit information from retailers, trade creditors or utilities as well as financial institutions	55	Papua New Guinea
	Allowing rescission of prejudicial related-party transactions ^c	73	Burundi, Sierra Leone, Solomon Islands
Protecting investors	Regulating approval of related-party transactions	60	Burundi, Central African Republic, Chad, Comoros, Côte d'Ivoire, Guinea, Guinea-Bissau, Sierra Leone, Togo
	Requiring detailed disclosure	53	Burundi
	Allowing access to all corporate documents during the trial	46	Papua New Guinea, Solomon Islands
	Requiring external review of related-party transactions	43	Burundi, Timor-Leste
	Allowing access to all corporate documents before the trial	30	Timor-Leste
	Defining clear duties for directors	28	None
	Allowing self-assessment	156	Afghanistan, Burundi, Chad, Democratic Republic of Congo, Côte d'Ivoire, Guinea, Liberia, Sierra Leone, Togo
Making it easy to pay taxes	Allowing electronic filing and payment	74	None
	Having one tax per tax base	48	Afghanistan, Liberia, Sierra Leone, Solomon Islands, Timor-Leste
Making it easy to trade across borders ^d	Allowing electronic submission and processing	149 ^e	Burundi, Comoros, Democratic Republic of Congo, Haiti, Liberia, Papua New Guinea, Sierra Leone, Solomon Islands, Timor-Leste, Togo
	Using risk-based inspections	133	Côte d'Ivoire, Liberia, Papua New Guinea, Sierra Leone, Timor-Leste
	Providing a single window	71 ^f	Democratic Republic of Congo, Côte d'Ivoire
Making it easy to enforce contracts	Making all judgments in commercial cases by first-instance courts publicly available in practice	121 ^g	Afghanistan, Chad, Comoros, Democratic Republic of Congo, Guinea-Bissau, Haiti, Liberia, Sierra Leone, Timor-Leste, Togo
	Maintaining specialized commercial court, division or judge	82	Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Guinea, Guinea-Bissau, Liberia, Papua New Guinea, Sierra Leone
	Allowing electronic filing of complaints	19	None

(continued on next page)

TABLE 1.5 Good practices around the world, by *Doing Business* topic (continued)

Topic	Practice	Economies ^a	Economies with practice in the g7+
Making it easy to resolve insolvency	Allowing creditors' committees a say in insolvency proceeding decisions	109	Afghanistan, Central African Republic, Côte d'Ivoire, Liberia, Papua New Guinea, Sierra Leone, Togo
	Requiring professional or academic qualifications for insolvency administrators by law	107	Central African Republic, Chad, Côte d'Ivoire, Papua New Guinea
	Specifying time limits for the majority of insolvency procedures	94	Afghanistan, Central African Republic, Côte d'Ivoire, Haiti, Liberia, Papua New Guinea, Togo
	Providing a legal framework for out-of-court workouts	82	Afghanistan, Central African Republic, Chad, Liberia, Papua New Guinea, Sierra Leone

a. Among 185 economies surveyed, unless otherwise specified.

b. Among 151 economies surveyed.

c. Rescission is the right of parties involved in a contract to return to a state identical to that before they entered into the agreement.

d. Among 181 economies surveyed.

e. Thirty-one have a full electronic data interchange system, 118 a partial one.

f. Eighteen have a single-window system that links all relevant government agencies, 53 a system that does so partially.

g. Among 184 economies surveyed.

Source: *Doing Business* database; for starting a business, also World Bank (2009b).

critical part in this is true country ownership—where all relevant parties in the country are aware of the reform efforts and know both who will follow through with these efforts in the long term and who will ensure that this happens.

Analysis to identify the best regulatory reform path for g7+ economies is beyond the scope of this report. But it is clear that the path is neither easy nor straightforward. Among the questions that governments need to consider is whether the focus should be on reforms to reduce the complexity and cost of regulatory processes, typically shorter-term fixes, or on reforms to strengthen legal institutions relevant to business regulation, typically longer-term efforts. Thus far g7+ economies have tended to focus on lessening regulatory complexity and cost—for example, by establishing a one-stop shop to ease the administrative burden of starting a business. This may not be the preferred focus in moving forward, however.

To guide their reform paths, g7+ economies could look to the experiences of fellow members of the g7+: their shared history of conflict and political instability offers opportunities to learn from one another not only about regulatory practices but also about lessons in the implementation of regulatory reforms. They could also look to a growing body of empirical studies examining the effects of regulatory reforms in economies at different

income levels and in different regions. Such studies point to a positive correlation between the implementation of reforms simplifying entry regulations and the creation of more new firms and new jobs in the formal sector, for example.⁴⁰ But the g7+ group also could benefit from tailored research to analyze the impact of different types of business regulatory reforms within their own economies.

NOTES

1. World Bank 2011d.
2. The data for this chapter's analysis of the business environment in g7+ economies are drawn from the global *Doing Business* database and the *Doing Business 2013* report. The analysis excludes Somalia and South Sudan. The *Doing Business* project does not collect data for Somalia. Data for South Sudan (Juba) were collected as part of a subnational research project in 2011 (see World Bank 2011b). But these data are excluded from the analysis because of modifications made to the *Doing Business* methodology since then (for example, the addition of a new topic, getting electricity, to the aggregate ranking). Data for South Sudan are available in the country tables and detailed topic data section at the end of the report, however.
3. See g7+, "Overview and Purpose," <http://www.g7plus.org/about/>.
4. World Bank 2011d.
5. World Bank 2012b.
6. World Bank 2011d. As *World Development Report 2011* (World Bank

2011d) asserts, however, more direct intervention is often also needed for the private sector to play its catalytic role in regions where business confidence is very low, in order to attract investment.

7. IFC 2013.
8. World Bank Enterprise Surveys for Chad (2009) and the Democratic Republic of Congo (2010) (<http://www.enterprisesurveys.org>).
9. Schneider 2005; La Porta and Shleifer 2008.
10. World Bank Enterprise Surveys, "Informality," <http://www.enterprisesurveys.org/Data/ExploreTopics/informality>.
11. World Bank Enterprise Surveys, "Corruption," <http://www.enterprisesurveys.org/Data/ExploreTopics/corruption>.
12. World Bank 2011d.
13. World Bank 2013.
14. IDA is the World Bank's fund for the poorest countries. Established in 1960, IDA aims to reduce poverty by providing loans and grants. Today 81 countries are eligible to receive IDA resources, 39 of which are in Africa. Eligibility for IDA support is based on a GNI per capita below an established threshold that is updated annually (for fiscal 2013 it is \$1,195). IDA also supports some countries, including several small island economies, that are above the operational cutoff but lack the creditworthiness needed to borrow from the International Bank for Reconstruction and Development (IBRD). (For more discussion, see the World Bank's webpage on IDA at <http://www.worldbank.org/ida/index.html>.)
15. The classification of fragile and

- conflict-affected states in this chapter is based on the World Bank's "Harmonized List of Fragile Situations FY13" (<http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/FCSHarmonizedListFY13.pdf>). The analysis includes both g7+ economies and other fragile and conflict-affected states. The g7+ economies are Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon Islands, Timor-Leste and Togo. The non-g7+ fragile and conflict-affected states are Angola, Bosnia and Herzegovina, the Republic of Congo, Eritrea, Iraq, Kiribati, Kosovo, the Marshall Islands, the Federated States of Micronesia, Nepal, Sudan, the Syrian Arab Republic, West Bank and Gaza, the Republic of Yemen and Zimbabwe. The analysis does not include Libya, Myanmar, Somalia, South Sudan and Tuvalu.
16. The Democratic Republic of Congo became a member of the Organization for the Harmonization of Business Law in Africa (OHADA) in 2012 and as a result is expected to have a paid-in minimum capital requirement of 1 million CFA francs for limited liability companies (World Bank 2011a).
 17. World Bank 2011d.
 18. World Bank 2011d.
 19. World Bank 2012b.
 20. *Doing Business* project, "Starting a Business," <http://www.doingbusiness.org/data/exploretopics/starting-a-business/good%20practices>.
 21. UNCITRAL 2007, p. 1.
 22. World Bank Enterprise Surveys, <http://www.enterprisesurveys.org>.
 23. Women make up 76% of borrowers from microfinance institutions (World Bank 2010b).
 24. Ramello and Voigt 2012.
 25. Much of the following discussion is adapted from *Doing Business 2011* (World Bank 2010a, p. 74, box 10.1).
 26. World Bank 2010a, p. 74, box 10.1.
 27. Samuels 2006.
 28. World Bank 2010a.
 29. Ordre des Avocats du Togo, "Tableau de l'Ordre," <http://www.avocats-togo.org/content.php?niv=tableau>.
 30. Relationships are significant at the 1% level after controlling for income per capita (World Bank 2010a).
 31. Twenty-two of the 181 countries included in the Enterprise Surveys are fragile and conflict-affected states. For 10 of these countries, electricity ranks as the most important business environment constraint facing firms (and usually ranks much higher than any of the other issues). For 17 of the 22, electricity ranks among the top 3 issues. For only 2 of the countries, Côte d'Ivoire and Tonga, does electricity not rank among the top 6 constraints. Other constraints include obtaining finance, political instability, practices of the informal sector and corruption (World Bank 2011d). See the World Bank Enterprise Surveys website at <http://www.enterprisesurveys.org>.
 32. World Bank 2010a.
 33. The getting electricity topic was introduced as a pilot in *Doing Business 2010* and added to the ranking in *Doing Business 2012*.
 34. World Bank 2013.
 35. For example, see the analysis of the trading environment in Juba (South Sudan) in the trading across borders chapter of *Doing Business in Juba 2011* (World Bank 2011b).
 36. For more discussion on this, see the *Doing Business* project's "Trading across Borders: Why It Matters," <http://www.doingbusiness.org/data/exploretopics/trading-across-borders/why%20matters>.
 37. Sierra Leone, Office of the Administrator and Registrar General, "Statutory Fees for the Registration of Business and Companies," <http://www.oarg.gov.sl/Statutory%20Fee%20for%20Business%20Registration.html>.
 38. World Bank 2011d.
 39. See g7+, "Introducing the g7+," <http://www.g7plus.org>.
 40. World Bank 2013.

2007 2012 2011
2005 2004
2009 2006 2010 2013

Country examples

Sierra Leone, Burundi, Guinea-Bissau and Timor-Leste

Among g7+ economies, Sierra Leone, Burundi, Guinea-Bissau and Timor-Leste have advanced the furthest toward the frontier in regulatory practice since 2005—with Sierra Leone narrowing the gap by almost 15 percentage points, Burundi by almost 13, Guinea-Bissau by 12 and Timor-Leste by almost 10 (see table 1.3 in the preceding chapter). All 4 have done so thanks to their commitment to improve their business regulatory environment. And in pursuing this effort, all 4 initially put more emphasis on reducing the complexity and cost of regulatory processes (such as starting a business), then later moved on to reforms strengthening legal institutions relevant to business regulation (such as those involved in getting credit). Yet each has pursued a different reform path—and that path has not always been smooth.

SIERRA LEONE: LAYING A FOUNDATION FOR GROWTH

As Sierra Leone recovered from the devastating effects of a civil war and political instability, its government quickly realized the importance of creating a better business and investment climate as a foundation for future economic growth. The government asked the international community for assistance, and a donor-funded program to help Sierra Leone improve its business climate, encourage job creation and spur investment was launched in 2004.¹ The program took a collaborative approach, working closely with the government, local institutions and the private sector to implement a comprehensive, integrated agenda. An important focus was integrating

communications and outreach into the reform process.

Disseminating information on regulatory reforms as they occur and assisting government agencies in “telling the story better” are particularly important in a postconflict environment, where the relationship between the government and the private sector is often a hostile one. In Sierra Leone these efforts opened a dialogue between the government and the private sector, enabling the private sector to seek further reforms. In addition, the donor-funded program led to the creation of a new formal mechanism to facilitate dialogue on investment climate issues. The Sierra Leone Business Forum, formed in 2007, brings together the government and the private sector to identify, prioritize and resolve key constraints to private sector development.

The path of reform

Thanks to the government’s strong commitment to change, in the past 8 years the country implemented 20 institutional or regulatory reforms that helped improve the business regulatory environment. Yet the reform path that Sierra Leone has followed since 2005 has not necessarily been a straight one, even in increasing the efficiency of regulatory processes.

One area where the path has zigzagged has been in registering property. Amid concerns about fraudulent transfers and sales of property by people without proper legal title, a moratorium had been put in place on getting the director of survey’s signature on cadastral maps for property transfers. This moratorium provided protection for future property owners, but

it also made property registration a big hurdle for small and medium-size businesses. Completing the process took more than 7 months.

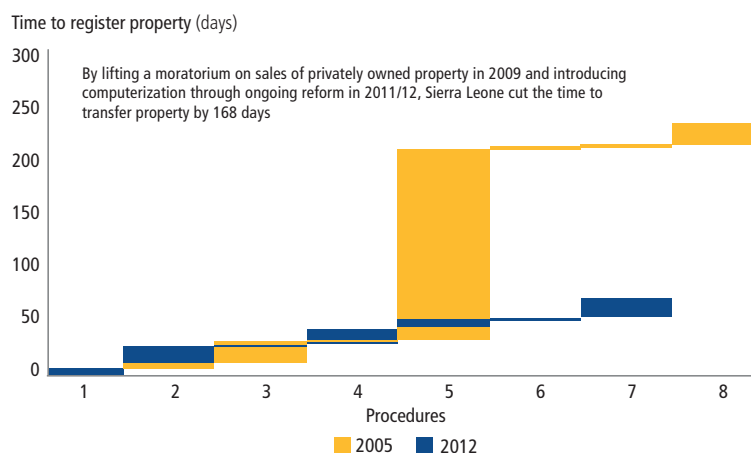
Recognizing this burden, the government lifted the moratorium in April 2008. But in December 2008, with the issue of illegitimate property sales still unresolved, the moratorium was reinstated. It was not until July 2009 that the moratorium was lifted again, and this time the change was not reversed. Together with the computerization of the Ministry of Lands, Country Planning and the Environment, this measure reduced the time required to transfer property. Today commercial property can be transferred from one business owner to another in just over 2 months—5 months faster than in 2005 (figure 2.1).

As this experience in Sierra Leone shows, there are no quick fixes—and transforming institutions, always tough, is particularly difficult in fragile states.² Attempting to reform too much or too soon—without consideration of the wider institutional transformation that may be required (such as comprehensive reform of the title registration system)—can be risky. This risk may have contributed to the temporary reversal of the property registration reform in Sierra Leone.

Cuts in cost and complexity

Entrepreneurs in Sierra Leone are seeing improvements in regulatory areas beyond property registration. The government has lessened the burden of dealing with construction permits over the years by implementing a risk-based inspection system and streamlining the issuance of location clearances and building permits. Sierra Leone has also made it easier to trade across borders, by implementing the Automated System for Customs Data (ASYCUDA) in 2010. By introducing electronic processing and simplifying customs procedures, this reduced the clearance time for both exports and imports.

FIGURE 2.1 In Sierra Leone, despite a challenging transformation, registering property is easier today



Source: Doing Business database.

In addition, since 2006 Sierra Leone has continued to reduce the tax burden, broaden the tax base and simplify tax compliance so as to reduce costs for firms and encourage job creation. It has done so by reducing the corporate income tax and sales tax rates, replacing the sales and service taxes with a goods and service tax, publishing a consolidated income tax act and improving training and equipment at the tax authority.

Sierra Leone has also made it easier to start a business. It has abolished many registration formalities over the years, cutting the number of procedures, time and cost involved. In a significant step in 2009, it established a one-stop shop for business registration. Today Sierra Leone stands comparatively high in the global ranking on the ease of starting a business (at 76, compared with the regional average for Sub-Saharan Africa of 123).

A shift in focus

Other efforts in more recent years reflect a shift in focus toward strengthening legal institutions fundamental to a sound investment climate—investor protections, a judicial system providing effective commercial dispute resolution, and creditor rights and insolvency regimes, which can help promote commerce and economic growth.³ In 2009 Sierra Leone introduced a new companies act that

increased director liability and improved disclosure requirements—and today the country leads Sub-Saharan Africa in the global ranking on the strength of investor protections (with a ranking of 32, compared with the regional average of 115). While its implementation remains a challenge, the new law also encourages ailing businesses to first try to reorganize rather than going straight into liquidation, making insolvency proceedings easier.

In 2011 Sierra Leone made enforcing contracts easier by launching a fast-track commercial court. And through reforms implemented over the past 2 years Sierra Leone improved access to credit information. The country established a public credit registry at its central bank and guaranteed borrowers' right to inspect their personal data. In creating the credit registry it followed the model of Liberia, which had created a public credit registry in its central bank in 2008. Coverage remains small in both countries, however.

Challenges persist in Sierra Leone, and more can be done to reduce the administrative burdens for local entrepreneurs. For example, dealing with construction permits still takes 238 days (while obtaining a building permit takes up to 35 days, connecting to utilities like telephone and water greatly delay the process). And resolving a small commercial

dispute through the courts in Freetown still requires 515 days, close to a year and half. But the regulatory and institutional reforms already implemented are making a difference. Formalizing a new business has become significantly easier in Sierra Leone. In 2004 starting a business cost 1,491% of income per capita. Today, at 80% of income per capita, the cost is less than a tenth of that amount.

The key now is to sustain the successful reforms and maintain the government's strong commitment to change. Maintaining good communication between the private sector and the government also remains important, to ensure that everyone is aware of the government's reforms and that all benefit from them.

BURUNDI: REFORMING AT A STEADY PACE

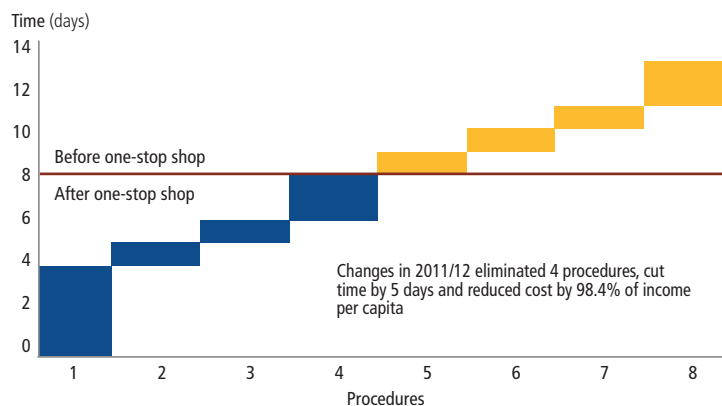
As Burundi recovers from years of war and civil strife, its government has made private sector development a priority. Prompted in part by the country's integration into the East African Community, the government, in partnership with the international community, has pursued ambitious reforms to improve the business and investment climate since the mid-2000s. Indeed, over the past 8 years Burundi implemented 15 institutional or regulatory reforms as recorded by *Doing Business*.

Improvements in legal institutions

These reforms included many measures directly addressing the particular needs of a postwar economy in which many businesses have suffered and collapsed.⁴ Given Burundi's fragile economy and judicial system, the country has been performing poorly in creditor rights, resolution of insolvency and commercial dispute resolution. But the situation is improving.

In 2006 Burundi strengthened the rights of secured creditors during a reorganization proceeding by allowing them

FIGURE 2.2 Burundi made starting a business easier in 2011/12 by setting up a one-stop shop



Source: *Doing Business* database.

to receive payment of interest during the stay period and to obtain a replacement for collateral that is destroyed. In the same year Burundi adopted its first bankruptcy law since 1962. Among other things, the law gives commercial courts jurisdiction over bankruptcy, sets more detailed guidelines for administrators and trustees, sets time limits for various procedures in the bankruptcy process and allows liquidation to proceed upon appeal.

From 2006 to 2007 Burundi pursued efforts to improve commercial dispute resolution. A new civil procedure code increased procedural efficiency at the main trial court and tightened the time limits for appealing a judgment. And in 2010 Burundi amended its commercial code to establish foreclosure procedures.

In 2011, in a move to strengthen investor protections, Burundi amended its company law and introduced new requirements for the approval of related-party transactions. It also introduced requirements for greater corporate disclosure of related-party transactions to the board of directors and in the annual report—and made it easier to sue directors when such transactions harm the company.

Greater regulatory efficiency

Reforms to increase the efficiency of regulatory processes benefited the business community in several areas. Tax reforms

implemented over the past 3 years simplified taxes by replacing the transactions tax with a value added tax, and reduced the payment frequency for social security contributions from monthly to quarterly. Other measures simplified property registration and construction permitting, both major bottlenecks for business growth. Between 2007 and 2009 Burundi abolished the property registration tax and reduced the property transfer tax by 3% of the property value.

Efforts to reduce regulatory complexity and create a more business-friendly environment continued in 2011/12. Burundi made starting a business easier by eliminating several requirements and establishing a one-stop shop at the Burundi Revenue Authority that brought together representatives from several agencies involved in the business start-up process (figure 2.2). It made dealing with construction permits easier by eliminating the requirement for a clearance from the Ministry of Health and reducing the cost of the geotechnical study. And Burundi made property transfers faster by establishing a statutory time limit for processing property transfer requests at the land registry.

While Burundi's environment for trading across borders remains one of the most difficult, the country took a step in the right direction in 2011/12. Traders in Burundi have long dealt with delays at

the Kabanga border crossing between Burundi and Tanzania. This is starting to change thanks to better coordination between the countries' border authorities, including synchronized working hours. In addition, Burundi authorities have enhanced the system of electronic communication and information sharing between border posts and the main customs office in Bujumbura. These efforts have led to a more efficient and reliable tracking system, reducing the need for additional checks and controls at the border and along trade corridors.⁵

But Burundi recognizes that much more remains to be done. According to Second Vice President Gervais Rufyikiri, the government's ambition is to continue to improve the business climate—by modernizing business law, communicating regulatory reforms, improving the settlement of trade disputes, increasing the transparency of business regulation and simplifying and reinforcing transparency in public administration.⁶

GUINEA-BISSAU: MAINTAINING A FOCUS ON REFORM

Overcoming tremendous political strife and uncertainty, and burdened by a GDP per capita that is among the lowest in the world, Guinea-Bissau is slowly making its way toward a better business climate by introducing business-friendly regulations. Over the past 8 years *Doing Business* recorded 6 institutional or regulatory reforms making it easier to do business. These reforms are particularly noteworthy given the political instability that occasionally erupted even in the 2000s. Despite many changes in administration, the government maintained its focus on improving the business regulatory environment. The biggest improvements have been in business start-up and creditor rights.

In 2008 Guinea-Bissau simplified business start-up by making the company name search electronic, introducing some computers and flash drives at notary offices and reducing registration fees. While this computerization made it

possible to scan documents rather than copy them by hand, starting a business remained a long process. But in an important development in 2011 Guinea-Bissau established a one-stop shop for business start-up. The Center for the Formalization of Enterprises combined services needed to create a business under one roof—including notarizing the company statutes, registering at the commercial registry and obtaining a tax identification number. Guinea-Bissau also eliminated the requirement for an operating license and simplified the process for providing criminal records of future entrepreneurs and publishing the registration notice.

Guinea-Bissau also lowered tax costs for businesses. It reduced the corporate income tax rate in 2005. And it lowered the property transfer tax from 10% of the property value to 2% in 2007.

Guinea-Bissau implemented 2 major business-friendly judicial reforms in 2009 and 2011. In 2009 it established a specialized commercial court, speeding up the enforcement of contracts. And in 2011, as a member of the Organization for the Harmonization of Business Law in Africa (OHADA), it implemented amendments to the Uniform Act on Secured Transactions, improving access to credit. The amendments broaden the range of assets that can be used as collateral (including future assets), extend security interests to the proceeds of the original asset and introduce the possibility of out-of-court enforcement of collateral. The amended law has not yet been translated into Portuguese, however, and few people in Guinea-Bissau are aware of these changes.

While Guinea-Bissau has succeeded in implementing business-friendly regulations, the coup d'état in April 2012 and the ensuing political instability pose a challenge to the sustainability of these reform efforts.

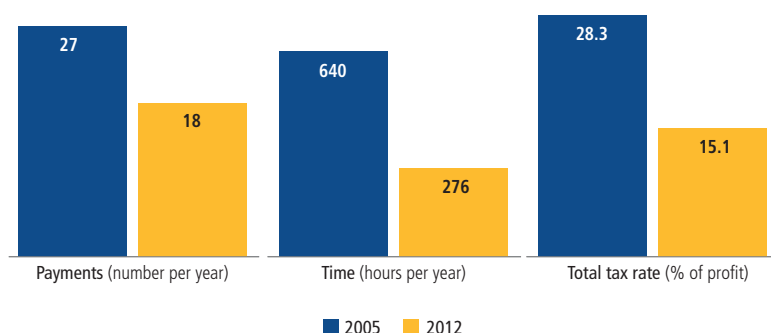
TIMOR-LESTE: BUILDING A NATION

Despite the physical and institutional challenges of building a new nation from scratch, Timor-Leste has made major strides in social and economic development since 2002 while maintaining peace and political stability.⁷ From early on the government recognized private sector investment as key to creating jobs. It saw the establishment of a business-friendly regulatory environment as an essential part of this⁸ and has been working to improve business regulation. In the past 8 years Timor-Leste implemented 6 institutional or regulatory reforms as recorded by *Doing Business*, increasing court efficiency, improving access to credit information, making tax compliance easier and less costly for businesses and making it easier to start a business and trade across borders.

The government views public-private dialogue as an important mechanism for driving policy reforms for private sector development. Consistent with this view, the Timor-Leste Better Business Initiative was established in January 2008 to provide a platform for effective and constructive dialogue between the business community (domestic and foreign) and the government.⁹ Such efforts are helping to define and accelerate the government's reform agenda.

One area where entrepreneurs are seeing a difference is in business registration—though with a global ranking of 147 on the ease of starting a business, Timor-Leste could do more to help entrepreneurs. In 2007 the country eliminated the requirement to obtain approval from the Ministry of Land, reducing the administrative burden on entrepreneurs and the number of days required to start a company. At the end of 2010 Timor-Leste undertook a reorganization of the company registry, streamlining the business registration process and reducing the time needed to process new applications. This cut the time required to start a business from 167 days in 2005 to 94 days in 2012. It also

FIGURE 2.3 Thanks to a policy of tax reform, paying taxes is now easier in Timor-Leste



Source: *Doing Business* database.

reduced the cost—from 125% of income per capita (\$657) to 2.9% (\$115).

In 2008 the government embarked on a policy of tax reform. A new tax law came into force in July 2008, easing the tax burden on businesses. The Taxes and Duties Act reduced the corporate income tax rate to 10% and eliminated the alternative minimum tax and the withholding tax on interest. The new tax system also made calculation of tax liabilities easier and allowed businesses with a turnover of less than \$1 million to pay corporate income tax in quarterly installments. The changes reduced the time required for a business to prepare, file and pay the necessary taxes from 640 hours a year to 276 hours (figure 2.3).

In 2011 Timor-Leste increased court efficiency by training and appointing new judges and improving the internal organization of the Dili district court. And in April 2010 it launched a public credit registry, the Credit Registry Information System—initially for a one-year probationary period.

The government, in its priority programs for 2012–17, clearly states that it will continue to give priority to building a business and investment climate that supports the development of a diversified private sector and the establishment of new businesses and industries—seen as essential to create jobs and help make

the transition to a nonoil economy.¹⁰

Aiming to address key challenges that deter investors, the government plans to introduce a one-stop shop for the registration and licensing of businesses—the Service for Registration and Verification of Entrepreneurs (SERVE)—a measure that has been successful in several other g7+ economies. The government has also pledged to embrace e-government to provide an efficient alternative for interacting with public agencies.

NOTES

1. The Removing Administrative Barriers to Investment (RABI) Program is a partnership of the World Bank Group's Investment Climate Advisory Services and the U.K. Department for International Development. For more information, see World Bank Group, Investment Climate Advisory Services (2011).
2. World Bank 2011d.
3. Hamdani and Yafeh 2012.
4. IFC 2012.
5. World Bank forthcoming.
6. IFC 2012.
7. During the orchestrated campaign of violence and destruction following the referendum in which voters approved independence in 1999, an estimated 70% of private homes and public buildings were burned to the ground. Bridges and power lines were demolished, and the telecommunications system was rendered inoperable. Valuable files were destroyed, including land and property

titles and education and civil registry records (see World Bank 2005a).

8. Timor-Leste, Office of the Prime Minister 2010.
9. Hedditch and Manuel 2010.
10. Timor-Leste, Presidency of the Council Ministers 2012.

About *Doing Business*: measuring for impact

2007 2012 2011
2005 2009 2004
2008 2006 2010 2013

The private sector provides an estimated 90% of jobs in developing economies.¹ Where government policies support a dynamic business environment—with firms making investments, creating jobs and increasing productivity—all people have greater opportunities. A growing body of evidence suggests that policy makers seeking to strengthen the private sector need to pay attention not only to macroeconomic factors but also to the quality of laws, regulations and institutional arrangements that shape daily economic life.²

Doing Business 2013 is the 10th in a series of annual reports. When the first report was produced, in 2003, there were few globally available and regularly updated indicators for monitoring such micro-economic issues as business regulations affecting local firms. Earlier efforts from the 1980s drew on perceptions data, but these expert or business surveys focused on broad aspects of the business environment and often captured the experiences of businesses. These surveys also lacked the specificity and cross-country comparability that *Doing Business* provides—by focusing on well-defined transactions, laws and institutions rather than generic, perceptions-based questions on the business environment.

Doing Business seeks to measure business regulations for domestic firms through an objective lens. The project looks primarily at small and medium-size companies in the largest business city. Based on standardized case studies, it presents quantitative indicators on the regulations that apply to firms at different stages of their life cycle. The results for each

economy can be compared with those for 184 other economies and over time.

Over the years the choice of indicators for *Doing Business* has been guided by a rich pool of data collected through the World Bank Enterprise Surveys. These data highlight the main obstacles to business activity as reported by entrepreneurs in well over 100 economies. Among the factors that the surveys have identified as important to businesses have been taxes (tax administration as well as tax rates) and electricity—inspiring the design of the paying taxes and getting electricity indicators. In addition, the design of the *Doing Business* indicators has drawn on theoretical insights gleaned from extensive research literature.³ The *Doing Business* methodology makes it possible to update the indicators in a relatively inexpensive and replicable way.

The *Doing Business* methodology is also responsive to the needs of policy makers. Rules and regulations are under the direct control of policy makers—and policy makers intending to change the experience and behavior of businesses will often start by changing rules and regulations that affect them. *Doing Business* goes beyond identifying that a problem exists and points to specific regulations or regulatory procedures that may lend themselves to regulatory reform. And its quantitative measures of business regulation enable research on how specific regulations affect firm behavior and economic outcomes.

The first *Doing Business* report covered 5 topics and 133 economies. This year's report covers 11 topics and 185 economies.

Ten topics are included in the aggregate ranking on the ease of doing business, and 9 in the distance to frontier measure.⁴ The project has benefited from feedback from governments, academics, practitioners and reviewers.⁵ The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business.

WHAT DOING BUSINESS COVERS

Doing Business captures several important dimensions of the regulatory environment as they apply to local firms. It provides quantitative measures of regulations for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also looks at regulations on employing workers. Pending further progress on research in this area, this year's report does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ranking on the ease of doing business. It does present the data on the employing workers indicators. Additional data on labor regulations collected in 185 economies are available on the *Doing Business* website.⁶

The foundation of *Doing Business* is the notion that economic activity, particularly private sector development, benefits from clear and coherent rules: Rules that set out and clarify property rights and facilitate the resolution of disputes. And rules that enhance the predictability of economic interactions and provide contractual partners with essential protections against arbitrariness and abuse. Where such rules are reasonably efficient in design, are transparent and accessible to those for whom they are intended and can be implemented at a reasonable cost, they are much more effective in shaping the incentives of economic agents in ways that promote growth and development. The quality of the rules also has a crucial bearing on how societies distribute the

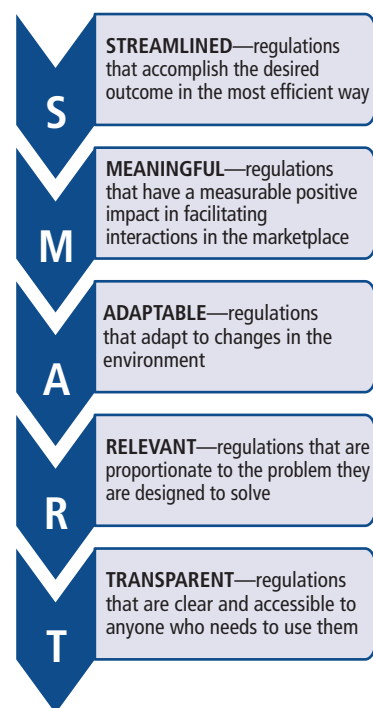
benefits and bear the costs of development strategies and policies.

Consistent with the view that rules matter, some *Doing Business* indicators give a higher score for more regulation and better-functioning institutions (such as courts or credit bureaus). In the area of protecting investors, for example, higher scores are given for stricter disclosure requirements for related-party transactions. Higher scores are also given for a simplified way of applying regulation that keeps compliance costs for firms low—such as by allowing firms to comply with business start-up formalities in a one-stop shop or through a single online portal. Finally, *Doing Business* scores reward economies that apply a risk-based approach to regulation as a way to address social and environmental concerns—such as by imposing a greater regulatory burden on activities that pose a high risk to the population and a lesser one on lower-risk activities.

Thus the economies that rank highest on the ease of doing business are not those where there is no regulation—but those where governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector. In essence, *Doing Business* is about smart business regulations, not necessarily fewer regulations (figure 3.1).

In constructing the indicators the *Doing Business* project uses 2 types of data. The first come from readings of laws and regulations in each economy. The *Doing Business* team, in collaboration with local expert respondents, examines the company law to find the disclosure requirements for related-party transactions. It reads the civil law to find the number of procedures necessary to resolve a commercial sale dispute before local courts. It reviews the labor code to find data on a range of issues concerning employer-employee relations. And it plumbs other legal instruments for other key pieces of data used in the indicators, several of which have a large legal dimension.

FIGURE 3.1 What are SMART business regulations as defined by *Doing Business*?



Indeed, about three-quarters of the data used in *Doing Business* are of this factual type, reducing the need to have a larger sample size of experts in order to improve accuracy. The local expert respondents play a vital role in corroborating the *Doing Business* team's understanding and interpretation of rules and laws.

Data of the second type serve as inputs into indicators on the complexity and cost of regulatory processes. These indicators measure the efficiency in achieving a regulatory goal, such as the number of procedures to obtain a building permit or the time taken to grant legal identity to a business. In this group of indicators cost estimates are recorded from official fee schedules where applicable. Time estimates often involve an element of judgment by respondents who routinely administer the relevant regulations or undertake the relevant transactions.⁷ These experts have several rounds of interaction with the *Doing Business* team, involving conference calls, written correspondence and visits by the team until

there is convergence on the final answer. To construct the time indicators, a regulatory process such as starting a business is broken down into clearly defined steps and procedures (for more details, see the discussion on methodology in this chapter). Here *Doing Business* builds on Hernando de Soto's pioneering work in applying the time-and-motion approach in the 1980s to show the obstacles to setting up a garment factory on the outskirts of Lima.⁸

WHAT *DOING BUSINESS* DOES NOT COVER

The *Doing Business* data have key limitations that should be kept in mind by those who use them.

Limited in scope

The *Doing Business* indicators are limited in scope. In particular:

- *Doing Business* does not measure the full range of factors, policies and institutions that affect the quality of the business environment in an economy or its national competitiveness. It does not, for example, capture aspects of security, the prevalence of bribery and corruption, market size, macro-economic stability (including whether the government manages its public finances in a sustainable way), the state of the financial system or the level of training and skills of the labor force.
- Even within the relatively small set of indicators included in *Doing Business*, the focus is deliberately narrow. The getting electricity indicators, for example, capture the procedures, time and cost involved for a business to obtain a permanent electricity connection to supply a standardized warehouse. Through these indicators *Doing Business* thus provides a narrow perspective on the range of infrastructure challenges that firms face, particularly in the developing world. It does not address the extent to which inadequate roads, rail, ports and communications may add to firms' costs and undermine competitiveness. *Doing Business* covers 11 areas of a company's life cycle,

TABLE 3.1 *Doing Business*—benchmarking 11 areas of business regulation

Complexity and cost of regulatory processes	
Starting a business	Procedures, time, cost and paid-in minimum capital requirement
Dealing with construction permits	Procedures, time and cost
Getting electricity	Procedures, time and cost
Registering property	Procedures, time and cost
Paying taxes	Payments, time and total tax rate
Trading across borders	Documents, time and cost
Strength of legal institutions	
Getting credit	Movable collateral laws and credit information systems
Protecting investors	Disclosure and liability in related-party transactions
Enforcing contracts	Procedures, time and cost to resolve a commercial dispute
Resolving insolvency	Time, cost, outcome and recovery rate
Employing workers ^a	Flexibility in the regulation of employment

a. The employing workers indicators are not included in this year's ranking on the ease of doing business nor in the calculation of any data on the strength of legal institutions included in figures in the report.

through 11 specific sets of indicators (table 3.1). Similar to the indicators on getting electricity, those on starting a business or protecting investors do not cover all aspects of commercial legislation. And those on employing workers do not cover all areas of labor regulation; for example, they do not measure regulations addressing health and safety issues at work or the right of collective bargaining.

- *Doing Business* does not attempt to measure all costs and benefits of a particular law or regulation to society as a whole. The paying taxes indicators, for example, measure the total tax rate, which in isolation is a cost to the business. The indicators do not measure, nor are they intended to measure, the benefits of the social and economic programs funded through tax revenues. Measuring business laws and regulations provides one input into the debate on the regulatory burden associated with achieving regulatory objectives. Those objectives can differ across economies.

Limited to standardized case scenarios

A key consideration for the *Doing Business* indicators is that they should ensure comparability of the data across a global set of economies. The indicators are therefore developed around standardized case scenarios with specific assumptions.

One such assumption is the location of a notional business in the largest business city of the economy. The reality is that business regulations and their enforcement very often differ within a country, particularly in federal states and large economies. But gathering data for every relevant jurisdiction in each of the 185 economies covered by *Doing Business* would be far too costly.

Doing Business recognizes the limitations of the standardized case scenarios and assumptions. But while such assumptions come at the expense of generality, they also help ensure the comparability of data. For this reason it is common to see limiting assumptions of this kind in economic indicators. Inflation statistics, for example, are often based on prices of a set of consumer goods in a few urban areas, since collecting nationally representative price data at high frequencies may be prohibitively costly in many countries. To capture regional variation in the business environment within economies, *Doing Business* has complemented its global indicators with subnational studies in some economies where resources and interest have come together (box 3.1).

Some *Doing Business* topics include complex and highly differentiated areas. Here the standardized cases and assumptions are carefully considered and defined. For example, the standardized case scenario usually involves a limited liability company

or its legal equivalent. The considerations in defining this assumption are twofold. First, private limited liability companies are, empirically, the most prevalent business form in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into

business when potential losses are limited to their capital participation.

Limited to the formal sector

The *Doing Business* indicators assume that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not know what needs to be done or how to comply

and may lose considerable time in trying to find out. Or they may deliberately avoid compliance altogether—by not registering for social security, for example. Where regulation is particularly onerous, levels of informality tend to be higher (figure 3.2).

Informality comes at a cost. Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and these workers remain outside the protections of labor law.⁹ All this may be even more so for female-owned businesses, according to country-specific research.¹⁰ Firms in the informal sector are also less likely to pay taxes.

Doing Business measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business* with data from other sources, such as the World Bank Enterprise Surveys.¹¹

WHY THIS FOCUS?

Why does *Doing Business* focus on the regulatory environment for small and medium-size enterprises? These enterprises are key drivers of competition, growth and job creation, particularly in developing economies. But in these economies up to 65% of economic activity takes place in the informal sector, often because of excessive bureaucracy and regulation—and in the informal sector firms lack access to the opportunities and protections that the law provides. Even firms operating in the formal sector might not have equal access to these opportunities and protections. Where regulation is burdensome and competition limited, success tends to depend on whom one knows. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for aspiring entrepreneurs to compete, innovate and grow.

BOX 3.1 COMPARING REGULATIONS AT THE LOCAL LEVEL: SUBNATIONAL DOING BUSINESS REPORTS

Subnational *Doing Business* reports expand the indicators beyond the largest business city in an economy. They capture local differences in regulations or in the implementation of national regulations across cities within an economy (as in Colombia) or region (as in South East Europe). Projects are undertaken at the request of central governments, which often contribute financing, as in Mexico. In some cases local governments also provide funding, as in the Russian Federation.

Subnational indicators provide governments with standard measures, based on laws and regulations, that allow objective comparisons both domestically and internationally. As a diagnostic tool, they identify bottlenecks as well as highlight good practices that are easily replicable in other cities sharing a similar legal framework.

Governments take ownership of a subnational project by participating in all steps of its design and implementation—choosing the cities to be benchmarked, the indicators that can capture local differences and the frequency of benchmarking. All levels of government are involved—national, regional and municipal.

Subnational projects create a space for discussing regulatory reform and provide opportunities for governments and agencies to learn from one another, through the report and through peer-to-peer learning workshops. Even after the report is launched, knowledge sharing continues. In Mexico 28 of 32 states hold regular exchanges.

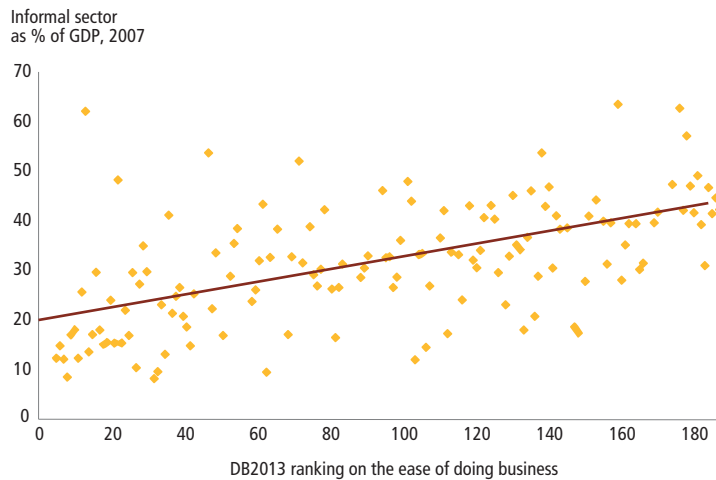
Repeated benchmarking creates healthy competition between cities to improve their regulatory environment. The dissemination of the results reinforces this process and gives cities an opportunity to tell their stories. Fifteen economies have requested 2 or more rounds of benchmarking since 2005 (including Colombia, Indonesia and Nigeria), and many have expanded the geographic coverage to more cities (including Russia). In Mexico each successive round has captured an increase in the number of states improving their regulatory environment in each of the 4 indicator sets included—reaching 100% of states in 2011.

Since 2005 subnational reports have covered 335 cities in 54 economies, including Brazil, China, the Arab Republic of Egypt, India, Kenya, Morocco, Pakistan and the Philippines.¹

This year studies were updated in Indonesia, Kenya, Mexico, Russia and the United Arab Emirates. Studies are ongoing in Hargeisa (Somaliland) as well as in 23 cities and 4 ports in Colombia, 15 cities and 3 ports in Egypt and 13 cities and 7 ports in Italy. In addition, 3 regional reports were published:

- *Doing Business in OHADA*, comparing business regulations in 16 member states of the Organization for the Harmonization of Business Law in Africa (Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, the Comoros, the Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo).
- *Doing Business in the East African Community*, covering 5 economies (Burundi, Kenya, Rwanda, Tanzania and Uganda).
- *Doing Business in the Arab World*, covering 20 economies (Algeria, Bahrain, the Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates, West Bank and Gaza, and the Republic of Yemen).

1. Subnational reports are available on the *Doing Business* website at <http://www.doingbusiness.org/subnational>.

FIGURE 3.2 Higher levels of informality are associated with lower *Doing Business* rankings

Note: The correlation between the 2 variables is 0.57. Relationships are significant at the 5% level after controlling for income per capita. The data sample includes 143 economies.

Source: *Doing Business* database; Schneider, Buehn and Montenegro 2010.

Do the focus areas of *Doing Business* matter for development and poverty reduction? The World Bank study *Voices of the Poor* asked 60,000 poor people around the world how they thought they might escape poverty.¹² The answers were unequivocal: women and men alike pin their hopes, above all, on income from their own business or wages earned in employment. Enabling growth—and ensuring that all people, regardless of income level, can participate in its benefits—requires an environment where new entrants with drive and good ideas can get started in business and where good firms can invest and grow, thereby generating more jobs. In this sense *Doing Business* values good rules as a key to social inclusion.

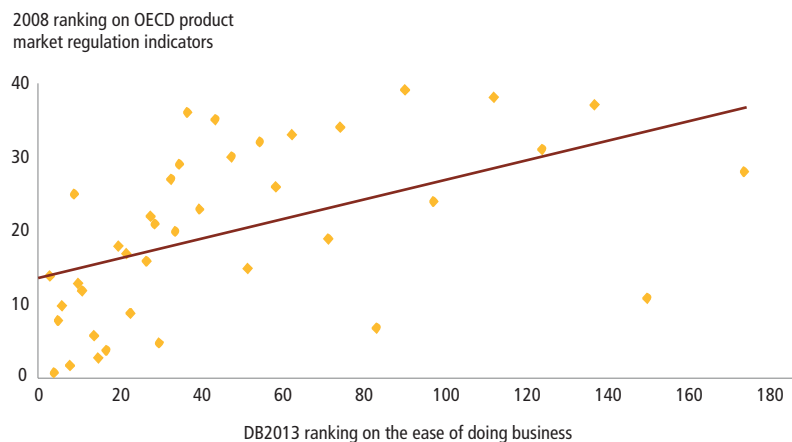
In effect, *Doing Business* functions as a barometer of the regulatory environment for domestic businesses. To use a medical analogy, *Doing Business* is similar to a cholesterol test. A cholesterol test does not tell us everything about our health. But our cholesterol level is easier to measure than our overall health, and the test provides us with important information, warning us when we need to adjust our behavior. Similarly, *Doing Business* does not tell us everything we need to know about the regulatory environment for domestic businesses. But its indicators

cover aspects that are more easily measured than the entire regulatory environment, and they provide important information about where change is needed. What type of change or regulatory reform is right, however, can vary substantially across economies.

To test whether *Doing Business* serves as a proxy for the broader business environment and for competitiveness, one approach is to look at correlations between the *Doing Business* rankings and

other major economic benchmarks. The indicator set closest to *Doing Business* in what it measures is the set of indicators on product market regulation compiled by the Organisation for Economic Co-operation and Development (OECD). These are designed to help assess the extent to which the regulatory environment promotes or inhibits competition. They include measures of the extent of price controls, the licensing and permit system, the degree of simplification of rules and procedures, the administrative burdens and legal and regulatory barriers, the prevalence of discriminatory procedures and the degree of government control over business enterprises.¹³ These indicators—for the 39 countries that are covered, several of them large emerging markets—are correlated with the *Doing Business* rankings (the correlation here is 0.53) (figure 3.3).

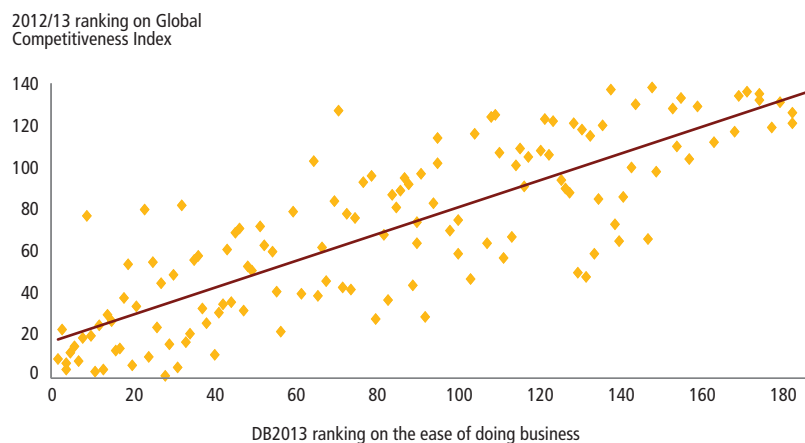
There is a high correlation (0.83) between the *Doing Business* rankings and the rankings on the World Economic Forum's Global Competitiveness Index, a much broader measure capturing such factors as macroeconomic stability, aspects of human capital, the soundness of public institutions and the sophistication of the business community (figure 3.4).¹⁴ Self-reported experiences with business regulations, such as those captured by the

FIGURE 3.3 A significant correlation between *Doing Business* rankings and OECD rankings on product market regulation

Note: Relationships are significant at the 5% level after controlling for income per capita.

Source: *Doing Business* database; OECD data.

FIGURE 3.4 A strong correlation between *Doing Business* rankings and World Economic Forum rankings on global competitiveness



Note: Relationships are significant at the 5% level after controlling for income per capita.

Source: *Doing Business* database; WEF 2012.

Global Competitiveness Index, often vary much more within economies (across respondents in the same economy) than across economies.¹⁵ A high correlation such as this one can therefore coexist with significant differences within economies.

DOING BUSINESS AS A BENCHMARKING EXERCISE

By capturing key dimensions of regulatory regimes, *Doing Business* provides a rich opportunity for benchmarking. Such a benchmarking exercise is necessarily incomplete, just as the *Doing Business* data are limited in scope. It is useful when it aids judgment, but not when it supplants judgment.

Since 2006 *Doing Business* has sought to provide 2 perspectives on the data it collects: it presents “absolute” indicators for each economy for each of the 11 regulatory topics it addresses, and it provides rankings of economies for 10 topics, by topic and also in the aggregate. Judgment is required in interpreting these measures for any economy and in determining a sensible and politically feasible path for regulatory reform.

Reviewing the *Doing Business* rankings in isolation may reveal unexpected results. Some economies may rank unexpectedly high on some topics. And some

economies that have had rapid growth or attracted a great deal of investment may rank lower than others that appear to be less dynamic.

As economies develop, they may add to or improve on regulations that protect investor and property rights. Many also tend to streamline existing regulations and prune outdated ones. One finding of *Doing Business* is that dynamic and growing economies continually reform and update their business regulations and the implementation of those regulations, while many poor economies still work with regulatory systems dating to the late 1800s.

For reform-minded governments, how much the regulatory environment for local entrepreneurs improves in an absolute sense matters far more than their economy’s ranking relative to other economies. To aid in assessing the absolute level of regulatory performance and how it improves over time, this year’s report again presents the distance to frontier measure. This measure shows the distance of each economy to the “frontier,” which represents the highest performance observed on each of the indicators across all economies included in *Doing Business* since 2003.

At any point in time the distance to frontier measure shows how far an economy is from the highest performance. And comparing an economy’s score at 2 points in time allows users to assess the absolute change over time in the economy’s regulatory environment as measured by *Doing Business*, rather than simply the change in the economy’s performance relative to others. In this way the distance to frontier measure complements the yearly ease of doing business ranking, which compares economies with one another at a point in time.

Each topic covered by *Doing Business* relates to a different aspect of the business regulatory environment. The rankings of each economy vary, sometimes significantly, across topics. A quick way to assess the variability of an economy’s regulatory performance across the different areas of business regulation is to look at the topic rankings (see the country tables). Guatemala, for example, stands at 93 in the overall ease of doing business ranking. Its ranking is 12 on the ease of getting credit, 20 on the ease of registering property and 34 on the ease of getting electricity. At the same time, it has a ranking of 124 on the ease of paying taxes, 158 on the strength of investor protections and 172 on the ease of starting a business.

WHAT 10 YEARS OF DATA SHOW

A growing body of empirical research shows that particular areas of business regulation, and particular regulatory reforms in those areas, are associated with vital social and economic outcomes—including firm creation, employment, formality, international trade, access to financial services and the survival of struggling but viable firms.¹⁶ This research has been made possible by a decade of *Doing Business* data combined with other data sets. Some 1,245 research articles published in peer-reviewed academic journals, and about 4,071 working papers available through Google Scholar, refer to the *Doing Business* data.¹⁷

Determining the empirical impact of regulatory reforms is not easy. One possible approach is cross-country correlation analysis. But with this method it is difficult to isolate the effect of a particular regulatory reform because of all the other factors that may vary across economies and that may not have been taken into account in the analysis. How then do researchers determine whether social or economic outcomes would have been different without a specific regulatory reform? A growing number of studies have been able to investigate such questions by analyzing regulatory changes within a country over time or by using panel estimations. Others have focused on regulatory reforms relevant only for particular firms or industries within a country. The broader literature, using a range of different empirical strategies, has produced a number of interesting findings, including those described below.

Smarter business regulation promotes economic growth. Economies with better business regulation grow faster. One study found that for economies in the best quartile of business regulation as measured by *Doing Business*, the difference in business regulation with those in the worst quartile is associated with a 2.3 percentage point increase in annual growth rates.¹⁸ Another found that regulatory reforms making it easier to do business in relatively low-income economies are associated with an increase in growth rates of 0.4 percentage point in the following year.¹⁹

Simpler business registration promotes greater entrepreneurship and firm productivity. Economies that have efficient business registration also tend to have a higher entry rate by new firms and greater business density.²⁰ Faster business registration is associated with more businesses registering in industries with the strongest potential for growth, such as those experiencing expansionary global demand or technology shifts.²¹ And easier start-up is associated with more investment in industries often sheltered from competition, including transport,

utilities and communications.²² Empirical evidence also suggests that more efficient business entry regulations improve firm productivity and macroeconomic performance.²³

Lower costs for business registration improve formal employment opportunities. Because new firms are often set up by high-skilled workers, lowering entry costs often leads to higher take-up rates for education, more jobs for high-skilled workers and higher average productivity.²⁴ And by increasing formal registration, it can also boost legal certainty—because the newly formal firms are now covered by the legal system, benefiting themselves as well as their customers and suppliers.²⁵

Country-specific studies confirm that simplifying entry regulations can promote the establishment of new formal sector firms:

- In Colombia the introduction of one-stop shops for business registration in different cities across the country was followed by a 5.2% increase in new firm registrations.²⁶
- In Mexico a study analyzing the effects of a program simplifying municipal licensing found that it led to a 5% increase in the number of registered businesses and a 2.2% increase in employment. Moreover, competition from new entrants lowered prices by 0.6% and the income of incumbent businesses by 3.2%.²⁷ A second study found that the program was more effective in municipalities with less corruption and cheaper additional registration procedures.²⁸ Yet another found that simpler licensing may result in both more wage workers and more formal enterprises, depending on the personal characteristics of informal business owners: those with characteristics similar to wage workers were more likely to become wage workers, while those with characteristics similar to entrepreneurs in the formal sector were more likely to become formal business owners.²⁹

- In India a study found that the progressive elimination of the “license raj”—the system regulating entry and production in industry—led to a 6% increase in new firm registrations.³⁰ Another study found that simpler entry regulation and labor market flexibility were complementary: in Indian states with more flexible employment regulations informal firms decreased by 25% more, and real output grew by 18% more, than in states with less flexible regulations.³¹ A third study found that the licensing reform resulted in an aggregate productivity increase of 22% among the firms affected.³²
- In Portugal the introduction of a one-stop shop for businesses led to a 17% increase in new firm registrations. The reform favored mostly small-scale entrepreneurs with low levels of education operating in low-tech sectors such as agriculture, construction and retail.³³

An effective regulatory environment improves trade performance. Strengthening the institutional environment for trade—such as by increasing customs efficiency—can boost trade volumes.³⁴ In Sub-Saharan Africa an inefficient trade environment was found to be among the main factors in poor trade performance.³⁵ One study found that a 1-day reduction in inland travel times leads to a 7% increase in exports.³⁶ Another found that among the factors that improve trade performance are access to finance, the quality of infrastructure and the government’s ability to formulate and implement sound policies and regulations that promote private sector development.³⁷ The same study showed that the more constrained economies are in their access to foreign markets, the more they can benefit from improvements in the investment climate. Yet another study found that improvements in transport efficiency and the business environment have a greater marginal effect on exports in lower-income economies than in high-income ones.³⁸ One study even suggests that behind-the-border measures to improve logistics performance and facilitate trade

may have a larger effect on trade, especially on exports, than tariff reduction would.³⁹

Other areas of regulation matter for trade performance. Economies with good contract enforcement tend to produce and export more customized products than those with poor contract enforcement.⁴⁰ Since production of high-quality output is a precondition for firms to become exporters, reforms that lower the cost of high-quality production increase the positive effect of trade reforms.⁴¹ Moreover, reforms removing barriers to trade need to be accompanied by other reforms, such as those making labor markets more flexible, to increase productivity and growth.⁴²

Sound financial market infrastructure—including courts, creditor and insolvency laws, and credit and collateral registries—improves access to credit. Businesses worldwide identify access to credit as one of the main obstacles they face.⁴³ Good credit information systems and strong collateral laws help overcome this obstacle. An analysis of reforms improving collateral law in 12 transition economies concludes that they had a positive effect on the volume of bank lending.⁴⁴ Greater information sharing through credit bureaus is associated with higher bank profitability and lower bank risk. And stronger creditor rights and the existence of public or private credit registries are associated with a higher ratio of private credit to GDP.⁴⁵

Country-specific studies confirm that efficient debt recovery and exit processes are key in determining credit conditions and in ensuring that less productive firms are either restructured or exit the market:

- In India the establishment of specialized debt recovery tribunals had a range of positive effects, including speeding up the resolution of debt recovery claims, allowing lenders to seize more collateral on defaulting loans, increasing the probability of repayment by 28% and reducing interest rates on loans by 1–2 percentage points.⁴⁶

- Brazil's extensive bankruptcy reform in 2005 was associated with a 22% reduction in the cost of debt and a 39% increase in the aggregate level of credit.⁴⁷

- Introducing streamlined mechanisms for reorganization has been shown to reduce the number of liquidations because it encourages more viable firms to opt for reorganization. Indeed, it reduced the number of liquidations by 14% in Colombia and by 8.4% in Belgium.⁴⁸ One important feature of Colombia's new system is that it better distinguishes between viable and nonviable firms, making it more likely that financially distressed but fundamentally viable firms will survive.

- Improving investor protections, developing financial markets and promoting more active markets for corporate control reduce the persistence of family-controlled firms over time, expanding opportunity for firms with more diversified capital structures.⁴⁹

HOW GOVERNMENTS USE DOING BUSINESS

Doing Business offers policy makers a benchmarking tool useful in stimulating policy debate, both by exposing potential challenges and by identifying good practices and lessons learned. The initial debate on the results highlighted by the data typically turns into a deeper discussion on the relevance of the data to the economy and on areas where business regulation reform is needed, including areas well beyond those measured by *Doing Business*.

Reform-minded governments seeking success stories in business regulation refer to *Doing Business* for examples (box 3.2). Saudi Arabia, for example, used the company law of France as a model for revising its own law. Many African governments look to Mauritius—the region's strongest performer on *Doing Business* indicators—as a source of good practices to inspire regulatory reforms in their own countries. Governments shared knowledge of business regulations before

the *Doing Business* project began. But *Doing Business* made it easier by creating a common language comparing business regulations around the world.

Over the past 10 years governments worldwide have been actively improving the regulatory environment for domestic companies. Most reforms relating to *Doing Business* topics have been nested in broader reform programs aimed at enhancing economic competitiveness, as in Colombia, Kenya and Liberia. In structuring reform programs for the business environment, governments use multiple data sources and indicators. This recognizes the reality that the *Doing Business* data on their own provide an incomplete roadmap for successful business regulation reforms.⁵⁰ It also reflects the need to respond to many stakeholders and interest groups, all of whom bring important issues and concerns to the reform debate.

When the World Bank Group engages with governments on the subject of improving the investment climate, the dialogue aims to encourage the critical use of the *Doing Business* data—to sharpen judgment and promote broad-based reforms that enhance the investment climate rather than a narrow focus on improving the *Doing Business* rankings. The World Bank Group uses a vast range of indicators and analytics in this policy dialogue, including its Global Poverty Monitoring Indicators, World Development Indicators, Logistics Performance Indicators and many others. The open data initiative has made data for many such indicators conveniently available to the public at <http://data.worldbank.org>.

METHODOLOGY AND DATA

The *Doing Business* data are based on domestic laws and regulations as well as administrative requirements. The data cover 185 economies—including small economies and some of the poorest economies, for which little or no data are available in other data sets. (For a detailed explanation of the *Doing Business* methodology, see the data notes.)

BOX 3.2 HOW ECONOMIES HAVE USED *DOING BUSINESS* IN REGULATORY REFORM PROGRAMS

To ensure the coordination of efforts across agencies, such economies as Brunei Darussalam, Colombia and Rwanda have formed regulatory reform committees, reporting directly to the president. These committees use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 35 other economies have formed such committees at the interministerial level. In East and South Asia they include India; Korea; Malaysia; the Philippines; Taiwan, China; and Vietnam. In the Middle East and North Africa: Morocco, Saudi Arabia and the United Arab Emirates. In Eastern Europe and Central Asia: Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, the former Yugoslav Republic of Macedonia, Moldova, Montenegro and Tajikistan. In Sub-Saharan Africa: Botswana, Burundi, the Central African Republic, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Kenya, Liberia, Malawi, Mali, Nigeria, Sierra Leone, Togo and Zambia. And in Latin America: Chile, the Dominican Republic, Guatemala, Mexico, Panama and Peru. Since 2003 governments have reported more than 350 regulatory reforms that have been informed by *Doing Business*.¹

Many economies share knowledge on the regulatory reform process related to the areas measured in *Doing Business*. Among the most common venues for this knowledge sharing are peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and share their experiences. In recent years such events have taken place in Colombia (for Latin America and the Caribbean), in Rwanda (for Sub-Saharan Africa), in Georgia (for Eastern Europe and Central Asia), in Malaysia (for East Asia and the Pacific) and in Morocco (for the Middle East and North Africa). In addition, regional organizations such as APEC, featured in a case study in this year's global report, use the *Doing Business* data as a tool and common language to set an agenda for business regulation reform.

1. These are reforms for which *Doing Business* is aware that information provided by the *Doing Business* report was used in shaping the reform agenda.

Doing Business respondents

Over the past 10 years more than 18,000 professionals in 185 economies have assisted in providing the data that inform the *Doing Business* indicators. This year's global report draws on the inputs of more than 9,600 professionals.⁵¹ Table 4.2 in the data notes lists the number of respondents for each indicator set. The *Doing Business* website shows the number of respondents for each economy and each indicator. Respondents are professionals who routinely administer or advise on the legal and regulatory requirements covered in each *Doing Business* topic. They are selected on the basis of their expertise in the specific areas covered by *Doing Business*. Because of the focus on legal and regulatory arrangements, most of the respondents are legal professionals such as lawyers, judges or notaries. The credit information survey is answered by officials of the credit registry or bureau. Freight forwarders, accountants, architects, engineers and other professionals

answer the surveys related to trading across borders, taxes and construction permits. Certain public officials (such as registrars from the commercial or property registry) also provide information that is incorporated into the indicators.

Information sources for the data

Most of the *Doing Business* indicators are based on laws and regulations. In addition, most of the cost indicators are backed by official fee schedules. *Doing Business* respondents both fill out written questionnaires and provide references to the relevant laws, regulations and fee schedules, aiding data checking and quality assurance. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy.

For some indicators—for example, those on dealing with construction permits, enforcing contracts and resolving

insolvency—the time component and part of the cost component (where fee schedules are lacking) are based on actual practice rather than the law on the books. This introduces a degree of judgment. The *Doing Business* approach has therefore been to work with legal practitioners or professionals who regularly undertake the transactions involved. Following the standard methodological approach for time-and-motion studies, *Doing Business* breaks down each process or transaction, such as starting a business or registering a building, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction. When time estimates differ, further interactions with respondents are pursued to converge on one estimate that reflects the majority of applicable cases.

The *Doing Business* approach to data collection contrasts with that of firm surveys, which capture perceptions and experiences of businesses. A corporate lawyer registering 100–150 businesses a year will be more familiar with the process than an entrepreneur, who will register a business only once or maybe twice. A bankruptcy attorney or judge dealing with dozens of cases a year will have more insight into bankruptcy than a company that may undergo the process once.

Development of the methodology

The methodology for calculating each indicator is transparent, objective and easily replicable. Leading academics collaborate in the development of the indicators, ensuring academic rigor. Eight of the background papers underlying the indicators have been published in leading economic journals.⁵²

Doing Business uses a simple averaging approach for weighting component indicators and calculating rankings and the distance to frontier measure. Other approaches were explored, including using principal components and unobserved components.⁵³ They turn out to

yield results nearly identical to those of simple averaging. In the absence of a strong theoretical framework that assigns different weights to the topics covered for the 185 economies by *Doing Business*, the simplest method is used: weighting all topics equally and, within each topic, giving equal weight to each of the topic components (for more details, see the chapter on the ease of doing business and distance to frontier).⁵⁴

Improvements to the methodology

The methodology has undergone continual improvement over the years. For enforcing contracts, for example, the amount of the disputed claim in the case study was increased from 50% of income per capita to 200% after the first year of data collection, as it became clear that smaller claims were unlikely to go to court.

Another change related to starting a business. The minimum capital requirement can be an obstacle for potential entrepreneurs. *Doing Business* measured the required minimum capital regardless of whether it had to be paid up front or not. In many economies only part of the minimum capital has to be paid up front. To reflect the relevant barrier to entry, the paid-in minimum capital has been used rather than the required minimum capital.

This year's report includes an update in the ranking methodology for paying taxes. Last year's report introduced a threshold for the total tax rate for the purpose of calculating the ranking on the ease of paying taxes. This change came as a result of consultations on the survey instrument and methodology for the paying taxes indicators with external stakeholders, including participants in the International Tax Dialogue. All economies with a total tax rate below the threshold (which is calculated and adjusted on a yearly basis) now receive the same ranking on the total tax rate indicator. This year's threshold is set at the 15th percentile of the total tax rate distribution, which translates into a threshold for the total tax rate of 25.7%.

Data adjustments

All changes in methodology are explained in the data notes as well as on the *Doing Business* website. In addition, data time series for each indicator and economy are available on the website, beginning with the first year the indicator or economy was included in the report. To provide a comparable time series for research, the data set is back-calculated to adjust for changes in methodology and any revisions in data due to corrections. The data set is not back-calculated for year-to-year revisions in income per capita data (that is, when the income per capita data are revised by the original data sources, *Doing Business* does not update the cost measures for previous years). The website also makes available all original data sets used for background papers.

Information on data corrections is provided in the data notes and on the website. A transparent complaint procedure allows anyone to challenge the data. If errors are confirmed after a data verification process, they are expeditiously corrected.

NOTES

1. World Bank 2005b; Stampini and others 2011.
2. See, for example, Alesina and others (2005); Perotti and Volpin (2005); Fisman and Sarria-Allende (2010); Antunes and Cavalcanti (2007); Barseghyan (2008); Klapper, Lewin and Quesada Delgado (2009); Freund and Bolaky (2008); Chang, Kaltani and Loayza (2009); Helpman, Melitz and Rubinstein (2008); Klapper, Laeven and Rajan (2006); World Bank (2005); and Ardagna and Lusardi (2010).
3. This includes Djankov and others (2002); Djankov, McLiesh and Shleifer (2007); Djankov, La Porta and others (2008); Djankov, Freund and Pham (2010); Djankov and others (2003); Djankov, Hart and others (2008); Botero and others (2004); and Djankov, Ganser and others (2010).
4. For more details on how the aggregate ranking is created, see the chapter on the ease of doing business and distance to frontier.
5. This has included a review by the World Bank Independent Evaluation Group

(2008), input from the International Tax Dialogue and regular input from the Indicators Advisory Group.

6. <http://www.doingbusiness.org>.
7. Local experts in 185 economies are surveyed annually to collect and update the data. The local experts for each economy are listed on the *Doing Business* website (<http://www.doingbusiness.org>) and in the acknowledgments at the end of this report.
8. De Soto 2000.
9. Schneider 2005; La Porta and Shleifer 2008.
10. Amin 2011.
11. <http://www.enterprisesurveys.org>.
12. Narayan and others 2000.
13. OECD, "Indicators of Product Market Regulation," <http://www.oecd.org/>. The measures are aggregated into 3 broad families that capture state control, barriers to entrepreneurship and barriers to international trade and investment. The 39 countries included in the OECD market regulation indicators are Australia, Austria, Belgium, Brazil, Canada, Chile, China, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
14. The World Economic Forum's *Global Competitiveness Report* uses *Doing Business* data sets on starting a business, employing workers, protecting investors and getting credit (legal rights), representing 7 of a total of 113 different indicators (or 6.19%).
15. Hallward-Driemeier, Khun-Jush and Pritchett (2010), analyzing data from World Bank Enterprise Surveys for Sub-Saharan Africa, show that de jure measures such as *Doing Business* indicators are virtually uncorrelated with ex post firm-level responses, providing evidence that deals rather than rules prevail in Africa. The authors find that the gap between de jure and de facto conditions grows with the formal regulatory burden. The evidence also shows that more burdensome processes open up more space for making deals and that firms may not incur the official costs of compliance but still pay to avoid them.

16. Much attention has been given to exploring links to microeconomic outcomes, such as firm creation and employment. Recent research focuses on how business regulations affect the behavior of firms by creating incentives (or disincentives) to register and operate formally, to create jobs, to innovate and to increase productivity. For details, see Djankov and others (2002); Alesina and others (2005); Banerjee and Duflo (2005); Perotti and Volpin (2005); Klapper, Laeven and Rajan (2006); Fisman and Sarria-Allende (2010); Antunes and Cavalcanti (2007); Barseghyan (2008); Eifert (2009); Klapper, Lewin and Quesada Delgado (2009); Djankov, Freund and Pham (2010); Klapper and Love (2011); Chari (2011); and Bruhn (2011).
17. According to searches for citations of the 9 background papers that serve as the basis for the *Doing Business* indicators in the Social Science Citation Index and on Google Scholar (<http://scholar.google.com>).
18. Djankov, McLiesh and Ramalho 2006.
19. Eifert 2009.
20. Klapper, Lewin and Quesada Delgado 2009. *Entry rate* refers to newly registered firms as a percentage of total registered firms. *Business density* is defined as the total number of businesses as a percentage of the working-age population (ages 18–65).
21. Ciccone and Papaioannou 2007.
22. Alesina and others 2005.
23. Loayza, Oviedo and Servén 2005; Barseghyan 2008.
24. Dulleck, Frijters and Winter-Ebmer 2006; Calderon, Chong and Leon 2007; Micco and Pagés 2006.
25. Masatlioglu and Rigolini 2008; Djankov 2009.
26. Cardenas and Rozo 2009.
27. Bruhn 2011.
28. Kaplan, Piedra and Seira 2007.
29. Bruhn 2012.
30. Aghion and others 2008.
31. Sharma 2009.
32. Chari 2011.
33. Branstetter and others 2010.
34. Djankov, Freund and Pham 2010.
35. Iwanow and Kirkpatrick 2009.
36. Freund and Rocha 2011.
37. Seker 2011.
38. Portugal-Perez and Wilson 2011.
39. Hoekman and Nicita 2011.
40. Nunn 2007.
41. Rauch 2010.
42. Chang, Kaltani and Loayza 2009; Cuñat and Melitz 2007.
43. <http://www.enterprisesurveys.org>.
44. Haselmann, Pistor and Vig 2010. The countries studied were Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, Slovenia and Ukraine.
45. Djankov, McLiesh and Shleifer 2007; Houston and others 2010.
46. Visaria 2009. In a follow-up study, von Lilienfeld-Toal, Mookherjee and Visaria (2012) found that the average effects identified by Visaria (2009) differ between wealthy and poor borrowers when the credit supply is inelastic (because of limits in such resources as funds, staff and information). In particular, they found that in the short term after the debt recovery tribunals are introduced, borrowers with less collateral may experience a reduction in access to credit while those with more collateral may experience an increase. But the authors also point out that this short-term effect disappears over time as banks are able to increase their resources and the credit supply becomes elastic.
47. Funchal 2008.
48. Giné and Love (2010) on Colombia; Dewaelheyns and Van Hulle (2008) on Belgium.
49. Franks and others 2011.
50. One recent study using *Doing Business* indicators illustrates the difficulties in using highly disaggregated indicators to identify reform priorities (Kraay and Tawara 2011).
51. While about 9,600 contributors provided data for this year's global report, many of them completed a survey for more than one *Doing Business* indicator set. Indeed, the total number of surveys completed for this year's report is more than 12,000, which represents a truer measure of the inputs received. The average number of surveys per indicator set and economy is just under 6. For more details, see <http://www.doingbusiness.org/contributors/doing-business>.
52. All background papers are available on the *Doing Business* website (<http://www.doingbusiness.org>).
53. For more details, see the chapter on the ease of doing business and distance to frontier.
54. A technical note on the different aggregation and weighting methods is available on the *Doing Business* website (<http://www.doingbusiness.org>).

2007 2012 2011
 2005 2004
 2009 2010
 2008 2006 2013

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Data notes

2007 2012 2011
2005 2009 2004
2008 2006 2010 2013

The indicators presented and analyzed in *Doing Business* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the complexity of regulation, such as the number of procedures to start a business or to register and transfer commercial property. Second, they gauge the time and cost of achieving a regulatory goal or complying with regulation, such as the time and cost to enforce a contract, go through bankruptcy or trade across borders. Third, they measure the extent of legal protections of property, for example, the protections of investors against looting by company directors or the range of assets that can be used as collateral according to secured transactions laws. Fourth, a set of indicators documents the tax burden on businesses. Finally, a set of data covers different aspects of employment regulation. The 11 sets of indicators

measured in *Doing Business* were added over time, and the sample of economies expanded (table 4.1).

The data for all sets of indicators in *Doing Business 2013* are for June 2012.¹

METHODOLOGY

The *Doing Business* data are collected in a standardized way. To start, the *Doing Business* team, with academic advisers, designs a questionnaire. The questionnaire uses a simple business case to ensure comparability across economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Questionnaires are administered through more than 9,600 local experts, including lawyers, business consultants, accountants, freight forwarders, government officials and other professionals routinely administering or advising on legal and

TABLE 4.1 Topics and economies covered by each *Doing Business* report

Topic	DB 2004	DB 2005	DB 2006	DB 2007	DB 2008	DB 2009	DB 2010	DB 2011	DB 2012	DB 2013
Starting a business										
Employing workers										
Enforcing contracts										
Resolving insolvency										
Getting credit										
Registering property										
Protecting investors										
Paying taxes										
Trading across borders										
Dealing with construction permits										
Getting electricity										
Number of economies	133	145	155	175	178	181	183	183	183	185

Note: Data for the economies added to the sample each year are back-calculated to the previous year. The exception is Kosovo, which was added to the sample after it became a member of the World Bank Group.

TABLE 4.2 How many experts does *Doing Business* consult?

Indicator set	Contributors
Starting a business	1,585
Dealing with construction permits	852
Getting electricity	830
Registering property	1,069
Getting credit	1,325
Protecting investors	1,083
Paying taxes	1,173
Trading across borders	933
Enforcing contracts	1,146
Resolving insolvency	1,085
Employing workers	1,052

regulatory requirements (table 4.2). These experts have several rounds of interaction with the *Doing Business* team, involving conference calls, written correspondence and visits by the team. For *Doing Business 2013* team members visited 24 economies to verify data and recruit respondents. The data from questionnaires are subjected to numerous rounds of verification, leading to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; *Doing Business* is not a statistical survey, and the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has 5 limitations that should be considered when interpreting the data. First, the collected data refer to businesses in the economy's largest business city (which in some economies differs from the capital) and may not be representative of regulation in other parts of the economy. To address this limitation, subnational *Doing Business* indicators were created (box 4.1). Second, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Third, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues a business encounters. Fourth, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several

responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard

ECONOMY CHARACTERISTICS

Gross national income per capita

Doing Business 2013 reports 2011 income per capita as published in the World Bank's *World Development Indicators 2012*. Income is calculated using the Atlas method (current U.S. dollars). For cost indicators expressed as a percentage of income per capita, 2011 gross national income (GNI) in U.S. dollars is used as the denominator. GNI data were not available from the World Bank for Afghanistan, Australia, The Bahamas, Bahrain, Barbados, Brunei Darussalam, Cyprus, Djibouti, Guyana, the Islamic Republic of Iran, Kuwait, Malta, New Zealand, Oman, Puerto Rico (territory of the United States), Sudan, Suriname, the Syrian Arab Republic, Timor-Leste, West Bank and Gaza, and the Republic of Yemen. In these cases GDP or GNP per capita data and growth rates from the International Monetary Fund's World Economic Outlook database and the Economist Intelligence Unit were used.

Region and income group

Doing Business uses the World Bank regional and income group classifications, available at <http://data.worldbank.org/about/country-classifications>. The World Bank does not assign regional classifications to high-income economies. For the purpose of the *Doing Business* report, high-income OECD economies are assigned the "regional" classification *OECD high income*. Figures and tables presenting regional averages include economies from all income groups (low, lower middle, upper middle and high income).

Population

Doing Business 2013 reports midyear 2011 population statistics as published in *World Development Indicators 2012*.

BOX 4.1 SUBNATIONAL DOING BUSINESS INDICATORS

This year *Doing Business* completed subnational studies for Indonesia, Kenya, Mexico, Russia and the United Arab Emirates. Each of these countries had already asked to have subnational data in the past, and this year *Doing Business* updated the indicators, measured improvements over time and expanded geographic coverage to additional cities or added additional indicators. *Doing Business* also published regional studies for the Arab world, the East African Community and member states of the Organization for the Harmonization of Business Law in Africa (OHADA).

The subnational studies point to differences in business regulation and its implementation—as well as in the pace of regulatory reform—across cities in the same economy. For several economies subnational studies are now periodically updated to measure change over time or to expand geographic coverage to additional cities. This year that is the case for all the subnational studies published.

some burdensome procedures. For both reasons the time delays reported in *Doing Business 2013* would differ from the recollection of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

CHANGES IN WHAT IS MEASURED

The ranking methodology for paying taxes was updated this year. The threshold for the total tax rate introduced last year for the purpose of calculating the ranking on the ease of paying taxes was updated. All economies with a total tax rate below the threshold (which is calculated and adjusted on a yearly basis) receive the same ranking on the total tax rate indicator. The threshold is not based on any economic theory of an “optimal tax rate” that minimizes distortions or maximizes efficiency in the tax system of an economy overall. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates levied on medium-size enterprises in the manufacturing sector as observed through the paying taxes indicators. This reduces the bias in the indicators toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). Giving the same ranking to all economies whose total tax rate is below the threshold avoids awarding economies in the scoring for having an unusually low total tax rate, often for reasons unrelated to government policies toward enterprises. For example, economies that are very small or that are rich in natural resources do not need to levy broad-based taxes.

DATA CHALLENGES AND REVISIONS

Most laws and regulations underlying the *Doing Business* data are available on the *Doing Business* website at <http://www.doingbusiness.org>. All the sample

questionnaires and the details underlying the indicators are also published on the website. Questions on the methodology and challenges to data can be submitted through the website’s “Ask a Question” function at <http://www.doingbusiness.org>.

Doing Business publishes 9,620 indicators each year. To create these indicators, the team measures more than 57,000 data points, each of which is made available on the *Doing Business* website. Historical data for each indicator and economy are available on the website, beginning with the first year the indicator or economy was included in the report. To provide a comparable time series for research, the data set is back-calculated to adjust for changes in methodology and any revisions in data due to corrections. The website also makes available all original data sets used for background papers. The correction rate between *Doing Business 2012* and *Doing Business 2013* is 8.6%.²

STARTING A BUSINESS

Doing Business records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete them and the paid-in minimum capital requirement (figure 4.1). These procedures include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions

for the company and employees with relevant authorities. The ranking on the ease of starting a business is the simple average of the percentile rankings on its component indicators (figure 4.2).

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirement. Subsequently, local incorporation lawyers, notaries and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes. If answers by local experts differ, inquiries continue until the data are reconciled.

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

Assumptions about the business

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most popular among domestic firms is

FIGURE 4.1 What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?

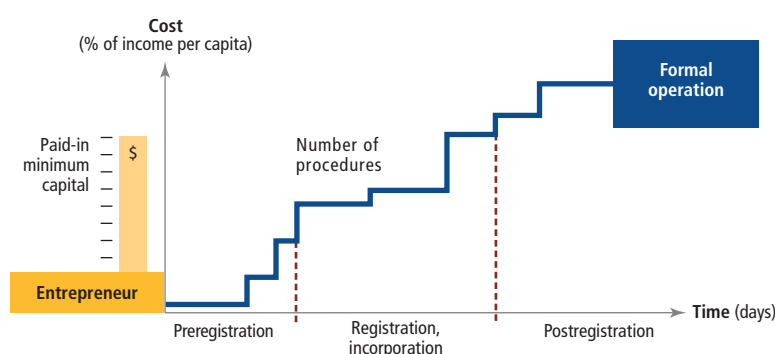
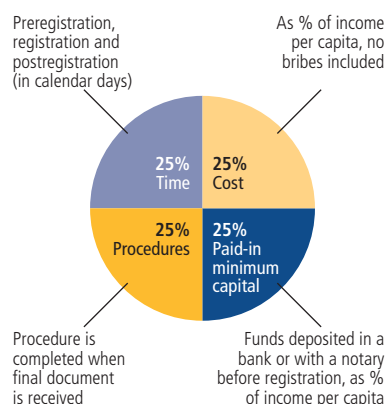


FIGURE 4.2 Starting a business: getting a local limited liability company up and running

Rankings are based on 4 indicators



chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.

- Operates in the economy's largest business city.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

Procedures

A procedure is defined as any interaction of the company founders with external parties (for example, government agencies,

lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices or at different counters are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 procedures.

Both pre- and postincorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 4.3).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax

declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary in practice to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen if that option is more beneficial to the economy's ranking. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry requirements and their sequence from the beginning but has had no prior contact with any of the officials.

TABLE 4.3 What do the starting a business indicators measure?

Procedures to legally start and operate a company (number)

Preregistration (for example, name verification or reservation, notarization)

Registration in the economy's largest business city

Postregistration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day

Procedure completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

No professional fees unless services required by law

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

Funds deposited in a bank or with a notary before registration (or within 3 months)

Cost

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

Paid-in minimum capital

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many economies require minimum capital but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In Turkey in June 2012, for example, the minimum capital requirement was 5,000 Turkish liras, of which one-fourth needed to be paid before registration. The paid-in minimum capital recorded for Turkey is

therefore 1,250 Turkish liras, or 7.2% of income per capita.

The data details on starting a business can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov and others (2002) and is adopted here with minor changes.

DEALING WITH CONSTRUCTION PERMITS

Doing Business records all procedures required for a business in the construction industry to build a warehouse (figure 4.3). These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business* also records procedures for obtaining connections for water, sewerage and a fixed landline.³ Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure. The ranking on the ease of dealing with construction permits is the simple average of the percentile rankings on its component indicators (figure 4.4).

FIGURE 4.3 What are the time, cost and number of procedures to comply with formalities to build a warehouse?

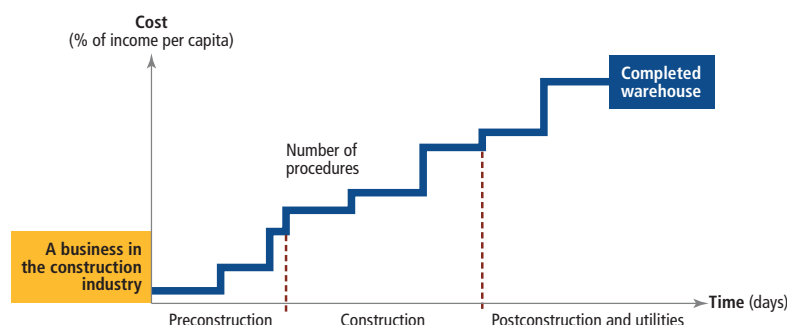
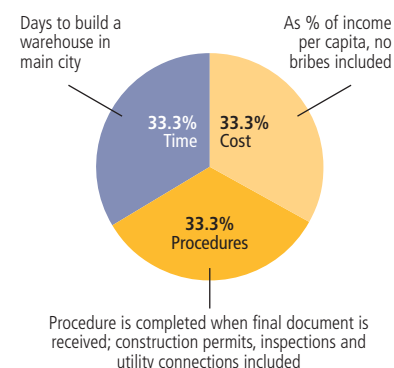


FIGURE 4.4 Dealing with construction permits: building a warehouse

Rankings are based on 3 indicators



Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the economy's largest business city.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example,

accidental insurance for construction workers and third-person liability).

- Owns the land on which the warehouse is built.

Assumptions about the warehouse

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high.
- Has road access and is located in the periurban area of the economy's largest business city (that is, on the fringes of the city but still within its official limits).
- Is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is accurately registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Assumptions about the utility connections

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.

- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Has an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Has a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed telephone landline.

Procedures

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to water, sewerage and telephone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases (table 4.4).

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day

TABLE 4.4 What do the dealing with construction permits indicators measure?

Procedures to legally build a warehouse (number)
Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
Completing all required notifications and receiving all necessary inspections
Obtaining utility connections for water, sewerage and a land telephone line
Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day
Procedure completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of income per capita)
Official costs only, no bribes

(that is, simultaneous procedures start on consecutive days). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

Cost

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project are also recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

GETTING ELECTRICITY

Doing Business records all procedures required for a business to obtain a permanent electricity connection and supply for a standardized warehouse. These procedures include applications and contracts with electricity utilities, all necessary inspections and clearances from the utility and other agencies and the external and final connection works. The survey divides the process of getting an electricity connection into distinct procedures and calculates the time and cost of completing each procedure (figure 4.5). The ranking on the ease of getting electricity is the simple average of the percentile rankings on its component indicators (figure 4.6).

Data are collected from the electricity distribution utility, then completed and verified by electricity regulatory agencies and independent professionals such as electrical engineers, electrical contractors and construction companies. The electricity distribution utility surveyed is the one serving the area (or areas) where warehouses are located. If there is a choice of distribution utilities, the one serving the largest number of customers is selected.

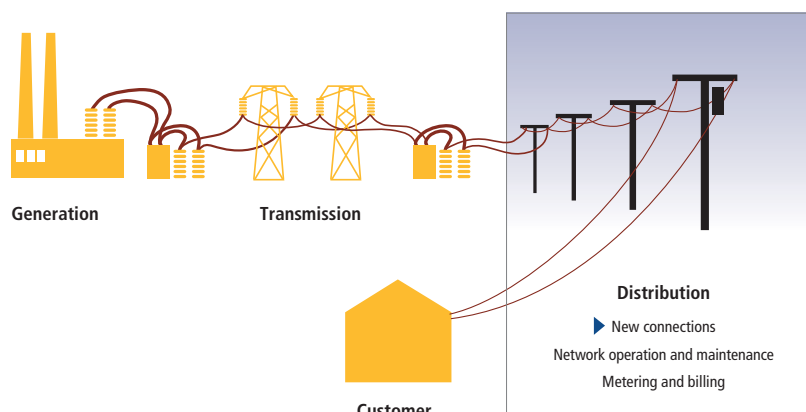
To make the data comparable across economies, several assumptions about the warehouse and the electricity connection are used.

Assumptions about the warehouse

The warehouse:

- Is owned by a local entrepreneur.
- Is located in the economy's largest business city.
- Is located within the city's official limits and in an area where other warehouses are located (a nonresidential area).
- Is not located in a special economic or investment zone; that is, the electricity

FIGURE 4.5 *Doing Business* measures the connection process at the level of distribution utilities



connection is not eligible for subsidization or faster service under a special investment promotion regime. If several options for location are available, the warehouse is located where electricity is most easily available.

- Has road access. The connection works involve the crossing of a road (for excavation, overhead lines and the like), but they are all carried out on public land; that is, there is no crossing onto another owner's private property.
- Is located in an area with no physical constraints. For example, the property is not near a railway.
- Is used for storage of refrigerated goods.
- Is a new construction (that is, there was no previous construction on the land where it is located). It is being connected to electricity for the first time.
- Has 2 stories, both above ground, with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

Assumptions about the electricity connection

The electricity connection:

- Is a permanent one.
- Is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection.

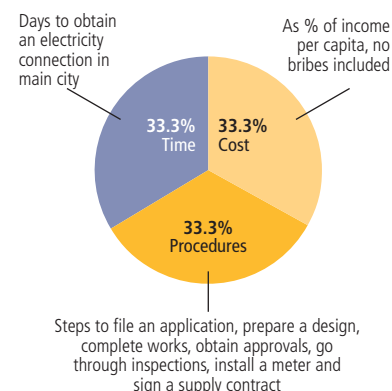
- Is 150 meters long. The connection is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the economy and in the area where the warehouse is located. The length of any connection in the customer's private domain is negligible.
- Involves the installation of only one electricity meter. The monthly electricity consumption will be 0.07 gigawatt-hour (GWh). The internal electrical wiring has already been completed.

Procedures

A procedure is defined as any interaction of the company's employees or its main

FIGURE 4.6 Getting electricity: obtaining an electricity connection

Rankings are based on 3 indicators



electrician or electrical engineer (that is, the one who may have done the internal wiring) with external parties such as the electricity distribution utility, electricity supply utilities, government agencies, electrical contractors and electrical firms. Interactions between company employees and steps related to the internal electrical wiring, such as the design and execution of the internal electrical installation plans, are not counted as procedures. Procedures that must be completed with the same utility but with different departments are counted as separate procedures (table 4.5).

The company's employees are assumed to complete all procedures themselves unless the use of a third party is mandated (for example, if only an electrician registered with the utility is allowed to submit an application). If the company can, but is not required to, request the services of professionals (such as a private firm rather than the utility for the external works), these procedures are recorded if they are commonly done. For all procedures, only the most likely cases (for example, more than 50% of the time the utility has the material) and those followed in practice for connecting a warehouse to electricity are counted.

TABLE 4.5 What do the getting electricity indicators measure?

Procedures to obtain an electricity connection (number)

Submitting all relevant documents and obtaining all necessary clearances and permits

Completing all required notifications and receiving all necessary inspections

Obtaining external installation works and possibly purchasing material for these works

Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

Is at least 1 calendar day

Each procedure starts on a separate day

Does not include time spent gathering information

Reflects the time spent in practice, with little follow-up and no prior contact with officials

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

Official costs only, no bribes

Value added tax excluded

Time

Time is recorded in calendar days. The measure captures the median duration that the electricity utility and experts indicate is necessary in practice, rather than required by law, to complete a procedure with minimum follow-up and no extra payments. It is also assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the company does not waste time and commits to completing each remaining procedure without delay. The time that the company spends on gathering information is ignored. It is assumed that the company is aware of all electricity connection requirements and their sequence from the beginning.

Cost

Cost is recorded as a percentage of the economy's income per capita. Costs are recorded exclusive of value added tax. All the fees and costs associated with completing the procedures to connect a warehouse to electricity are recorded, including those related to obtaining clearances from government agencies, applying for the connection, receiving inspections of both the site and the internal wiring, purchasing material, getting the actual connection works and paying a security deposit. Information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used. In all cases the cost excludes bribes.

Security deposit

Utilities require security deposits as a guarantee against the possible failure of customers to pay their consumption bills. For this reason the security deposit for a new customer is most often calculated as a function of the customer's estimated consumption.

Doing Business does not record the full amount of the security deposit. If the

deposit is based on the customer's actual consumption, this basis is the one assumed in the case study. Rather than the full amount of the security deposit, *Doing Business* records the present value of the losses in interest earnings experienced by the customer because the utility holds the security deposit over a prolonged period, in most cases until the end of the contract (assumed to be after 5 years). In cases where the security deposit is used to cover the first monthly consumption bills, it is not recorded. To calculate the present value of the lost interest earnings, the end-2011 lending rates from the International Monetary Fund's *International Financial Statistics* are used. In cases where the security deposit is returned with interest, the difference between the lending rate and the interest paid by the utility is used to calculate the present value.

In some economies the security deposit can be put up in the form of a bond: the company can obtain from a bank or an insurance company a guarantee issued on the assets it holds with that financial institution. In contrast to the scenario in which the customer pays the deposit in cash to the utility, in this scenario the company does not lose ownership control over the full amount and can continue using it. In return the company will pay the bank a commission for obtaining the bond. The commission charged may vary depending on the credit standing of the company. The best possible credit standing and thus the lowest possible commission are assumed. Where a bond can be put up, the value recorded for the deposit is the annual commission times the 5 years assumed to be the length of the contract. If both options exist, the cheaper alternative is recorded.

In Honduras in June 2012 a customer requesting a 140-kVA electricity connection would have had to put up a security deposit of 126,894 Honduran lempiras (L) in cash or check, and the deposit would have been returned only at the end of the contract. The customer could instead have invested this money at the prevailing

lending rate of 18.56%. Over the 5 years of the contract this would imply a present value of lost interest earnings of L 72,719. In contrast, if the customer chose to settle the deposit with a bank guarantee at an annual rate of 2.5%, the amount lost over the 5 years would be just L 15,862.

The data details on getting electricity can be found for each economy at <http://www.doingbusiness.org>.

REGISTERING PROPERTY

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 so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it (figure 4.7). The ranking on the ease of registering property is the simple average of the percentile rankings on its component indicators (figure 4.8).

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer

or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them.

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

Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the economy's largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

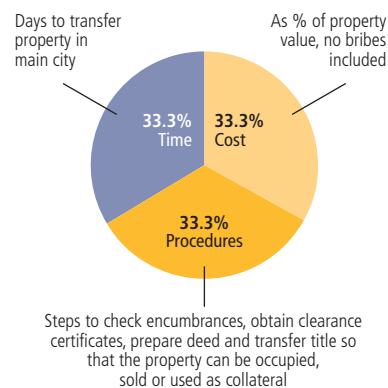
Assumptions about the property

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters

FIGURE 4.8 Registering property: transfer of property between 2 local companies

Rankings are based on 3 indicators



(6,000 square feet). A 2-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.

- Will not be subject to renovations or additional building following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants (legal or illegal), and no other party holds a legal interest in it.

Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for

FIGURE 4.7 What are the time, cost and number of procedures required to transfer property between 2 local companies?

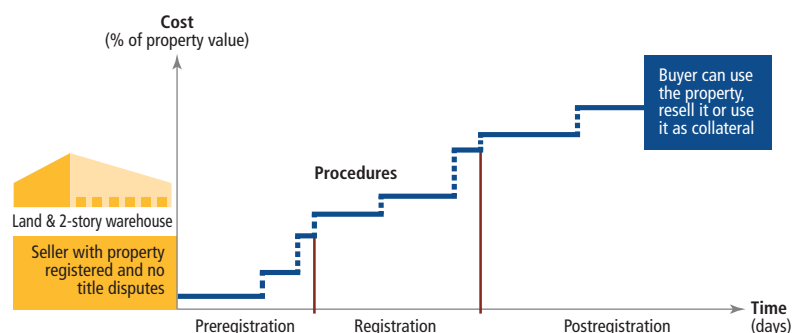


TABLE 4.6 What do the registering property indicators measure?

Procedures to legally transfer title on immovable property (number)
Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
Registration procedures in the economy's largest business city
Postregistration procedures (for example, filing title with municipality)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day
Procedure completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of property value)
Official costs only, no bribes
No value added or capital gains taxes included

registering property are recorded, even if they may be avoided in exceptional cases (table 4.6). It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that the buyer does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day. It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all requirements and their sequence from

the beginning. Time spent on gathering information is not considered.

Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

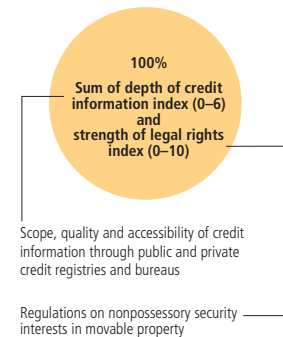
The data details on registering property can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

GETTING CREDIT

Doing Business measures the legal rights of borrowers and lenders with respect to secured transactions through one set of indicators and the sharing of credit information through another. The first set of indicators measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws. The second set measures the coverage, scope and accessibility of credit information available through public credit registries and private credit bureaus (figure 4.9). The ranking on the ease of

FIGURE 4.10 Getting credit: collateral rules and credit information

Rankings are based on 2 indicators

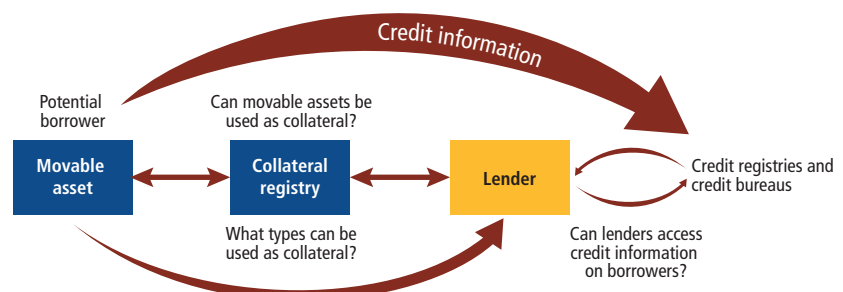


Note: Private bureau coverage and public registry coverage are measured but do not count for the rankings.

getting credit is based on the percentile rankings on the sum of its component indicators: the depth of credit information index and the strength of legal rights index (figure 4.10).

LEGAL RIGHTS

The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. Survey responses are verified through several rounds of follow-up communication with respondents as well as by contacting third parties and consulting public sources. The survey data are confirmed through teleconference calls or on-site visits in all economies.

FIGURE 4.9 Do lenders have credit information on entrepreneurs seeking credit? Is the law favorable to borrowers and lenders using movable assets as collateral?

Strength of legal rights index

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 (table 4.7). Two case scenarios, case A and case B, are used to determine the scope of the secured transactions system. The case scenarios involve a secured borrower, the company ABC, and a secured lender, BizBank. In some economies the legal framework for secured transactions will allow only case A or case B to apply (not both). Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower and lender are used:

- ABC is a domestically incorporated, limited liability company.
- The company has up to 100 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not

allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests). The strength of legal rights index does not cover functional equivalents to security over movable assets (for example, leasing or reservation of title).

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

The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law. A score of 1 is assigned for each of the following features of the laws:

- 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 nonpossessory security right in a single category of movable assets (such as accounts receivable or inventory), without requiring a specific description of the collateral.
- The law allows a business to grant a nonpossessory security right in substantially all its movable assets, without requiring a specific description of the collateral.
- A security right may extend to future or after-acquired assets and may extend automatically to the products, proceeds or replacements of the original assets.
- A general description of debts and obligations is permitted in the collateral agreement and in registration documents; all types of debts and obligations can be secured between the parties, and the collateral agreement can include a maximum amount for which the assets are encumbered.

- A collateral registry or registration institution for security interests over movable property is in operation, unified geographically and by asset type, with an electronic database indexed by debtors' names.
- Secured creditors are paid first (for example, before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure.
- Secured creditors are paid first (for example, before general tax claims and employee claims) when a business is liquidated.
- Secured creditors either are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure, or the law provides secured creditors with grounds for relief from an automatic stay or moratorium (for example, if the movable property is in danger) or sets a time limit for the automatic stay.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

The index ranges from 0 to 10, with higher scores indicating that collateral and bankruptcy laws are better designed to expand access to credit.

CREDIT INFORMATION

The data on credit information sharing are built in 2 stages. First, banking supervision authorities and public information sources are surveyed to confirm the presence of a public credit registry or private credit bureau. Second, when applicable, a detailed survey on the public credit registry's or private credit bureau's structure, laws and associated rules is administered to the entity itself. Survey responses are verified through several rounds of follow-up communication with respondents as well as by contacting third parties and consulting public sources. The survey data are confirmed through teleconference calls or on-site visits in all economies.

TABLE 4.7 What do the getting credit indicators measure?

Strength of legal rights index (0–10)

Protection of rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

Depth of credit information index (0–6)

Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Depth of credit information index

The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. A score of 1 is assigned for each of the following 6 features of the public credit registry or private credit bureau (or both):

- Data on both firms and individuals are distributed.
- Both positive credit information (for example, outstanding loan amounts and pattern of on-time repayments) and negative information (for example, late payments, and number and amount of defaults and bankruptcies) are distributed.
- Data from retailers and utility companies as well as financial institutions are distributed.
- More than 2 years of historical data are distributed. Credit registries and bureaus that erase data on defaults as soon as they are repaid obtain a score of 0 for this indicator.
- Data on loan amounts below 1% of income per capita are distributed. Note that a credit registry or bureau must have a minimum coverage of 1% of the adult population to score a 1 on this indicator.
- By law, borrowers have the right to access their data in the largest credit registry or bureau in the economy.

The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public credit registry or a private credit bureau, to facilitate lending decisions. If the credit registry or bureau is not operational or has a coverage of less than 0.1% of the adult population, the score on the depth of credit information index is 0.

In Lithuania, for example, both a public credit registry and a private credit bureau operate. Both distribute positive and negative information (a score of 1). Both distribute data on firms and individuals

(a score of 1). Both distribute more than 2 years of historical data (a score of 1). Although the public credit registry does not distribute data from retailers or utilities, the private credit bureau does so (a score of 1). Although the public credit registry has a threshold of 1,000 litai, the private credit bureau distributes data on loans of any value (a score of 1). Borrowers have the right to access their data in both the public credit registry and the private credit bureau (a score of 1). Summing across the indicators gives Lithuania a total score of 6.

Public credit registry coverage

The public credit registry coverage indicator reports the number of individuals and firms listed in a public credit registry with information on their borrowing history from the past 5 years. The number is expressed as a percentage of the adult population (the population age 15 and above in 2011 according to the World Bank's *World Development Indicators*). A public credit registry is defined as a database managed by the public sector, usually by the central bank or the superintendent of banks, that collects information on the creditworthiness of borrowers (individuals or firms) in the financial system and facilitates the exchange of credit information among banks and other regulated financial institutions. If no public registry operates, the coverage value is 0.

Private credit bureau coverage

The private credit bureau coverage indicator reports the number of individuals and firms listed by a private credit bureau with information on their borrowing history from the past 5 years. The number is expressed as a percentage of the adult population (the population age 15 and above in 2011 according to the World Bank's *World Development Indicators*). A private credit bureau is defined as a private firm or nonprofit organization that maintains a database on the creditworthiness of borrowers (individuals or firms) in the financial system and facilitates the exchange of credit information among creditors. Credit investigative bureaus

and credit reporting firms that do not directly facilitate information exchange among banks and other financial institutions are not considered. If no private bureau operates, the coverage value is 0.

The data details on getting credit can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, McLiesh and Shleifer (2007) and is adopted here with minor changes.

PROTECTING INVESTORS

Doing Business measures the strength of minority shareholder protections against directors' misuse of corporate assets for personal gain. The indicators distinguish 3 dimensions of investor protections: transparency of related-party transactions (extent of disclosure index), liability for self-dealing (extent of director liability index) and shareholders' ability to sue officers and directors for misconduct (ease of shareholder suits index) (figure 4.11). The data come from a survey of corporate and securities lawyers and are based on securities regulations, company laws, civil procedure codes and court rules of evidence. The ranking on the strength of investor protection index is the simple average of the percentile rankings on its component indicators (figure 4.12).

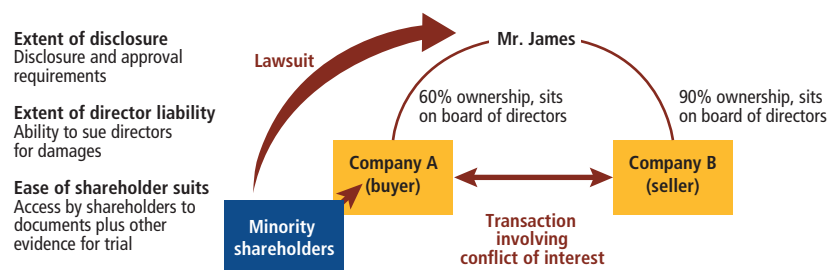
To make the data comparable across economies, several assumptions about the business and the transaction are used.

Assumptions about the business

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted,

FIGURE 4.11 How well are minority shareholders protected against self-dealing in related-party transactions?



even if this is not specifically required by law.

- Has a supervisory board (applicable to economies with 2-tier board systems) of which 60% of the shareholder-elected members have been appointed by Mr. James.
- Is a manufacturing company.
- Has its own distribution network.

Assumptions about the transaction

- Mr. James is Buyer's controlling shareholder and a member of Buyer's board of directors. He owns 60% of Buyer and elected 2 directors to Buyer's 5-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.

- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

Extent of disclosure index

The extent of disclosure index has 5 components (table 4.8):

- Which corporate body can provide legally sufficient approval for the transaction. A score of 0 is assigned if it is the CEO or the managing director alone; 1 if the board of directors, the supervisory board or shareholders must vote and Mr. James is permitted to vote; 2 if the board of directors or the supervisory board must vote and Mr. James is not permitted to vote; 3 if shareholders must vote and Mr. James is not permitted to vote.
- Whether immediate disclosure of the transaction to the public, the regulator or the shareholders is required.⁴ A score of 0 is assigned if no disclosure is required; 1 if disclosure on the terms

of the transaction is required but not on Mr. James's conflict of interest; 2 if disclosure on both the terms and Mr. James's conflict of interest is required.

- Whether disclosure in the annual report is required. A score of 0 is assigned if no disclosure on the transaction is required; 1 if disclosure on the terms of the transaction is required but not on Mr. James's conflict of interest; 2 if disclosure on both the terms and Mr. James's conflict of interest is required.
- Whether disclosure by Mr. James to the board of directors or the supervisory board is required. A score of 0 is assigned if no disclosure is required; 1 if a general disclosure of the existence of a conflict of interest is required without any specifics; 2 if full disclosure of all material facts relating to Mr. James's interest in the Buyer-Seller transaction is required.
- Whether it is required that an external body, for example, an external auditor, review the transaction before it takes place. A score of 0 is assigned if no; 1 if yes.

The index ranges from 0 to 10, with higher values indicating greater disclosure. In Poland, for example, the board of directors must approve the transaction and Mr. James is not allowed to vote (a score of 2). Buyer is required to disclose immediately all information affecting the stock price, including the conflict of interest (a score of 2). In its annual report Buyer must also disclose the terms of the transaction and Mr. James's ownership in Buyer and Seller (a score of 2). Before the transaction Mr. James must disclose his conflict of interest to the other directors, but he is not required to provide specific information about it (a score of 1). Poland does not require an external body to review the transaction (a score of 0). Adding these numbers gives Poland a score of 7 on the extent of disclosure index.

Extent of director liability index

The extent of director liability index has 7 components:⁵

FIGURE 4.12 Protecting investors: minority shareholder rights in related-party transactions

Rankings are based on 3 indicators

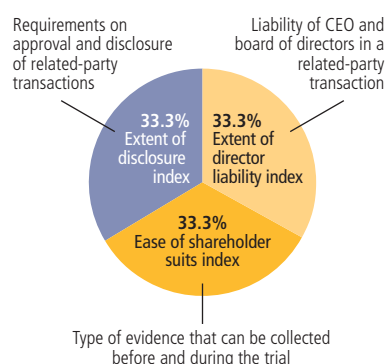


TABLE 4.8 What do the protecting investors indicators measure?**Extent of disclosure index (0–10)**

Who can approve related-party transactions

Disclosure requirements in case of related-party transactions

Extent of director liability index (0–10)

Ability of shareholders to hold interested parties and members of the approving body liable in case of related-party transactions

Available legal remedies (damages, repayment of profits, fines and imprisonment)

Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

Direct access to internal documents of the company and use of a government inspector without filing suit in court

Documents and information available during trial

Strength of investor protection index (0–10)

Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

- Whether a shareholder plaintiff is able to hold Mr. James liable for the damage the Buyer-Seller transaction causes to the company. A score of 0 is assigned if Mr. James cannot be held liable or can be held liable only for fraud or bad faith; 1 if Mr. James can be held liable only if he influenced the approval of the transaction or was negligent; 2 if Mr. James can be held liable when the transaction is unfair or prejudicial to the other shareholders.
- Whether a shareholder plaintiff is able to hold the approving body (the CEO, the members of the board of directors, or members of the supervisory board) liable for the damage the transaction causes to the company. A score of 0 is assigned if the approving body cannot be held liable or can be held liable only for fraud or bad faith; 1 if the approving body can be held liable for negligence; 2 if the approving body can be held liable when the transaction is unfair or prejudicial to the other shareholders.
- Whether a court can void the transaction upon a successful claim by a shareholder plaintiff. A score of 0 is assigned if rescission is unavailable or is available only in case of fraud or bad faith; 1 if rescission is available when the transaction is oppressive or prejudicial to the other shareholders;

2 if rescission is available when the transaction is unfair or entails a conflict of interest.

- Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff. A score of 0 is assigned if no; 1 if yes.
- Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff. A score of 0 is assigned if no; 1 if yes.
- Whether both fines and imprisonment can be applied against Mr. James. A score of 0 is assigned if no; 1 if yes.
- Whether shareholder plaintiffs are able to sue directly or derivatively for the damage the transaction causes to the company. A score of 0 is assigned if suits are unavailable or are available only for shareholders holding more than 10% of the company's share capital; 1 if direct or derivative suits are available for shareholders holding 10% or less of share capital.

The index ranges from 0 to 10, with higher values indicating greater liability of directors. Assuming that the prejudicial transaction was duly approved and disclosed, in order to hold Mr. James liable in Panama, for example, a plaintiff must prove that Mr. James influenced the approving body or acted negligently (a score of 1). To hold the other directors liable, a plaintiff must prove that they acted negligently (a score of 1). The prejudicial transaction cannot be voided (a score of 0). If Mr. James is found liable, he must pay damages (a score of 1) but he is not required to disgorge his profits (a score of 0). Mr. James cannot be fined and imprisoned (a score of 0). Direct or derivative suits are available for shareholders holding 10% or less of share capital (a score of 1). Adding these numbers gives Panama a score of 4 on the extent of director liability index.

Ease of shareholder suits index

The ease of shareholder suits index has 6 components:

- What range of documents is available to the shareholder plaintiff from the defendant and witnesses during trial. A score of 1 is assigned for each of the following types of documents available: information that the defendant has indicated he intends to rely on for his defense; information that directly proves specific facts in the plaintiff's claim; any information relevant to the subject matter of the claim; and any information that may lead to the discovery of relevant information.
- Whether the plaintiff can directly examine the defendant and witnesses during trial. A score of 0 is assigned if no; 1 if yes, with prior approval of the questions by the judge; 2 if yes, without prior approval.
- Whether the plaintiff can obtain categories of relevant documents from the defendant without identifying each document specifically. A score of 0 is assigned if no; 1 if yes.
- Whether shareholders owning 10% or less of the company's share capital can request that a government inspector investigate the Buyer-Seller transaction without filing suit in court. A score of 0 is assigned if no; 1 if yes.
- Whether shareholders owning 10% or less of the company's share capital have the right to inspect the transaction documents before filing suit. A score of 0 is assigned if no; 1 if yes.
- Whether the standard of proof for civil suits is lower than that for a criminal case. A score of 0 is assigned if no; 1 if yes.

The index ranges from 0 to 10, with higher values indicating greater powers of shareholders to challenge the transaction. In Greece, for example, the plaintiff can access documents that the defendant intends to rely on for his defense and that directly prove facts in the plaintiff's claim (a score of 2). The plaintiff can examine the defendant and witnesses during trial,

though only with prior approval of the questions by the court (a score of 1). The plaintiff must specifically identify the documents being sought (for example, the Buyer-Seller purchase agreement of July 15, 2006) and cannot just request categories (for example, all documents related to the transaction) (a score of 0). A shareholder holding 5% of Buyer's shares can request that a government inspector review suspected mismanagement by Mr. James and the CEO without filing suit in court (a score of 1). Any shareholder can inspect the transaction documents before deciding whether to sue (a score of 1). The standard of proof for civil suits is the same as that for a criminal case (a score of 0). Adding these numbers gives Greece a score of 5 on the ease of shareholder suits index.

Strength of investor protection index

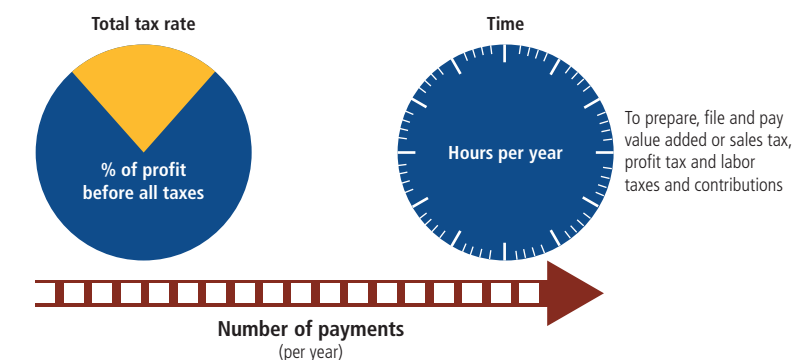
The strength of investor protection index is the average of the extent of disclosure index, the extent of director liability index and the ease of shareholder suits index. The index ranges from 0 to 10, with higher values indicating more investor protection.

The data details on protecting investors can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, La Porta and others (2008).

PAYING TAXES

Doing Business records the taxes and mandatory contributions that a medium-size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions. The project was developed and implemented in cooperation with PwC.⁶ Taxes and contributions measured include the profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax, waste

FIGURE 4.13 What are the time, total tax rate and number of payments necessary for a local medium-size company to pay all taxes?



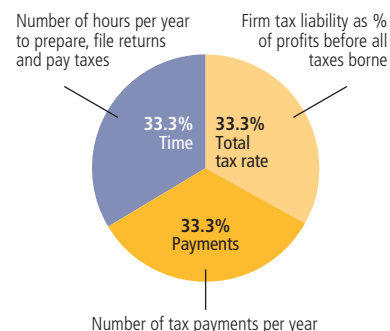
collection taxes, vehicle and road taxes, and any other small taxes or fees (figure 4.13).

The ranking on the ease of paying taxes is the simple average of the percentile rankings on its component indicators, with a threshold being applied to one of the component indicators, the total tax rate (figure 4.14). The threshold is defined as the highest total tax rate among the top 15% of economies in the ranking on the total tax rate. It is calculated and adjusted on a yearly basis. This year's threshold is 25.7%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold. The threshold is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in the tax system of an economy overall. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates levied on medium-size enterprises in the manufacturing sector as observed through the paying taxes indicators. This reduces the bias in the indicators toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology).

Doing Business measures all taxes and contributions that are government mandated (at any level—federal, state or local) and that apply to the standardized business and have an impact in its financial statements. In doing so, *Doing Business* goes beyond the traditional definition of a tax. As defined for the purposes of government national accounts, taxes include only compulsory, unrequited payments to general government. *Doing Business* departs from this definition because it measures imposed charges that affect business accounts, not government accounts. One main difference relates to labor contributions. The *Doing Business* measure includes government-mandated contributions paid by the employer to a required private pension fund or workers' insurance fund. The indicator includes, for example, Australia's compulsory

FIGURE 4.14 Paying taxes: tax compliance for a local manufacturing company

Rankings are based on 3 indicator



superannuation guarantee and workers' compensation insurance. For the purpose of calculating the total tax rate (defined below), only taxes borne are included. For example, value added taxes are generally excluded (provided they are not irrecoverable) because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement. They are, however, included for the purpose of the compliance measures (time and payments), as they add to the burden of complying with the tax system.

Doing Business uses a case scenario to measure the taxes and contributions paid by a standardized business and the complexity of an economy's tax compliance system. This case scenario uses a set of financial statements and assumptions about transactions made over the course of the year. In each economy tax experts from a number of different firms (in many economies these include PwC) compute the taxes and mandatory contributions due in their jurisdiction based on the standardized case study facts. Information is also compiled on the frequency of filing and payments as well as time taken to comply with tax laws in an economy. To make the data comparable across economies, several assumptions about the business and the taxes and contributions are used.

The methodology for the paying taxes indicators has benefited from discussion with members of the International Tax Dialogue and other stakeholders, which led to a refinement of the survey questions on the time to pay taxes, the collection of additional data on the labor tax wedge for further research and the introduction of a threshold applied to the total tax rate for the purpose of calculating the ranking on the ease of paying taxes.

Assumptions about the business

The business:

- Is a limited liability, taxable company. If there is more than one type of limited liability company in the economy, the limited liability form most common

among domestic firms is chosen. The most common form is reported by incorporation lawyers or the statistical office.

- Started operations on January 1, 2010. At that time the company purchased all the assets shown in its balance sheet and hired all its workers.
- Operates in the economy's largest business city.
- Is 100% domestically owned and has 5 owners, all of whom are natural persons.
- At the end of 2010, has a start-up capital of 102 times income per capita.
- Performs general industrial or commercial activities. Specifically, it produces ceramic flowerpots and sells them at retail. It does not participate in foreign trade (no import or export) and does not handle products subject to a special tax regime, for example, liquor or tobacco.
- At the beginning of 2011, owns 2 plots of land, 1 building, machinery, office equipment, computers and 1 truck and leases 1 truck.
- Does not qualify for investment incentives or any benefits apart from those related to the age or size of the company.
- Has 60 employees—4 managers, 8 assistants and 48 workers. All are nationals, and 1 manager is also an owner. The company pays for additional medical insurance for employees (not mandated by any law) as an additional benefit. In addition, in some economies reimbursable business travel and client entertainment expenses are considered fringe benefits. When applicable, it is assumed that the company pays the fringe benefit tax on this expense or that the benefit becomes taxable income for the employee. The case study assumes no additional salary additions for meals, transportation, education or others. Therefore, even when such benefits are frequent, they are not added to or removed from the taxable gross salaries to arrive at the labor tax or contribution calculation.
- Has a turnover of 1,050 times income per capita.

- Makes a loss in the first year of operation.
- Has a gross margin (pretax) of 20% (that is, sales are 120% of the cost of goods sold).
- Distributes 50% of its net profits as dividends to the owners at the end of the second year.
- Sells one of its plots of land at a profit at the beginning of the second year.
- Has annual fuel costs for its trucks equal to twice income per capita.
- Is subject to a series of detailed assumptions on expenses and transactions to further standardize the case. All financial statement variables are proportional to 2005 income per capita. For example, the owner who is also a manager spends 10% of income per capita on traveling for the company (20% of this owner's expenses are purely private, 20% are for entertaining customers and 60% for business travel).

Assumptions about the taxes and contributions

- All the taxes and contributions recorded are those paid in the second year of operation (calendar year 2011). A tax or contribution is considered distinct if it has a different name or is collected by a different agency. Taxes and contributions with the same name and agency, but charged at different rates depending on the business, are counted as the same tax or contribution.
- The number of times the company pays taxes and contributions in a year is the number of different taxes or contributions multiplied by the frequency of payment (or withholding) for each tax. The frequency of payment includes advance payments (or withholding) as well as regular payments (or withholding).

Tax payments

The tax payments indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment, the frequency of filing and the number of agencies involved

TABLE 4.9 What do the paying taxes indicators measure?

Tax payments for a manufacturing company in 2011
(number per year adjusted for electronic and joint filing and payment)

Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)

Method and frequency of filing and payment

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

Collecting information and computing the tax payable

Completing tax return forms, filing with proper agencies

Arranging payment or withholding

Preparing separate mandatory tax accounting books, if required

Total tax rate (% of profit before all taxes)

Profit or corporate income tax

Social contributions and labor taxes paid by the employer

Property and property transfer taxes

Dividend, capital gains and financial transactions taxes

Waste collection, vehicle, road and other taxes

for this standardized case study company during the second year of operation (table 4.9). It includes taxes withheld by the company, such as sales tax, value added tax and employee-borne labor taxes. These taxes are traditionally collected by the company from the consumer or employee on behalf of the tax agencies. Although they do not affect the income statements of the company, they add to the administrative burden of complying with the tax system and so are included in the tax payments measure.

The number of payments takes into account electronic filing. Where full electronic filing and payment is allowed and it is used by the majority of medium-size businesses, the tax is counted as paid once a year even if filings and payments are more frequent. For payments made through third parties, such as tax on interest paid by a financial institution or fuel tax paid by a fuel distributor, only one payment is included even if payments are more frequent.

Where 2 or more taxes or contributions are filed for and paid jointly using the same form, each of these joint payments is counted once. For example, if

mandatory health insurance contributions and mandatory pension contributions are filed for and paid together, only one of these contributions would be included in the number of payments.

Time

Time is recorded in hours per year. The indicator measures the time taken to prepare, file and pay 3 major types of taxes and contributions: the corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable and to calculate the amount payable. If separate accounting books must be kept for tax purposes—or separate calculations made—the time associated with these processes is included. This extra time is included only if the regular accounting work is not enough to fulfill the tax accounting requirements. Filing time includes the time to complete all necessary tax return forms and file the relevant returns at the tax authority. Payment time considers the hours needed to make the payment online or at the tax authorities. Where taxes and contributions are paid in person, the time includes delays while waiting.

Total tax rate

The total tax rate measures the amount of taxes and mandatory contributions borne by the business in the second year of operation, expressed as a share of commercial profit. *Doing Business 2013* reports the total tax rate for calendar year 2011. The total amount of taxes borne is the sum of

all the different taxes and contributions payable after accounting for allowable deductions and exemptions. The taxes withheld (such as personal income tax) or collected by the company and remitted to the tax authorities (such as value added tax, sales tax or goods and service tax) but not borne by the company are excluded. The taxes included can be divided into 5 categories: profit or corporate income tax, social contributions and labor taxes paid by the employer (in respect of which all mandatory contributions are included, even if paid to a private entity such as a required pension fund), property taxes, turnover taxes and other taxes (such as municipal fees and vehicle and fuel taxes).

The total tax rate is designed to provide a comprehensive measure of the cost of all the taxes a business bears. It differs from the statutory tax rate, which merely provides the factor to be applied to the tax base. In computing the total tax rate, the actual tax payable is divided by commercial profit. Data for Norway illustrate (table 4.10).

Commercial profit is essentially net profit before all taxes borne. It differs from the conventional profit before tax, reported in financial statements. In computing profit before tax, many of the taxes borne by a firm are deductible. In computing commercial profit, these taxes are not deductible. Commercial profit therefore presents a clear picture of the actual profit of a business before any of the taxes it bears in the course of the fiscal year.

TABLE 4.10 Computing the total tax rate for Norway

Type of tax (tax base)	Statutory rate <i>r</i>	Statutory tax base <i>b</i> Nkr	Actual tax payable <i>a = r × b</i> Nkr	Commercial profit* <i>c</i> Nkr	Total tax rate <i>t = a/c</i>
Corporate income tax (taxable income)	28.0%	20,612,719	5,771,561	23,651,183	24.4%
Social security contributions (taxable wages)	14.1%	26,684,645	3,762,535	23,651,183	15.9%
Fuel tax (fuel price)	Nkr 4 per liter	74,247 liters	297,707	23,651,183	1.3%
Total			9,831,803		41.6%

Note: Nkr is Norwegian kroner. Commercial profit is assumed to be 59.4 times income per capita.

* Profit before all taxes borne.

Source: *Doing Business* database.

Commercial profit is computed as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale) minus interest expense, plus interest income and minus commercial depreciation. To compute the commercial depreciation, a straight-line depreciation method is applied, with the following rates: 0% for the land, 5% for the building, 10% for the machinery, 33% for the computers, 20% for the office equipment, 20% for the truck and 10% for business development expenses. Commercial profit amounts to 59.4 times income per capita.

The methodology for calculating the total tax rate is broadly consistent with the Total Tax Contribution framework developed by PwC and the calculation within this framework for taxes borne. But while the work undertaken by PwC is usually based on data received from the largest companies in the economy, *Doing Business* focuses on a case study for a standardized medium-size company.

The data details on paying taxes can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, Ganser and others (2010).

TRADING ACROSS BORDERS

Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing a standardized cargo of goods by sea transport. The time and cost necessary to complete every official procedure for exporting and importing the goods are recorded; however, the time and cost for sea transport are not included. All documents needed by the trader to export or import the goods across the border are also recorded. For exporting goods, procedures range from packing the goods into the container at the warehouse to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the

warehouse. For landlocked economies, these include procedures at the inland border post, since the port is located in the transit economy. Payment is made by letter of credit, and the time, cost and documents required for the issuance or advising of a letter of credit are taken into account (figure 4.15). The ranking on the ease of trading across borders is the simple average of the percentile rankings on its component indicators (figure 4.16).

Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

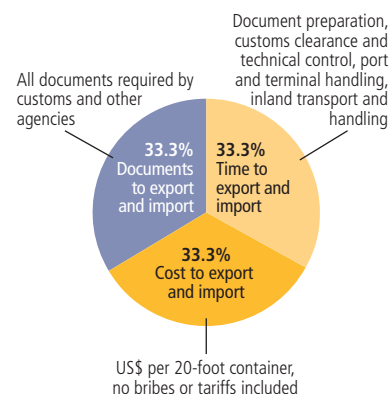
Assumptions about the traded goods

The traded product travels in a dry-cargo, 20-foot, full container load. It weighs 10 tons and is valued at \$20,000. The product:

- Is not hazardous nor does it include military items.
- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

FIGURE 4.16 Trading across borders: exporting and importing by sea transport

Rankings are based on 3 indicators



- Is one of the economy's leading export or import products.

Assumptions about the business

The business:

- Has at least 60 employees.
- Is located in the economy's largest business city.
- Is a private, limited liability company. It does not operate in an export processing zone or an industrial estate with special export or import privileges.
- Is 100% domestically owned.
- Exports more than 10% of its sales.

FIGURE 4.15 How much time, how many documents and what cost to export and import by sea transport?

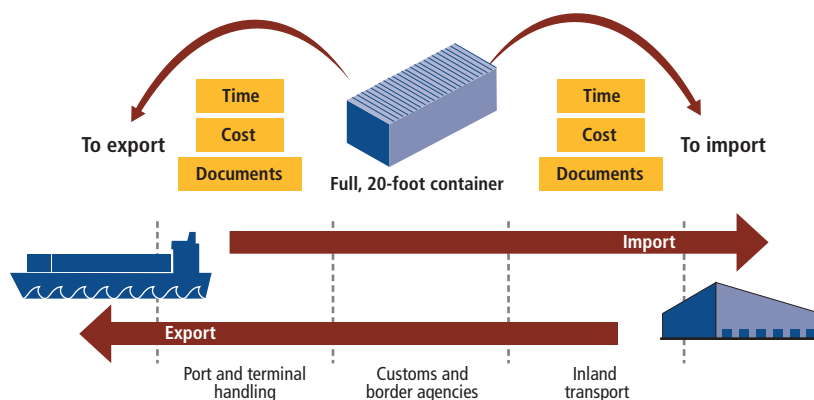


TABLE 4.11 What do the trading across borders indicators measure?

Documents required to export and import (number)
Bank documents
Customs clearance documents
Port and terminal handling documents
Transport documents
Time required to export and import (days)
Obtaining, filling out and submitting all the documents
Inland transport and handling
Customs clearance and inspections
Port and terminal handling
Does not include sea transport time
Cost required to export and import (US\$ per container)
All documentation
Inland transport and handling
Customs clearance and inspections
Port and terminal handling
Official costs only, no bribes

Documents

All documents required per shipment to export and import the goods are recorded (table 4.11). It is assumed that a new contract is drafted per shipment and that the contract has already been agreed upon and executed by both parties. Documents required for clearance by relevant agencies—including government ministries, customs, port authorities and other control agencies—are taken into account. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a letter of credit are also taken into account. Documents that are requested at the time of clearance but that are valid for a year or longer and do not require renewal per shipment (for example, an annual tax clearance certificate) are not included.

Time

The time for exporting and importing is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost and is available to all trading companies, the fastest legal procedure is chosen. Fast-track procedures applying only to firms

located in an export processing zone, or only to certain accredited firms under authorized economic operator programs, are not taken into account because they are not available to all trading companies. Sea transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. But it is assumed that document preparation, inland transport, customs and other clearance, and port and terminal handling require a minimum time of 1 day each and cannot take place simultaneously. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure.

Cost

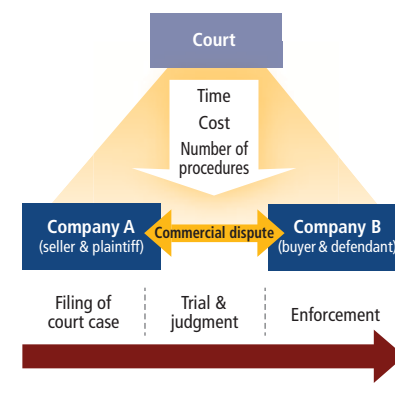
Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are taken into account. These include costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. The cost does not include customs tariffs and duties or costs related to sea transport. Only official costs are recorded.

The data details on trading across borders can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, Freund and Pham (2010) and is adopted here with minor changes.

ENFORCING CONTRACTS

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation

FIGURE 4.17 What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



lawyers and by judges (figure 4.17). The ranking on the ease of enforcing contracts is the simple average of the percentile rankings on its component indicators (figure 4.18).

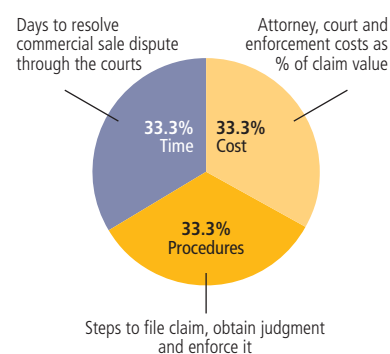
The name of the relevant court in each economy—the court in the largest business city with jurisdiction over commercial cases worth 200% of income per capita—is published at <http://www.doingbusiness.org/ExploreTopics/EnforcingContracts/>.

Assumptions about the case

- The value of the claim equals 200% of the economy's income per capita.

FIGURE 4.18 Enforcing contracts: resolving a commercial dispute through the courts

Rankings are based on 3 indicators



- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the economy's largest business city. Seller sells goods worth 200% of the economy's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer refuses to pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement (that is, 200% of the economy's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits. The court cannot decide the case on the basis of documentary evidence or legal title alone.
- A court in the economy's largest business city with jurisdiction over commercial cases worth 200% of income per capita decides the dispute.
- Seller attaches Buyer's movable assets (for example, office equipment and vehicles) before obtaining a judgment because Seller fears that Buyer may become insolvent.
- An expert opinion is given on the quality of the delivered goods. If it is standard practice in the economy for each party to call its own expert witness, the parties each call one expert witness. If it is standard practice for the judge to appoint an independent expert, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price.
- Buyer does not appeal the judgment. Seller decides to start enforcing the judgment as soon as the time allocated by law for appeal expires.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's

movable assets (for example, office equipment and vehicles).

Procedures

The list of procedural steps compiled for each economy traces the chronology of a commercial dispute before the relevant court. A procedure is defined as any interaction, required by law or commonly used in practice, between the parties or between them and the judge or court officer. Other procedural steps, internal to the court or between the parties and their counsel, may be counted as well. Procedural steps include steps to file and serve the case, steps to assign the case to a judge, steps for trial and judgment and steps necessary to enforce the judgment (table 4.12).

The survey allows respondents to record procedures that exist in civil law but not common law jurisdictions and vice versa. For example, in civil law jurisdictions the judge can appoint an independent expert, while in common law jurisdictions each party submits a list of expert witnesses to the court. To indicate overall efficiency, 1 procedure is subtracted from the total number for economies that have specialized commercial courts, and 1 procedure for economies that allow electronic filing of the initial complaint in court cases. Some procedural steps that are part of

others are not counted in the total number of procedures.

Time

Time is recorded in calendar days, counted from the moment the plaintiff decides to file the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The average duration of different stages of dispute resolution is recorded: the completion of service of process (time to file and serve the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement of the judgment).

Cost

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. No bribes are recorded. Three types of costs are recorded: court costs, enforcement costs and average attorney fees.

Court costs include all court costs that Seller (plaintiff) must advance to the court, regardless of the final cost to Seller. Enforcement costs are all costs that Seller (plaintiff) must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost to Seller. Average attorney fees are the fees that Seller (plaintiff) must advance to a local attorney to represent Seller in the standardized case.

The data details on enforcing contracts can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov and others (2003) and is adopted here with minor changes.

TABLE 4.12 What do the enforcing contracts indicators measure?

Procedures to enforce a contract through the courts (number)
Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
Steps to file and serve the case
Steps for trial and judgment
Steps to enforce the judgment
Time required to complete procedures (calendar days)
Time to file and serve the case
Time for trial and obtaining judgment
Time to enforce the judgment
Cost required to complete procedures (% of claim)
No bribes
Average attorney fees
Court costs
Enforcement costs

RESOLVING INSOLVENCY

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic entities. The name of this indicator set was changed from closing a business to resolving insolvency to more accurately reflect the content of the indicators. The indicators did not change in content or

scope. The data are derived from questionnaire responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems (figure 4.19). The ranking on the ease of resolving insolvency is based on the recovery rate (figure 4.20).

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

Assumptions about the business

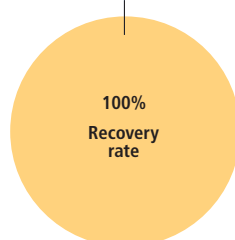
The business:

- Is a limited liability company.
- Operates in the economy's largest business city.
- Is 100% domestically owned, with the founder, who is also the chairman of the supervisory board, owning 51% (no other shareholder holds more than 5% of shares).
- Has downtown real estate, where it runs a hotel, as its major asset. The hotel is valued at 100 times income per capita or \$200,000, whichever is larger.
- Has a professional general manager.
- Has 201 employees and 50 suppliers, each of which is owed money for the last delivery.
- Has a 10-year loan agreement with a domestic bank secured by a universal business charge (for example, a floating

FIGURE 4.20 Resolving insolvency: time, cost and outcome of the insolvency proceedings against a local company

Rankings are based on 1 indicator

Recovery rate is a function of time, cost and other factors such as lending rate and the likelihood of the company continuing to operate



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

charge) in economies where such collateral is recognized or by the hotel property. If the laws of the economy do not specifically provide for a universal business charge but contracts commonly use some other provision to that effect, this provision is specified in the loan agreement.

- Has observed the payment schedule and all other conditions of the loan up to now.
- Has a mortgage, with the value of the mortgage principal being exactly equal to the market value of the hotel.

Assumptions about the case

The business is experiencing liquidity problems. The company's loss in 2011 reduced its net worth to a negative figure. It is January 1, 2012. There is no cash to pay the bank interest or principal in full, due the next day, January 2. The business will therefore default on its loan. Management believes that losses will be incurred in 2012 and 2013 as well.

The amount outstanding under the loan agreement is exactly equal to the market value of the hotel business and represents 74% of the company's total debt. The other 26% of its debt is held by unsecured creditors (suppliers, employees, tax authorities).

The company has too many creditors to negotiate an informal out-of-court workout. The following options are available: a judicial procedure aimed at the rehabilitation or reorganization of the company to permit its continued operation; a judicial procedure aimed at the liquidation or winding-up of the company; or a debt enforcement or foreclosure procedure against the company, enforced either in court (or through another government authority) or out of court (for example, by appointing a receiver).

Assumptions about the parties

The bank wants to recover as much as possible of its loan, as quickly and cheaply as possible. The unsecured creditors will do everything permitted under the applicable laws to avoid a piecemeal sale of the assets. The majority shareholder wants to keep the company operating and under its control. Management wants to keep the company operating and preserve its employees' jobs. All the parties are local entities or citizens; no foreign parties are involved.

Time

Time for creditors to recover their credit is recorded in calendar years (table 4.13). The period of time measured by *Doing Business* is from the company's default until the payment of some or all of the money owed to the bank. Potential delay tactics by the parties, such as the filing of dilatory appeals or requests for extension, are taken into consideration.

Cost

The cost of the proceedings is recorded as a percentage of the value of the debtor's estate. The cost is calculated on the basis of questionnaire responses and includes court fees and government levies; fees of insolvency administrators, auctioneers, assessors and lawyers; and all other fees and costs.

Outcome

Recovery by creditors depends on whether the hotel business emerges from the proceedings as a going concern or the

FIGURE 4.19 What are the time, cost and outcome of the insolvency proceedings against a local company?

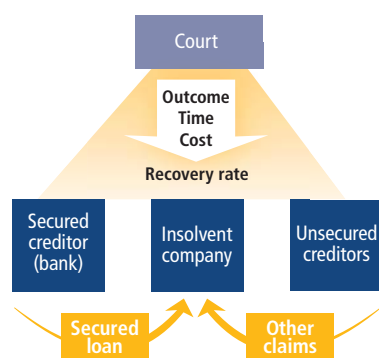


TABLE 4.13 What do the resolving insolvency indicators measure?

Time required to recover debt (years)
Measured in calendar years
Appeals and requests for extension are included
Cost required to recover debt (% of debtor's estate)
Measured as percentage of estate value
Court fees
Fees of insolvency administrators
Lawyers' fees
Assessors' and auctioneers' fees
Other related fees
Recovery rate for creditors (cents on the dollar)
Measures the cents on the dollar recovered by creditors
Present value of debt recovered
Official costs of the insolvency proceedings are deducted
Depreciation of furniture is taken into account
Outcome for the business (survival or not) affects the maximum value that can be recovered

company's assets are sold piecemeal. If the business keeps operating, no value is lost and the bank can satisfy its claim in full, or recover 100 cents on the dollar. If the assets are sold piecemeal, the maximum amount that can be recovered will not exceed 70% of the bank's claim, which translates into 70 cents on the dollar.

Recovery rate

The recovery rate is recorded as cents on the dollar recouped by creditors through reorganization, liquidation or debt enforcement (foreclosure) proceedings. The calculation takes into account the outcome: whether the business emerges from the proceedings as a going concern or the assets are sold piecemeal. Then the costs

of the proceedings are deducted (1 cent for each percentage point of the value of the debtor's estate). Finally, the value lost as a result of the time the money remains tied up in insolvency proceedings is taken into account, including the loss of value due to depreciation of the hotel furniture. Consistent with international accounting practice, the annual depreciation rate for furniture is taken to be 20%. The furniture is assumed to account for a quarter of the total value of assets. The recovery rate is the present value of the remaining proceeds, based on end-2011 lending rates from the International Monetary Fund's *International Financial Statistics*, supplemented with data from central banks and the Economist Intelligence Unit.

No practice

If an economy had zero cases a year over the past 5 years involving a judicial reorganization, judicial liquidation or debt enforcement procedure (foreclosure), the economy receives a "no practice" ranking. This means that creditors are unlikely to recover their money through a formal legal process (in or out of court). The recovery rate for "no practice" economies is zero.

This methodology was developed in Djankov, Hart and others (2008) and is adopted here with minor changes.

NOTES

1. The data for paying taxes refer to January–December 2011.
2. This correction rate reflects changes that exceed 5% up or down.

3. Following the inclusion of getting electricity indicators in the ease of doing business index in *Doing Business 2012*, additional procedures, time and cost related to obtaining an electricity connection in the preconstruction stage were removed from the dealing with construction permits indicators this year to avoid double counting.
4. This question is usually regulated by stock exchange or securities laws. Points are awarded only to economies with more than 10 listed firms in their most important stock exchange.
5. When evaluating the regime of liability for company directors for a prejudicial related-party transaction, *Doing Business* assumes that the transaction was duly disclosed and approved. *Doing Business* does not measure director liability in the event of fraud.
6. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

Ease of doing business and distance to frontier

2007 2012 2011
2005 2009 2004
2008 2006 2010 2013

This year's report presents results for 2 aggregate measures: the aggregate ranking on the ease of doing business and the distance to frontier measure. The ease of doing business ranking compares economies with one another, while the distance to frontier measure benchmarks economies to the frontier in regulatory practice, measuring the absolute distance to the best performance on each indicator. Both measures can be used for comparisons over time. When compared across years, the distance to frontier measure shows how much the regulatory environment for local entrepreneurs in each economy has changed over time in absolute terms, while the ease of doing business ranking can show only relative change.

EASE OF DOING BUSINESS

The ease of doing business index ranks economies from 1 to 185. For each economy the ranking is calculated as the simple average of the percentile rankings on each of the 10 topics included in the index in *Doing Business 2013*: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The employing workers indicators are not included in this year's aggregate ease of doing business ranking. In addition to this year's ranking, *Doing Business* presents a comparable ranking for the previous year, adjusted for any changes in methodology as well as additions of economies or topics.¹

Construction of the ease of doing business index

Here is one example of how the ease of doing business index is constructed. In Finland it takes 3 procedures, 14 days and 4% of the property value in fees to register a property. On these 3 indicators Finland ranks in the 6th, 16th and 39th percentiles. So on average Finland ranks in the 20th percentile on the ease of registering property. It ranks in the 30th percentile on starting a business, 28th percentile on getting credit, 24th percentile on paying taxes, 13th percentile on enforcing contracts, 5th percentile on trading across borders and so on. Higher rankings indicate simpler regulation and stronger protection of property rights. The simple average of Finland's percentile rankings on all topics is 21st. When all economies are ordered by their average percentile rankings, Finland stands at 11 in the aggregate ranking on the ease of doing business.

More complex aggregation methods—such as principal components and unobserved components—yield a ranking nearly identical to the simple average used by *Doing Business*.² Thus *Doing Business* uses the simplest method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components.³

If an economy has no laws or regulations covering a specific area—for example, insolvency—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” mark

TABLE 5.1 Correlations between economy rankings on *Doing Business* topics

	Dealing with construction permits	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency	Getting electricity
Starting a business	0.34	0.30	0.44	0.60	0.40	0.40	0.40	0.44	0.28
Dealing with construction permits		0.24	0.19	0.21	0.41	0.49	0.23	0.36	0.49
Registering property			0.37	0.33	0.37	0.29	0.50	0.38	0.26
Getting credit				0.49	0.26	0.38	0.43	0.49	0.22
Protecting investors					0.39	0.36	0.30	0.41	0.22
Paying taxes						0.50	0.33	0.42	0.46
Trading across borders							0.36	0.55	0.58
Enforcing contracts								0.46	0.24
Resolving insolvency									0.32

Source: *Doing Business* database.

puts the economy at the bottom of the ranking on the relevant indicator.

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 and getting electricity), the strength of its financial system, the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions.

Variability of economies' rankings across topics

Each indicator set measures a different aspect of the business regulatory environment. The rankings of an economy can vary, sometimes significantly, across indicator sets. The average correlation coefficient between the 10 indicator sets included in the aggregate ranking is 0.37, and the coefficients between any 2 sets of indicators range from 0.19 (between dealing with construction permits and getting credit) to 0.60 (between starting a business and protecting investors). These correlations suggest that economies rarely score universally well or universally badly on the indicators (table 5.1).

Consider the example of Canada. It stands at 17 in the aggregate ranking on the ease of doing business. Its ranking is 3 on starting a business, and 4 on both resolving insolvency and protecting investors. But its ranking is only 62 on enforcing contracts, 69 on dealing with construction permits and 152 on getting electricity.

Comparing the average of the highest 3 topic rankings and the average of the lowest 3 for each economy draws attention to economies with a particularly uneven performance. While a relatively small distance between these 2 averages suggests a broadly consistent approach across the areas of business regulation measured by *Doing Business*, a relatively large distance suggests a more uneven approach, with greater room for improvement in some areas than in others.

Variation in performance across the indicator sets is not at all unusual. It reflects differences in the degree of priority that government authorities give to particular areas of business regulation reform and the ability of different government agencies to deliver tangible results in their area of responsibility.

Economies that improved the most across 3 or more *Doing Business* topics in 2011/12

Doing Business 2013 uses a simple method to calculate which economies improved the most in the ease of doing business. First, it selects the economies that in 2011/12 implemented regulatory reforms making it easier to do business in 3 or more of the 10 topics included in this year's ease of doing business ranking.⁴ Twenty-three economies meet this criterion: Benin, Burundi, Costa Rica, the Czech Republic, Georgia, Greece, Guinea, Kazakhstan, Korea, Lao PDR, Liberia, Mongolia, the Netherlands, Panama, Poland, Portugal, Serbia, the Slovak Republic, Slovenia, Sri Lanka, Ukraine, the United Arab Emirates and Uzbekistan. Second, *Doing Business* ranks these economies on the increase in their ranking on the ease of doing business from the previous year using comparable rankings.

Selecting the economies that implemented regulatory reforms in at least 3 topics and improved the most in the aggregate ranking is intended to highlight economies with ongoing, broad-based reform programs.

DISTANCE TO FRONTIER MEASURE

A drawback of the ease of doing business ranking is that it can measure the regulatory performance of economies only relative to the performance of others. It does not provide information on how the absolute quality of the regulatory environment is improving over time. Nor does it provide information on how large the gaps are between economies at a single point in time.

The distance to frontier measure is designed to address both shortcomings, complementing the ease of doing business ranking. This measure illustrates the distance of an economy to the “frontier,” and the change in the measure over time shows the extent to which the economy has closed this gap. The frontier is a score derived from the most efficient practice or highest score achieved on each of the component indicators in 9 *Doing Business* indicator sets (excluding the employing workers and getting electricity indicators) by any economy since 2005. In starting a business, for example, New Zealand has achieved the highest performance on the time (1 day), Canada and New Zealand on the number of procedures required (1), Slovenia on the cost (0% of income per capita) and Australia and 90 other economies on the paid-in minimum capital requirement (0% of income per capita) (table 5.2).

Calculating the distance to frontier for each economy involves 2 main steps. First, individual indicator scores are normalized to a common unit: except for the total tax rate, each of the 28 component indicators y is rescaled to $(\max - y)/(\max - \min)$, with the minimum value (\min) representing the frontier—the highest performance on that indicator across all economies since 2005. For the total tax rate, consistent with the calculation of the rankings, the frontier is defined as the total tax rate corresponding to the 15th percentile based on the overall distribution of total tax rates for all years. Second, for each economy the scores obtained for individual indicators

are aggregated through simple averaging into one distance to frontier score. An economy's distance to frontier is indicated on a scale from 0 to 100, where 0 represents the lowest performance and 100 the frontier.⁵

The difference between an economy's distance to frontier score in 2005 and its score in 2012 illustrates the extent to which the economy has closed the gap to the frontier over time. And in any given year the score measures how far an economy is from the highest performance at that time.

The maximum (\max) and minimum (\min) observed values are computed for the 174 economies included in the *Doing Business* sample since 2005 and for all years (from 2005 to 2012). The year 2005 was chosen as the baseline for the economy sample because it was the first year in which data were available for the majority of economies (a total of 174) and for all 9 indicator sets included in the measure. To mitigate the effects of extreme outliers in the distributions of the rescaled data (very few economies need 694 days to complete the procedures to start a business, but many need 9 days), the maximum (\max) is defined as the 95th percentile of the pooled data for all economies and all years for each indicator. The exceptions are the getting credit, protecting investors and resolving insolvency indicators, whose construction precludes outliers.

Take Ghana, which has a score of 67 on the distance to frontier measure for 2012. This score indicates that the economy is 33 percentage points away from the frontier constructed from the best performances across all economies and all years. Ghana was further from the frontier in 2005, with a score of 54. The difference between the scores shows an improvement over time.

The distance to frontier measure can also be used for comparisons across economies in the same year, complementing the ease of doing business ranking. For

TABLE 5.2 What is the frontier in regulatory practice?

Topic and indicator	Frontier
Starting a business	
Procedures (number)	1
Time (days)	1
Cost (% of income per capita)	0
Minimum capital (% of income per capita)	0
Dealing with construction permits	
Procedures (number)	6
Time (days)	25
Cost (% of income per capita)	0.2
Registering property	
Procedures (number)	1
Time (days)	1
Cost (% of property value)	0
Getting credit	
Strength of legal rights index (0–10)	10
Depth of credit information index (0–6)	6
Protecting investors	
Extent of disclosure index (0–10)	10
Extent of director liability index (0–10)	9
Ease of shareholder suits index (0–10)	10
Paying taxes	
Payments (number per year)	3
Time (hours per year)	0 ^a
Total tax rate (% of profit)	27.5 ^b
Trading across borders	
Documents to export (number)	2
Time to export (days)	5
Cost to export (US\$ per container)	390
Documents to import (number)	2
Time to import (days)	4
Cost to import (US\$ per container)	317
Enforcing contracts	
Procedures (number)	21
Time (days)	120
Cost (% of claim)	0.1
Resolving insolvency	
Recovery rate (cents on the dollar)	94.4

a. The time of 0 hours refers to Maldives, where the 3 major taxes covered by the paying taxes indicators did not exist until 2011.

b. The frontier total tax rate differs from the threshold set for the indicator this year. See the data notes for more details.

Source: *Doing Business* database.

example, Ghana stands at 64 this year in the ease of doing business ranking, while Peru, which is 29 percentage points from the frontier, stands at 43.

NOTES

1. In case of revisions to the methodology or corrections to the underlying data, the data are back-calculated to provide a comparable time series since the year the relevant economy or topic was first included in the data set. The time series is available on the *Doing Business* website (<http://www.doingbusiness.org>). Six topics and more than 50 economies
2. See Djankov and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among indicators do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.
3. A technical note on the different aggregation and weighting methods is available on the *Doing Business* website (<http://www.doingbusiness.org>).
4. *Doing Business* reforms making it more difficult to do business are subtracted from the total number of those making it easier to do business.
5. This represents a change from last year's report, where 100 represented the lowest performance and 0 the frontier.

Summaries of *Doing Business* reforms in 2011/12

2007 2012 2011
2005 2009 2004
2008 2006 2010 2013

Doing Business reforms affecting all sets of indicators included in this year's report, implemented from June 2011 to June 2012.

- ✓ *Doing Business* reform making it easier to do business
- ✗ *Doing Business* reform making it more difficult to do business

BURUNDI

✓ Starting a business

Burundi made starting a business easier by eliminating the requirements to have company documents notarized, to publish information on new companies in a journal and to register new companies with the Ministry of Trade and Industry.

✓ Dealing with construction permits

Burundi made obtaining a construction permit easier by eliminating the requirement for a clearance from the Ministry of Health and reducing the cost of the geotechnical study.

✓ Registering property

Burundi made property transfers faster by establishing a statutory time limit for processing property transfer requests at the land registry.

✓ Trading across borders

Burundi reduced the time to trade across borders by enhancing its use of electronic data interchange systems, introducing a more efficient system for monitoring goods going through transit countries and improving border coordination with neighboring transit countries.

CENTRAL AFRICAN REPUBLIC

✗ Dealing with construction permits

The Central African Republic made obtaining a construction permit more costly.

CHAD

✓ Starting a business

Chad made starting a business easier by setting up a one-stop shop.

COMOROS

✓ Starting a business

The Comoros made starting a business easier and less costly by replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration at the time of the company's registration and by reducing the fees to incorporate a company.

✓ Registering property

The Comoros made it easier to transfer property by reducing the property transfer tax.

CONGO, DEM. REP.

✓ Starting a business

The Democratic Republic of Congo made starting a business easier by appointing additional public notaries.

GUINEA

✓ Starting a business

Guinea made starting a business easier by setting up a one-stop shop for company incorporation and by replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration at the time of the company's registration.

✓ Dealing with construction permits

Guinea made obtaining a building permit less expensive by clarifying the method for calculating the cost.

✓ Getting electricity

Guinea made getting electricity easier by simplifying the process for connecting new customers to the distribution network.

LIBERIA

✓ Getting electricity

In Liberia obtaining an electricity connection became easier thanks to the adoption of better procurement practices by the Liberia Electricity Corporation.

✓ Paying taxes

Liberia made paying taxes easier for companies by reducing the profit tax rate and abolishing the turnover tax.

✓ Enforcing contracts

Liberia made enforcing contracts easier by creating a specialized commercial court.

SIERRA LEONE**✓ Registering property**

Sierra Leone made registering property easier by computerizing the Ministry of Lands, Country Planning and the Environment.

✓ Getting credit

Sierra Leone improved access to credit information by establishing a public credit registry at its central bank and guaranteeing borrowers' right to inspect their personal data.

TOGO**✓ Starting a business**

Togo made starting a business easier and less costly by reducing incorporation fees, improving the work flow at the one-stop shop for company registration and replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration at the time of the company's registration.

Country tables

AFGHANISTAN		South Asia		GNI per capita (US\$)		585					
Ease of doing business (rank)		168		Low income		Population (m)		35.3			
Starting a business (rank)		28		Registering property (rank)		174		Trading across borders (rank)		178	
Procedures (number)		4		Procedures (number)		9		Documents to export (number)		10	
Time (days)		7		Time (days)		250		Time to export (days)		74	
Cost (% of income per capita)		22.5		Cost (% of property value)		5.0		Cost to export (US\$ per container)		3,545	
Minimum capital (% of income per capita)		0.0						Documents to import (number)		10	
				Getting credit (rank)		154		Time to import (days)		77	
Dealing with construction permits (rank)		164		Strength of legal rights index (0-10)		6		Cost to import (US\$ per container)		3,830	
Procedures (number)		12		Depth of credit information index (0-6)		0					
Time (days)		334		Public registry coverage (% of adults)		0.0		Enforcing contracts (rank)		164	
Cost (% of income per capita)		4,308.6		Private bureau coverage (% of adults)		0.0		Procedures (number)		47	
								Time (days)		1,642	
Getting electricity (rank)		110		Protecting investors (rank)		185		Cost (% of claim)		25.0	
Procedures (number)		4		Extent of disclosure index (0-10)		1					
Time (days)		109		Extent of director liability index (0-10)		1		Resolving insolvency (rank)		115	
Cost (% of income per capita)		3,494.3		Ease of shareholder suits index (0-10)		1		Time (years)		2.0	
				Strength of investor protection index (0-10)		1.0		Cost (% of estate)		25	
								Recovery rate (cents on the dollar)		26.4	
				Paying taxes (rank)		94					
				Payments (number per year)		20					
				Time (hours per year)		275					
				Total tax rate (% of profit)		36.4					
BURUNDI		Sub-Saharan Africa		GNI per capita (US\$)		250					
Ease of doing business (rank)		159		Low income		Population (m)		8.6			
Starting a business (rank)		28		Registering property (rank)		127		Trading across borders (rank)		177	
Procedures (number)		4		Procedures (number)		8		Documents to export (number)		10	
Time (days)		8		Time (days)		64		Time to export (days)		32	
Cost (% of income per capita)		18.3		Cost (% of property value)		3.3		Cost to export (US\$ per container)		2,965	
Minimum capital (% of income per capita)		0.0						Documents to import (number)		11	
				Getting credit (rank)		167		Time to import (days)		46	
Dealing with construction permits (rank)		141		Strength of legal rights index (0-10)		3		Cost to import (US\$ per container)		5,005	
Procedures (number)		21		Depth of credit information index (0-6)		1					
Time (days)		99		Public registry coverage (% of adults)		0.3		Enforcing contracts (rank)		175	
Cost (% of income per capita)		1,911.9		Private bureau coverage (% of adults)		0.0		Procedures (number)		44	
								Time (days)		832	
Getting electricity (rank)		164		Protecting investors (rank)		49		Cost (% of claim)		38.6	
Procedures (number)		5		Extent of disclosure index (0-10)		8					
Time (days)		188		Extent of director liability index (0-10)		6		Resolving insolvency (rank)		161	
Cost (% of income per capita)		21,481.7		Ease of shareholder suits index (0-10)		4		Time (years)		5.0	
				Strength of investor protection index (0-10)		6.0		Cost (% of estate)		30	
								Recovery rate (cents on the dollar)		8.0	
				Paying taxes (rank)		137					
				Payments (number per year)		25					
				Time (hours per year)		274					
				Total tax rate (% of profit)		53.0					

Note: Most indicator sets refer to a case scenario in an economy's largest business city. For more details, see the data notes.

CENTRAL AFRICAN REPUBLIC		Sub-Saharan Africa	GNI per capita (US\$)	470	
Ease of doing business (rank)	185	Low income	Population (m)	4.5	
Starting a business (rank)	170	Registering property (rank)	132	Trading across borders (rank)	182
Procedures (number)	8	Procedures (number)	5	Documents to export (number)	9
Time (days)	22	Time (days)	75	Time to export (days)	54
Cost (% of income per capita)	172.6	Cost (% of property value)	11.0	Cost to export (US\$ per container)	5,491
Minimum capital (% of income per capita)	444.1			Documents to import (number)	17
		Getting credit (rank)	104	Time to import (days)	62
Dealing with construction permits (rank)	147	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	5,554
Procedures (number)	18	Depth of credit information index (0-6)	2		
Time (days)	203	Public registry coverage (% of adults)	2.4	Enforcing contracts (rank)	177
Cost (% of income per capita)	194.0	Private bureau coverage (% of adults)	0.0	Procedures (number)	43
				Time (days)	660
Getting electricity (rank)	173	Protecting investors (rank)	139	Cost (% of claim)	82.0
Procedures (number)	7	Extent of disclosure index (0-10)	6		
Time (days)	102	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	185
Cost (% of income per capita)	12,603.6	Ease of shareholder suits index (0-10)	5	Time (years)	4.8
		Strength of investor protection index (0-10)	4.0	Cost (% of estate)	76
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	181		
		Payments (number per year)	55		
		Time (hours per year)	504		
		Total tax rate (% of profit)	65.2		
CHAD		Sub-Saharan Africa	GNI per capita (US\$)	690	
Ease of doing business (rank)	184	Low income	Population (m)	11.5	
Starting a business (rank)	181	Registering property (rank)	140	Trading across borders (rank)	180
Procedures (number)	9	Procedures (number)	6	Documents to export (number)	8
Time (days)	62	Time (days)	44	Time to export (days)	75
Cost (% of income per capita)	202.0	Cost (% of property value)	17.9	Cost to export (US\$ per container)	5,902
Minimum capital (% of income per capita)	289.4			Documents to import (number)	11
		Getting credit (rank)	104	Time to import (days)	101
Dealing with construction permits (rank)	127	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	8,525
Procedures (number)	13	Depth of credit information index (0-6)	2		
Time (days)	154	Public registry coverage (% of adults)	1.0	Enforcing contracts (rank)	167
Cost (% of income per capita)	5,106.8	Private bureau coverage (% of adults)	0.0	Procedures (number)	41
				Time (days)	743
Getting electricity (rank)	149	Protecting investors (rank)	158	Cost (% of claim)	45.7
Procedures (number)	6	Extent of disclosure index (0-10)	6		
Time (days)	67	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	185
Cost (% of income per capita)	11,017.6	Ease of shareholder suits index (0-10)	3	Time (years)	4.0
		Strength of investor protection index (0-10)	3.3	Cost (% of estate)	60
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	184		
		Payments (number per year)	54		
		Time (hours per year)	732		
		Total tax rate (% of profit)	65.4		
COMOROS		Sub-Saharan Africa	GNI per capita (US\$)	770	
Ease of doing business (rank)	158	Low income	Population (m)	0.8	
Starting a business (rank)	168	Registering property (rank)	77	Trading across borders (rank)	146
Procedures (number)	9	Procedures (number)	4	Documents to export (number)	9
Time (days)	20	Time (days)	30	Time to export (days)	31
Cost (% of income per capita)	150.0	Cost (% of property value)	10.5	Cost to export (US\$ per container)	1,295
Minimum capital (% of income per capita)	261.9			Documents to import (number)	10
		Getting credit (rank)	154	Time to import (days)	26
Dealing with construction permits (rank)	60	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	1,295
Procedures (number)	13	Depth of credit information index (0-6)	0		
Time (days)	143	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	159
Cost (% of income per capita),	74.5	Private bureau coverage (% of adults)	0.0	Procedures (number)	43
				Time (days)	506
Getting electricity (rank)	104	Protecting investors (rank)	139	Cost (% of claim)	89.4
Procedures (number)	3	Extent of disclosure index (0-10)	6		
Time (days)	120	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	185
Cost (% of income per capita)	2,477.2	Ease of shareholder suits index (0-10)	5	Time (years)	NO PRACTICE
		Strength of investor protection index (0-10)	4.0	Cost (% of estate)	NO PRACTICE
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	114		
		Payments (number per year)	33		
		Time (hours per year)	100		
		Total tax rate (% of profit)	217.9		

Note: Most indicator sets refer to a case scenario in an economy's largest business city. For more details, see the data notes.

CONGO, DEM. REP.		Sub-Saharan Africa		GNI per capita (US\$)	190
Ease of doing business (rank)	181	Low income		Population (m)	67.8
Starting a business (rank)	149	Registering property (rank)	106	Trading across borders (rank)	170
Procedures (number)	10	Procedures (number)	6	Documents to export (number)	8
Time (days)	58	Time (days)	47	Time to export (days)	44
Cost (% of income per capita)	284.7	Cost (% of property value)	6.7	Cost to export (US\$ per container)	3,155
Minimum capital (% of income per capita)	0.0			Documents to import (number)	9
		Getting credit (rank)	176	Time to import (days)	63
Dealing with construction permits (rank)	81	Strength of legal rights index (0-10)	3	Cost to import (US\$ per container)	3,435
Procedures (number)	11	Depth of credit information index (0-6)	0		
Time (days)	117	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	173
Cost (% of income per capita)	1,582.7	Private bureau coverage (% of adults)	0.0	Procedures (number)	43
				Time (days)	610
Getting electricity (rank)	140	Protecting investors (rank)	158	Cost (% of claim)	147.6
Procedures (number)	6	Extent of disclosure index (0-10)	3		
Time (days)	58	Extent of director liability index (0-10)	3	Resolving insolvency (rank)	168
Cost (% of income per capita)	27,211.6	Ease of shareholder suits index (0-10)	4	Time (years)	5.2
		Strength of investor protection index (0-10)	3.3	Cost (% of estate)	29
				Recovery rate (cents on the dollar)	1.6
		Paying taxes (rank)	171		
		Payments (number per year)	32		
		Time (hours per year)	336		
		Total tax rate (% of profit)	339.7		
CÔTE D'IVOIRE		Sub-Saharan Africa		GNI per capita (US\$)	1,100
Ease of doing business (rank)	177	Lower middle income		Population (m)	20.2
Starting a business (rank)	176	Registering property (rank)	159	Trading across borders (rank)	163
Procedures (number)	10	Procedures (number)	6	Documents to export (number)	10
Time (days)	32	Time (days)	62	Time to export (days)	25
Cost (% of income per capita)	130.0	Cost (% of property value)	13.9	Cost to export (US\$ per container)	1,999
Minimum capital (% of income per capita)	184.6			Documents to import (number)	10
		Getting credit (rank)	129	Time to import (days)	34
Dealing with construction permits (rank)	169	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	2,710
Procedures (number)	17	Depth of credit information index (0-6)	1		
Time (days)	475	Public registry coverage (% of adults)	2.9	Enforcing contracts (rank)	127
Cost (% of income per capita)	155.1	Private bureau coverage (% of adults)	0.0	Procedures (number)	33
				Time (days)	770
Getting electricity (rank)	153	Protecting investors (rank)	158	Cost (% of claim)	41.7
Procedures (number)	8	Extent of disclosure index (0-10)	6		
Time (days)	55	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	76
Cost (% of income per capita)	3,685.7	Ease of shareholder suits index (0-10)	3	Time (years)	2.2
		Strength of investor protection index (0-10)	3.3	Cost (% of estate)	18
				Recovery rate (cents on the dollar)	37.6
		Paying taxes (rank)	159		
		Payments (number per year)	62		
		Time (hours per year)	270		
		Total tax rate (% of profit)	39.5		
GUINEA		Sub-Saharan Africa		GNI per capita (US\$)	440
Ease of doing business (rank)	178	Low income		Population (m)	10.2
Starting a business (rank)	158	Registering property (rank)	151	Trading across borders (rank)	133
Procedures (number)	6	Procedures (number)	6	Documents to export (number)	7
Time (days)	35	Time (days)	59	Time to export (days)	35
Cost (% of income per capita)	96.9	Cost (% of property value)	14.2	Cost to export (US\$ per container)	855
Minimum capital (% of income per capita)	324.7			Documents to import (number)	9
		Getting credit (rank)	154	Time to import (days)	32
Dealing with construction permits (rank)	152	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	1,391
Procedures (number)	29	Depth of credit information index (0-6)	0		
Time (days)	197	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	131
Cost (% of income per capita)	94.8	Private bureau coverage (% of adults)	0.0	Procedures (number)	49
				Time (days)	276
Getting electricity (rank)	88	Protecting investors (rank)	177	Cost (% of claim)	45.0
Procedures (number)	4	Extent of disclosure index (0-10)	6		
Time (days)	69	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	141
Cost (% of income per capita)	8,377.7	Ease of shareholder suits index (0-10)	1	Time (years)	3.8
		Strength of investor protection index (0-10)	2.7	Cost (% of estate)	8
				Recovery rate (cents on the dollar)	17.1
		Paying taxes (rank)	183		
		Payments (number per year)	58		
		Time (hours per year)	416		
		Total tax rate (% of profit)	73.2		

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GUINEA-BISSAU		Sub-Saharan Africa		GNI per capita (US\$)	
Ease of doing business (rank)		Low income		Population (m)	
Starting a business (rank)	179	Registering property (rank)	180	Trading across borders (rank)	116
Procedures (number)	9	Procedures (number)	8	Documents to export (number)	6
Time (days)	9	Time (days)	210	Time to export (days)	23
Cost (% of income per capita)	42.2	Cost (% of property value)	10.5	Cost to export (US\$ per container)	1,448
Minimum capital (% of income per capita)	338.0			Documents to import (number)	6
		Getting credit (rank)	129	Time to import (days)	22
Dealing with construction permits (rank)	117	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	2,006
Procedures (number)	12	Depth of credit information index (0-6)	1		
Time (days)	163	Public registry coverage (% of adults)	1.1	Enforcing contracts (rank)	142
Cost (% of income per capita)	785.2	Private bureau coverage (% of adults)	0.0	Procedures (number)	40
				Time (days)	1,715
Getting electricity (rank)	182	Protecting investors (rank)	139	Cost (% of claim)	25.0
Procedures (number)	7	Extent of disclosure index (0-10)	6		
Time (days)	455	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	185
Cost (% of income per capita)	1,737.2	Ease of shareholder suits index (0-10)	5	Time (years)	NO PRACTICE
		Strength of investor protection index (0-10)	4.0	Cost (% of estate)	NO PRACTICE
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	146		
		Payments (number per year)	46		
		Time (hours per year)	208		
		Total tax rate (% of profit)	45.9		
HAITI		Latin America & Caribbean		GNI per capita (US\$)	
Ease of doing business (rank)		Low income		Population (m)	
Starting a business (rank)	174	Registering property (rank)	130	Trading across borders (rank)	149
Procedures (number)	12	Procedures (number)	5	Documents to export (number)	8
Time (days)	105	Time (days)	301	Time to export (days)	33
Cost (% of income per capita)	286.6	Cost (% of property value)	6.6	Cost to export (US\$ per container)	1,185
Minimum capital (% of income per capita)	21.0			Documents to import (number)	10
		Getting credit (rank)	159	Time to import (days)	31
Dealing with construction permits (rank)	136	Strength of legal rights index (0-10)	3	Cost to import (US\$ per container)	1,545
Procedures (number)	9	Depth of credit information index (0-6)	2		
Time (days)	1,129	Public registry coverage (% of adults)	0.7	Enforcing contracts (rank)	97
Cost (% of income per capita)	692.0	Private bureau coverage (% of adults)	0.0	Procedures (number)	35
				Time (days)	530
Getting electricity (rank)	71	Protecting investors (rank)	169	Cost (% of claim)	42.6
Procedures (number)	4	Extent of disclosure index (0-10)	2		
Time (days)	60	Extent of director liability index (0-10)	3	Resolving insolvency (rank)	160
Cost (% of income per capita)	4,599.0	Ease of shareholder suits index (0-10)	4	Time (years)	5.7
		Strength of investor protection index (0-10)	3.0	Cost (% of estate)	30
				Recovery rate (cents on the dollar)	8.3
		Paying taxes (rank)	123		
		Payments (number per year)	46		
		Time (hours per year)	184		
		Total tax rate (% of profit)	40.8		
LIBERIA		Sub-Saharan Africa		GNI per capita (US\$)	
Ease of doing business (rank)		Low income		Population (m)	
Starting a business (rank)	149	Registering property (rank)	178	Trading across borders (rank)	137
Procedures (number)	38	Procedures (number)	10	Documents to export (number)	10
Time (days)	6	Time (days)	50	Time to export (days)	15
Cost (% of income per capita)	52.7	Cost (% of property value)	13.1	Cost to export (US\$ per container)	1,220
Minimum capital (% of income per capita)	0.0			Documents to import (number)	11
		Getting credit (rank)	104	Time to import (days)	28
Dealing with construction permits (rank)	126	Strength of legal rights index (0-10)	7	Cost to import (US\$ per container)	1,320
Procedures (number)	23	Depth of credit information index (0-6)	1		
Time (days)	75	Public registry coverage (% of adults)	1.1	Enforcing contracts (rank)	163
Cost (% of income per capita)	559.7	Private bureau coverage (% of adults)	0.0	Procedures (number)	40
				Time (days)	1,280
Getting electricity (rank)	145	Protecting investors (rank)	150	Cost (% of claim)	35.0
Procedures (number)	4	Extent of disclosure index (0-10)	4		
Time (days)	465	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	159
Cost (% of income per capita)	3,528.6	Ease of shareholder suits index (0-10)	6	Time (years)	3.0
		Strength of investor protection index (0-10)	3.7	Cost (% of estate)	43
				Recovery rate (cents on the dollar)	8.5
		Paying taxes (rank)	45		
		Payments (number per year)	33		
		Time (hours per year)	158		
		Total tax rate (% of profit)	27.4		

Note: Most indicator sets refer to a case scenario in an economy's largest business city. For more details, see the data notes.

PAPUA NEW GUINEA		East Asia & Pacific		GNI per capita (US\$)	1,480
Ease of doing business (rank)	104	Lower middle income		Population (m)	7.0
Starting a business (rank)	91	Registering property (rank)	88	Trading across borders (rank)	120
Procedures (number)	6	Procedures (number)	4	Documents to export (number)	7
Time (days)	51	Time (days)	72	Time to export (days)	23
Cost (% of income per capita)	13.6	Cost (% of property value)	5.1	Cost to export (US\$ per container)	949
Minimum capital (% of income per capita)	0.0			Documents to import (number)	9
		Getting credit (rank)	83	Time to import (days)	32
Dealing with construction permits (rank)	159	Strength of legal rights index (0-10)	5	Cost to import (US\$ per container)	1,130
Procedures (number)	21	Depth of credit information index (0-6)	4		
Time (days)	219	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	166
Cost (% of income per capita)	114.7	Private bureau coverage (% of adults)	2.9	Procedures (number)	42
				Time (days)	591
Getting electricity (rank)	23	Protecting investors (rank)	49	Cost (% of claim)	110.3
Procedures (number)	4	Extent of disclosure index (0-10)	5		
Time (days)	66	Extent of director liability index (0-10)	5	Resolving insolvency (rank)	125
Cost (% of income per capita)	59.9	Ease of shareholder suits index (0-10)	8	Time (years)	3.0
		Strength of investor protection index (0-10)	6.0	Cost (% of estate)	23
				Recovery rate (cents on the dollar)	23.5
		Paying taxes (rank)	106		
		Payments (number per year)	33		
		Time (hours per year)	207		
		Total tax rate (% of profit)	42.2		
SIERRA LEONE		Sub-Saharan Africa		GNI per capita (US\$)	340
Ease of doing business (rank)	140	Low income		Population (m)	6.0
Starting a business (rank)	76	Registering property (rank)	167	Trading across borders (rank)	131
Procedures (number)	6	Procedures (number)	7	Documents to export (number)	7
Time (days)	12	Time (days)	67	Time to export (days)	24
Cost (% of income per capita)	80.4	Cost (% of property value)	11.6	Cost to export (US\$ per container)	1,385
Minimum capital (% of income per capita)	0.0			Documents to import (number)	7
		Getting credit (rank)	83	Time to import (days)	27
Dealing with construction permits (rank)	173	Strength of legal rights index (0-10)	7	Cost to import (US\$ per container)	1,780
Procedures (number)	20	Depth of credit information index (0-6)	2		
Time (days)	238	Public registry coverage (% of adults)	0.7	Enforcing contracts (rank)	147
Cost (% of income per capita)	265.9	Private bureau coverage (% of adults)	0.0	Procedures (number)	39
				Time (days)	515
Getting electricity (rank)	176	Protecting investors (rank)	32	Cost (% of claim)	149.5
Procedures (number)	8	Extent of disclosure index (0-10)	6		
Time (days)	137	Extent of director liability index (0-10)	7	Resolving insolvency (rank)	154
Cost (% of income per capita)	2,124.4	Ease of shareholder suits index (0-10)	6	Time (years)	2.6
		Strength of investor protection index (0-10)	6.3	Cost (% of estate)	42
				Recovery rate (cents on the dollar)	9.2
		Paying taxes (rank)	117		
		Payments (number per year)	33		
		Time (hours per year)	357		
		Total tax rate (% of profit)	32.1		
SOLOMON ISLANDS		East Asia & Pacific		GNI per capita (US\$)	1,110
Ease of doing business (rank)	92	Lower middle income		Population (m)	0.6
Starting a business (rank)	75	Registering property (rank)	168	Trading across borders (rank)	86
Procedures (number)	7	Procedures (number)	10	Documents to export (number)	7
Time (days)	9	Time (days)	87	Time to export (days)	24
Cost (% of income per capita)	47.9	Cost (% of property value)	4.8	Cost to export (US\$ per container)	1,070
Minimum capital (% of income per capita)	0.0			Documents to import (number)	5
		Getting credit (rank)	83	Time to import (days)	20
Dealing with construction permits (rank)	77	Strength of legal rights index (0-10)	9	Cost to import (US\$ per container)	1,037
Procedures (number)	15	Depth of credit information index (0-6)	0		
Time (days)	92	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	109
Cost (% of income per capita)	248.5	Private bureau coverage (% of adults)	0.0	Procedures (number)	37
				Time (days)	455
Getting electricity (rank)	125	Protecting investors (rank)	49	Cost (% of claim)	78.9
Procedures (number)	4	Extent of disclosure index (0-10)	3		
Time (days)	160	Extent of director liability index (0-10)	7	Resolving insolvency (rank)	123
Cost (% of income per capita)	2,044.4	Ease of shareholder suits index (0-10)	8	Time (years)	1.0
		Strength of investor protection index (0-10)	6.0	Cost (% of estate)	38
				Recovery rate (cents on the dollar)	23.9
		Paying taxes (rank)	26		
		Payments (number per year)	33		
		Time (hours per year)	80		
		Total tax rate (% of profit)	25.3		

Note: Most indicator sets refer to a case scenario in an economy's largest business city. For more details, see the data notes.

SOUTH SUDAN*		Sub-Saharan Africa		GNI per capita (US\$)	1,230
Ease of doing business (rank)	..	Lower middle income		Population (m)	10.3
Starting a business (rank)	..	Registering property (rank)	..	Trading across borders (rank)	..
Procedures (number)	11	Procedures (number)	7	Documents to export (number)	9
Time (days)	15	Time (days)	8	Time to export (days)	52
Cost (% of income per capita)	250.2	Cost (% of property value)	14.7	Cost to export (US\$ per container)	5,025
Minimum capital (% of income per capita)	0.0			Documents to import (number)	11
		Getting credit (rank)	..	Time to import (days)	60
Dealing with construction permits (rank)	..	Strength of legal rights index (0-10)	2	Cost to import (US\$ per container)	9,420
Procedures (number)	10	Depth of credit information index (0-6)	0		
Time (days)	30	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	..
Cost (% of income per capita)	5,935.7	Private bureau coverage (% of adults)	0.0	Procedures (number)	46
				Time (days)	111
Getting electricity (rank)	..	Protecting investors (rank)	..	Cost (% of claim)	26.0
Procedures (number)	..	Extent of disclosure index (0-10)	3		
Time (days)	..	Extent of director liability index (0-10)	0	Resolving insolvency (rank)	..
Cost (% of income per capita)	..	Ease of shareholder suits index (0-10)	5	Time (years)	NO PRACTICE
		Strength of investor protection index (0-10)	2.7	Cost (% of estate)	NO PRACTICE
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	..		
		Payments (number per year)	46		
		Time (hours per year)	218		
		Total tax rate (% of profit)	25.5		
TIMOR-LESTE		East Asia & Pacific		GNI per capita (US\$)	3,949
Ease of doing business (rank)	169	Lower middle income		Population (m)	1.2
Starting a business (rank)	147	Registering property (rank)	185	Trading across borders (rank)	83
Procedures (number)	8	Procedures (number)	NO PRACTICE	Documents to export (number)	6
Time (days)	94	Time (days)	NO PRACTICE	Time to export (days)	25
Cost (% of income per capita)	2.9	Cost (% of property value)	NO PRACTICE	Cost to export (US\$ per container)	750
Minimum capital (% of income per capita)	126.6			Documents to import (number)	7
		Getting credit (rank)	159	Time to import (days)	26
Dealing with construction permits (rank)	116	Strength of legal rights index (0-10)	2	Cost to import (US\$ per container)	755
Procedures (number)	19	Depth of credit information index (0-6)	3		
Time (days)	238	Public registry coverage (% of adults)	2.0	Enforcing contracts (rank)	185
Cost (% of income per capita)	13.9	Private bureau coverage (% of adults)	0.0	Procedures (number)	51
				Time (days)	1,285
Getting electricity (rank)	40	Protecting investors (rank)	139	Cost (% of claim)	163.2
Procedures (number)	3	Extent of disclosure index (0-10)	3		
Time (days)	63	Extent of director liability index (0-10)	4	Resolving insolvency (rank)	185
Cost (% of income per capita)	593.0	Ease of shareholder suits index (0-10)	5	Time (years)	NO PRACTICE
		Strength of investor protection index (0-10)	4.0	Cost (% of estate)	NO PRACTICE
				Recovery rate (cents on the dollar)	0.0
		Paying taxes (rank)	61		
		Payments (number per year)	18		
		Time (hours per year)	276		
		Total tax rate (% of profit)	15.1		
TOGO		Sub-Saharan Africa		GNI per capita (US\$)	560
Ease of doing business (rank)	156	Low income		Population (m)	6.2
Starting a business (rank)	164	Registering property (rank)	160	Trading across borders (rank)	101
Procedures (number)	6	Procedures (number)	5	Documents to export (number)	6
Time (days)	38	Time (days)	295	Time to export (days)	24
Cost (% of income per capita)	119.4	Cost (% of property value)	12.5	Cost to export (US\$ per container)	940
Minimum capital (% of income per capita)	365.6			Documents to import (number)	8
		Getting credit (rank)	129	Time to import (days)	28
Dealing with construction permits (rank)	137	Strength of legal rights index (0-10)	6	Cost to import (US\$ per container)	1,109
Procedures (number)	12	Depth of credit information index (0-6)	1		
Time (days)	309	Public registry coverage (% of adults)	2.8	Enforcing contracts (rank)	157
Cost (% of income per capita)	431.5	Private bureau coverage (% of adults)	0.0	Procedures (number)	41
				Time (days)	588
Getting electricity (rank)	89	Protecting investors (rank)	150	Cost (% of claim)	47.5
Procedures (number)	4	Extent of disclosure index (0-10)	6		
Time (days)	74	Extent of director liability index (0-10)	1	Resolving insolvency (rank)	96
Cost (% of income per capita)	4,732.5	Ease of shareholder suits index (0-10)	4	Time (years)	3.0
		Strength of investor protection index (0-10)	3.7	Cost (% of estate)	15
				Recovery rate (cents on the dollar)	30.5
		Paying taxes (rank)	167		
		Payments (number per year)	53		
		Time (hours per year)	270		
		Total tax rate (% of profit)	49.5		

Note: Most indicator sets refer to a case scenario in an economy's largest business city. For more details, see the data notes.

* The data for South Sudan are from *Doing Business in Juba 2011* (World Bank 2011b) and refer to 2010. The income (GNI) per capita is for 2009.

Detailed indicator-level data

2007 2012 2011
2005 2009 2004
2008 2006 2010 2013

AFGHANISTAN

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Register the company and obtain tax identification number (TIN)	1 day	Included in procedure 2
2	Pay registration and publication fees	1 day	Af 500 (registration) + Af 1,000 (publication)
3	Obtain the license from Afghanistan Investment Support Agency (AISA)	5 days	\$100
4*	Receive inspection (AISA)	1 day (simultaneous with previous procedure)	No charge

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain copy of the land deed	7 days	Af 3,000
2	Obtain zoning approval from Ministry of Urban Planning	7 days	No charge
3	Obtain building permit from Kabul Municipality	270 days	Af 2,000
4	Receive random inspection from municipality	1 day	No charge
5	Receive random inspection from the police	1 day	No charge
6	Receive random inspection from municipality	1 day	No charge
7	Receive random inspection from the police	1 day	No charge
8	Receive random inspection from municipality	1 day	No charge
9	Receive random inspection from the police	1 day	No charge
10	Drill well for temporary water supply	7 days	\$10,000
11	Build septic tank for sewage	30 days	\$15,000
12	Obtain fixed telephone line	7 days	\$100

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application to Kabul Electricity Department and await external site inspection	14 days	Af 200
2	Receive site inspection from Kabul Electricity Department and await estimate	10 days	No charge
3	Make payment to Kabul Electricity Department and await external connection works	25 days	\$20,437.60
4	Kabul Electricity Department conducts external works and meter installation, and electricity starts flowing	60 days	No charge

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain application form and two Circular Forms from Primary Court	3 days	No charge
2	Submit signed Circular Form to the Chief of Makhzan to initiate the search of registered deeds	8 days	No charge
3	Submit Circular Forms to the property office (Milkiat-ha) in the municipality	15 days	1% of the property value (paid in procedure 7)
4	Submit the Circular Form to the Revenues and Collection office of the Mustufiat (Ministry of Finance Provincial Revenue Department)	5 days	1% of the property value (paid in procedure 7)
5	Submit the Circular Form to the Human Resource Directorate for certification of signatures	3 days	No charge
6	Submit back the completed Circular Form to the Primary Court judge	1 day	No charge
7	Seller pays property taxes at a designated bank	1 day	3% of property value to the Court (Makama) (registration fees for property values above Af 1 million; otherwise the rate is 2%) + 1% municipality, 1% Mustofiate (Ministry of Finance department) fees
8	Submit the completed Circular Form, with payment receipts, to the Primary Court	31 days	No charge
9	The buyer applies for title transfer	1–365 days	No charge

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	No
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			0
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			6
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	0
Number of firms		0	0
Percentage of total		0	0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	1	
What corporate body provides legally sufficient approval for the transaction?	0	CEO
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0	No disclosure obligation
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	1	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1	Yes
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0	No documents available
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	1	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Sales tax	4		78	2%	Sales	35.4	
Road toll tax	1			Af 7,500		0.9	
Fuel tax	1			5%	Import duty for fuel	0.2	
Corporate income tax	1		77	20%	Taxable profit	0	
Vehicle registration tax	1				Various rates	0	Not collected
Personal income tax	12		120			0	Withheld
Totals	20		275			36.4	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	44	570	Document preparation	49	640
Customs clearance and technical control	8	300	Customs clearance and technical control	7	300
Port and terminal handling	4	175	Port and terminal handling	5	200
Inland transport and handling	18	2,500	Inland transport and handling	16	2,690
Totals	74	3,545	Totals	77	3,830
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Cargo release order		
Clean inspection report of findings			Commercial invoice		
Commercial invoice			Customs import declaration		
Customs export declaration			Import license		
Customs transit document			Insurance certificate		
Insurance certificate			Packing list		
NOC/transit permit			Technical standard certificate		
Packing list			Terminal handling receipts		
Terminal handling receipts			Transit document (T1)		

Enforcing contracts	
Indicator	
Time (days)	1,642
Filing and service	40
Trial and judgment	1,420
Enforcement of judgment	182
Cost (% of claim)	25
Attorney cost (% of claim)	24
Court cost (% of claim)	1
Enforcement cost (% of claim)	0
Procedures (number)	47

Resolving insolvency	
Indicator	
Time (years)	2.0
Cost (% of estate)	25
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	26.4

BURUNDI

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Submit all documents at the Burundi Investment Promotion Authority (API) and obtain registration certificate and tax identification number (NIF)	4 days	FBu 42,500 for a limited liability company performing general commercial activities
2	Registration of the company with the Ministry of Labor, Department of Work Inspection	1 day	No charge
3*	Registration of the company with the National Institute for Social Security	1 day (simultaneous with previous procedure)	No charge
4*	Make a company seal	2 days (simultaneous with previous procedure)	FBu 20,000

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Perform a geotechnical study	14 days	FBu 600,000
2	Submit application for the building permit at the DGHU	1 day	No charge
3	Pay permit fees and the construction tax at the Banque de la Republique du Burundi	1 day	FBu 4,812,220
4	Present proof of payment of the construction tax to the DGHU	1 day	No charge
5	Obtain building permit	14 days	No charge
6	Request a certificate of conformity and proof of development	1 day	No charge
7	Receive inspection from DGHU	1 day	No charge
8	Obtain certificate of conformity and proof of development	1 day	No charge
9	Deposit request for the modification of the Proces Verbal de Bornage et d'Arpentage at the Cadastre	1 day	No charge
10	Receive site inspection from the Cadastre	1 day	No charge
11	Obtain updated Proces Verbal de Bornage et d'Arpentage from the Cadastre	3 days	No charge
12	Request and receive updated property title from the Land Registry	60 days	FBu 2,500
13*	Apply for water connection	1 day	No charge
14*	Apply for telephone line	1 day	No charge
15*	Apply for sewage connection	1 day	No charge
16*	Receive inspection of the construction site by water company to get estimate of connection costs	14 days	No charge
17*	Receive on-site inspection by sewage company	7 days	No charge
18*	Receive on-site inspection by telephone company	7 days	No charge
19*	Obtain water connection	30 days	FBu 500,000
20*	Obtain sewage connection	15 days	FBu 500,000
21*	Obtain telephone connection	15 days	FBu 100,000

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application at one of REGIDESO's customer service centers, await and receive estimate	16 days	FBu 3,000
2*	REGIDESO inspects the site and carries out a feasibility study	1 day	No charge
3	Purchase the transformer	135 days	No charge
4	REGIDESO carries out the external connection works and installs the meter	37 days	FBu 73,193,616.90
5*	Client signs supply contract with REGIDESO	1 day	No charge

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain a proof of property title at the Land Registry	5 days	No charge
2	The notary drafts the sale agreement and it is signed by both parties	2 days	FBu 10,000 (drafting fee) + FBu 7,000 (original) + FBu 3,000/page (4 pages)
3	The buyer and seller both obtain a tax clearance certificate from the municipality	2 days	FBu 20,000
4*	The buyer requests transfer of the property at the Land Registry	10 days	No charge
5*	Land Registry inspects the property	1 day	FBu 5,000
6*	Buyer requests tax clearance from Office Burundais des Recettes (Departement des Impôts) and obtains the tax clearance certificate and the <i>rapport contre-expertise</i>	15 days	No charge
7*	Inspection by the Technician of Office Burundais des Recettes and writing of his report	1 day	No charge
8	Obtain the new title from the Land Registry	30 days	3% of property value (tax to change the property title to the buyer's name)

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			1
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			No
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			3
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	12,702
Number of firms		0	824
Percentage of total		0.0	0.3

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	8	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2	Full disclosure of all material facts
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	1	Yes
Extent of director liability index (0–10)	6	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2	Liable for unfair/oppressive transaction or one prejudicial to minority shareholders
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1	Possible when the transaction is oppressive or prejudicial to minority shareholders
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	4	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	6	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	4		80	35% (1%)	Taxable profit	34.2	
Social security contributions	4		48	6%	Gross salaries	6.8	
Dividend tax	1			15%	Distributed dividends	4.8	
Accident risk fund	0	Paid jointly		3%	Gross salaries	3.4	
Vehicle tax	1			FBu 10.5	Truck weight	2.3	
Capital gains tax	1			20%	Capital gains	1	
Building tax	1			FBu 36	Per square meter of developed land	0.5	
Land tax	1			FBu 3	Per square meter of undeveloped land	0	
Value added tax (VAT)	12		146	18%	Value added	0	Not included
Totals	25		274			53.0	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	14	360	Document preparation	14	680
Customs clearance and technical control	4	150	Customs clearance and technical control	5	150
Port and terminal handling	4	320	Port and terminal handling	10	540
Inland transport and handling	10	2,135	Inland transport and handling	17	3,635
Totals	32	2,965	Totals	46	5,005
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Certificate of origin		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Export license			Delivery order		
Packing list			Gate pass		
Tax certificate (<i>attestation</i> OBR)			Import license (DII)		
Technical standard/health certificate			Packing list		
Terminal handling receipts			Preshipment inspection clean report of findings (SGS)		
Transit permit			Tax certificate (<i>attestation</i> OBR)		
			Transit document (T1)		

Enforcing contracts	
Indicator	
Time (days)	832
Filing and service	22
Trial and judgment	395
Enforcement of judgment	415
Cost (% of claim)	39
Attorney cost (% of claim)	23
Court cost (% of claim)	10
Enforcement cost (% of claim)	6.1
Procedures (number)	44

Resolving insolvency	
Indicator	
Time (years)	5.0
Cost (% of estate)	30
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	8.0

CENTRAL AFRICAN REPUBLIC

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Deposit the legally required initial capital in a bank and obtain deposit evidence	1 day	CFAF 23,600
2	Procurement of the Residence Certificate	1 day	CFAF 1,000
3	All required documents are filed at the public notary's office for notarization	3 days	0.5–5% of the company initial capital
4	Register company at Guichet Unique de Formalité des Entreprises (GUFE)	7 days	CFAF 70,000 (<i>frais d'enregistrement</i>) + stamp fees (24 pages) + CFAF 30,000 (registration fee)
5	Advertise the company formation in a national news daily	1 day	CFAF 70,000
6	Register with the Chamber of Commerce	1 day	CFAF 50,000
7	Notify authorities of hiring of employees	1 day	No charge
8	Obtain business license (<i>agrément</i>)	7 days	CFAF 10,200

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain a building permit	90 days	CFAF 209,200
2*	Request a provisional authorization upon expiration of the 30-day deadline	20 days	No charge
3	Request from the urban planning authority an inspection of earthwork	1 day	No charge
4	Receive inspection of earthwork	1 day	No charge
5	Request from authorities an inspection of foundation work	1 day	No charge
6	Receive foundation inspection and obtain clearance to continue with construction	7 days	No charge
7	Request from authorities an inspection of concrete work	1 day	No charge
8	Receive inspection of concrete work and obtain clearance to continue with construction	21 days	No charge
9	Receive labor inspection	1 day	No charge
10	Receive labor inspection	1 day	No charge
11	Receive final inspection at the end of work	1 day	No charge
12	Obtain inspection certificate	37 days	No charge
13*	Request water connection	1 day	CFAF 4,060
14*	On-site visit for cost estimate	1 day	No charge
15*	Obtain water connection	75 days	CFAF 188,210
16*	Request phone line	1 day	No charge
17*	On-site visit for cost estimate	1 day	No charge
18*	Obtain phone line	34 days	CFAF 35,400

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application to Energie Centrafricaine (ENERCA) and await estimate	14 days	CFAF 6,090
2*	Energie Centrafricaine (ENERCA) inspects the site	1 day	No charge
3	Develop a work plan with Energie Centrafricaine (ENERCA) for the external connection works	1 day	CFAF 25,000
4	Buy material and transformer and have it tested by Energie Centrafricaine (ENERCA)	27 days	No charge
5	Hire an electrical contractor to build the transformer post	38 days	CFAF 24,386,950
6	Obtain external connection works from Energie Centrafricaine (ENERCA) and obtain test to ascertain that the external and internal connection work together	16 days	CFAF 2,632,170
7	Conclude contract with Energie Centrafricaine (ENERCA) and pay meter deposit, receive meter installation and connection to electricity	6 days	CFAF 1,326,950.60

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1*	Check with the Land Registry that the seller is providing a clear and nonencumbered title	7 days (simultaneous with procedure 2)	No charge
2*	The notary drafts the Sale Agreement and both parties sign it	5 days (simultaneous with procedure 1)	2% of property value
3	Publish the Sale Agreement at the municipality	45 days	No charge
4	Register the Sale Contract with the Fiscal Authorities	2 days	7.5% of purchase price + CFAF 10,000 (stamp duty)
5	File for name change at the Land Registry (Conservation Foncière)	21 days	1% of purchase price (Taxe de publicité Foncière) + 0.4% of purchase price (salary of the Registrar) + CFAF 5,000 (deposit tax)

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	Yes
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			2
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			6
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	52,315
Number of firms		0	8,832
Percentage of total		0.0	2.4

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	5	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4	Any information that may lead to the discovery of relevant information
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	4	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Minimum lump-sum tax (IMF)	0	Paid jointly		2%	Turnover	32.7	
Social security contributions	12		240	19%	Gross salaries	18.9	
Corporate income tax	4		24	30%	Taxable profit	13.1	Included in other taxes
Business license duty	1			1%	Turnover	10.6	
Tax on financial transactions	12			0%	Per check	1.8	
Apprenticeship tax (for 60 workers)	12			2%	Gross salaries	0.9	
Property taxes	1			15%	Value of immovable property	0.3	
Value added tax (VAT)	12		240	19%	Value added	0	Not included
Stamp duty	1					0	
Totals	55		504			65.2	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	23	522	Document preparation	23	672
Customs clearance and technical control	4	662	Customs clearance and technical control	10	662
Port and terminal handling	3	407	Port and terminal handling	5	320
Inland transport and handling	24	3,900	Inland transport and handling	24	3,900
Totals	54	5,491	Totals	62	5,554
Export documents			Import documents		
Bill of lading			Bill of lading		
Cargo release order (BAE)			Border crossing authorization		
Certificate of origin			Cargo release order		
Commercial invoice			Collection order		
Customs export declaration			Commercial invoice		
Packing list			Customs attestation		
Preshipment inspection clean report of findings			Customs import declaration		
Technical standard/health certificate			Electronic cargo tracking receipt (BESC)		
Transit document			Form S101 (transit document)		
			Import license		
			Insurance certificate		
			Packing list		
			Preshipment inspection clean report of findings		
			Tax certificate		
			Technical standard/health certificate		
			Terminal handling receipts		
			Truck manifest (<i>feuille de route</i>)		

Enforcing contracts	
Indicator	
Time (days)	660
Filing and service	15
Trial and judgment	280
Enforcement of judgment	365
Cost (% of claim)	82
Attorney cost (% of claim)	31.3
Court cost (% of claim)	12.4
Enforcement cost (% of claim)	38.3
Procedures (number)	43

Resolving insolvency	
Indicator	
Time (years)	4.8
Cost (% of estate)	76
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	0.0

CHAD

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Open a bank account, deposit the legally required initial capital in a bank and obtain deposit evidence	1 day	No charge
2	Check the uniqueness of the company name and pick up a company registration form	1 day	No charge
3	Notarize the company's deeds and articles of association	8 days	CFAF 172,760
4	Register the articles of association with the Service d'Enregistrement, des Domaines et du Timbre	2 days	CFAF 121,656
5	Register at the Centre de Formalité des Entreprises (registration with RCCM, administrative authorization from the Ministry of Commerce and Industry, tax registration, registration with CNSS)	2–3 weeks	CFAF 10,000 (fee for the CFE) + CFAF 42,000 (fee for ANIE) + CFAF 8,000 (RCCM) + CFAF 20,000 (Trésor public) + CFAF 3,000 (stamps) + CFAF 5,000 (Chamber of Commerce)
6	Make a formal announcement through legal journals/newspapers proclaiming the existence of the company	3 days	CFAF 50,000 in legal journal, variable in a newspaper
7*	Pay the <i>patente</i> (Direction des Impôts)	1 day (simultaneous with procedure 6)	CFAF 247,390
8*	Submission of the Internal Regulation Code to the Labor Inspection Office (Inspection du Travail)	30 days (simultaneous with procedure 6)	No charge
9*	Make a company seal	7 days (simultaneous with procedure 6)	CFAF 18,000

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain a geotechnical study	5 days	CFAF 300,000
2*	Deposit technical file at municipality to apply for building permit	1 day	No charge
3	Pay stamp duty at the Service des Domaines et du Timbre	1 day	CFAF 40,000
4	Pay for and obtain a construction permit	7 days	CFAF 1,200,000
5	Request and receive final inspection for the certificate of conformity	30 days	No charge
6	Request and obtain an inspection for the reevaluation of the property	1 day	No charge
7	Register the building at the Service des Domaines et du Timbre	30 days	CFAF 16,000,000
8*	Request water connection	1 day	No charge
9*	Receive on-site visit by the Water and Electricity Company of Chad (STEE)	4 days	No charge
10*	Obtain water connection	90 days	CFAF 60,000
11	Request phone line	1 day	No charge
12	Receive inspection by telecom company SOTEL	1 day	No charge
13*	Obtain telephone line	14 days	CFAF 45,000

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	The client submits application for electricity and awaits estimate of connection fees from Société Nationale d'Electricité (SNE)	22 days	CFAF 1,500
2*	The client obtains inspection of the site by Société Nationale d'Electricité (SNE)	1 day	No charge
3	The client obtains an excavation permit from the municipality	10 days	No charge
4*	The client buys the material for the external works and obtains testing of the material by Société Nationale d'Electricité (SNE)	10 days	CFAF 37,500,000
5	The client obtains external works by private electrical contractor	27 days	No charge
6	The client obtains final connection and turn-on of supply from Société Nationale d'Electricité (SNE)	7 days	CFAF 566,681.80

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	The public notary drafts and notarizes the sale agreement	1 day	Cumulative fee from 8% to 1.5% of property value according to official notary fee schedule
2	Check the accuracy of the property's surface and boundaries with the Cadastre	5 days	No charge
3	Check with the Land Registry that the seller is providing a clear and nonencumbered title	5 days	No charge
4	Obtain the notarized draft of the sale agreement	2 days	No charge
5	Register the sale agreement with the Service des Domaines	1 day	15% of property value (registration tax) + CFAF 4,000 stamp duty (CFAF 1,000 per page, 4 pages)
6	Request the final transfer of property with the Registre de la Conservation Foncière	30 days	CFAF 4 per CFAF 1,000 of property value (property transfer tax) + CFAF 40,000 (<i>taxe de bornage</i>)

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	Yes
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			2
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			6
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	15,283
Number of firms		0	45,674
Percentage of total		0.0	1.0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	3	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	3.3	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	12		300	40% on profits or 1.5% on turnover (whichever is higher)	Taxable profit	31.3	
Social security contributions	12		216	17%	Gross salaries	18.6	
Payroll tax	12			8%	Gross salaries	8.5	
Business license	1			0%	Turnover	1.8	
Vehicle tax	1				Type of vehicle	1.7	
Apprenticeship tax	0	Paid jointly		1%	Gross salaries	1.4	
Property tax	1			12%	Rental value of assets	1.2	
Fuel tax	1				Included in the price of fuel	0.4	
Other license contributions	0	Paid jointly		17% + fixed fee	Business license	0.3	
Tax on rental value	1			10%	Rental value of immovable assets	0.3	
Stamp duty	1			CFAF 2,000–5,000	Per page	0	Small amount
Value added tax (VAT)	12		216	18%	Value added	0	Not included
Totals	54		732			65.4	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	39	840	Document preparation	47	1,500
Customs clearance and technical control	3	330	Customs clearance and technical control	7	525
Port and terminal handling	3	367	Port and terminal handling	5	500
Inland transport and handling	30	4,365	Inland transport and handling	42	6,000
Totals	75	5,902	Totals	101	8,525
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Cargo release order		
Commercial invoice			Certificate of origin		
Customs export declaration			Commercial invoice		
Electronic cargo tracking note (BESC)			Customs import declaration		
Packing list			Electronic cargo tracking note (BESC)		
Terminal handling receipts			Form D15 (transit bond document)		
Transit document			Import license		
			Packing list		
			Preshipment inspection clean report of findings		
			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	743
Filing and service	35
Trial and judgment	320
Enforcement of judgment	388
Cost (% of claim)	45.7
Attorney cost (% of claim)	23.5
Court cost (% of claim)	13.8
Enforcement cost (% of claim)	8.4
Procedures (number)	41

Resolving insolvency	
Indicator	
Time (years)	4.0
Cost (% of estate)	60
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	0.0

COMOROS

Starting a business

No.	Procedure	Time to complete	Associated costs
1	Verify and reserve the company name	1 day	No charge
2	Deposit and register the company's articles of association with the public notary	2 days	CF 22,500 for the statement of deposit
3	Deposit the legally required capital in a bank and obtain the deposit evidence	4 days	CF 55,000
4	Deposit company statutes at the Ministry of Finance	2 days	CF 15,000 + CF 500 for stamp duty per page (3 copies of the statutes; 10 pages per statute)
5	Register the company at the commercial court	1 day	CF 10,000
6	Obtain the professional license (<i>patente</i>) at the tax administration	8 days	
7*	Legalize the company books at court	7 days (simultaneous with previous procedure)	CF 1,000 per book
8	Make a company seal	2 days	CF 10,000
9*	Register for social security	1 day (simultaneous with previous procedure)	No charge

* Takes place simultaneously with another procedure.

Dealing with construction permits

No.	Procedure	Time to complete	Associated costs
1	Obtain Urbanism Certificate	7 days	No charge
2	Obtain certificate of ownership (<i>certificat d'immatriculation foncière</i>)	5 days	CF 1,000
3	Apply for building permit and request inspection for the plan croquis	15 days	CF 40,000
4	Receive inspection by the Commission	5 days	No charge
5	Obtain building permit	7 days	CF 75,000
6	Request and receive municipal inspection at the start of construction	1 day	No charge
7	Request and receive final inspection once construction is completed	1 day	No charge
8	Obtain certificate of conformity	10 days	No charge
9	Register the building with the Ministry of Finance (Service des Domaines)	7 days	No charge
10*	Apply for water connection	1 day	CF 54,750
11*	Apply for telephone connection	1 day	No charge
12*	Obtain water connection	55 days	No charge
13*	Obtain fixed telephone line	30 days	CF 42,525

* Takes place simultaneously with another procedure.

Getting electricity

No.	Procedure	Time to complete	Associated costs
1	The client submits an application to Ma-MWE and awaits estimate of connection fees	10 days	CF 5,000
2*	The client obtains external inspection by Ma-MWE	1 day	No charge
3	The client obtains external works and final connection from Ma-MWE	110 days	CF 7,089,550.50

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Title search at the Service des Domaines	3–4 days	No charge
2	Buyer and his topographer visit the property to survey and see that the title description matches the property	21 days	Approx. CF 40,000
3	Draft and notarize the sale-purchase agreement	1–2 days	2% of the actual property value (legal fees)
4	Register the sale-purchase agreement with the Service des Domaines	1 day	9% transfer tax on the declared price + CF 33,000 registration fees + CF 500 per page stamp duty (4 pages)

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
			Score
Are data on both firms and individuals distributed?		No	0
Are both positive and negative data distributed?		No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	0
Are more than 2 years of historical credit information distributed?		No	0
Are data on all loans below 1% of income per capita distributed?		No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	0
Score ("yes" for either private bureau or public registry)			0

Strength of legal rights index (0–10)	
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?	Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?	No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?	No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?	No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?	Yes
Score (number of "yes" responses)	6

Coverage	Private credit bureau	Public credit registry
Number of individuals	0	0
Number of firms	0	0
Percentage of total	0	0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	5	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4	Any information that may lead to the discovery of relevant information
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	1	Yes
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	4	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Consumption tax	12		48	10%	Sales	176.8	
Corporate income tax	2		4	35%	Taxable profit	29.3	
Patent tax	1			10%	Fixed fee	7	
Vehicle tax	1			CF 25,000	Per ton	2.5	
Capital gains tax	1			20%	Capital gains	2	
Motor vehicle tax	1			Various rates		0.2	
Insurance tax	1			3%	Insurance premium	0.1	
Fuel tax	1			Various rates		0	Not collected
Stamp duty	1			CF 500 per page		0	Small amount
Payroll tax (employee paid)	12	Withheld	48	3%		0	Withheld
Totals	33		100			217.9	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	15	265	Document preparation	13	265
Customs clearance and technical control	5	150	Customs clearance and technical control	2	150
Port and terminal handling	8	630	Port and terminal handling	10	630
Inland transport and handling	3	250	Inland transport and handling	1	250
Totals	31	1,295	Totals	26	1,295
Export documents			Import documents		
Bill of lading			Bill of lading		
Cargo release order			Certificate of origin		
Certificate of origin			Commercial invoice		
Commercial invoice			Customs import declaration		
Customs export declaration			Delivery order		
Inspection report			Foreign exchange authorization		
Packing list			Packing list		
Technical standard/health certificate			Preshipment inspection clean report of findings		
Terminal handling receipts			Tax certificate		
			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	506
Filing and service	21
Trial and judgment	425
Enforcement of judgment	60
Cost (% of claim)	89.4
Attorney cost (% of claim)	30.1
Court cost (% of claim)	40.2
Enforcement cost (% of claim)	19.1
Procedures (number)	43

Resolving insolvency	
Indicator	
Time (years)	No practice
Cost (% of estate)	No practice
Outcome (0 as piecemeal sale and 1 as going concern)	No practice
Recovery rate (cents on the dollar)	No practice

CONGO, DEM. REP.

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Obtain a certificate confirming headquarters location	7 days	CGF 1,000
2	Notarize the articles of association	7 days	\$53 per document, assuming 5 documents
3	Register with the Commercial Registry	5 days	\$120 for the registry and \$40 to deposit the document
4	Publication of the company's statutes in the official journal	1 day (receipt only)	CGF 300 per line
5	Obtain a national identification number from the Ministry of Economy	15 days	\$50
6	Register the company for tax with the Direction Générale des Impôts	7 days	No charge
7	Declare the establishment of the company with the Inspectorate of Labor (l'Inspection du Travail) and the National Office of Employment (l'Office National de l'Emploi)	1 day	No charge
8	Receive inspection by the inspection officials from the Ministry of Labor	1 day	No charge
9	Register with the National Institute for Social Security	7 days	No charge
10	Obtain operational permit from the municipality	7 days	\$50

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain cadastral extract	15 days	\$5
2	Obtain building permit	60 days	\$2,600
3	Request a new property title at the Property Registry	7 days	\$21
4	Visit of the property and obtain <i>PV de mise en valeur</i>	15 days	No charge
5	Obtain the new property title	7 days	No charge
6*	Apply for telephone connection	1 day	CGF 1,120
7*	Phone company inspects the site and prepares an estimate	1 day	No charge
8*	Obtain telephone connection	14 days	\$280
9*	Apply to the water corporation for connection to the water network	1 day	\$100
10*	Water corporation inspects the site and prepares an estimate	1 day	No charge
11*	Receive connection to water network	14 days	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application for electricity connection and await and receive external inspection by Société Nationale d'Electricité (SNEL)	7 days	No charge
2	Obtain approval for electricity connection (substation) at the Ministry of Energy	7 days	No charge
3	Hire an electrical contractor and submit plans for private substation at Société Nationale d'Electricité (SNEL) and await approval of plans	7 days	\$159
4	Electrical contractor builds private substation	30 days	\$35,000
5*	Société Nationale d'Electricité (SNEL) carries out external inspection of the private substation	7 days	No charge
6	Obtain external connection works to connect substation to the network of SNEL, installation of meter and final connection	7 days	\$16,543.10

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Sale deed authenticated by the Property Registrar and application made for replacement of registration certificate	7 days	<ul style="list-style-type: none"> • 2–3% of the value of the property for notary fees • \$23 for <i>Actes rediges par le Conservateur</i> (registrar prepares the documents) • \$16 for certificate of nonencumbrances (not written) • \$6 for new property title • \$5 for new cadastral map in the name of the buyer • 3% of the property value for the registration fee • \$104.50 for transfer of lease contract [75% (557.4m² x \$0.20/m²)]
2	An order of payment for state taxes is issued by the tax agent (DGRAD)	3 days	No charge
3	The state fees are paid at a commercial bank	1 day	<ul style="list-style-type: none"> • 3% of property value (registration fee) + bank fees • \$23 for <i>Actes rediges par le Conservateur</i> (registrar prepares the documents) • \$16 for certificate of nonencumbrances (not written) • \$5 for new cadastral map in the name of the buyer • \$6 for new property title
4	An expert from the Cadastre inspects and values the property and prepares the cadastral plan	15 days	Paid in procedure 3
5	Conclusion of contract for ordinary occupancy	7 days	No charge
6	New title deed in the name of the buyer is issued	14 days	No charge

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	No
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			0
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			No
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			Yes
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			3
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	0
Number of firms		0	0
Percentage of total		0	0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	3	
What corporate body provides legally sufficient approval for the transaction?	1	Board of directors, and Mr. James is allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2	Full disclosure of all material facts
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0	No disclosure obligation
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	3	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0	No
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence or influencing the approval of the transaction
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	4	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4	Any information that may lead to the discovery of relevant information
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	3.3	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Sales tax (ICA)	12		96	15%	Purchases	221	
Corporate income tax	1		116	40%	Taxable profit	58.9	
Land and building tax	1			Tax scale		50.1	
Social security contributions	12		124	5%	Gross salaries	5.6	
Payroll tax/employment fund	4			2%	Gross salaries	2.3	
Vehicle tax	1			CGF 17,340 per vehicle	Fixed fee depending on type of vehicle	1.2	
Fuel tax	1				Included in the price of fuel	0.6	
Totals	32		336			339.7	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	23	1,160	Document preparation	41	790
Customs clearance and technical control	7	300	Customs clearance and technical control	10	300
Port and terminal handling	11	805	Port and terminal handling	9	945
Inland transport and handling	3	890	Inland transport and handling	3	1,400
Totals	44	3,155	Totals	63	3,435
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Certificate of origin		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Export license			Import license		
Foreign exchange authorization			Packing list		
Inspection report			Tax certificate		
Packing list			Technical standard/health certificate		
			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	610
Filing and service	20
Trial and judgment	300
Enforcement of judgment	290
Cost (% of claim)	147.6
Attorney cost (% of claim)	137.0
Court cost (% of claim)	7.8
Enforcement cost (% of claim)	2.8
Procedures (number)	43

Resolving insolvency	
Indicator	
Time (years)	5.2
Cost (% of estate)	29
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	1.6

CÔTE D'IVOIRE

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Deposit the initial capital in a bank and obtain a receipt	1 day	No charge
2	Obtain 2 extracts of the criminal record of the managers	4 days	CFAF 3,000
3*	A notary certifies the paid-in capital	2 days (simultaneous with previous procedure)	10% of initial capital (including notary fees, registration and stamp cost)
4	Register with the Direction de l'Enregistrement et du Timbre	7 days	Included in procedure 3
5	Publish the formation notice in a legal journal	3 days	CFAF 8,760 per line
6	Legalization of the copies of newspaper publication by the local council services	2 days	CFAF 2,100
7	File documents with the Court's Clerk Office (Greffé du Tribunal) and with the Registre du Commerce et du Crédit Mobilier (RCCM)	3 days	CFAF 55,000
8	File a declaration of commencement of business (Déclaration Fiscale d'Existence) with the Tax Department, Ministry of Economy and Finance	10 days	CFAF 5,000
9	Register the employees with the National Social Security Fund (CNPS)	1 day	No charge
10	Obtain a company seal	1 day	CFAF 10,000

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Proof of ownership of the land	10 days	CFAF 3,000
2	Obtain technical file from authorized land surveyor	7 days	CFAF 125,000
3	Obtain topographical survey excerpts approval by land authorities	70 days	CFAF 5,000
4	Obtain topographical survey approval by water authorities	10 days	No charge
5	Obtain topographical survey approval by electricity company	10 days	No charge
6	Obtain an urban certificate	30 days	CFAF 5,000
7	Obtain approval of sanitation plans by the Water Authority	30 days	CFAF 5,000
8	Submit building plans to the Order of Architects	1 day	CFAF 455,210
9	Obtain approval of plans by fire department	14 days	No charge
10	Obtain building permit	200 days	CFAF 70,000
11	Receive inspection from the national security commission to verify that the building conforms to security standards	1 day	No charge
12	Obtain certificate of conformity	75 days	No charge
13	Request water connection	1 day	No charge
14	Receive site inspection by water company	1 day	No charge
15	Obtain water connection	14 days	CFAF 130,000
16*	Request phone line	7 days	CFAF 22,000
17	Request and receive inspection from SECUREL, Laboratory of Buildings and Public Works	1 day	CFAF 20,000

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application for a new connection with the local Compagnie Ivoirienne d'Electricité (CIE) customer office and await estimate	14 days	No charge
2*	Obtain conformity control of the internal wiring at government agency SECUREL	11 days	CFAF 200,000
3*	CIE carries out external inspection of the site	3 days	No charge
4	Hire electrical contractor and obtain approval of the project by CIE	10 days	No charge
5	Request an authorization for the external works from Ageroute and the municipality	7 days	No charge

(continued on next page)

Getting electricity (continued)			
No.	Procedure	Time to complete	Associated costs
6	Purchase material and have it tested by CIE	5 days	No charge
7	Await completion of external connection works by the private contractor, receive inspections	19 days	CFAF 19,396,671.50
8*	CIE installs the meter; conclude supply contract with CIE	14 days	CFAF 371,426.30

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1*	The notary solicits the real estate rights record before the Services de la Conservation Foncière	10 days (simultaneous with procedures 2 and 3)	CFAF 3,000 + 1.7–2.7% of property value (notary fees)
2*	The notary obtains a tax clearance	2–4 days (simultaneous with procedures 1 and 3)	CFAF 5,000
3*	Obtain a location certificate	3 days (simultaneous with procedures 1 and 2)	CFAF 100,000
4	Prepare sale deed	10 days (variable)	No charge (honoraria of the notary)
5	Deposit the sale agreement for registration at the local tax authorities	5–10 days	10% of property value (proportional registration fees) + 3% for capital gains tax (not included in calculation and paid by the vendor)
6	Register the transfer at the Land Registry (Administration de la Conservation Foncière et du Cadastre)	32 days	CFAF 15,000 (new property certificate) + 1.2% of property value (0.8% for general service tax + 0.4% for salary of the <i>conservateurs</i>) + CFAF 3,000 (CFAF 2,000 clerk's fee + CFAF 1,000 photocopy fee)

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Are data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Score (“yes” for either private bureau or public registry)			1

Strength of legal rights index (0–10)		
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?		Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?		Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?		Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?		Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?		No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?		No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?		No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?		No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?		Yes
Score (number of "yes" responses)		6

Coverage	Private credit bureau	Public credit registry
Number of individuals	0	..
Number of firms	0	..
Percentage of total	0.0	2.9

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	3	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	3.3	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Social security contributions	12		120	16%	Gross salaries	17.5	
Corporate income tax	3		30	25%	Taxable profit	9.8	
Business license tax	2			50% of (0.5% on turnover + 18.5% on rental value)	Turnover and rental value of professional premises	5.2	
Payroll tax	12			3%	Gross salaries	2.5	
Special tax on equipment	12			0%	Turnover	1.4	
Tax on real estate patrimony on developed land	2			75% of 15%	Rental value	1.0	
Tax on real estate patrimony on undeveloped land	2			75% of 1.5%	Property value	0.6	
Advertising tax	1			3%	Advertising expenses	0.5	
Tax on interest	1			Various rates: 16.5%, 10%, 5%, 1%	Interest income	0.4	
Tax on insurance premium	1			25% and 14.5%	Insurance premium	0.3	

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Paying taxes <i>(continued)</i>							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Fuel tax	1				Included in the fuel price	0.2	
Stamp duty	1			CFAF 500	Number of pages	0	Small amount
Value added tax (VAT)	12		120	18%	Value added	0	Not included
Totals	62		270			39.5	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	15	299	Document preparation	19	410
Customs clearance and technical control	5	100	Customs clearance and technical control	7	300
Port and terminal handling	3	900	Port and terminal handling	6	1,000
Inland transport and handling	2	700	Inland transport and handling	2	1,000
Totals	25	1,999	Totals	34	2,710
Export documents			Import documents		
Bill of lading			Bill of lading		
Cargo release order			Cargo release order		
Certificate of origin			Cargo tracking note (BSC)		
Commercial invoice			Certificate of origin		
Customs export declaration—Form 5			Commercial invoice		
Foreign exchange authorization			Customs import declaration		
Inspection report			Inspection report (BIVAC)		
Packing list			Packing list		
Preferential certificate			Technical standard/health certificate		
Technical standard/health certificate			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	770
Filing and service	25
Trial and judgment	365
Enforcement of judgment	380
Cost (% of claim)	41.7
Attorney cost (% of claim)	16.7
Court cost (% of claim)	15.0
Enforcement cost (% of claim)	10.0
Procedures (number)	33

Resolving insolvency	
Indicator	
Time (years)	2.2
Cost (% of estate)	18
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	37.6

GUINEA

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Deposit the legally required initial capital in a bank and obtain deposit evidence	2 days	No charge
2	Check the uniqueness of the company name	5 days	No charge
3	Prepare the company deeds and articles of association with the notary	2 days	Notary fees vary between GF 1.8 million and GF 3.5 million
4	Register with the one-stop shop (APIP) to obtain company registration, tax registration and social security registration and pay fees	6 days (registration) + 20 days (publication)	GF 100,000 (registration at RCCM) + GF 100,000 (tax ID) + GF 150,000 (publication) + GF 1,000/page (stamp duty) + 1% of capital (registration tax)
5*	Notification to Employment Bureau (Office National de l'Emploi et de la Main-d'Oeuvre)	7 days (simultaneous with previous procedure)	No charge
6*	Make a company seal	1 day (simultaneous with previous procedure)	GF 100,000 + 15,000

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain cadastre extract	7 days	GF 150,000
2	Obtain a copy of the property title	2 days	GF 50,000
3	Obtain geological and geotechnical survey	10 days	GF 650,000
4	Obtain building permit	90 days	GF 1,300,000
5	Receive on-site inspection from the Direction Nationale de l'Aménagement du Territoire et de l'Urbanisme upon commencement of construction	1 day	No charge
6	Receive on-site inspection from the Direction Nationale de l'Architecture et de la Construction upon commencement of construction	1 day	No charge
7	Receive on-site inspection from the Town Tax Service (Service des Impôts de la Commune)	1 day	No charge
8	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - I	1 day	No charge
9	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - II	1 day	No charge
10	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - III	1 day	No charge
11	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - IV	1 day	No charge
12	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - V	1 day	No charge
13	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - VI	1 day	No charge
14	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - VII	1 day	No charge
15	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - VIII	1 day	No charge
16	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - IX	1 day	No charge
17	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - X	1 day	No charge
18	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - XI	1 day	No charge
19	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - XII	1 day	No charge
20	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - XIII	1 day	No charge
21	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - XIV	1 day	No charge
22	Receive on-site inspection from the local service for "salubrity" (<i>service de salubrité</i>) - XV	1 day	No charge
23	Register warehouse with the Ministère de la Construction, de l'Urbanisme et Habitat	1 day	GF 300,000
24	Request water connection	1 day	No charge
25	Receive inspection by water company	1 day	No charge
26	Obtain water connection	36 days	GF 250,000
27*	Request phone line	1 day	No charge
28	Receive on-site inspection for cost estimate by phone company	3 days	GF 218,000
29	Obtain phone line	28 days	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	The client applies for electricity connection from Electricité de Guinée (EDG)	4 days	No charge
2*	The client hires a private firm to design and carry out the external works	58 days	GF 225,000,000
3	The client obtains an inspection of the site by EDG	1 day	GF 32,891,771.10
4	The client signs a subscriber agreement with and obtains meter installation and final supply from EDG	10 days	No charge

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain a map indicating the extent and boundaries of the property	14 days	GF 309,495
2	Confirm identity of land owner and a clear title at the Land Registry (Bureau de la Conservation Foncière)	14 days	GF 20,000
3	Obtain tax clearance from tax authorities	10 days	GF 100,000
4	Sign the sale contract as written and witnessed by the notary	1 day	<ul style="list-style-type: none"> • GF 1–10,000,000: 4.50% • GF 10,000,001–50,000,000: 3% • GF 50,000,001–150,000,000: 2% • GF 150,000,001–300,000,000: 1% • Above GF 300,000,000: 0.75%
5	Register the sale contract with the national tax authorities (Service des Impôts)	5 days	10% of the property value
6	Transfer the final ownership with the Land Registry (Bureau de la Conservation Foncière)	15 days	1.5% of the property value

Getting credit			
Depth of credit information index (0–6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Are data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Score (“yes” for either private bureau or public registry)			0
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?	Yes		
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes		
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes		
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?	Yes		
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes		
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors’ names?	No		
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No		
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?	No		
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?	No		
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?	Yes		
Score (number of “yes” responses)	6		

Coverage	Private credit bureau	Public credit registry
Number of individuals	0	..
Number of firms	0	..
Percentage of total	0.0	0.0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	1	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0	No documents available
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1	Yes
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	2.7	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Minimum <i>forfaitaire</i> tax (IMF)	1			3%	Turnover	29.5	
Corporate income tax	3		32	35%	Taxable profit	23.5	
Property tax	1			10%	Property value	9.8	
Payment <i>forfaitaire</i> on salary	12			6%	Gross salaries	6.8	
Apprenticeship tax	12			2%	Gross salaries	1.7	
Social security contributions	12		192	18%	Gross salaries	1.1	
Tax on insurance contracts	1			12%	Insurance premium	0.3	
Vehicle tax	1			GF 200,000	Carrying capacity or vehicle weight	0.3	
Tax on interest	1				Interest income	0.1	
Fuel tax	1				Included in fuel price	0.1	
Stamp duty	1			0.25–1%	Transaction amount	0	Small amount
Value added tax (VAT)	12		192	18%	Value added	0	Not included
Totals	58		416			73.2	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	22	120	Document preparation	23	245
Customs clearance and technical control	4	185	Customs clearance and technical control	4	250
Port and terminal handling	7	300	Port and terminal handling	3	596
Inland transport and handling	2	250	Inland transport and handling	2	300
Totals	35	855	Totals	32	1,391
Export documents			Import documents		
Bill of lading			Bill of lading		
Commercial invoice			Cargo release order		
Customs export declaration			Commercial invoice		
Equipment interchange receipt			Customs import declaration		
Export license			Equipment interchange receipt		
Packing list			Import license		
Tax certificate			Packing list		
			Preshipment inspection clean report of findings		
			Tax certificate		

Enforcing contracts	
Indicator	
Time (days)	276
Filing and service	21
Trial and judgment	105
Enforcement of judgment	150
Cost (% of claim)	45.0
Attorney cost (% of claim)	20.0
Court cost (% of claim)	15.0
Enforcement cost (% of claim)	10.0
Procedures (number)	49

Resolving insolvency	
Indicator	
Time (years)	3.8
Cost (% of estate)	8
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	17.1

GUINEA-BISSAU

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Search for a company name and reserve the proposed name (Certidão Negativa de Denominação Social)	1 day	Included in procedure 6
2	Open a bank account and deposit the minimum capital	1 day	No charge
3	Submit company statutes to obtain the public deed (Escritura Pública) at the Center for the Formalization of Enterprises (CFE)	1 day	Included in procedure 6
4	Register company and obtain registration certificate (Certidão de Matrícula) from the registrar at CFE	1 day	Included in procedure 6
5	Obtain tax number (NIF) from tax office representative at CFE	1 day	No charge
6	Pay fees at cashier located at CFE	1 day	CFAF 7,098 for name certificate (Certidão Negativa) + CFAF 21,780 for public deed (Escritura Pública) + CFAF 3,867 for notary certificate (Certidão Notarial) + CFAF 47,212 for registration certificate (Certidão de Matrícula) + CFAF 35,000 for publication (Publicação) + CFAF 10,000 for Declaration of Activities to Municipal Chamber of Commerce
7	Unblock bank account	1 day	No charge
8	Register as an employer with the Ministry of Labor	1 day	No charge
9	Register as an employer with Social Security (Instituto Nacional de Previdência Social)	1 day	No charge

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Submit plans to municipality and obtain approval	31 days	CFAF 200,000
2	Receive inspection from municipality - I	1 day	No charge
3	Receive inspection from municipality - II	1 day	No charge
4	Receive inspection from municipality - III	1 day	No charge
5	Request and receive connection to telephone services from Guinée Telecom	90 days	CFAF 50,000
6*	Request and obtain approval of water plans from the electricity and water company EAGB	5 days	No charge
7*	Receive water inspection from EAGB	1 day	No charge
8*	Connect to water services from EAGB	24 days	No charge
9	Request the occupancy permit	1 day	No charge
10	Obtain municipal visit for the occupancy permit	7 days	No charge
11	Obtain occupancy permit	1 day	CFAF 769,955
12	Register new building with the property registry	30 days	CFAF 1,303,352

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Await completion of the consultation on the electrical connection with EAGB	3 days	No charge
2*	Submit the project design to Direção Geral da Energia and await approval of the project design	24 days	No charge
3	Await and obtain an internal inspection from Direção Geral da Energia	21 days	No charge
4	Submit an application for a connection to EAGB and await an estimate	24 days	No charge
5	Await and obtain an external inspection carried out by EAGB	21 days	No charge
6	Await completion of the external connection works by an electrical contractor	383 days	CFAF 5,140,225.90
7	Await final connection by EAGB	2 days	No charge

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain property title from the property registry (Certidão de Registro Predial)	12 days	CFAF 7,500
2	Pay property transfer tax and obtain tax clearance from tax authority	1–2 days	10% of property value
3	Parties request the notary to prepare and execute the sale-purchase agreement	6 months	<ul style="list-style-type: none"> • CFAF 10,000 fixed fee for a transaction with a specific value (Valor determinado) • CFAF 2,000 for the Justice budget (Cofre Geral da Justiça) • CFAF 4,800 for the pages (<i>laudas</i>: 600 per page) • CFAF 7,700 for the written lines (<i>linha</i>: 77.00 per line) • CFAF 1,000 for the fiscal stamp (Selo Fiscal) • CFAF 500 for the National Reconstruction Stamp (Selo Reconstrução Nacional) • CFAF 500 for the assistance stamp (Selo de Assistencia)
4	Obtain copy of the public deed (Certidão de Escritura) from the notary	1 day	Included in previous procedure
5	Pick up form at the property registry	1 day	CFAF 250 for the form + CFAF 2,000 for the stamps
6	Verify signatures at notary	1 day	CFAF 250 for one signature
7	Obtain the new property title (Certidão Predial)	12 days	Description, inscription and certificate: CFAF 15,000 (= CFAF 5,000 x 3) Determined value: CFAF 8,900 for every 1 million Participation fees (<i>da participação emolumental</i>): 20% of (CFAF 15,000 + CFAF 8,900) <i>Construção prisional</i> : 1% of (CFAF 15,000 + CFAF 8,900) Tax (<i>taxa de reembolso</i>): CFAF 822 Print cost: CFAF 250 Certificate: CFAF 5,000 <i>Apresentação</i> for 3 books: CFAF 9,000
8	Submit a copy of the property title to municipality	1 day	No charge

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			1
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			6
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	..
Number of firms		0	..
Percentage of total		0.0	1.1

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	5	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4	Any information that may lead to the discovery of relevant information
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	1	Yes
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	4	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Social security contributions	12		24	14%	Gross salaries	15.8	
Corporate income tax	5		160	25%	Taxable profit	14.9	
Accident insurance	0			8%	Gross salaries	9.0	
Stamp duty on sales	12			0%	Sales	5.3	
Tax on interest	0			15%	Interest	0.4	Included in other taxes
Vehicle tax	2			Various rates		0.4	
Property tax	1			Different rates depending on activity and location		0.4	
Advertising tax	1			CFAF 100	Per letter in ad	0.1	
Value added tax (VAT)	12		24	15%	Value added	0	Not included
Fuel tax	1					0	Small amount
Totals	46		208			45.9	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	12	290	Document preparation	12	860
Customs clearance and technical control	2	556	Customs clearance and technical control	3	556
Port and terminal handling	5	370	Port and terminal handling	5	350
Inland transport and handling	4	232	Inland transport and handling	2	240
Totals	23	1,448	Totals	22	2,006
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Cargo release order		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Export license			Import license		
Phytosanitary certification			Packing list		

Enforcing contracts	
Indicator	
Time (days)	1,715
Filing and service	20
Trial and judgment	1,095
Enforcement of judgment	600
Cost (% of claim)	25
Attorney cost (% of claim)	15
Court cost (% of claim)	9
Enforcement cost (% of claim)	1
Procedures (number)	40

Resolving insolvency	
Indicator	
Time (years)	No practice
Cost (% of estate)	No practice
Outcome (0 as piecemeal sale and 1 as going concern)	No practice
Recovery rate (cents on the dollar)	No practice

HAITI

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Deposit the legally required initial capital in the National Bank and obtain deposit evidence	1 day	No charge
2	Preparation of company statutes (articles and memorandum of association)	10 days	G 25,000–35,000
3	Notarize the company deeds and articles of association	15 days	G 15,000–25,000 for notary fees
4	Pay the registration fee at the Direction Générale des Impôts (DGI)	1 day	G 250 (<i>frais de dossier</i>) + G 25 (<i>vignette bleue</i>)
5	Register with the Commercial Registry at the Ministry of Commerce and Industry and obtain the authorization of operations (<i>droit de fonctionnement</i>)	2–3 weeks for registration and 60 days for publication	G 1,500 for registration + G 20,000 for publication in <i>Le Moniteur</i> (10–25 pages)
6*	Obtain the tax ID number (NIF) from the tax authorities (DGI), pay fees and obtain certificate of <i>patente</i>	15 days (simultaneous with previous procedure)	G 50 (tax ID card) + 2% of initial capital + 0.3% per share + G 102 (<i>droit de fonctionnement</i>) + G 5 (<i>taxe carte d'identité professionnelle</i>)
7	Obtain the <i>carte d'identité professionnelle</i> from the Ministry of Commerce	15–20 days	G 300–500
8	Obtain special commercial books	2 days	G 5,000
9	Legalize the commercial books	7 days	G 1,000
10	Notification to the Labor Ministry about hiring	1 day	No charge
11	Register for social security (OFATMA)	1 day	No charge
12	Register for Retirement Insurance Office (ONA)	1 day	No charge

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Request building permit	30 days	G 195,090
2	Obtain site inspection by engineer from the municipality	1 day	No charge
3	Obtain and pay to the Direction Générale des Impôts	15 days	No charge
4	Obtain building permit	1 day	No charge
5	Receive municipal inspection	1 day	No charge
6	Request phone connection from TELECO	1 day	No charge
7	Obtain phone connection from TELECO	1,080 days	G 5,000
8*	Request water connection from the National Directorate of Potable Water and Sewerage (DINEPA)	14 days	G 5,570
9*	Obtain water connection from DINEPA	1 day	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	The client hires a private contractor who applies for electricity connection with Electricité d'Haïti (EDH) on their behalf and client awaits estimate of connection fees	10 days	G 1,500
2*	The client obtains external inspection by Electricité d'Haïti (EDH)	1 day	G 796,942.10
3	The client obtains external works from private contractor (including right of way)	30 days	\$7,500
4	The client requests installation of metering system and final connection from Electricité d'Haïti (EDH)	20 days	G 250,000

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain authorization to conduct a property survey	10–20 days	No charge
2*	Survey of property	50–70 days (simultaneous with procedure 3)	G 5,250
3*	Notary public prepares the sale agreement	10–70 days (simultaneous with procedure 2)	2% of notary fees
4	Obtain <i>avis de cotisation</i> and pay for registration	1 day	3% of property price (<i>enregistrement</i>) + 1% of property price (transcription) + 1% of the cost of <i>enregistrement</i> + transcription (Additional Tax) + 0.2% of the property value (<i>droit special ad-valorem</i>)
5	The sale agreement is recorded and transcribed at the tax authority (DGI)	3–6 months	Already paid in previous procedure

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	Yes
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			2
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			No
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			3
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	..
Number of firms		0	..
Percentage of total		0.0	0.7

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	2	
What corporate body provides legally sufficient approval for the transaction?	1	Board of directors, and Mr. James is allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0	No disclosure obligation
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	3	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1	Yes
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	4	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	2	Information that directly proves specific facts in the plaintiff's claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1	Yes
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	3	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	4		40	30%	Taxable profit	22.6	
Social security contributions	12		72	6%	Gross salaries	6.8	
Business license	1			0%	Turnover	3.5	
Payroll tax	12			2%	Gross salaries	3.4	
Health insurance contributions	1			3%	Gross salaries	2.3	
Capital gains tax	1			15%	Capital gains	0.8	
Local tax: Fonds de Gestion et de Développement des Collectivités Territoriales	1			1%	Taxable profit	0.8	
Property tax	1			15%	Annual rental value	0.5	
Vehicle tax	1			Varies between G 1,000 and G 5,000	Size of engine	0.3	
Value added tax (VAT)	12		72	10%	Value added	0	Not included
Totals	46		184			40.8	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	21	350	Document preparation	18	350
Customs clearance and technical control	4	185	Customs clearance and technical control	5	285
Port and terminal handling	5	400	Port and terminal handling	5	700
Inland transport and handling	3	250	Inland transport and handling	3	210
Totals	33	1,185	Totals	31	1,545
Export documents			Import documents		
Bill of lading			Bill of lading		
Cargo release order			Cargo release order		
Certificate of origin			Certificate of origin		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Export license			Import license (DPI)		
Tax certificate (Quittus)			Inspection report (SGS)		
Technical standard/health certificate			Tax certificate		
			Technical standard/health certificate		
			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	530
Filing and service	30
Trial and judgment	320
Enforcement of judgment	180
Cost (% of claim)	43
Attorney cost (% of claim)	20
Court cost (% of claim)	12.6
Enforcement cost (% of claim)	10
Procedures (number)	35

Resolving insolvency	
Indicator	
Time (years)	5.7
Cost (% of estate)	30
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	8

LIBERIA

Starting a business

No.	Procedure	Time to complete	Associated costs
1	Search for company name and and prepare articles of incorporation	1 day	L\$1,400
2*	Submit the application	1 day (simultaneous with previous procedure)	No charge
3*	Pay fees at the window of the bank officers and obtain proof of payment	1 day (simultaneous with previous procedure)	No charge
4	Submit payment evidence and receive journalizing slip	3 days	L\$8,200

* Takes place simultaneously with another procedure.

Dealing with construction permits

No.	Procedure	Time to complete	Associated costs
1	Submit plans to Ministry of Public Works (MPW)	1 day	No charge
2	Receive inspection from Zoning Division, Ministry of Public Works	1 day	No charge
3	Obtain payment slip from MPW and pay fees at the Central Bank	1 day	\$700
4	Obtain construction permit from MPW	28 days	No charge
5	Obtain construction clearance from the City Corporation of Monrovia	2 days	\$560
6	Receive inspection from MPW - I	1 day	No charge
7	Receive inspection from MPW - II	1 day	No charge
8	Receive inspection from MPW - III	1 day	No charge
9	Receive inspection from MPW - IV	1 day	No charge
10	Receive inspection from MPW - V	1 day	No charge
11	Receive inspection from MPW - VI	1 day	No charge
12	Receive inspection from MPW - VII	1 day	No charge
13	Receive inspection from MPW - VIII	1 day	No charge
14	Receive inspection from MPW - IX	1 day	No charge
15	Receive inspection from MPW - X	1 day	No charge
16	Receive inspection from MPW - XI	1 day	No charge
17	Receive inspection from MPW - XII	1 day	No charge
18	Request and obtain fixed line from LIBTELCO	7 days	\$25
19*	Register with water company	1 day	No charge
20*	Receive inspection from Water and Sewer Corporation	1 day	No charge
21*	Obtain water and sewage connection	14 days	\$54
22	Request and obtain occupancy permit	10 days	No charge
23	Register the building at Probate Court	3 days	L\$300

* Takes place simultaneously with another procedure.

Getting electricity

No.	Procedure	Time to complete	Associated costs
1	Client submits application and awaits estimate of connection fees from Liberia Electricity Corporation (LEC)	14 days	No charge
2*	Client obtains external inspection from Liberia Electricity Corporation (LEC)	1 day	No charge
3	Client obtains external works from Liberia Electricity Corporation (LEC)	75 days	\$8,400
4	Client obtains inspection of internal wiring, meter installation, and final connection from Liberia Electricity Corporation (LEC)	376 days	L\$5,216.10

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain a transfer deed form	1 day	No charge
2*	Buyer contacts a surveyor to conduct the survey of the property	21 days (simultaneous with procedure 3)	\$50
3*	Publication of survey in newspaper and radio by surveyor	1 day (simultaneous with procedure 2)	Included in procedure 2
4	Parties contract a lawyer to start official transfer process	2 days	10–15% of property value
5	Lawyer visits Registry to check the status and ownership of the property	7 days	\$4 (L\$250)
6	Lawyer visits Bureau of Internal Revenue of the Ministry of Finance (Real Estate Division) to check for outstanding taxes on the property	2 days	No charge
7	Parties sign the deed form at the lawyer's office	1 day	No charge
8	Lawyer visits Probate Court to request the transfer	7 days	No charge
9	Parties register the deed at the Registry	3 days	\$15 (L\$1,050)
10	Seller goes to Bureau of Internal Revenue to change the owner's name on the property	1 day	No charge

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Are data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Score ("yes" for either private bureau or public registry)			1
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			Yes
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			7
Coverage	Private credit bureau	Public credit registry	
Number of individuals	0	..	
Number of firms	0	..	
Percentage of total	0.0	1.1	

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	4	
What corporate body provides legally sufficient approval for the transaction?	2	Board of directors, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2	Full disclosure of all material facts
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0	No disclosure obligation
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	6	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	2	Yes, without approval from the judge
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	3.7	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	5		60	25%	Capital gains	18.3	
Social security	12		60	5%	Gross salaries	5.4	
Property tax	1			2%	Assessed value of building	2.2	
Fuel tax	1				Value of fuel consumption	0.8	
Municipal tax	1			Fee scale	Type of business	0.7	
Tax on interest	0			15%	Money market account interest	0.4	Included in other taxes
Stamp duty	1			L\$100	Revenue stamps required on legal documents	0	Small amount
Goods and service tax	12		38	7%	Value added	0	Not included
Totals	33		158			27.4	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	8	215	Document preparation	22	590
Customs clearance and technical control	2	355	Customs clearance and technical control	1	355
Port and terminal handling	2	250	Port and terminal handling	3	125
Inland transport and handling	3	400	Inland transport and handling	2	250
Totals	15	1,220	Totals	28	1,320
Export documents			Import documents		
Bill of lading			Bill of lading		
Cargo acceptance note (shipping note)			Certificate of origin		
Certificate of origin			Commercial invoice		
Commercial invoice			Customs import declaration (SAD)		
Customs export declaration			Exit note (issued by Customs)		
Customs release form			Gate pass (issued by NPA)		
Export permit			Import permit declaration (IPD)		
Inspection report (from BIVAC)			Inspection report		
Packing list			Packing list		
Terminal handling receipts			Release order (issued by Customs)		
			Terminal handling receipts (from NPA)		

Enforcing contracts	
Indicator	
Time (days)	1,280
Filing and service	10
Trial and judgment	730
Enforcement of judgment	540
Cost (% of claim)	35.0
Attorney cost (% of claim)	25.1
Court cost (% of claim)	6.9
Enforcement cost (% of claim)	3.0
Procedures (number)	40

Resolving insolvency	
Indicator	
Time (years)	3.0
Cost (% of estate)	43
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	8.5

PAPUA NEW GUINEA

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Obtain a company seal	4 days	K 60
2	Obtain name and register the company with the Registrar of Companies	18 days	K 260
3	Register with the tax authorities; register for VAT purposes; register with the Employment Register	9 days	No charge
4	Apply for a trade license from the National Capital District Commission (NCDC)	20 days	K 50
5*	Open an account with an Authorized Superannuation Fund (ASF)	9 days (simultaneous with procedure 3)	No charge
6*	Register workers with the private insurers for work injury	20 days (simultaneous with procedure 3)	K 200

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Request and obtain planning permission from NCD Physical Planning Board	30 days	K 100
2	Request and obtain certificate of ownership and site map	30 days	K 100
3*	Request and obtain permission from fire authority	30 days	No charge
4*	Request and obtain project clearance from Health Department	29 days	No charge
5*	Request and obtain project clearance from Department of Environment and Conservation	28 days	No charge
6*	Request and obtain project clearance from Water and Sewage Authority	27 days	No charge
7	Request and obtain building permit from NCDC	90 days	K 2,516
8	Request and receive foundation work inspection from municipality	1 day	No charge
9	Request and receive concrete work inspection from municipality	1 day	No charge
10	Request and receive steel work for slabs inspection from municipality	1 day	No charge
11	Request and receive frame inspection from municipality	1 day	No charge
12	Request and receive damp-proof course inspection from municipality	1 day	No charge
13	Request water and sewage connection	1 day	No charge
14*	Receive plumbing inspection	1 day	No charge
15*	Connect to water and sewage services from Eda Ramu	29 days	K 2,000
16*	Request telephone connection	1 day	No charge
17*	Receive inspection from Telikom	1 day	No charge
18*	Connect to phone services from Telikom	27 days	K 100
19	Request occupancy permit	1 day	No charge
20	Receive inspection	1 day	No charge
21	Obtain occupancy permit	29 days	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application with PNG Power Ltd. and await and receive estimate	24 days	K 2,007
2*	Receive external inspection	1 day	No charge
3*	Request and receive internal inspection by PNG Power Ltd.	5 days	K 462
4	Receive external connection works and meter installation by PNG Power Ltd.	42 days	K 47

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Conduct precompletion, title searches and municipal charges searches at the Office of the Registrar of Titles, Department of Lands	1 day	K 50
2	The documents must be stamped at the Internal Revenue Commission	14 days	5% of property value
3	Documents are lodged for the approval of the Minister for Lands at the Department of Lands	35 days	K 50
4	The transfer and the title documents are lodged for registration with the Department of Lands (the Registrar of Titles)	22 days	K 100

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		Yes	No
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		Yes	No
Are more than 2 years of historical credit information distributed?		Yes	No
Are data on all loans below 1% of income per capita distributed?		Yes	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			4
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			5
Coverage		Private credit bureau	Public credit registry
Number of individuals		102,000	0
Number of firms		15,600	0
Percentage of total		2.9	0.0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	5	
What corporate body provides legally sufficient approval for the transaction?	1	Shareholders meeting, and Mr. James is allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1	Disclosure on the transaction only
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	5	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence or influencing the approval of the transaction
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1	Yes
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	8	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1	Yes
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1	Yes
Whether the plaintiff can directly question the defendant and witnesses during trial?	2	Yes, without approval from the judge
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	6	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	1		153	30%	Taxable profit	22.0	
Superannuation (employer paid)	12		8	8%	Gross salaries	9.5	
NCDC land tax	1			Various rates	Value of unimproved land	3.7	
Land lease tax	1			Various rates	Value of unimproved land	3.7	
Training tax (employer paid)	1			2%	Gross salaries	2.3	
Vehicle tax	1			Various rates	Type of vehicle	0.8	
Tax on insurance contracts	1			7%	Insurance premium	0.1	
Fuel tax	1			Included in fuel price	Included in fuel price	0.1	
Tax on check transactions	1			0%	Withdrawals from bank account	0.1	
GST (VAT)	12		46	10%	Value added	0	Not included
Stamp duty	1			Various rates		0	Small amount
Totals	33		207			42.2	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	13	275	Document preparation	19	230
Customs clearance and technical control	3	300	Customs clearance and technical control	4	300
Port and terminal handling	3	160	Port and terminal handling	7	300
Inland transport and handling	4	214	Inland transport and handling	2	300
Totals	23	949	Totals	32	1,130
Export documents			Import documents		
Bill of lading			Bill of lading		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Foreign exchange authorization			Customs receipts		
Packing list			Delivery order		
Tax certificate			Foreign exchange authorization		
Terminal handling receipts			Inspection report		
			Packing list		
			Terminal handling receipts		

Enforcing contracts	
Indicator	
Time (days)	591
Filing and service	30
Trial and judgment	381
Enforcement of judgment	180
Cost (% of claim)	110.3
Attorney cost (% of claim)	82.8
Court cost (% of claim)	11.0
Enforcement cost (% of claim)	16.5
Procedures (number)	42

Resolving insolvency	
Indicator	
Time (years)	3.0
Cost (% of estate)	23
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	23.5

SIERRA LEONE

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Check the uniqueness of the company name and pick up a company registration form	1 day	Le 10,000
2	Registration with the Registrar of Companies at the Office of the Administrator and Registrar General (OARG)	2–3 days	Le 405,000
3	Obtain tax identification number (TIN) from the National Revenue Authority (NRA)	1 day	No charge
4	Request a business license with the Municipality of Freetown	2 days	Le 750,000
5	Registration with the Ministry of Labor and Social Security	4 days	No charge
6	Make a company seal	2 days	Le 50,000

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Conduct a property search at the Registry's Office and check for encumbrances	1 day	Le 10,000
2	Request and obtain location clearance	14 days	Le 500
3	Apply for a building permit	1 day	No charge
4	Receive preapproval inspections	1 day	No charge
5	Receive signed certificate and pay at the NRA desk	1 day	Le 2,970,000
6	Obtain building permit	17 days	No charge
7	File a notice of commencement of building	1 day	No charge
8	Receive inspection from municipal ward or supervisors from the Ministry of Works - I	1 day	No charge
9	Receive inspection from municipal ward or supervisors from the Ministry of Works - II	1 day	No charge
10	Receive inspection from municipal ward or supervisors from the Ministry of Works - III	1 day	No charge
11	Receive inspection from municipal ward or supervisors from the Ministry of Works - IV	1 day	No charge
12	Receive inspection from municipal ward or supervisors from the Ministry of Works - V	1 day	No charge
13	File a Notice of Completion with the Ministry of Works	14 days	No charge
14	Receive final inspection from the Ministry of Works	1 day	No charge
15*	Request telephone line	1 day	No charge
16*	Receive inspection from telecommunications company	1 day	No charge
17*	Pay and connect to telephone	180 days	Le 138,000
18*	Request connection to water	1 day	No charge
19*	Receive inspection from water authorities	1 day	No charge
20*	Pay and connect to water	109 days	Le 900,000

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application letter to National Power Authority (NPA) and await site inspection	10 days	No charge
2*	Receive site inspection from NPA	1 day	Le 5,000
3	Submit application form to NPA and await estimate	14 days	Le 8,263,000
4	Purchase material and request inspection from NPA	18 days	Le 22,425,000
5	NPA conducts inspection of materials	4 days	No charge
6	Customer receives job number from NPA and presents to NPA customer service to receive New Customer Account deposit and pay security deposit	1 day	No charge
7	NPA conducts internal wiring inspection and commences external connection	60 days	Le 1,414,000
8	NPA conducts external inspection, installation of meter, and electricity starts flowing	30 days	No charge

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	The buyer verifies the seller's title to the property at the Property Registry	5 days	Le 10,000
2	A licensed surveyor visits the property and prepares the survey plan	20 days	Le 1 million
3	A licensed surveyor submits the survey plan to the Ministry of Lands and Housing	1 day	No charge
4	Countersignature of the Director of Surveys and Lands on the survey plan of the property	2 weeks	No charge
5	Preparation and execution of the sale-purchase agreement by a hired lawyer	7 days	10% of purchase price
6	Obtain a tax clearance certificate from the National Revenue Authority	2 days	Le 5,000 + 10% capital gains tax (not included in the calculation)
7	Registration of the transfer of instrument by the Registrar General	2–3 weeks	Le 30,000 is paid for acknowledgment or proof of the deed Le 20,000 for delivery of the deed Le 30,000 for the recording/registration of the deed (registration fee) Stamp duty according to the following scale: property value/stamp duty (Le): • Less than 1,000,000: 7,500.50 • Remainder above 1,000,000: Remainder/800 (or 0.125% of the balance) Le 100,000 per acre of land (land tax) (1 acre = 4,047 square meters)

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	Yes
Score ("yes" for either private bureau or public registry)			2
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			7
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	16,603
Number of firms		0	6,059
Percentage of total		0.0	0.7

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2	Full disclosure of all material facts
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1	Disclosure on the transaction only
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	7	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence or influencing the approval of the transaction
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	2	Possible when the transaction is unfair or entails a conflict of interest
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1	Yes
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	6	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	2	Yes, without approval from the judge
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	6.3	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	5		15	30%	Taxable profit	17.6	
Social security contributions	12		168	10%	Gross income	11.3	
Municipal license fee	1				Type of business	2.0	
Vehicle tax	1			Various rates	Cubic capacity	0.5	
Fuel tax	1			Le 307.38 per liter	Number of liters	0.4	
Tax on interest	1			15%	Interest income	0.4	
Goods and service tax	12		174	15%	Cost of materials	0	Not included
Totals	33		357			32.1	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	14	380	Document preparation	16	635
Customs clearance and technical control	4	550	Customs clearance and technical control	6	600
Port and terminal handling	2	165	Port and terminal handling	3	255
Inland transport and handling	4	290	Inland transport and handling	2	290
Totals	24	1,385	Totals	27	1,780
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Certificate of origin		
Commercial invoice			Commercial invoice		
Container allocation document			Customs release order/exit note		
Customs single document			Destination inspection (DI) report		
Export permit			Packing list		
Packing list			Single customs declaration (SCD)		

Enforcing contracts	
Indicator	
Time (days)	515
Filing and service	30
Trial and judgment	395
Enforcement of judgment	90
Cost (% of claim)	149.5
Attorney cost (% of claim)	125.0
Court cost (% of claim)	4.5
Enforcement cost (% of claim)	20.0
Procedures (number)	39

Resolving insolvency	
Indicator	
Time (years)	2.6
Cost (% of estate)	42
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	9.2

SOLOMON ISLANDS

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Obtain approval of the company name from the Ministry of Commerce	1 day	No charge
2	Register the company with the Registrar of Companies	1–2 days	Included in procedure 3
3*	Pay registration fees at the Inland Revenue Division	1 day (simultaneous with previous procedure)	SI\$1,250
4	Register for income tax, goods tax and sales tax	3 days	No charge
5*	Register as an employer with the National Provident Fund	1 day (simultaneous with previous procedure)	No charge
6*	Make a company seal	4 days (simultaneous with previous procedure)	SI\$500
7*	Pay a business license fee at the Honiara Council	1–3 days (simultaneous with previous procedure)	SI\$2,700

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Request and obtain approval of concept plan from the Town and Country Planning Board	30 days	SI\$100
2	Obtain approval from the Town and Country Planning Board	31 days	SI\$20,559
3	Request and receive foundation inspection	1 day	No charge
4	Request and receive flooring inspection	1 day	No charge
5	Request and receive ground floor wall elevation inspection	1 day	No charge
6	Request and receive ground floor ceiling inspection	1 day	No charge
7	Request and receive first floor wall elevation inspection	1 day	No charge
8	Request and receive roofing inspection	1 day	No charge
9	Request water connection	1 day	No charge
10*	Receive water inspection	1 day	No charge
11*	Connect to water	23 days	SI\$2,060
12*	Request telephone connection	1 day	No charge
13*	Receive telephone inspection	1 day	No charge
14*	Connect to fixed telephone line	9 days	SI\$345
15*	Final inspection for the issuance of the completion certificate	7 days	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit an application for an electricity connection to Solomon Islands Electricity Authority (SIEA) and await an estimate	11 days	SI\$192.30
2*	Await completion of the external inspection by SIEA for the preparation of the estimate	1 day	No charge
3	Await completion of the external connection works by SIEA	142 days	SI\$189,200
4	Await inspection of the internal wiring by SIEA, meter installation, and electricity starts flowing	7 days	SI\$380

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Property ownership and encumbrances	1–2 days	SI\$30
2	Obtain tax and encumbrances clearance	1 day	SI\$10
3	Confirm boundary maps of the property	4 days	SI\$200 (survey identification fee)
4	Contact a surveyor to survey the land	20 days	SI\$1,000
5	Get consent to transfer from the Commissioner of Lands	1–2 months	SI\$300
6*	Prepare and sign transfer contract	1 day (simultaneous with procedure 7)	0.5% of the value of the transaction (legal fees)
7*	Verify registration of the vendor company	1 day (simultaneous with procedure 6)	No charge—online search
8	Notarize the transfer contract	1 day	SI\$10–50
9	Pay stamp duty at Inland Revenue	1–3 days	Stamp duty on transfer of properties according to the following scale: • \$10,000 and \$20,000: 2% • \$25,000 and \$50,000: 3% • \$50,000 and above: 4%
10	Register the transfer	1 month	SI\$100

* Takes place simultaneously with another procedure.

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	No
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			0
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			Yes
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			Yes
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			Yes
Score (number of "yes" responses)			9
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	0
Number of firms		0	0
Percentage of total		0	0

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	3	
What corporate body provides legally sufficient approval for the transaction?	1	Board of directors, and Mr. James is allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2	Full disclosure of all material facts
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0	No disclosure obligation
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	7	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2	Liable for unfair/oppressive transaction or one prejudicial to minority shareholders
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1	Possible when the transaction is oppressive or prejudicial to minority shareholders
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1	Yes
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	8	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1	Yes
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1	Yes
Whether the plaintiff can directly question the defendant and witnesses during trial?	2	Yes, without approval from the judge
Whether the level of proof required for civil suits is lower than that for criminal cases?	1	Yes
Strength of investor protection index (0–10)	6	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	5		8	30%	Taxable profit	15	
National Provident Fund (employer paid)	12		30	8%	Gross salaries	8.5	
Business license fee	1			Various rates depending on activity		1	
Property tax	1			2%	Assessed property value	0.6	
Transaction fee on bank transactions	0	Paid jointly		SI\$480	Fixed fee	0.2	
Tax on check transactions	1			SI\$1 per check	Number of checks	0.1	
Sales tax	12		42	10%	Sales	0	Withheld
Stamp duty	1			Various rates	Transaction value	0	Small amount
Totals	33		80			25.3	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	6	275	Document preparation	5	220
Customs clearance and technical control	4	135	Customs clearance and technical control	3	135
Port and terminal handling	11	150	Port and terminal handling	10	150
Inland transport and handling	3	510	Inland transport and handling	2	532
Totals	24	1,070	Totals	20	1,037
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of approval to export from Central Bank			Commercial invoice		
Certificate of quality			Customs duty receipt		
Commercial invoice			Form C 15 (import entry)		
Form C 25 (export entry)			Terminal handling receipts		
Packing list					
Terminal handling receipts					

Enforcing contracts	
Indicator	
Time (days)	455
Filing and service	3
Trial and judgment	182
Enforcement of judgment	270
Cost (% of claim)	78.9
Attorney cost (% of claim)	55.5
Court cost (% of claim)	5.1
Enforcement cost (% of claim)	18.3
Procedures (number)	37

Resolving insolvency	
Indicator	
Time (years)	1.0
Cost (% of estate)	38
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	23.9

SOUTH SUDAN

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Reserve the company name at the Business Registry (Government of South Sudan) and pay the fee	1 day	SSP 15
2*	Prepare the company documents before an advocate	2 days	SSP 2,500
3	Apply for approval of the company registration at the Business Registry (Government of South Sudan) and pay the fee	2 days	SSP 25
4	Pay the registration fees and obtain the Certificate of Incorporation from the Business Registry (Government of South Sudan)	1 day	SSP 821
5	Obtain an Operating License from the Directorate of Trade and Supplies (State Government of Central Equatoria)	2 days	SSP 2,000
6	Obtain a Trading License from the <i>payam</i> (county authority)	2 days	SSP 300
7	Obtain a Tax ID Card and a Tax Clearance Certificate from the Revenue Authority (State Government of Central Equatoria)	1 day	SSP 1,050 (SSP 800 state development tax + SSP 150 fee for Tax Clearance Certificate + SSP 90 fee for Tax ID Card + SSP 10 stamp duty)
8*	Register with the Ministry of Finance (Government of South Sudan) and obtain a Tax Identification Number (TIN)	1 day	No charge
9*	Register with the Ministry of Labor (Government of South Sudan)	1 day	No charge
10*	Open separate bank account for social security payments	1 day	No charge
11*	Obtain a company seal	1 day	SSP 90

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Apply for and obtain a <i>croquis</i> from the Survey Department of the Ministry of Physical Infrastructure (State Government of Central Equatoria)	1 day	SSP 125 (<i>croquis</i> fees for a plot located in a 2nd-class area)
2	Obtain a building plan approval from the Construction Department of the Ministry of Physical Infrastructure (State Government of Central Equatoria)	4 days	SSP 3,000 (for all businesses)
3	Obtain a construction permit from the <i>payam</i> (Juba county)	4 days	SSP 7,100 (SSP 200 for Form 34 + SSP 250 for Form 35 + SSP 150 for Completion Certificate + SSP 6,500 for construction permit fee [SSP 5 per square meter of the construction, paid every year])
4	Request the Survey Department of the Ministry of Physical Infrastructure (State Government of Central Equatoria) to peg the plot and the building surface	4 days	No charge
5	Receive an inspection during construction by engineers from the <i>payam</i>	1 day	No charge
6	Request and receive a Certificate of Completion from the <i>payam</i>	1 day	No charge
7	Obtain a permanent satellite phone connection	3 days	SSP 16,575 (\$6,500 for the equipment + \$1,000 for the installation)
8*	Apply for and obtain a borehole drilling permit from the Ministry of Water and Rural Irrigation (Government of South Sudan)	4 days	SSP 1,350
9	Dig a borehole to obtain water	10 days	SSP 33,750 (average cost for an 80-meter-deep borehole in a 2nd-class area)
10*	Buy and install a generator to obtain power connection	2 days	SSP 99,450 (\$45,000 for a 140-kVA generator)

* Takes place simultaneously with another procedure.

Note: The data for South Sudan are from *Doing Business in Juba 2011* (World Bank 2011b).

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Verify land ownership with a survey engineer from the Survey Department of the Ministry of Physical Infrastructure (State Government of Central Equatoria)	2 days	No charge
2	Obtain a fresh copy of the Search Certificate for Sale from the Land Registry of the High Court	3 days	SSP 4 (SSP 3 for administrative fee + SSP 1 for stamp duty)
3	Draft the deed of transfer with an advocate	1 day	SSP 250
4	Obtain Form for Consent to Assign Premises Held on Lease (Form 31A) from the Land Registry at the High Court	1 day	SSP 5 (SSP 3 for administrative fees + SSP 1 for application form + SSP 1 for stamp duty)
5	Obtain Leasehold Document from the Directorate of Land of the Ministry of Physical Infrastructure (State Government of Central Equatoria)	7 days	SSP 13,569 (10% of the property value)
6	Register the transfer of the lease at the Land Registry of the High Court and obtain Search Certificate	2 days	SSP 3,392 (2.5% of the property value)
7	Obtain a <i>croquis</i> (site map) from the Survey Department of the Ministry of Physical Infrastructure (State Government of Central Equatoria)	2 days	SSP 2,714 (2% of the property value)

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	No
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			0
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			No
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			2
Coverage		Private credit bureau	Public credit registry
Number of individuals		0	0
Number of firms		0	0
Percentage of total		0	0

Protecting investors	
Indicator	Score
Extent of disclosure index (0–10)	3
What corporate body provides legally sufficient approval for the transaction?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	0
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0–10)	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Ease of shareholder suits index (0–10)	5
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	2
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
Whether the level of proof required for civil suits is lower than that for criminal cases?	0
Strength of investor protection index (0–10)	2.7

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Business profit tax (corporate income tax)	5	Quarterly advance payments	56	10.0%	Taxable income	4.8	
Value added tax (VAT)/goods and service tax (GST)	12		84	15.0%	Value added		Not included
Personal income tax	12		48	<SSP 300 = 0% SSP 301–5,000 = 10% >SSP 5,001 = 15%	Gross salaries		Not included
Social security contributions	12		30	17.0%	Gross salaries	19.2	
Tax on interest earned				10.0%	Interest earned on bank account	0.3	
Company license (Central Equatoria State)	1			SSP 800		0.5	
State Tax Identity Card (Central Equatoria State)	1			SSP 90		0.1	
State Tax Clearance Certificate (Central Equatoria State)	1			SSP 50		0	
State Retail Trading License (Central Equatoria State)	1			SSP 200		0.1	
State fuel tax (Central Equatoria State)	1			15.0%	Fuel consumption	0.5	
Fuel tax (Government of South Sudan)		Paid jointly with state tax		0.5%	Fuel consumption	0	
Totals	46		218			25.5	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	28	275	Document preparation	34	525
Customs clearance and technical control	4	375	Customs clearance and technical control	3	430
Port and terminal handling	6	375	Port and terminal handling	6	390
Inland transport and handling	14	4,000	Inland transport and handling	17	8,075
Totals	52	5,025	Totals	60	9,420
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Certificate of origin		
Commercial invoice			Commercial invoice		
Customs export declaration			Customs import declaration		
Export form and letter from commercial bank			Exit pass (gate pass)		
Letter of approval to export			Import form and letter from commercial bank		
Packing list			Letter of approval to import		
Preshipment inspection clean report of findings			Packing list		
Transit documents			Preshipment inspection clean report of findings		
			Technical standard/health certificate		
			Transit documents		

Enforcing contracts	
Indicator	
Time (days)	111
Filing and service	21
Trial and judgment	60
Enforcement of judgment	30
Cost (% of claim)	26.0
Attorney cost (% of claim)	13.9
Court cost (% of claim)	7.1
Enforcement cost (% of claim)	5.0
Procedures (number)	46

Resolving insolvency	
Indicator	
Time (years)	No practice
Cost (% of estate)	No practice
Outcome (0 as piecemeal sale and 1 as going concern)	No practice
Recovery rate (cents on the dollar)	No practice

TIMOR-LESTE

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Deposit minimum capital at the bank	1 day	No charge
2	Verify uniqueness of company name, register the name and file company statutes at the Ministry of Justice	3 weeks	No charge
3	Publish statutes in the official gazette	30 days	No charge
4	Apply for tax identification number (TIN)	7 days	No charge
5	Notify Labor Department	2 days	No charge
6	Apply for temporary business license at the Ministry of Tourism, Commerce and Industry	21 days	\$105
7	Obtain a company stamp	2 days	\$10
8	Obtain the final company certificate (<i>matricula do comercio</i>)	10 days	No charge

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Request a "no objection" letter from the Land and Property Department	1 day	No charge
2	Receive inspection certificate from the Land and Property Department	1 day	No charge
3	Obtain a "no objection" letter from the Land and Property Department	45 days	No charge
4*	Obtain project clearance from the Department of Environment and Development	30 days	No charge
5	Submit application for building permit	1 day	No charge
6	Receive inspection from the Public Works Office	1 day	No charge
7	Obtain building permit	88 days	No charge
8	Receive excavation work inspection	1 day	No charge
9	Receive foundations work inspection	1 day	No charge
10	Receive concrete work inspection	1 day	No charge
11	Receive labor inspection	1 day	No charge
12	Receive final inspection	1 day	No charge
13	Obtain approval upon completion of project from the Public Works Office and municipality	14 days	No charge
14*	Apply for water and sewerage connection	1 day	No charge
15	Receive water and sewerage inspection	1 day	No charge
16	Obtain water and sewerage connection	50 days	\$500
17*	Request telephone line from Timor Telecom	1 day	No charge
18	Receive inspection from Timor Telecom	1 day	No charge
19*	Obtain phone connection	30 days	\$50

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit an application for electricity connection to EDTL and await estimate of the connection fees	28 days	\$600
2	External inspection by the utility	14 days	No charge
3	External connection works carried out by the utility and final connection	21 days	\$22,816.30

Registering property	
Indicator	
Procedures (number)	No practice
Time (days)	No practice
Cost (% of property value)	No practice

Getting credit			
Depth of credit information index (0–6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Are data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Score ("yes" for either private bureau or public registry)			3
Strength of legal rights index (0–10)			
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?			Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?			No
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?			No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?			No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?			No
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?			No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?			No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?			Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?			No
Score (number of "yes" responses)			2
Coverage	Private credit bureau	Public credit registry	
Number of individuals	0	..	
Number of firms	0	..	
Percentage of total	0.0	2.0	

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	3	
What corporate body provides legally sufficient approval for the transaction?	1	Board of directors, and Mr. James is allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	0	No disclosure obligation
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1	Disclosure on the transaction only
Whether an external body must review the terms of the transaction before it takes place?	1	Yes
Extent of director liability index (0–10)	4	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence or influencing the approval of the transaction
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1	Liable for negligence
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1	Yes
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	5	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1	Yes
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1	Yes
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	0	No
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	4	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Corporate income tax	5		132	10%	Taxable profit	14.9	
Fuel tax	1			\$0.06	Per liter	0.2	
Personal income tax (employee paid)	12		144			0	Withheld
Totals	18		276			15.1	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	9	140	Document preparation	12	145
Customs clearance and technical control	4	50	Customs clearance and technical control	5	50
Port and terminal handling	10	120	Port and terminal handling	7	120
Inland transport and handling	2	440	Inland transport and handling	2	440
Totals	25	750	Totals	26	755
Export documents			Import documents		
Bill of lading			Bank payment slip for customs-related fees		
Commercial invoice			Bill of lading		
Customs export declaration			Commercial invoice		
Packing list			Customs import declaration		
Tax Compliance Certificate (Certidão de dividas)			Delivery order		
Technical standard/health certificate			Packing list		
			Tax Compliance Certificate (Certidão de dividas)		

Enforcing contracts	
Indicator	
Time (days)	1,285
Filing and service	200
Trial and judgment	995
Enforcement of judgment	90
Cost (% of claim)	163.2
Attorney cost (% of claim)	155.7
Court cost (% of claim)	4.0
Enforcement cost (% of claim)	3.5
Procedures (number)	51

Resolving insolvency	
Indicator	
Time (years)	No practice
Cost (% of estate)	No practice
Outcome (0 as piecemeal sale and 1 as going concern)	No practice
Recovery rate (cents on the dollar)	No practice

TOGO

Starting a business			
No.	Procedure	Time to complete	Associated costs
1	Check the company name	1 day	CFAF 5,000 (name check)
2	The notary legalizes documents and buys stamps	2 days	About CFAF 175,000
3	Deposit the company's initial capital	2 days	No charge
4	Deposit all the documents for company registration and pay fees at the one-stop shop Centre de Formalité des Entreprises	20–40 days	Court (CFAF 8,250) + DGI (CFAF 33,000) + Centre de Formalité des Entreprises (CFAF 20,000) + Chamber of Commerce (CFAF 15,000) + authorization of business establishment (CFAF 9,000)
5*	Payment of all the fees at the cashier (BTCI)	1 day (simultaneous with previous procedure)	Included in previous procedure
6	Publication in a national news daily or the official gazette	3 days	CFAF 61,360 (per publication)

* Takes place simultaneously with another procedure.

Dealing with construction permits			
No.	Procedure	Time to complete	Associated costs
1	Obtain certified copy of the title deed	2 days	CFAF 500
2	Obtain certification of architectural plans from the National Order of Architects (Ordre National des Architectes)	3 days	CFAF 150,000
3	Apply for construction permit at the Voirie (DST)	21 days	No charge
4	Request and obtain inspection from the Direction Generale de l'Urbanisme et de l'Habitat	15 days	CFAF 10,000
5	Obtain construction license from the Voirie (DST)	150 days	CFAF 130,060
6	Apply for water connection	1 day	CFAF 1,180
7	Togolese Water Supply Company (TDE) carries out a site visit and prepares an estimate for water connection	1 day	No charge
8	Obtain water connection	84 days	CFAF 800,000
9	Apply for telephone connection	1 day	No charge
10	Site inspection by Togo Télécom	7 days	No charge
11*	Obtain fixed telephone line	30 days	CFAF 88,350
12*	Obtain occupancy permit	7 days	No charge

* Takes place simultaneously with another procedure.

Getting electricity			
No.	Procedure	Time to complete	Associated costs
1	Submit application, await estimate and sign contract with Compagnie Energie Electrique Togo (CEET)	30 days	\$192.50
2*	Receive external inspection by CEET	15 days	No charge
3	Receive external connection works by CEET	30 days	\$19,500.00
4	Receive meter installation, final connection and flow of electricity	14 days	\$6,809.60

* Takes place simultaneously with another procedure.

Registering property			
No.	Procedure	Time to complete	Associated costs
1	Obtain a copy of the property deed at the Land Registry	7 days	CFAF 10,000
2	A notary drafts the sale agreement	3 days	Notary fees • CFAF 1–2,500,000 = 4.5% • CFAF 2,500,001–5,000,000 = 3% • CFAF 5,000,001–10,000,000 = 1.5% • CFAF >10,000,000 = 0.75%
3	Register the sale agreement with the Tax Authorities	14 days	9% of the property value + CFAF 5,000 (stamp duties)
4	Notarize the registered sale agreement	1 day	Already paid in procedure 2 (notary fees)
5	Final transfer of the property title with the Land Registry	6–12 months	1.2% of the property value + CFAF 5,000 (fixed costs)

Getting credit			
Depth of credit information index (0–6)		Private credit bureau	Public credit registry
Are data on both firms and individuals distributed?		No	Yes
Are both positive and negative data distributed?		No	No
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?		No	No
Are more than 2 years of historical credit information distributed?		No	No
Are data on all loans below 1% of income per capita distributed?		No	No
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?		No	No
Score ("yes" for either private bureau or public registry)			1

Strength of legal rights index (0–10)	
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral?	Yes
Does the law allow businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation that is unified geographically and by asset type, with an electronic database indexed by debtors' names?	No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e., before general tax claims and employee claims) when a business is liquidated?	No
Are secured creditors either not subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure, or does the law provide secured creditors with grounds for relief from an automatic stay or set a time limit to it?	No
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?	Yes
Score (number of "yes" responses)	6

Coverage	Private credit bureau	Public credit registry
Number of individuals	0	..
Number of firms	0	..
Percentage of total	0.0	2.8

Protecting investors		
Indicator	Score	Score description
Extent of disclosure index (0–10)	6	
What corporate body provides legally sufficient approval for the transaction?	3	Both board of directors and shareholders meeting, and Mr. James is not allowed to vote
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1	Existence of a conflict without any specifics
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0	No disclosure obligation
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2	Disclosure on the transaction and Mr. James's conflict of interest
Whether an external body must review the terms of the transaction before it takes place?	0	No
Extent of director liability index (0–10)	1	
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1	Yes
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether shareholders can hold members of the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0	Not liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0	Not possible or only in case of Seller's fraud or bad faith
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0	No
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0	No
Whether fines and imprisonment can be applied against Mr. James?	0	No
Ease of shareholder suits index (0–10)	4	
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0	No
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0	No
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3	Any information that is relevant to the subject matter of the claim
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0	No
Whether the plaintiff can directly question the defendant and witnesses during trial?	1	Yes
Whether the level of proof required for civil suits is lower than that for criminal cases?	0	No
Strength of investor protection index (0–10)	3.7	

Paying taxes							
Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
Social security contributions	12		120	17%	Gross salaries	18.6	
Business tax	2		0	0%	Turnover	11.6	
Corporate income tax	5		30	27%	Taxable profit	9.3	
Payroll tax	12			7%	Gross salaries	7.9	
Property tax on developed land	1			25%	Assessed rental value of building	1.0	
Tax on interest	1		0	15%	Interest income	0.4	
Fuel tax	1			CFAF 48.06	Per liter of diesel	0.3	
Tax on insurance contracts	1			25%	Insurance premium	0.2	
Tax on garbage collection	1			2% and 0.2%	Assessed rental value of building and land	0.1	
Property tax on undeveloped land	1			2%	Assessed rental value of land	0.1	
Property surtax	1			1%	Assessed rental value of land	0	
Stamp duty on contracts	1			CFAF 1,500	Per page	0	Small amount
Vehicle tax	1			Various rates		0	Small amount
Training tax	1			Various rates		0	Small amount
Value added tax (VAT)	12		120	18%	Value added	0	Not included
Totals	53		270			49.5	

Trading across borders					
Nature of export procedures	Duration (days)	US\$ cost	Nature of import procedures	Duration (days)	US\$ cost
Document preparation	17	294	Document preparation	19	440
Customs clearance and technical control	1	189	Customs clearance and technical control	3	189
Port and terminal handling	4	200	Port and terminal handling	3	223
Inland transport and handling	2	257	Inland transport and handling	3	257
Totals	24	940	Totals	28	1,109
Export documents			Import documents		
Bill of lading			Bill of lading		
Certificate of origin			Cargo release order		
Commercial invoice			Certificate of origin		
Customs export declaration			Commercial invoice		
Packing list			Customs import declaration		
Technical standard/health certificate			Insurance certificate		
			Packing list		
			Preshipment inspection clean report of findings		

Enforcing contracts	
Indicator	
Time (days)	588
Filing and service	23
Trial and judgment	385
Enforcement of judgment	180
Cost (% of claim)	47.5
Attorney cost (% of claim)	19.0
Court cost (% of claim)	11.1
Enforcement cost (% of claim)	17.4
Procedures (number)	41

Resolving insolvency	
Indicator	
Time (years)	3.0
Cost (% of estate)	15
Outcome (0 as piecemeal sale and 1 as going concern)	0
Recovery rate (cents on the dollar)	30.5

2007 2012 2011
 2005 2004
 2009 2010 2013
 2008 2006

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1. See *Doing Business in Juba 2011* (World Bank 2011b) for contributors for the data for South Sudan.

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