

# Doing Business 2015

## Going Beyond Efficiency

### Regional Profile 2015

#### Sub-Saharan Africa (SSA)



COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN **189** ECONOMIES

*A World Bank Group Flagship Report*

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ISBN (paper): 978-1-4648-0351-2  
ISBN (electronic): 978-1-4648-0352-9  
DOI: 10.1596/978-1-4648-0351-2  
ISSN: 1729-2638

Cover design: Corporate Visions, Inc.

## CONTENTS

<b>Introduction</b> .....	<b>4</b>
<b>The business environment</b> .....	<b>5</b>
<b>Starting a business</b> .....	<b>14</b>
<b>Dealing with construction permits</b> .....	<b>27</b>
<b>Getting electricity</b> .....	<b>36</b>
<b>Registering property</b> .....	<b>43</b>
<b>Getting credit</b> .....	<b>54</b>
<b>Protecting minority investors</b> .....	<b>65</b>
<b>Paying taxes</b> .....	<b>78</b>
<b>Trading across borders</b> .....	<b>90</b>
<b>Enforcing contracts</b> .....	<b>104</b>
<b>Resolving insolvency</b> .....	<b>112</b>
<b>Distance to frontier and ease of doing business ranking</b> .....	<b>119</b>
<b>Resources on the <i>Doing Business</i> website</b> .....	<b>122</b>

## INTRODUCTION

*Doing Business* sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

In a series of annual reports *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies, from Afghanistan to Zimbabwe, over time. The data set covers 47 economies in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in East Asia and the Pacific, 26 in Eastern Europe and Central Asia, 20 in the Middle East and North Africa and 8 in South Asia, as well as 31 OECD high-income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

This regional profile presents the *Doing Business* indicators for economies in Sub-Saharan Africa (SSA). It also shows the regional average, the best performance globally for each indicator and data for the following comparator regions: Common Market for Eastern and Southern Africa (COMESA), Economic Community of Central African States (ECCAS), Middle East and North

Africa (MENA), Organization for the Harmonization of Business Law in Africa (OHADA) and OECD High Income. The data in this report are current as of June 1, 2014 (except for the paying taxes indicators, which cover the period January–December 2013).

The *Doing Business* methodology has limitations. Other areas important to business—such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders and getting electricity), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by *Doing Business*. The indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policy makers in designing regulatory reform.

More information is available in the full report. *Doing Business 2015* presents the indicators, analyzes their relationship with economic outcomes and recommends regulatory reforms. The data, along with information on ordering the *Doing Business 2015* report, are available on the *Doing Business* website at <http://www.doingbusiness.org>.

## THE BUSINESS ENVIRONMENT

### CHANGES IN *DOING BUSINESS 2015*

As part of a 2-year update in methodology, *Doing Business 2015* incorporates 7 important changes. First, the ease of doing business ranking as well as all topic-level rankings are now computed on the basis of distance to frontier scores (see the chapter on the distance to frontier and ease of doing business ranking). Second, for the 11 economies with a population of more than 100 million, data for a second city have been added to the data set and the ranking calculation. These economies are Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States. Third, for getting credit, the methodology has been revised for both the strength of legal rights index and the depth of credit information index. The number of points has been increased in both indices, from 10 to 12 for the strength of legal rights index and from 6 to 8 for the depth of credit information index. In addition, only credit bureaus and registries that cover at least 5% of the adult population can receive a score on the depth of credit information index.

Fourth, the name of the protecting investors indicator set has been changed to protecting minority investors to better reflect its scope—and the scope of the indicator set has been expanded to include shareholders' rights in corporate governance beyond related-party transactions. Fifth, the resolving insolvency indicator set has been expanded to include an index measuring the strength of the legal framework for insolvency. Sixth, the calculation of the distance to frontier score for paying taxes has been changed. The total tax rate component now enters the score in a nonlinear fashion, in an approach different from that used for all other indicators (see the chapter on the distance to frontier and ease of doing business ranking).

Finally, the name of the employing workers indicator set has been changed to labor market regulation, and the scope of this indicator set has also been changed. The indicators now focus on labor market regulation applying to the retail sector rather than the manufacturing sector, and their coverage has been expanded to include regulations on labor disputes and on benefits provided to workers. The labor market regulation indicators continue to be excluded from the aggregate distance to frontier score and ranking on the ease of doing business.

Beyond these changes there are 3 other updates in methodology. For paying taxes, the financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. For enforcing contracts, the value of the claim is now set at twice the income per capita or \$5,000, whichever is greater. For dealing with construction permits, the cost of construction is now set at 50 times income per capita (before, the cost was assessed by the *Doing Business* respondents). In addition, this indicator set no longer includes the procedures for obtaining a landline telephone connection.

For more details on the changes, please see the "What is changing in *Doing Business*?" chapter starting on page 24 of the *Doing Business 2015* report. For more details on the data and methodology, please see the "Data Notes" chapter starting on page 114 of the *Doing Business 2015* report. For more details on the distance to frontier metric, please see the "Distance to frontier and ease of doing business ranking" chapter in this profile.

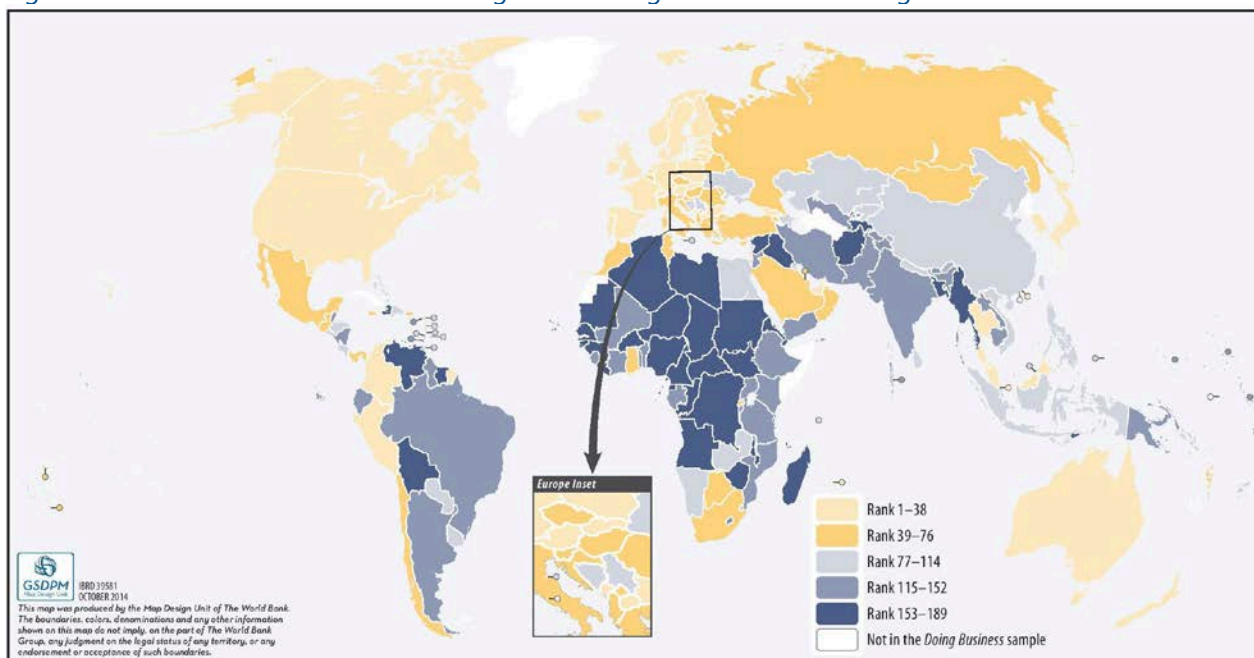
## THE BUSINESS ENVIRONMENT

For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. *Doing Business* provides an aggregate ranking on the ease of doing business based on indicator sets that measure and benchmark regulations applying to domestic small to medium-size businesses through their life cycle. Economies are ranked from 1 to 189 by the ease of doing business ranking. This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking. The ranking of economies is determined by sorting the aggregate distance to frontier (DTF) scores. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. (see the distance to frontier chapter in this profile for more details).

The 10 topics included in the index in *Doing Business 2015*: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

The aggregate ranking on the ease of doing business benchmarks each economy's performance on the indicators against that of all other economies in the *Doing Business* sample (figure 1.1). While this ranking tells much about the business environment in an economy, it does not tell the whole story. The ranking on the ease of doing business, and the underlying indicators, do not measure all aspects of the business environment that matter to firms and investors or that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

Figure 1.1 Where economies stand in the global ranking on the ease of doing business

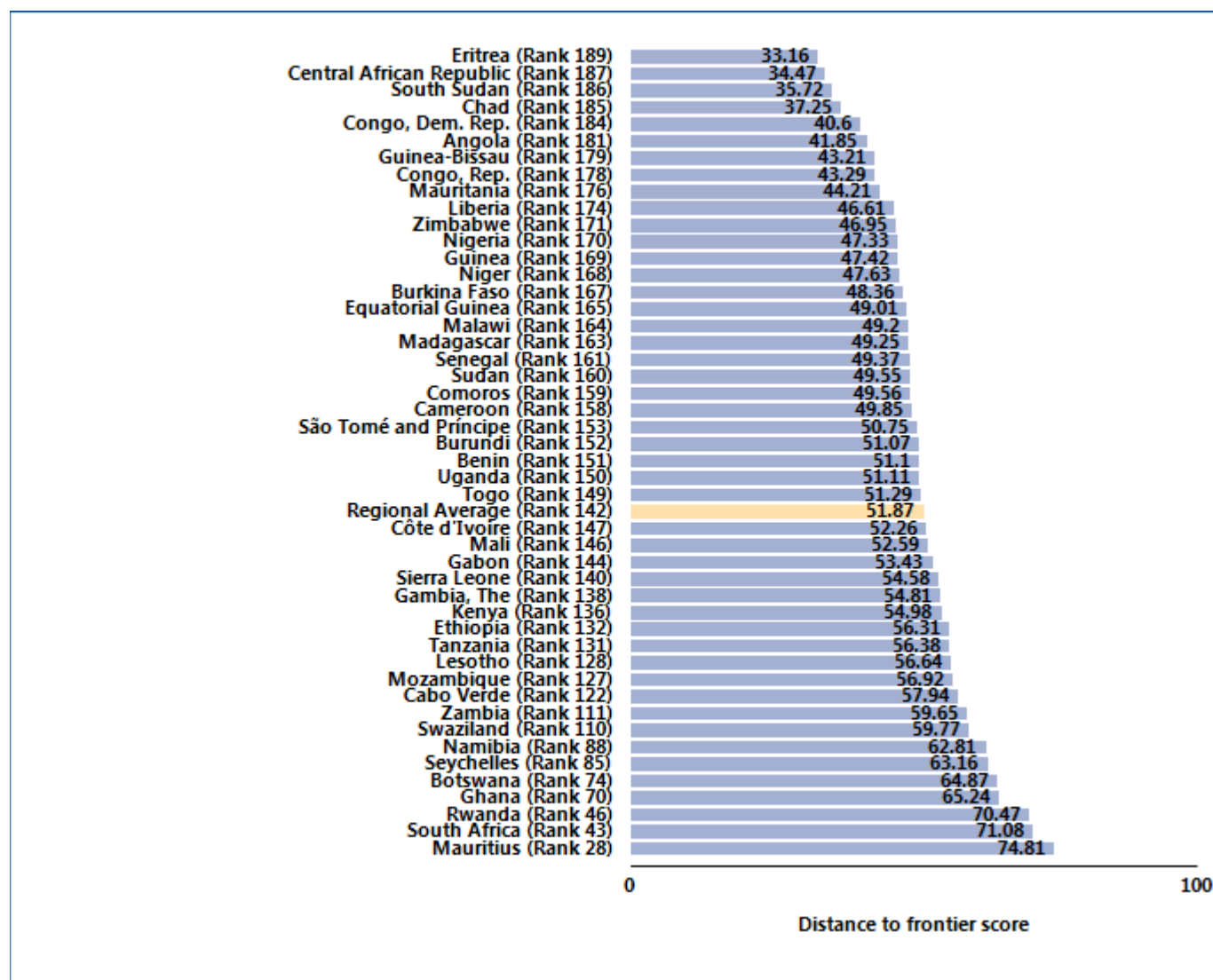


Source: *Doing Business* database.

## THE BUSINESS ENVIRONMENT

For policy makers, knowing where their economy stands in the aggregate ranking on the ease of doing business is useful. Also useful is to know how it ranks compared with other economies in the region and compared with the regional average (figure 1.2). Another perspective is provided by the regional average rankings on the topics included in the ease of doing business ranking (figure 1.3) and the distance to frontier scores (figures 1.4 and 1.5).

Figure 1.2 How economies in Sub-Saharan Africa (SSA) rank on the ease of doing business



Note: The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.

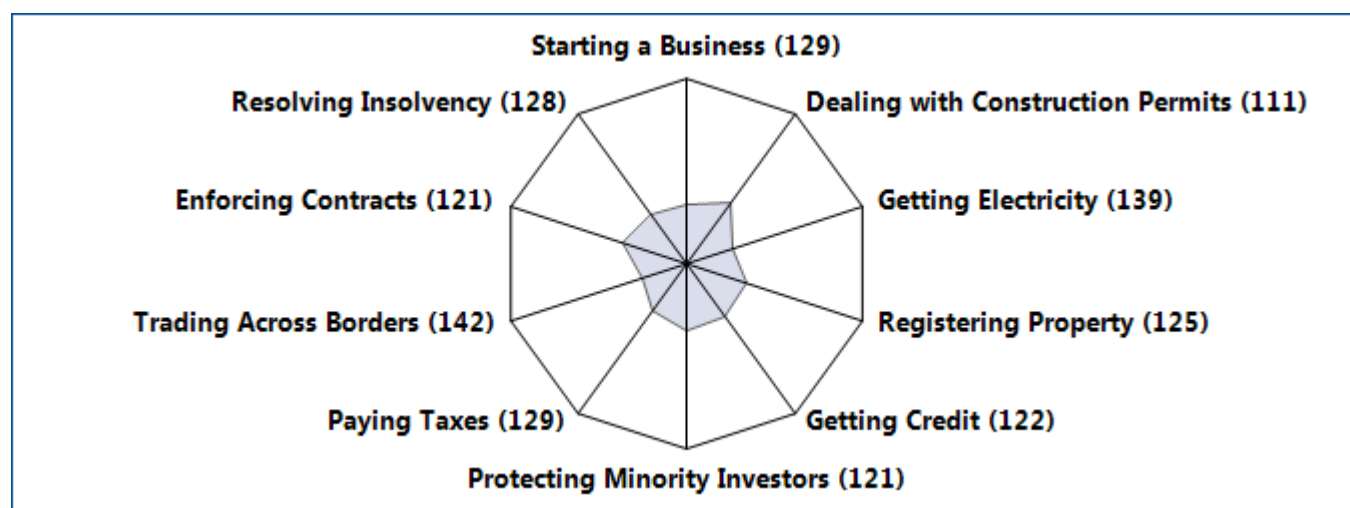
Source: *Doing Business* database.

## THE BUSINESS ENVIRONMENT

Figure 1.3 Rankings on *Doing Business* topics - Sub-Saharan Africa (SSA)

(Scale: Rank 189 center, Rank 1 outer edge)

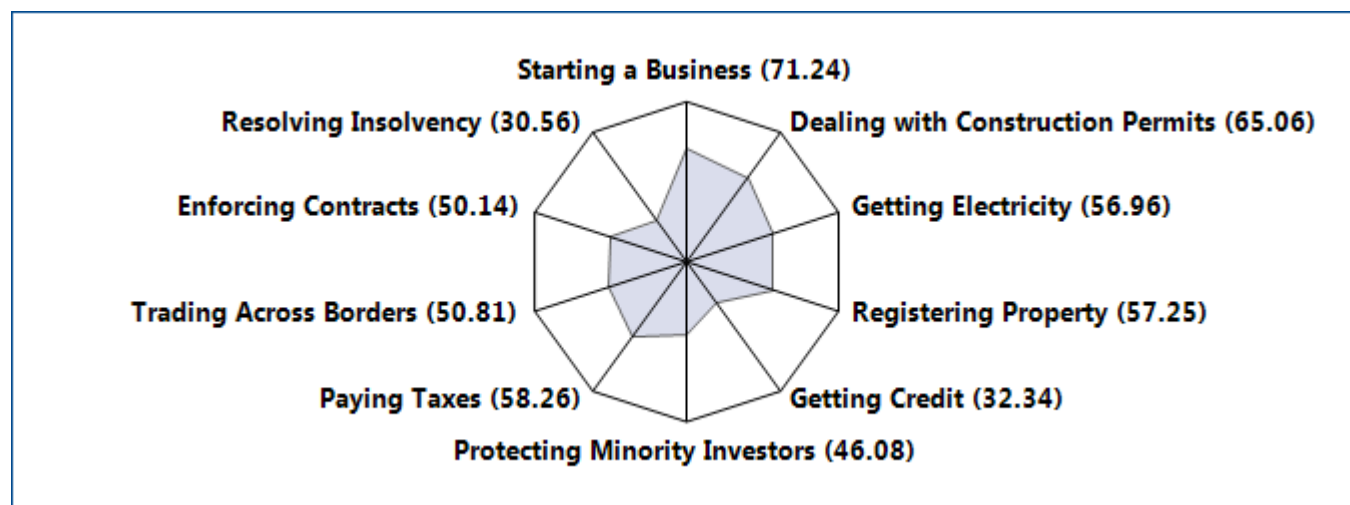
Regional average ranking



Source: *Doing Business* database.

Figure 1.4 Distance to frontier scores on *Doing Business* topics - Sub-Saharan Africa (SSA)

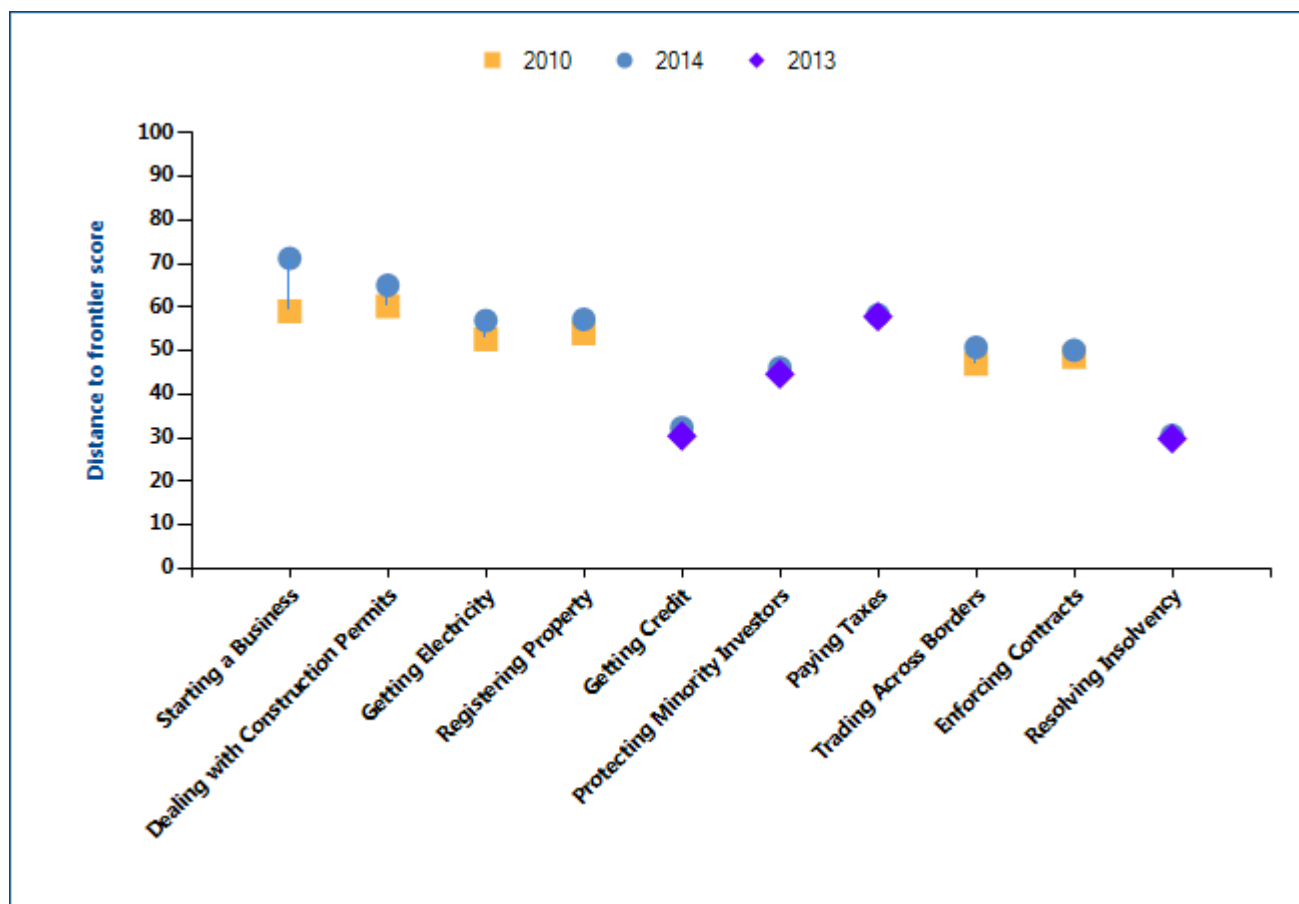
(Scale: Score 0 center, Score 100 outer edge)



*Note:* The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.

Source: *Doing Business* database.



Figure 1.5 How far has Sub-Saharan Africa (SSA) come in the areas measured by *Doing Business*?

*Note:* The distance to frontier score shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2010, except for getting credit, paying taxes, protecting minority investors and resolving insolvency which had methodology changes in 2014 and thus are only comparable to 2013. The score is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). See the chapter distance to frontier and the ease of doing business ranking at the end of this profile for more details.

*Source:* *Doing Business* database.

## THE BUSINESS ENVIRONMENT

Just as the overall ranking on the ease of doing business tells only part of the story, so do changes in that ranking. Yearly movements in rankings can provide some indication of changes in an economy's regulatory environment for firms, but they are always relative. An economy's ranking might change because of developments in other economies. An economy that implemented business regulation reforms may fail to rise in the rankings (or may even drop) if it is passed by others whose business regulation reforms had a more significant impact as measured by *Doing Business*.

The absolute values of the indicators tell another part of the story (table 1.1). Policy makers can learn much by comparing the indicators for their economy with those for the lowest- and highest-scoring economies in the region as well as those for the best performers globally. These comparisons may reveal unexpected strengths in an area of business regulation—such as a regulatory process that can be completed with a small number of procedures in a few days and at a low cost.

Table 1.1 Summary of *Doing Business* indicators for Sub-Saharan Africa (SSA)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
<b>Starting a Business (rank)</b>	187 (Central African Republic)	18 (Burundi)	129	1 (New Zealand)
<b>Starting a Business (DTF Score)</b>	34.30 (Central African Republic)	94.25 (Burundi)	71.24	99.96 (New Zealand)
Procedures (number)	18.0 (Equatorial Guinea)	3.0 (3 Economies*)	7.8	1.0 (New Zealand*)
Time (days)	135.0 (Equatorial Guinea)	4.0 (São Tomé and Príncipe)	27.4	0.5 (New Zealand)
Cost (% of income per capita)	242.4 (South Sudan)	0.3 (South Africa)	56.2	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	607.3 (Central African Republic)	0.0 (24 Economies*)	95.6	0.0 (112 Economies*)
<b>Dealing with Construction Permits (rank)</b>	189 (Eritrea)	25 (Namibia)	111	1 (Hong Kong SAR, China)
<b>Dealing with Construction Permits (DTF Score)</b>	0.00 (Eritrea)	83.22 (Namibia)	65.06	95.53 (Hong Kong SAR, China)
Procedures (number)	26.0 (Guinea)	7.0 (Ethiopia)	13.5	5.0 (Hong Kong SAR, China)
Time (days)	448.0 (Zimbabwe)	48.0 (South Africa)	155.7	26.0 (Singapore)
Cost (% of warehouse value)	26.4 (Nigeria)	0.3 (Botswana)	6.2	0.0 (Qatar*)
<b>Getting Electricity (rank)</b>	189 (Madagascar)	41 (Mauritius)	139	1 (Korea, Rep.)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
<b>Getting Electricity (DTF Score)</b>	16.67 (Madagascar)	83.74 (Mauritius)	56.96	99.83 (Korea, Rep.)
Procedures (number)	9.0 (Nigeria)	3.0 (Comoros)	5.5	3.0 (12 Economies*)
Time (days)	468.0 (South Sudan)	34.0 (Rwanda)	138.3	18.0 (Korea, Rep.*)
Cost (% of income per capita)	17,232.4 (Central African Republic)	277.0 (Mauritius)	4,348.5	0.0 (Japan)
<b>Registering Property (rank)</b>	185 (Nigeria)	15 (Rwanda)	125	1 (Georgia)
<b>Registering Property (DTF Score)</b>	26.56 (Nigeria)	89.20 (Rwanda)	57.25	99.88 (Georgia)
Procedures (number)	12.1 (Nigeria)	3.0 (Rwanda)	6.3	1.0 (4 Economies*)
Time (days)	295.0 (Togo)	9.0 (Sudan)	57.2	1.0 (3 Economies*)
Cost (% of property value)	20.4 (Congo, Rep.)	0.1 (Rwanda)	9.1	0.0 (4 Economies*)
<b>Getting Credit (rank)</b>	185 (Eritrea*)	4 (Rwanda)	122	1 (New Zealand)
<b>Getting Credit (DTF Score)</b>	0.00 (Eritrea*)	90.00 (Rwanda)	32.34	100.00 (New Zealand)
Strength of legal rights index (0-12)	0 (São Tomé and Príncipe*)	11 (Rwanda)	5	12 (3 Economies*)
Depth of credit information index (0-8)	0 (21 Economies*)	7 (5 Economies*)	2	8 (23 Economies*)
Credit registry coverage (% of adults)	0.1 (Nigeria)	71.9 (Mauritius)	4.5	100.0 (Portugal)
Credit bureau coverage (% of adults)	0.6 (Tanzania)	64.3 (Namibia)	5.8	100.0 (23 Economies*)
<b>Protecting Minority Investors (rank)</b>	183 (São Tomé and Príncipe)	17 (South Africa)	121	1 (New Zealand)
<b>Protecting Minority Investors (DTF Score)</b>	26.67 (São Tomé and Príncipe)	67.50 (South Africa)	46.08	81.67 (New Zealand)
Extent of conflict of interest regulation index (0-10)	2.3 (Ethiopia)	8.0 (South Africa)	4.8	9.3 (Singapore*)
Extent of shareholder governance index (0-10)	2.0 (Liberia*)	6.0 (3 Economies*)	4.4	7.8 (France*)
Strength of minority investor protection index (0-10)	2.7 (São Tomé and Príncipe)	6.8 (South Africa)	4.6	8.2 (New Zealand)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
<b>Paying Taxes (rank)</b>	187 (Mauritania)	13 (Mauritius)	129	1 (United Arab Emirates*)
<b>Paying Taxes (DTF Score)</b>	17.71 (Mauritania)	91.92 (Mauritius)	58.26	99.44 (United Arab Emirates*)
Payments (number per year)	63.0 (Côte d'Ivoire)	7.0 (South Africa)	38.2	3.0 (Hong Kong SAR, China*)
Time (hours per year)	907.9 (Nigeria)	88.0 (Seychelles)	310.8	55.0 (Luxembourg)
<b>Trading Across Borders (rank)</b>	187 (South Sudan)	17 (Mauritius)	142	1 (Singapore)
<b>Trading Across Borders (DTF Score)</b>	5.70 (South Sudan)	87.74 (Mauritius)	50.81	96.47 (Singapore)
Documents to export (number)	11 (3 Economies*)	4 (Mauritius)	8	2 (Ireland*)
Time to export (days)	70.0 (Chad)	10.0 (Mauritius)	30.5	6.0 (5 Economies*)
Cost to export (US\$ per container)	6,615.0 (Chad)	675.0 (Mauritius)	2,200.7	410.0 (Timor-Leste)
Documents to import (number)	17 (Central African Republic)	5 (Mauritius*)	9	2 (Ireland*)
Time to import (days)	130.0 (South Sudan)	9.0 (Mauritius)	37.6	4.0 (Singapore)
Cost to import (US\$ per container)	9,285.0 (South Sudan)	577.0 (São Tomé and Príncipe)	2,930.9	440.0 (Singapore)
<b>Enforcing Contracts (rank)</b>	187 (Angola)	39 (Cabo Verde)	121	1 (Singapore)
<b>Enforcing Contracts (DTF Score)</b>	25.22 (Angola)	67.61 (Cabo Verde)	50.14	89.54 (Singapore)
Time (days)	1,715.0 (Guinea-Bissau)	228.0 (South Sudan)	650.4	150.0 (Singapore)
Cost (% of claim)	119.0 (Mozambique)	14.3 (Tanzania)	45.1	9.0 (Iceland)
Procedures (number)	53.0 (Sudan)	23.0 (Rwanda)	39.2	21.0 (Singapore*)
<b>Resolving Insolvency (rank)</b>	189 (9 Economies*)	39 (South Africa)	128	1 (Finland)
<b>Resolving Insolvency (DTF Score)</b>	0.00 (9 Economies*)	64.51 (South Africa)	30.56	93.85 (Finland)
Time (years)	6.2 (São Tomé and Príncipe)	1.7 (Mauritius*)	3.1	0.4 (Ireland)
Cost (% of estate)	76.0 (Central African Republic)	8.0 (Guinea)	23.3	1.0 (Norway)
Recovery rate (cents on	0.0 (Central African	62.7 (Botswana)	24.1	92.9 (Japan)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
the dollar)	Republic*)			
Strength of insolvency framework index (0-16)	0.0 (Liberia)	14.5 (South Africa)	8.0	15.0 (5 Economies*)

\* Two or more economies share the top ranking on this indicator. A number shown in place of an economy's name indicates the number of economies that share the top ranking on the indicator. For a list of these economies, see the *Doing Business* website (<http://www.doingbusiness.org>).

Source: *Doing Business* database.

## STARTING A BUSINESS

Formal registration of companies has many immediate benefits for the companies and for business owners and employees. Legal entities can outlive their founders. Resources are pooled as several shareholders join forces to start a company. Formally registered companies have access to services and institutions from courts to banks as well as to new markets. And their employees can benefit from protections provided by the law. An additional benefit comes with limited liability companies. These limit the financial liability of company owners to their investments, so personal assets of the owners are not put at risk. Where governments make registration easy, more entrepreneurs start businesses in the formal sector, creating more good jobs and generating more revenue for the government.

### What do the indicators cover?

*Doing Business* measures the ease of starting a business in an economy by recording all procedures officially required or commonly done in practice by an entrepreneur to start up and formally operate an industrial or commercial business—as well as the time and cost required to complete these procedures. It also records the paid-in minimum capital that companies must deposit before registration (or within 3 months). The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials. It also assumes that the entrepreneur will pay no bribes. And it assumes that the business:

- Is a limited liability company, located in the largest business city<sup>1</sup>, is 100% domestically owned with between 10 and 50 employees.

### WHAT 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<sup>1</sup>
- 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 (2 procedures cannot start on the same day). Procedures that can be fully completed online are recorded as ½ 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)

- Deposited in a bank or with a notary before registration (or within 3 months)
- Conducts general commercial or industrial activities.
- Has a start-up capital of 10 times income per capita.
- Has a turnover of at least 100 times income per capita.
- Does not qualify for any special benefits.
- Does not own real estate.

<sup>1</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.

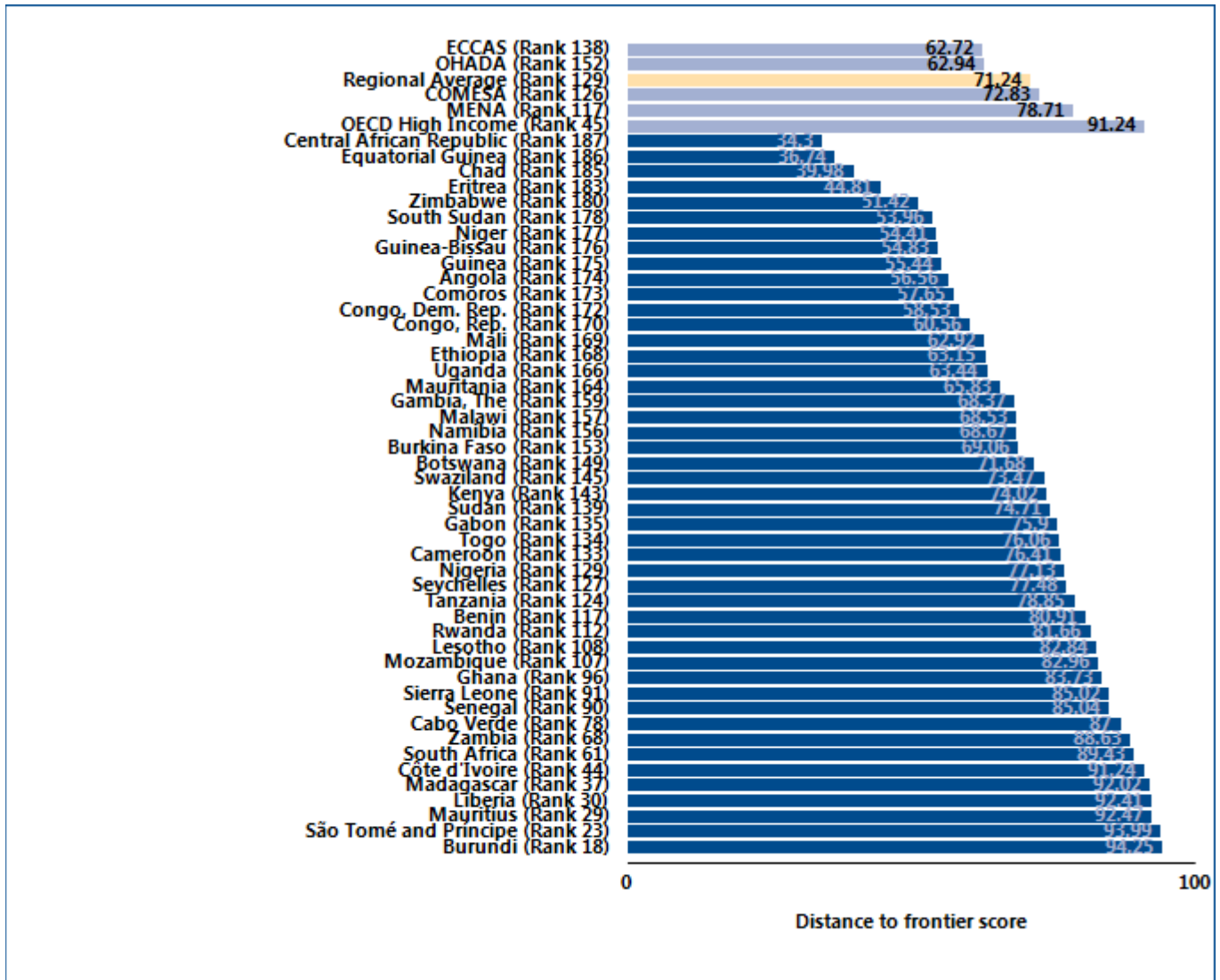
STARTING A BUSINESS

Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Sub-Saharan Africa (SSA) to start a business? The global rankings of these economies on the ease of starting a

business suggest an answer (figure 2.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 2.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of starting a business



Source: Doing Business database.

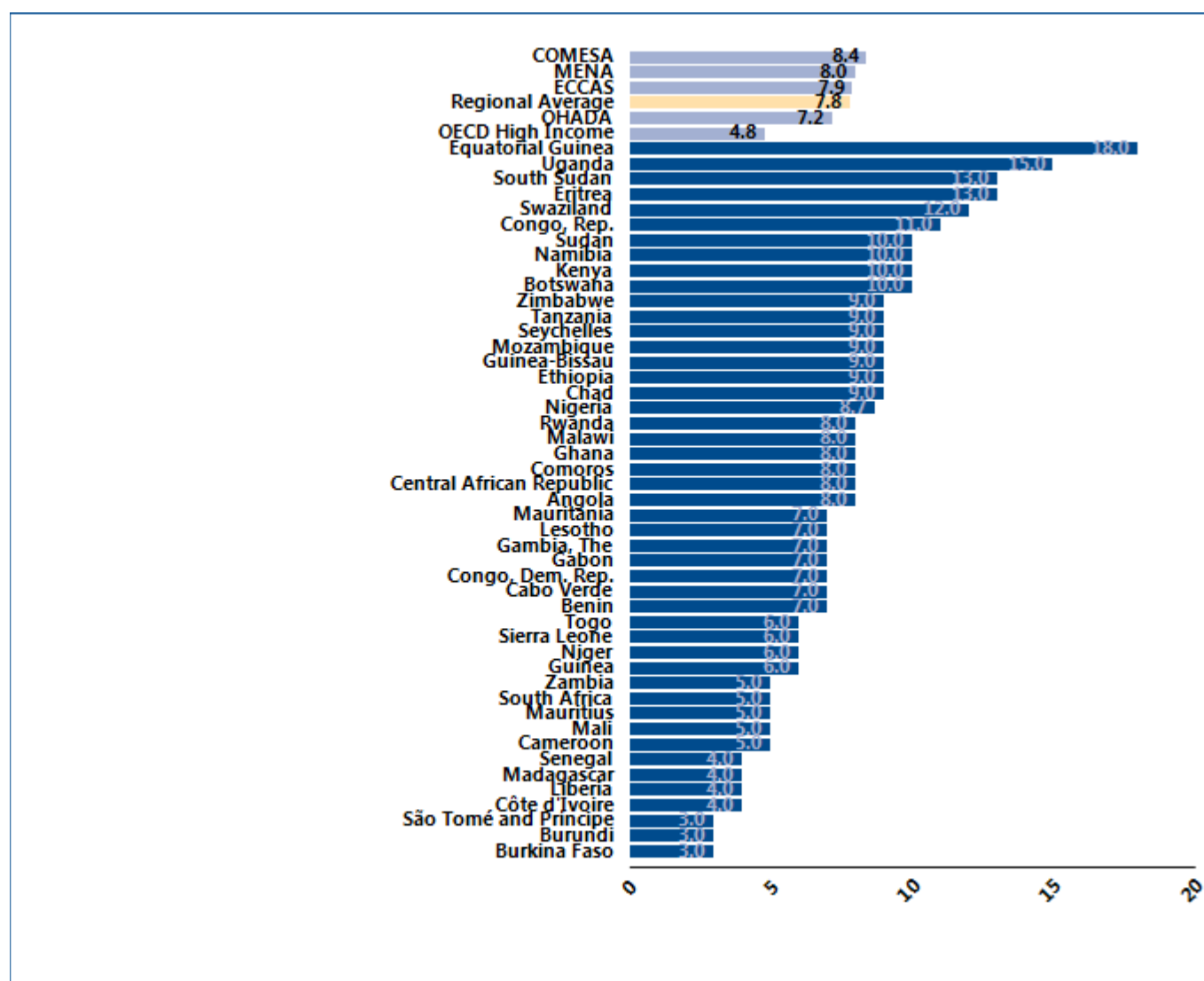
## STARTING A BUSINESS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to start a business in each economy in the region: the number of procedures, the time, the cost

and the paid-in minimum capital requirement (figure 2.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

Figure 2.2 What it takes to start a business in economies in Sub-Saharan Africa (SSA)

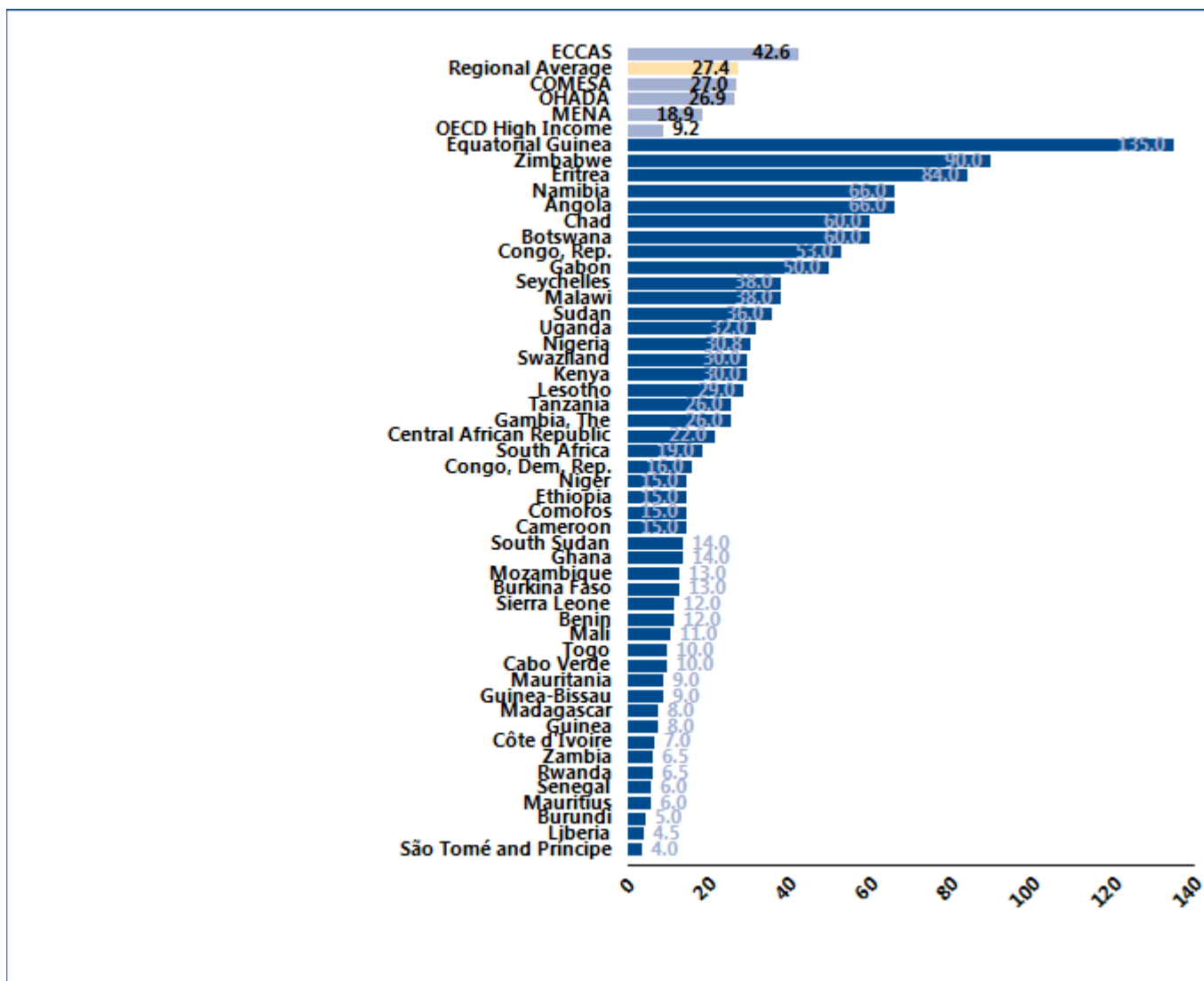
### Procedures (number)





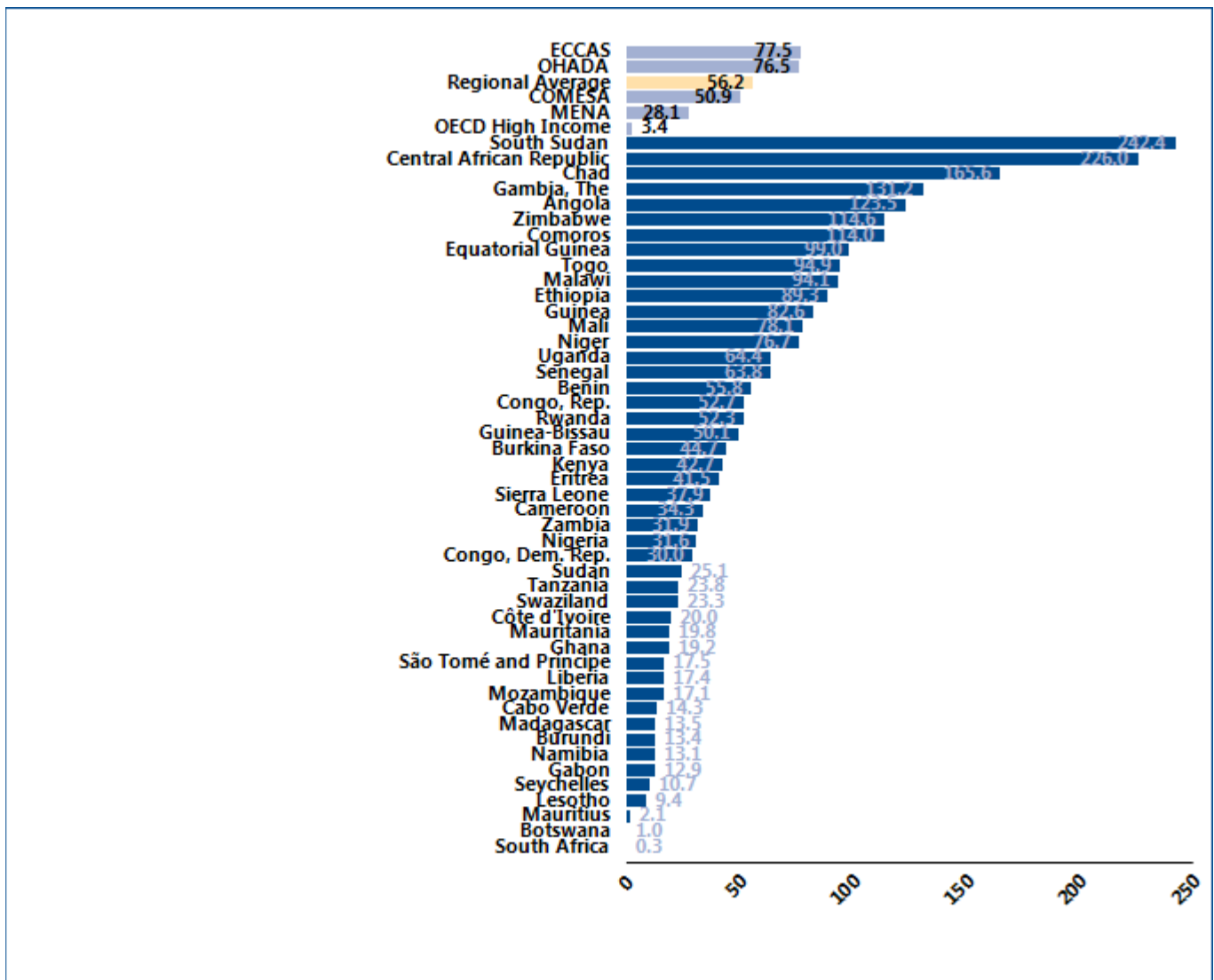
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Time (days)



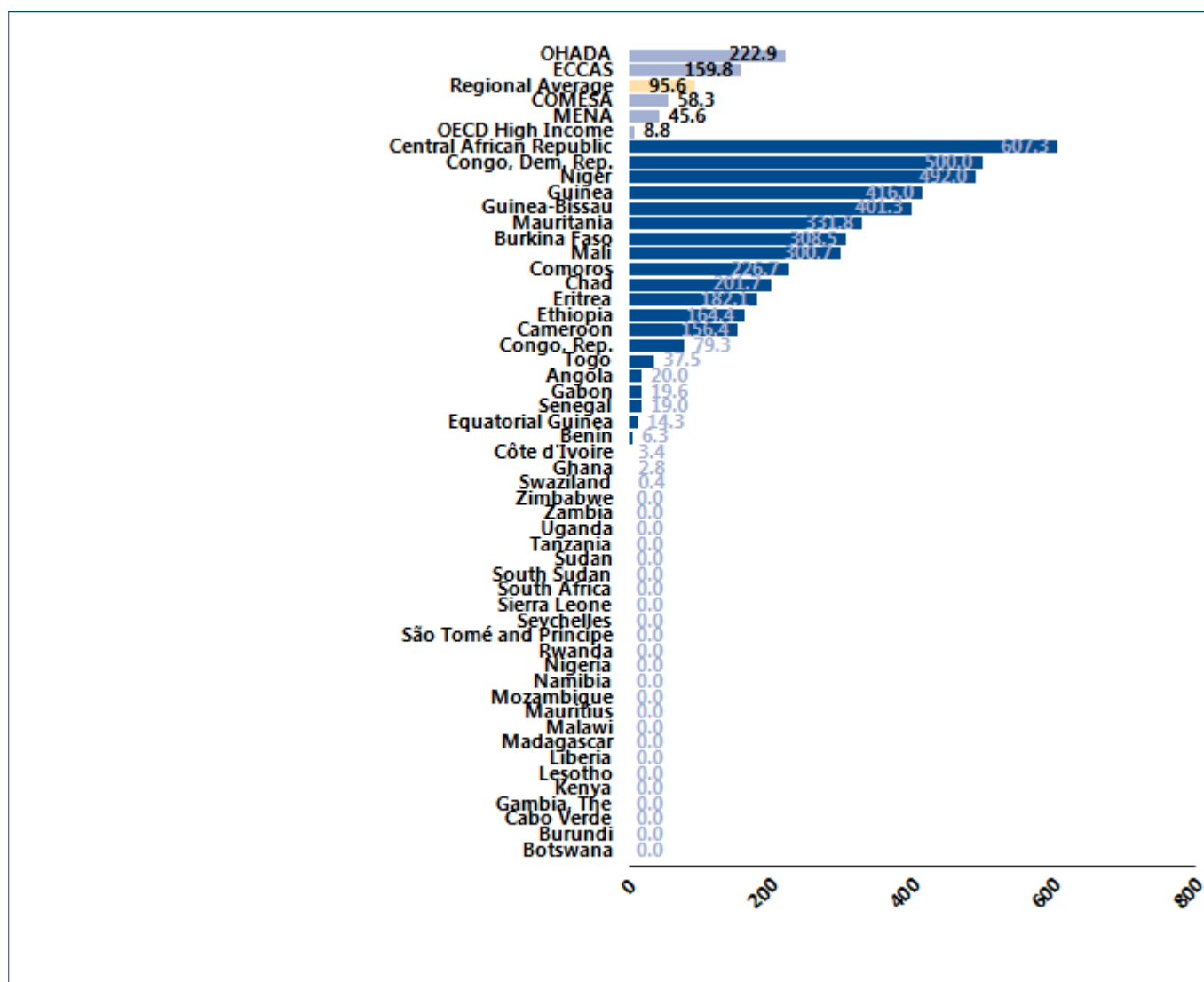
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Cost (% of income per capita)



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



Source: Doing Business database.

## STARTING A BUSINESS

### What are the changes over time?

Economies around the world have taken steps making it easier to start a business—streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology, and reducing or eliminating minimum capital requirements. Many have undertaken business registration reforms in stages—and

often as part of a larger regulatory reform program. Among the benefits have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities.

What business registration reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 2.1)?

Table 2.1 How have economies in Sub-Saharan Africa (SSA) made starting a business easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Benin</i>	Benin made starting a business easier by reducing the minimum capital requirement and the fees to be paid at the one-stop shop.
DB2015	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made starting a business easier by creating a one-stop shop.
DB2015	<i>Côte d'Ivoire</i>	Côte d'Ivoire made starting a business easier by reducing the minimum capital requirement, lowering registration fees and enabling the one-stop shop to publish notices of incorporation.
DB2015	<i>Gambia, The</i>	The Gambia made starting a business easier by eliminating the requirement to pay stamp duty.
DB2015	<i>Malawi</i>	Malawi made starting a business easier by streamlining company name search and registration and by eliminating the requirement for inspection of company premises before issuance of a business license.
DB2015	<i>Mauritania</i>	Mauritania made starting a business easier by creating a one-stop shop and eliminating the publication requirement and the fee to obtain a tax identification number.
DB2015	<i>Mauritius</i>	Mauritius made starting a business easier by reducing trade license fees.
DB2015	<i>Rwanda</i>	Rwanda made starting a business more difficult by requiring companies to buy an electronic billing machine from a certified supplier, but also made it easier by launching free mandatory online registration.
DB2015	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made starting a business easier by eliminating the minimum capital requirement for business entities with no need to obtain a commercial license.

DB year	Economy	Reform
DB2015	<i>Senegal</i>	Senegal made starting a business easier by reducing the minimum capital requirement.
DB2015	<i>Swaziland</i>	Swaziland made starting a business easier by shortening the notice and objection period for obtaining a new trade license.
DB2015	<i>Togo</i>	Togo made starting a business easier by enabling the one-stop shop to publish notices of incorporation and eliminating the requirement to obtain an economic operator card.
DB2014	<i>Benin</i>	Benin made starting a business easier by creating a one-stop shop.
DB2014	<i>Burundi</i>	Burundi made starting a business easier by allowing registration with the Ministry of Labor at the one-stop shop and by speeding up the process of obtaining the registration certificate.
DB2014	<i>Cabo Verde</i>	Cape Verde made starting a business easier by abolishing the minimum capital requirement.
DB2014	<i>Comoros</i>	The Comoros made starting a business easier by eliminating the requirement to deposit the minimum capital in a bank before incorporation.
DB2014	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made starting a business more complicated by increasing the minimum capital requirement. At the same time, it made the process easier by reducing the time and by eliminating the requirement to obtain a certificate confirming the location of the new company's headquarters.
DB2014	<i>Congo, Rep.</i>	The Republic of Congo made starting a business easier by reducing the registration costs and eliminating the merchant card.
DB2014	<i>Côte d'Ivoire</i>	Côte d'Ivoire made starting a business easier by creating a one-stop shop, reducing the notary fees and replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration at the time of company registration.
DB2014	<i>Gabon</i>	Gabon made starting a business easier by replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration.
DB2014	<i>Ghana</i>	Ghana made starting a business more difficult by requiring entrepreneurs to obtain a tax identification number prior to company incorporation.
DB2014	<i>Guinea</i>	Guinea made starting a business easier by enabling the one-stop shop to publish incorporation notices and by reducing the notary fees.
DB2014	<i>Liberia</i>	Liberia made starting a business easier by eliminating the business trade license fees.
DB2014	<i>Madagascar</i>	Madagascar made starting a business more difficult by

DB year	Economy	Reform
		increasing the cost to register with the National Center for Statistics.
DB2014	<i>Mali</i>	Mali made starting a business more difficult by ceasing to regularly publish the incorporation notices of new companies on the official website of the one-stop shop.
DB2014	<i>Niger</i>	Niger made starting a business easier by replacing the requirement for a copy of the founders' criminal records with one for a sworn declaration at the time of company registration.
DB2014	<i>Rwanda</i>	Rwanda made starting a business easier by reducing the time required to obtain a registration certificate.
DB2014	<i>Swaziland</i>	Swaziland made starting a business easier by shortening the administrative processing times for registering a new business and obtaining a trading license.
DB2014	<i>Togo</i>	Togo made starting a business easier by reducing the time required to register at the one-stop shop and by reducing registration costs.
DB2014	<i>Zambia</i>	Zambia made starting a business easier by raising the threshold at which value added tax registration is required.
DB2013	<i>Benin</i>	Benin made starting a business easier by appointing a representative of the commercial registry at the one-stop shop and reducing some fees.
DB2013	<i>Burundi</i>	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.
DB2013	<i>Chad</i>	Chad made starting a business easier by setting up a one-stop shop.
DB2013	<i>Comoros</i>	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.
DB2013	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made starting a business easier by appointing additional public notaries.
DB2013	<i>Congo, Rep.</i>	The Republic of Congo made starting a business easier by eliminating or reducing several administrative costs associated with incorporation.
DB2013	<i>Guinea</i>	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

DB year	Economy	Reform
DB2013	<i>Lesotho</i>	Lesotho made starting a business easier by creating a one-stop shop for company incorporation and by eliminating the requirements for paid-in minimum capital and for notarization of the articles of association.
DB2013	<i>Madagascar</i>	Madagascar made starting a business easier by allowing the one-stop shop to deal with the publication of the notice of incorporation.
DB2013	<i>Tanzania</i>	Tanzania made starting a business easier by eliminating the requirement for inspections by health, town and land officers as a prerequisite for a business license.
DB2013	<i>Togo</i>	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.
DB2012	<i>Benin</i>	Benin made starting a business easier 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
DB2012	<i>Burkina Faso</i>	Burkina Faso made starting a business easier 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.
DB2012	<i>Cameroon</i>	Cameroon made starting a business easier 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 publication fees.
DB2012	<i>Central African Republic</i>	The Central African Republic made starting a business easier by reducing business registration fees 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.
DB2012	<i>Chad</i>	Chad made starting a business easier by eliminating the requirement for a medical certificate 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.
DB2012	<i>Comoros</i>	Comoros made the process of starting a business more difficult by increasing the minimum capital requirement.
DB2012	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made business start-up faster by reducing the time required to complete company registration and obtain a national identification number.
DB2012	<i>Côte d'Ivoire</i>	Côte d'Ivoire made starting a business easier by reorganizing the court clerk's office where entrepreneurs file their company documents.

DB year	Economy	Reform
DB2012	<i>Ghana</i>	Ghana increased the cost to start a business by 70%.
DB2012	<i>Guinea-Bissau</i>	Guinea-Bissau made starting a business easier by establishing a one-stop shop, eliminating the requirement for an operating license and simplifying the method for providing criminal records and publishing the registration notice.
DB2012	<i>Liberia</i>	Liberia made starting a business easier by introducing a one-stop shop.
DB2012	<i>Madagascar</i>	Madagascar eased the process of starting a business by eliminating the minimum capital requirement, but also made it more difficult by introducing the requirement of obtaining a tax identification number.
DB2012	<i>Mali</i>	Mali made starting a business easier by adding to the services provided by the one-stop shop.
DB2012	<i>Rwanda</i>	Rwanda made starting a business easier by reducing the business registration fees.
DB2012	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made starting a business easier by establishing a one-stop shop, eliminating the requirement for an operating license for general commercial companies and simplifying publication requirements.
DB2012	<i>Senegal</i>	Senegal made starting a business easier 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.
DB2012	<i>South Africa</i>	South Africa made starting a business easier by implementing its new company law, which eliminated the requirement to reserve a company name and simplified the incorporation documents.
DB2012	<i>Uganda</i>	Uganda introduced changes that added time to the process of obtaining a business license, slowing business start-up. But it simplified registration for a tax identification number and for value added tax by introducing an online system.
DB2011	<i>Cameroon</i>	Cameroon made starting a business easier by establishing a new one-stop shop and abolishing the requirement for verifying business premises and its corresponding fees.
DB2011	<i>Cabo Verde</i>	Cape Verde made business start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license.
DB2011	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo eased business start-up by eliminating procedures, including the company seal.
DB2011	<i>Kenya</i>	Kenya eased business start-up by reducing the time it takes to get the memorandum and articles of association stamped, merging the tax and value added tax registration procedures and digitizing records at the registrar.



DB year	Economy	Reform
DB2011	<i>Mozambique</i>	Mozambique eased business start-up by introducing a simplified licensing process.
DB2011	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made starting a business more difficult by introducing a minimum capital requirement for limited liability companies.
DB2011	<i>Uganda</i>	Uganda made it more difficult to start a business by increasing the trade licensing fees.
DB2011	<i>Zambia</i>	Zambia eased business start-up by eliminating the minimum capital requirement.
DB2011	<i>Zimbabwe</i>	Zimbabwe eased business start-up by reducing registration fees and speeding up the name search process and company and tax registration.
DB2010	<i>Botswana</i>	Botswana made starting a business easier by simplifying the process to obtain a business license and the process to register for taxes.
DB2010	<i>Burkina Faso</i>	Burkina Faso made starting a business easier by allowing online publication of the articles of incorporation directly on the website of the one-stop shop, by reducing registration fees and by streamlining tax registration.
DB2010	<i>Cameroon</i>	Cameroon made starting a business easier by exempting newly formed companies from paying the business license tax for their first 2 years of existence.
DB2010	<i>Cabo Verde</i>	Cape Verde made starting a business easier by implementing an online company registration system.
DB2010	<i>Central African Republic</i>	The Central African Republic simplified business start-up by establishing a one-stop shop (Guichet Unique de Formalité des Entreprises), which merged several procedures into one.
DB2010	<i>Ethiopia</i>	Ethiopia made starting a business easier by streamlining registration procedures.
DB2010	<i>Ghana</i>	Ghana simplified business start-up by further streamlining registration procedures through the creation of a customer service desk at the one-stop shop.
DB2010	<i>Guinea-Bissau</i>	Guinea-Bissau simplified business start-up by making the company name search electronic, introducing some computers and flash drives and reducing the registration fees.
DB2010	<i>Liberia</i>	Liberia made starting a business easier by eliminating the requirement to obtain an environmental impact assessment when forming a general trading company.
DB2010	<i>Madagascar</i>	Madagascar made starting a business easier by streamlining procedures at the one-stop shop and eliminating the stamp duty and the minimum capital requirement.
DB2010	<i>Mali</i>	Mali made starting a business easier by creating a one-stop shop where all registration procedures can be completed, including registering a company with the registrar and tax

DB year	Economy	Reform
		agency, applying for online publication and obtaining a national identification number.
<b>DB2010</b>	<i>Mozambique</i>	Mozambique made starting a business easier by eliminating the minimum capital and bank deposit requirements.
<b>DB2010</b>	<i>Niger</i>	Niger made starting a business easier by eliminating the procedures to register with the Conseil Nigérien des Utilisateurs des Transports Publics (CNUT) and with the chamber of commerce.
<b>DB2010</b>	<i>Rwanda</i>	Rwanda made starting a business easier by eliminating the notarization requirement; introducing standardized memoranda of association; putting publication online; consolidating name-checking, registration fee payment, tax registration and company registration procedures; and reducing the time required to process completed applications.
<b>DB2010</b>	<i>Sierra Leone</i>	Sierra Leone made starting a business easier by establishing a one-stop shop for company registration.
<b>DB2010</b>	<i>Togo</i>	Togo made starting a business easier and less costly by setting up a one-stop shop and thereby making it possible to consolidate several procedures.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

## DEALING WITH CONSTRUCTION PERMITS

Regulation of construction is critical to protect the public. But it needs to be efficient, to avoid excessive constraints on a sector that plays an important part in every economy. Where complying with building regulations is excessively costly in time and money, many builders opt out. They may pay bribes to pass inspections or simply build illegally, leading to hazardous construction that puts public safety at risk. Where compliance is simple, straightforward and inexpensive, everyone is better off.

### What do the indicators cover?

*Doing Business* records the procedures, time and cost for a business in the construction industry to obtain all the necessary approvals to build a warehouse in the economy's largest business city, connect it to basic utilities and register the warehouse so that it can be used as collateral or transferred to another entity.

The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the warehouse, including the utility connections.

The business:

- Is a limited liability company operating in the construction business and located in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added. Is domestically owned and operated.
- Has 60 builders and other employees.

The warehouse:

- Is valued at 50 times income per capita.
- Is a new construction (there was no previous construction on the land).

### WHAT 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

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

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

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

- Will have complete architectural and technical plans prepared by a licensed architect or engineer.
- Will be connected to water and sewerage (sewage system, septic tank or their equivalent). The connection to each utility network will be 150 meters (492 feet) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all administrative/regulatory requirement delays).

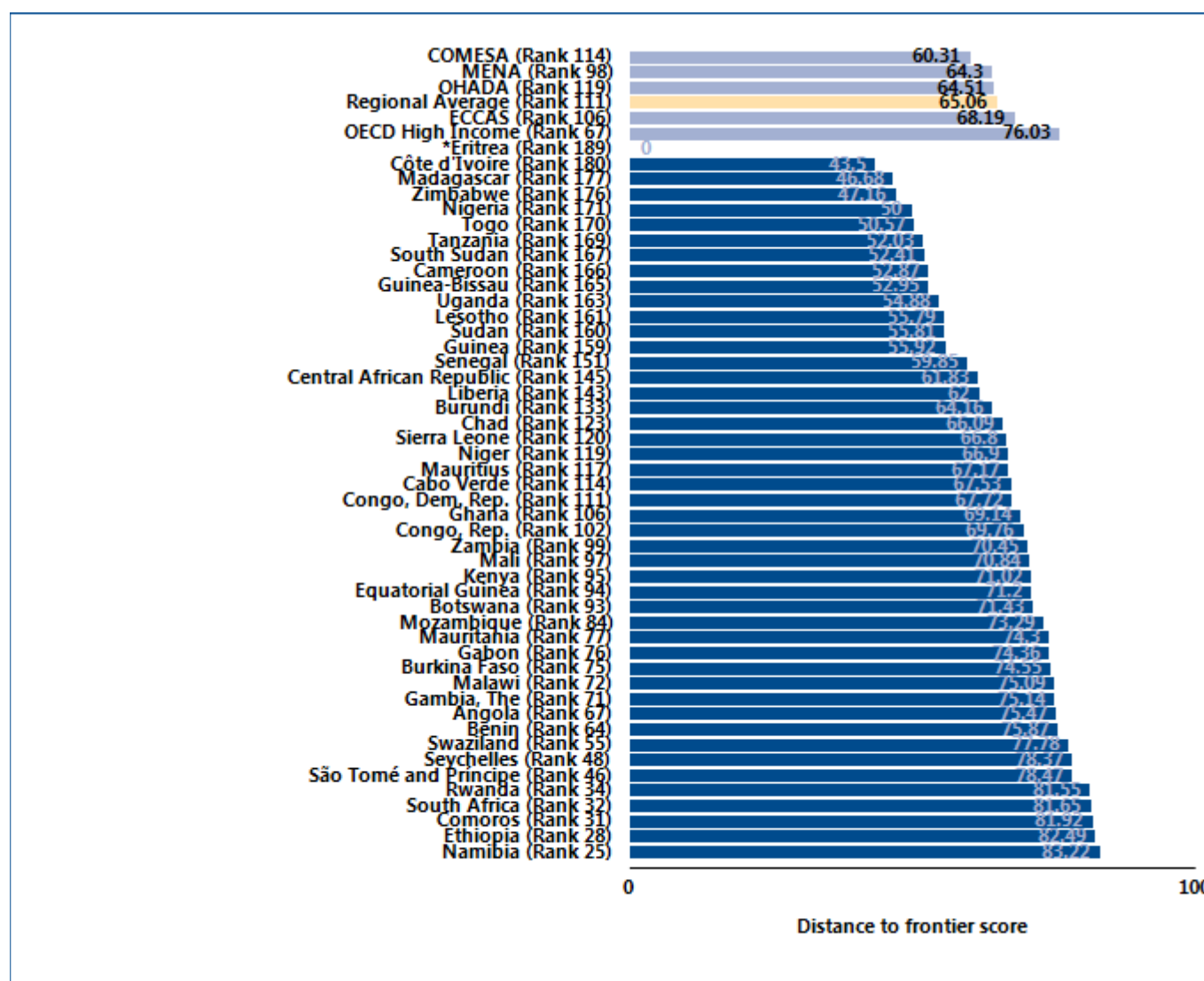
## DEALING WITH CONSTRUCTION PERMITS

### Where do the region's economies stand today?

How easy it is for entrepreneurs in economies in Sub-Saharan Africa (SSA) to legally build a warehouse? The global rankings of these economies on the ease of

dealing with construction permits suggest an answer (figure 3.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 3.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of dealing with construction permits



Source: Doing Business database.

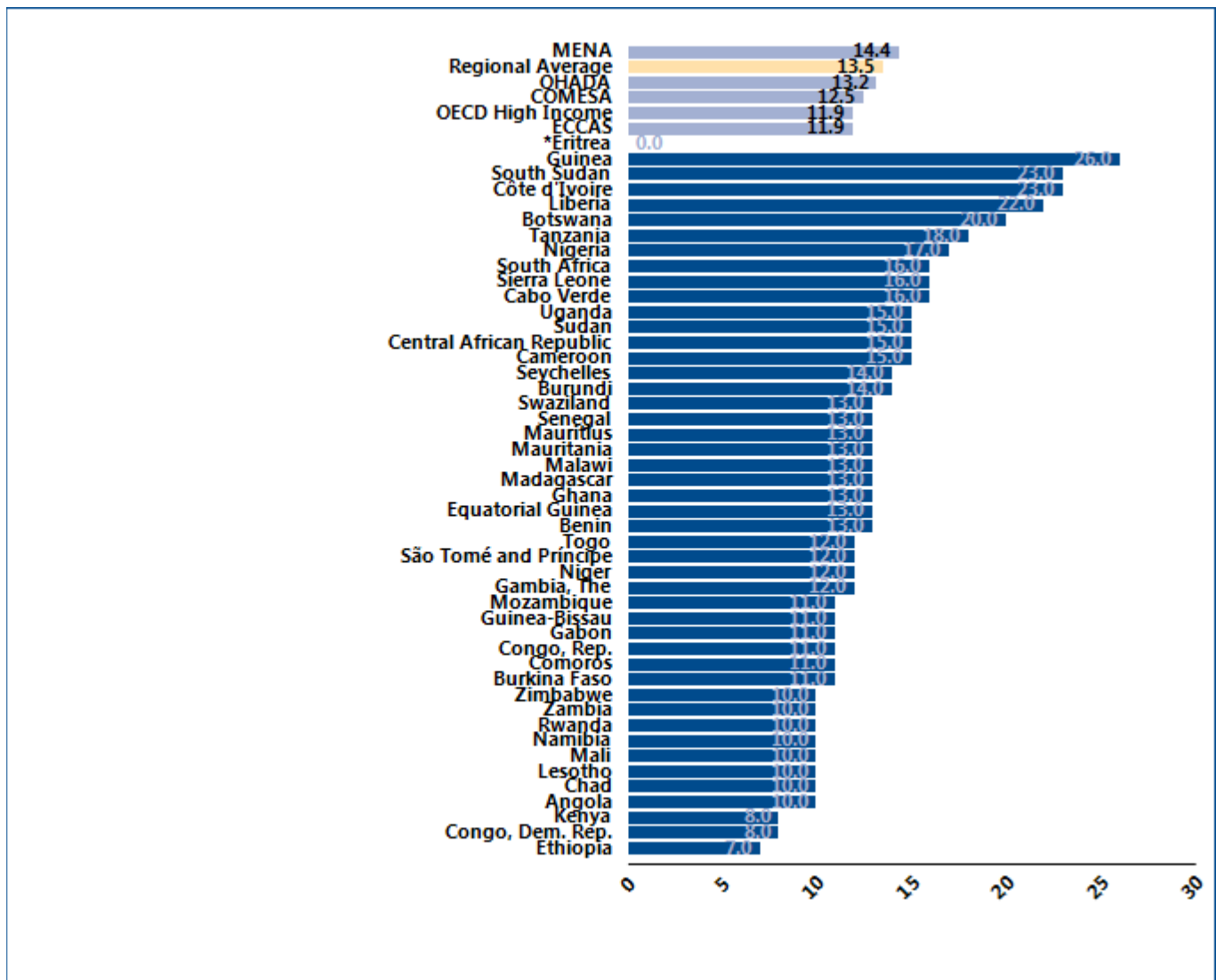
## DEALING WITH CONSTRUCTION PERMITS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with formalities to build a warehouse in each economy in the region: the number of procedures,

the time and the cost (figure 3.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

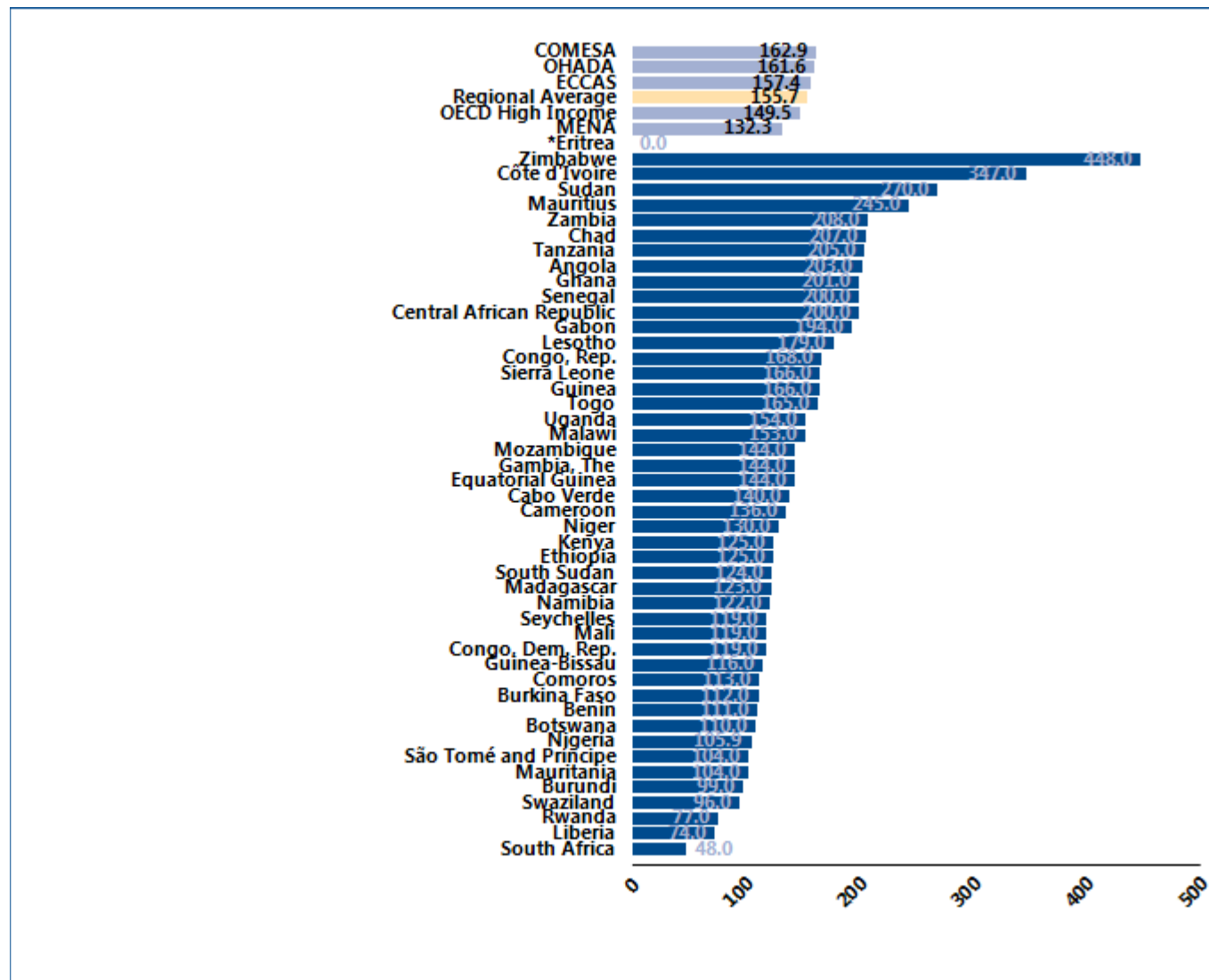
Figure 3.2 What it takes to comply with formalities to build a warehouse in economies in Sub-Saharan Africa (SSA)

### Procedures (number)



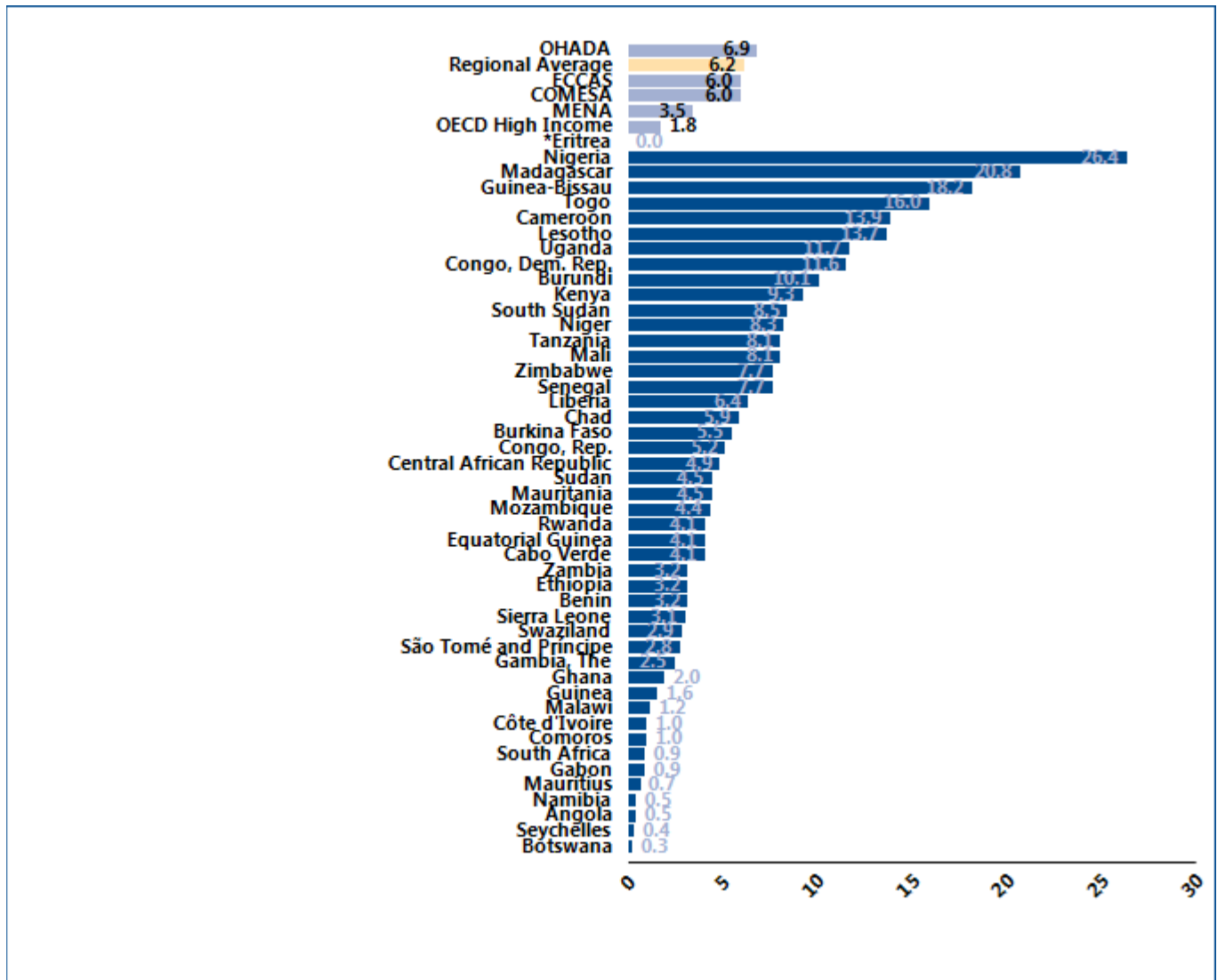
DEALING WITH CONSTRUCTION PERMITS

Time (days)



DEALING WITH CONSTRUCTION PERMITS

Cost (% of warehouse value)



\* Indicates a "no practice" mark. 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 puts the economy at the bottom of the ranking on the relevant indicator.

Source: *Doing Business* database.

## DEALING WITH CONSTRUCTION PERMITS

### What are the changes over time?

Smart regulation ensures that standards are met while making compliance easy and accessible to all. Coherent and transparent rules, efficient processes and adequate allocation of resources are especially important in sectors where safety is at stake. Construction is one of them. In an effort to ensure building safety while keeping

compliance costs reasonable, governments around the world have worked on consolidating permitting requirements. What construction permitting reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 3.1)?

Table 3.1 How have economies in Sub-Saharan Africa (SSA) made dealing with construction permits easier—or not? By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made dealing with construction permits more costly by increasing the building permit fee.
DB2015	<i>Ghana</i>	Ghana made dealing with construction permits less time-consuming by streamlining the process to obtain a building permit.
DB2015	<i>Kenya</i>	Kenya made dealing with construction permits more costly by increasing the building permit fees.
DB2015	<i>Madagascar</i>	Madagascar made dealing with construction permits easier by reducing the time needed to obtain a building permit.
DB2015	<i>Mali</i>	Mali made dealing with construction permits easier by reducing the time needed to obtain a geotechnical study.
DB2015	<i>Rwanda</i>	Rwanda made dealing with construction permits easier by eliminating the fee for obtaining a freehold title and by streamlining the process for obtaining an occupancy permit.
DB2015	<i>Senegal</i>	Senegal made dealing with construction permits less time-consuming by reducing the time for processing building permit applications.
DB2014	<i>Botswana</i>	Botswana made dealing with construction permits easier by eliminating the requirement for an environmental impact assessment for low-risk projects.
DB2014	<i>Burundi</i>	Burundi made dealing with construction permits easier by establishing a one-stop shop for obtaining building permits and utility connections.



DB year	Economy	Reform
DB2014	<i>Cameroon</i>	Cameroon made dealing with construction permits more complex by introducing notification and inspection requirements. At the same time, Cameroon made it easier by decentralizing the process for obtaining a building permit and by introducing strict time limits for processing the application and issuing the certificate of conformity.
DB2014	<i>Côte d'Ivoire</i>	Côte d'Ivoire reduced the time required for obtaining a building permit by streamlining procedures at the onestop shop (Service du Guichet Unique du Foncier et de l'Habitat).
DB2014	<i>Gabon</i>	Gabon made dealing with construction permits easier by reducing the time required to obtain a building permit and by eliminating the requirement for an on-site inspection before construction starts.
DB2014	<i>Mozambique</i>	Mozambique made dealing with construction permits easier by improving internal processes at the Department of Construction and Urbanization—though it also increased the fees for building permits and occupancy permits.
DB2014	<i>Rwanda</i>	Rwanda made dealing with construction permits easier and less costly by reducing the building permit fees, implementing an electronic platform for building permit applications and streamlining procedures.
DB2014	<i>Togo</i>	Togo made dealing with construction permits easier by improving internal operations at the City Hall of Lomé.
DB2013	<i>Benin</i>	Benin reduced the time required to obtain a construction permit by speeding up the processing of applications.
DB2013	<i>Burundi</i>	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.
DB2013	<i>Central African Republic</i>	The Central African Republic made obtaining a construction permit more costly.
DB2013	<i>Congo, Rep.</i>	The Republic of Congo made dealing with construction permits less expensive by reducing the cost of registering a new building at the land registry.
DB2013	<i>Guinea</i>	Guinea made obtaining a building permit less expensive by clarifying the method for calculating the cost.

DB year	Economy	Reform
DB2013	<i>Malawi</i>	Malawi made dealing with construction permits more expensive by increasing the cost to obtain the plan approval and to register the property.
DB2013	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made obtaining a construction permit more expensive by increasing the fees.
DB2013	<i>Tanzania</i>	Tanzania made dealing with construction permits more expensive by increasing the cost to obtain a building permit.
DB2012	<i>Burkina Faso</i>	Burkina Faso made dealing with construction permits less costly by reducing the fees to obtain a fire safety study.
DB2012	<i>Burundi</i>	Burundi made dealing with construction permits easier by reducing the cost to obtain a geotechnical study.
DB2012	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo reduced the administrative costs of obtaining a construction permit.
DB2012	<i>Mauritania</i>	Mauritania made dealing with construction permits easier by opening a one-stop shop.
DB2012	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made dealing with construction permits easier by reducing the time required to process building permit applications.
DB2012	<i>Senegal</i>	Senegal made obtaining a building permit more expensive by increasing the cost.
DB2011	<i>Benin</i>	Benin created a new municipal commission to streamline construction permitting and set up an ad hoc commission to deal with the backlog in permit applications.
DB2011	<i>Burkina Faso</i>	Burkina Faso made dealing with construction permits easier by cutting the cost of the soil survey in half and the time to process a building permit application by a third.
DB2011	<i>Congo, Dem. Rep.</i>	Dealing with construction permits became easier in the Democratic Republic of Congo thanks to a reduction in the cost of a building permit from 1% of the estimated construction cost to 0.6% and a time limit for issuing building permits.
DB2011	<i>Côte d'Ivoire</i>	Côte d'Ivoire eased construction permitting by eliminating the need to obtain a preliminary approval.
DB2011	<i>Guinea</i>	Guinea increased the cost of obtaining a building permit.

DB year	Economy	Reform
DB2011	<i>Mali</i>	Mali eased construction permitting by implementing a simplified environmental impact assessment for noncomplex commercial buildings.
DB2011	<i>Rwanda</i>	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits.
DB2011	<i>Sierra Leone</i>	Sierra Leone made dealing with construction permits easier by streamlining the issuance of location clearances and building permits.
DB2010	<i>Burkina Faso</i>	Burkina Faso made dealing with construction permits easier by establishing a one-stop shop for processing building permits in Ouagadougou.
DB2010	<i>Kenya</i>	Kenya made dealing with construction permits more costly by raising fees.
DB2010	<i>Liberia</i>	Liberia made dealing with construction permits easier by reducing the building permit fee and eliminating the requirement to obtain a tax waiver certificate before submitting a building permit application. In addition, the cost of obtaining a power generator declined, and with the reopening of Libtelco fixed telephone connections became more readily available.
DB2010	<i>Mali</i>	Mali made dealing with construction permits easier by speeding up the process for obtaining a water connection.
DB2010	<i>Tanzania</i>	Tanzania made dealing with construction permits more difficult by introducing changes that resulted in additional procedures and cost.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

## GETTING ELECTRICITY

Access to reliable and affordable electricity is vital for businesses. To counter weak electricity supply, many firms in developing economies have to rely on self-supply, often at a prohibitively high cost. Whether electricity is reliably available or not, the first step for a customer is always to gain access by obtaining a connection.

### What do the indicators cover?

*Doing Business* records all procedures required for a local business to obtain a permanent electricity connection and supply for a standardized warehouse, as well as the time and cost to complete them. These procedures include applications and contracts with electricity utilities, clearances from other agencies and the external and final connection works. The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur, located in the economy's largest business city, in an area where other warehouses are located. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is not in a special economic zone where the connection would be eligible for subsidization or faster service.
- Is located in an area with no physical constraints (ie. property not near a railway).
- Is a new construction being connected to electricity for the first time.
- Is 2 stories, both above ground, with a total surface of about 1,300.6 square meters (14,000 square feet), is built on a plot of 929 square meters (10,000 square feet), is used for storage of refrigerated goods.

The electricity connection:

### WHAT 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
- Excludes value added tax
- Is 150 meters long and 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity).
- Is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the area where the warehouse is located. Included only negligible length in the customer's private domain.
- Requires crossing of a 10-meter road but all the works are carried out in a public land, so there is no crossing into other people's private property.
- Involves installing one electricity meter. The monthly electricity consumption will be 26880 kilowatt hour (kWh). Internal electrical wiring has been completed.

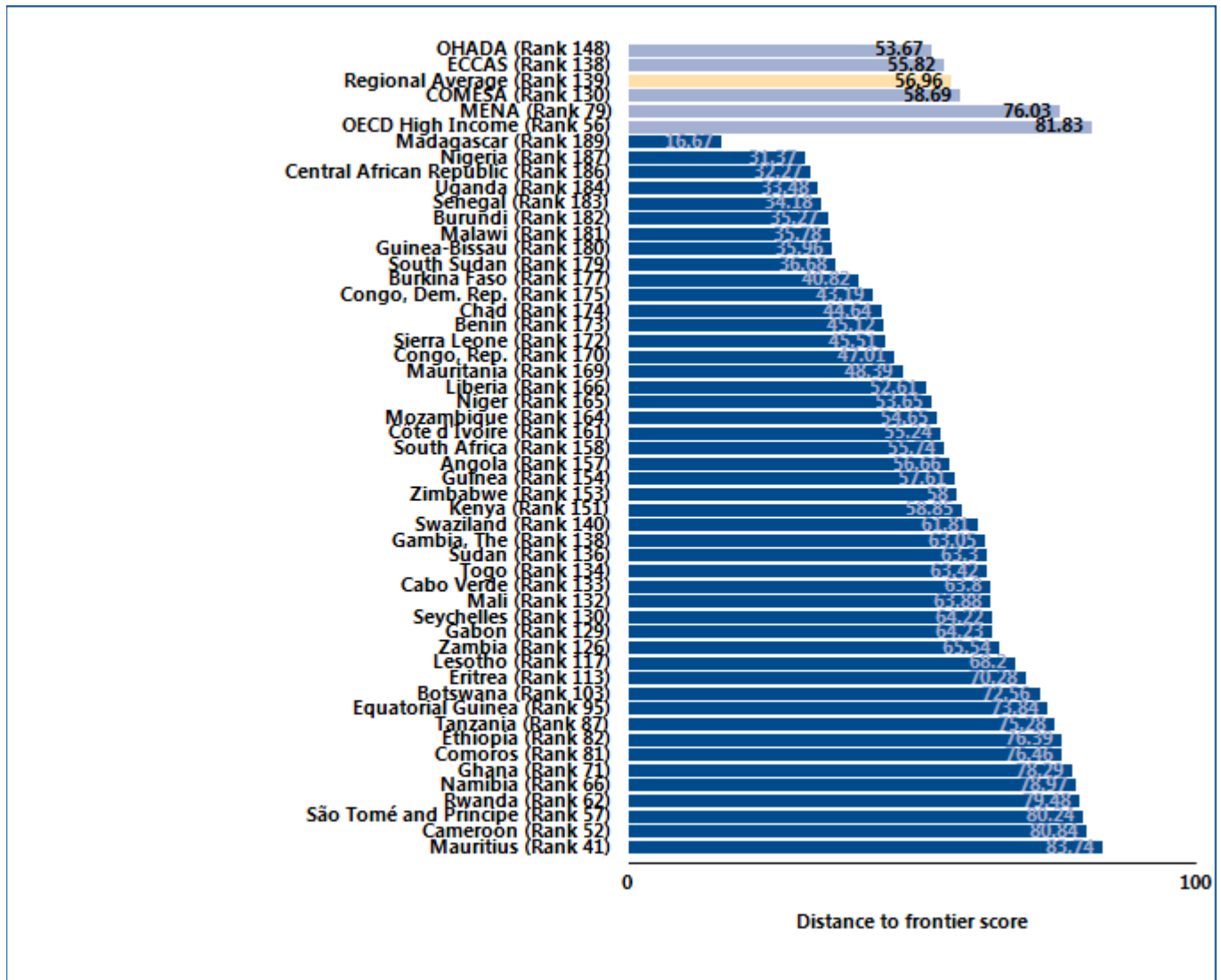
### GETTING ELECTRICITY

#### Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Sub-Saharan Africa (SSA) to connect a warehouse to electricity? The global rankings of these economies on the ease of getting electricity suggest an answer (figure

4.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 4.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of getting electricity



Source: Doing Business database.

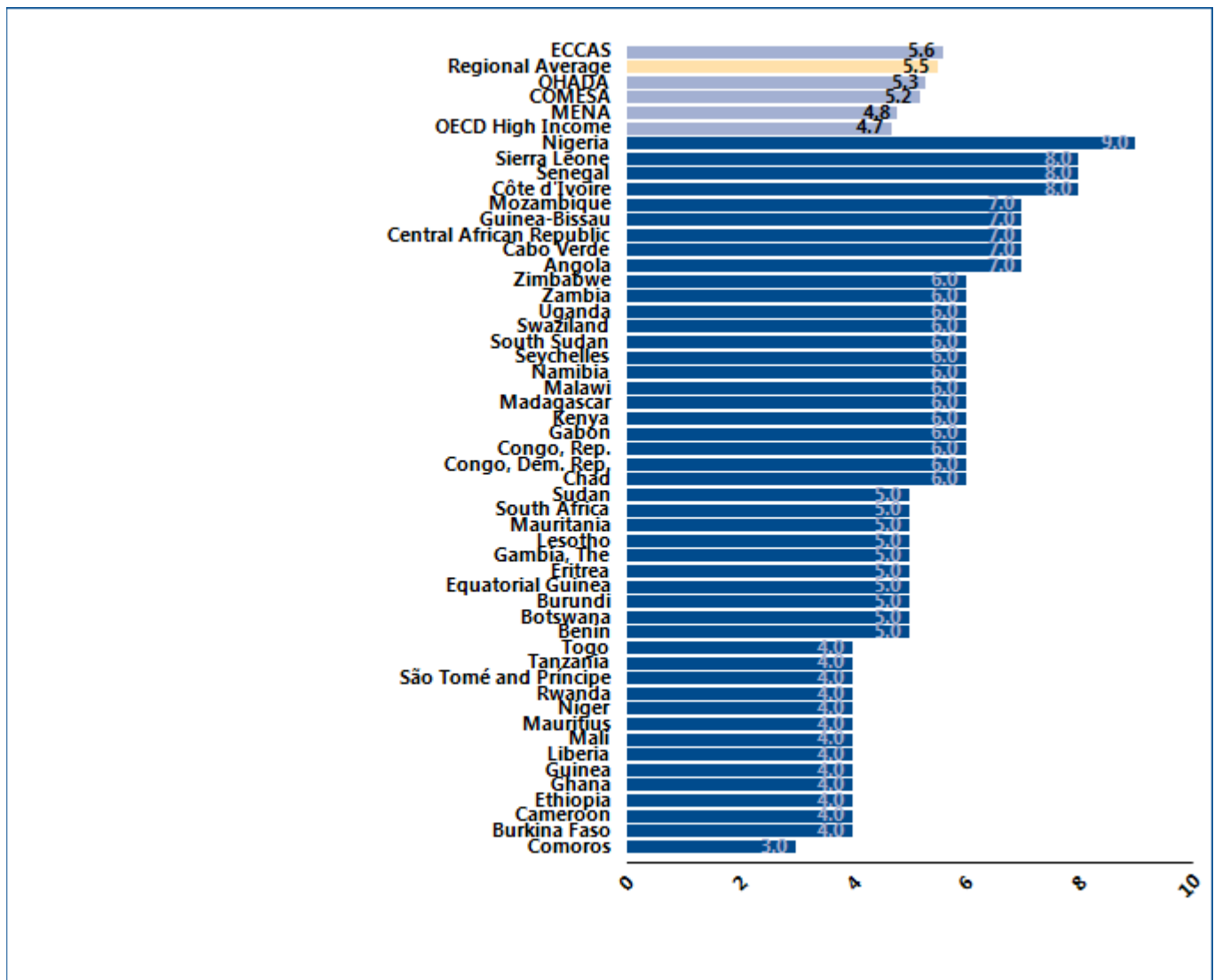
### GETTING ELECTRICITY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to get a new electricity connection in each economy in the region: the number of procedures, the

time and the cost (figure 4.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

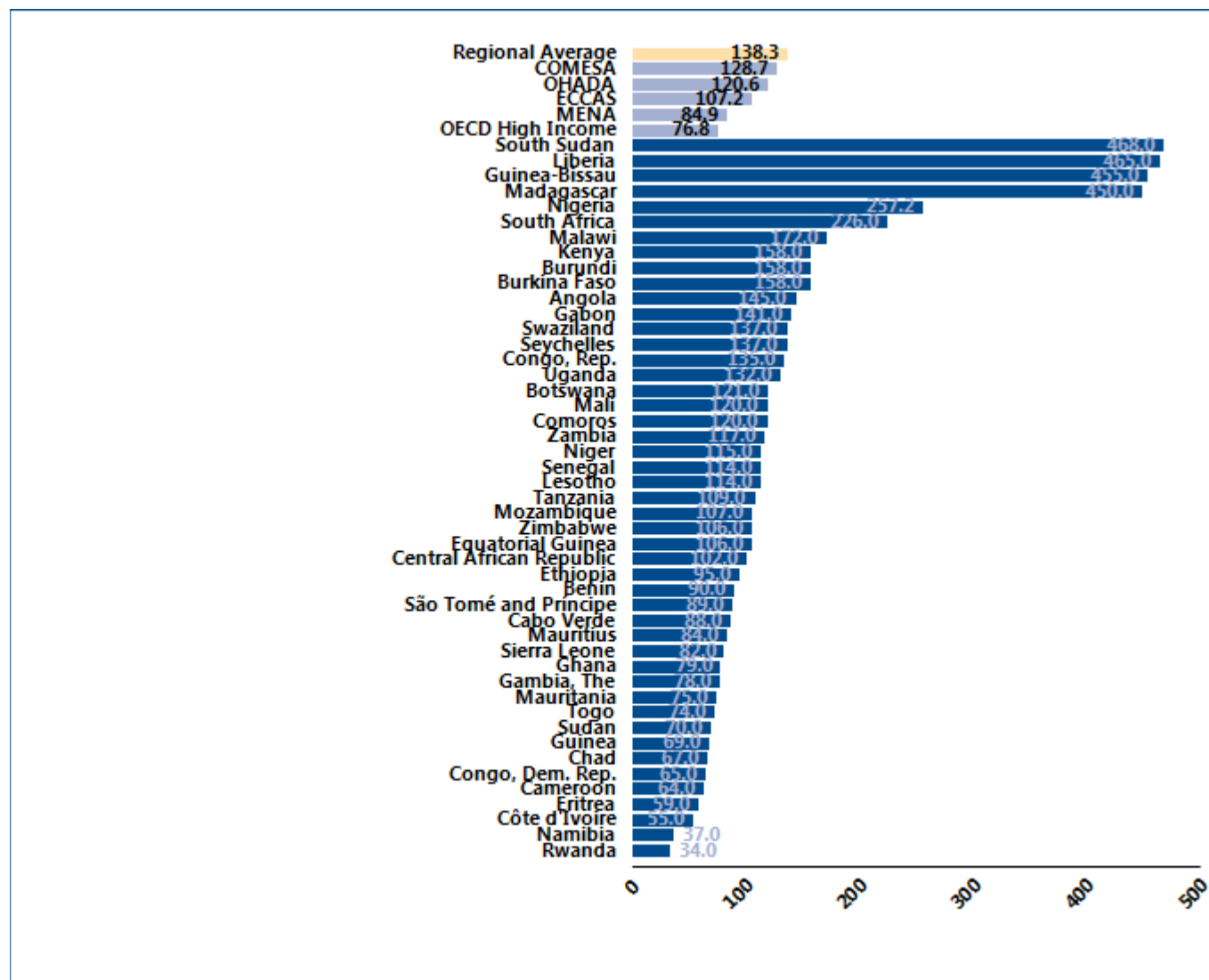
Figure 4.2 What it takes to get an electricity connection in economies in Sub-Saharan Africa (SSA)

**Procedures (number)**



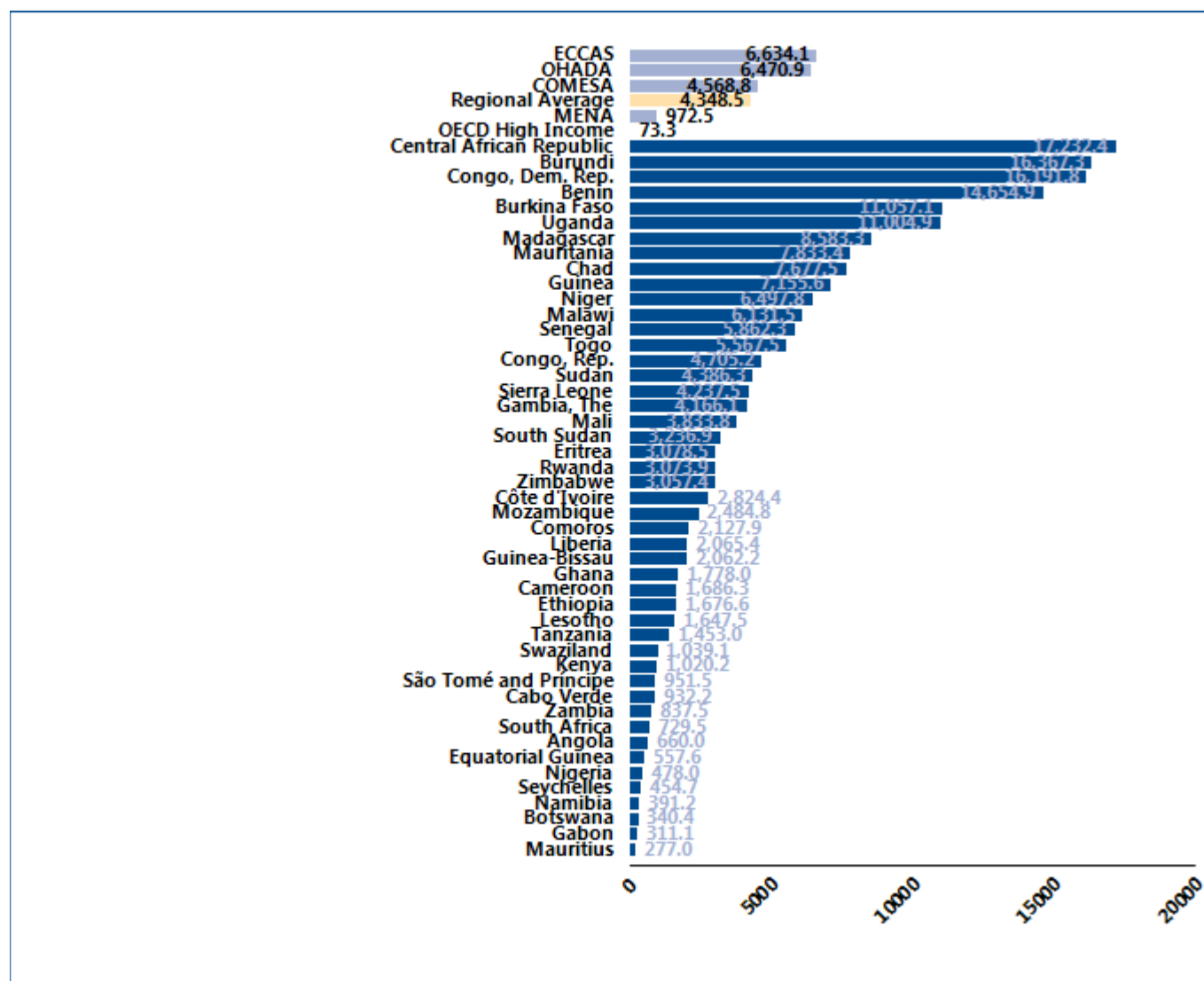
GETTING ELECTRICITY

Time (days)



### GETTING ELECTRICITY

Cost (% of income per capita)



Source: Doing Business database.



## GETTING ELECTRICITY

### What are the changes over time?

Obtaining an electricity connection is essential to enable a business to conduct its most basic operations. In many economies the connection process is complicated by the multiple laws and regulations involved—covering service quality, general safety, technical standards, procurement practices and internal wiring installations. In an effort to

ensure safety in the connection process while keeping connection costs reasonable, governments around the world have worked to consolidate requirements for obtaining an electricity connection. What reforms in getting electricity has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 4.1)?

Table 4.1 How have economies in Sub-Saharan Africa (SSA) made getting electricity easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Congo, Dem. Rep.</i>	In the Democratic Republic of Congo the utility in Kinshasa made getting electricity easier by reducing the number of approvals required for new connections and reducing the burden of the security deposit.
DB2015	<i>Malawi</i>	Malawi reduced the time required to get electricity by engaging subcontractors to carry out external connection works.
DB2015	<i>Rwanda</i>	In Rwanda the electricity company made getting electricity less costly by eliminating several fees.
DB2015	<i>Sierra Leone</i>	Sierra Leone made getting electricity easier by eliminating the need for customers to submit an application letter inquiring about a new connection before submitting an application—and made the process faster by improving staffing at the utility.
DB2014	<i>Burundi</i>	Burundi made getting electricity easier by eliminating the electricity utility's monopoly on the sale of materials needed for new connections and by dropping the processing fee for new connections.
DB2013	<i>Angola</i>	Angola made getting electricity easier by eliminating the requirement for customers applying for an electricity connection to obtain authorizations from the 2 utility companies.
DB2013	<i>Guinea</i>	Guinea made getting electricity easier by simplifying the process for connecting new customers to the distribution network.
DB2013	<i>Liberia</i>	In Liberia obtaining an electricity connection became easier thanks to the adoption of better procurement practices by the Liberia Electricity Corporation.
DB2013	<i>Namibia</i>	Namibia made getting electricity easier by reducing the time required to provide estimates and external connection works

DB year	Economy	Reform
		and by lowering the connection costs.
<b>DB2013</b>	<i>Rwanda</i>	Rwanda made getting electricity easier by reducing the cost of obtaining a new connection.
<b>DB2012</b>	<i>Ethiopia</i>	In Ethiopia delays in providing new connections made getting electricity more difficult.
<b>DB2012</b>	<i>Gambia, The</i>	The Gambia made getting electricity faster by allowing customers to choose private contractors to carry out the external connection works.
<b>DB2012</b>	<i>Mozambique</i>	Mozambique made getting electricity more difficult by requiring authorization of a connection project by the Ministry of Energy and by adding an inspection of the completed external works.

Source: Doing Business database.

## REGISTERING PROPERTY

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. And where property is informal or poorly administered, it has little chance of being accepted as collateral for loans—limiting access to finance.

### What do the indicators cover?

*Doing Business* records the full sequence of procedures necessary for a business to purchase property from another business and transfer the property title to the buyer's name. 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. The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the economy's largest business city<sup>2</sup>.
- Have 50 employees each, all of whom are nationals.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Property will be transferred in its entirety.

### WHAT 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 in the economy's largest business city<sup>2</sup>

Postregistration procedures (for example, filing title with the municipality)

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

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered 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

- Is located in a periurban commercial zone, and no rezoning is required.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Consists of 557.4 square meters (6,000 square feet) of land and a 10-year-old, 2-story warehouse of 929 square meters (10,000 square feet). The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. There is no heating system.

<sup>2</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.

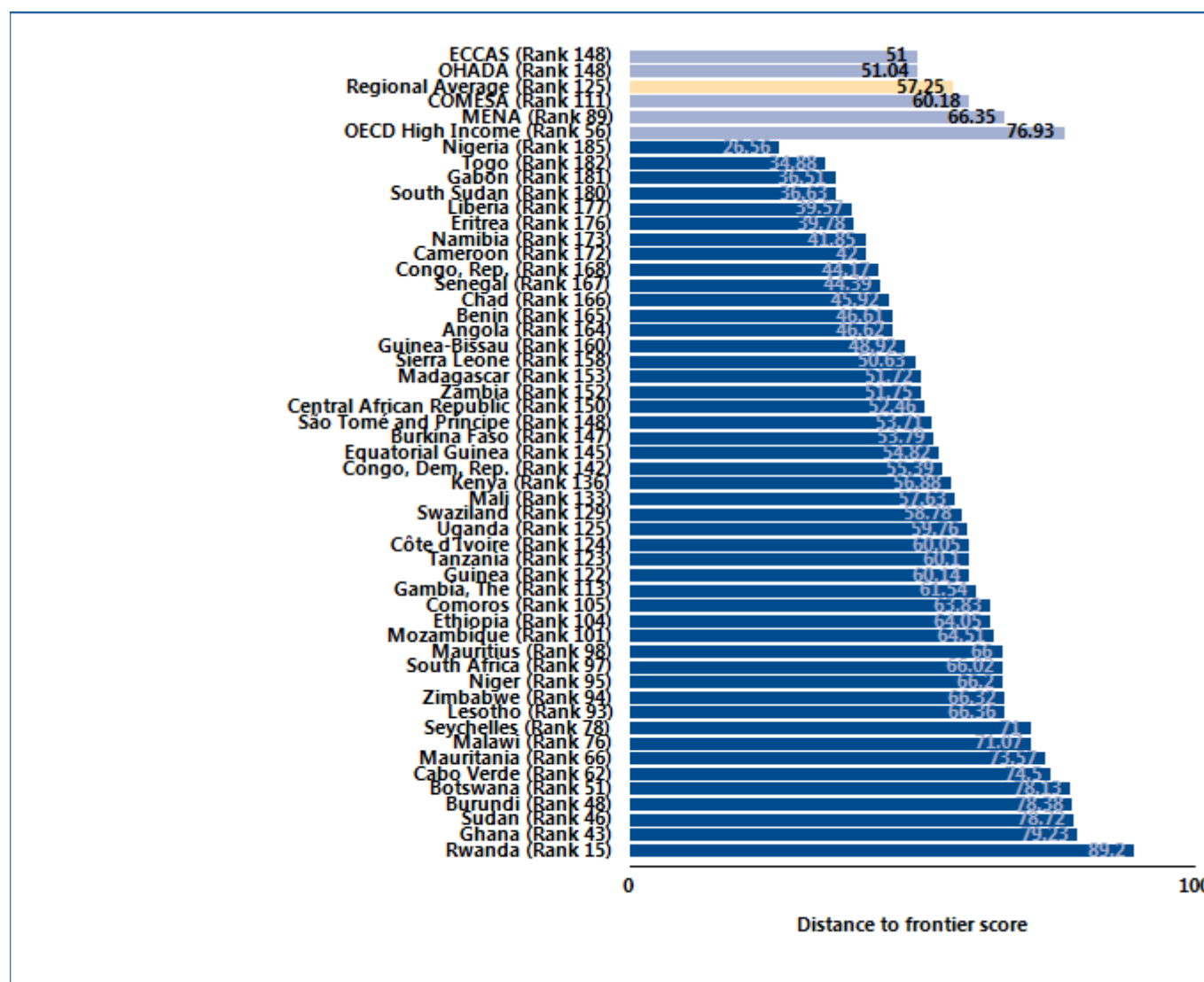
## REGISTERING PROPERTY

### Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Sub-Saharan Africa (SSA) to transfer property? The global rankings of these economies on the ease of registering

property suggest an answer (figure 5.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 5.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of registering property



Source: Doing Business database.

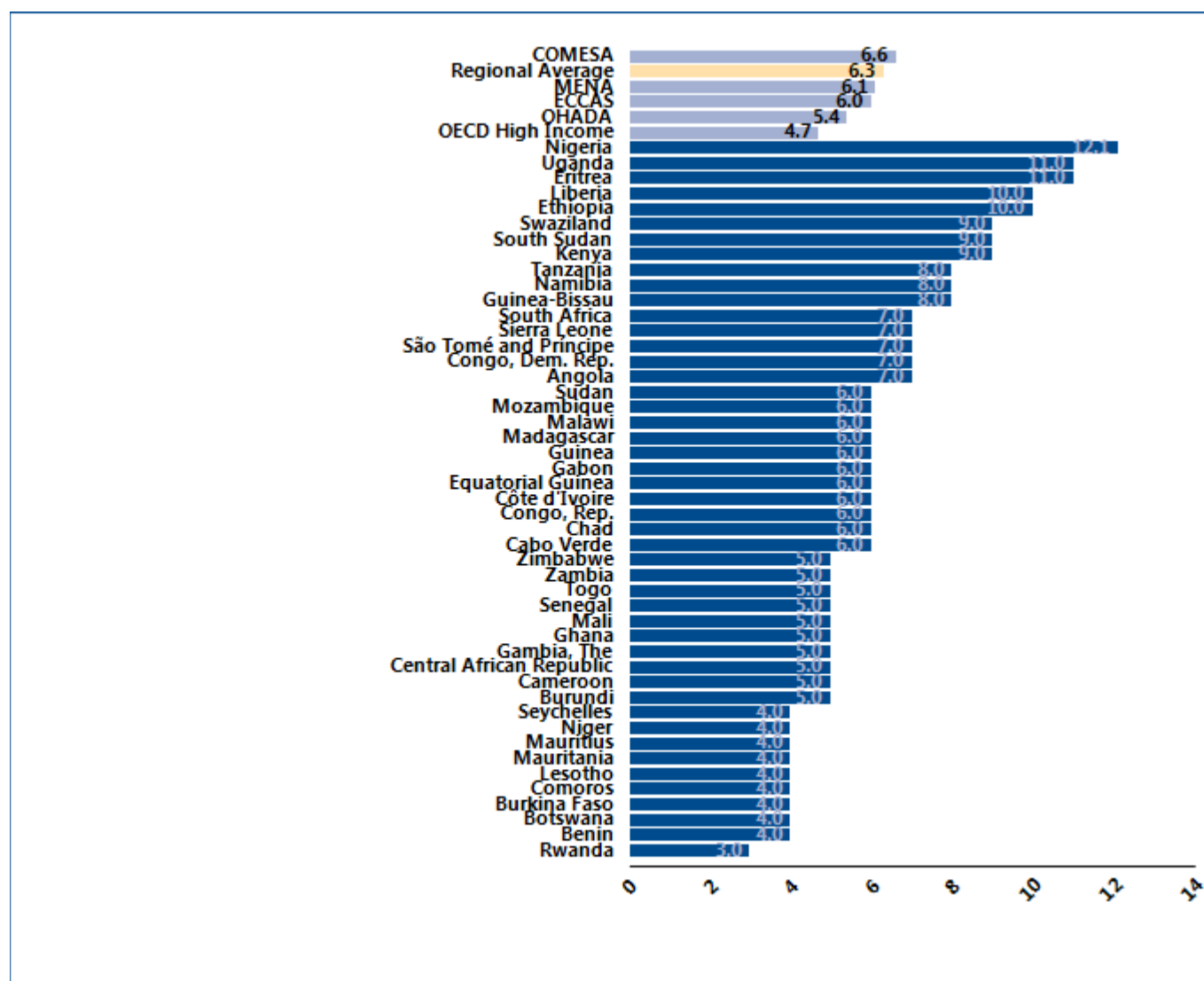
## REGISTERING PROPERTY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to complete a property transfer in each economy in the region: the number of procedures, the

time and the cost (figure 5.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

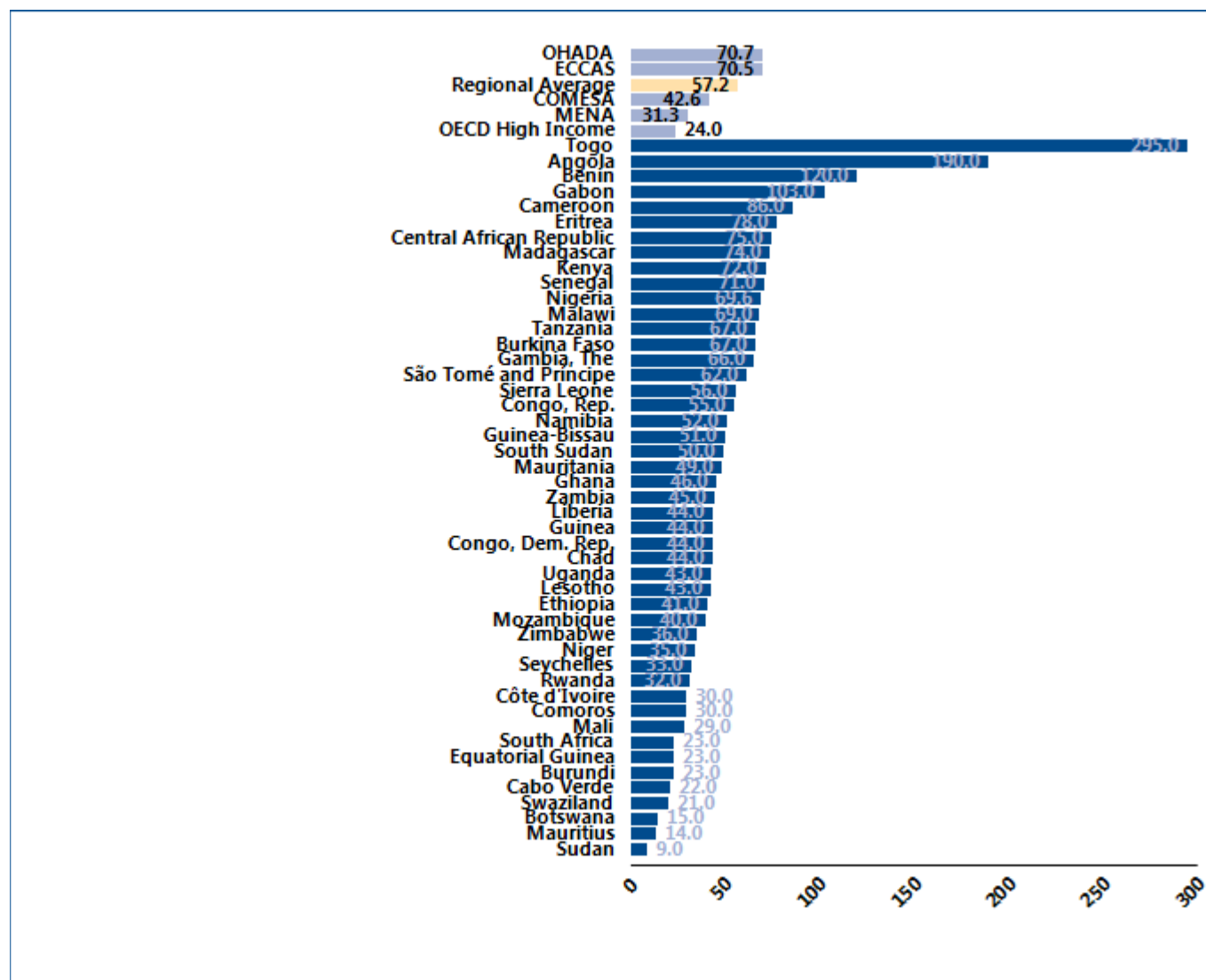
Figure 5.2 What it takes to register property in economies in Sub-Saharan Africa (SSA)

### Procedures (number)



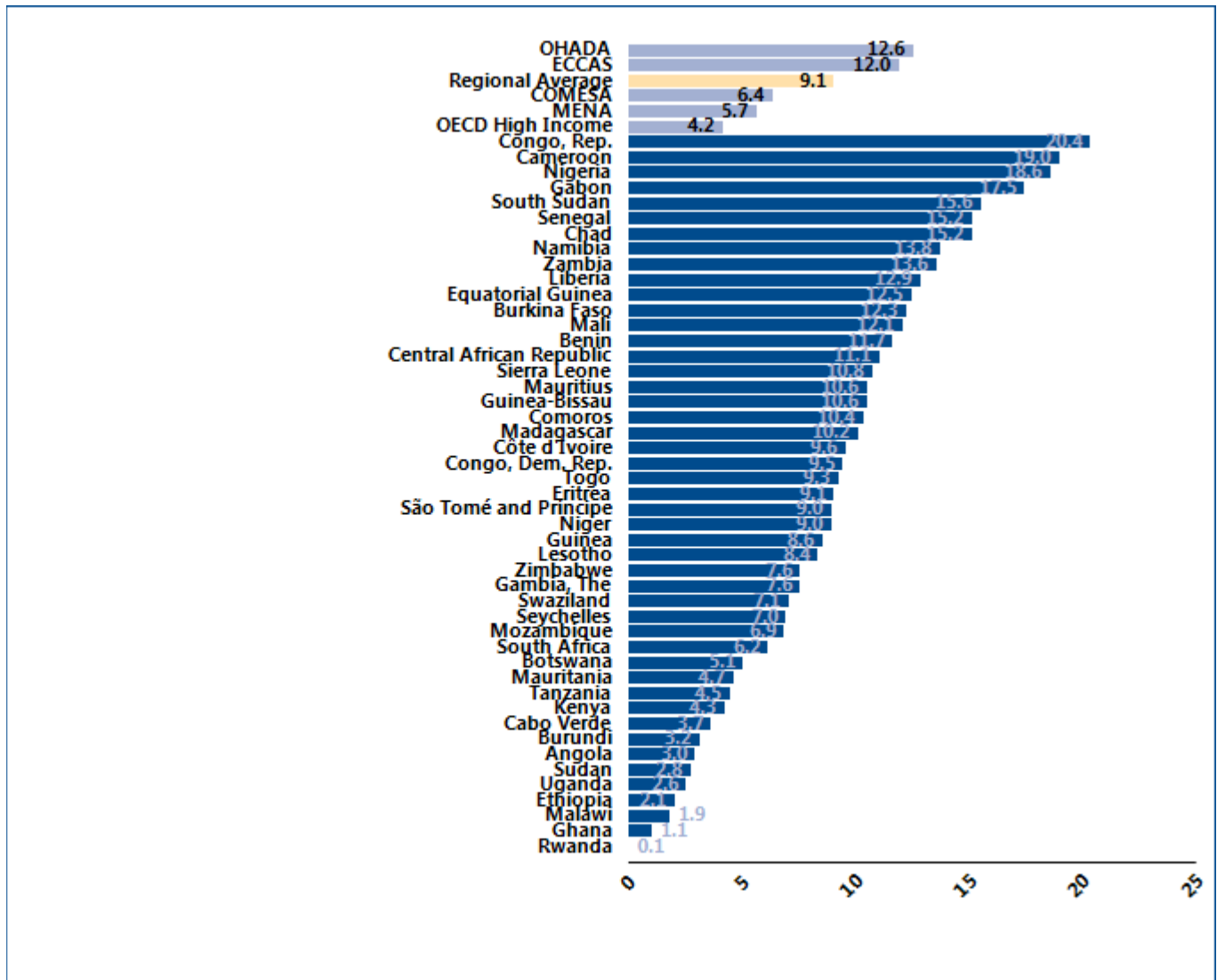
REGISTERING PROPERTY

Time (days)



REGISTERING PROPERTY

Cost (% of property value)



\* Indicates a “no practice” mark. 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 puts the economy at the bottom of the ranking on the relevant indicator.

Source: *Doing Business* database.

## REGISTERING PROPERTY

### What are the changes over time?

Economies worldwide have been making it easier for entrepreneurs to register and transfer property—such as by computerizing land registries, introducing time limits for procedures and setting low fixed fees. Many have cut the time required substantially—enabling

buyers to use or mortgage their property earlier. What property registration reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 5.1)?

Table 5.1 How have economies in Sub-Saharan Africa (SSA) made registering property easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Côte d'Ivoire</i>	Côte d'Ivoire made transferring property easier by digitizing its land registry system and lowering the property registration tax.
DB2015	<i>Gabon</i>	Gabon made transferring property more costly by increasing the property registration tax rate.
DB2015	<i>Guinea</i>	Guinea made registering property easier by reorganizing the records at the land registry and reducing the notary fees.
DB2015	<i>Mozambique</i>	Mozambique made registering property easier by streamlining procedures at the land registry and municipality.
DB2015	<i>Senegal</i>	Senegal made it easier to transfer property by replacing the authorization from the tax authority with a notification and setting up a single step at the land registry.
DB2015	<i>Sierra Leone</i>	Sierra Leone made registering property easier by introducing a fast-track procedure.
DB2015	<i>Togo</i>	Togo made transferring property easier by lowering the property registration tax rate.
DB2015	<i>Zambia</i>	Zambia made transferring property more difficult by increasing the property transfer tax rate.
DB2014	<i>Burundi</i>	Burundi made transferring property easier by creating a one-stop shop for property registration.
DB2014	<i>Cabo Verde</i>	Cape Verde made property transfers faster by digitizing its



DB year	Economy	Reform
		land registry.
<b>DB2014</b>	<i>Chad</i>	Chad made transferring property easier by lowering the property transfer tax.
<b>DB2014</b>	<i>Côte d'Ivoire</i>	Côte d'Ivoire made transferring property easier by streamlining procedures and reducing the property transfer tax.
<b>DB2014</b>	<i>Guinea</i>	Guinea made transferring property easier by reducing the property transfer tax.
<b>DB2014</b>	<i>Guinea-Bissau</i>	Guinea-Bissau made transferring property easier by increasing the number of notaries dealing with property transactions.
<b>DB2014</b>	<i>Lesotho</i>	Lesotho made transferring property easier by streamlining procedures and increasing administrative efficiency.
<b>DB2014</b>	<i>Liberia</i>	Liberia made transferring property easier by digitizing the records at the land registry.
<b>DB2014</b>	<i>Malawi</i>	Malawi made transferring property easier by reducing the stamp duty.
<b>DB2014</b>	<i>Namibia</i>	Namibia made transferring property more expensive by increasing the transfer and stamp duties.
<b>DB2014</b>	<i>Niger</i>	Niger made transferring property easier by reducing the registration fees.
<b>DB2014</b>	<i>Rwanda</i>	Rwanda made transferring property easier by eliminating the requirement to obtain a tax clearance certificate and by implementing the web-based Land Administration Information System for processing land transactions.
<b>DB2014</b>	<i>Senegal</i>	Senegal made transferring property easier by reducing the property transfer tax.
<b>DB2014</b>	<i>Uganda</i>	Uganda made transferring property easier by eliminating the need to have instruments of land transfer physically embossed to certify payment of the stamp duty.

DB year	Economy	Reform
DB2013	<i>Burundi</i>	Burundi made property transfers faster by establishing a statutory time limit for processing property transfer requests at the land registry.
DB2013	<i>Comoros</i>	The Comoros made it easier to transfer property by reducing the property transfer tax.
DB2013	<i>Gabon</i>	In Gabon registering property became more difficult because of longer administrative delays at the land registry.
DB2013	<i>Mauritius</i>	Mauritius made property transfers faster by implementing an electronic information management system at the Registrar-General's Department.
DB2013	<i>Namibia</i>	Namibia made transferring property more difficult by requiring conveyancers to obtain a building compliance certificate beforehand.
DB2013	<i>Sierra Leone</i>	Sierra Leone made registering property easier by computerizing the Ministry of Lands, Country Planning and the Environment.
DB2013	<i>Uganda</i>	Uganda made transferring property more difficult by introducing a requirement for property purchasers to obtain an income tax certificate before registration, resulting in delays at the Uganda Revenue Authority and the Ministry of Finance. At the same time, Uganda made it easier by digitizing records at the title registry, increasing efficiency at the assessor's office and making it possible for more banks to accept the stamp duty payment.
DB2012	<i>Angola</i>	Angola made transferring property less costly by reducing transfer taxes.
DB2012	<i>Cabo Verde</i>	Cape Verde made registering property faster by implementing time limits for the notaries and the land registry.
DB2012	<i>Central African Republic</i>	The Central African Republic halved the cost of registering property.
DB2012	<i>Congo, Rep.</i>	The Republic of Congo made registering property more

DB year	Economy	Reform
		expensive by reversing a previous law that reduced the registration fee.
DB2012	<i>Malawi</i>	Malawi made property registration slower by no longer sustaining last year's time improvement in Compliance Certificate processing times at the Ministry of Lands.
DB2012	<i>Namibia</i>	Namibia made transferring property more expensive for companies.
DB2012	<i>Rwanda</i>	Rwanda made transferring property more expensive by enforcing the checking of the capital gains tax.
DB2012	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made registering property less costly by lowering property transfer taxes.
DB2012	<i>South Africa</i>	South Africa made transferring property less costly and more efficient by reducing the transfer duty and introducing electronic filing.
DB2012	<i>Swaziland</i>	Swaziland made transferring property quicker by streamlining the process at the land registry.
DB2012	<i>Uganda</i>	Uganda increased the efficiency of property transfers by establishing performance standards and recruiting more officials at the land office.
DB2012	<i>Zambia</i>	Zambia made registering property more costly by increasing the property transfer tax rate.
DB2011	<i>Cabo Verde</i>	Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates.
DB2011	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo reduced by half the property transfer tax to 3% of the property value.
DB2011	<i>Malawi</i>	Malawi eased property transfers by cutting the wait for consents and registration of legal instruments by half.
DB2011	<i>Mali</i>	Mali eased property transfers by reducing the property transfer tax for firms from 15% of the property value to 7%.

DB year	Economy	Reform
DB2011	<i>Sierra Leone</i>	Sierra Leone lifted a moratorium on sales of privately owned properties.
DB2010	<i>Angola</i>	Angola speeded up property transfers by digitizing the land registry in Luanda and splitting it into 2 units, each responsible for half the land covered by the registry.
DB2010	<i>Botswana</i>	Botswana made registering property more difficult by adding a requirement to notify the tax agency of the value added tax payment.
DB2010	<i>Burkina Faso</i>	Burkina Faso streamlined property registration by allowing the payment of transfer taxes at the land registry, reorganizing the land registry, setting statutory time limits for procedures and simplifying property valuation by government officials through the use of tables of values based on materials used.
DB2010	<i>Ethiopia</i>	Ethiopia made transferring property easier by decentralizing administrative tasks and merging procedures at the land registry and municipality.
DB2010	<i>Madagascar</i>	Madagascar made transferring property more costly by making the use of a notary mandatory for property transactions.
DB2010	<i>Mauritius</i>	Mauritius made registering property easier by setting a statutory time limit of 15 days for issuance of the final property title by the land registry.
DB2010	<i>Rwanda</i>	Rwanda reduced the time required to transfer property through ongoing improvements in the property registration process.
DB2010	<i>Sierra Leone</i>	Sierra Leone made transferring property more difficult by reinstating a moratorium on the authorization of property transfers by the director of surveys and lands.
DB2010	<i>Zimbabwe</i>	Zimbabwe made transferring property less costly by introducing a new policy on the capital gains tax that resulted in a reduction in the actual amount paid.

*Note:* For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## GETTING CREDIT

Two types of frameworks can facilitate access to credit and improve its allocation: credit information systems and borrowers and lenders in collateral and bankruptcy laws. Credit information systems enable lenders' rights to view a potential borrower's financial history (positive or negative)—valuable information to consider when assessing risk. And they permit borrowers to establish a good credit history that will allow easier access to credit. Sound collateral laws enable businesses to use their assets, especially movable property, as security to generate capital—while strong creditors' rights have been associated with higher ratios of private sector credit to GDP.

### What do the indicators cover?

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws. *Doing Business* uses two case scenarios, Case A and Case B, to determine the scope of the secured transactions system, involving a secured borrower and a secured lender and examining legal restrictions on the use of movable collateral (for more details on each case, see the Data Notes section of the *Doing Business 2015* report).

These scenarios assume that the borrower:

- Is a private limited liability company.

### WHAT THE GETTING CREDIT INDICATORS MEASURE

#### Strength of legal rights index (0–12)<sup>3</sup>

Rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

#### Depth of credit information index (0–8)<sup>4</sup>

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

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

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

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

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

- Has its headquarters and only base of operations in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Has up to 50 employees.
- Is 100% domestically owned, as is the lender.

The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the strength of legal rights index and the depth of credit information index.

<sup>3</sup> For the legal rights index, 2 new points are added in *Doing Business 2015* for new data collected to assess the overall legal framework for secured transactions and the functioning of the collateral registry.

<sup>4</sup> For the credit information index, 2 new points are added in *Doing Business 2015* for new data collected on accessing borrowers' credit information online and availability of credit scores.

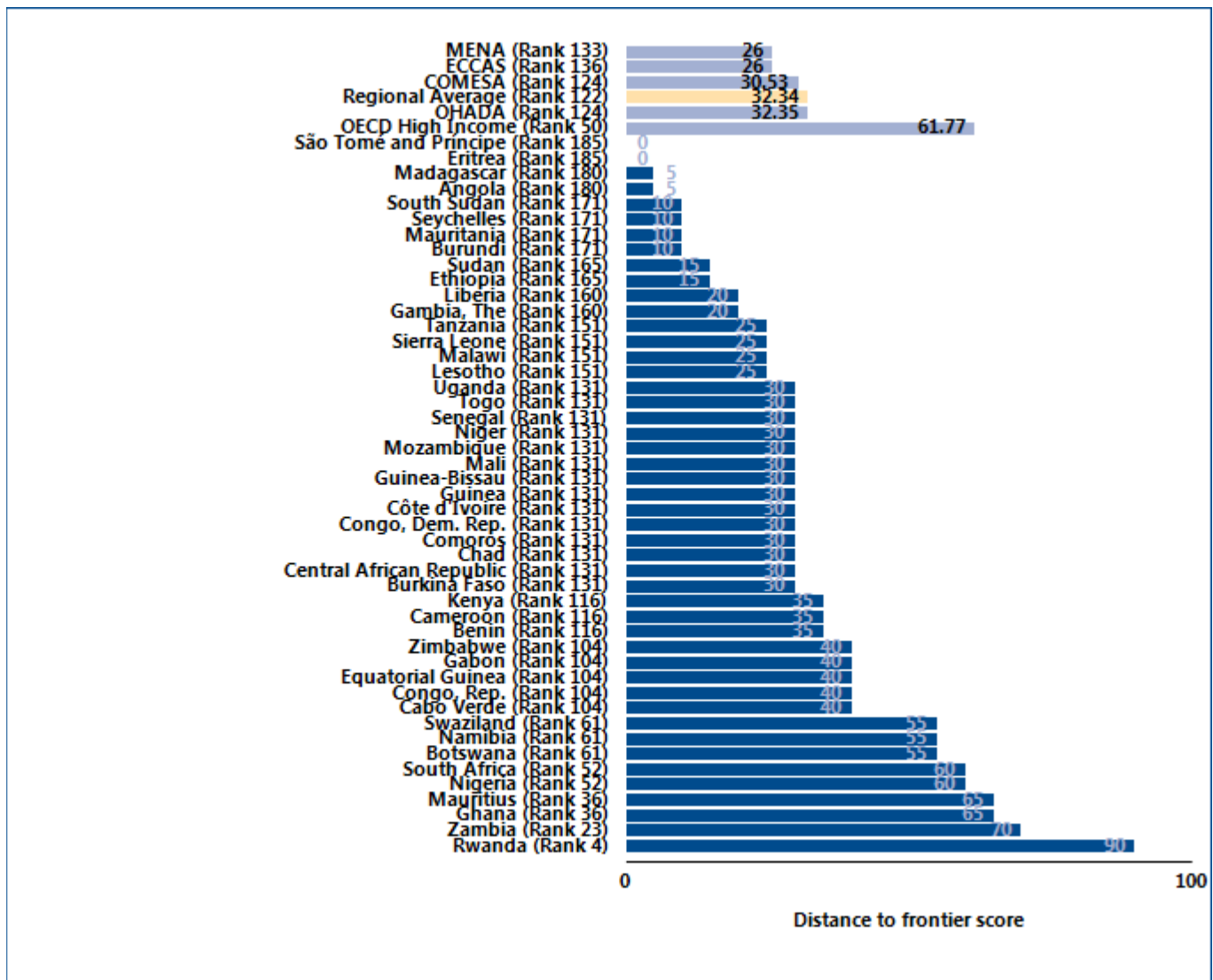
### GETTING CREDIT

#### Where do the region's economies stand today?

How well do the credit information systems and collateral and bankruptcy laws in economies in Sub-Saharan Africa (SSA) facilitate access to credit? The global rankings of these economies on the ease of

getting credit suggest an answer (figure 6.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 6.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of getting credit



Source: Doing Business database.

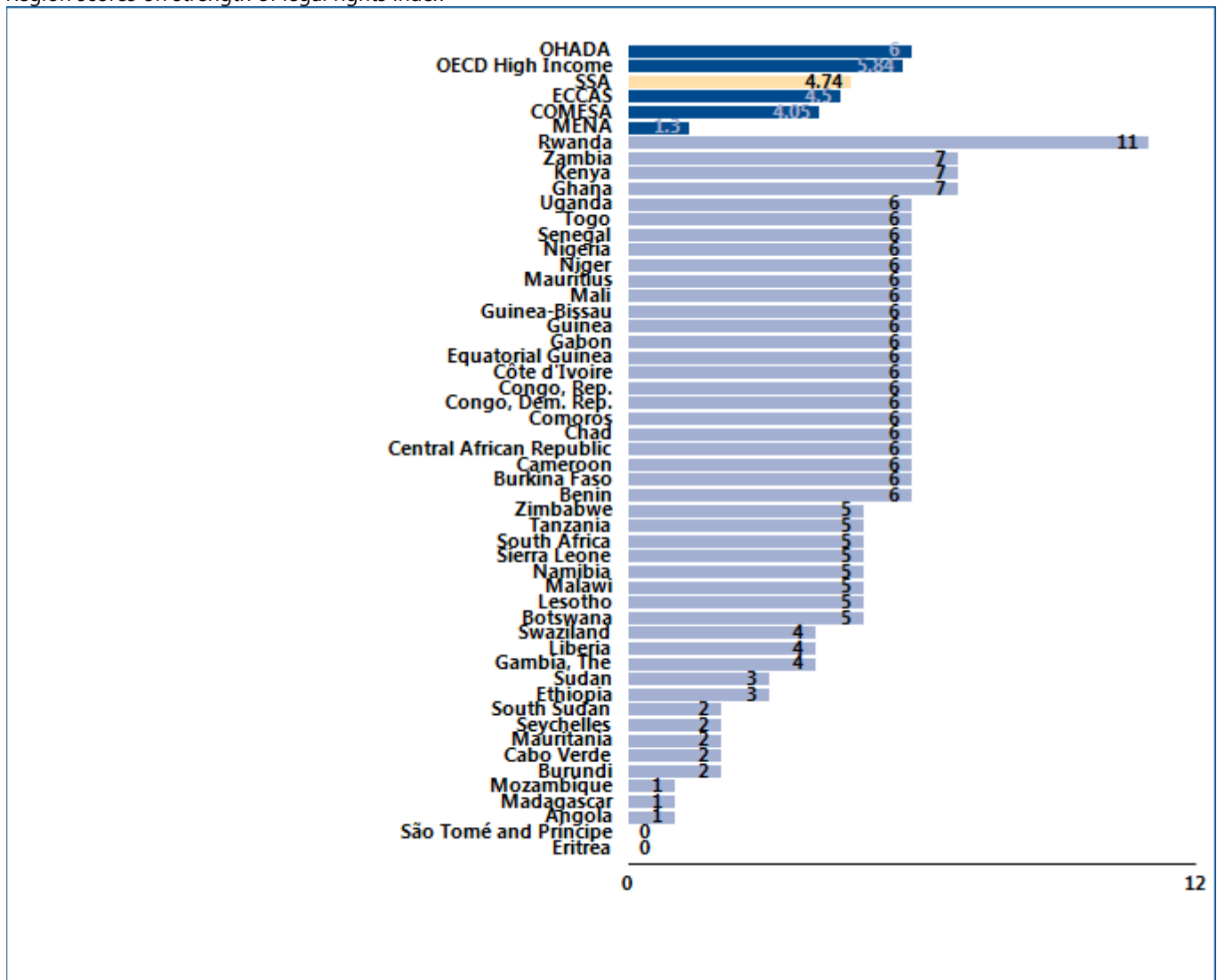
### GETTING CREDIT

Another way to assess how well regulations and institutions support lending and borrowing in the region is to see where the region stands in the distribution of scores across regions. Figure 6.2 highlights the score on

the strength of legal rights index for Sub-Saharan Africa (SSA) and comparators on the strength of legal rights index. Figure 6.3 shows the same thing for the depth of credit information index.

Figure 6.2 How strong are legal rights for borrowers and lenders?

Region scores on strength of legal rights index



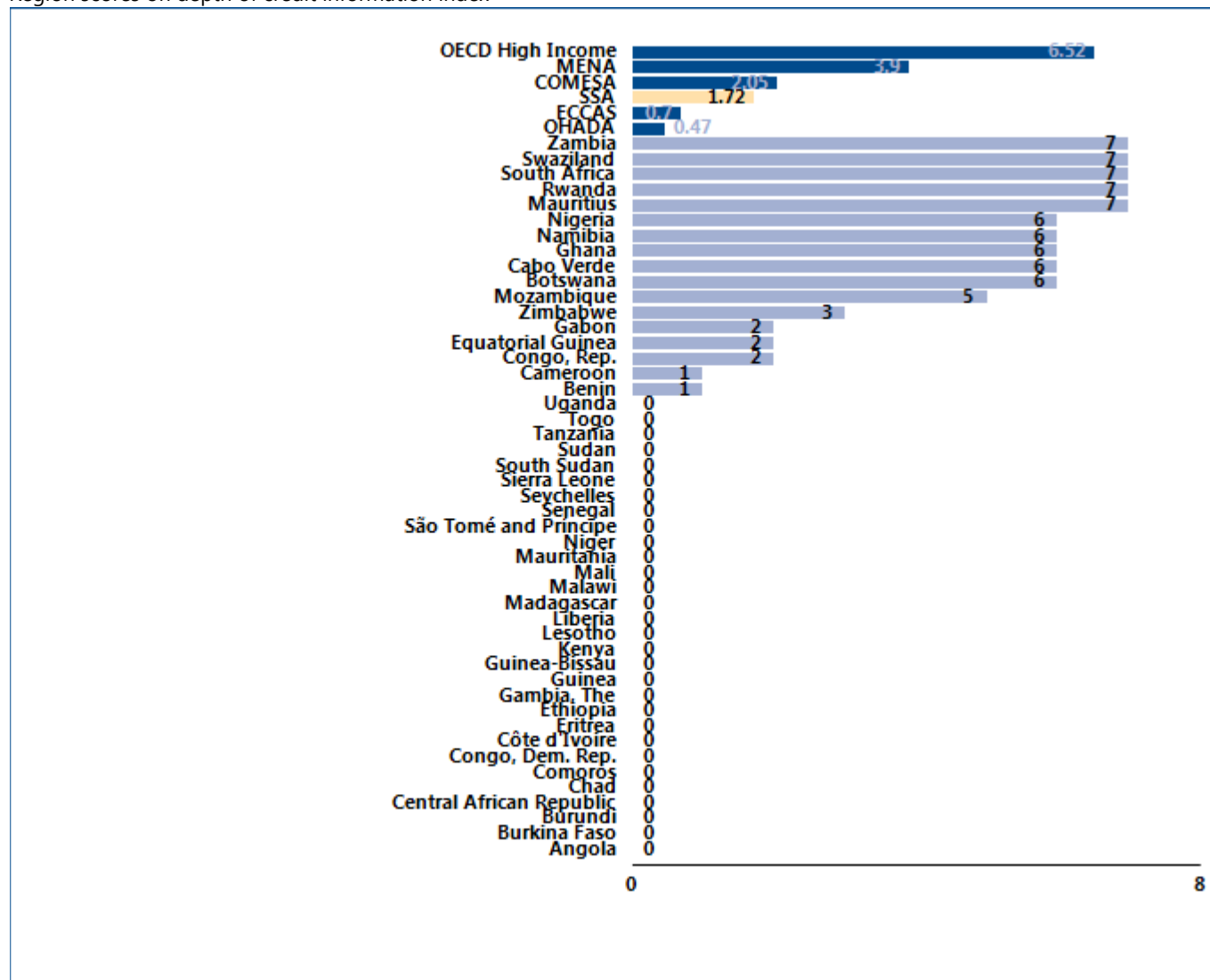
Note: Higher scores indicate that collateral and bankruptcy laws are better designed to facilitate access to credit.

Source: Doing Business database.



Figure 6.3 How much credit information is shared—and how widely?

Region scores on depth of credit information index



Note: Higher scores indicate the availability of more credit information, from either a credit registry or a credit bureau, to facilitate lending decisions. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Source: Doing Business database.

## GETTING CREDIT

## What are the changes over time?

When economies strengthen the legal rights of lenders and borrowers under collateral and bankruptcy laws, and increase the scope, coverage and accessibility of credit

information, they can increase entrepreneurs' access to credit. What credit reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 6.1)?

Table 6.1 How have economies in Sub-Saharan Africa (SSA) made getting credit easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Cameroon</i>	Cameroon improved its credit information system by passing regulations that provide for the establishment and operation of a credit registry database.
DB2015	<i>Cabo Verde</i>	Cabo Verde improved its credit information system by adopting a new law providing for the establishment of credit bureaus.
DB2015	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo improved access to credit information by establishing a credit registry.
DB2015	<i>Côte d'Ivoire</i>	Côte d'Ivoire improved its credit information system by introducing regulations that govern the licensing and operation of credit bureaus.
DB2015	<i>Kenya</i>	Kenya improved its credit information system by passing legislation that allows the sharing of both positive and negative credit information and establishes guidelines for the treatment of historical data.
DB2015	<i>Mauritania</i>	Mauritania improved its credit information system by lowering the minimum threshold for loans to be included in the registry's database.
DB2015	<i>Rwanda</i>	Rwanda improved access to credit by establishing clear priority rules outside bankruptcy for secured creditors and establishing clear grounds for relief from a stay of enforcement actions by secured creditors during reorganization procedures.
DB2015	<i>Senegal</i>	Senegal improved its credit information system by introducing regulations developed by the West African Economic and Monetary Union that govern the licensing and operation of credit bureaus.

DB year	Economy	Reform
DB2015	<i>Sierra Leone</i>	Sierra Leone improved its credit information system by beginning to distribute both positive and negative data and by increasing the system's coverage rate.
DB2015	<i>South Africa</i>	South Africa made access to credit information more difficult by introducing regulations requiring credit bureaus to remove negative credit information from their databases, such as adverse information on consumer behavior or enforcement action accumulated on a consumer's record before April 1, 2014.
DB2015	<i>Tanzania</i>	Tanzania improved access to credit information by creating credit bureaus.
DB2015	<i>Zambia</i>	In Zambia, the credit bureau improved access to credit information by starting to exchange credit information with retailers and utilities.
DB2014	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo strengthened its secured transactions system by adopting the OHADA (Organization for the Harmonization of Business Law in Africa) Uniform Act on Secured Transactions. The new law broadens the range of assets that can be used as collateral (including future assets) and the range of obligations that can be secured, extends security interests to the proceeds of the original asset and introduces the possibility of out-of-court enforcement.
DB2014	<i>Mauritius</i>	Mauritius improved access to credit information by expanding the scope of credit information and increasing the coverage of the historical data distributed from 2 years to 3.
DB2014	<i>Rwanda</i>	Rwanda strengthened its secured transactions system by providing more flexibility on the types of debts and obligations that can be secured through a collateral agreement.
DB2014	<i>Tanzania</i>	Tanzania improved its credit information system through new regulations that provide for the licensing of credit reference bureaus and outline the functions of the credit reference data bank.
DB2013	<i>Ethiopia</i>	Ethiopia improved access to credit information by establishing an online platform for sharing such information and by guaranteeing borrowers' right to inspect their personal data.

DB year	Economy	Reform
DB2013	<i>Mauritius</i>	Mauritius improved access to credit information by starting to collect payment information from retailers and beginning to distribute both positive and negative information.
DB2013	<i>Nigeria</i>	Nigeria improved access to credit information by distributing credit information from retail companies.
DB2013	<i>Sierra Leone</i>	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.
DB2013	<i>Sudan</i>	Sudan improved access to credit information by establishing a private credit bureau.
DB2012	<i>Angola</i>	Angola strengthened its credit information system by adopting new rules for credit bureaus and guaranteeing the right of borrowers to inspect their data.
DB2012	<i>Benin</i>	Access to credit in Benin was improved through amendments to the OHADA (Organization for the Harmonization of Business Law in Africa) Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Burkina Faso</i>	Access to credit in Burkina Faso was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Cameroon</i>	Access to credit in Cameroon was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Cabo Verde</i>	Cape Verde improved its credit information system by introducing a new online platform and by starting to provide 5 years of historical data.
DB2012	<i>Central African Republic</i>	Access to credit in the Central African Republic was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be

DB year	Economy	Reform
		used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Chad</i>	Access to credit in Chad was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Comoros</i>	Access to credit in Comoros was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Congo, Rep.</i>	Access to credit in the Republic of Congo was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Côte d'Ivoire</i>	Access to credit in Côte d'Ivoire was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Equatorial Guinea</i>	Access to credit in Equatorial Guinea was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Gabon</i>	Access to credit in Gabon was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.

DB year	Economy	Reform
DB2012	<i>Guinea</i>	Access to credit in Guinea was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Guinea-Bissau</i>	Access to credit in Guinea-Bissau was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Liberia</i>	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 assets) and extends the security interest to the proceeds of the original asset.
DB2012	<i>Madagascar</i>	Madagascar improved its credit information system by eliminating the minimum threshold for loans included in the database and making it mandatory for banks to share credit information with the credit bureau.
DB2012	<i>Malawi</i>	Malawi improved its credit information system by passing a new law allowing the creation of a private credit bureau.
DB2012	<i>Mali</i>	Access to credit in Mali was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Niger</i>	Access to credit in Niger was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Rwanda</i>	In Rwanda the private credit bureau started to collect and distribute information from utility companies and also started to distribute more than 2 years of historical information, improving the credit information system.

DB year	Economy	Reform
DB2012	<i>Senegal</i>	Access to credit in Senegal was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2012	<i>Sierra Leone</i>	Sierra Leone improved its credit information system by enacting a new law providing for the creation of a public credit registry.
DB2012	<i>Togo</i>	Access to credit in Togo was improved through amendments to the OHADA Uniform Act on Secured Transactions that broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.
DB2011	<i>Ghana</i>	Ghana enhanced access to credit by granting an operating license to a private credit bureau that began operations in April 2010. Ghana also strengthened access to credit by establishing a centralized collateral registry.
DB2011	<i>Rwanda</i>	Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry.
DB2011	<i>Uganda</i>	Uganda enhanced access to credit by establishing a new private credit bureau.
DB2010	<i>Cabo Verde</i>	Cape Verde improved access to credit information by allowing online access to the central bank's credit information database for financial institutions providing and retrieving information. At the same time, Cape Verde raised the minimum threshold for personal loans included in the database from 1,000 to 5,000 escudos.
DB2010	<i>Kenya</i>	Kenya improved access to credit information through a new law on credit bureaus providing a framework for a regulated and reliable system of credit information sharing.
DB2010	<i>Mauritius</i>	Mauritius improved access to credit information by allowing the licensing of private credit information bureaus and by expanding the coverage of the Mauritius Credit Information Bureau to all institutions offering credit facilities.

DB year	Economy	Reform
DB2010	<i>Nigeria</i>	Nigeria improved its credit information system through a central bank guideline defining the licensing, operational and regulatory requirements for a privately owned credit bureau.
DB2010	<i>Rwanda</i>	Rwanda strengthened its secured transactions system by allowing a wider range of assets to be used as collateral, permitting a general description of debts and obligations in the security agreement, allowing out-of-court enforcement of collateral, granting secured creditors absolute priority within bankruptcy and creating a new collateral registry.
DB2010	<i>Sierra Leone</i>	Sierra Leone strengthened its secured transactions system through a new company act that allows the use of fixed and floating charges and automatically extends a security interest to the products, proceeds and replacements of the collateral.
DB2010	<i>Zambia</i>	Zambia improved its credit information system by making it mandatory for banks and nonbank financial institutions registered with the central bank to use credit reference reports and to provide data to the credit bureau.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.



## PROTECTING MINORITY INVESTORS

Protecting minority investors matters for the ability of companies to raise the capital they need to grow, innovate, diversify and compete. Effective regulations define related-party transactions precisely, promote clear and efficient disclosure requirements, require shareholder participation in major decisions of the company and set detailed standards of accountability for company insiders.

### What do the indicators cover?

*Doing Business* measures the protection of minority investors from conflicts of interest through one set of indicators and shareholders' rights in corporate governance through another. The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index. To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least 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, even if this is not specifically required by law.

The transaction involves the following details:

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to Buyer.

### WHAT THE PROTECTING MINORITY INVESTORS INDICATORS MEASURE

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

Review and approval requirements for related-party transactions ; Disclosure requirements for related-party transactions

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

Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)

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

Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses

#### Extent of conflict of interest regulation index (0–10)

Sum of the extent of disclosure, extent of director liability and ease of shareholder indices, divided by 3

#### Extent of shareholder rights index (0-10.5)

Shareholders' rights and role in major corporate decisions

#### Strength of governance structure index (0-10.5)

Governance safeguards protecting shareholders from undue board control and entrenchment

#### Extent of corporate transparency index (0-9)

Corporate transparency on ownership stakes, compensation, audits and financial prospects

#### Extent of shareholder governance index (0–10)

Sum of the extent of shareholders rights, strength of governance structure and extent of corporate transparency indices, divided by 3

#### Strength of investor protection index (0–10)

Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

- Shareholders sue the interested parties and the members of the board of directors.

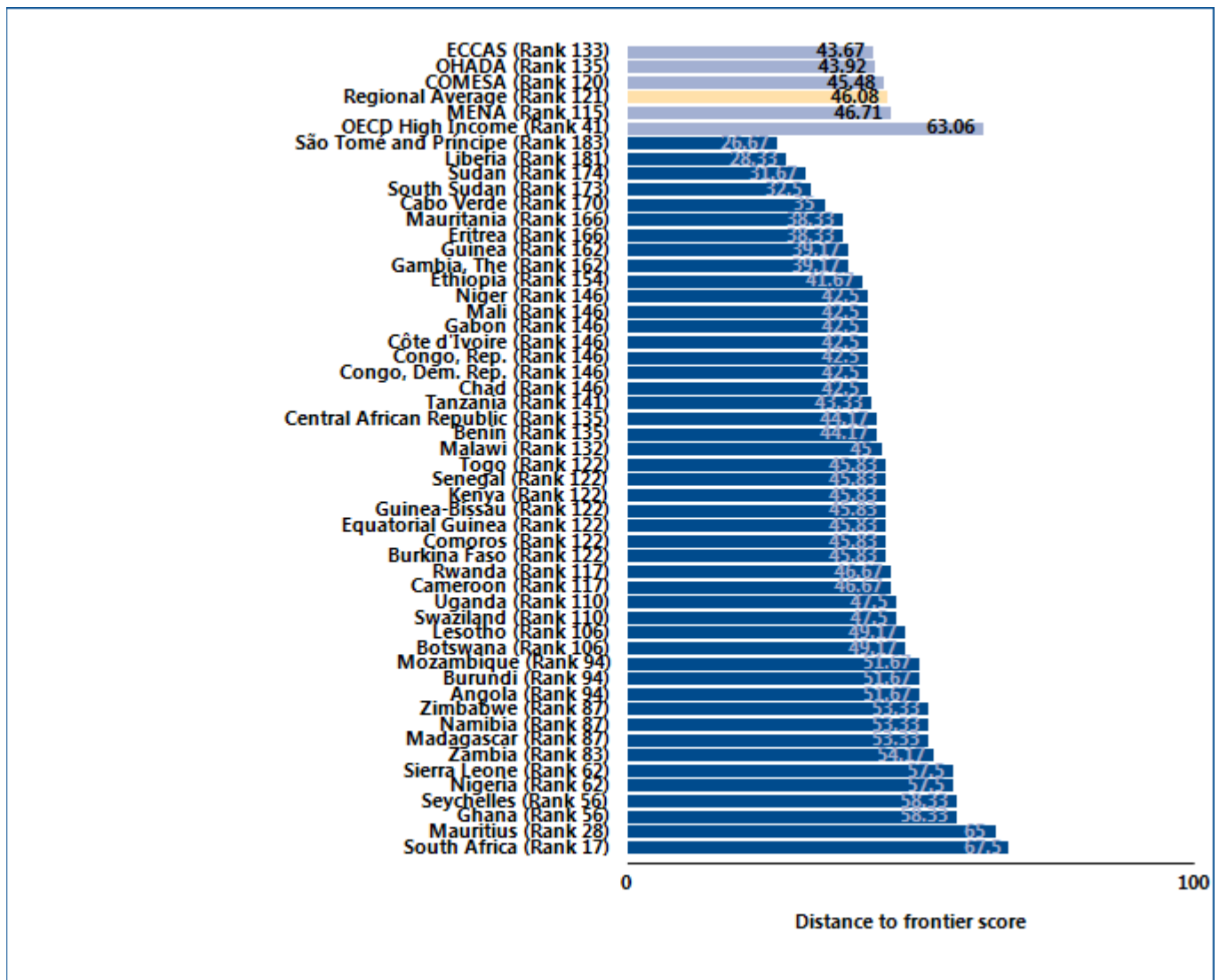
## PROTECTING MINORITY INVESTORS

### Where do the region's economies stand today?

How strong are investor protections against self-dealing in economies in Sub-Saharan Africa (SSA)? The global rankings of these economies on the strength of investor protection index suggest an answer (figure 7.1). While the indicator does not measure all aspects related to the

protection of minority investors, a higher ranking does indicate that an economy's regulations offer stronger investor protections against self-dealing in the areas measured.

Figure 7.1 How economies in Sub-Saharan Africa (SSA) rank on the strength of investor protection index



Source: Doing Business database.

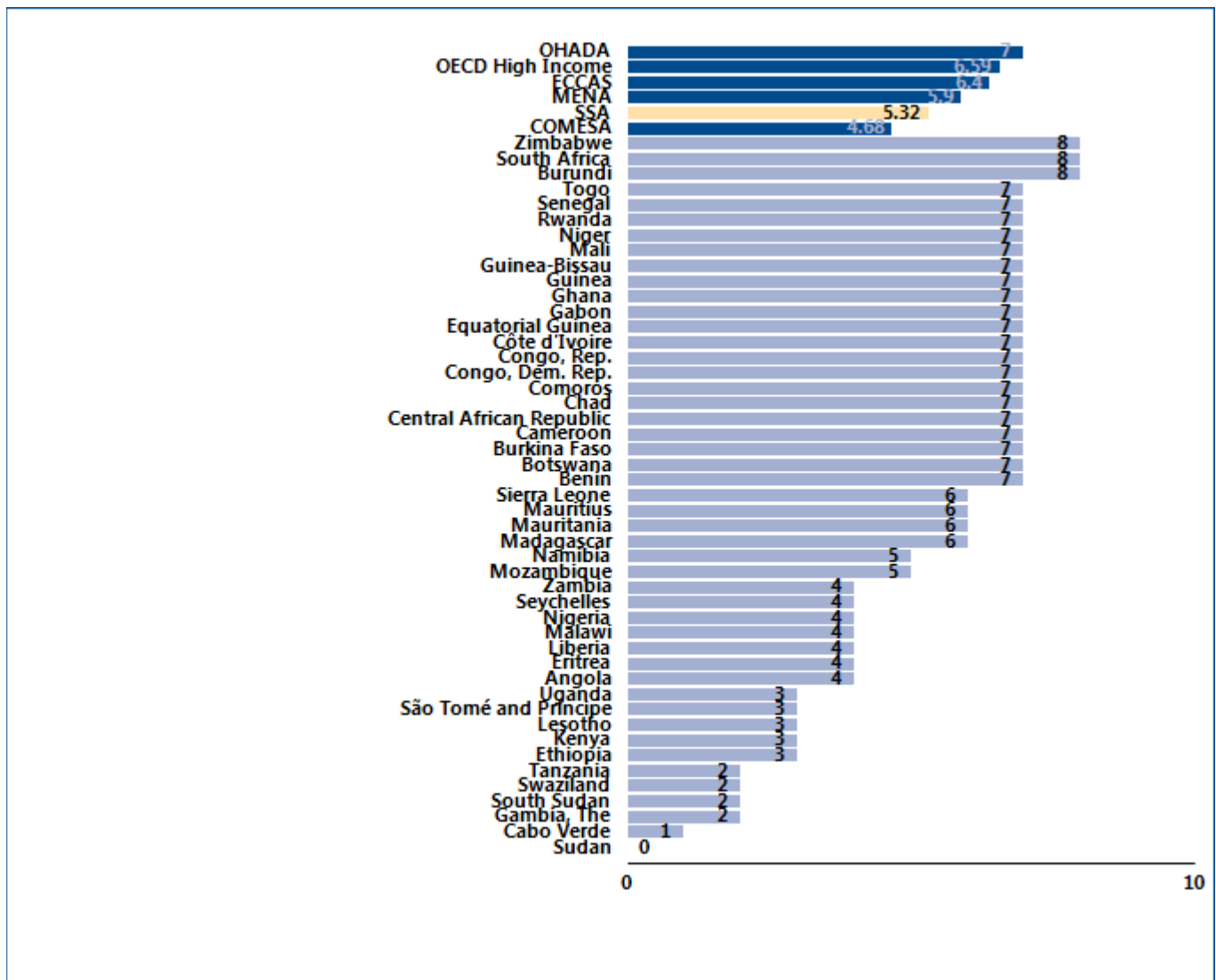
### PROTECTING MINORITY INVESTORS

But the overall ranking on the strength of minority investor protection index tells only part of the story. Economies may offer strong protections in some areas but not others. Figures 7.2 through 7.7 highlight the scores on the various minority investor protection indices for Sub-Saharan Africa (SSA) in 2014. Higher scores

indicate stronger minority investor protections. Comparing the scores across the region on the strength of investor protection index and with averages both for the region and for comparator regions can provide useful insights.

Figure 7.2 How extensive are disclosure requirements?

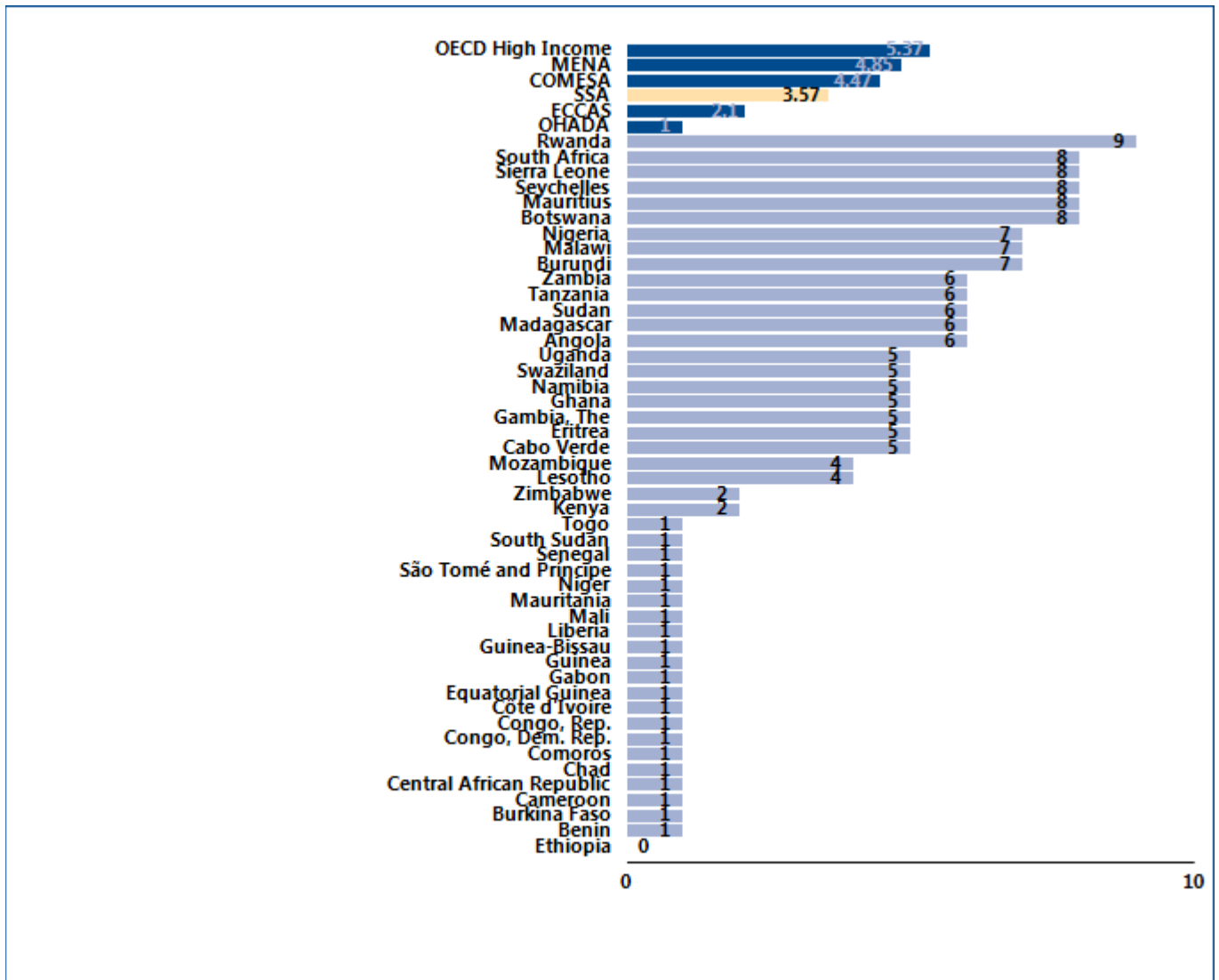
**Extent of disclosure index (0–10)**



Note: Higher scores indicate greater disclosure.  
 Source: Doing Business database.

Figure 7.3 How extensive is the liability regime for directors?

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

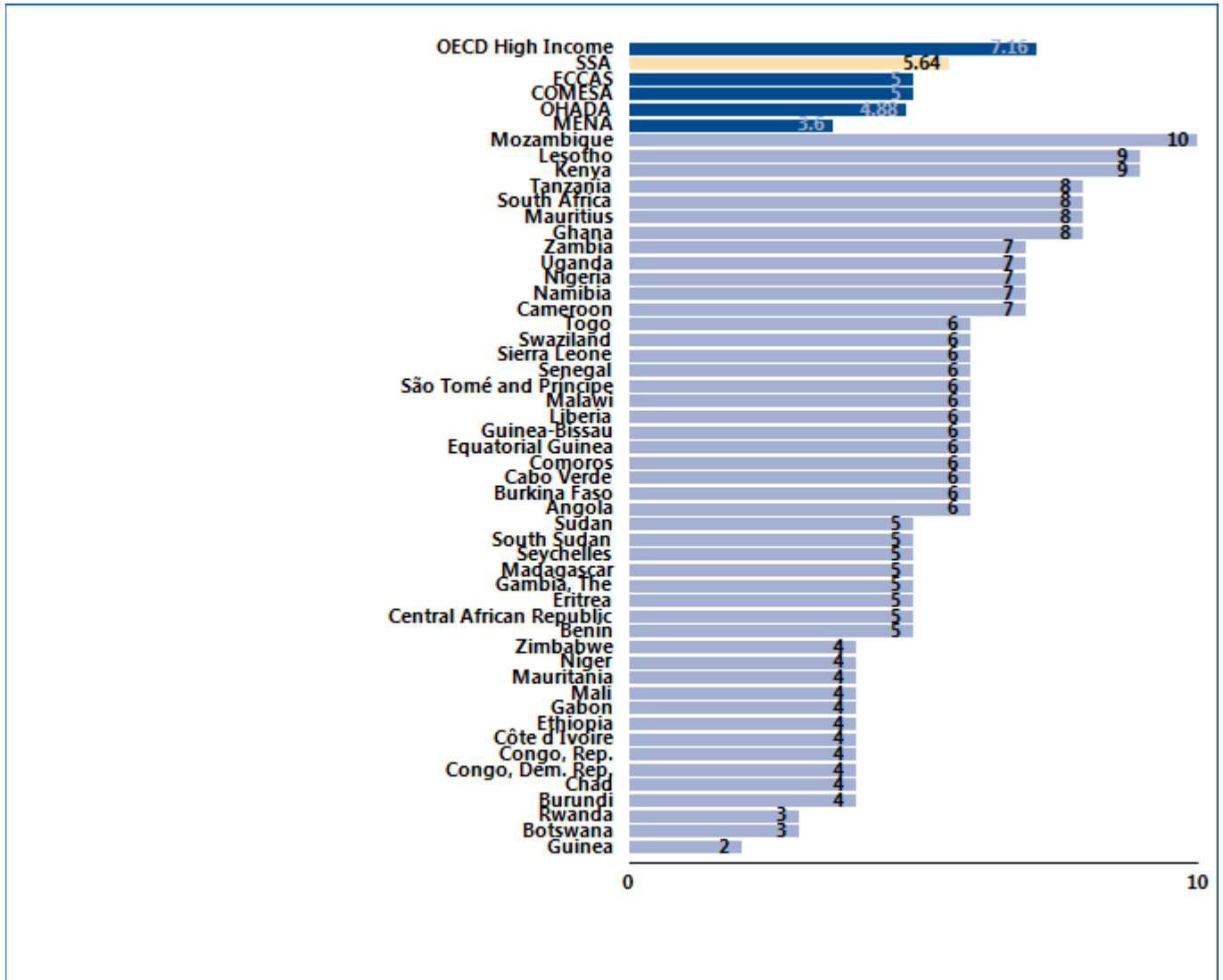


Note: Higher scores indicate greater liability of directors.

Source: Doing Business database.

Figure 7.4 How easy is accessing internal corporate documents?

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

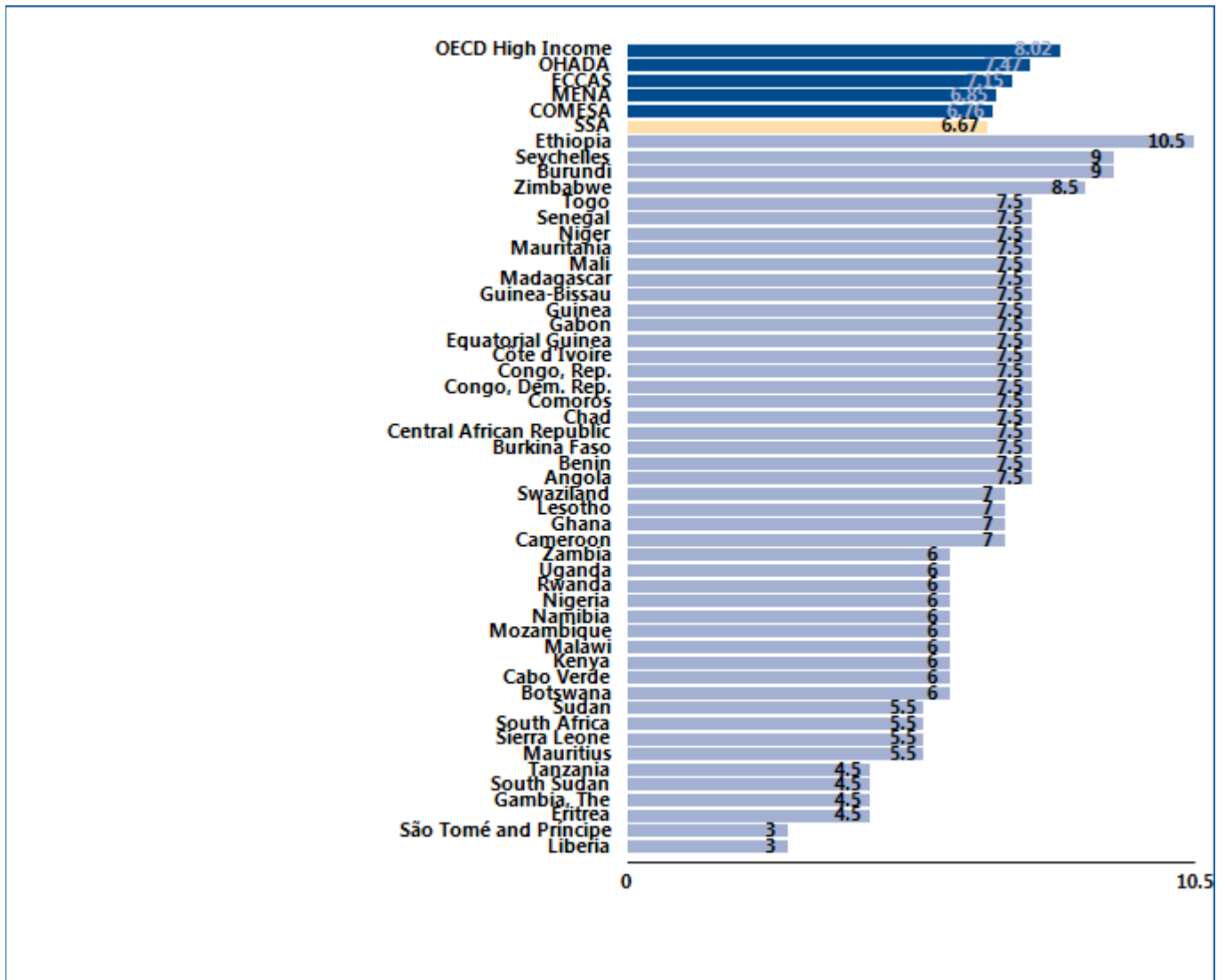


Note: Higher scores indicate greater minority shareholder access to evidence before and during trial.

Source: Doing Business database.

Figure 7.5 How extensive are shareholder rights?

**Extent of shareholder rights index (0–10.5)**

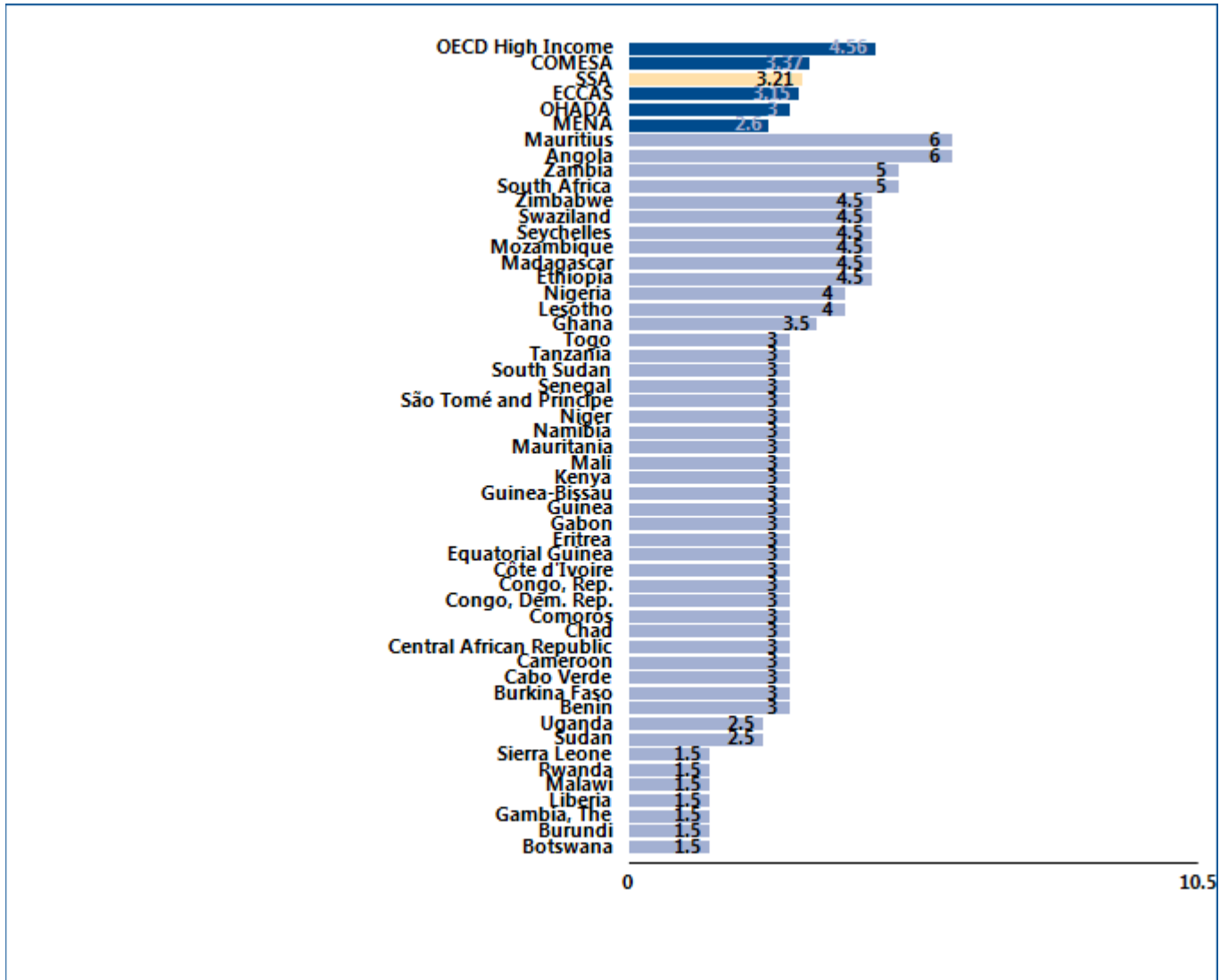


Note: The higher the score, the stronger the protections.

Source: Doing Business database.

Figure 7.6 How strong is the governance structure?

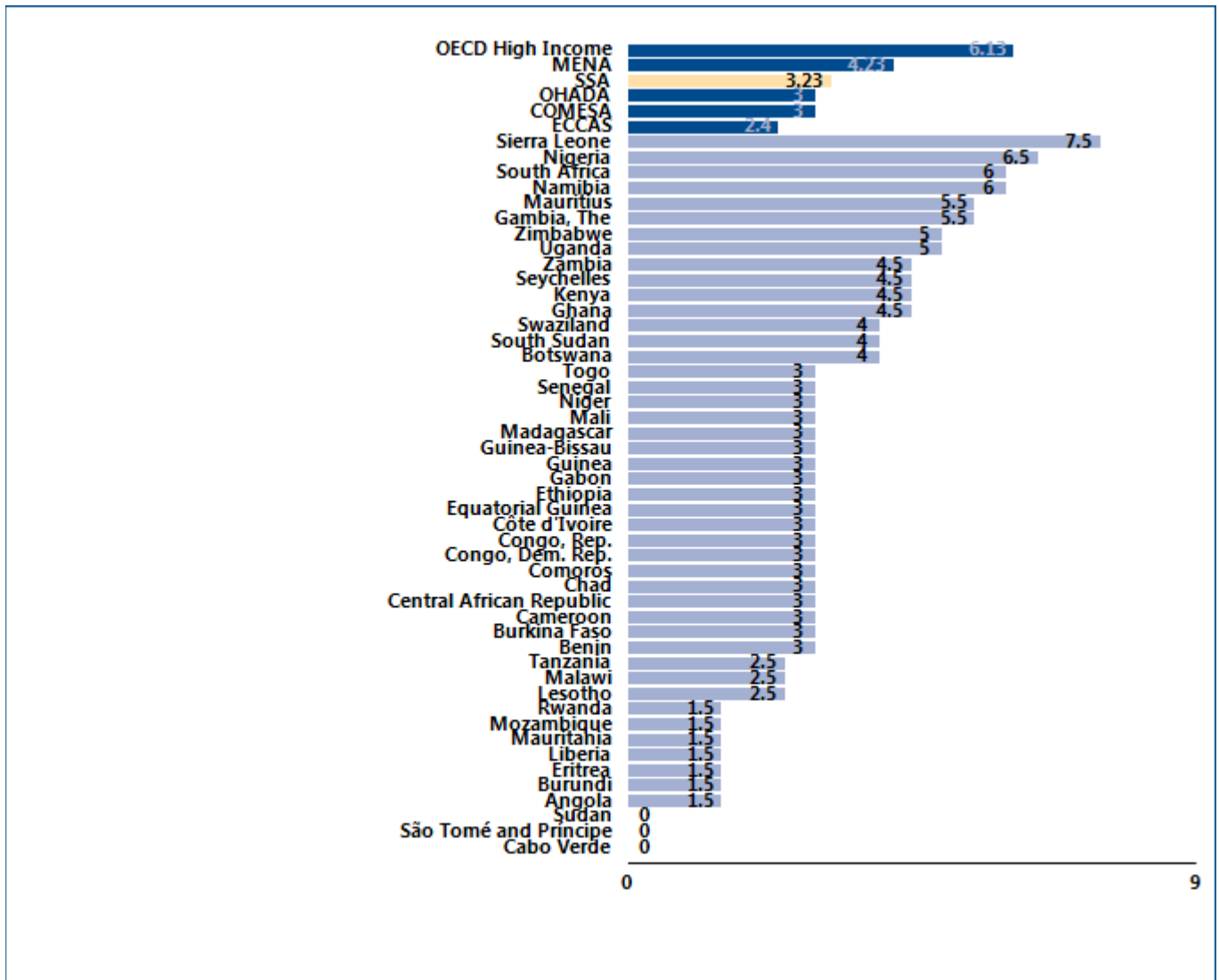
**Strength of governance structure index (0–10.5)**



Note: Higher scores indicate more stringent governance structure requirements.  
 Source: Doing Business database.

Figure 7.7 How extensive is corporate transparency?

Extent of corporate transparency index (0–9)



Note: Higher scores indicate greater transparency.  
 Source: Doing Business database.



## PROTECTING MINORITY INVESTORS

### What are the changes over time?

Economies with the strongest protections of minority investors from self-dealing require detailed disclosure and define clear duties for directors. They also have well-functioning courts and up-to-date procedural rules that give minority shareholders the means to prove their case and obtain a judgment within a reasonable time. So

reforms to strengthen minority investor protections may move ahead on different fronts—such as through new or amended company laws, securities regulations or revisions to court procedures. What minority investor protection reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 7.1)?

Table 7.1 How have economies in Sub-Saharan Africa (SSA) strengthened minority investor protections—or not? By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Benin</i>	Benin strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
DB2015	<i>Burkina Faso</i>	Burkina Faso strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
DB2015	<i>Cameroon</i>	Cameroon strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
DB2015	<i>Central African Republic</i>	The Central African Republic strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.

DB year	Economy	Reform
<b>DB2015</b>	<i>Chad</i>	Chad strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Comoros</i>	The Comoros strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Congo, Rep.</i>	The Republic of Congo strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Côte d'Ivoire</i>	Côte d'Ivoire strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Equatorial Guinea</i>	Equatorial Guinea strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.

DB year	Economy	Reform
<b>DB2015</b>	<i>Gabon</i>	Gabon strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Gambia, The</i>	The Gambia strengthened minority investor protections by clarifying the duties of directors and providing new venues and remedies for minority shareholders seeking redress for oppressive conduct.
<b>DB2015</b>	<i>Guinea</i>	Guinea strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Guinea-Bissau</i>	Guinea-Bissau strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Mali</i>	Mali strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Niger</i>	Niger strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.
<b>DB2015</b>	<i>Senegal</i>	Senegal strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors; by making it possible for shareholders to inspect the documents

DB year	Economy	Reform
		<p>pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions; and by making it possible for shareholder plaintiffs to request from the other party, and from witnesses, documents relevant to the subject matter of the claim during the trial.</p>
<b>DB2015</b>	<i>Togo</i>	<p>Togo strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.</p>
<b>DB2014</b>	<i>Congo, Dem. Rep.</i>	<p>The Democratic Republic of Congo strengthened investor protections by adopting the OHADA Uniform Act on Commercial Companies and Economic Interest Groups, which introduces additional approval and disclosure requirements for related-party transactions and makes it possible to sue directors when such transactions harm the company.</p>
<b>DB2014</b>	<i>Rwanda</i>	<p>Rwanda strengthened investor protections through a new law allowing plaintiffs to cross-examine defendants and witnesses with prior approval of the questions by the court.</p>
<b>DB2013</b>	<i>Lesotho</i>	<p>Lesotho strengthened investor protections by increasing the disclosure requirements for related-party transactions and improving the liability regime for company directors in cases of abusive related-party transactions.</p>
<b>DB2012</b>	<i>Burundi</i>	<p>Burundi strengthened investor protections by introducing new requirements for the approval of transactions between interested parties, by requiring greater corporate disclosure to the board of directors and in the annual report and by making it easier to sue directors in cases of prejudicial transactions between interested parties.</p>
<b>DB2011</b>	<i>Swaziland</i>	<p>Swaziland strengthened investor protections by requiring greater corporate disclosure, higher standards of accountability for company directors and greater access to corporate information for minority investors. Swaziland reduced the time to import by implementing an electronic data interchange system for customs at its border posts.</p>

DB year	Economy	Reform
DB2010	<i>Mali</i>	Mali strengthened investor protections through an amendment to its civil procedure code increasing shareholders' access to corporate information during trial.
DB2010	<i>Rwanda</i>	Rwanda strengthened investor protections through a new company law requiring greater corporate disclosure, increasing director liability and improving shareholders' access to information.
DB2010	<i>Sierra Leone</i>	Sierra Leone strengthened investor protections through a new company act enhancing director liability and improving disclosure requirements.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

## PAYING TAXES

Taxes are essential. The level of tax rates needs to be carefully chosen—and needless complexity in tax rules avoided. Firms in economies that rank better on the ease of paying taxes in the *Doing Business* study tend to perceive both tax rates and tax administration as less of an obstacle to business according to the World Bank Enterprise Survey research.

### What do the indicators cover?

Using a case scenario, *Doing Business* measures the taxes and mandatory contributions that a medium-size company must pay in a given year as well as the administrative burden of paying taxes and contributions. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Information is also compiled on the frequency of filing and payments as well as time taken to comply with tax laws. The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate<sup>5</sup>. The financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. To make the data comparable across economies, several assumptions are used.

- TaxpayerCo is a medium-size business that started operations on January 1, 2012.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.

### WHAT THE PAYING TAXES INDICATORS MEASURE

#### Tax payments for a manufacturing company in 2013 (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 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

- Taxes and mandatory contributions are measured at all levels of government.
- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

<sup>5</sup> The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. It is calculated and adjusted on a yearly basis. 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). This year's threshold is 26.1%.

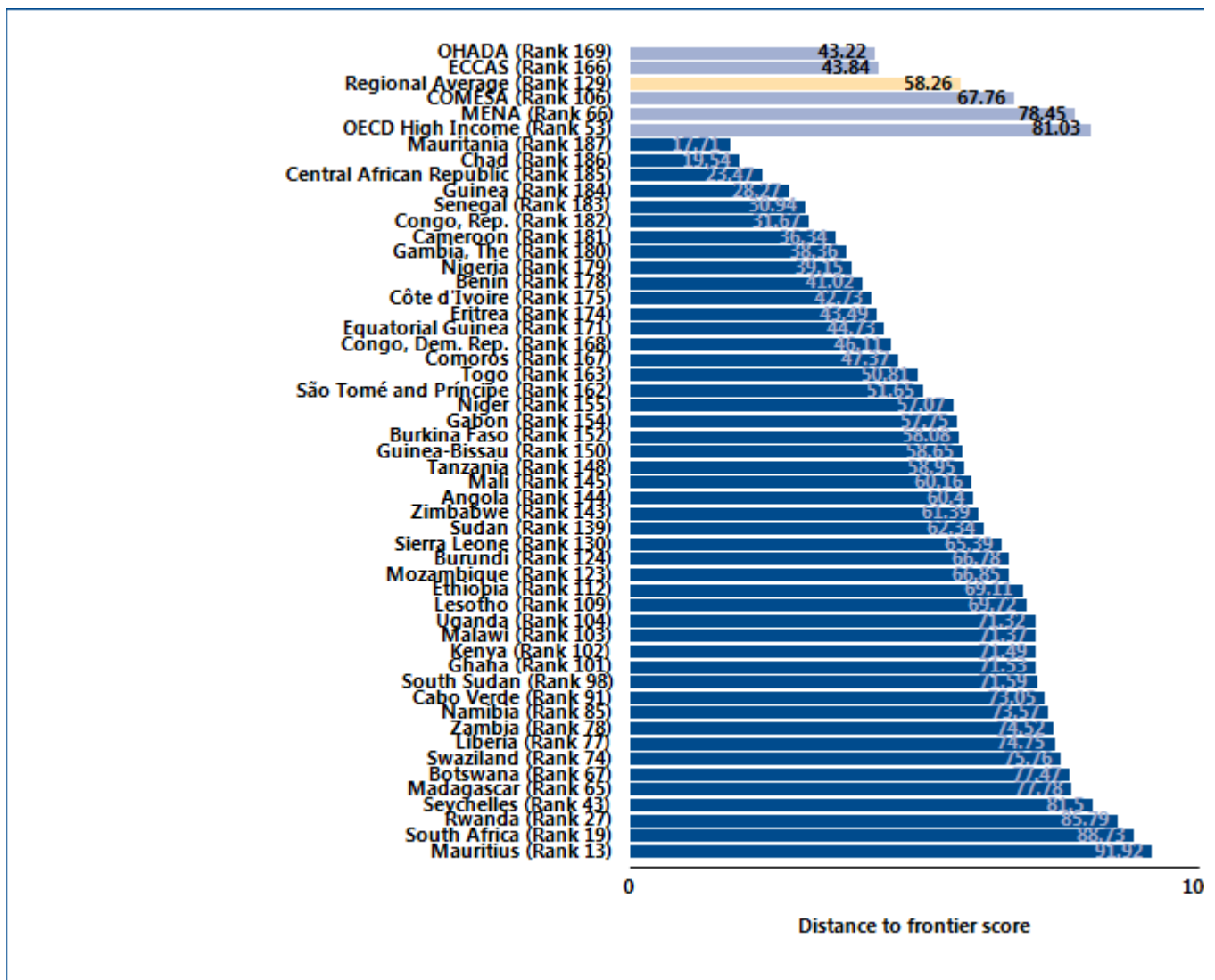
PAYING TAXES

Where do the region’s economies stand today?

What is the administrative burden of complying with taxes in economies in Sub-Saharan Africa (SSA)—and how much do firms pay in taxes? The global rankings of these economies on the ease of paying taxes offer useful

information for assessing the tax compliance burden for businesses (figure 8.1). The average ranking of the region provides a useful benchmark.

Figure 8.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of paying taxes



Note: All economies with a total tax rate below the threshold of 26.1% applied in DB2015, receive the same distance to frontier score for the total tax rate (a distance to frontier score of 100 for the total tax rate) for the purpose of calculating the ranking on the ease of paying taxes.

Source: Doing Business database.

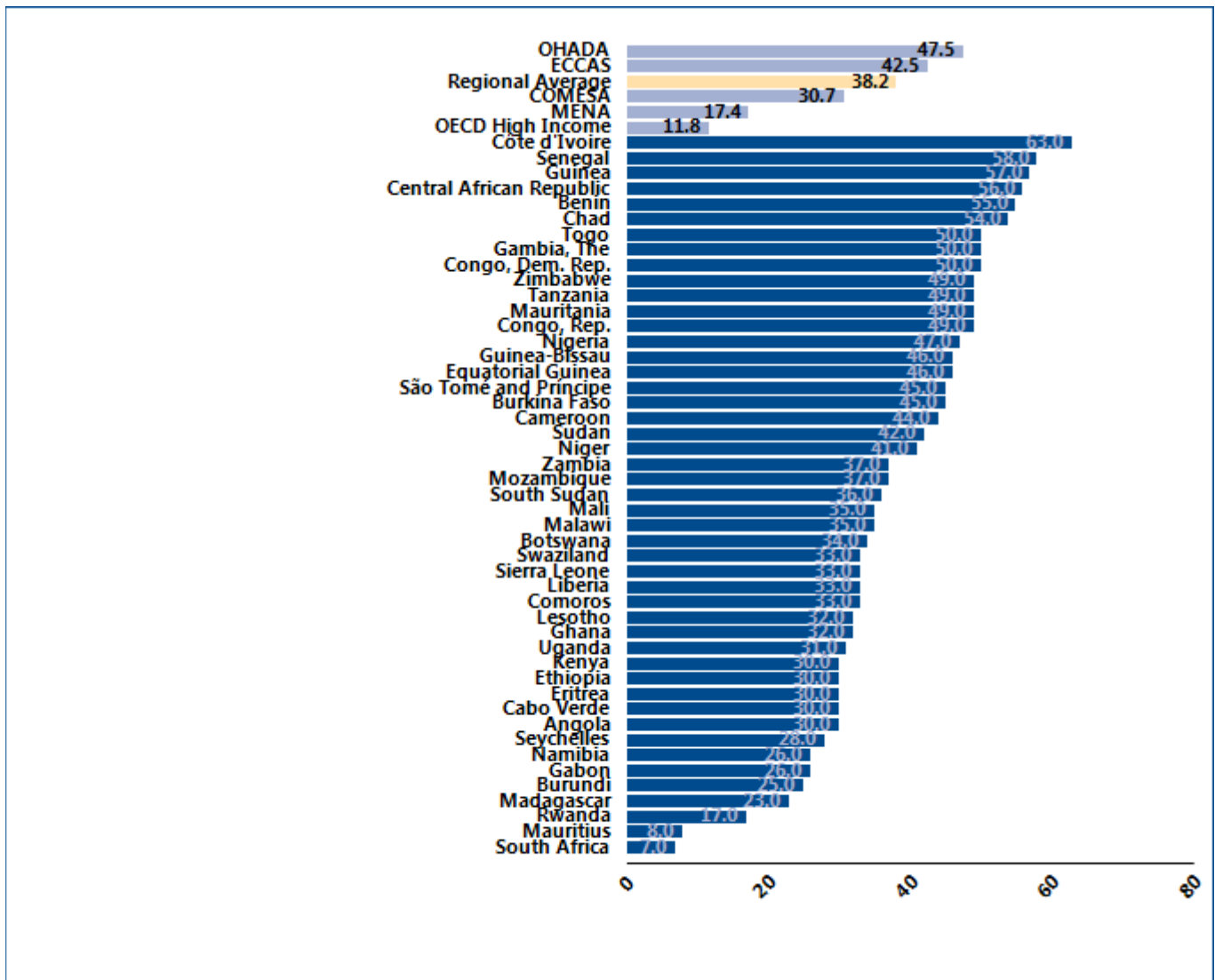
### PAYING TAXES

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with tax regulations in each economy in the region—the number of payments per year and the time required to prepare, and file and pay taxes the 3

major taxes (corporate income tax, VAT or sales tax and labor taxes and mandatory contributions)—as well as the total tax rate (figure 8.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

Figure 8.2 How easy is it to pay taxes in economies in Sub-Saharan Africa (SSA)—and what are the total tax rates?

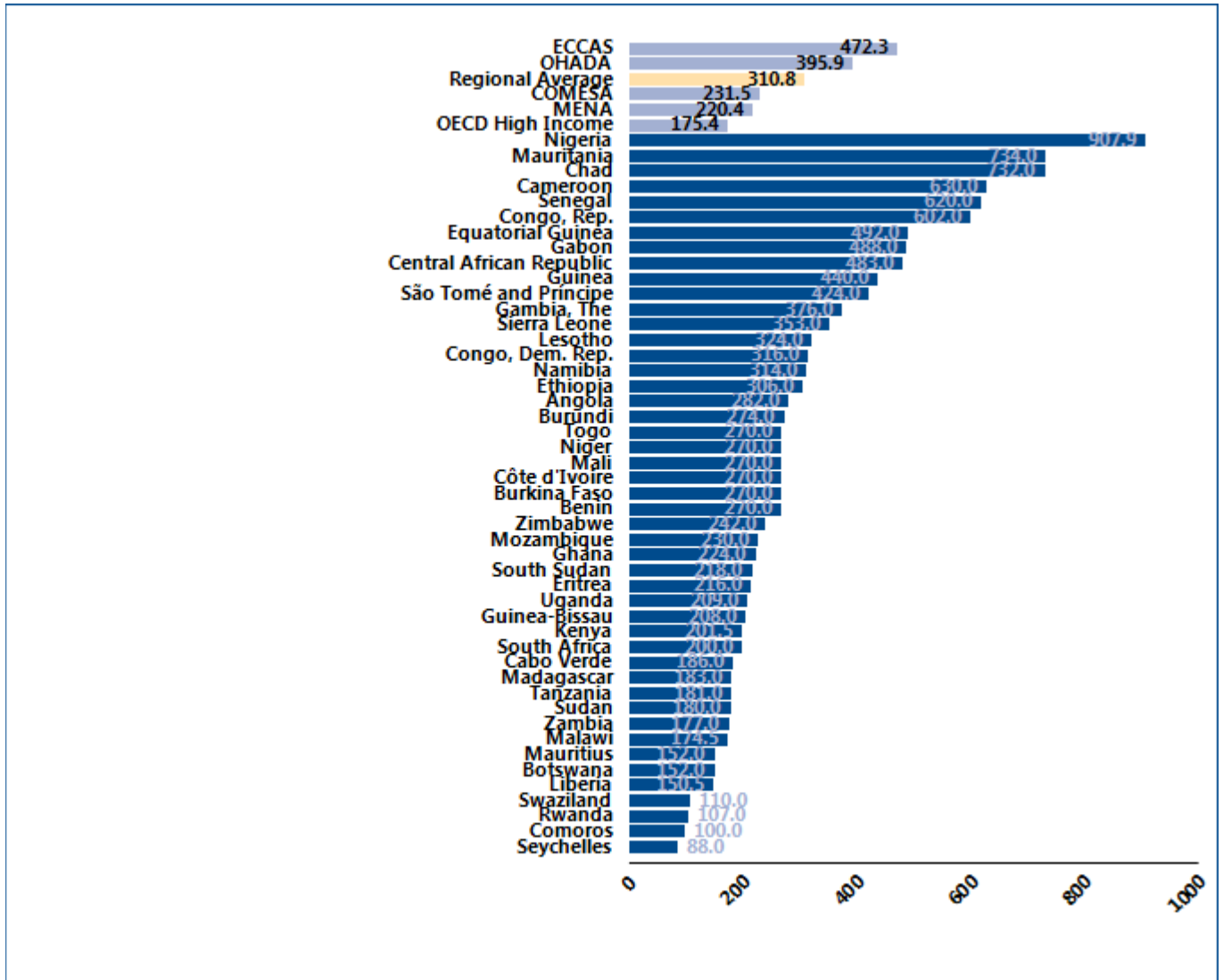
#### Payments (number per year)





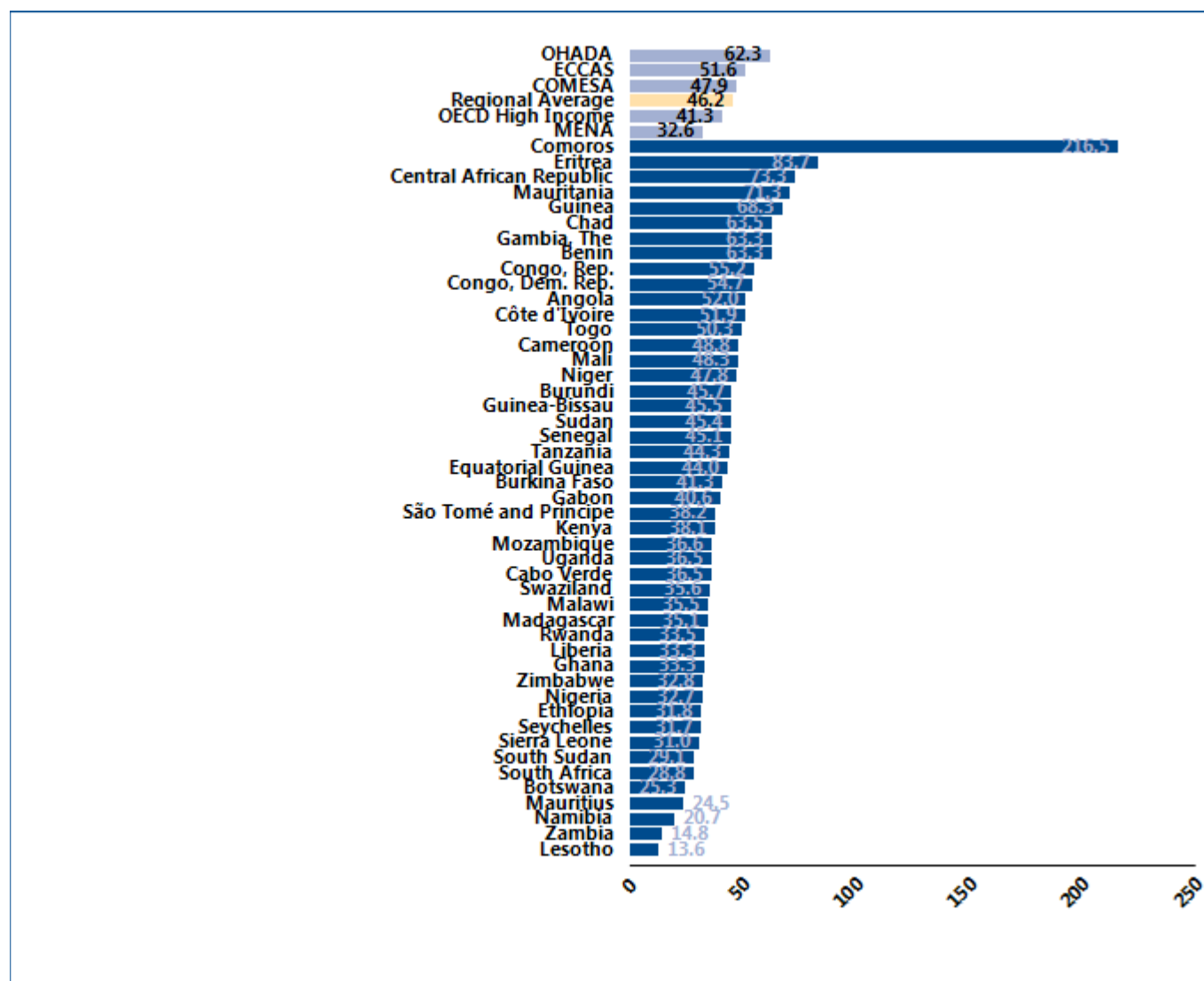
PAYING TAXES

Time (hours per year)



PAYING TAXES

Total tax rate (% of profit)



Source: Doing Business database.

## PAYING TAXES

### What are the changes over time?

Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought

concrete results. Some economies simplifying compliance with tax obligations and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 8.1)?

Table 8.1 How have economies in Sub-Saharan Africa (SSA) made paying taxes easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made paying taxes easier for companies by simplifying corporate income tax returns and abolishing the minimum tax payable depending on a company's size. On the other hand, it increased the rate for the minimum lump-sum tax applied to annual revenue.
DB2015	<i>Congo, Rep.</i>	The Republic of Congo made paying taxes easier for companies by reducing the corporate income tax rate and by abolishing the tax on the rental value of business premises and the tax on company-owned cars.
DB2015	<i>Gabon</i>	Gabon made paying taxes easier for companies by introducing an electronic system for filing and paying VAT.
DB2015	<i>Kenya</i>	Kenya made paying taxes more costly for companies by increasing employers' social security contribution rate.
DB2015	<i>Namibia</i>	Namibia made paying taxes more complicated for companies by introducing a new vocational education and training levy.
DB2015	<i>Senegal</i>	Senegal made paying taxes easier for companies by abolishing the vehicle tax and making it possible to download the declaration forms for VAT online.
DB2015	<i>Seychelles</i>	The Seychelles made paying taxes easier for companies by reducing the business tax rate applicable to income above 1 million Seychelles rupees (\$77,700) and by introducing a simplified new tax return allowing joint filing and payment of the business tax, VAT and corporate social responsibility tax. On the other hand, it increased employers' pension fund

DB year	Economy	Reform
		contribution rate.
<b>DB2015</b>	<i>Sierra Leone</i>	Sierra Leone made paying taxes more complicated for companies by introducing a capital gains tax.
<b>DB2015</b>	<i>Swaziland</i>	Swaziland made paying taxes less costly for companies by reducing the corporate income tax rate.
<b>DB2015</b>	<i>Tanzania</i>	Tanzania made paying taxes more complicated for companies by introducing an excise tax on money transfers. On the other hand, it made paying taxes less costly by reducing the rate of the skill and development levy.
<b>DB2015</b>	<i>Togo</i>	Togo made paying taxes less costly for companies by reducing the payroll tax rate.
<b>DB2015</b>	<i>Zambia</i>	Zambia made paying taxes easier for companies by abolishing the medical levy and by introducing an online system for filing corporate income tax, VAT and some labor taxes. At the same time, it also increased the property transfer tax.
<b>DB2014</b>	<i>Burkina Faso</i>	Burkina Faso made paying taxes easier for companies by abolishing the separate capital gains tax on real estate properties.
<b>DB2014</b>	<i>Burundi</i>	Burundi made paying taxes less costly for companies by reducing corporate income tax rate.
<b>DB2014</b>	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made paying taxes more costly for companies by increasing the employers' social security contribution rate.
<b>DB2014</b>	<i>Congo, Rep.</i>	The Republic of Congo made paying taxes easier and less costly for companies by merging several employment taxes into a single tax and lowering the tax rate on rental value.
<b>DB2014</b>	<i>Côte d'Ivoire</i>	Côte d'Ivoire made paying taxes more costly for companies by increasing the employers' contribution rate for social security related to retirement, increasing the rate for the special tax on equipment and eliminating several kinds of tax relief for businesses.

DB year	Economy	Reform
DB2014	<i>Gabon</i>	Gabon made paying taxes less costly for companies by reducing the corporate income tax rate.
DB2014	<i>Gambia, The</i>	The Gambia made paying taxes easier for companies by replacing the sales tax with a value added tax.
DB2014	<i>Madagascar</i>	Madagascar made paying taxes easier and less costly for companies by training taxpayers in the use of the online system for value added tax declarations and by reducing the corporate income tax rate.
DB2014	<i>Mauritania</i>	Mauritania made paying taxes more costly for companies by introducing a new health insurance contribution for employers that is levied on gross salaries.
DB2014	<i>Rwanda</i>	Rwanda made paying taxes easier and less costly for companies by rolling out its electronic filing system to the majority of businesses and by reducing the property tax rate and business trading license fee.
DB2014	<i>Senegal</i>	Senegal made paying taxes more costly by increasing the corporate income tax rate. At the same time, Senegal facilitated tax payments by making tax forms available online and creating the Center for Medium Enterprises.
DB2014	<i>Seychelles</i>	The Seychelles made paying taxes more complicated for companies by introducing a value added tax.
DB2014	<i>South Africa</i>	South Africa made paying taxes easier for companies by replacing the secondary tax on companies with a dividend tax borne by shareholders.
DB2014	<i>Togo</i>	Togo made paying taxes more costly for companies by increasing corporate income tax rate and employers' social security contribution rate and by introducing a new tax on corporate cars. At the same time, Togo reduced the payroll tax rate.
DB2014	<i>South Sudan</i>	South Sudan made paying taxes more costly for companies by increasing the corporate income tax rate.
DB2013	<i>Botswana</i>	Botswana made paying taxes more costly for companies by

DB year	Economy	Reform
		increasing the profit tax rate.
<b>DB2013</b>	<i>Ethiopia</i>	Ethiopia introduced a social insurance contribution.
<b>DB2013</b>	<i>Kenya</i>	Kenya made paying taxes faster for companies by enhancing electronic filing systems.
<b>DB2013</b>	<i>Liberia</i>	Liberia made paying taxes easier for companies by reducing the profit tax rate and abolishing the turnover tax.
<b>DB2013</b>	<i>Malawi</i>	Malawi introduced a mandatory pension contribution for companies.
<b>DB2013</b>	<i>Mali</i>	Mali made paying taxes less costly for companies by reducing the corporate income tax rate—though it also introduced a new tax on land. At the same time, Mali simplified the processes of paying taxes by introducing a single form for joint filing and payment of several taxes.
<b>DB2013</b>	<i>Nigeria</i>	Nigeria introduced a new compulsory labor contribution paid by the employer.
<b>DB2013</b>	<i>Swaziland</i>	Swaziland introduced value added tax.
<b>DB2012</b>	<i>Burundi</i>	Burundi made paying taxes easier for companies by reducing the payment frequency for social security contributions from monthly to quarterly.
<b>DB2012</b>	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made paying taxes easier for firms by replacing the sales tax with a value added tax.
<b>DB2012</b>	<i>Côte d'Ivoire</i>	Côte d'Ivoire eliminated a tax on firms, the contribution for national reconstruction (contribution pour la reconstruction nationale).
<b>DB2012</b>	<i>Gambia, The</i>	The Gambia reduced the minimum turnover tax and corporate income tax rates.
<b>DB2012</b>	<i>Rwanda</i>	Rwanda reduced the frequency of value added tax filings by companies from monthly to quarterly.
<b>DB2012</b>	<i>Seychelles</i>	The Seychelles made paying taxes less costly for firms by

DB year	Economy	Reform
		eliminating the social security tax.
<b>DB2012</b>	<i>Togo</i>	Togo reduced its corporate income tax rate.
<b>DB2011</b>	<i>Burkina Faso</i>	Burkina Faso reduced the statutory tax rate and the number of taxes for business and introduced simpler, uniform compliance procedures.
<b>DB2011</b>	<i>Burundi</i>	Burundi made paying taxes simpler by replacing the transactions tax with a value added tax.
<b>DB2011</b>	<i>Cabo Verde</i>	Cape Verde abolished the stamp duties on sales and checks.
<b>DB2011</b>	<i>Chad</i>	Chad increased taxes on business through changes to its social security contribution rates.
<b>DB2011</b>	<i>Congo, Rep.</i>	The Republic of Congo reduced its corporate income tax rate from 38% to 36% in 2010.
<b>DB2011</b>	<i>Côte d'Ivoire</i>	Côte d'Ivoire made paying taxes less costly for companies by reducing the corporate income tax rate.
<b>DB2011</b>	<i>Kenya</i>	Kenya increased the administrative burden of paying taxes by requiring quarterly filing of payroll taxes.
<b>DB2011</b>	<i>Madagascar</i>	Madagascar continued to reduce corporate tax rates.
<b>DB2011</b>	<i>Mauritius</i>	Mauritius introduced a new corporate social responsibility tax.
<b>DB2011</b>	<i>Niger</i>	Niger reduced its corporate income tax rate.
<b>DB2011</b>	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe reduced the corporate income tax rate to a standard 25%.
<b>DB2011</b>	<i>Seychelles</i>	The Seychelles removed the tax-free threshold limit and lowered corporate income tax rates.
<b>DB2011</b>	<i>Sierra Leone</i>	Sierra Leone replaced sales and service taxes with a goods and service tax.
<b>DB2011</b>	<i>Zimbabwe</i>	Zimbabwe reduced the corporate income tax rate from 30% to 25%, lowered the capital gains tax from 20% to 5% and simplified the payment of corporate income tax by allowing

DB year	Economy	Reform
		quarterly payment through commercial banks.
<b>DB2010</b>	<i>Angola</i>	Angola made paying taxes easier for companies by introducing mandatory electronic filing for social security contributions for those with more than 20 employees.
<b>DB2010</b>	<i>Benin</i>	Benin made paying taxes less costly for companies by reducing the corporate income and payroll tax rates.
<b>DB2010</b>	<i>Cameroon</i>	To encourage business start-ups, Cameroon exempted new businesses from the business license tax for their first 2 years of existence.
<b>DB2010</b>	<i>Cabo Verde</i>	Cape Verde made paying taxes less costly for companies by reducing the corporate income tax rate.
<b>DB2010</b>	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made paying taxes more costly for companies by raising the sales tax rate.
<b>DB2010</b>	<i>Malawi</i>	Malawi made paying taxes less time consuming for companies by encouraging the use of electronic systems.
<b>DB2010</b>	<i>Niger</i>	Niger made paying taxes easier for companies by eliminating the tax on interest.
<b>DB2010</b>	<i>Sierra Leone</i>	Sierra Leone made paying taxes easier for companies by improving training and equipment at the tax authority, publishing a consolidated income tax act and introducing a value added tax system that replaces 4 different sales taxes.
<b>DB2010</b>	<i>South Africa</i>	South Africa made paying taxes less costly for companies by abolishing the stamp duty.
<b>DB2010</b>	<i>Sudan</i>	Sudan made paying taxes less costly for companies by reducing the corporate income and capital gains tax rates and abolishing the labor tax.
<b>DB2010</b>	<i>Togo</i>	Togo made paying taxes less costly for companies by reducing the corporate income tax rate.
<b>DB2010</b>	<i>Uganda</i>	Uganda reduced the time required for companies to prepare, file and pay value added tax through improved efficiency of



DB year	Economy	Reform
		taxpayer services and banks.

*Note:* For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## TRADING ACROSS BORDERS

In today's globalized world, making trade between economies easier is increasingly important for business. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Research shows that exporters in developing countries gain more from a 10% drop in their trading costs than from a similar reduction in the tariffs applied to their products in global markets.

### What do the indicators cover?

*Doing Business* measures the time and cost (excluding tariffs and the time and cost for sea transport) associated with exporting and importing a standard shipment of goods by sea transport, and the number of documents necessary to complete the transaction. The indicators cover predefined stages such as documentation requirements and procedures at customs and other regulatory agencies as well as at the port. They also cover trade logistics, including the time and cost of inland transport to the largest business city. The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the traded goods. The business:

- Is located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is a private, limited liability company, domestically owned and does not operate with special export or import privileges.
- Conducts export and import activities, but does not have any special accreditation authorized economic operator status.

### WHAT 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

The traded product:

- Is not hazardous nor includes military items.
- Does not require refrigeration or any other special environment.
- Do not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Is one of the economy's leading export or import products.
- Is transported in a dry-cargo, 20-foot full container load.

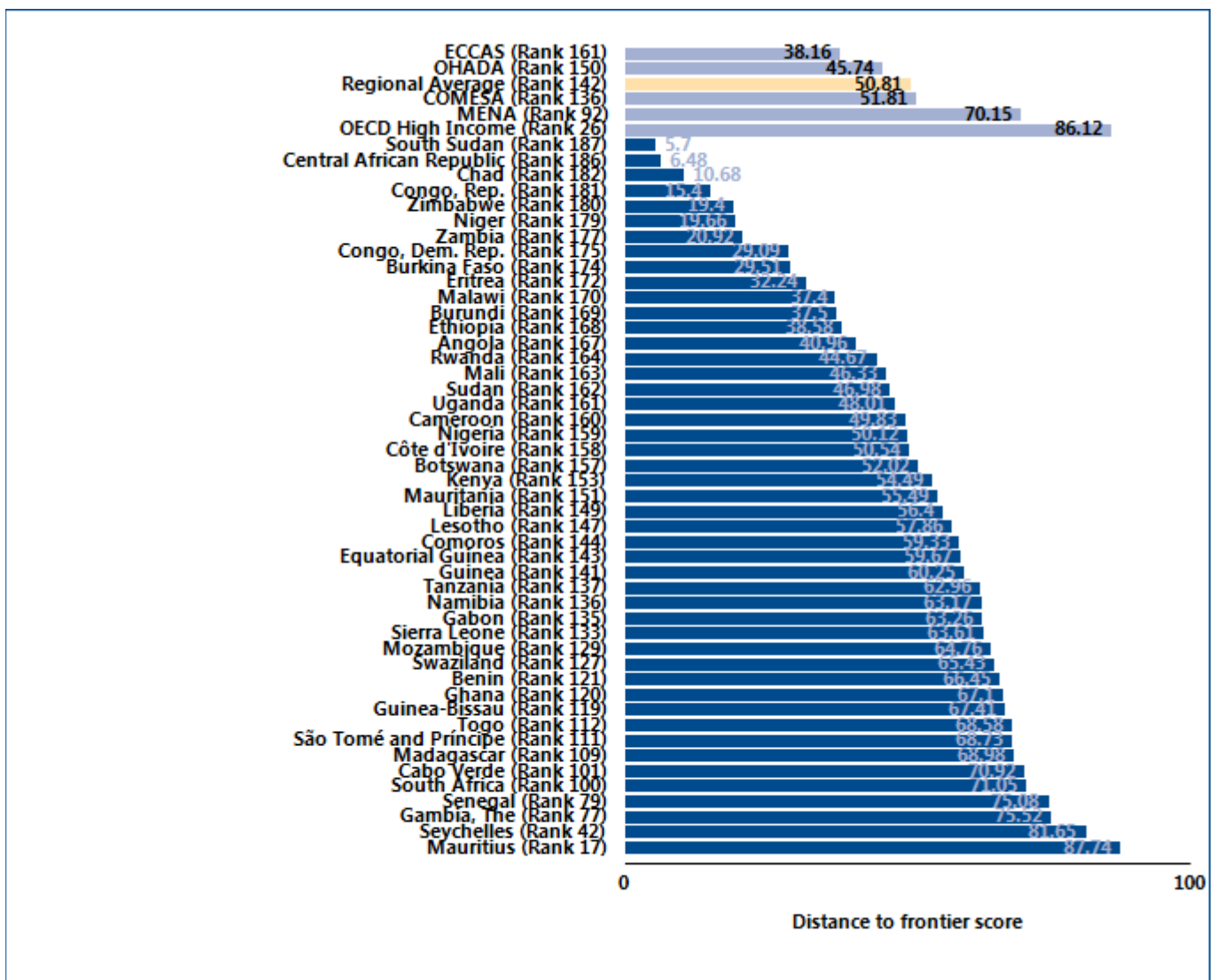
### TRADING ACROSS BORDERS

#### Where do the region's economies stand today?

How easy it is for businesses in economies in Sub-Saharan Africa (SSA) to export and import goods? The global rankings of these economies on the ease of

trading across borders suggest an answer (figure 9.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 9.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of trading across borders



Source: Doing Business database.

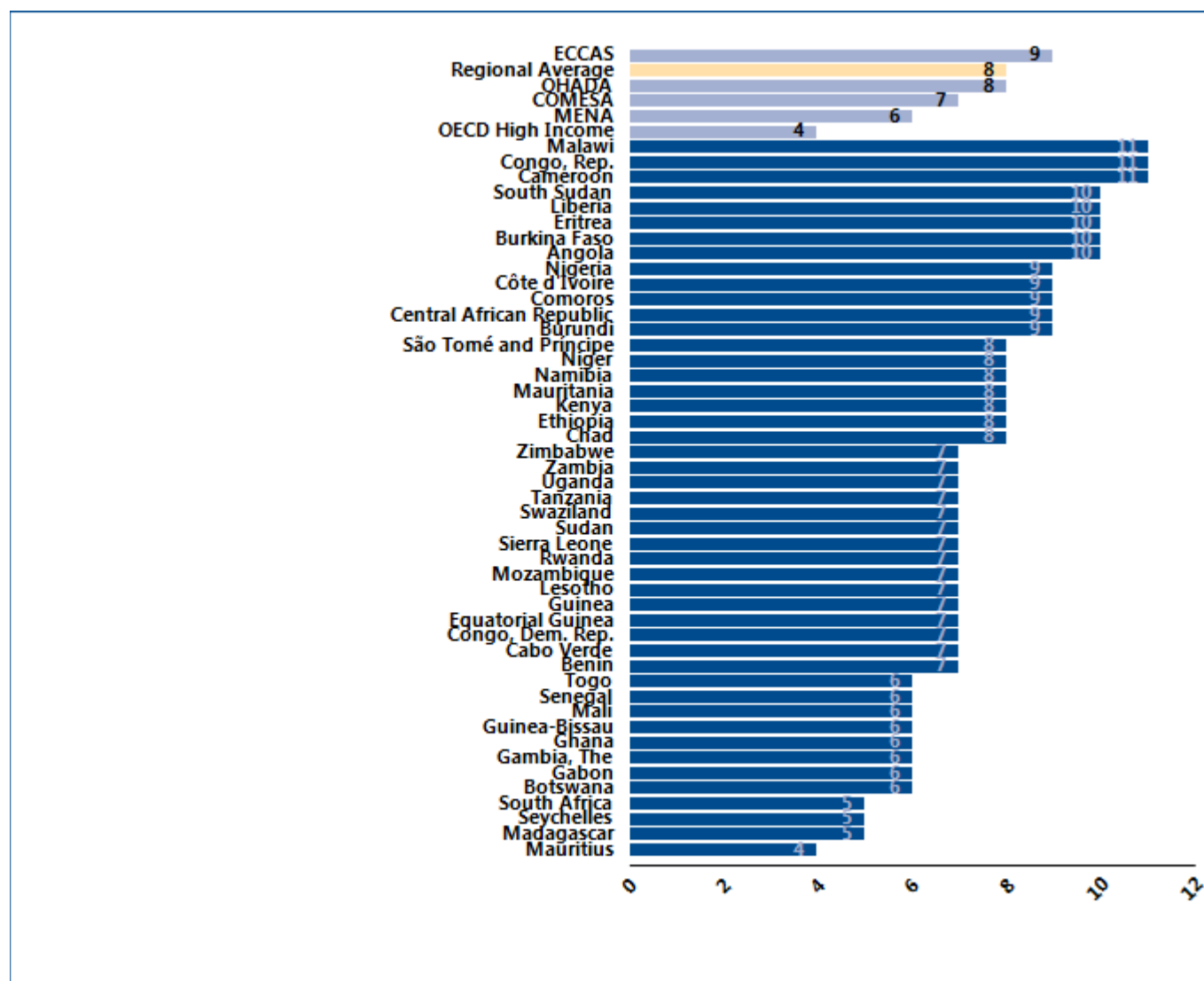
## TRADING ACROSS BORDERS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to export or import a standard container of goods in each economy in the region: the number of

documents, the time and the cost (figure 9.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

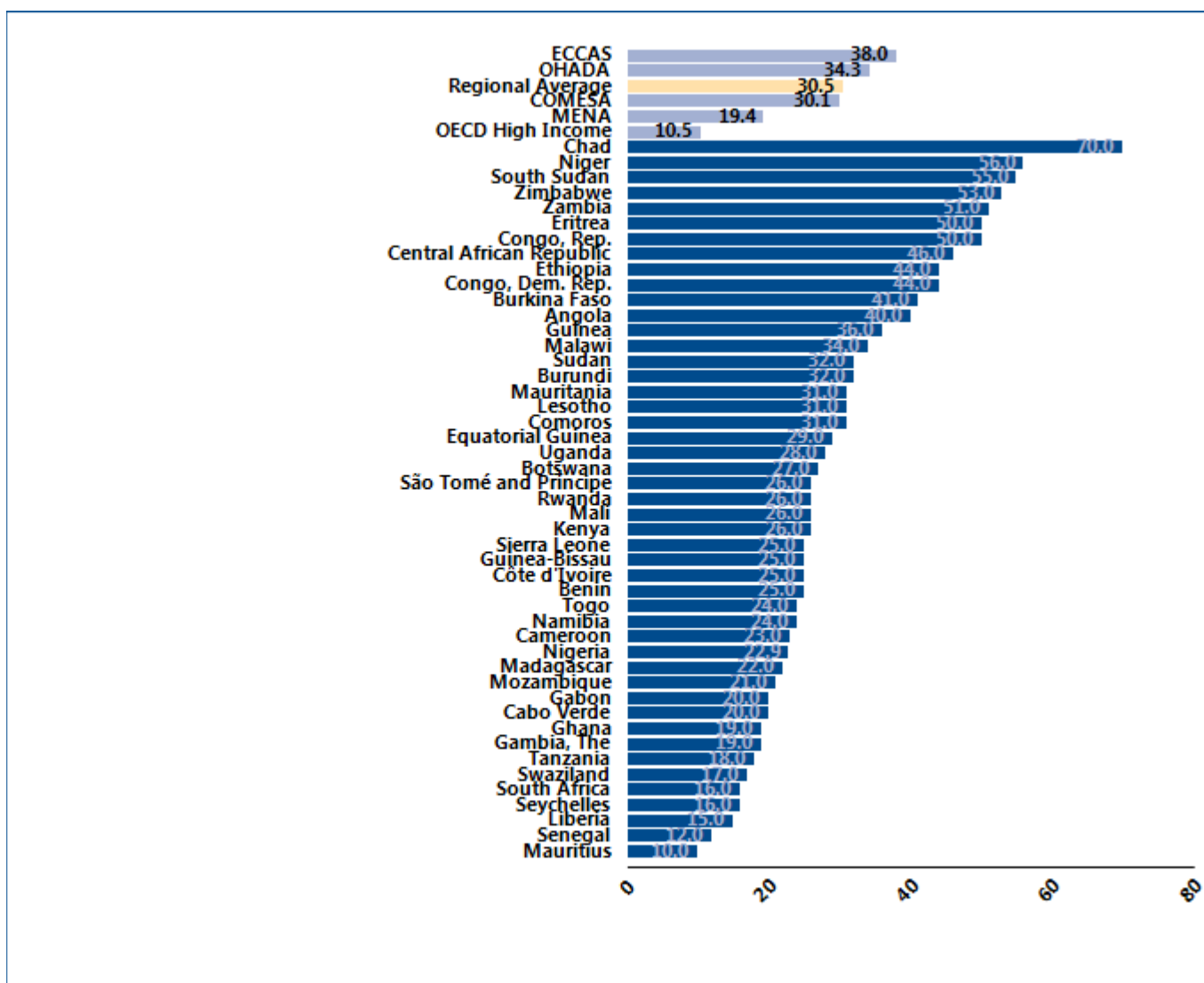
Figure 9.2 What it takes to trade across borders in economies in Sub-Saharan Africa (SSA)

### Documents to export (number)



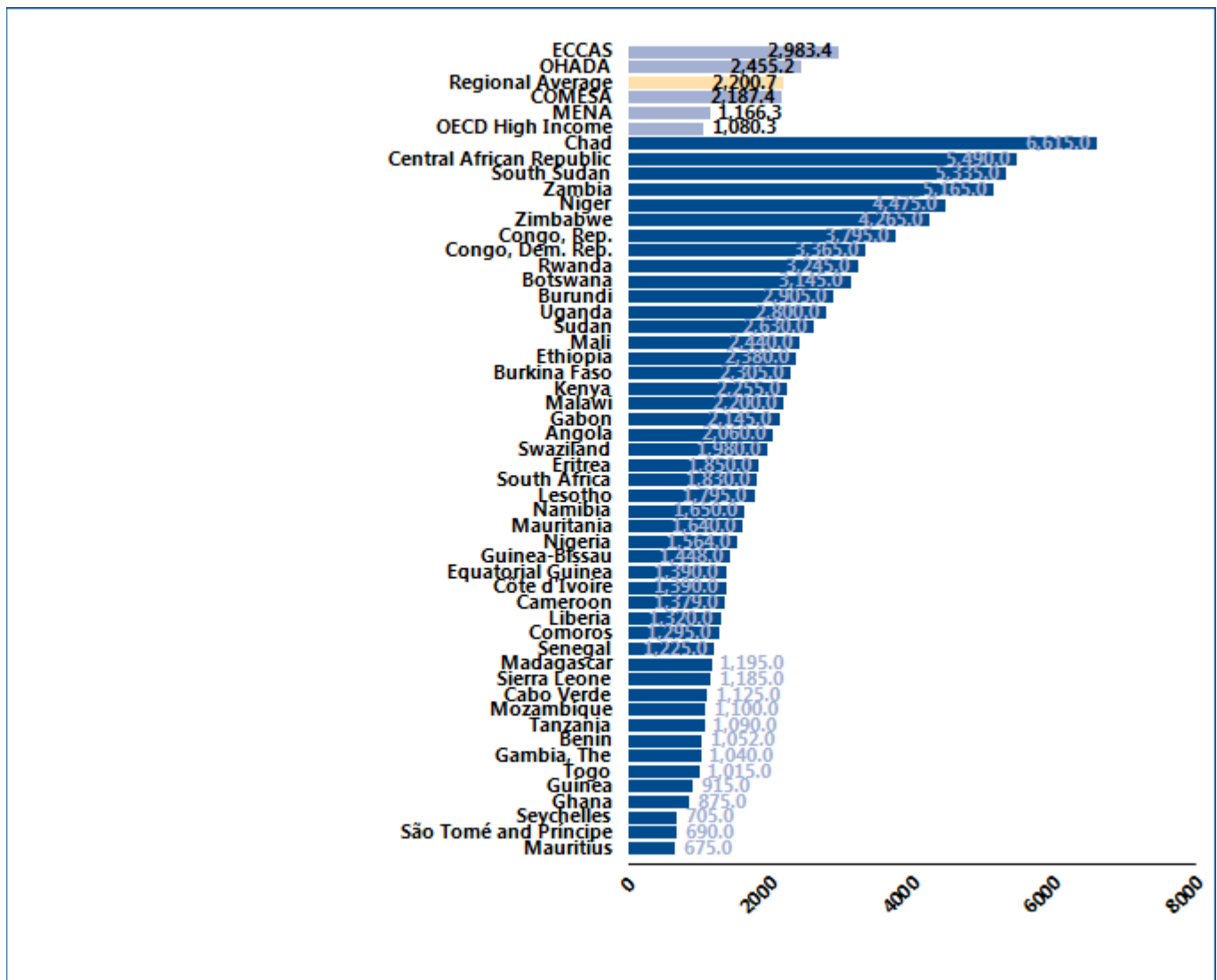
TRADING ACROSS BORDERS

Time to export (days)



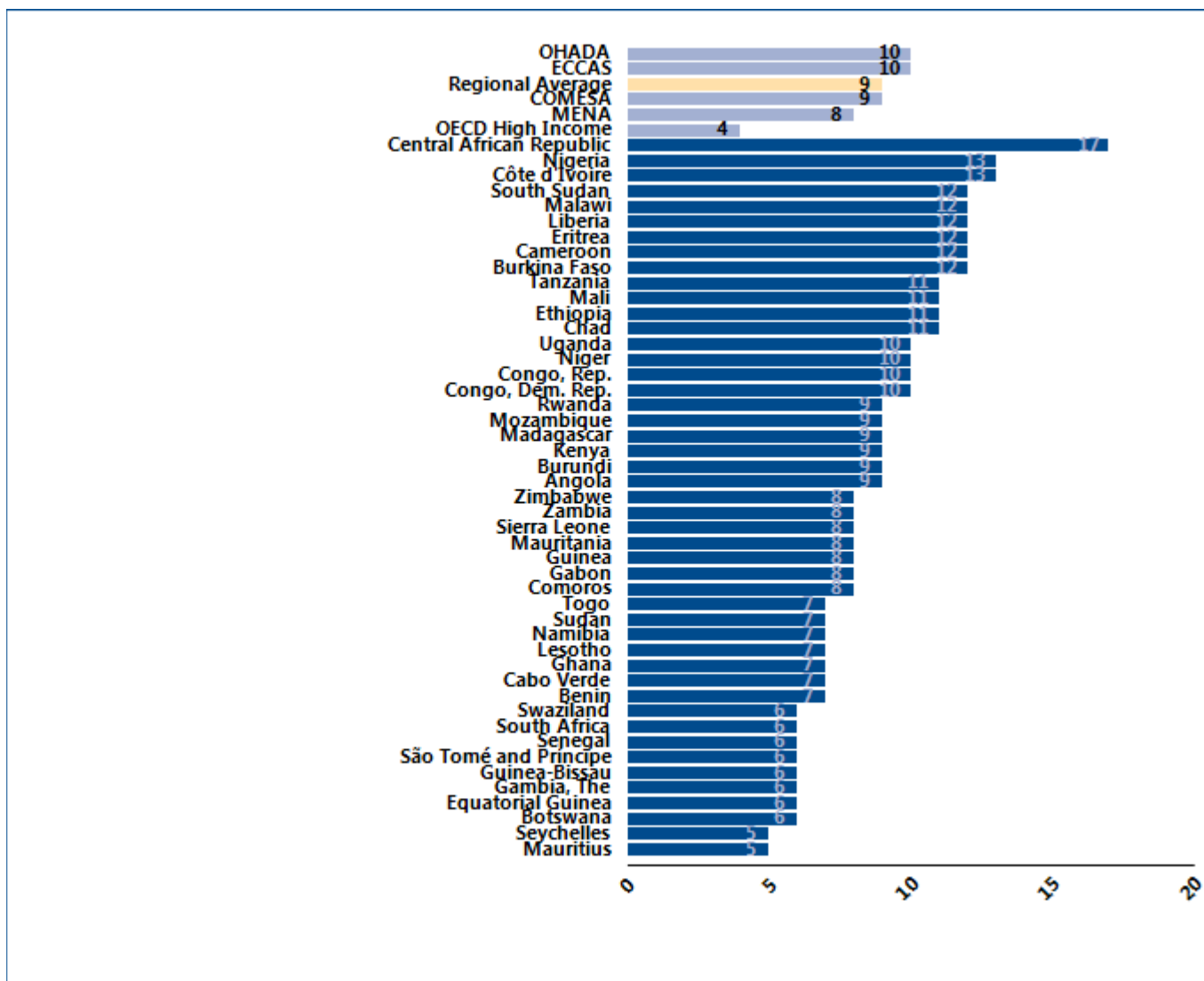
TRADING ACROSS BORDERS

Cost to export (US\$ per container)



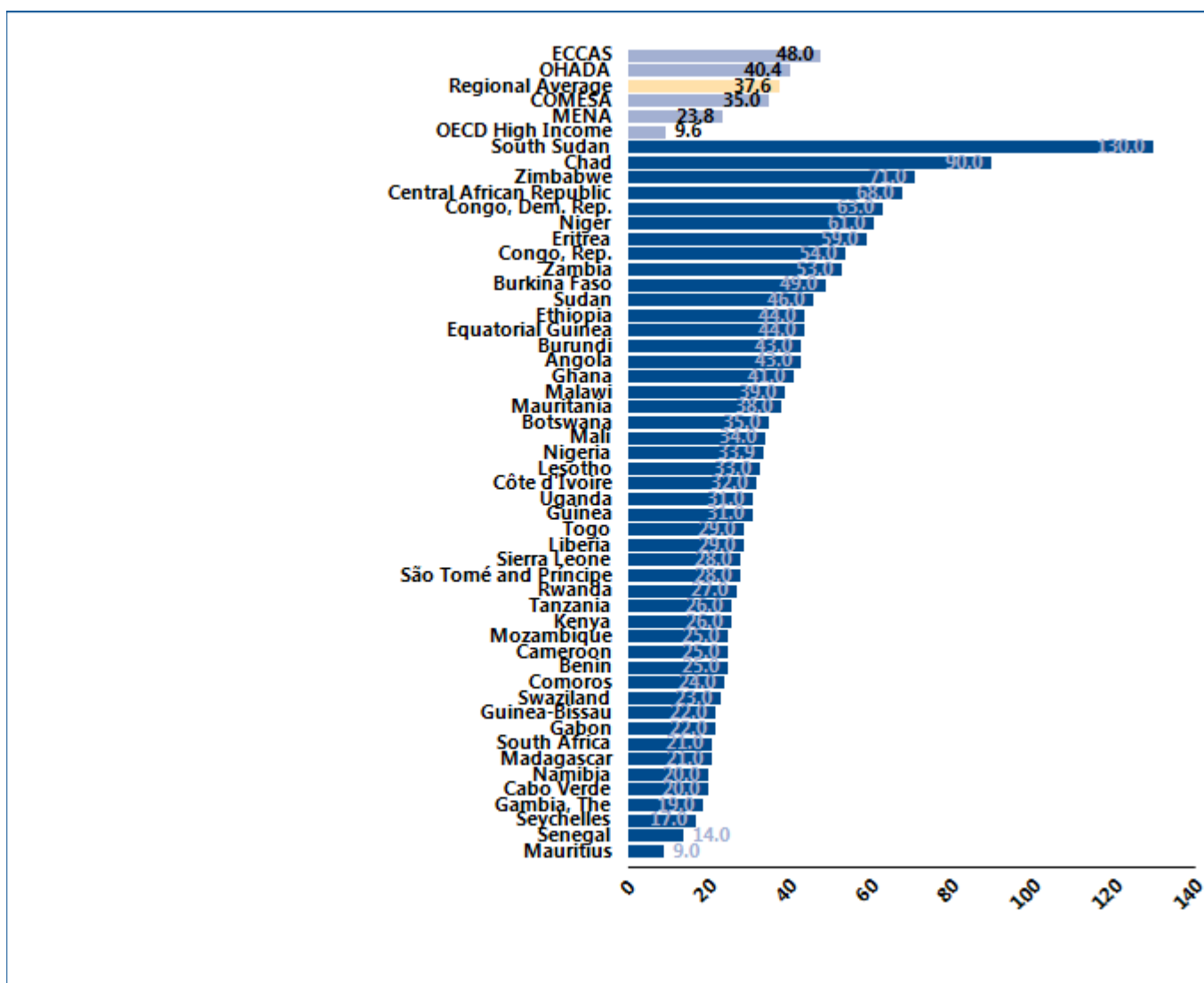
TRADING ACROSS BORDERS

Documents to import (number)



TRADING ACROSS BORDERS

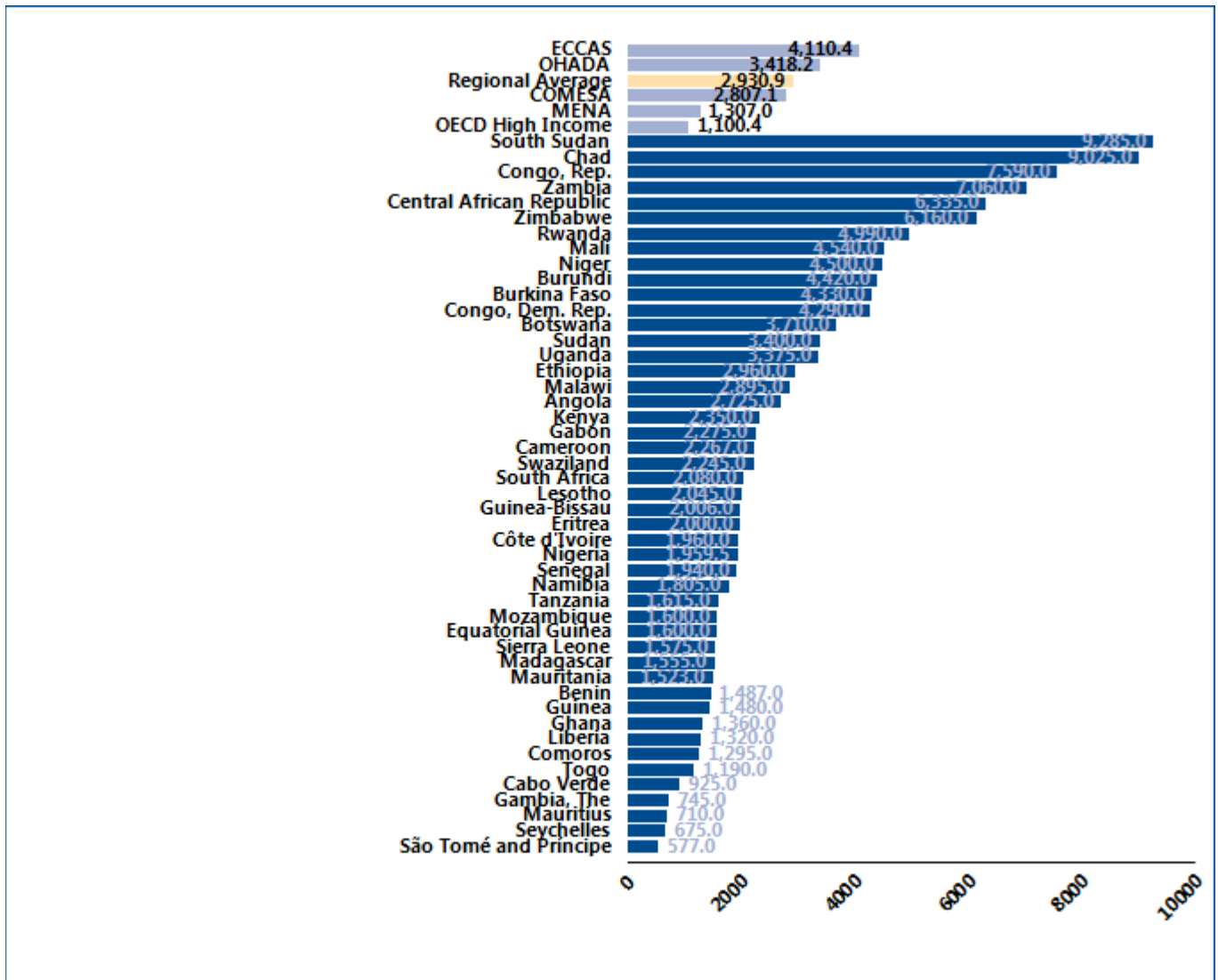
Time to import (days)





TRADING ACROSS BORDERS

Cost to import (US\$ per container)



Source: Doing Business database.

## TRADING ACROSS BORDERS

### What are the changes over time?

In economies around the world, trading across borders as measured by *Doing Business* has become faster and easier over the years. Governments have introduced tools to facilitate trade—including single windows, risk-based inspections and electronic data interchange

systems. These changes help improve their trading environment and boost firms' international competitiveness. What trade reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 9.1)?

Table 9.1 How have economies in Sub-Saharan Africa (SSA) made trading across borders easier—or not? By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Benin</i>	Benin made trading across borders easier by reducing the number of documents needed for imports.
DB2015	<i>Central African Republic</i>	The Central African Republic made trading across borders more difficult by increasing border checks and security controls at the border post with Cameroon.
DB2015	<i>Côte d'Ivoire</i>	Côte d'Ivoire made trading across borders easier by simplifying the processes for producing the inspection report and by reducing port and terminal handling charges at the port of Abidjan.
DB2015	<i>Ghana</i>	Ghana made trading across borders easier by upgrading infrastructure at the port of Tema.
DB2015	<i>Tanzania</i>	Tanzania made trading across borders easier by upgrading infrastructure at the port of Dar es Salaam.
DB2015	<i>Uganda</i>	Uganda made trading across borders easier by implementing the ASYCUDA World electronic system for the submission of export and import documents.
DB2014	<i>Angola</i>	Angola increased documentation requirements for cross-border trade by introducing a mandatory registration for all traders and a new license for export and import transactions.
DB2014	<i>Benin</i>	Benin made trading across borders easier by improving port management systems, enhancing the infrastructure around the port and putting in place new rules for the transit of

DB year	Economy	Reform
		trucks.
DB2014	<i>Burundi</i>	Burundi made trading across borders easier by eliminating the requirement for a preshipment inspection clean report of findings.
DB2014	<i>Central African Republic</i>	The Central African Republic made trading across borders easier by rehabilitating the key transit road at the border with Cameroon.
DB2014	<i>Chad</i>	Chad made trading across borders more difficult by introducing a new export and import document.
DB2014	<i>Congo, Rep.</i>	The Republic of Congo made trading across borders easier by implementing prearrival processing of ship manifests and making improvements in customs administration.
DB2014	<i>Guinea</i>	Guinea made trading across borders easier by improving port management systems.
DB2014	<i>Madagascar</i>	Madagascar made trading across borders easier by rolling out an online platform linking trade operators with government agencies involved in the trade process and customs clearance.
DB2014	<i>Mauritania</i>	Mauritania made trading across borders easier by introducing a new riskbased inspection system with scanners.
DB2014	<i>Mozambique</i>	Mozambique made trading across borders easier by implementing an electronic single-window system.
DB2014	<i>Rwanda</i>	Rwanda made trading across borders easier by introducing an electronic single-window system at the border.
DB2014	<i>Swaziland</i>	Swaziland made trading across borders easier by streamlining the process for obtaining a certificate of origin.
DB2014	<i>Togo</i>	Togo made trading across borders more difficult by granting monopoly control of all port activities at the port of Lomé to a private company.
DB2013	<i>Benin</i>	Benin reduced the time required to trade across borders by implementing an electronic single-window system integrating

DB year	Economy	Reform
		customs, control agencies, port authorities and other service providers at the Cotonou port.
<b>DB2013</b>	<i>Botswana</i>	In Botswana exporting and importing became faster thanks to the introduction of a scanner by the country's customs authority and an upgrade of South Africa's customs declaration system, both at the Kopfontein–Tlokweng border post.
<b>DB2013</b>	<i>Burundi</i>	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.
<b>DB2013</b>	<i>Ghana</i>	Ghana added to the time required to import by increasing its scanning of imports and changing its customs clearance system.
<b>DB2013</b>	<i>Malawi</i>	Trading across borders in Malawi became easier thanks to improvements in customs clearance procedures and transport links between the port of Beira in Mozambique and Blantyre.
<b>DB2013</b>	<i>Niger</i>	Niger reduced the time to import by expanding and optimizing the use of an electronic data interchange system for customs clearance.
<b>DB2013</b>	<i>South Africa</i>	South Africa reduced the time and documents required to export and import through its ongoing customs modernization program.
<b>DB2013</b>	<i>Tanzania</i>	Tanzania made importing more difficult by introducing a requirement to obtain a certificate of conformity before the imported goods are shipped.
<b>DB2012</b>	<i>Gambia, The</i>	The Gambia made trading across borders faster by implementing the Automated System for Customs Data (ASYCUDA).
<b>DB2012</b>	<i>Liberia</i>	Liberia made trading across borders faster by implementing online submission of customs forms and enhancing risk-

DB year	Economy	Reform
		based inspections.
<b>DB2012</b>	<i>São Tomé and Príncipe</i>	São Tomé and Príncipe made trading across borders faster by adopting legislative, administrative and technological improvements.
<b>DB2012</b>	<i>Senegal</i>	Senegal made trading across borders less costly by opening the market for transport, which increased competition.
<b>DB2012</b>	<i>Seychelles</i>	The Seychelles made trading across borders faster by introducing electronic submission of customs documents.
<b>DB2012</b>	<i>Sierra Leone</i>	Sierra Leone made trading across borders faster by implementing the Automated System for Customs Data (ASYCUDA).
<b>DB2012</b>	<i>Tanzania</i>	Tanzania made trading across borders faster by implementing the Pre-Arrival Declaration (PAD) system and electronic submission of customs declaration.
<b>DB2011</b>	<i>Angola</i>	Angola reduced the time for trading across borders by making investments in port infrastructure and administration.
<b>DB2011</b>	<i>Burkina Faso</i>	Burkina Faso reduced documentation requirements for importers and exporters, making it easier to trade.
<b>DB2011</b>	<i>Ethiopia</i>	Ethiopia made trading easier by addressing internal bureaucratic inefficiencies.
<b>DB2011</b>	<i>Kenya</i>	Kenya speeded up trade by implementing an electronic cargo tracking system and linking this system to the Kenya Revenue Authority's electronic data interchange system for customs clearance.
<b>DB2011</b>	<i>Madagascar</i>	Madagascar improved communication and coordination between customs and the terminal port operators through its single-window system (GASYNET), reducing both the time and the cost to export and import.
<b>DB2011</b>	<i>Mali</i>	Mali eliminated redundant inspections of imported goods, reducing the time for trading across borders.

DB year	Economy	Reform
DB2011	<i>Rwanda</i>	Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
DB2011	<i>Swaziland</i>	Swaziland reduced the import time of trading across borders by implementing an electronic data interchange system for customs at its border posts.
DB2011	<i>Zambia</i>	Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts.
DB2010	<i>Angola</i>	Angola made trading across borders easier through a customs improvement program that streamlined procedures and reduced the time and cost of trade.
DB2010	<i>Benin</i>	Benin reduced the time needed to clear goods through customs by implementing an electronic data interchange system.
DB2010	<i>Burkina Faso</i>	Burkina Faso reduced the time needed for trading across borders by creating a one-stop shop for commercial trade documents.
DB2010	<i>Cameroon</i>	Cameroon reduced the time for exporting and importing, and enhanced the security of goods transiting within the country, by improving the single-window system (Guichet Unique du Commerce Extérieur) at Douala port and implementing a GPS tracking system and scanners for cargo.
DB2010	<i>Congo, Dem. Rep.</i>	In the Democratic Republic of Congo the participation of private companies in the terminal handling process at the port of Matadi has reduced cargo handling time by improving the quality of service.
DB2010	<i>Liberia</i>	Liberia reduced the time needed for trading across borders by creating a one-stop shop that brings together government ministries and agencies and by streamlining the inspection process.

DB year	Economy	Reform
DB2010	<i>Malawi</i>	Malawi reduced delays in clearing goods by implementing a risk-based inspection system and a postdestination clearance program for preapproved traders.
DB2010	<i>Mali</i>	Mali reduced the time required for trading across borders by implementing an electronic data interchange system, improving the terminals used by Malian traders and streamlining documentation requirements.
DB2010	<i>Mauritius</i>	Mauritius reduced the time for trading across borders by introducing electronic submission for customs declarations and bills of lading with no requirement for physical copies.
DB2010	<i>Mozambique</i>	Mozambique reduced the time required to clear goods by introducing administrative improvements at customs.
DB2010	<i>Rwanda</i>	Rwanda reduced the time required for trading across borders by introducing administrative changes such as expanded operating hours and enhanced border cooperation and by eliminating some documentation requirements.
DB2010	<i>Senegal</i>	Senegal made trading across borders easier and less time consuming by introducing improvements at the container terminal at the port of Dakar and increasing the number of agencies involved in trade facilitation.
DB2010	<i>Sierra Leone</i>	Sierra Leone made trading across borders more costly through an increase in some fees, though it also reduced the time required for trade.
DB2010	<i>Sudan</i>	Sudan reduced the time required for trading across borders by making it easier to file customs declarations online, by connecting 10 additional customs offices to the electronic system and by adding 2 new scanners at the port of Sudan.
DB2010	<i>Uganda</i>	Uganda reduced the time required for trading across borders through expanded operating hours at the port of Mombasa and improvements in customs processes and in border cooperation.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

## ENFORCING CONTRACTS

Effective commercial dispute resolution has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. 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.

### What do the indicators cover?

*Doing Business* measures the efficiency of the judicial system in resolving a commercial dispute before local courts. Following the step-by-step evolution of a standardized case study, it collects data relating to the time, cost and procedural complexity of resolving a commercial lawsuit. The ranking on the ease of enforcing contracts is the simple average of the percentile rankings on its component indicators: procedures, time and cost.

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement. To make the data comparable across economies, *Doing Business* uses several assumptions about the case:

- The seller and buyer are located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- The buyer orders custom-made goods, then fails to pay.
- The seller sues the buyer before a competent court.

The value of the claim is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.

### WHAT THE ENFORCING CONTRACTS

#### INDICATORS MEASURE

#### Procedures to enforce a contract through the courts (number)

- 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)

- Average attorney fees
- Court costs
- Enforcement costs

- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.



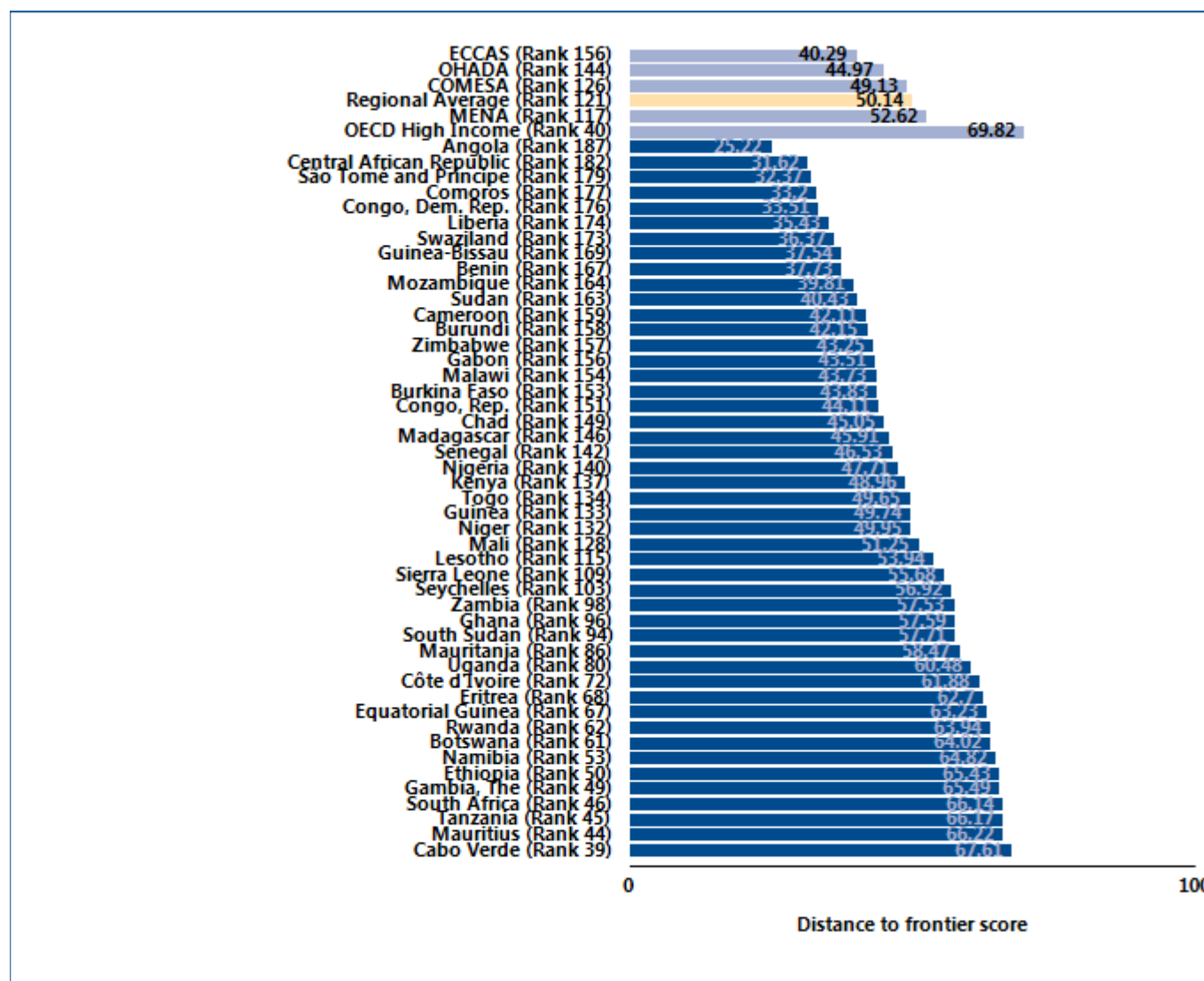
## ENFORCING CONTRACTS

### Where do the region's economies stand today?

How efficient is the process of resolving a commercial dispute through the courts in economies in Sub-Saharan Africa (SSA)? The global rankings of these economies on

the ease of enforcing contracts suggest an answer (figure 10.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 10.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of enforcing contracts



Source: Doing Business database.

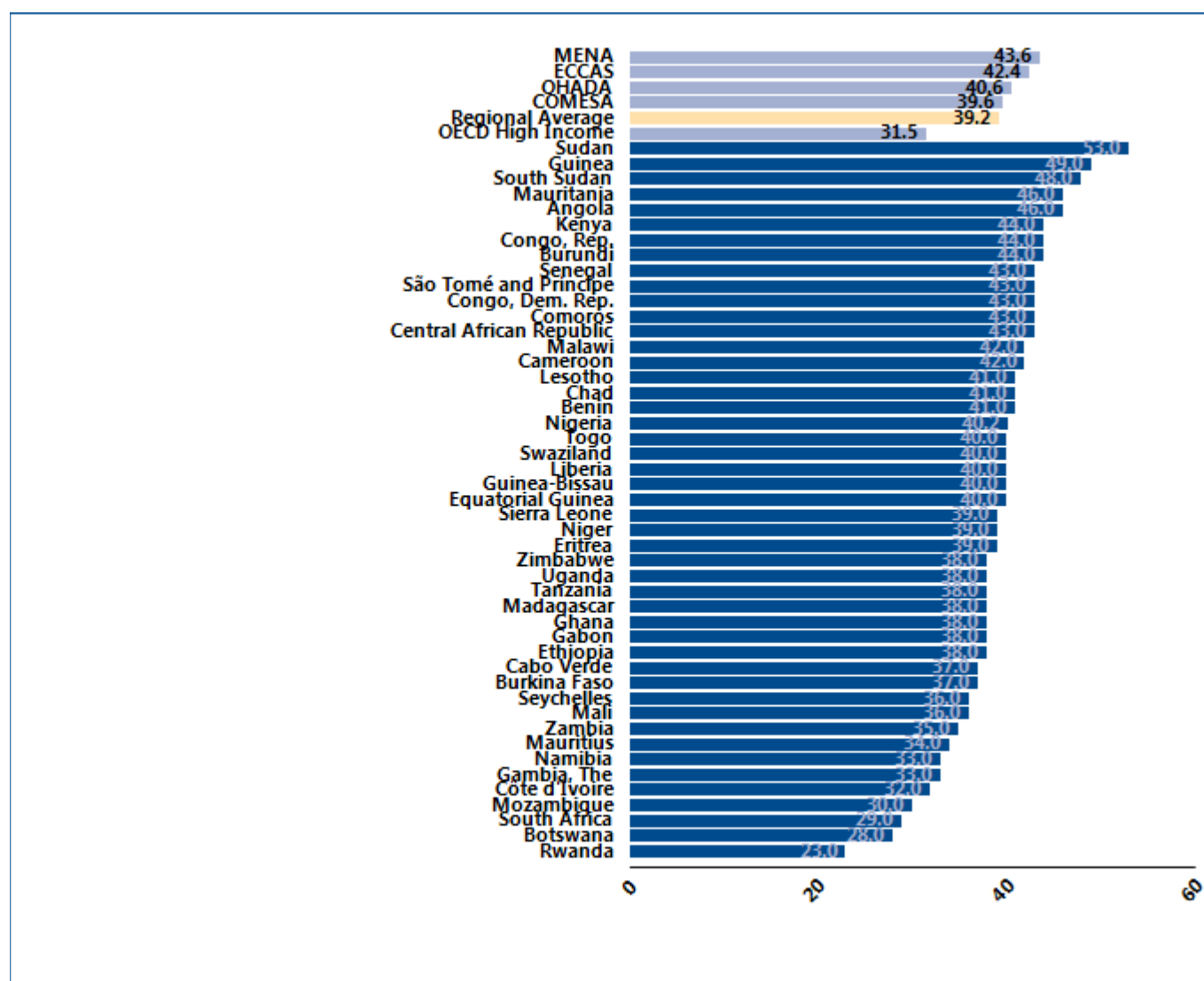
## ENFORCING CONTRACTS

The indicators underlying the rankings may also be revealing. Data collected by *Doing Business* show what it takes to enforce a contract through the courts in each economy in the region: the number of procedures, the

time and the cost (figure 10.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

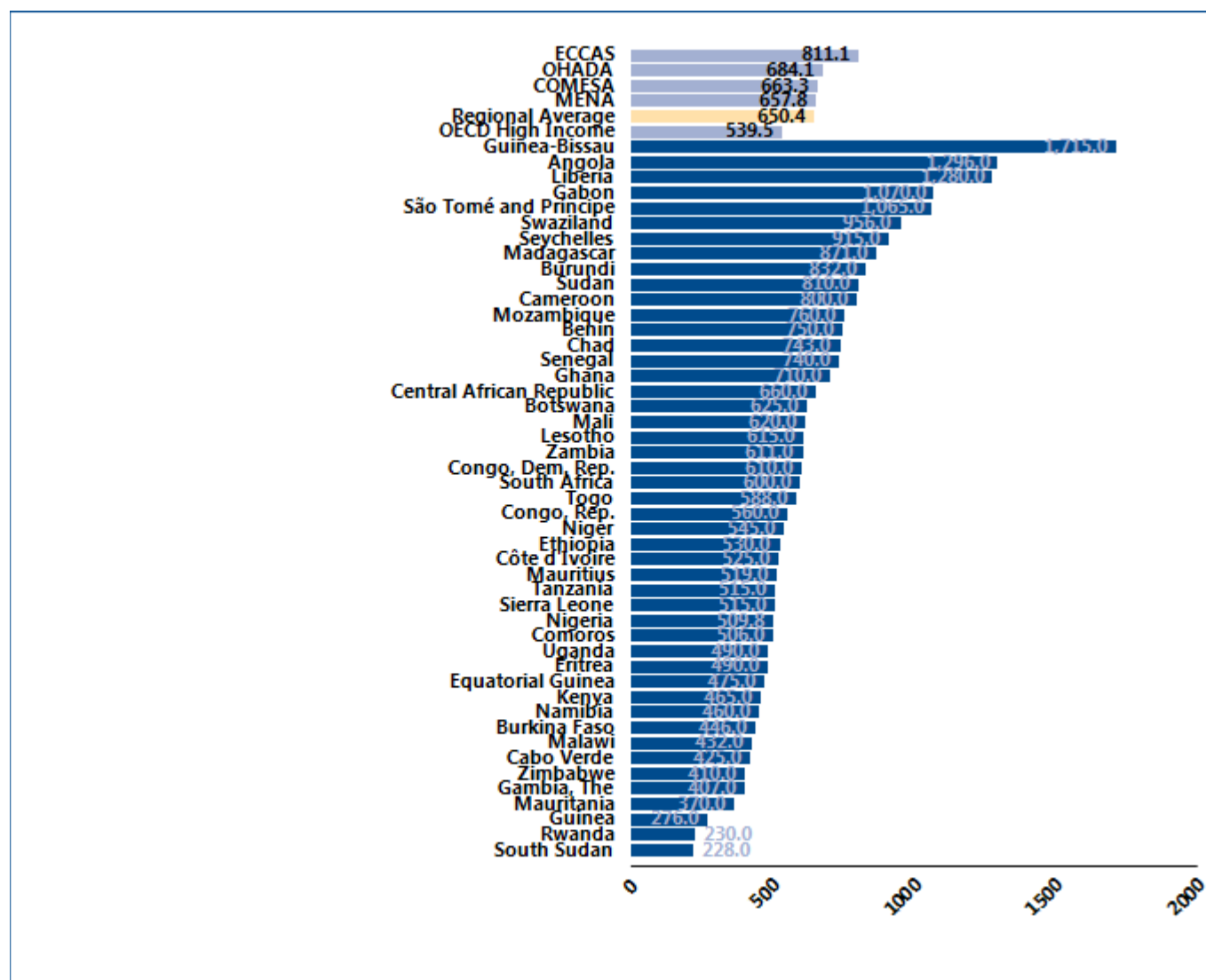
Figure 10.2 What it takes to enforce a contract through the courts in economies in Sub-Saharan Africa (SSA)

### Procedures (number)



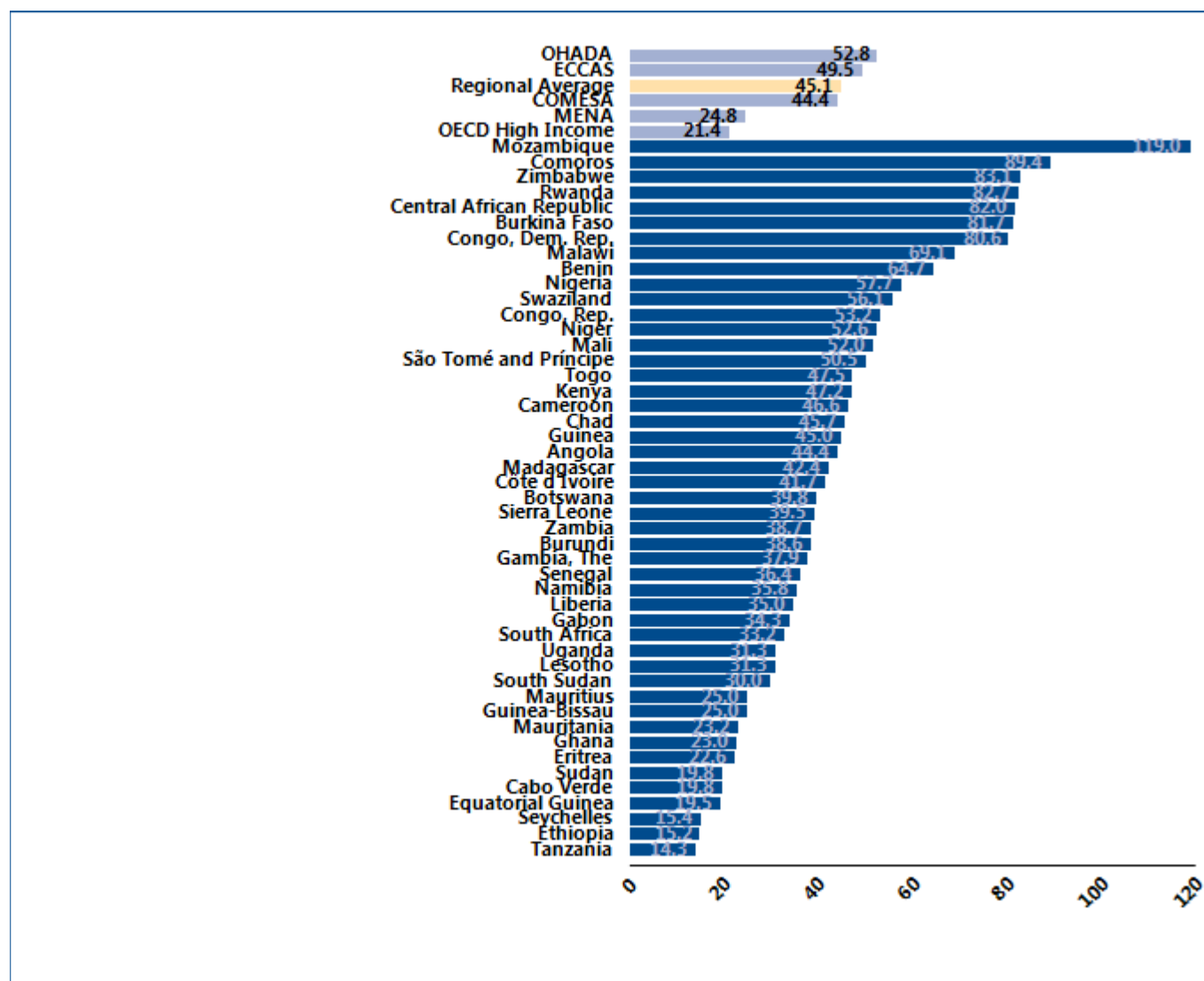
ENFORCING CONTRACTS

Time (days)



## ENFORCING CONTRACTS

### Cost (% of claim)



Source: Doing Business database.

## ENFORCING CONTRACTS

### What are the changes over time?

Economies in all regions have improved contract enforcement in recent years. A judiciary can be improved in different ways. Higher-income economies tend to look for ways to enhance efficiency by introducing new technology. Lower-income economies often work on

reducing backlogs by introducing periodic reviews to clear inactive cases from the docket and by making procedures faster. What reforms making it easier (or more difficult) to enforce contracts has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 10.1)?

Table 10.1 How have economies in Sub-Saharan Africa (SSA) made enforcing contracts easier—or not? By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Benin</i>	Benin made enforcing contracts easier by creating a commercial section within its court of first instance.
DB2015	<i>Mauritius</i>	Mauritius made enforcing contracts easier by introducing an electronic filing system for court users.
DB2015	<i>Seychelles</i>	Seychelles made enforcing contracts easier by establishing a commercial court, implementing and refining its case management system, introducing court-annexed mediation, and addressing scheduling conflicts within the courts.
DB2015	<i>South Africa</i>	South Africa made enforcing contracts easier by amending the monetary jurisdiction of its lower courts and introducing voluntary mediation.
DB2014	<i>Côte d'Ivoire</i>	Côte d'Ivoire made enforcing contracts easier by creating a specialized commercial court.
DB2014	<i>Mauritius</i>	Mauritius made enforcing contracts easier by liberalizing the profession of court ushers, including by allowing registered ushers to serve as bailiffs in carrying out enforcement proceedings.
DB2014	<i>Togo</i>	Togo made enforcing contracts easier by creating specialized commercial divisions within the court of first instance.
DB2013	<i>Benin</i>	Benin made enforcing contracts easier by introducing a new code of civil, administrative and social procedures.
DB2013	<i>Cameroon</i>	Cameroon made enforcing contracts easier by creating specialized commercial divisions within its courts of first instance.
DB2013	<i>Liberia</i>	Liberia made enforcing contracts easier by creating a specialized commercial court.

DB year	Economy	Reform
DB2013	<i>Rwanda</i>	Rwanda made enforcing contracts easier by implementing an electronic filing system for initial complaints.
DB2012	<i>Kenya</i>	Kenya introduced a case management system that will help increase the efficiency and cost-effectiveness of commercial dispute resolution.
DB2012	<i>Lesotho</i>	Lesotho made enforcing contracts easier by launching a specialized commercial court.
DB2012	<i>Senegal</i>	Senegal made enforcing contracts easier by launching specialized commercial chambers in the court.
DB2012	<i>Seychelles</i>	The Seychelles expanded the jurisdiction of the lower court, increasing the time required to enforce contracts.
DB2012	<i>Sierra Leone</i>	Sierra Leone made enforcing contracts easier by launching a fast-track commercial court.
DB2011	<i>Burkina Faso</i>	Burkina Faso made enforcing contracts easier by setting up a specialized commercial court and abolishing the fee to register judicial decisions.
DB2011	<i>Guinea-Bissau</i>	Guinea-Bissau established a specialized commercial court, speeding up the enforcement of contracts.
DB2011	<i>Malawi</i>	Malawi simplified the enforcement of contracts by raising the ceiling for commercial claims that can be brought to the magistrates court.
DB2011	<i>Mauritius</i>	Mauritius speeded up the resolution of commercial disputes by recruiting more judges and adding more courtrooms.
DB2011	<i>Uganda</i>	Uganda continues to improve the efficiency of its court system, greatly reducing the time to file and serve a claim.
DB2011	<i>Zambia</i>	Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.
DB2010	<i>Botswana</i>	Botswana made resolution of commercial disputes more efficient by introducing case management and improving the use of information technology.
DB2010	<i>Burkina Faso</i>	Burkina Faso improved its contract enforcement system by reducing court fees and introducing alternative dispute mechanisms.
DB2010	<i>Ethiopia</i>	Ethiopia made enforcing contracts easier by reducing delays in the courts—through backlog reduction, improved case management and internal training, and an expanded role for the enforcement judge.

DB year	Economy	Reform
DB2010	<i>Mali</i>	Mali improved its contract enforcement process through amendments to its civil procedure code introducing case time limits and allowing a summons to be served, with no intervention by the judge, upon the filing of the complaint at the competent court.
DB2010	<i>Mauritius</i>	Mauritius made enforcing contracts easier by setting up a specialized commercial division in its supreme court.

*Note:* For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## RESOLVING INSOLVENCY

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in the speedy return of businesses to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses and thereby improve growth and sustainability in the economy overall.

### What do the indicators cover?

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recouped by secured creditors through reorganization, liquidation or debt enforcement (foreclosure) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

In addition, *Doing Business* evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests if economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

The ranking of the Resolving Insolvency indicator is based on the recovery rate and the total score of the strength of insolvency framework index. The Resolving Insolvency indicator does not measure insolvency proceedings of individuals and financial institutions. The data are derived from survey responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems.

### WHAT THE RESOLVING INSOLVENCY INDICATORS MEASURE

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

Measured in calendar years

Appeals, requests for extension are included

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

Measured as percentage of estate value

Court fees

Fees of insolvency administrators

Lawyers' fees

Assessors' and auctioneers' fees

Other related fees

#### Outcome

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

#### Recovery rate for creditors

Measures the cents on the dollar recovered by secured creditors

Outcome for the business (survival or not) determines the maximum value that can be recovered

Official costs of the insolvency proceedings are deducted

Depreciation of furniture is taken into account

Present value of debt recovered

#### Strength of insolvency framework index (0-16)

Sum of the scores of four component indices:

Commencement of proceedings index (0-3)

Management of debtor's assets index (0-6)

Reorganization proceedings index (0-3)

Creditor participation index (0-4)



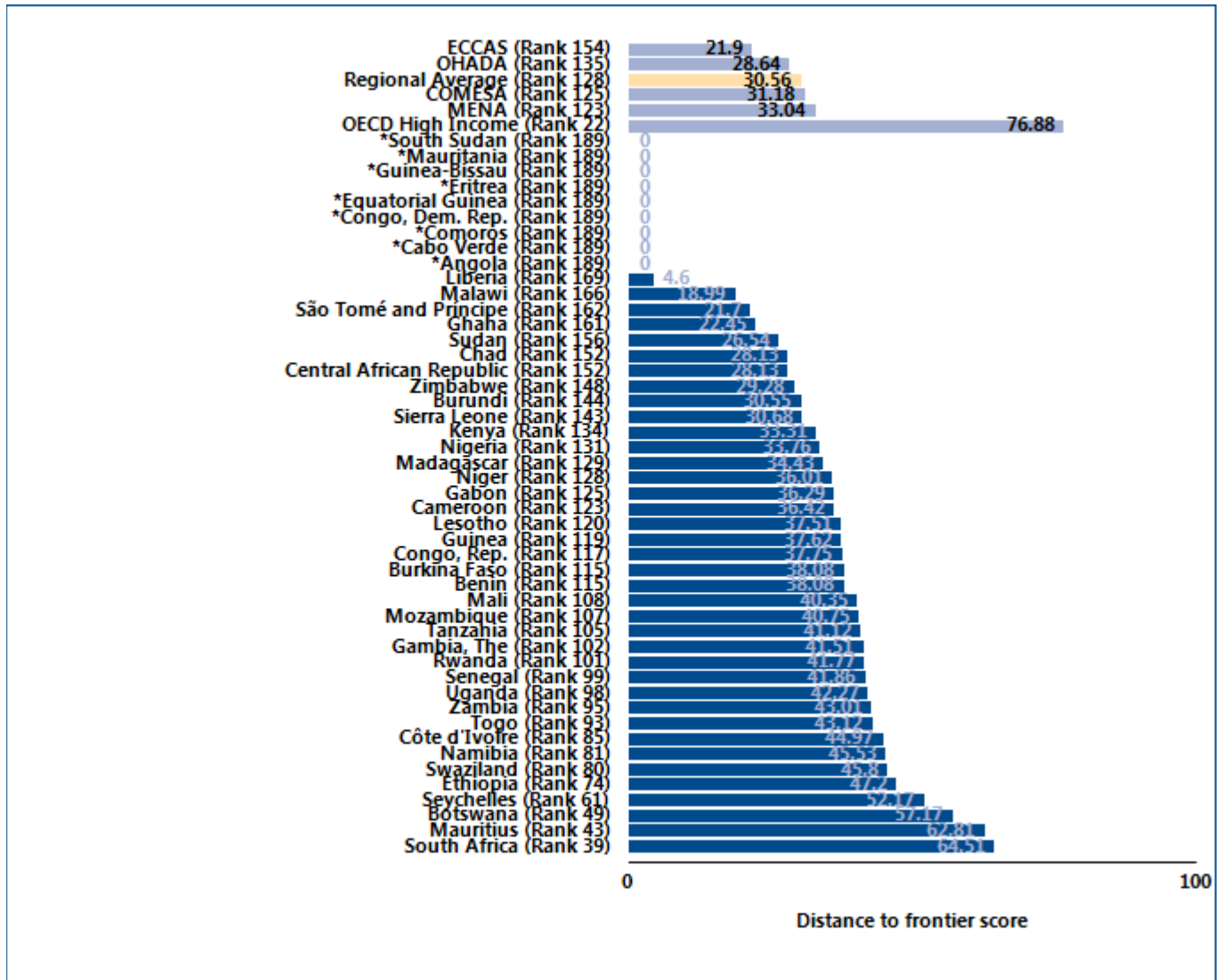
## RESOLVING INSOLVENCY

### Where do the region's economies stand today?

How efficient are insolvency proceedings in economies in Sub-Saharan Africa (SSA)? The global rankings of these economies on the ease of resolving insolvency suggest an answer (figure 11.1). The average ranking of the

region and comparator regions provide a useful benchmark for assessing the efficiency of insolvency proceedings. Speed, low costs and continuation of viable businesses characterize the top-performing economies.

Figure 11.1 How economies in Sub-Saharan Africa (SSA) rank on the ease of resolving insolvency



Source: Doing Business database.

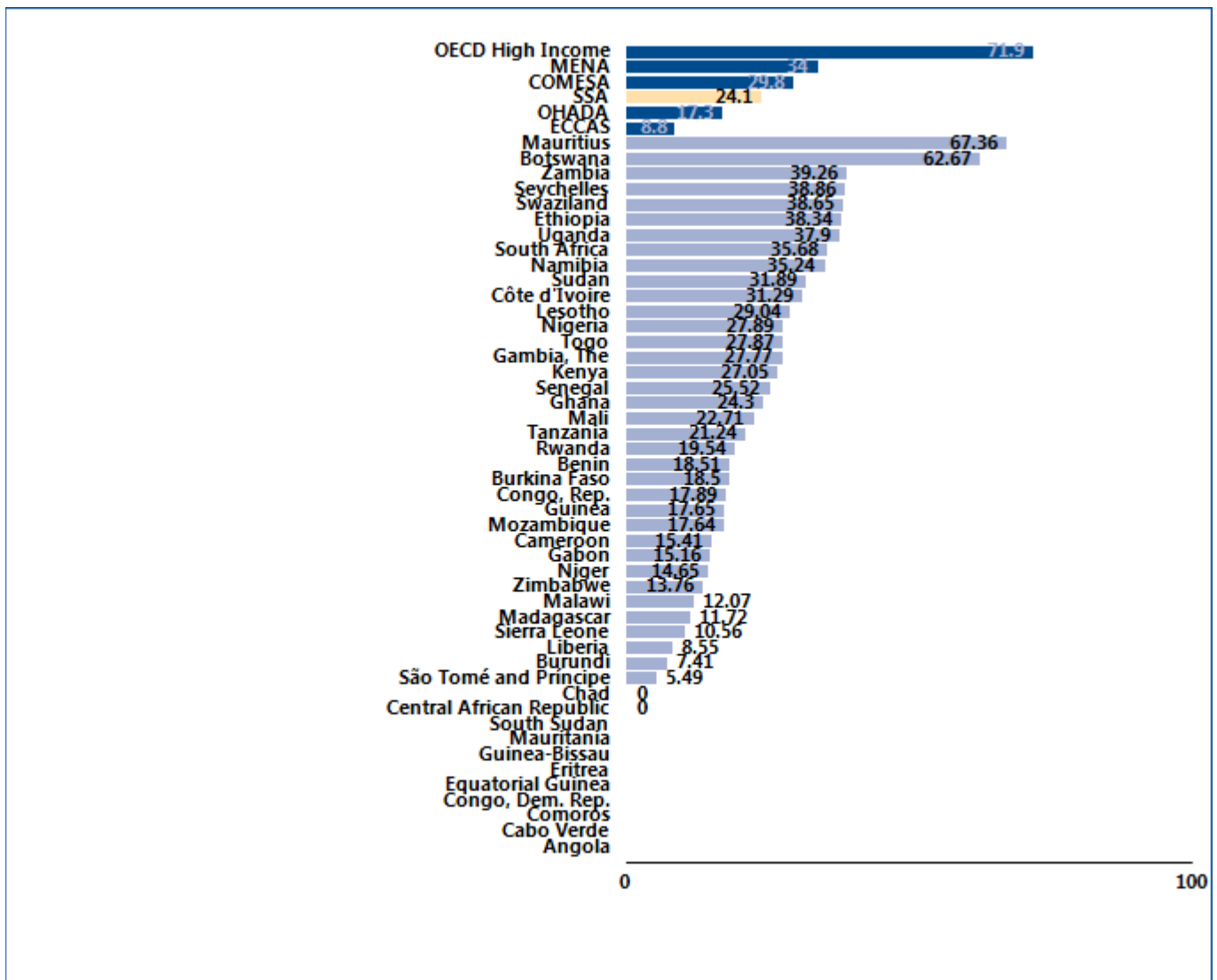
## RESOLVING INSOLVENCY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show the average recovery rate and the average strength of insolvency framework index (figure 11.2). Comparing

these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

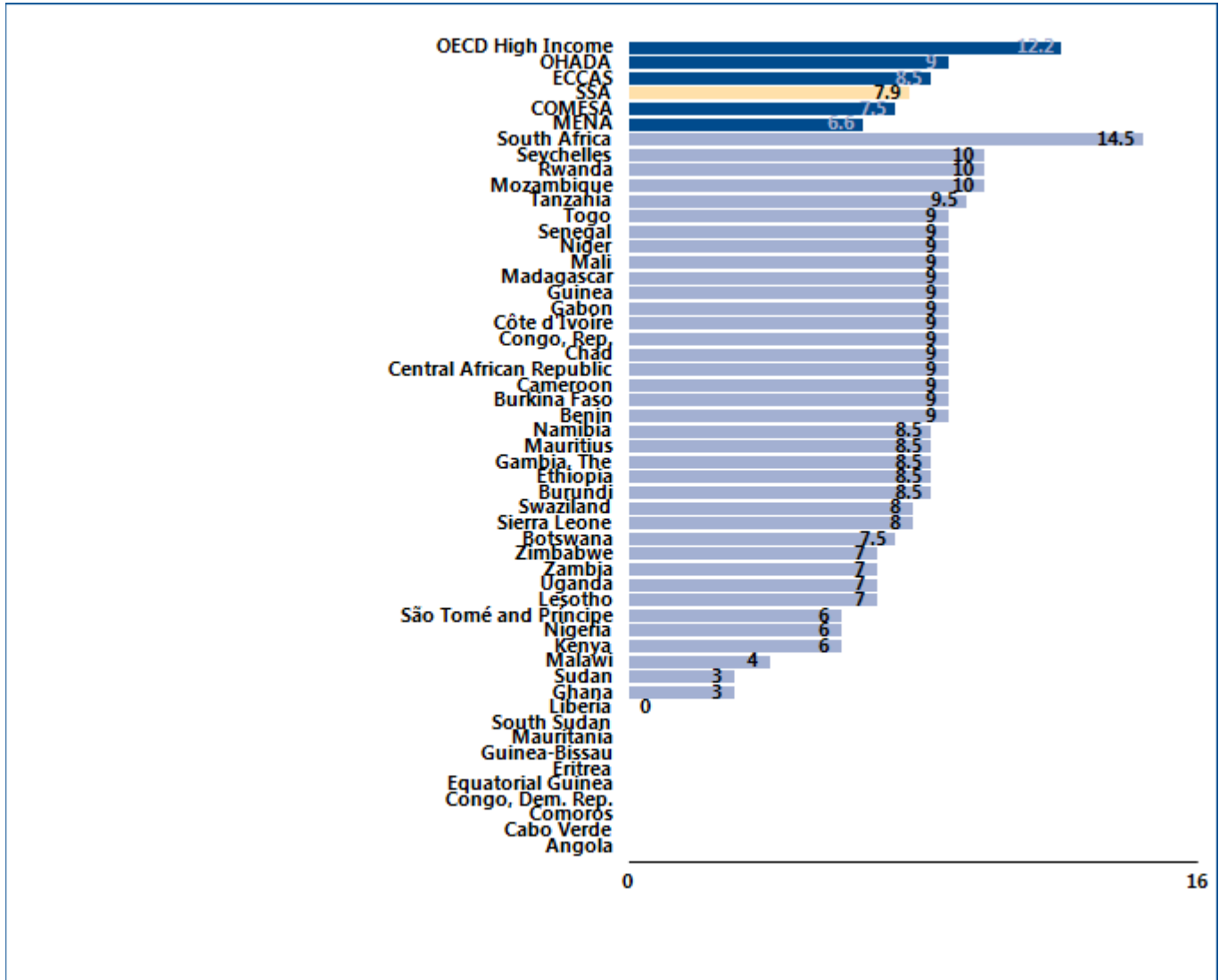
Figure 11.2 How efficient is the insolvency process in economies in Sub-Saharan Africa (SSA)

### Recovery Rate (0–100)



Source: *Doing Business* database.

Total Strength of Insolvency Framework index (0-16)



Source: Doing Business database.

\* Indicates a "no practice" mark. See the data notes for details. 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 puts the economy at the bottom of the ranking on the relevant indicator.

Source: Doing Business database.

## RESOLVING INSOLVENCY

## What are the changes over time?

A well-balanced bankruptcy system distinguishes companies that are financially distressed but economically viable from inefficient companies that should be liquidated. But in some insolvency systems even viable businesses are liquidated. This is starting to

change. Many recent reforms of bankruptcy laws have been aimed at helping more of the viable businesses survive. What insolvency reforms has *Doing Business* recorded in Sub-Saharan Africa (SSA) (table 11.1)?

Table 11.1 How have economies in Sub-Saharan Africa (SSA) made resolving insolvency easier—or not?  
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	<i>Mozambique</i>	Mozambique made resolving insolvency easier by introducing a court-supervised reorganization procedure and a mechanism for prepackaged reorganizations, by clarifying rules on the appointment and qualifications of insolvency administrators and by strengthening creditors' rights.
DB2015	<i>Seychelles</i>	The Seychelles made resolving insolvency easier by introducing a reorganization procedure, provisions on the avoidance of undervalued transactions and the possibility to request post-commencement financing during the reorganization.
DB2015	<i>Uganda</i>	Uganda made resolving insolvency easier by consolidating all provisions related to corporate insolvency in one law, establishing provisions on the administration of companies (reorganization), clarifying standards on the professional qualifications of insolvency practitioners and introducing provisions allowing the avoidance of undervalued transactions.
DB2014	<i>Congo, Dem. Rep.</i>	The Democratic Republic of Congo made resolving insolvency easier by adopting the OHADA Uniform Act Organizing Collective Proceedings for Wiping Off Debts. The law allows an insolvent debtor to file for preventive settlement, legal redress or liquidation and sets out clear rules on the steps and procedures for each of the options available.
DB2014	<i>Mauritius</i>	Mauritius made resolving insolvency easier by introducing guidelines for out-of-court restructuring and standardizing the process of registration, suspension and removal of insolvency practitioners.
DB2014	<i>Rwanda</i>	Rwanda made resolving insolvency easier through a new law clarifying the standards for beginning insolvency proceedings; preventing the separation of the debtor's assets during

DB year	Economy	Reform
		reorganization proceedings; setting clear time limits for the submission of a reorganization plan; and implementing an automatic stay of creditors' enforcement actions.
DB2014	<i>Tanzania</i>	Tanzania made resolving insolvency easier through new rules clearly specifying the professional requirements and remuneration for insolvency practitioners, promoting reorganization proceedings and streamlining insolvency proceedings.
DB2013	<i>Uganda</i>	Uganda strengthened its insolvency process by clarifying rules on the creation of mortgages, establishing the duties of mortgagors and mortgagees, defining priority rules, providing remedies for mortgagors and mortgagees and establishing the powers of receivers.
DB2013	<i>Zambia</i>	Zambia strengthened its insolvency process by introducing further qualification requirements for receivers and liquidators and by establishing specific duties and remuneration rules for them.
DB2012	<i>Burundi</i>	Burundi amended its commercial code to establish foreclosure procedures.
DB2012	<i>Cabo Verde</i>	Cape Verde introduced qualification requirements for insolvency administrators and a shorter time frame for liquidation proceedings.
DB2012	<i>Malawi</i>	Malawi adopted new rules providing clear procedural requirements and time frames for winding up a company.
DB2012	<i>Namibia</i>	Namibia adopted a new company law that established clear procedures for liquidation.
DB2012	<i>Sierra Leone</i>	Sierra Leone established a fast-track commercial court in an effort to expedite commercial cases, including insolvency proceedings.
DB2012	<i>South Africa</i>	South Africa introduced a new reorganization process to facilitate the rehabilitation of financially distressed companies.
DB2010	<i>Malawi</i>	Malawi enhanced its insolvency process through a new law limiting the liquidator's fees.
DB2010	<i>Mauritius</i>	Mauritius enhanced its insolvency system through a new law introducing a rehabilitation procedure for companies as an alternative to winding up, defining the rights and obligations of creditors and debtors and setting out sanctions for those who abuse the system.
DB2010	<i>Rwanda</i>	Rwanda improved its insolvency process through a new law aimed at streamlining reorganization procedures.

DB year	Economy	Reform
<b>DB2010</b>	<i>Sierra Leone</i>	Sierra Leone improved its insolvency process through a new company act that encourages financially distressed companies to first try to reorganize rather than going straight into liquidation.

*Note:* For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## DISTANCE TO FRONTIER AND EASE OF DOING BUSINESS RANKING

This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking, which for the first time this year is based on the distance to frontier score. The ease of doing business ranking compares economies with one another; the distance to frontier score benchmarks economies with respect to regulatory best practice, showing the absolute distance to the best performance on each *Doing Business* indicator. When compared across years, the distance to frontier score shows how much the regulatory environment for local entrepreneurs in an economy has changed over time in absolute terms, while the ease of doing business ranking can show only how much the regulatory environment has changed relative to that in other economies.

### Distance to Frontier

The distance to frontier score captures the gap between an economy's performance and a measure of best practice across the entire sample of 31 indicators for 10 *Doing Business* topics (the labor market regulation indicators are excluded). For starting a business, for example, Canada and New Zealand have the smallest number of procedures required (1), and New Zealand the shortest time to fulfill them (0.5 days). Slovenia has the lowest cost (0.0), and Australia, Colombia and 110 other economies have no paid-in minimum capital requirement (see table 15.1 in the *Doing Business 2015* report).

#### Calculation of the distance to frontier score

Calculating the distance to frontier score for each economy involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the 31 component indicators  $y$  (except for the total tax rate) is rescaled using the linear transformation  $(\text{worst} - y)/(\text{worst} - \text{frontier})$ . In this formulation the frontier represents the best performance on the indicator across all economies since 2005 or the third year after data for the indicator were collected for the first time. For legal indicators such as those on getting credit or protecting minority investors, the frontier is set at the highest possible value. For the total tax rate, consistent with the use of a threshold in calculating the rankings on this indicator, the frontier is defined as the total tax rate at the 15th percentile of the

overall distribution for all years included in the analysis. For the time to pay taxes the frontier is defined as the lowest time recorded among all economies that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. In addition, the cost to export and cost to import for each year are divided by the GDP deflator, to take the general price level into account when benchmarking these absolute-cost indicators across economies with different inflation trends. The base year for the deflator is 2013 for all economies.

In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process, 2 rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including time, cost, minimum capital and number of payments to pay taxes), and the 99th percentile is used for number of procedures and number of documents to trade. No outlier was removed for component indicators bound by definition or construction, including legal index scores (such as the depth of credit information index, extent of conflict of interest regulation index and strength of insolvency framework index) and the recovery rate (see figure 15.1 in the *Doing Business 2015* report).

Second, for each economy the scores obtained for individual indicators are aggregated through simple averaging into one distance to frontier score, first for each topic and then across all 10 topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. More complex aggregation methods—such as principal components and unobserved components—yield a ranking nearly identical to the simple average used by *Doing Business*<sup>6</sup>. Thus *Doing Business* uses the simplest

<sup>6</sup> See Djankov, Manraj and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to

method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components<sup>7</sup>.

An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. All distance to frontier calculations are based on a maximum of 5 decimals. However, indicator ranking calculations and the ease of doing business ranking calculations are based on 2 decimals. The difference between an economy's distance to frontier score in any previous year and its score in 2014 illustrates the extent to which the economy has closed the gap to the regulatory frontier over time. And in any given year the score measures how far an economy is from the best performance at that time.

#### Treatment of the total tax rate

This year, for the first time, the total tax rate component of the paying taxes indicator set enters the distance to frontier calculation in a different way than any other indicator. The distance to frontier score obtained for the total tax rate is transformed in a nonlinear fashion before it enters the distance to frontier score for paying taxes. As a result of the nonlinear transformation, an increase in the total tax rate has a smaller impact on the distance to frontier score for the total tax rate—and therefore on the distance to frontier score for paying taxes—for economies with a below-average total tax rate than it would have in the calculation done in previous years (line B is smaller than line A in figure 15.2 in the *Doing Business 2015* report). And for economies with an extreme total tax rate (a rate that is very high relative to the average), an increase has a greater impact on both these distance to frontier scores than before (line D is bigger than line C in figure 15.2).

The nonlinear transformation is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in an economy's

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.

<sup>7</sup> For getting credit, indicators are weighted proportionally, according to their contribution to the total score, with a weight of 60% assigned to the strength of legal rights index and 40% to the depth of credit information index. Indicators for all other topics are assigned equal weights.

overall tax system. Instead, it is mainly empirical in nature. The nonlinear transformation along with the threshold reduces the bias in the indicator 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). In addition, it acknowledges the need of economies to collect taxes from firms.

#### Calculation of scores for economies with 2 cities covered

For each of the 11 economies for which a second city was added in this year's report, the distance to frontier score is calculated as the population-weighted average of the distance to frontier scores for the 2 cities covered (table 12.1). This is done for the aggregate score, the scores for each topic and the scores for all the component indicators for each topic.

TABLE 12.1 Weights used in calculating the distance to frontier scores for economies with 2 cities covered

Economy	City	Weight (%)
Bangladesh	Dhaka	78
	Chittagong	22
Brazil	São Paulo	61
	Rio de Janeiro	39
China	Shanghai	55
	Beijing	45
India	Mumbai	47
	Delhi	53
Indonesia	Jakarta	78
	Surabaya	22
Japan	Tokyo	65
	Osaka	35
Mexico	Mexico City	83
	Monterrey	17
Nigeria	Lagos	77
	Kano	23
Pakistan	Karachi	65
	Lahore	35
Russian Federation	Moscow	70
	St. Petersburg	30
United States	New York	60
	Los Angeles	40

Source: United Nations, Department of Economic and Social Affairs, Population Division, World Urbanization Prospects, 2014 Revision "File 12: Population of Urban Agglomerations with 300,000 Inhabitants or More in 2014, by Country, 1950–



2030 (thousands),” <http://esa.un.org/unpd/wup/CD-ROM/Default.aspx>.

### *Economies that improved the most across 3 or more Doing Business topics in 2013/14*

*Doing Business 2015* uses a simple method to calculate which economies improved the ease of doing business the most. First, it selects the economies that in 2013/14 implemented regulatory reforms making it easier to do business in 3 or more of the 10 topics included in this year’s aggregate distance to frontier score. Twenty-one economies meet this criterion: Azerbaijan; Benin; the Democratic Republic of Congo; Côte d’Ivoire; the Czech Republic; Greece; India; Ireland; Kazakhstan; Lithuania; the former Yugoslav Republic of Macedonia; Poland; Senegal; the Seychelles; Spain; Switzerland; Taiwan, China; Tajikistan; Togo; Trinidad and Tobago; and the United Arab Emirates. Second, *Doing Business* sorts these economies on the increase in their distance to frontier score from the previous year using comparable data.

Selecting the economies that implemented regulatory reforms in at least 3 topics and had the biggest improvements in their distance to frontier scores is intended to highlight economies with ongoing, broad-based reform programs. The improvement in the distance to frontier score is used to identify the top improvers because this allows a focus on the absolute improvement—in contrast with the relative improvement shown by a change in rankings—that economies have made in their regulatory environment for business.

### *Ease of Doing Business ranking*

The ease of doing business ranking ranges from 1 to 189. The ranking of economies is determined by sorting the aggregate distance to frontier scores, rounded to 2 decimals.

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### Distance to frontier

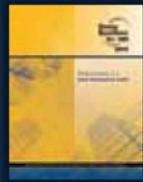
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### Distance to frontier

Data benchmarking 189 economies to the frontier in regulatory practice  
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ISBN 978-1-4648-0351-2



SKU 210351