

Doing Business 2011

El Salvador

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, 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 policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for El Salvador. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

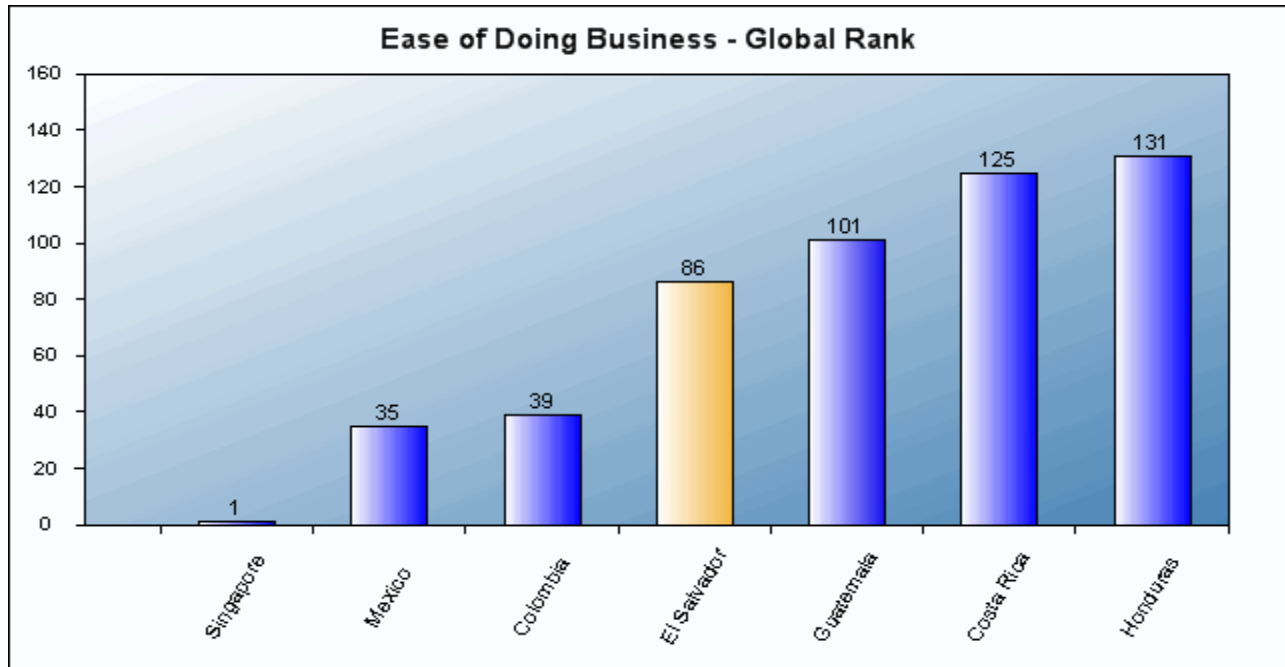
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

El Salvador is ranked 86 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

El Salvador - Compared to global good practice economy as well as selected economies:



El Salvador's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	86
Starting a Business	129
Dealing with Construction Permits	124
Registering Property	49
Getting Credit	46
Protecting Investors	120
Paying Taxes	137
Trading Across Borders	65
Enforcing Contracts	51
Closing a Business	87

Summary of Indicators - El Salvador

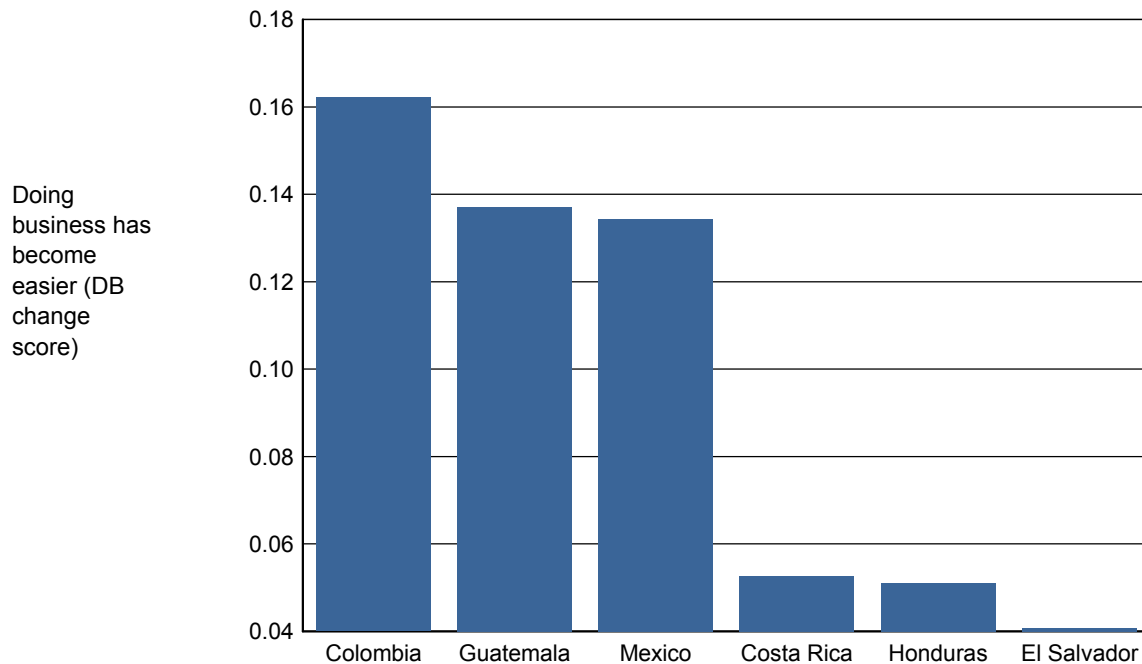
Starting a Business	Procedures (number)	8
	Time (days)	17
	Cost (% of income per capita)	45.0
	Min. capital (% of income per capita)	3.0
Dealing with Construction Permits	Procedures (number)	34
	Time (days)	155
	Cost (% of income per capita)	171.7
Registering Property	Procedures (number)	5
	Time (days)	31
	Cost (% of property value)	3.8
Getting Credit	Strength of legal rights index (0-10)	5
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	21.8
	Private bureau coverage (% of adults)	95.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	4.3
Paying Taxes	Payments (number per year)	53
	Time (hours per year)	320
	Profit tax (%)	17.0
	Labor tax and contributions (%)	17.2
	Other taxes (%)	0.8
	Total tax rate (% profit)	35.0
Trading Across Borders	Documents to export (number)	8
	Time to export (days)	14
	Cost to export (US\$ per container)	845
	Documents to import (number)	8
	Time to import (days)	10
	Cost to import (US\$ per container)	845

Enforcing Contracts	Procedures (number)	30
	Time (days)	786
	Cost (% of claim)	19.2
Closing a Business	Recovery rate (cents on the dollar)	29.2
	Time (years)	4.0
	Cost (% of estate)	9

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

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

- Official costs only, no bribes
- No professional fees unless services required by law

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

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

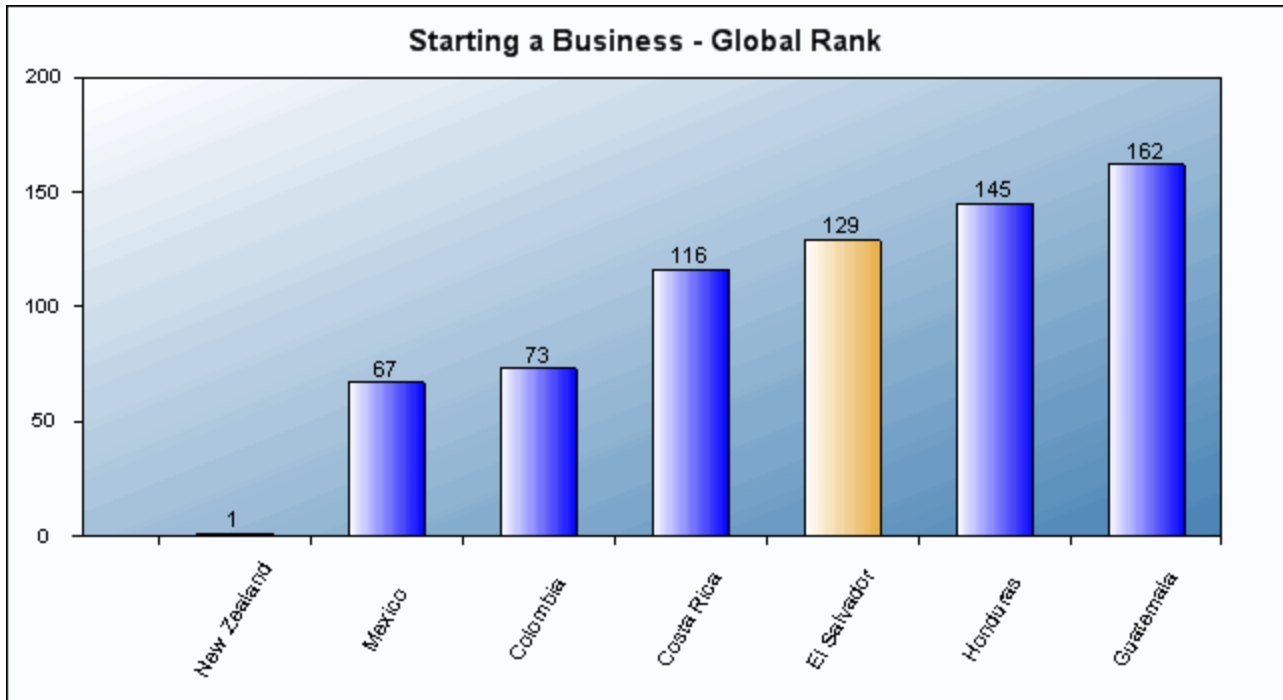
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

El Salvador is ranked 129 overall for Starting a Business.

Ranking of El Salvador in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
El Salvador	8	17	45.0	3.0

<i>Comparator Economies</i>				
Colombia	9	14	14.7	0.0
Costa Rica	12	60	10.5	0.0
Guatemala	12	37	49.1	24.2
Honduras	13	14	47.2	17.5
Mexico	6	9	12.3	9.2

* The following economies are also good practice economies for :

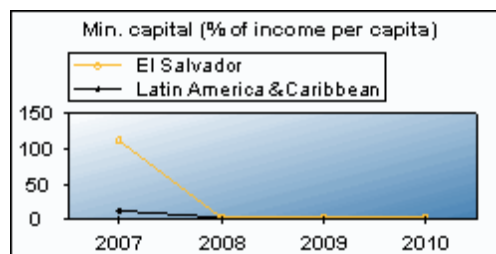
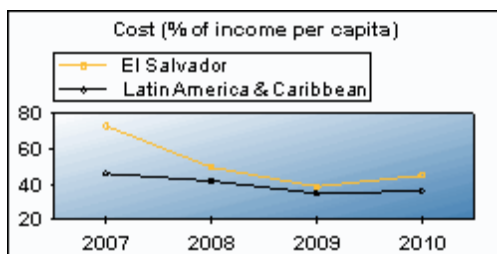
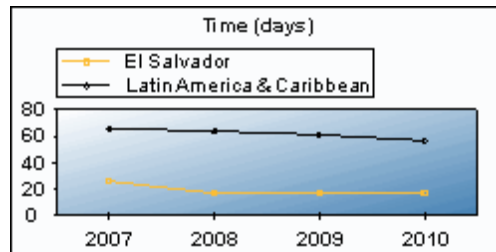
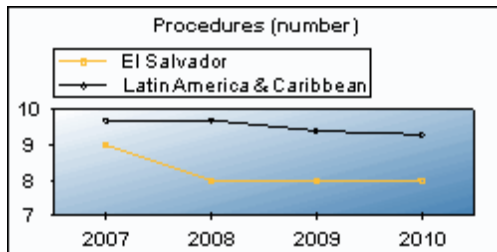
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in El Salvador

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	123	129
Procedures (number)	9	8	8	8
Time (days)	26	17	17	17
Cost (% of income per capita)	73.1	49.6	38.7	45.0
Min. capital (% of income per capita)	112.5	3.5	2.9	3.0

3. The following graphs illustrate the Starting a Business sub indicators in El Salvador over the past 4 years:



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



This table summarizes the procedures and costs associated with setting up a business in El Salvador.

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: San Salvador

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the legally required initial capital in a Salvadoran bank and obtain deposit evidence or certified check.	1	no charge
2	Check the uniqueness of the company name in the Registry of Commerce	1	no charge
3	Notarize the articles of association	2	USD 650
4	Register with the Registry of Commerce and publication and legalization of books	3	USD 391
5	Accounting system	10	USD 450
6 *	Register employees with one of the pension administrator funds (Administradora de Fondos de Pensiones).	3	no charge
7 *	Register the company for tax at the Mayor's Office	1	USD 10

* Takes place simultaneously with another procedure.

Starting a Business Details - El Salvador

Procedure 1 Deposit the legally required initial capital in a Salvadoran bank and obtain deposit evidence or certified check.

Time to complete: 1

Cost to complete: no charge

Comment: At least 5% of the initial start-up capital has to be shown and evidenced to a Salvadoran public notary. This capital has to be shown through a certified check payable to the name of the company, for the amount for which the company will initiate its operations. The check will be deposited in the company's new account once the deed is duly registered at the Registry of Commerce (that is, the company has been established). The bank that opens the account in name of the new corporation will require a certified copy of the articles of association and documents of the company's legal representative.

Procedure 2 Check the uniqueness of the company name in the Registry of Commerce

Time to complete: 1

Cost to complete: no charge

Comment: According to Article 101 of the Code of Commerce, to select the company name, a company representative must go to the Registry of Commerce and verify that the name chosen has not been taken by another company. Since April, 2008, entrepreneurs can check the uniqueness of the company name at the Registry of Commerce online. (For further information: <http://www.e.cnr.gob.sv/portal/>)

Procedure 3 Notarize the articles of association

Time to complete: 2

Cost to complete: USD 650

Comment: To establish a corporation, Article 22 and Article 194 of the Code of Commerce require fulfillment of the following requirements: ~- Name and personal data of company shareholders (two shareholders minimum).~- Commercial name.~- Term, domicile, and company social purpose. ~- Capital stock.~- Corporate administration shall be delegated either to a board of directors or a sole administrator. (In El Salvador no mercantile or labor limitations exist regarding the administrators of a capital stock company.)~- External and fiscal auditors. ~-The cost to notarize the articles of incorporation ranges between USD 500 to USD 1,000.

Procedure 4 Register with the Registry of Commerce and publication and legalization of books

Time to complete: 3

Cost to complete: USD 391

Comment: According to article 66 of the Code of Commerce, to register a new corporation, a fee is to be paid according to the value of the capital and is \$0.57 for every hundred of a dollar or fraction of a hundred, with maximum registry fee of USD 11,428.57. Since June 2008, renewal of the business license and establishment license (if applicable) must be paid within the month the company was initially registered. The initial balance sheet is not registered, is only deposit at the Registry of

Commerce, for a fee of \$17.14. The business license registry fees are based on company assets, nonetheless, value of the assets and fees have been set up in US dollars as follow: --from \$2,000 to \$57,150: \$91.43--From \$57,151 to \$114,286: \$137.14--from \$114,287 to \$228,572: \$228.57--If the assets exceed \$228,572 one has to pay \$11.43 for every \$100,000 or a fraction of \$100,000. The fee is not to exceed \$11,428.57

Procedure 5 Accounting system

Time to complete: 10

Cost to complete: USD 450

Comment: The external auditor of the company authorizes the accounting procedures and the internal books, which include the general shareholders meeting book, the board of directors book, the registry of shareholders book, and the increase or decrease of capital stock book. Article 40 of the Code of Commerce states that the books can be legalized either by the external auditor or by the Register of Commerce.

Procedure 6 Register employees with one of the pension administrator funds (Administradora de Fondos de Pensiones).

Time to complete: 3

Cost to complete: no charge

Comment:

Procedure 7 Register the company for tax at the Mayor's Office

Time to complete: 1

Cost to complete: USD 10

Comment: Upon registering at the Registry of Commerce, each founder must pay a tax (Vialidad A) of about USD 5.

Procedure 8 Make a company seal

Time to complete: 2

Cost to complete: USD 15

Comment: Because no authorization is required, it is customary for companies to make a seal. A company seal can be made in 1 or 2 days at a cost of about USD 15–USD 30, depending on the size and design selected by the client.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- 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
- 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

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

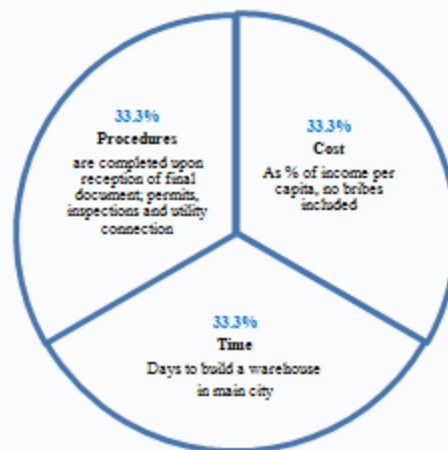
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

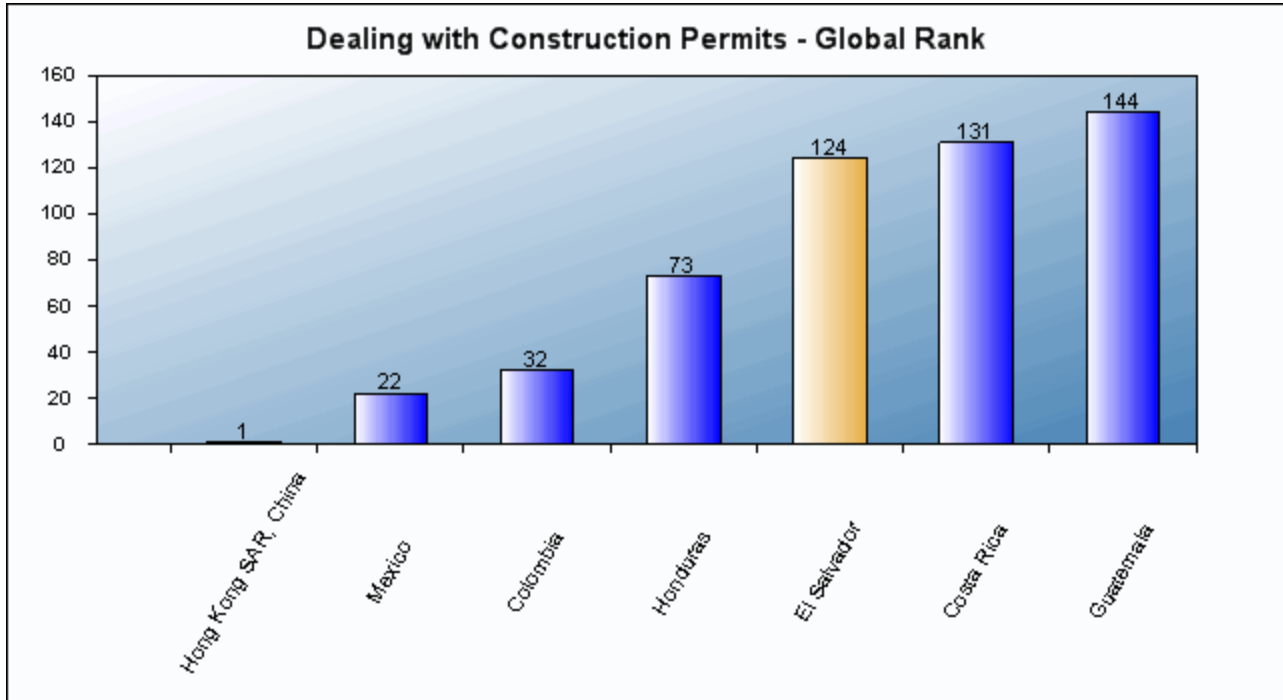
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

El Salvador is ranked 124 overall for Dealing with Construction Permits.

Ranking of El Salvador in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

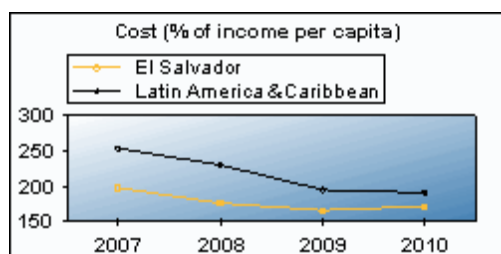
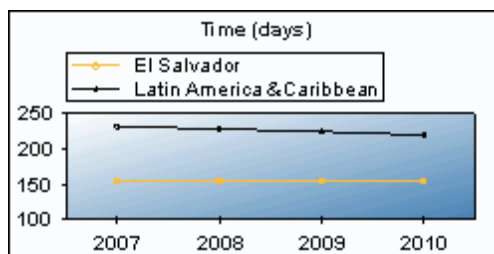
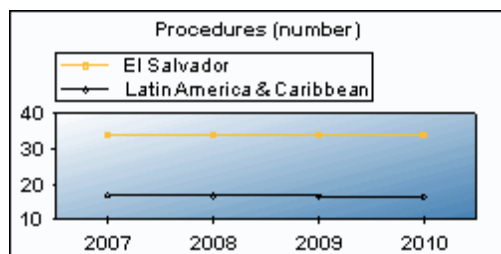
<i>Selected Economy</i>			
El Salvador	34	155	171.7

<i>Comparator Economies</i>			
Colombia	10	50	405.9
Costa Rica	23	191	172.2
Guatemala	22	178	599.4
Honduras	17	106	469.3
Mexico	11	105	117.0

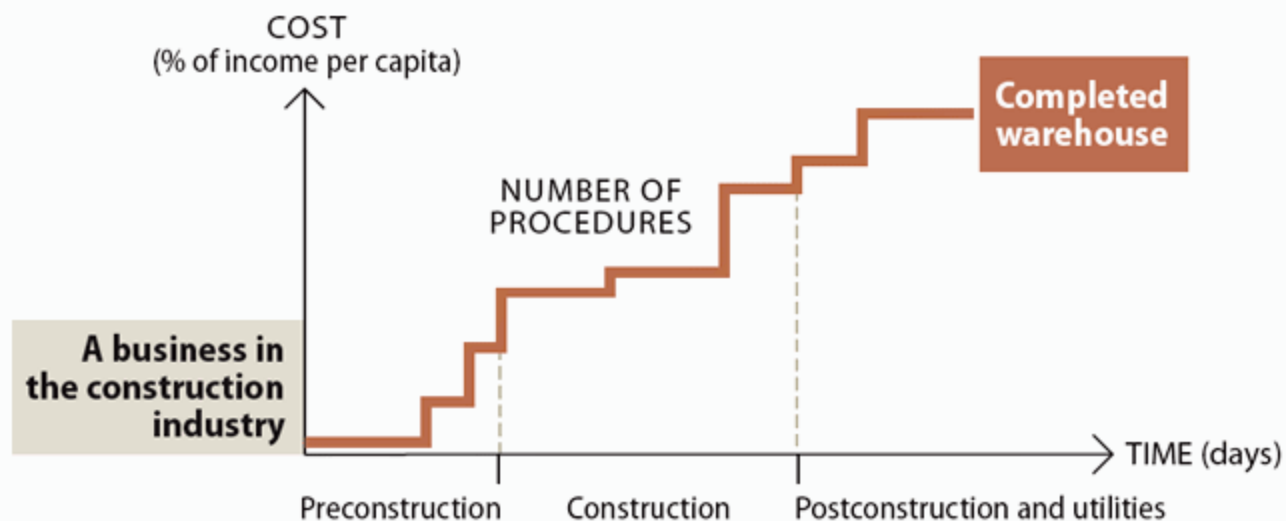
2. Historical data: Dealing with Construction Permits in El Salvador

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	126	124
Procedures (number)	34	34	34	34
Time (days)	155	155	155	155
Cost (% of income per capita)	197.9	176.3	166.2	171.7

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in El Salvador over the past 4 years:



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



The table below summarizes the procedures, time, and costs to build a warehouse in El Salvador.

BUILDING A WAREHOUSE

City: San Salvador

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Pay for construction line, site qualification, and zoning revision at Commercial Bank	1 day	USD 204
2	Obtain construction line and site qualification	10 days	no charge
3	Obtain approval of environmental impact study	60 days	USD 2,046
4 *	Obtain zoning or road construction revision	21 days	USD 316
5 *	Obtain an analysis of the feasibility of having rainwater drainage	21 days	USD 204
6 *	Receive inspection by the Office of Planning of Metropolitan Area of San Salvador	1 day	no charge
7 *	Obtain analysis of the feasibility of connecting to potable water and sewage services	21 days	USD 92
8 *	Inspection by the national water and sewage utility (ANDA)	1 day	no charge

9 *	Obtain an analysis of the feasibility of connecting to electricity	15 days	USD 31
10 *	Receive inspection by a local private power company (CAESS)	1 day	no charge
11 *	Pay for water and electric power feasibility analysis	1 day	no charge
12	Obtain construction permit	30 days	no charge
13	Pay construction permit application fee	1 day	USD 741
14	Receive first inspection during construction	1 day	no charge
15	Receive inspection during construction - II	1 day	no charge
16	Receive inspection during construction - III	1 day	no charge
17	Receive inspection during construction - IV	1 day	no charge
18	Receive inspection during construction - V	1 day	no charge
19	Receive inspection during construction - VI	1 day	no charge
20	Receive inspection during construction - VII	1 day	no charge
21	Receive inspection during construction - VIII	1 day	no charge
22	Receive inspection during construction - IX	1 day	no charge
23	Receive inspection during construction - X	1 day	no charge
24	Receive inspection during construction - XI	1 day	no charge
25	Receive inspection during construction - XII	1 day	no charge
26	Receive inspection during construction - XIII	1 day	no charge
27	Receive inspection during construction - XIV	1 day	no charge
28	Request and receive inspection from fire department	1 day	no charge
29	Receive final inspection and request occupancy permit	1 day	no charge

30	Receive occupancy permit	8 days	USD 1,483
31	Obtain water and sewage connection	30 days	USD 338
32 *	Obtain electric power connection	7 days	USD 133
33 *	Obtain telephone connection	5 days	USD 200
34	Arrange for payment at a commercial bank	1 day	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - El Salvador

Procedure 1 Pay for construction line, site qualification, and zoning revision at Commercial Bank

Time to complete: 1 day

Cost to complete: USD 204

Agency: Commercial Bank

Comment: According to Regulatory Order No5 as of 5 February 2008, Volume 378, published on February 15, 2008 the official fee schedule for procedures has been updated.

The fee for obtaining a construction line, zone revision and site qualification is based on USD 0,11 sq. m.. If the procedure needs to be completed in fast track option it will cost twice. The total cost for fast track approval will be USD 204.38.

Procedure 2 Obtain construction line and site qualification

Time to complete: 10 days

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador)

Comment: To request a construction line, BuildCo must present the deed of ownership and a topographical plan with geodesic coordinates. This is required to ensure that public works (street or highway) will not effect the land. The construction line is the document that defines the alignment of new construction with the Metropolitan Area of San Salvador (AMSS) road network. It describes the right of way, retract area, and transversal section of the road projects to be developed, or widening to be undertaken in the San Salvador metropolitan area. The document is valid for 12 months. For San Salvador, this document should be requested at the Office of Planning of Metropolitan Area of San Salvador (OPAMSS,); outside of this area, at the Municipal Authority or the Vice-Ministry of Housing.

The site or land qualification defines whether the proposed construction is allowed on that land for the use projected. The compatibility of land use is based on reference to the soil matrix, as defined in the General Plan of Zoning in force for AMSS, which indicates the requirements for project development. This document is valid for 12 months and should be requested from OPAMSS, the Municipal Authority, or the Vice-Ministry of Housing.

Time and cost have been calculated on the assumption that a special service was used so that documents can be obtained in half the time if a premium (double the cost) is paid. The silence-is-consent rule applies to this procedure. Approvals are granted automatically if the applicant does not hear from OPAMSS in 30 days.

Procedure 3 Obtain approval of environmental impact study

Time to complete: 60 days

Cost to complete: USD 2,046

Agency: Ministry of Environment

Comment: The Environmental Impact Study is requested at the Ministry of Environment. Given the size of the project considered here, the regulatory institution would eliminate this requirement (at the ministry's discretion).

Procedure 4 Obtain zoning or road construction revision

Time to complete: 21 days

Cost to complete: USD 316

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador)

Comment: The Zoning or Road Construction Revision should be requested from (Office of Planning of Metropolitan Area of San Salvador, OPAMSS), the Municipal Authority, or the Vice-Ministry of Housing. The document verifies the compliance of the planned construction with the requirements established for the use of soil, as established under the General Plan of Zoning for the Metropolitan Area of San Salvador and its standing bylaws. Compliance with this procedure includes verification of the internal road network, dwelling spaces, circulation of pedestrians, recreational areas, and the provision of equipment.

Cost associated with procedure: USD 0.17 per square meter, based on the total square meters of the plot. This rate is applicable over lots that have an extension of more than 300 sq. m. With fast track option it will cost USD 315.86.

Procedure 5 Obtain an analysis of the feasibility of having rainwater drainage

Time to complete: 21 days

Cost to complete: USD 204

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador)

Comment: BuildCo must submit a request for the feasibility of rainwater drainage study, which is performed by the OPAMSS. This municipal entity defines, at no charge, the place where the rainwater will be discharged. The request is submitted to the OPAMSS, the Municipal Authority, or the Vice-Ministry of Housing.

As of February 2008, the feasibility analysis fee is USD 0.11 per square meter, based on the plot size. The rate applies only to plots that are 300 sq. m. or more. With fast track option it would cost USD 204,38 (0,11 x 929 s.m. x 2).

Procedure 6 Receive inspection by the Office of Planning of Metropolitan Area of San Salvador

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador)

Comment:

Procedure 7 Obtain analysis of the feasibility of connecting to potable water and sewage services

Time to complete: 21 days

Cost to complete: USD 92

Agency: ANDA

Comment: BuildCo must submit a request for the feasibility of potable water and sewage services study with the national water and sewage utility (ANDA). The utility defines the place of sewage discharge and where the requested amount of water is served.

Procedure 8 Inspection by the national water and sewage utility (ANDA)

Time to complete: 1 day

Cost to complete: no charge

Agency: ANDA

Comment:

Procedure 9 Obtain an analysis of the feasibility of connecting to electricity

Time to complete: 15 days

Cost to complete: USD 31

Agency: CAESS

Comment: At this point, BuildCo applies for the point of delivery of electric power and indicates the amount requested. This request should be placed with the local private power company (in this case, Electric Lightning Company of San Salvador, CAESS).

Procedure 10 Receive inspection by a local private power company (CAESS)

Time to complete: 1 day

Cost to complete: no charge

Agency: CAESS

Comment:

Procedure 11 Pay for water and electric power feasibility analysis

Time to complete: 1 day

Cost to complete: no charge

Agency: Commercial Bank

Comment: After the request for the feasibility analyses at the two agencies, payment to both agencies is made through a commercial bank.

Procedure 12 Obtain construction permit

Time to complete: 30 days

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador)

Comment: The following documents are needed to obtain the construction permit, which constitutes the final approval of the project: soil study, architectonic designs, structural designs, electric system designs, hydraulic systems design, mechanical systems designs, fireproof system, calculations report, and technical specifications. The construction permit is granted by the OPAMSS in San Salvador or by the Municipal Authority or the Vice-Ministry of Housing. The different approvals mentioned are coordinated by the OPAMSS itself and do not require BuildCo's follow up.

Procedure 13 Pay construction permit application fee

Time to complete: 1 day

Cost to complete: USD 741

Agency: Commercial Bank

Comment: The fee for building permit which was based before as a function of project value, has been established under fixed USD 0,57 sq. m.. The total cost will be USD 741.34 (057 x 1300.6).

Procedure 14 Receive first inspection during construction

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: The OPAMSS must be notified of the start of the construction and will then inspect the site every 2 weeks. The notice must be given at least 15 days before start of construction. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no cost.

Procedure 15 Receive inspection during construction - II

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 16 Receive inspection during construction - III

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 17 Receive inspection during construction - IV

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 18 Receive inspection during construction - V

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 19 Receive inspection during construction - VI

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 20 Receive inspection during construction - VII

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 21 Receive inspection during construction - VIII

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 22 Receive inspection during construction - IX

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 23 Receive inspection during construction - X

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 24 Receive inspection during construction - XI

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 25 Receive inspection during construction - XII

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 26 Receive inspection during construction - XIII

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 27 Receive inspection during construction - XIV

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 28 Request and receive inspection from fire department

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire Department

Comment: From the time of the request, it takes about 4–5 working days until the fire inspectors visit the site.

Procedure 29 Receive final inspection and request occupancy permit

Time to complete: 1 day

Cost to complete: no charge

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing is involved in this procedure

Comment: During construction, the OPAMSS will conduct inspections every 2 weeks. An inspection takes 2–3 hours and does not lead to a work stoppage. The inspection is performed at no charge.

Procedure 30 Receive occupancy permit

Time to complete: 8 days

Cost to complete: USD 1,483

Agency: OPAMSS (Office of Planning of Metropolitan Area of San Salvador), Municipal Authority or Vice-Ministry of Housing.

Comment: The occupancy permit is granted within 8 days from final inspection by the OPAMSS, the Municipal Authority, or the Vice-Ministry of Housing.

Occupancy permit is charged at USD 0,57 sq. m.. and in fast track mode double that amount. The total cost would be USD 1,482.6.

Procedure 31 Obtain water and sewage connection

Time to complete: 30 days

Cost to complete: USD 338

Agency: ANDA

Comment: All utilities can be requested only after the occupancy permit is granted.

Procedure 32 Obtain electric power connection

Time to complete: 7 days

Cost to complete: USD 133

Agency: CAESS

Comment:

Procedure 33 Obtain telephone connection

Time to complete: 5 days

Cost to complete: USD 200

Agency: CTE Telecom Personal SA de CV

Comment:

Procedure 34 Arrange for payment at a commercial bank

Time to complete: 1 day

Cost to complete: no charge

Agency: Commercial Bank

Comment: It is assumed that BuildCo arranges for as many concurrent payments as possible to save time.

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. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

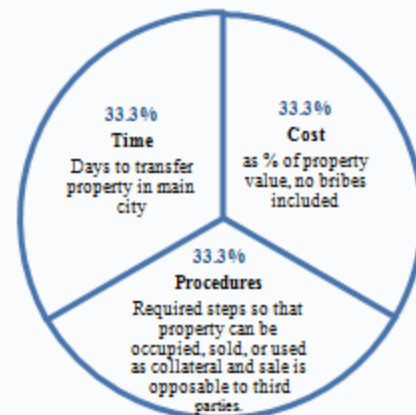
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal 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



Case Study Assumptions

The parties (buyer and seller):

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

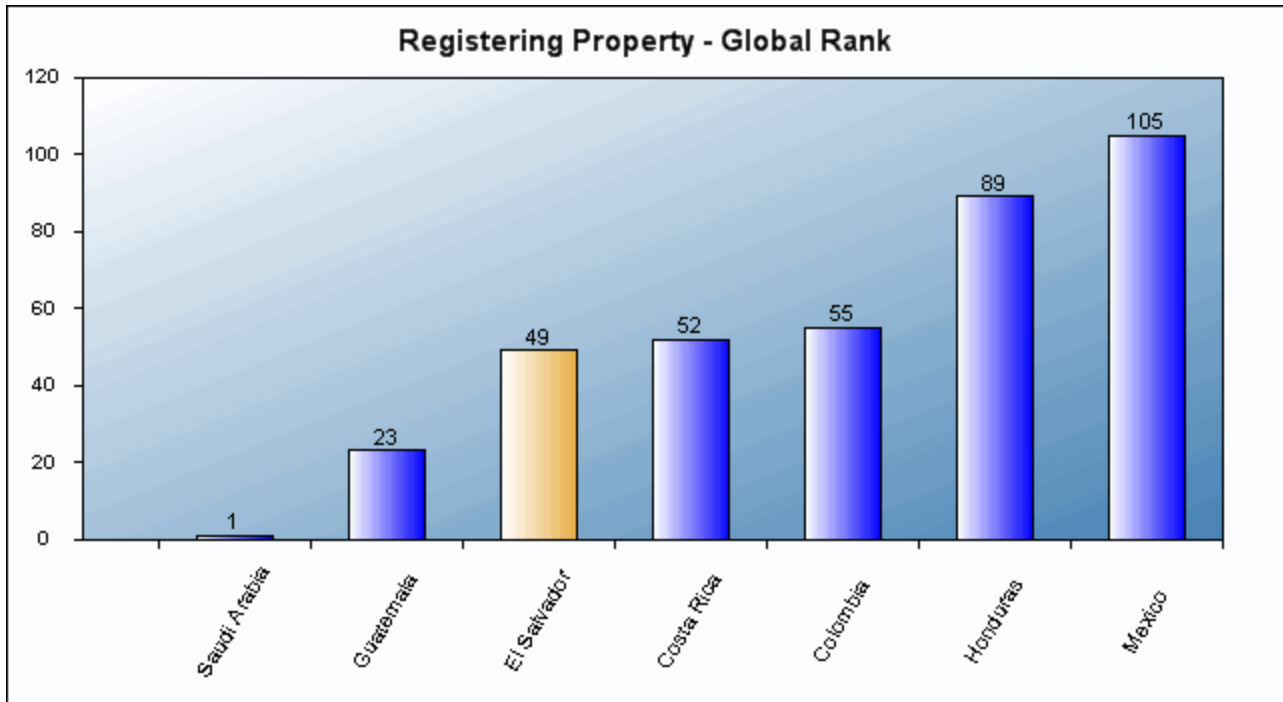
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

El Salvador is ranked 49 overall for Registering Property.

Ranking of El Salvador in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
El Salvador	5	31	3.8

<i>Comparator Economies</i>			
Colombia	7	20	2.0
Costa Rica	6	21	3.4
Guatemala	4	23	1.0
Honduras	7	23	5.5
Mexico	5	74	5.2

* The following economies are also good practice economies for :

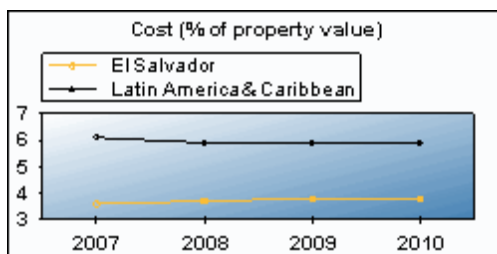
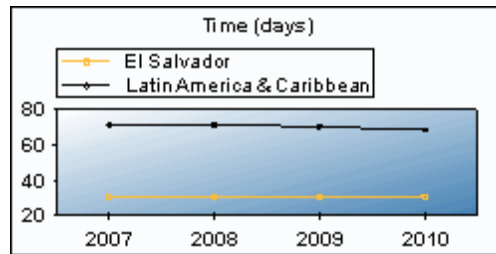
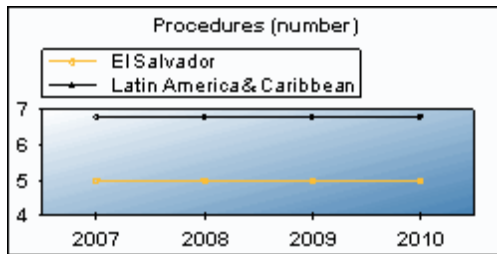
Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

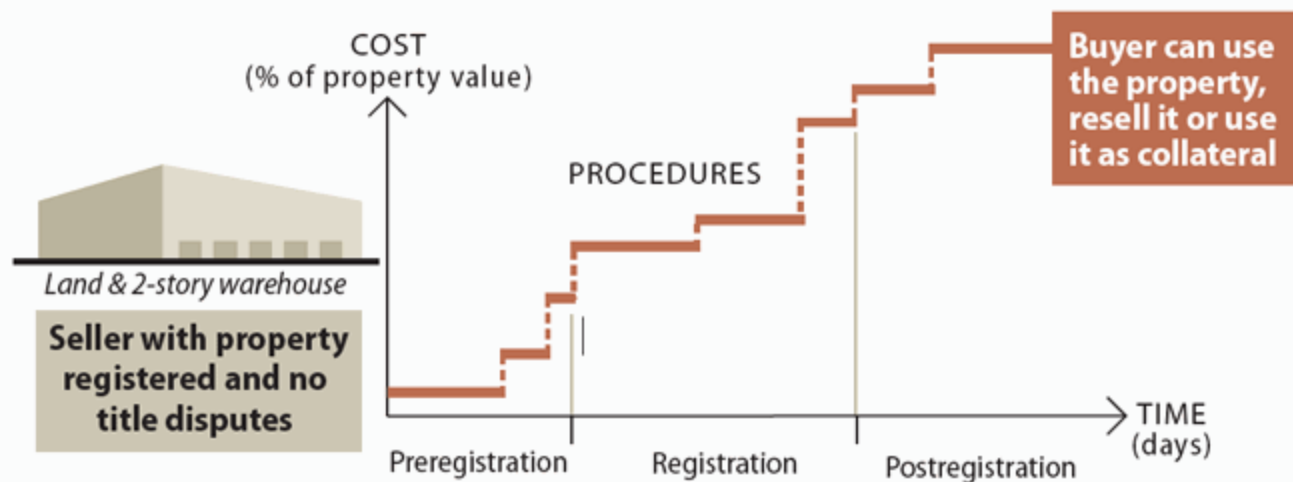
2. Historical data: Registering Property in El Salvador

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	45	49
Procedures (number)	5	5	5	5
Time (days)	31	31	31	31
Cost (% of property value)	3.6	3.7	3.8	3.8

3. The following graphs illustrate the Registering Property sub indicators in El Salvador over the past 4 years:



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



This topic examines the steps, time, and cost involved in registering property in El Salvador.

STANDARDIZED PROPERTY

Property Value: 169,947.79

City: San Salvador

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a Literal Certification (LC) and a Non-Lien Certification (NEC) of the property at the Register of Property	3 days	Literal Certification: \$8.86 + \$0.35 per page (5 pages)
2	Preparation and notarization of the sale agreement	3 days	0.15 – 1.0% of property price (notary's fees)
3	Payment of registration fees and transfer tax at a commercial bank	1 day	0.63% of property price (Registration Fee) + 3% over the excess of \$ 28,571.43 of the total price (Transfer of Real Estate Tax)
4	The deed is presented to the Registry office for registration	14-28 days (10-20 working days)	Already paid

5	The public deed is filed at the respective Municipality	1-5 days	\$ 0.12 per square meter of land area. (The cost is calculated based on a land plot of 557.4 square meters, as in the assumptions for this case study. At \$0.12 per square meter, the cost of is \$66.89)
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Registering Property Details - El Salvador

Procedure	1	Obtain a Literal Certification (LC) and a Non-Lien Certification (NEC) of the property at the Register of Property
Time to complete:		3 days
Cost to complete:		Literal Certification: \$8.86 + \$0.35 per page (5 pages)
Agency:		Property Registry
Comment:		The LC may already be in the possession of the seller. Both certifications must be obtained by the seller before starting the transaction formally. The Literal Certification is not necessary if the seller has the property title.
Procedure	2	Preparation and notarization of the sale agreement
Time to complete:		3 days
Cost to complete:		0.15 – 1.0% of property price (notary's fees)
Comment:		<p>A notary will prepare and notarize the sale agreement. In El Salvador, only lawyers are notaries.</p> <p>The parties are responsible for gathering all the documentation to be presented to the notary. The documentation shall include:</p> <ul style="list-style-type: none">Photocopy of the parties ID's of the Limited Liability Companies (LLC)Photocopy of the Tax Identification Numbers (NIT) of the partiesPhotocopy of the corporate documents of the LLC's (Articles of Incorporation, credentials, documents that can duly establish the legal representation and empowerment of the representatives of the LLC, etc)Photocopy of the Tax Identification Numbers (NIT) of the LLC'sCopy of the property title or Literal Certification (LC) (obtained in Procedure 1)Proof of payments of municipal taxesProof that parties are tax solvent with Ministry of Finance
Procedure	3	Payment of registration fees and transfer tax at a commercial bank
Time to complete:		1 day
Cost to complete:		0.63% of property price (Registration Fee) + 3% over the excess of \$ 28,571.43 of the total price (Transfer of Real Estate Tax)
Agency:		Commercial Bank
Comment:		
Procedure	4	The deed is presented to the Registry office for registration
Time to complete:		14-28 days (10-20 working days)
Cost to complete:		Already paid

Agency: Property Registry

Comment: The public deed is filed at the Register of Property to be recorded under the name of the buyer.
The deed will be registered, if it meets all the legal requirements, in 2 - 4 weeks. The registry has to check with the Ministry of Finance ("Hacienda") if the parties are Tax solvent. In addition to reforms at the registry set out by the Law on Standard Procedures of August 2004, an electronic system is currently being introduced and, once fully functional, is expected to reduce the registration time. In addition, a special service is available (mainly used by banks, law firms or companies). Upon signing a special agreement with the registry, certain services and documents can be obtained faster (within 2-8 working days) and/or by fax in exchange for a premium payment. The payment is a fixed amount determined according to a cost table. The amount is usually automatically withdrawn from a special running account at the registry. At the time of signing the agreement, the user sets up this account, depositing a certain amount (not more than US\$ 100). The agreement has to be renewed on an annual basis. This service is not taken into account here, since it is only one transaction.

Procedure 5 The public deed is filed at the respective Municipality

Time to complete: 1-5 days

Cost to complete: \$ 0.12 per square meter of land area. (The cost is calculated based on a land plot of 557.4 square meters, as in the assumptions for this case study. At \$0.12 per square meter, the cost of is \$66.89)

Agency: Municipality

Comment: This is done in order to update the information at the Municipality and for calculation on municipal taxes. The title is already valid even if not filed at the Municipality. The incentive to file the public deed lies on the old owner, who will have to continue paying the taxes on the property if this is not done.
Depending on the municipality, this step can take from 1 to 5 days. In San Salvador, the municipality has offices in each district. If someone goes to district 1 to register a property that is located on district 4, the registry process can take about 5 days, because the documents of the property are in district 4, but if going directly to district 4, the registry process takes about 1 to 2 days.
Total cost is calculated based on a land area of 557.4 square meters, as in the assumptions of this case study.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

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

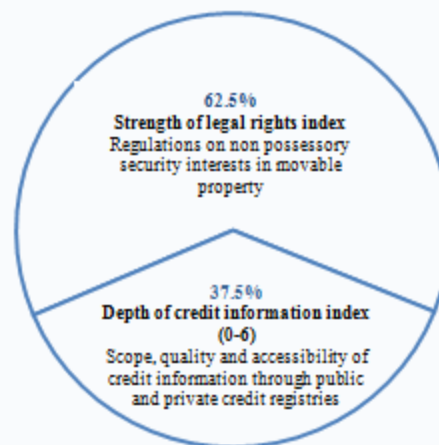
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

Case Study Assumptions (applying to the Legal Rights Index only)

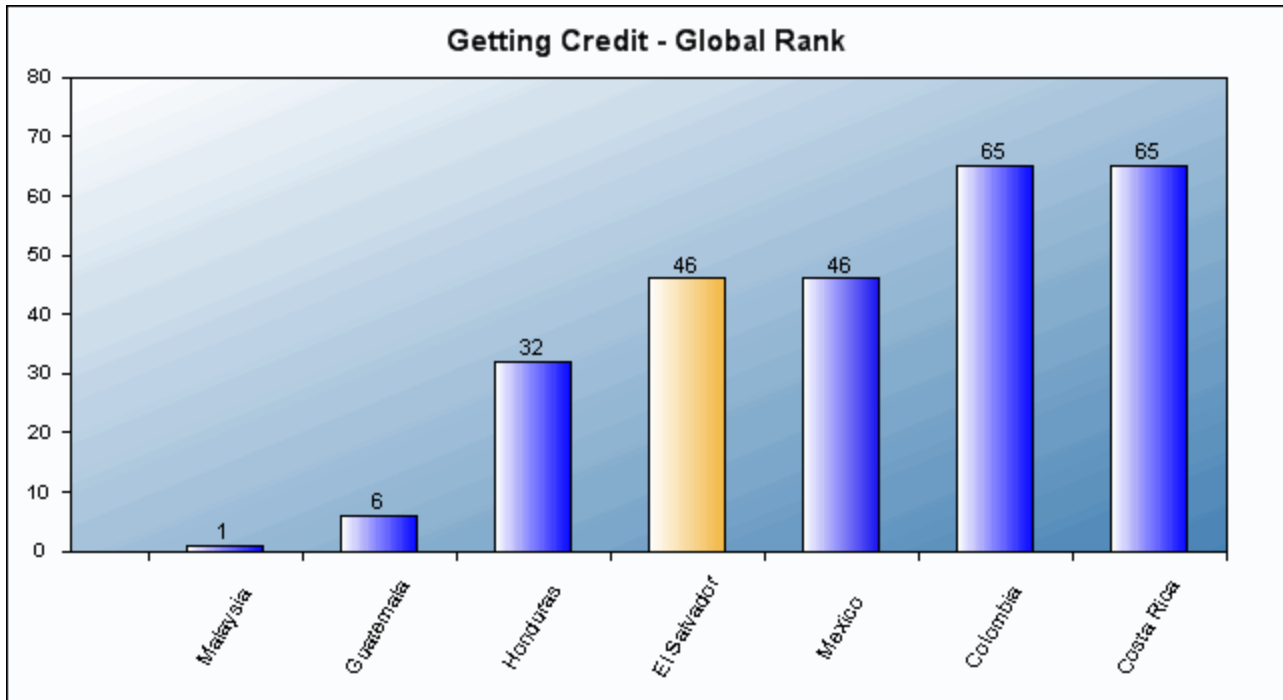
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

El Salvador is ranked 46 overall for Getting Credit.

Ranking of El Salvador in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
El Salvador	5	6	21.8	95.0

<i>Comparator Economies</i>				
Colombia	5	5	0.0	63.1
Costa Rica	5	5	23.3	64.8
Guatemala	8	6	16.4	8.8
Honduras	6	6	22.7	100.0
Mexico	5	6	0.0	71.6

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

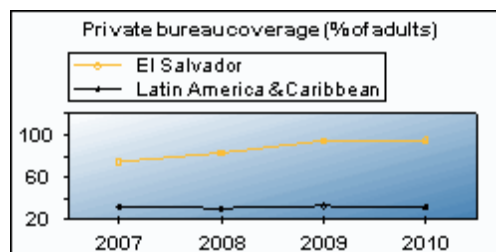
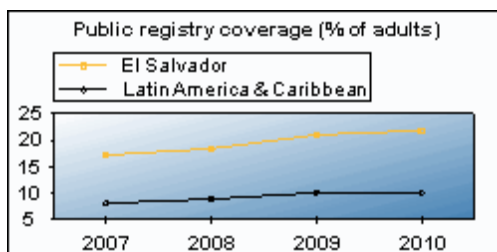
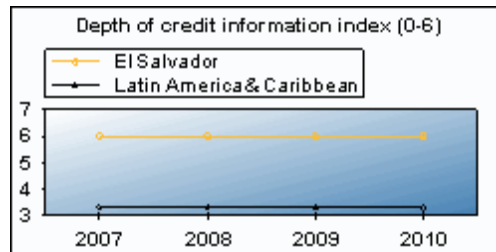
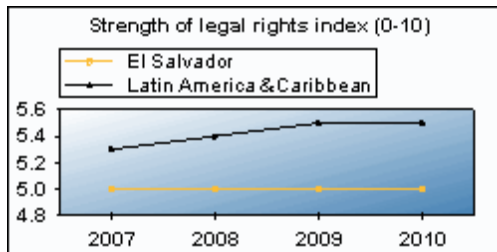
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

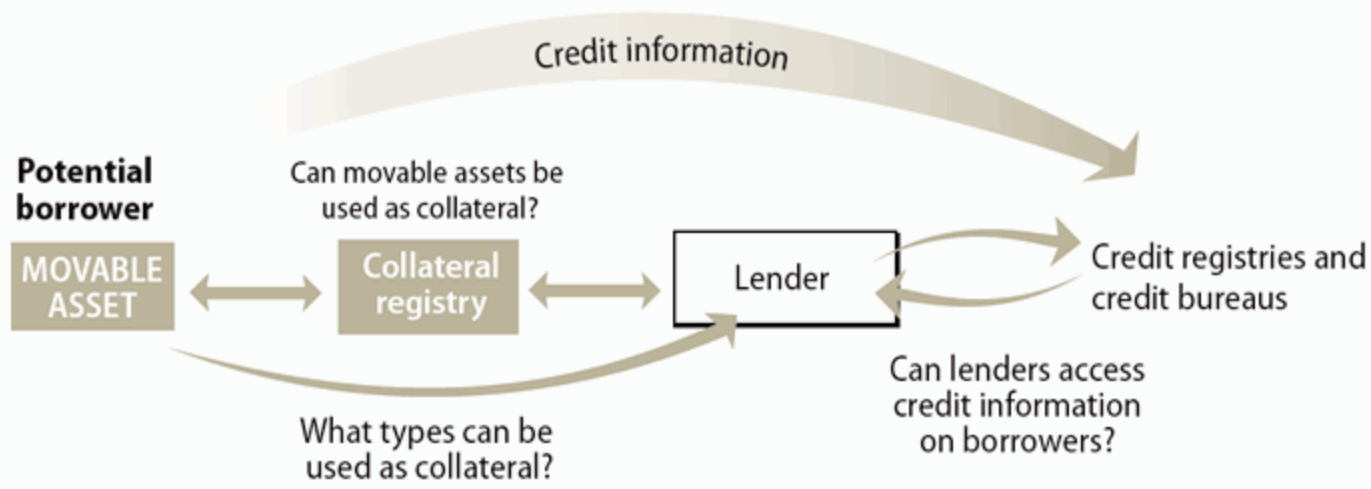
2. Historical data: Getting Credit in El Salvador

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	46
Strength of legal rights index (0-10)	5	5	5	5
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	74.6	83.0	94.6	95.0
Public registry coverage (% of adults)	17.2	18.4	21.0	21.8

3. The following graphs illustrate the Getting Credit sub indicators in El Salvador over the past 4 years:



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



The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in El Salvador.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	95.0	21.8	
Number of individuals	3,850,000	891,854	
Number of firms	70,500	10,003	

Strength of legal rights index (0-10)**5**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Does the law authorize parties to agree on out of court enforcement?

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

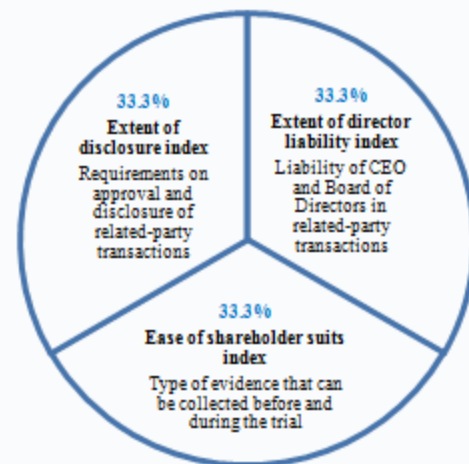
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

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.

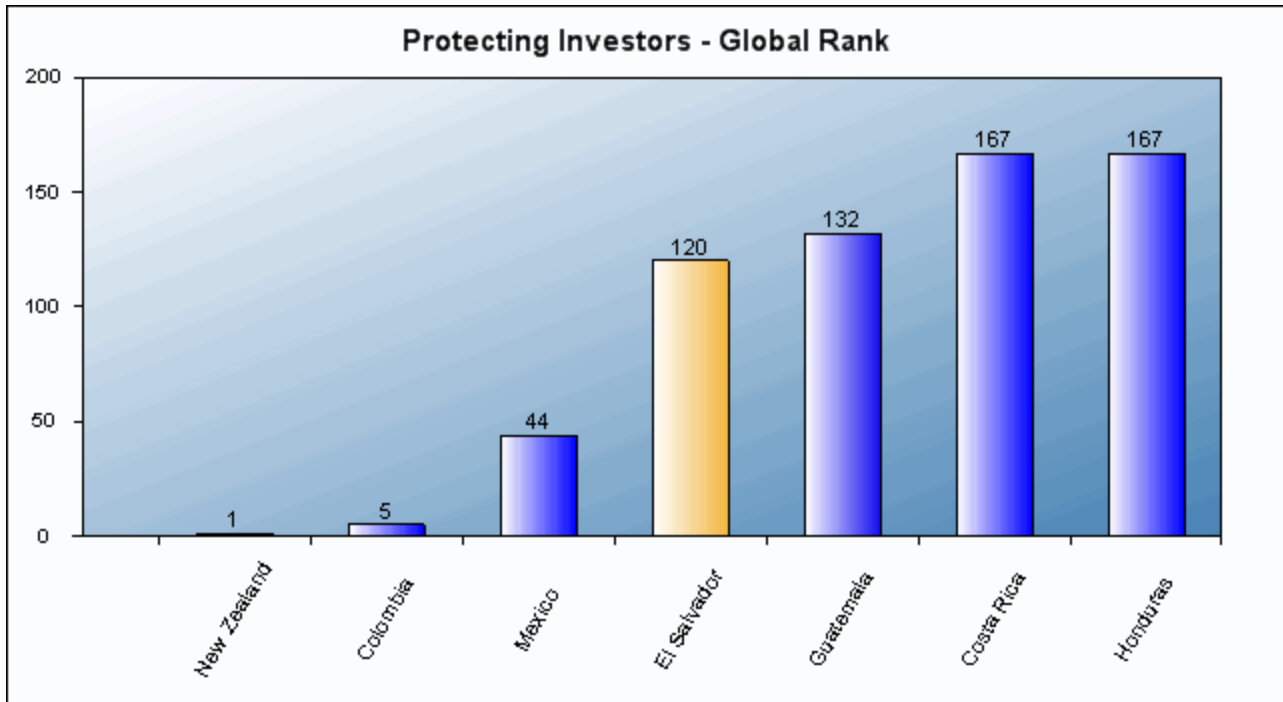
The transaction

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

1. Benchmarking Protecting Investors Regulations:

El Salvador is ranked 120 overall for Protecting Investors.

Ranking of El Salvador in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

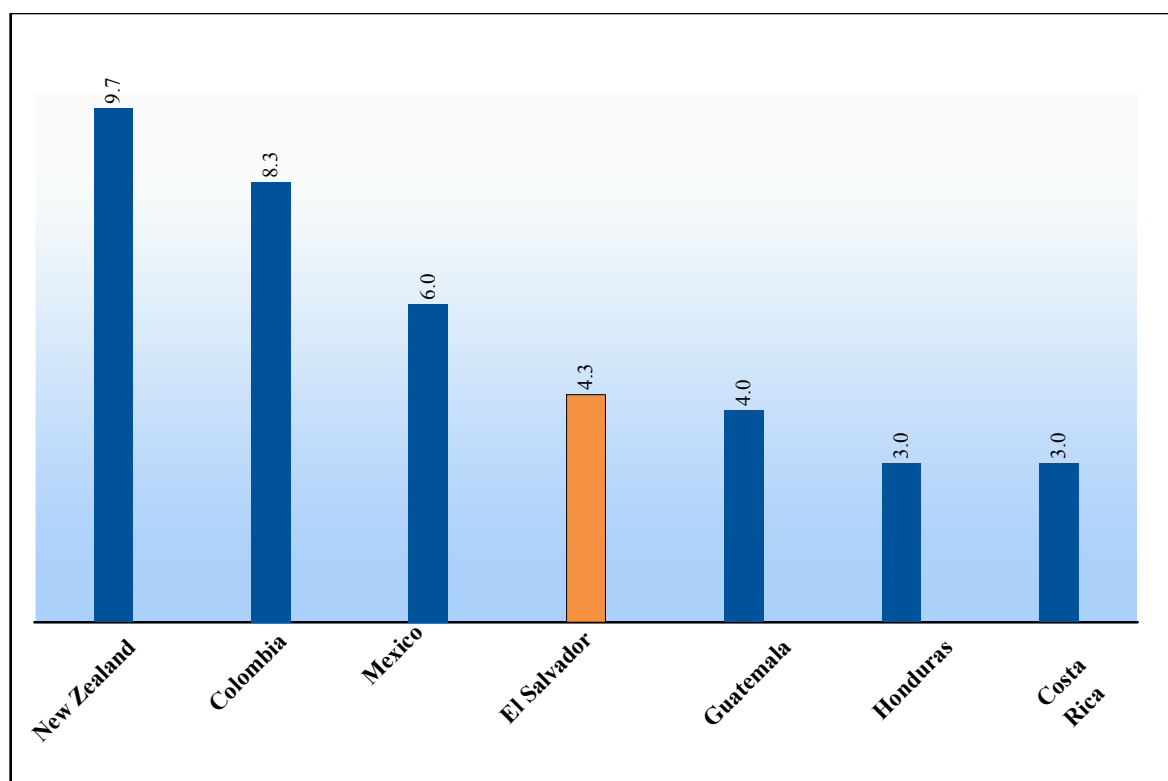
<i>Selected Economy</i>	
El Salvador	4.3

<i>Comparator Economies</i>	
Colombia	8.3
Costa Rica	3.0
Guatemala	4.0
Honduras	3.0
Mexico	6.0

2. Historical data: Protecting Investors in El Salvador

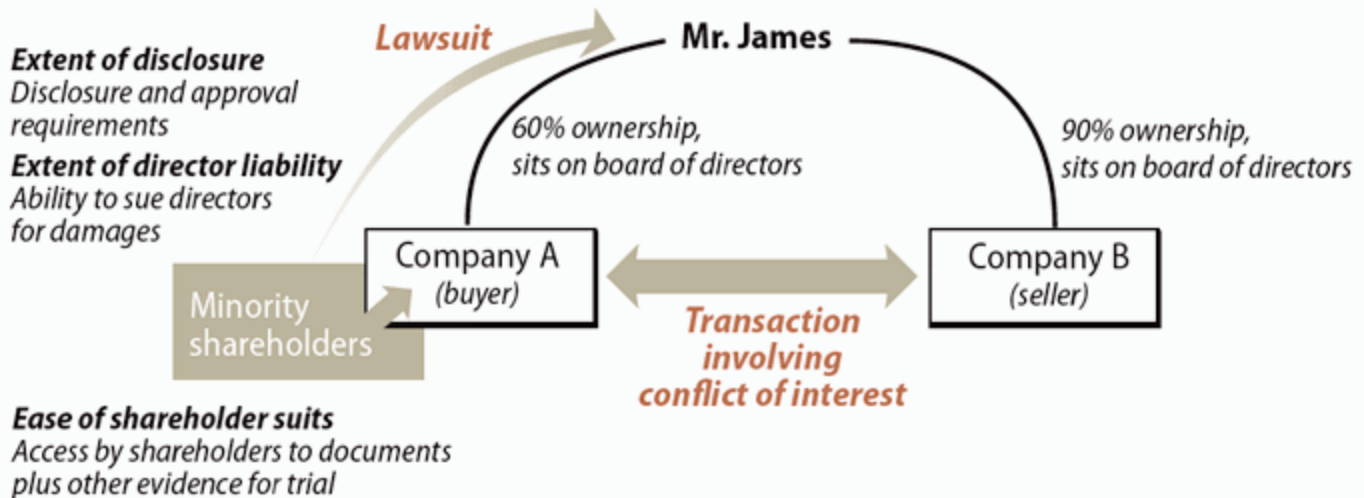
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	119	120
Strength of investor protection index (0-10)	4.3	4.3	4.3	4.3

3. The following graph illustrates the Protecting Investors index in El Salvador compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

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



The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in El Salvador.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	2
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	4.3

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or 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)

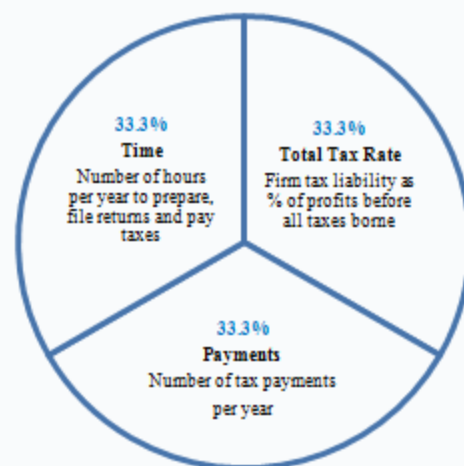
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory 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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



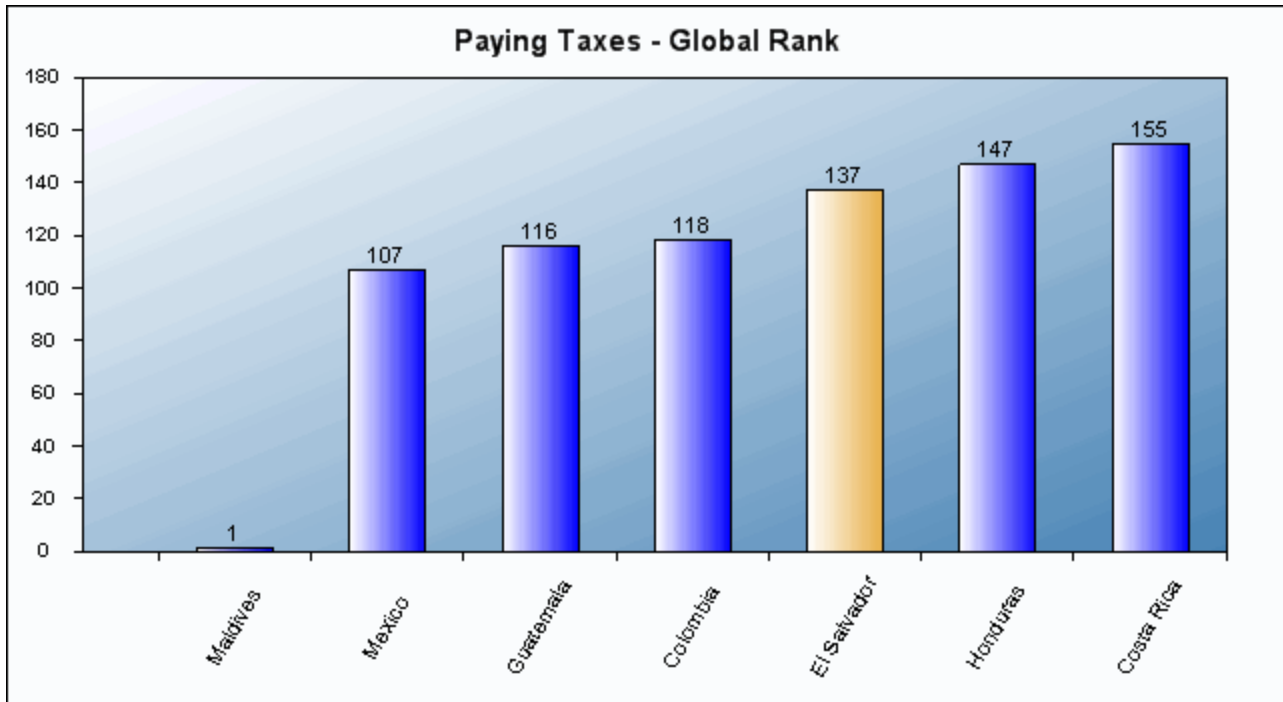
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

El Salvador is ranked 137 overall for Paying Taxes.

Ranking of El Salvador in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
El Salvador	53	320	35.0

<i>Comparator Economies</i>			
Colombia	20	208	78.7
Costa Rica	42	272	55.0
Guatemala	24	344	40.9
Honduras	47	224	48.3
Mexico	6	404	50.5

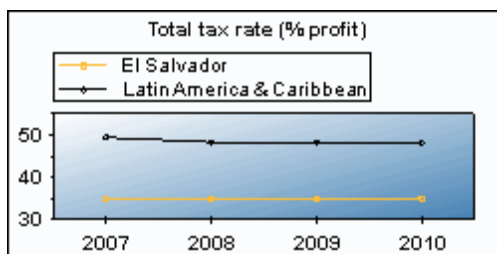
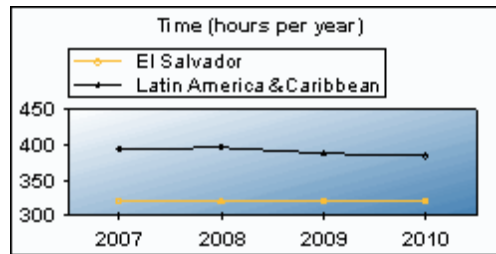
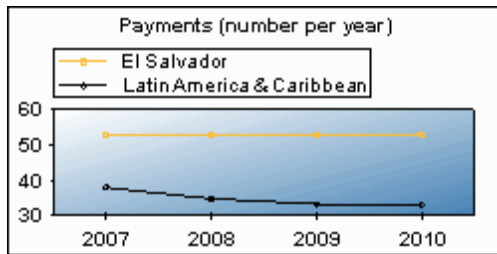
* The following economies are also good practice economies for :

Payments (number per year): Qatar

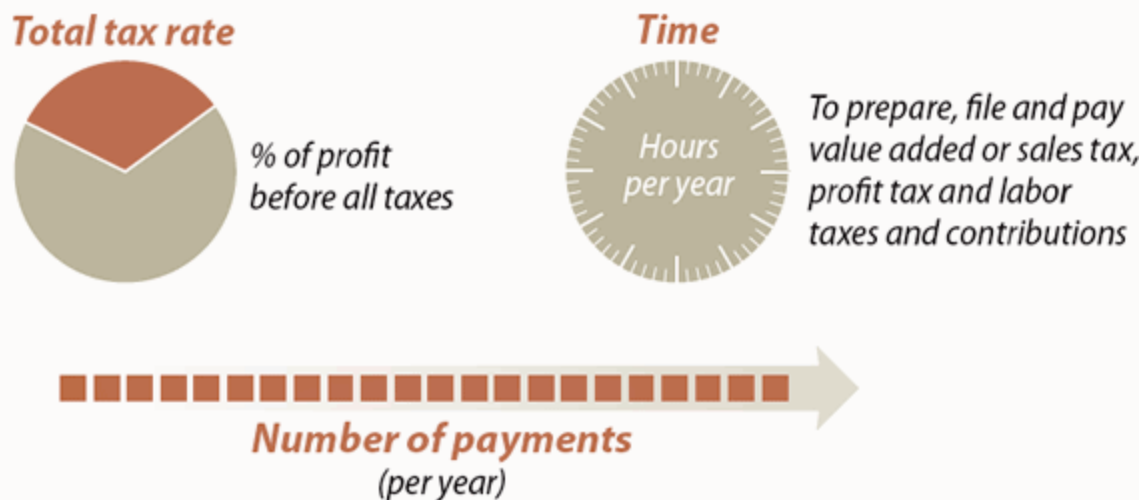
2. Historical data: Paying Taxes in El Salvador

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	137
Total tax rate (% profit)	34.8	34.9	35.0	35.0
Payments (number per year)	53	53	53	53
Time (hours per year)	320	320	320	320

3. The following graphs illustrate the Paying Taxes sub indicators in El Salvador over the past 4 years:



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



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in El Salvador, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		96	13.0%	value added		
Municipal tax over assets	1			Different rates according to assets	total assets	0.10	
Vehicle taxes	1			fixed fee		0.10	
Business license tax	1			fixed fee		0.20	
Excise tax (fuel tax)	1			20c per gallon	fuel consumption	0.30	
Capital gains tax	0	paid jointly		10.0%	capital gains	0.50	
Other payroll taxes	12			1.0%	gross salaries	1.10	
Social security contributions	12		96	6.8%	gross salaries	7.60	
Mandatory health contributions	0	paid jointly		7.5%	gross salaries	8.50	

Corporate income tax	13	128	25.0%	taxable profit	16.50
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Totals	53	320			35.0
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Making trade between countries easier is increasingly important for business in today's globalized world. 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. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

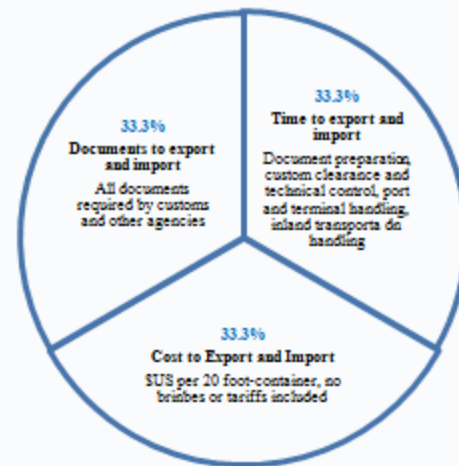
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean 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



Case Study Assumptions

The Business

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

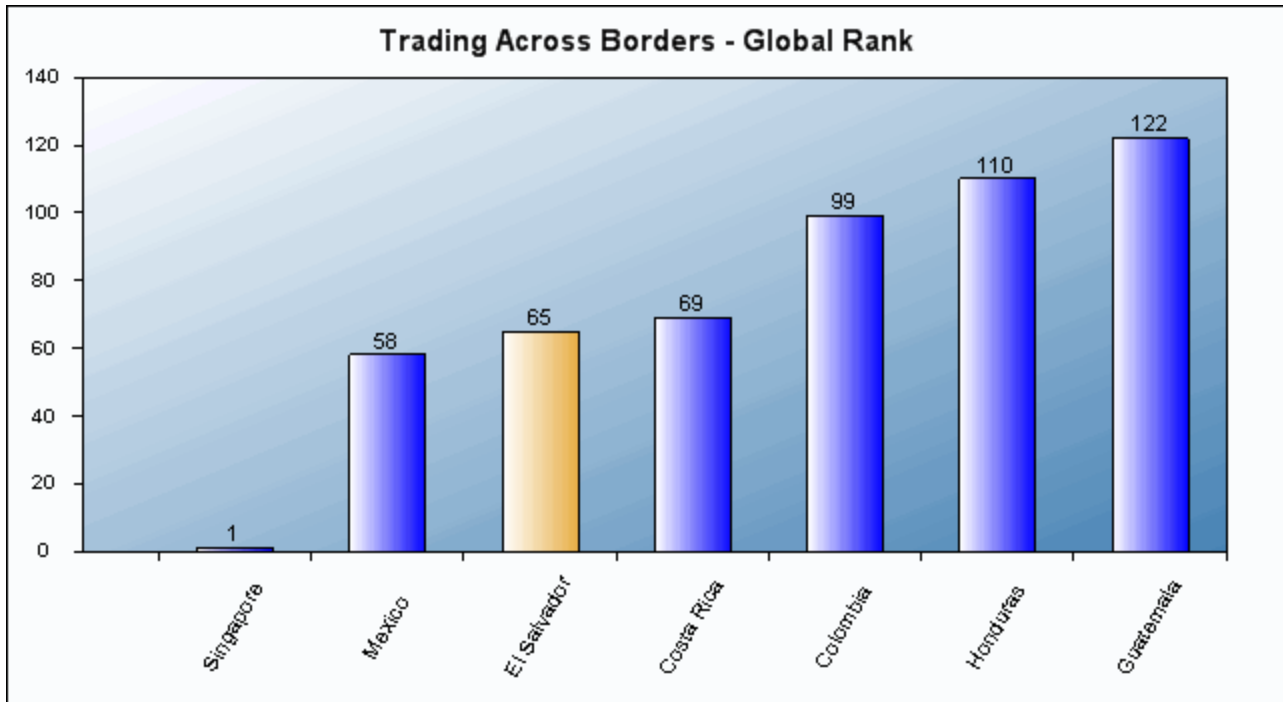
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

El Salvador is ranked 65 overall for Trading Across Borders.

Ranking of El Salvador in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					4	439

<i>Selected Economy</i>						
El Salvador	8	14	845	8	10	845

<i>Comparator Economies</i>						
Colombia	6	14	1770	8	13	1700
Costa Rica	6	13	1190	7	15	1190
Guatemala	10	17	1182	10	17	1302
Honduras	6	19	1193	10	23	1205
Mexico	5	12	1420	4	12	1880

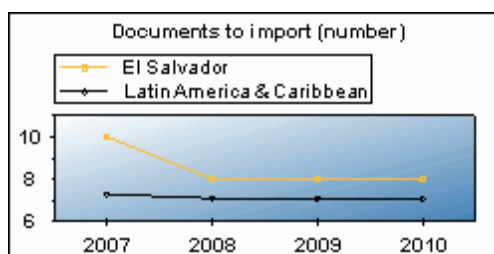
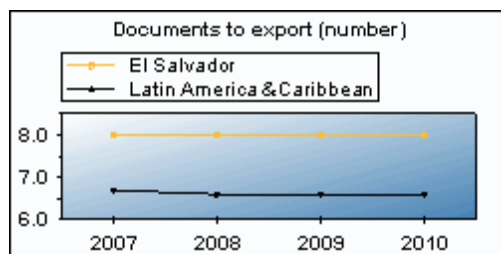
* The following economies are also good practice economies for :

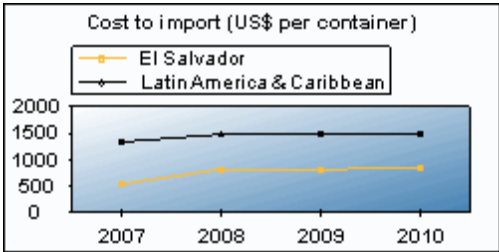
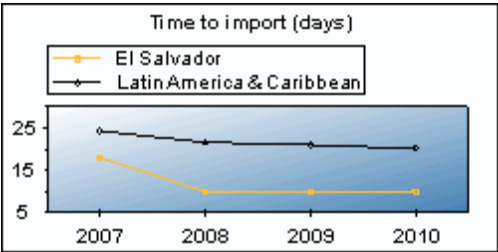
Time to export (days): Estonia

2. Historical data: Trading Across Borders in El Salvador

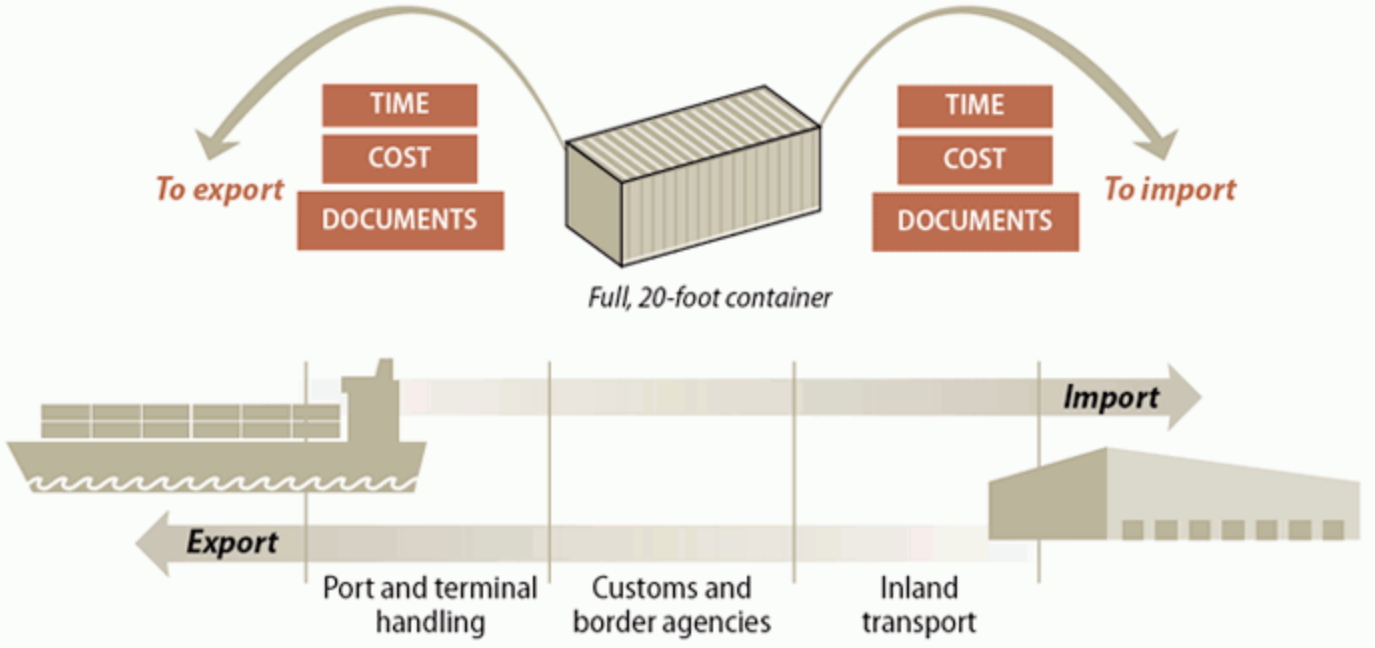
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	62	65
Cost to export (US\$ per container)	540	880	880	845
Cost to import (US\$ per container)	540	820	820	845
Documents to export (number)	8	8	8	8
Documents to import (number)	10	8	8	8
Time to export (days)	21	14	14	14
Time to import (days)	18	10	10	10

3. The following graphs illustrate the Trading Across Borders sub indicators in El Salvador over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



These tables list the procedures necessary to import and export a standardized cargo of goods in El Salvador. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	380
Customs clearance and technical control	4	75
Ports and terminal handling	3	90
Inland transportation and handling	3	300
Totals	14	845

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	3	380
Customs clearance and technical control	2	75
Ports and terminal handling	3	90
Inland transportation and handling	2	300
Totals	10	845

Documents for Export and Import

Export

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

Import

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

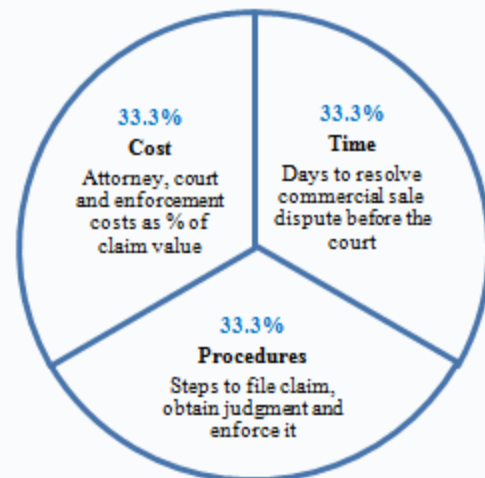
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs



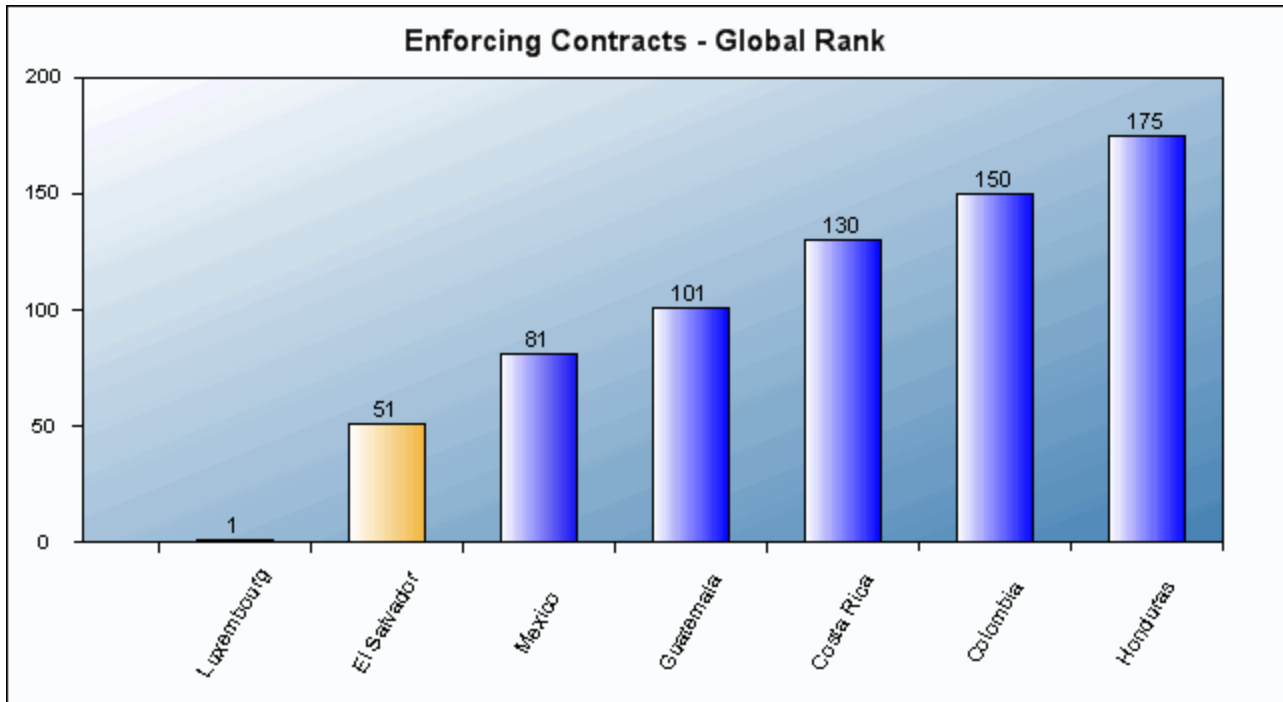
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

El Salvador is ranked 51 overall for Enforcing Contracts.

Ranking of El Salvador in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

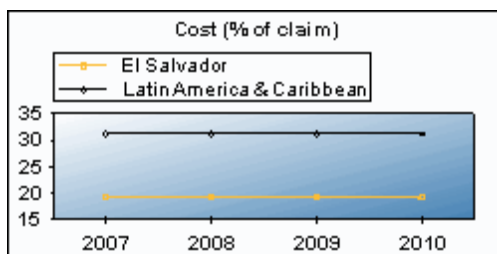
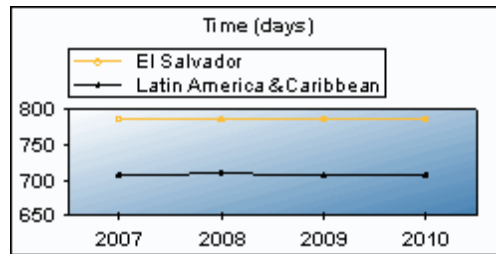
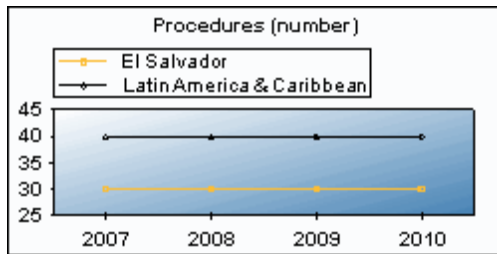
<i>Selected Economy</i>			
El Salvador	30	786	19.2

<i>Comparator Economies</i>			
Colombia	34	1346	47.9
Costa Rica	40	852	24.3
Guatemala	31	1459	26.5
Honduras	45	900	35.2
Mexico	38	415	32.0

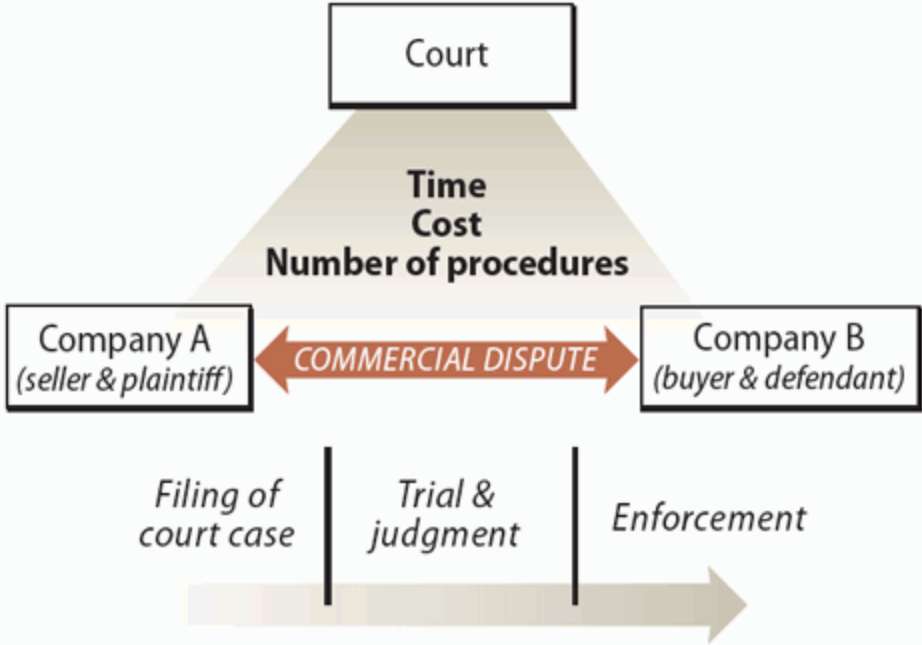
2. Historical data: Enforcing Contracts in El Salvador

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	50	51
Procedures (number)	30	30	30	30
Time (days)	786	786	786	786
Cost (% of claim)	19.2	19.2	19.2	19.2

3. The following graphs illustrate the Enforcing Contracts sub indicators in El Salvador over the past 4 years:



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



This topic looks at the efficiency of contract enforcement in El Salvador.

Nature of Procedure (2010)	Indicator
Procedures (number)	30
Time (days)	786
Filing and service	40.0
Trial and judgment	381.0
Enforcement of judgment	365.0
Cost (% of claim)*	19.20
Attorney cost (% of claim)	15.0
Court cost (% of claim)	3.0
Enforcement Cost (% of claim)	1.2

Court information: San Salvador Commercial Court("Juzgado de la Mercantil")

* Claim assumed to be equivalent to 200% of income per capita.

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 businesses' speedy return 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.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

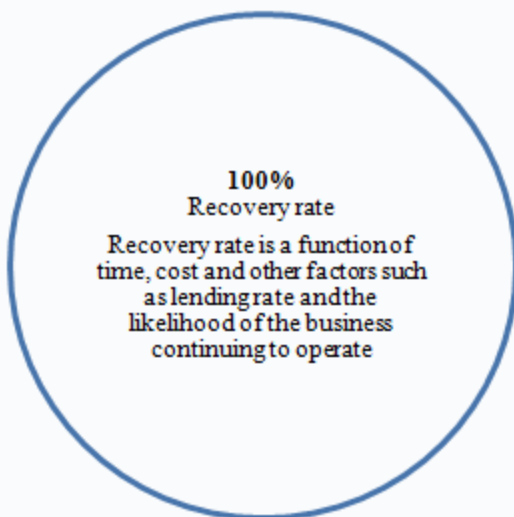
- Measured in calendar years
- Appeals and requests for extension are included

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

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

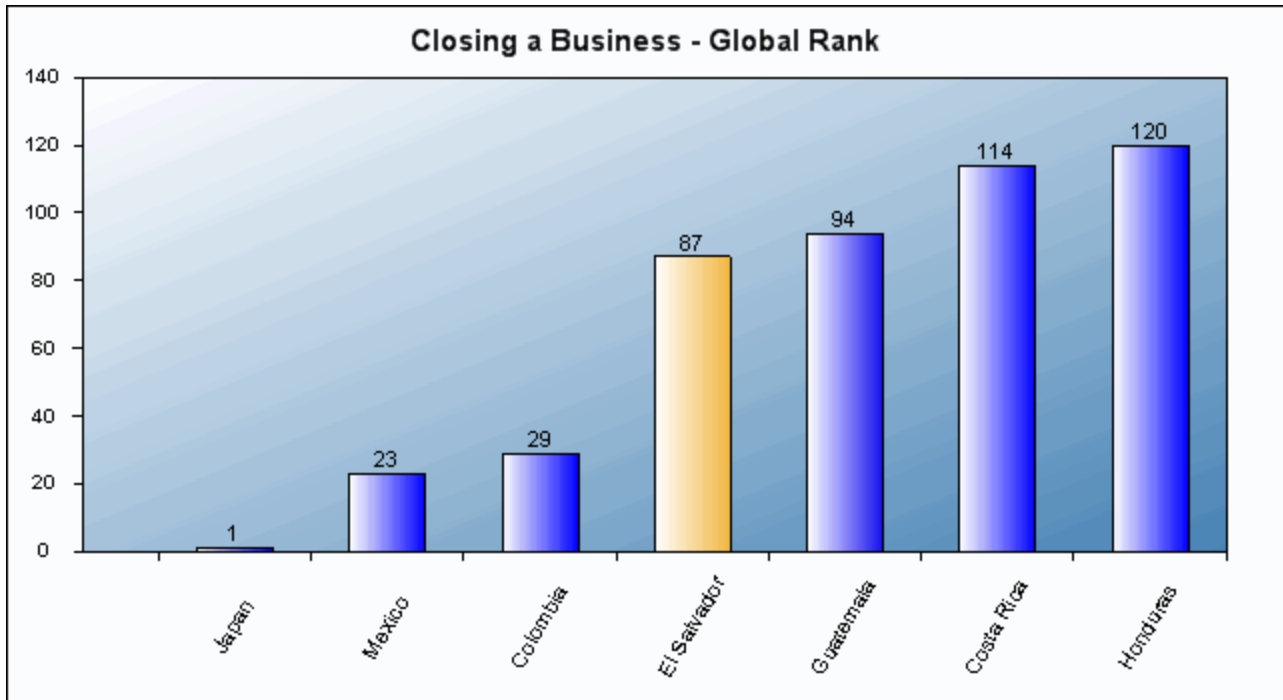
The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

El Salvador is ranked 87 overall for Closing a Business.

Ranking of El Salvador in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for El Salvador compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore*			1

<i>Selected Economy</i>			
El Salvador	29.2	4.0	9

<i>Comparator Economies</i>			
Colombia	62.4	3.0	1
Costa Rica	21.2	3.5	15
Guatemala	27.5	3.0	15
Honduras	19.9	3.8	15
Mexico	66.7	1.8	18

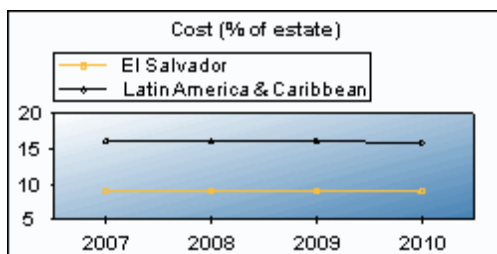
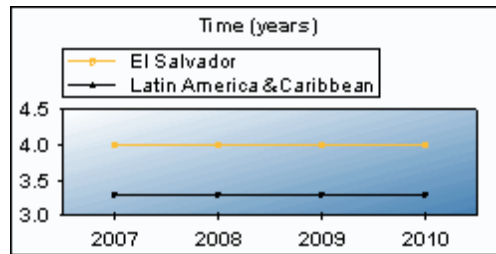
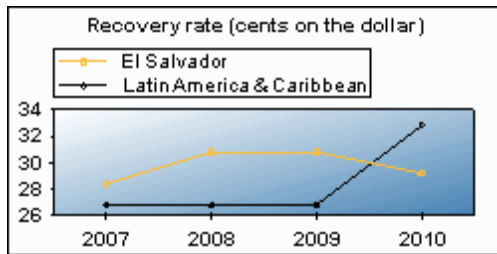
* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

2. Historical data: Closing Business in El Salvador

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	82	87
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	28.4	30.8	30.8	29.2

3. The following graphs illustrate the Closing Business sub indicators in El Salvador over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓		✓			
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

 Positive Change
 Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made 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. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Colombia	Colombia eased construction permitting by improving the electronic verification of prebuilding certificates.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	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. 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. 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.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Vietnam

Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.

Zambia

Zambia eased business start-up by eliminating the minimum capital requirement. 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. 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.



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