12TH EDITION

Doing Business 2015

Going Beyond Efficiency

Regional Profile 2015

Europe and Central Asia (ECA)

COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 189 ECONOMIES

A World Bank Group Flagship Report

WORLD BANK GROUP

The World Bank
1818 H Street NW, Washington, DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org

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INTRODUCTION

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

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

This regional profile presents the *Doing Business* indicators for economies in Europe and Central Asia (ECA). It also shows the regional average, the best performance globally for each indicator and data for the following comparator regions: The data in this report are current as of June 1, 2014 (except for the paying taxes indicators, which cover the period January–December 2013).

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

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

THE BUSINESS ENVIRONMENT

CHANGES IN *DOING BUSINESS 2015*

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

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

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

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

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

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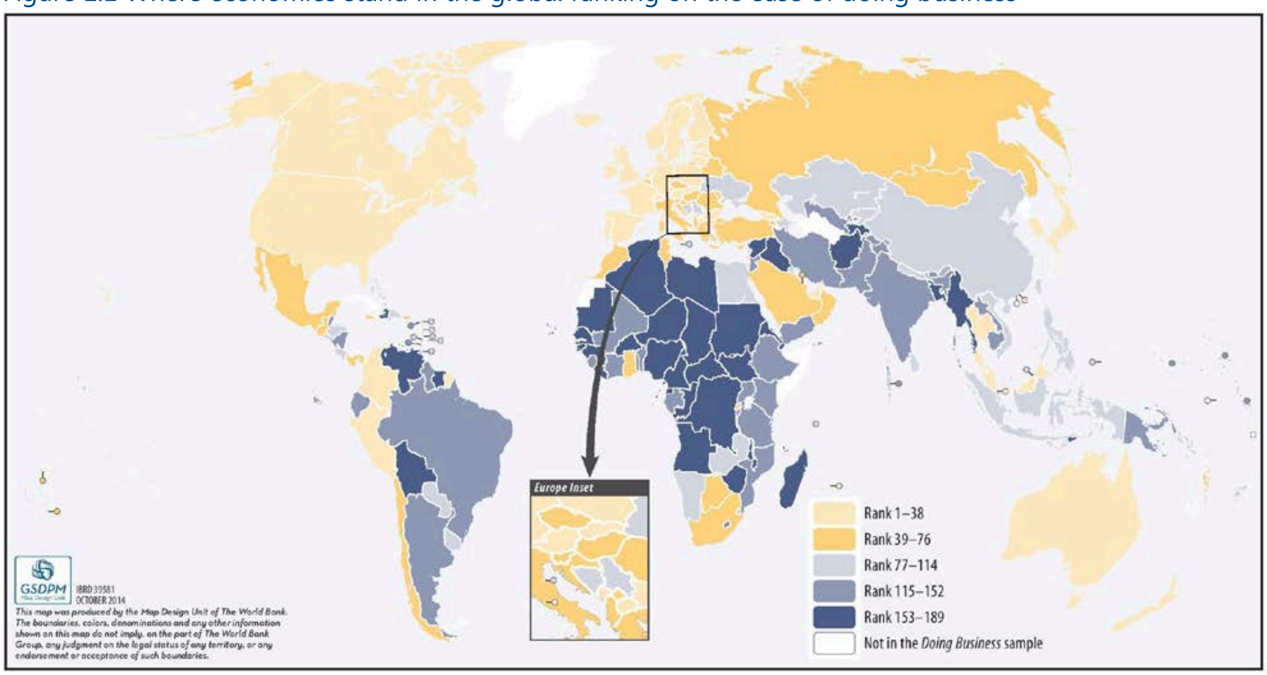
For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. *Doing Business* provides an aggregate ranking on the ease of doing business based on indicator sets that measure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

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

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

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



Source: Doing Business database.

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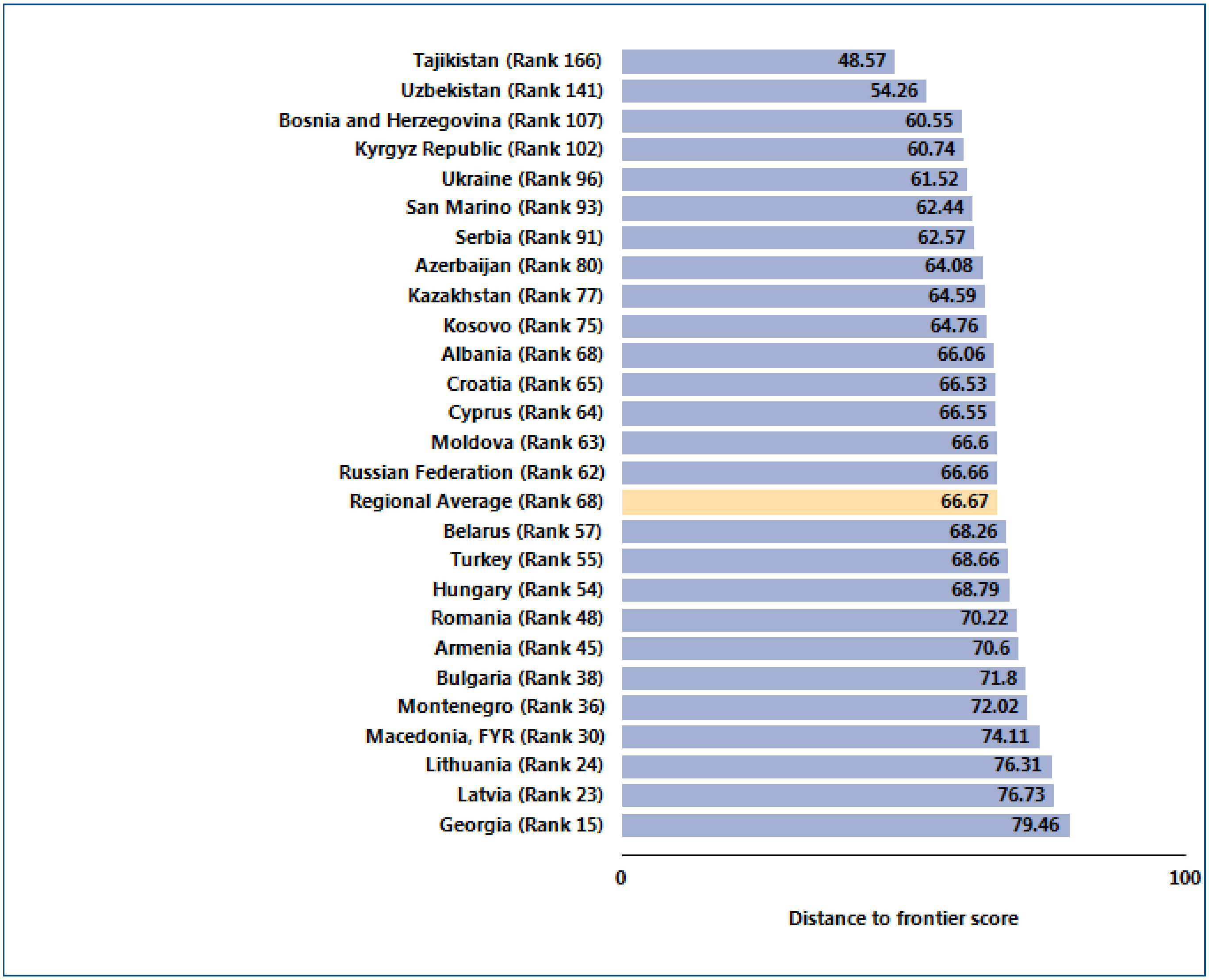
For policy makers, knowing where their economy stands in the aggregate ranking on the ease of doing business is useful. Also useful is to know how it ranks compared with other economies in the region and compared with the regional average (figure 1.2). Another perspective is provided by the regional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

Figure 1.2 How economies in Europe and Central Asia (ECA) rank on the ease of doing business

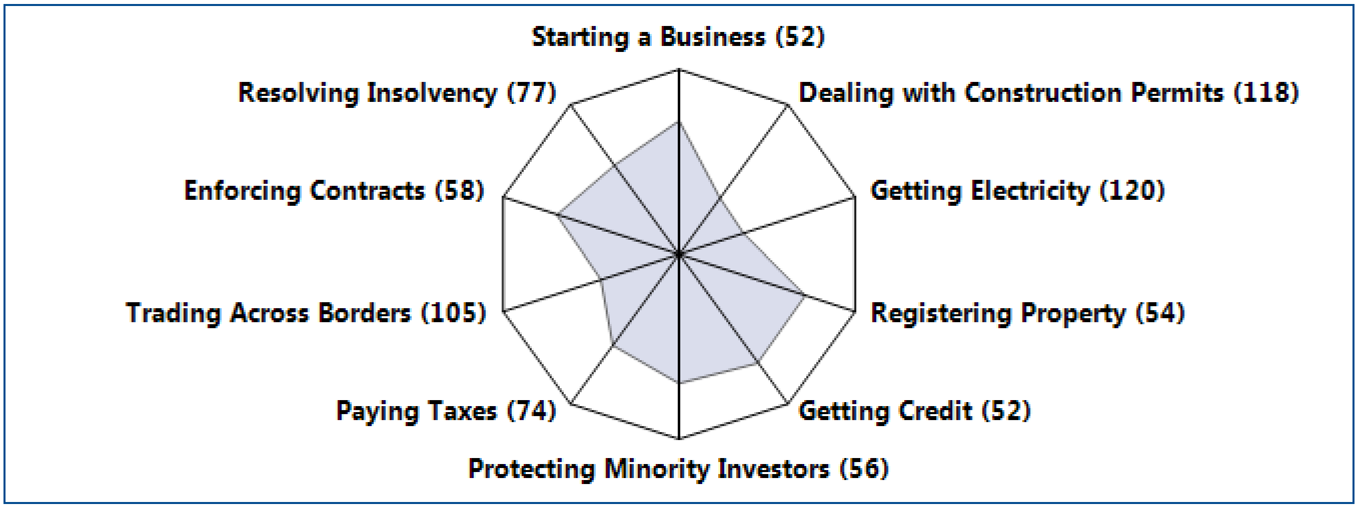


Note: The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance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

THE BUSINESS ENVIRONMENT

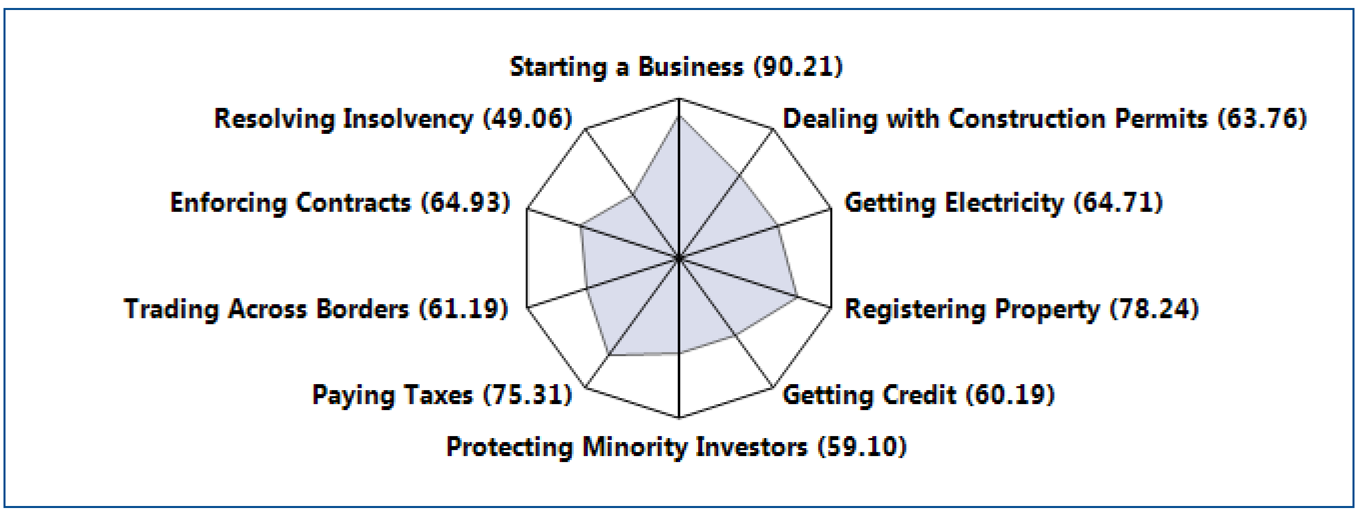
Figure 1.3 Rankings on *Doing Business* topics - Europe and Central Asia (ECA)
(Scale: Rank 189 center, Rank 1 outer edge)

Regional average ranking



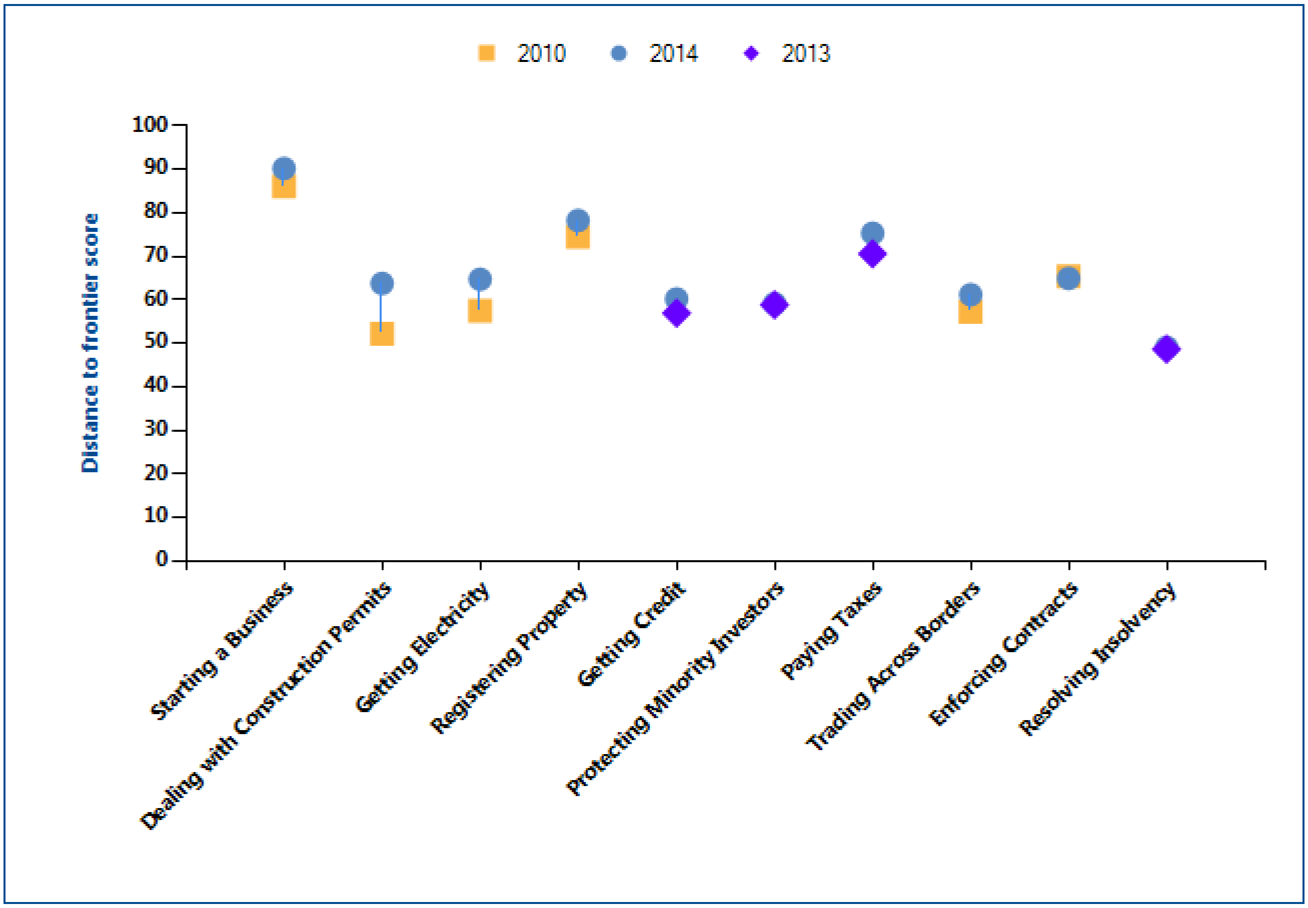
Source: Doing Business database.

Figure 1.4 Distance to frontier scores on *Doing Business* topics - Europe and Central Asia (ECA)
(Scale: Score 0 center, Score 100 outer edge)



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

Figure 1.5 How far has Europe and Central Asia (ECA) come in the areas measured by *Doing Business*?



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

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

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

Table 1.1 Summary of *Doing Business* indicators for Europe and Central Asia (ECA)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
Starting a Business (rank)	147 (Bosnia and Herzegovina)	3 (Macedonia, FYR)	52	1 (New Zealand)
Starting a Business (DTF Score)	72.51 (Bosnia and Herzegovina)	98.08 (Macedonia, FYR)	90.21	99.96 (New Zealand)
Procedures (number)	11.0 (Bosnia and Herzegovina)	2.0 (4 Economies*)	5.0	1.0 (New Zealand*)
Time (days)	40.0 (San Marino)	2.0 (Georgia*)	12.1	0.5 (New Zealand)
Cost (% of income per capita)	23.3 (Tajikistan)	0.5 (Kazakhstan)	5.3	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	54.0 (Hungary)	0.0 (20 Economies*)	5.8	0.0 (112 Economies*)
Dealing with Construction Permits (rank)	186 (Serbia)	3 (Georgia)	118	1 (Hong Kong SAR, China)
Dealing with Construction Permits (DTF Score)	29.14 (Serbia)	91.44 (Georgia)	63.76	95.53 (Hong Kong SAR, China)
Procedures (number)	27.0 (Moldova)	8.0 (4 Economies*)	16.1	5.0 (Hong Kong SAR, China)
Time (days)	677.0 (Cyprus)	64.0 (Ukraine)	176.8	26.0 (Singapore)
Cost (% of warehouse value)	25.7 (Serbia)	0.2 (Hungary)	5.0	0.0 (Qatar*)
Getting Electricity (rank)	185 (Ukraine)	6 (San Marino)	120	1 (Korea, Rep.)

Indicator	**Lowest regional performance**	**Best regional performance**	**Regional average**	**Best global performance**
Getting Electricity (DTF Score)	32.65 (Ukraine)	95.84 (San Marino)	64.71	99.83 (Korea, Rep.)
Procedures (number)	10.0 (Ukraine)	3.0 (San Marino)	6.0	3.0 (12 Economies*)
Time (days)	277.0 (Ukraine)	45.0 (San Marino)	138.0	18.0 (Korea, Rep.*)
Cost (% of income per capita)	1,872.2 (Kyrgyz Republic)	45.5 (Lithuania)	471.1	0.0 (Japan)
Registering Property (rank)	143 (Uzbekistan)	1 (Georgia)	54	1 (Georgia)
Registering Property (DTF Score)	55.21 (Uzbekistan)	99.88 (Georgia)	78.24	99.88 (Georgia)
Procedures (number)	13.0 (Uzbekistan)	1.0 (Georgia)	5.4	1.0 (4 Economies*)
Time (days)	72.0 (Croatia)	1.0 (Georgia)	23.1	1.0 (3 Economies*)
Cost (% of property value)	10.4 (Cyprus)	0.0 (Belarus)	2.7	0.0 (4 Economies*)
Getting Credit (rank)	180 (San Marino)	4 (Montenegro)	52	1 (New Zealand)
Getting Credit (DTF Score)	5.00 (San Marino)	90.00 (Montenegro)	60.19	100.00 (New Zealand)
Strength of legal rights index (0-12)	1 (3 Economies*)	12 (Montenegro)	6	12 (3 Economies*)
Depth of credit information index (0-8)	4 (Cyprus)	8 (3 Economies*)	6	8 (23 Economies*)
Credit registry coverage (% of adults)	12.3 (Romania)	76.8 (Latvia)	19.3	100.0 (Portugal)
Credit bureau coverage (% of adults)	6.8 (Cyprus)	100.0 (Croatia*)	33.7	100.0 (23 Economies*)
Protecting Minority Investors (rank)	110 (San Marino*)	7 (Albania)	56	1 (New Zealand)
Protecting Minority Investors (DTF Score)	47.50 (San Marino*)	72.50 (Albania)	59.10	81.67 (New Zealand)
Extent of conflict of interest regulation index (0-10)	4.0 (Ukraine*)	7.3 (Georgia*)	6.0	9.3 (Singapore*)
Extent of shareholder governance index (0-10)	3.5 (San Marino)	7.3 (Bulgaria)	5.9	7.8 (France*)
Strength of minority investor protection index (0-10)	4.8 (San Marino*)	7.3 (Albania)	5.9	8.2 (New Zealand)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
Paying Taxes (rank)	169 (Tajikistan)	7 (Macedonia, FYR)	74	1 (United Arab Emirates*)
Paying Taxes (DTF Score)	46.06 (Tajikistan)	94.17 (Macedonia, FYR)	75.31	99.44 (United Arab Emirates*)
Payments (number per year)	67.0 (Serbia)	5.0 (Georgia*)	20.5	3.0 (Hong Kong SAR, China*)
Time (hours per year)	454.0 (Bulgaria)	52.0 (San Marino)	234.3	55.0 (Luxembourg)
Trading Across Borders (rank)	189 (Uzbekistan)	21 (Lithuania)	105	1 (Singapore)
Trading Across Borders (DTF Score)	2.56 (Uzbekistan)	87.21 (Lithuania)	61.19	96.47 (Singapore)
Documents to export (number)	11 (Tajikistan*)	4 (4 Economies*)	7	2 (Ireland*)
Time to export (days)	79.0 (Kazakhstan)	7.0 (Cyprus)	23.6	6.0 (5 Economies*)
Cost to export (US$ per container)	9,050.0 (Tajikistan)	600.0 (Latvia)	2,154.5	410.0 (Timor-Leste)
Documents to import (number)	13 (Uzbekistan)	4 (Georgia*)	8	2 (Ireland*)
Time to import (days)	104.0 (Uzbekistan)	5.0 (Cyprus)	25.9	4.0 (Singapore)
Cost to import (US$ per container)	10,650.0 (Tajikistan)	730.0 (Albania)	2,435.9	440.0 (Singapore)
Enforcing Contracts (rank)	138 (Kosovo)	7 (Belarus)	58	1 (Singapore)
Enforcing Contracts (DTF Score)	48.59 (Kosovo)	78.70 (Belarus)	64.93	89.54 (Singapore)
Time (days)	735.0 (Cyprus)	195.0 (Uzbekistan)	448.1	150.0 (Singapore)
Cost (% of claim)	46.3 (Ukraine)	13.8 (Croatia)	25.2	9.0 (Iceland)
Procedures (number)	53.0 (Kosovo)	27.0 (Latvia)	37.0	21.0 (Singapore*)
Resolving Insolvency (rank)	164 (Kosovo)	33 (Montenegro)	77	1 (Finland)
Resolving Insolvency (DTF Score)	19.63 (Kosovo)	68.22 (Montenegro)	49.06	93.85 (Finland)
Time (years)	4.0 (Kyrgyz Republic)	1.4 (Montenegro)	2.3	0.4 (Ireland)
Cost (% of estate)	42.0 (Ukraine)	5.0 (San Marino)	13.3	1.0 (Norway)
Recovery rate (cents on the dollar)	8.6 (Ukraine)	70.5 (Cyprus)	37.7	92.9 (Japan)

Indicator	Lowest regional performance	Best regional performance	Regional average	Best global performance
Strength of insolvency framework index (0-16)	0.0 (Kosovo)	15.0 (Bulgaria*)	9.2	15.0 (5 Economies*)

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

STARTING A BUSINESS

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

What do the indicators cover?

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

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

- Is a limited liability company, located in the largest business city[1], is 100% domestically owned with between 10 and 50 employees.
- Conducts general commercial or industrial activities.
- Has a start-up capital of 10 times income per capita.
- Has a turnover of at least 100 times income per capita.
- Does not qualify for any special benefits.
- Does not own real estate.

WHAT THE STARTING A BUSINESS INDICATORS MEASURE

Procedures to legally start and operate a company (number)

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

Registration in the economy's largest business city[1]

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

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day (2 procedures cannot start on the same day). Procedures that can be fully completed online are recorded as ½ day.

Procedure completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

No professional fees unless services required by law

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

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

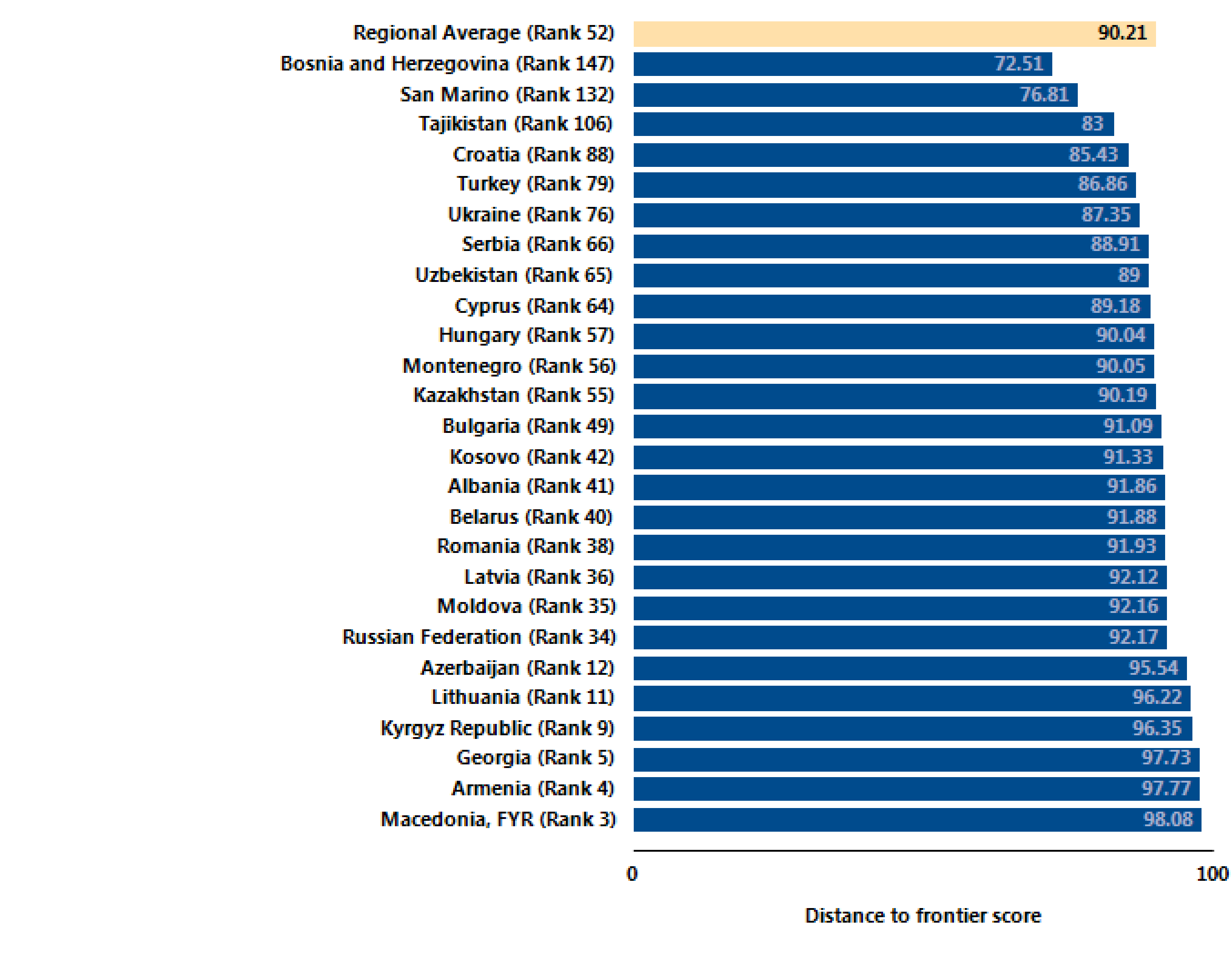
[1] For the 11 economies with a population of more than 100 million, data for a second city have been added.

STARTING A BUSINESS

Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Europe and Central Asia (ECA) to start a business? The global rankings of these economies on the ease of starting a business suggest an answer (figure 2.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 2.1 How economies in Europe and Central Asia (ECA) rank on the ease of starting a business



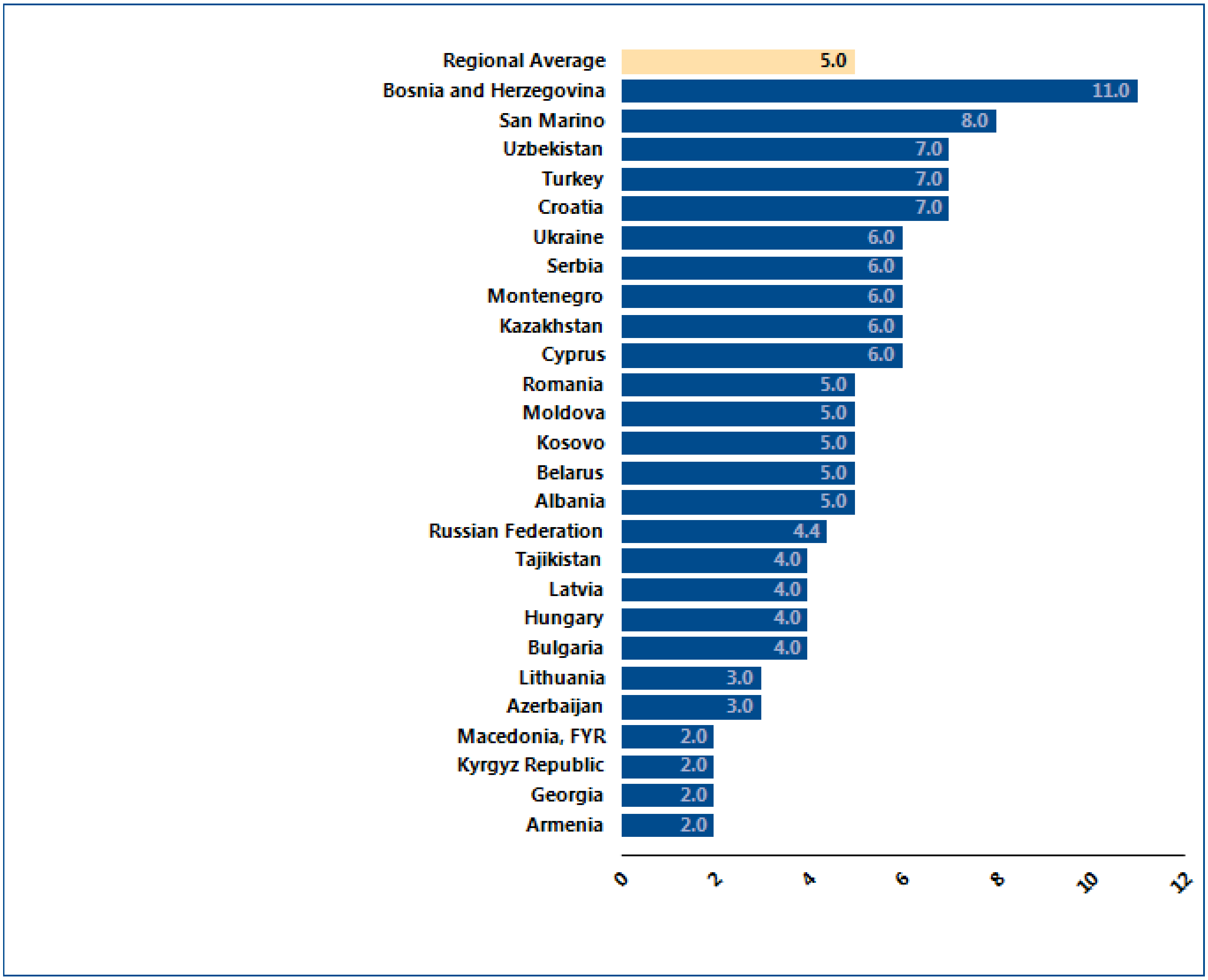
Source: Doing Business database.

STARTING A BUSINESS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to start a business in each economy in the region: the number of procedures, the time, the cost and the paid-in minimum capital requirement (figure 2.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

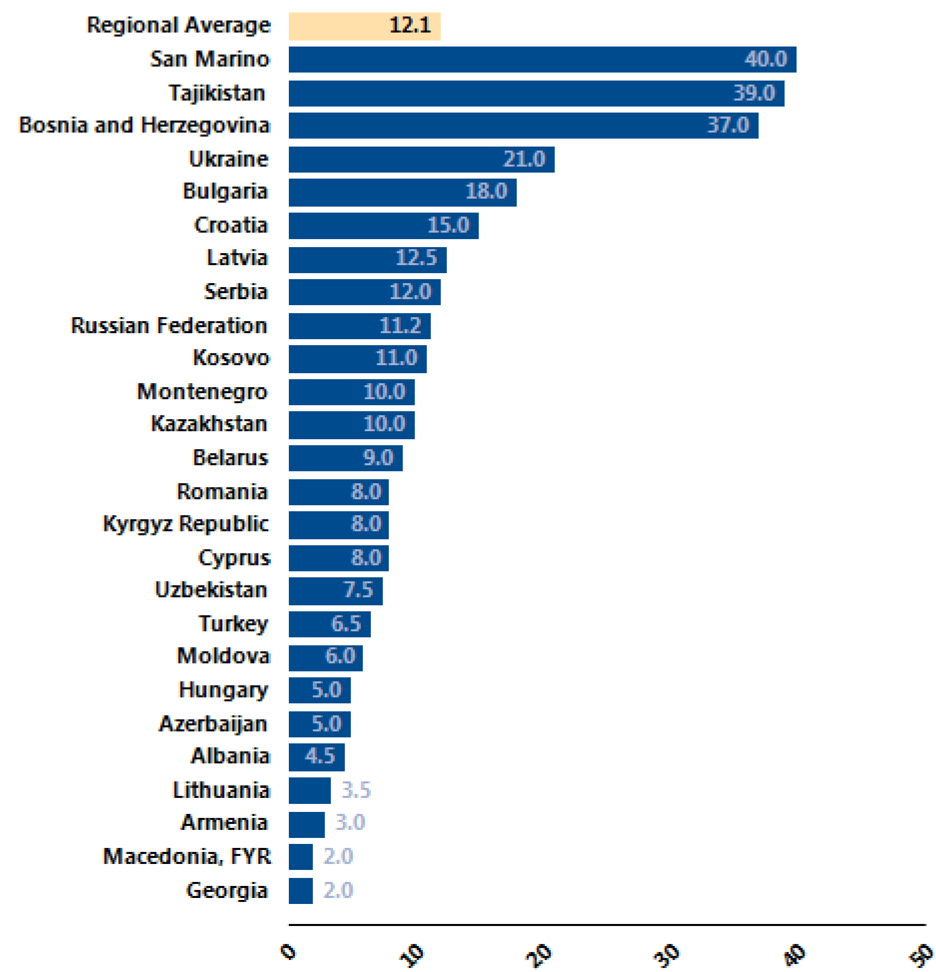
Figure 2.2 What it takes to start a business in economies in Europe and Central Asia (ECA)

Procedures (number)



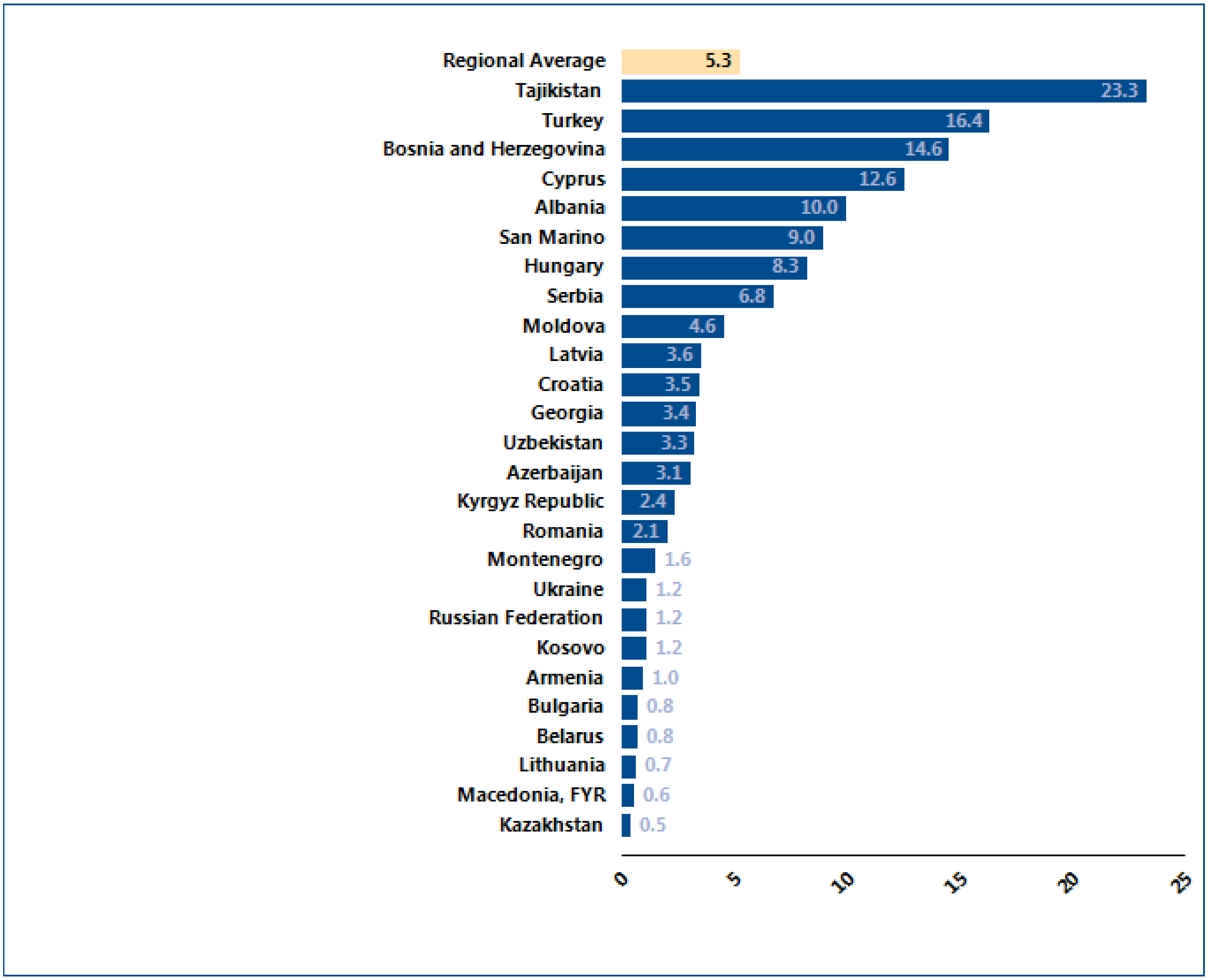
STARTING A BUSINESS

Time (days)



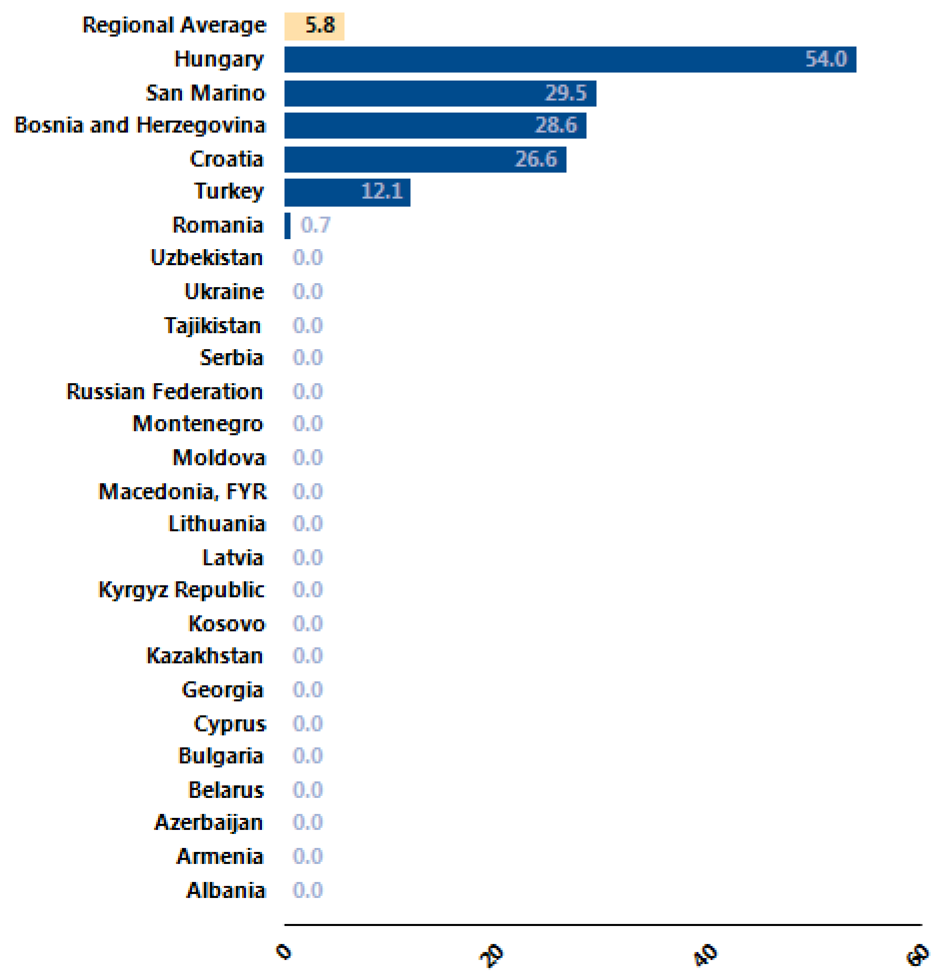
STARTING A BUSINESS

Cost (% of income per capita)



STARTING A BUSINESS

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



Source: Doing Business database.

STARTING A BUSINESS

What are the changes over time?

Economies around the world have taken steps making it easier to start a business—streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology, and reducing or eliminating minimum capital requirements. Many have undertaken business registration reforms in stages—and often as part of a larger regulatory reform program. Among the benefits have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities.

What business registration reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 2.1)?

Table 2.1 How have economies in Europe and Central Asia (ECA) made starting a business easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Albania*	Albania made starting a business easier by lowering registration fees.
DB2015	*Armenia*	Armenia made starting a business easier by streamlining postregistration procedures.
DB2015	*Azerbaijan*	Azerbaijan made starting a business easier by reducing the time to obtain an electronic signature for online tax registration.
DB2015	*Bulgaria*	Bulgaria made starting a business easier by lowering registration fees.
DB2015	*Croatia*	Croatia made starting a business easier by reducing notary fees.
DB2015	*Hungary*	Hungary made starting a business more difficult by increasing the paid-in minimum capital requirement.
DB2015	*Latvia*	Latvia made starting a business more difficult by increasing registration fees, bank fees and notary fees.
DB2015	*Lithuania*	Lithuania made starting a business easier by eliminating the need to have a company seal and speeding up the value added tax (VAT) registration at the State Tax Inspectorate.
DB2015	*Macedonia, FYR*	The former Yugoslav Republic of Macedonia made starting a business easier by making online registration free of charge.
DB2015	*Moldova*	Moldova made starting a business easier by abolishing the minimum capital requirement.
DB2015	*Russian Federation*	The Russian Federation made starting a business easier by eliminating the requirement to deposit the charter capital before company registration as well as the requirement to notify tax authorities of the opening of a bank account. This reform applies to both Moscow and St. Petersburg.

DB year	Economy	Reform
DB2015	*Tajikistan*	Tajikistan made starting a business easier by enabling the Statistics Agency to issue the statistics code for the new business at the time of registration.
DB2015	*Turkey*	Turkey made starting a business more difficult by increasing the notary and company registration fees.
DB2014	*Armenia*	Armenia made starting a business easier by eliminating the company registration fees.
DB2014	*Azerbaijan*	Azerbaijan made starting a business easier by introducing free online registration services and eliminating preregistration formalities.
DB2014	*Belarus*	Belarus made starting a business easier by reducing the registration fees and eliminating the requirement for an initial capital deposit at a bank before registration.
DB2014	*Croatia*	Croatia made starting a business easier by introducing a new form of limited liability company with a lower minimum capital requirement and simplified incorporation procedures.
DB2014	*Kazakhstan*	Kazakhstan made starting a business easier by reducing the time it takes to register a company at the Public Registration Center.
DB2014	*Latvia*	Latvia made starting a business easier by making it possible to file the applications for company registration and value added tax registration simultaneously at the commercial registry.
DB2014	*Lithuania*	Lithuania made starting a business easier by creating a new form of limited liability company with no minimum capital requirement.
DB2014	*Romania*	Romania made starting a business easier by transferring responsibility for issuing the headquarters clearance certificate from the Fiscal Administration Office to the Trade Registry.
DB2014	*Russian Federation*	Russia made starting a business easier by abolishing the requirement to have the bank signature card notarized before opening a company bank account.
DB2014	*Tajikistan*	Tajikistan made starting a business more difficult by requiring preliminary approval from the tax authority and the submission of additional documents at registration.
DB2014	*Turkey*	Turkey made starting a business more difficult by increasing the minimum capital requirement.
DB2014	*Ukraine*	Ukraine made starting a business easier by eliminating the requirement for registration with the statistics authority and by eliminating the cost for value added tax registration.
DB2014	*Uzbekistan*	Uzbekistan made starting a business easier by abolishing the paid-in minimum capital requirement and by eliminating the requirement to have signature samples notarized before

DB year	Economy	Reform
		opening a bank account.
DB2014	*Kosovo*	Kosovo made starting a business easier by creating a one-stop shop for incorporation.
DB2013	*Albania*	Albania made starting a business easier by making the notarization of incorporation documents optional.
DB2013	*Belarus*	Belarus made starting a business more difficult by increasing the cost of business registration and the cost to obtain a company seal.
DB2013	*Bulgaria*	Bulgaria made starting a business easier by reducing the cost of registration.
DB2013	*Hungary*	Hungary made starting a business more complex by increasing the registration fees for limited liability companies and adding a new tax registration at the time of incorporation.
DB2013	*Kazakhstan*	Kazakhstan made starting a business easier by eliminating the requirement to pay in minimum capital within 3 months after incorporation.
DB2013	*Lithuania*	Lithuania made starting a business easier by introducing online registration for limited liability companies and eliminating the notarization requirement for incorporation documents.
DB2013	*Macedonia, FYR*	FYR Macedonia made starting a business easier by simplifying the process for obtaining a company seal.
DB2013	*Romania*	Romania made starting a business easier by reducing the time required to obtain a clearance certificate from the fiscal administration agency.
DB2013	*Ukraine*	Ukraine made starting a business easier by eliminating the minimum capital requirement for company incorporation as well as the requirement to have incorporation documents notarized.
DB2013	*Uzbekistan*	Uzbekistan made starting a business easier by introducing an online facility for name reservation and eliminating the fee to open a bank account for small businesses.
DB2013	*Serbia*	Serbia made starting a business easier by eliminating the paid-in minimum capital requirement.
DB2013	*Kosovo*	Kosovo made starting a business easier by eliminating the minimum capital requirement and business registration fee and streamlining the business registration process.
DB2012	*Armenia*	Armenia made starting a business easier by establishing a one-stop shop that merged the procedures for name reservation, business registration and obtaining a tax identification number and by allowing for online company registration.

DB year	Economy	Reform
DB2012	*Bosnia and Herzegovina*	Bosnia and Herzegovina made starting a business easier by replacing the required utilization permit with a simple notification of commencement of activities and by streamlining the process for obtaining a tax identification number.
DB2012	*Georgia*	Georgia simplified business start-up by eliminating the requirement to visit a bank to pay the registration fees.
DB2012	*Latvia*	Latvia made starting a business easier by reducing the minimum capital requirement and introducing a common application for value added tax and company registration.
DB2012	*Moldova*	Moldova made starting a business easier by implementing a one-stop shop.
DB2012	*Romania*	Romania made starting a business more difficult by requiring a tax clearance certificate for a new company's headquarters before company registration.
DB2012	*Tajikistan*	Tajikistan made starting a business easier by allowing entrepreneurs to pay in their capital up to 1 year after the start of operations, thereby eliminating the requirements related to opening a bank account.
DB2012	*Turkey*	Turkey made starting a business less costly by eliminating notarization fees for the articles of association and other documents.
DB2012	*Ukraine*	Ukraine made starting a business easier by eliminating the requirement to obtain approval for a new corporate seal.
DB2012	*Uzbekistan*	Uzbekistan made starting a business easier by reducing the minimum capital requirement, eliminating 1 procedure and reducing the cost of registration.
DB2012	*Montenegro*	Montenegro made starting a business easier by implementing a one-stop shop.
DB2011	*Bulgaria*	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva ($3,250) to 2 leva ($1.30).
DB2011	*Croatia*	Croatia eased business start-up by allowing limited liability companies to file their registration application with the court registries electronically through the notary public.
DB2011	*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.
DB2011	*Kyrgyz Republic*	The Kyrgyz Republic eased business start-up by eliminating the requirement to have the signatures of company founders notarized.
DB2011	*Lithuania*	Lithuania tightened the time limit for completing the registration of a company.

DB year	Economy	Reform
DB2011	*Macedonia, FYR*	FYR Macedonia made it easier to start a business by further improving its one-stop shop.
DB2011	*Tajikistan*	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority.
DB2011	*Ukraine*	Ukraine eased business start-up by substantially reducing the minimum capital requirement.
DB2011	*Montenegro*	Montenegro eliminated several procedures for business start-up by introducing a single registration form for submission to the tax administration.
DB2011	*Kosovo*	Kosovo made business start-up more difficult by replacing the tax number previously required with a "fiscal number," which takes longer to issue and requires the tax administration to first inspect the business premises.
DB2010	*Albania*	Albania made business start-up easier by making registration electronic and enhancing capacity at the registry, reducing the minimum capital requirement and eliminating the requirement to register at the chamber of commerce.
DB2010	*Armenia*	Armenia made starting a business easier by making the registration forms available online and by eliminating the minimum capital requirement and the requirement to obtain approval from the National Police Department to prepare the company seal.
DB2010	*Belarus*	Belarus made starting a business easier by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries and eliminating the need for approval of the company seal.
DB2010	*Bulgaria*	Bulgaria made starting a business easier by reducing the paid-in minimum capital requirement and enhancing efficiency at the company registry.
DB2010	*Hungary*	Hungary made starting a business easier by implementing online registration, with registration confirmed 1 hour after application.
DB2010	*Kazakhstan*	Kazakhstan made starting a business easier by simplifying documentation requirements and eliminating the requirement to register at the local tax office.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic made starting a business easier by eliminating the minimum capital requirement, reducing the registration time and abolishing certain postregistration fees as well as the need to open a bank account before registration.
DB2010	*Macedonia, FYR*	FYR Macedonia made starting a business easier by integrating procedures at a one-stop shop.
DB2010	*Moldova*	Moldova made starting a business easier by implementing an expedited company registration service and making the

DB year	Economy	Reform
		authentication of specimen signatures when opening a corporate bank account optional.
DB2010	*Tajikistan*	Tajikistan made starting a business easier by reducing the minimum capital requirement and speeding up the issuance of tax identification numbers.
DB2010	*Serbia*	Serbia made starting a business easier by creating a one-stop shop for company registration.
DB2010	*Montenegro*	Montenegro made starting a business easier by simplifying the postregistration process—including tax, social security and employment registration—as well as the process of obtaining a municipal license.

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

DEALING WITH CONSTRUCTION PERMITS

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

What do the indicators cover?

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

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

The business:

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

The warehouse:

- Is valued at 50 times income per capita.
- Is a new construction (there was no previous construction on the land).
- Will have complete architectural and technical plans prepared by a licensed architect or engineer.
- Will be connected to water and sewerage (sewage system, septic tank or their equivalent). The connection to each utility network will be 150 meters (492 feet) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all administrative/regulatory requirement delays).

WHAT THE DEALING WITH CONSTRUCTION PERMITS INDICATORS MEASURE

Procedures to legally build a warehouse (number)

Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

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

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

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

Procedure considered completed once final document is received

No prior contact with officials

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

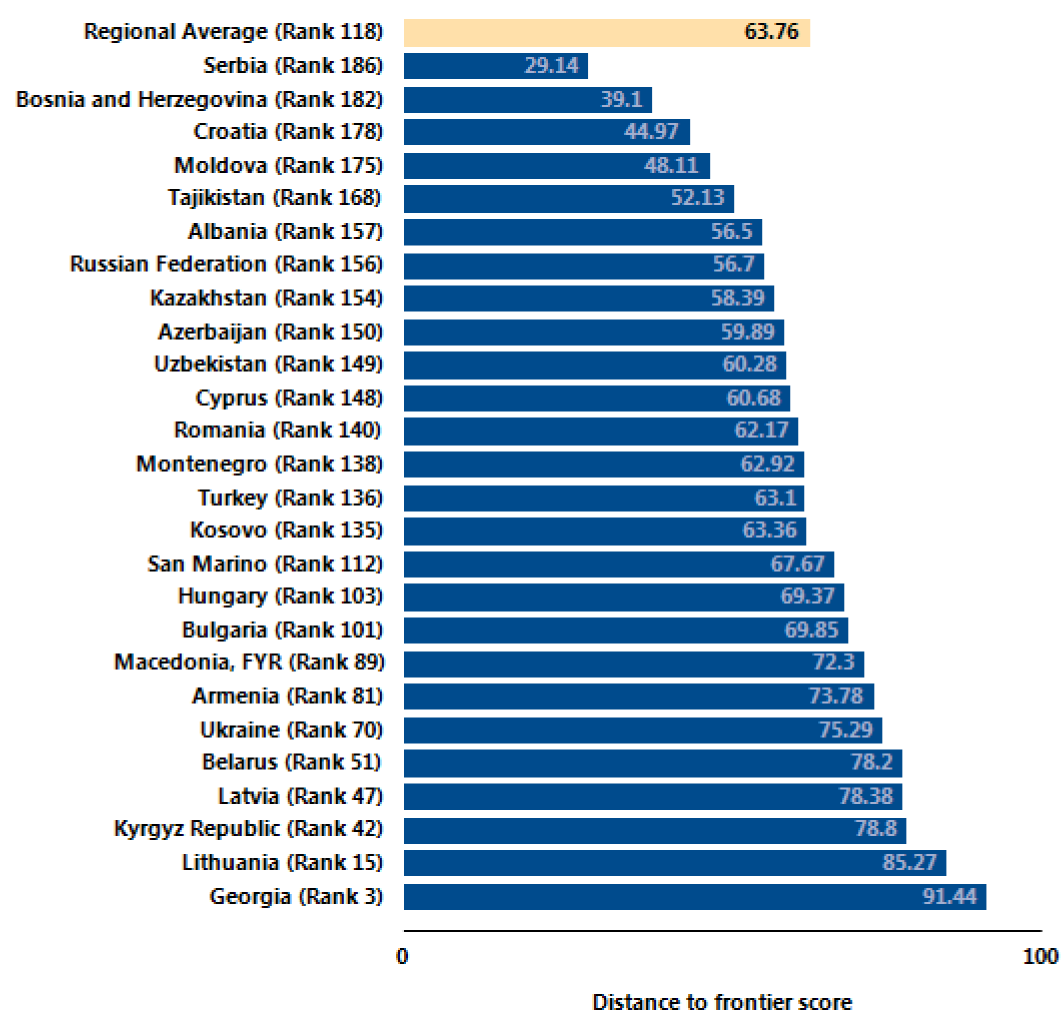
Official costs only, no bribes

DEALING WITH CONSTRUCTION PERMITS

Where do the region's economies stand today?

How easy it is for entrepreneurs in economies in Europe and Central Asia (ECA) to legally build a warehouse? The global rankings of these economies on the ease of dealing with construction permits suggest an answer (figure 3.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 3.1 How economies in Europe and Central Asia (ECA) rank on the ease of dealing with construction permits



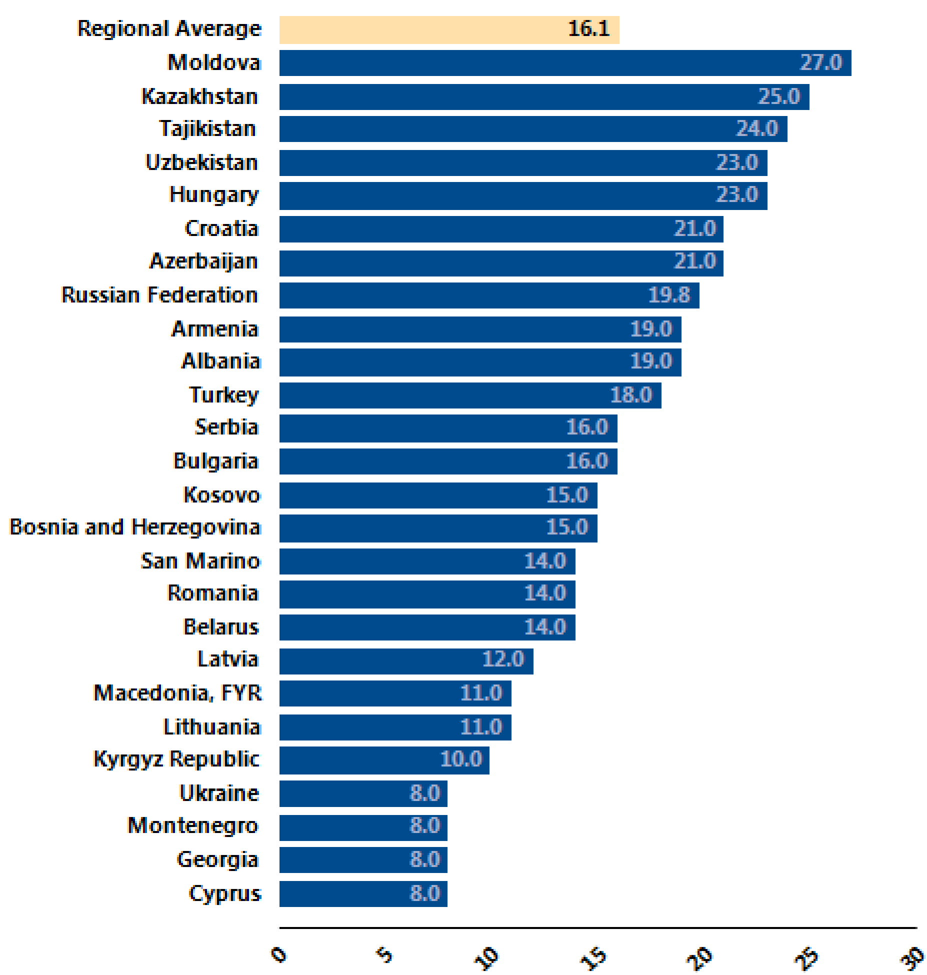
Source: Doing Business database.

DEALING WITH CONSTRUCTION PERMITS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with formalities to build a warehouse in each economy in the region: the number of procedures, the time and the cost (figure 3.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

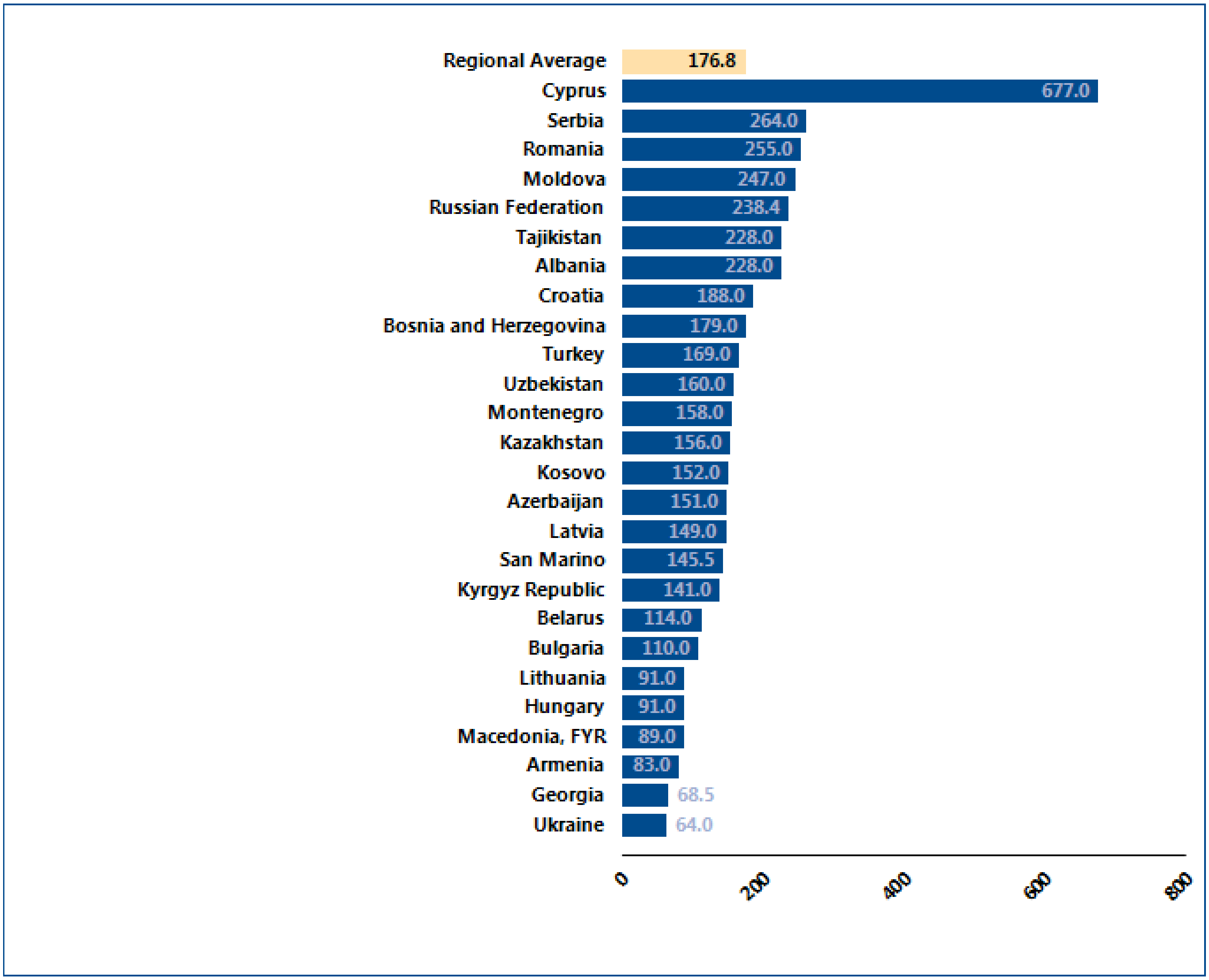
Figure 3.2 What it takes to comply with formalities to build a warehouse in economies in Europe and Central Asia (ECA)

Procedures (number)



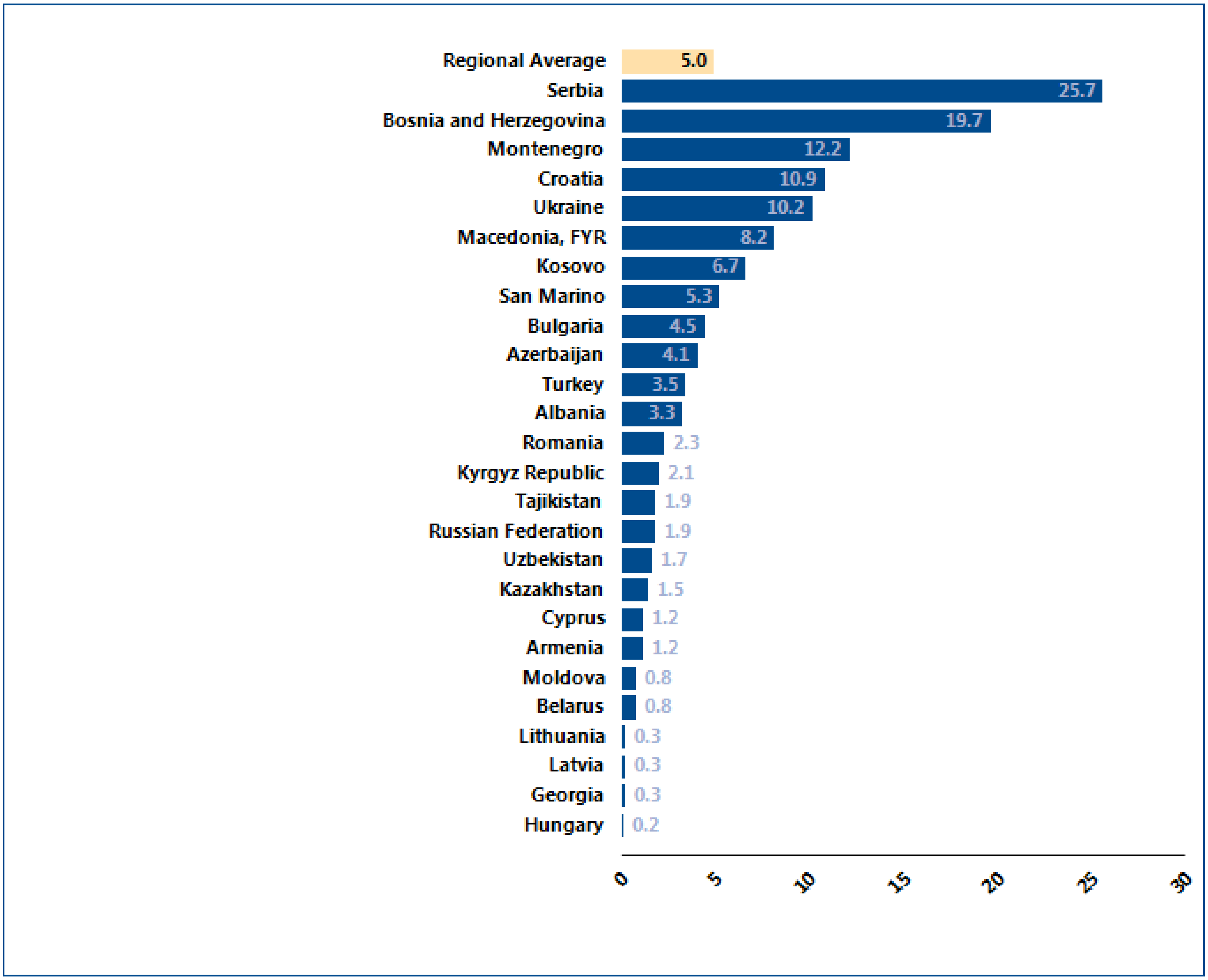
DEALING WITH CONSTRUCTION PERMITS

Time (days)



DEALING WITH CONSTRUCTION PERMITS

Cost (% of warehouse value)



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

Source: Doing Business database.

DEALING WITH CONSTRUCTION PERMITS

What are the changes over time?

Smart regulation ensures that standards are met while making compliance easy and accessible to all. Coherent and transparent rules, efficient processes and adequate allocation of resources are especially important in sectors where safety is at stake. Construction is one of them. In an effort to ensure building safety while keeping compliance costs reasonable, governments around the world have worked on consolidating permitting requirements. What construction permitting reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 3.1)?

Table 3.1 How have economies in Europe and Central Asia (ECA) made dealing with construction permits easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Albania*	Albania made dealing with construction permits easier by resuming the issuance of construction permits and by consolidating the land permit and construction permit into a single construction development permit.
DB2015	*Croatia*	Croatia made dealing with construction permits easier by reducing the requirements and fees for building permits and carrying out the final building inspection more promptly.
DB2015	*Lithuania*	Lithuania made dealing with construction permits easier by reducing the time required for processing building permit applications.
DB2015	*Tajikistan*	Tajikistan made dealing with construction permits less costly by reducing the fee to obtain the architectural planning assignment.
DB2015	*Montenegro*	Montenegro made dealing with construction permits substantially less costly by reducing the fee for the provision of utilities on construction land and eliminating the fee for obtaining urban development and technical requirements from the municipality.
DB2015	*Kosovo*	Kosovo made dealing with construction permits easier by establishing a new phased inspection scheme and substantially reducing the building permit fee.
DB2014	*Azerbaijan*	Azerbaijan adopted a new construction code that streamlined procedures relating to the issuance of building permits and established official time limits for some procedures.

DB year	Economy	Reform
DB2014	*Latvia*	Latvia made dealing with construction permits easier by introducing new time limits for issuing a building permit and by eliminating the Public Health Agency's role in approving building permits and conducting inspections.
DB2014	*Macedonia, FYR*	FYR Macedonia made dealing with construction permits easier by reducing the time required to register a new building and by authorizing the municipality to register the building on behalf of the owner.
DB2014	*Russian Federation*	Russia made dealing with construction permits easier by eliminating several requirements for project approvals from government agencies and by reducing the time required to register a new building.
DB2014	*Turkey*	Turkey reduced the time required for dealing with construction permits by setting strict time limits for granting a lot plan and by reducing the documentation requirements for an occupancy permit.
DB2014	*Ukraine*	Ukraine made dealing with construction permits easier by introducing a risk-based approval system, eliminating requirements for certain approvals and technical conditions and simplifying the process for registering real estate ownership rights.
DB2014	*Montenegro*	Montenegro made dealing with construction permits easier by introducing a one-stop shop and imposing strict time limits for the issuance of approvals.
DB2014	*Kosovo*	Kosovo made dealing with construction permits easier by eliminating the requirement for validation of the main construction project, eliminating fees for technical approvals from the municipality and reducing the building permit fee.
DB2013	*Russian Federation*	Russia made obtaining a construction permit simpler by eliminating requirements for several preconstruction approvals.
DB2013	*Turkey*	Turkey made dealing with construction permits easier by eliminating the requirement to build a shelter in nonresidential buildings with a total area of less than 1,500 square meters.
DB2013	*Montenegro*	Montenegro made construction permitting less costly by reducing the cost of pre-construction and post-construction procedures

DB year	Economy	Reform
DB2012	*Albania*	In Albania dealing with construction permits became more difficult because the main authority in charge of issuing building permits has not met since April 2009.
DB2012	*Armenia*	Armenia made dealing with construction permits easier by eliminating the requirement to obtain an environmental impact assessment for small projects.
DB2012	*Bosnia and Herzegovina*	Bosnia and Herzegovina made dealing with construction permits easier by fully digitizing and revamping its land registry and cadastre.
DB2012	*Macedonia, FYR*	FYR Macedonia made dealing with construction permits easier by transferring oversight processes to the private sector and streamlining procedures.
DB2011	*Croatia*	Croatia replaced the location permit and project design confirmation with a single certificate, simplifying and speeding up the construction permitting process.
DB2011	*Hungary*	Hungary implemented a time limit for the issuance of building permits.
DB2011	*Kazakhstan*	Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities.
DB2011	*Romania*	Romania amended regulations related to construction permitting to reduce fees and expedite the process.
DB2011	*Russian Federation*	Russia eased construction permitting by implementing a single window for all procedures related to land use.
DB2011	*Ukraine*	Ukraine made dealing with construction permits easier by implementing national and local regulations that streamlined procedures.
DB2011	*Uzbekistan*	Uzbekistan increased all fees for procedures relating to construction permits.
DB2010	*Belarus*	Belarus made dealing with construction permits easier by simplifying the environmental and project design approval processes.
DB2010	*Bosnia and Herzegovina*	Bosnia and Herzegovina improved its construction permitting system by reducing the time needed to register a new building at the courts and land cadastre.

DB year	Economy	Reform
DB2010	*Croatia*	Croatia improved its construction permitting process through the operation of a one-stop shop and enforcement of the building code.
DB2010	*Georgia*	Georgia made dealing with construction permits easier by simplifying the process of obtaining confirmation from utilities, introducing a risk-based approval process for building permits and setting new time limits for issuance of the occupancy certificate.
DB2010	*Kazakhstan*	Kazakhstan made dealing with construction permits easier by eliminating the requirement to pay for a new electrical connection, tightening time limits for the issuance of building permits and reducing the cost of topographic surveys.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic made dealing with construction permits easier by streamlining the fee structure, introducing a risk-based system of approval and construction supervision, allowing low-risk projects to take responsibility for construction supervision and simplifying the process of obtaining utility connections.
DB2010	*Macedonia, FYR*	FYR Macedonia reduced the time required for dealing with construction permits through changes in the permitting process.
DB2010	*Romania*	Romania made dealing with construction permits more costly by introducing a new fee.
DB2010	*Tajikistan*	Tajikistan made dealing with construction permits easier and less time consuming by eliminating several procedures.
DB2010	*Uzbekistan*	Uzbekistan made dealing with construction permits less costly by reducing the building permit fees.
DB2010	*Montenegro*	Montenegro improved its construction permitting system by implementing a new construction law, reducing the number of procedures, providing for new mechanisms of building permit approval and building control and introducing a risk-based approval system in which small-scale projects are handled by the local municipality.

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

GETTING ELECTRICITY

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

What do the indicators cover?

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

The warehouse:

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

The electricity connection:

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

WHAT THE GETTING ELECTRICITY INDICATORS MEASURE

Procedures to obtain an electricity connection (number)

Submitting all relevant documents and obtaining all necessary clearances and permits

Completing all required notifications and receiving all necessary inspections

Obtaining external installation works and possibly purchasing material for these works

Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

Is at least 1 calendar day

Each procedure starts on a separate day

Does not include time spent gathering information

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

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

Official costs only, no bribes

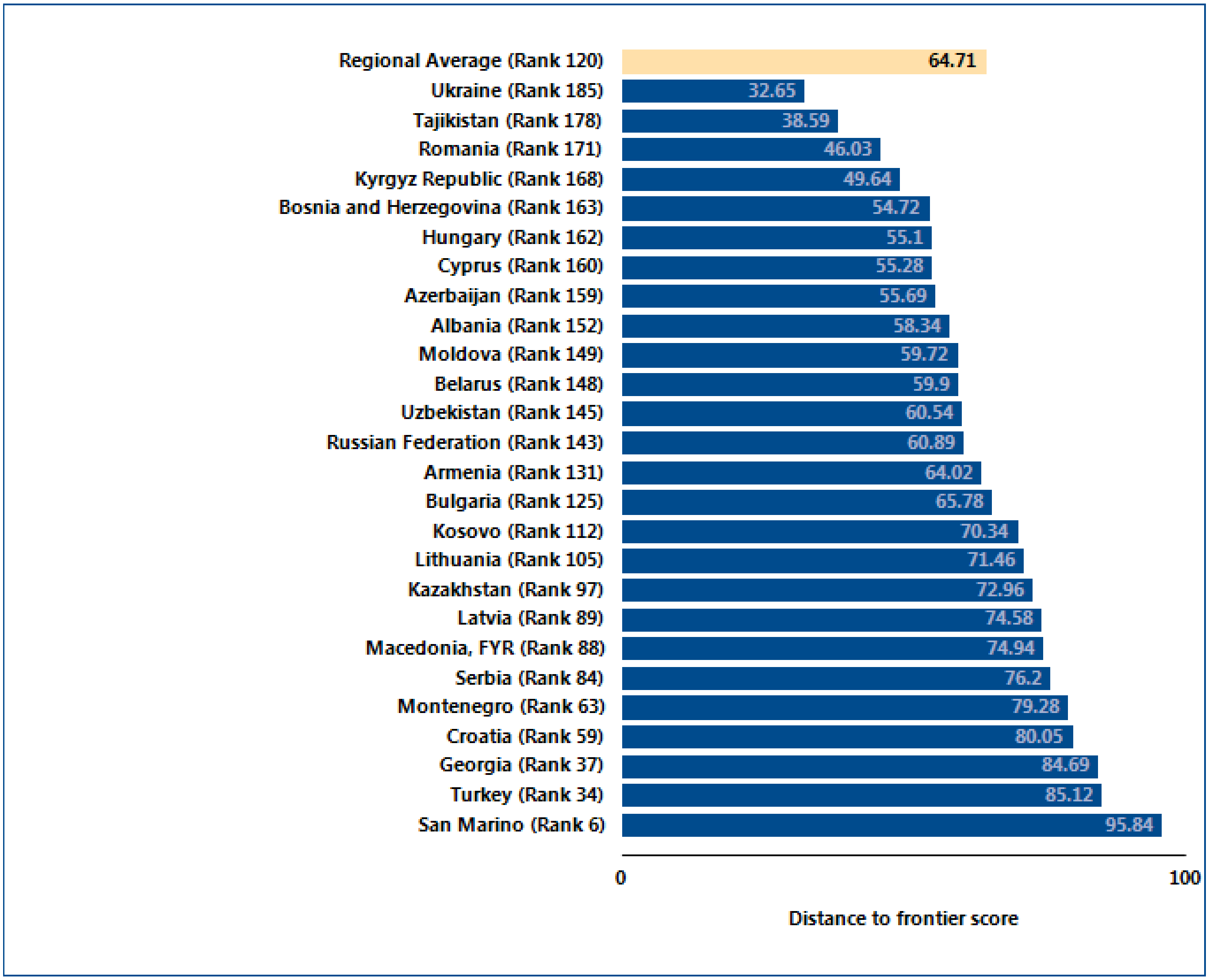
Excludes value added tax

GETTING ELECTRICITY

Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Europe and Central Asia (ECA) to connect a warehouse to electricity? The global rankings of these economies on the ease of getting electricity suggest an answer (figure 4.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 4.1 How economies in Europe and Central Asia (ECA) rank on the ease of getting electricity



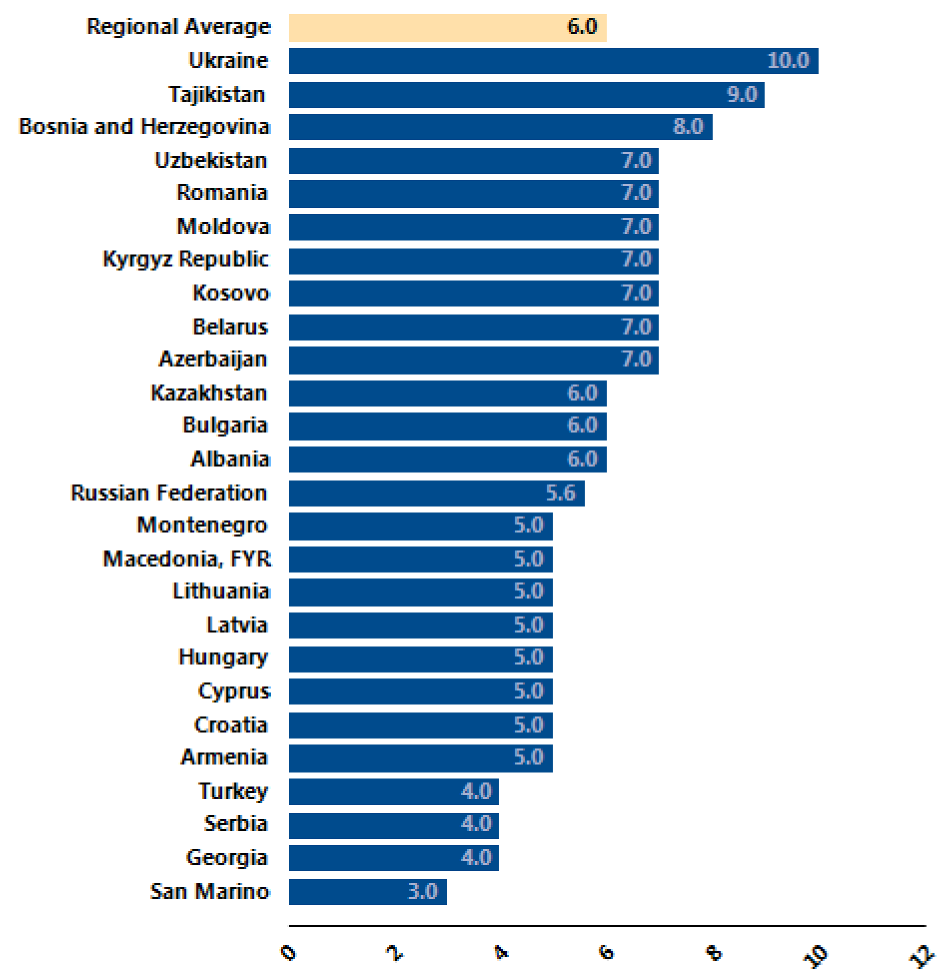
Source: Doing Business database.

GETTING ELECTRICITY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to get a new electricity connection in each economy in the region: the number of procedures, the time and the cost (figure 4.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

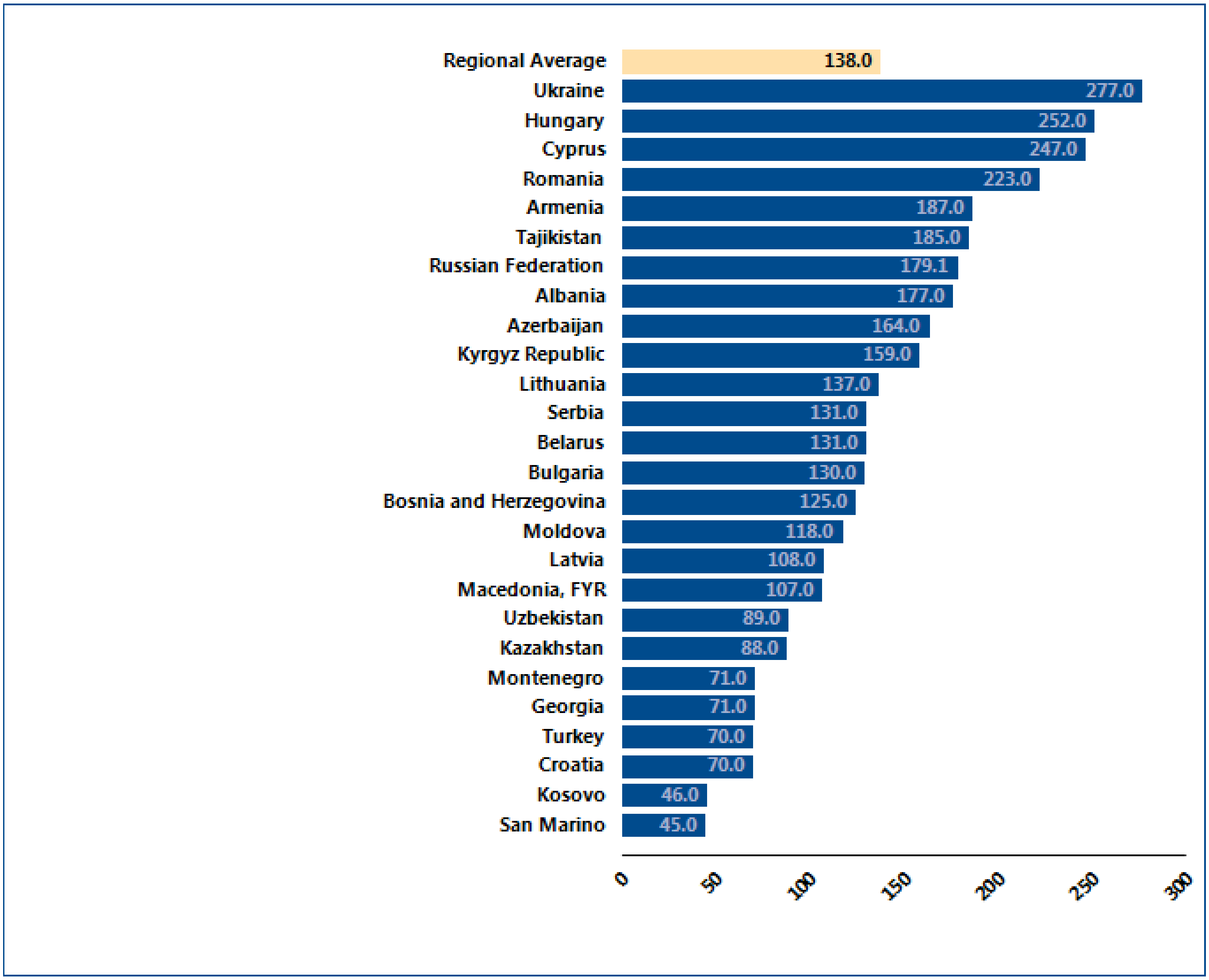
Figure 4.2 What it takes to get an electricity connection in economies in Europe and Central Asia (ECA)

Procedures (number)



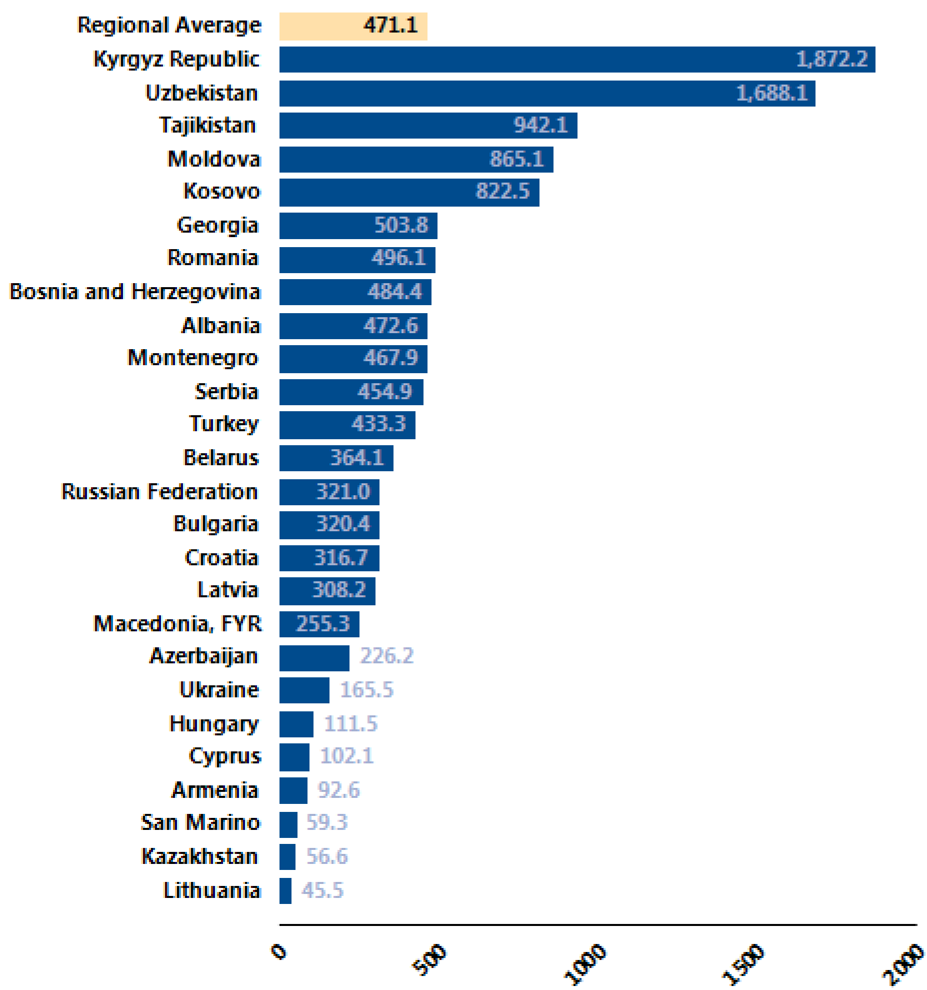
GETTING ELECTRICITY

Time (days)



GETTING ELECTRICITY

Cost (% of income per capita)



Source: Doing Business database.

GETTING ELECTRICITY

What are the changes over time?

Obtaining an electricity connection is essential to enable a business to conduct its most basic operations. In many economies the connection process is complicated by the multiple laws and regulations involved—covering service quality, general safety, technical standards, procurement practices and internal wiring installations. In an effort to ensure safety in the connection process while keeping connection costs reasonable, governments around the world have worked to consolidate requirements for obtaining an electricity connection. What reforms in getting electricity has *Doing Business* recorded in Europe and Central Asia (ECA) (table 4.1)?

Table 4.1 How have economies in Europe and Central Asia (ECA) made getting electricity easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2014	*Belarus*	Belarus made getting electricity easier by speeding up the process of issuing technical specifications and excavation permits and by reducing the time needed to connect to the electricity network.
DB2014	*Macedonia, FYR*	FYR Macedonia made getting electricity easier by reducing the time required to obtain a new connection and by setting fixed connection fees per kilowatt (kW) for connections requiring a capacity below 400 kW.
DB2014	*Russian Federation*	Russia made getting electricity simpler and less costly by setting standard connection tariffs and eliminating many procedures previously required.
DB2014	*Turkey*	Turkey made getting electricity easier by eliminating external inspections and reducing some administrative costs.
DB2014	*Ukraine*	Ukraine made getting electricity easier by streamlining the process for obtaining a new connection.
DB2013	*Armenia*	Armenia made getting electricity easier by streamlining procedures and reducing connection fees.
DB2013	*Georgia*	Georgia made getting electricity easier by simplifying the process of connecting new customers to the distribution network and reducing connection fees.
DB2012	*Latvia*	Latvia made getting electricity faster by introducing a simplified process for approval of external connection designs.
DB2012	*Lithuania*	Lithuania made getting electricity more difficult by abolishing the one-stop shop for obtaining technical conditions for utility services.
DB2012	*Russian Federation*	Russian Federation made getting electricity less costly by revising the tariffs for connection.

Source: Doing Business database.

REGISTERING PROPERTY

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

What do the indicators cover?

Doing Business records the full sequence of procedures necessary for a business to purchase property from another business and transfer the property title to the buyer's name. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it. The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

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

The property (fully owned by the seller):

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

WHAT THE REGISTERING PROPERTY INDICATORS MEASURE

Procedures to legally transfer title on immovable property (number)

Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)

Registration in the economy's largest business city[2]

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

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

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

Procedure considered completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

No value added or capital gains taxes included

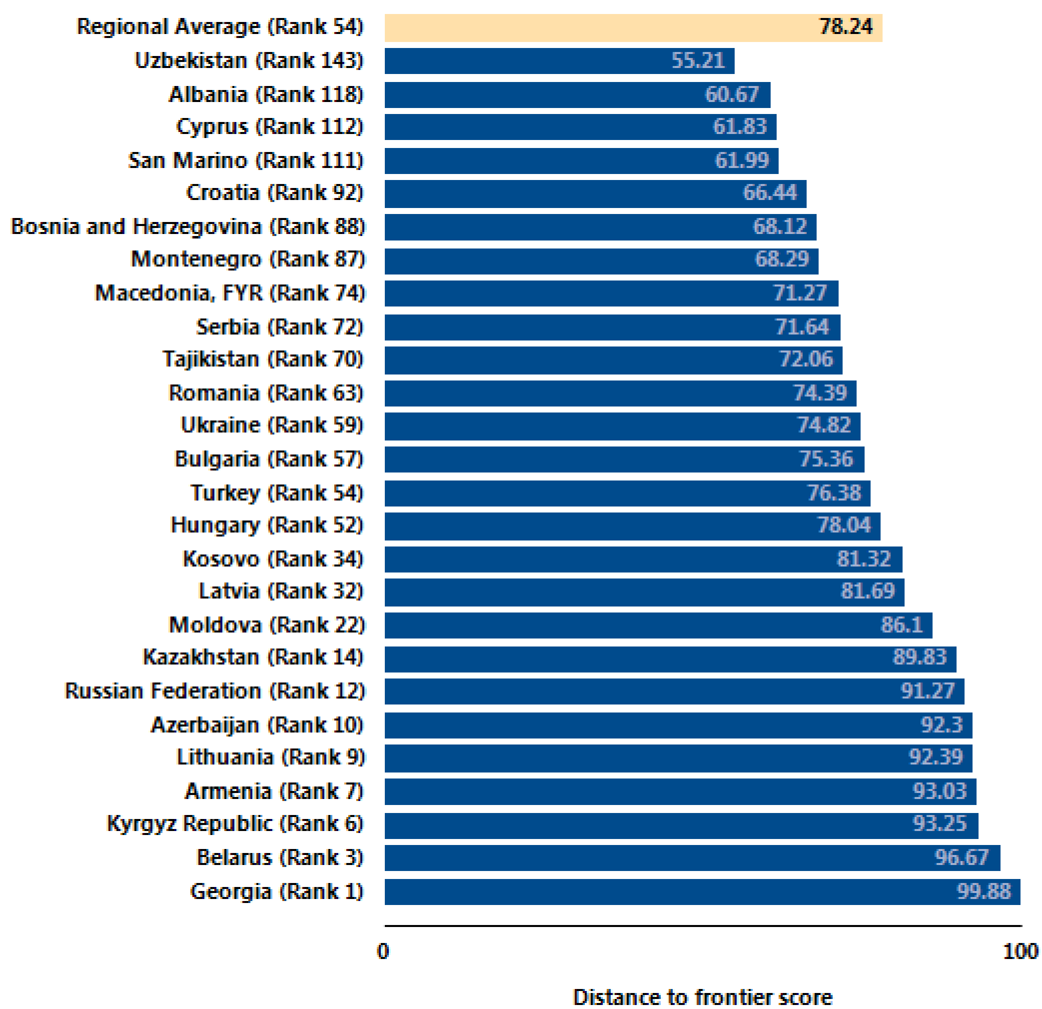
[2] For the 11 economies with a population of more than 100 million, data for a second city have been added.

REGISTERING PROPERTY

Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Europe and Central Asia (ECA) to transfer property? The global rankings of these economies on the ease of registering property suggest an answer (figure 5.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 5.1 How economies in Europe and Central Asia (ECA) rank on the ease of registering property



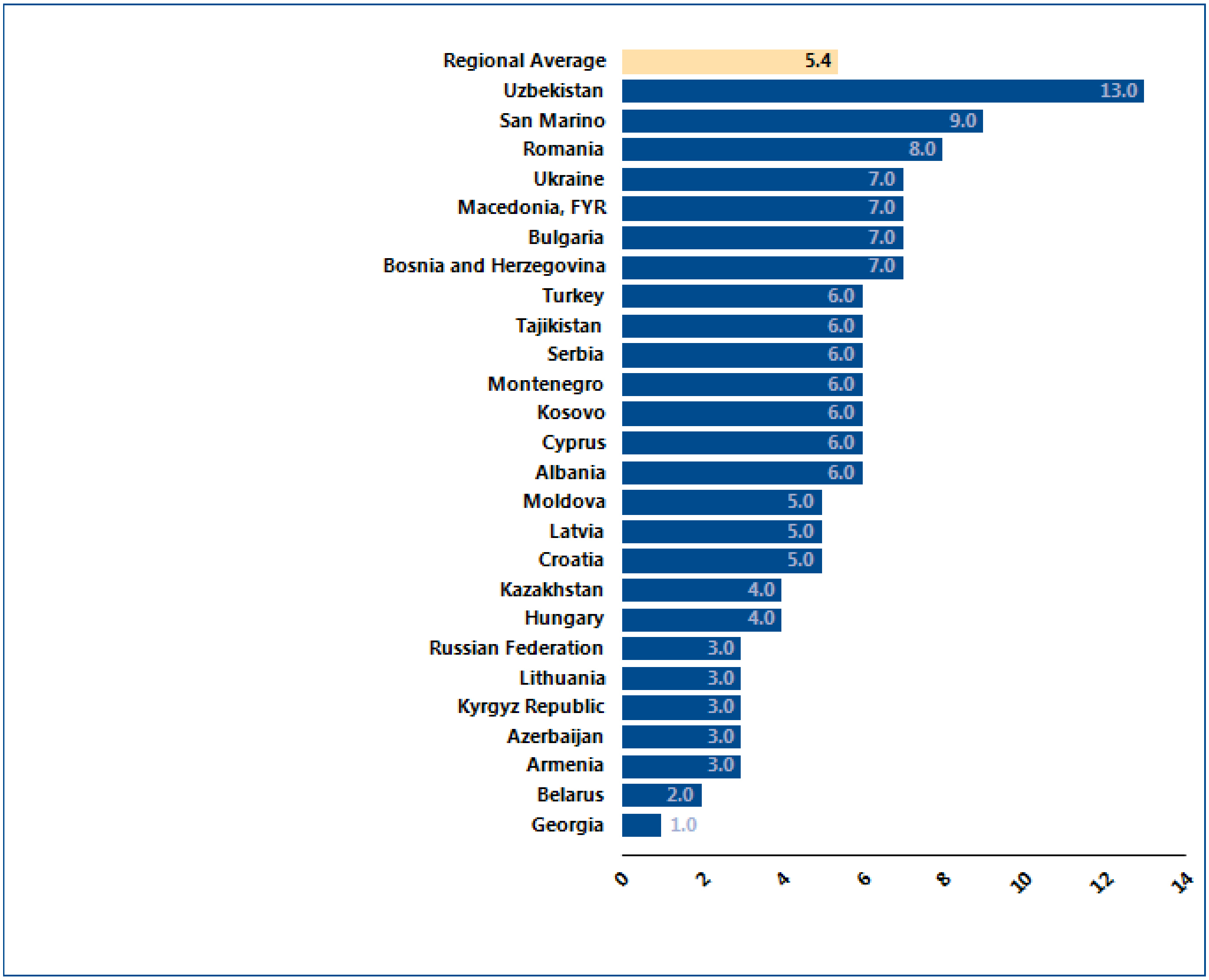
Source: Doing Business database.

REGISTERING PROPERTY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to complete a property transfer in each economy in the region: the number of procedures, the time and the cost (figure 5.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

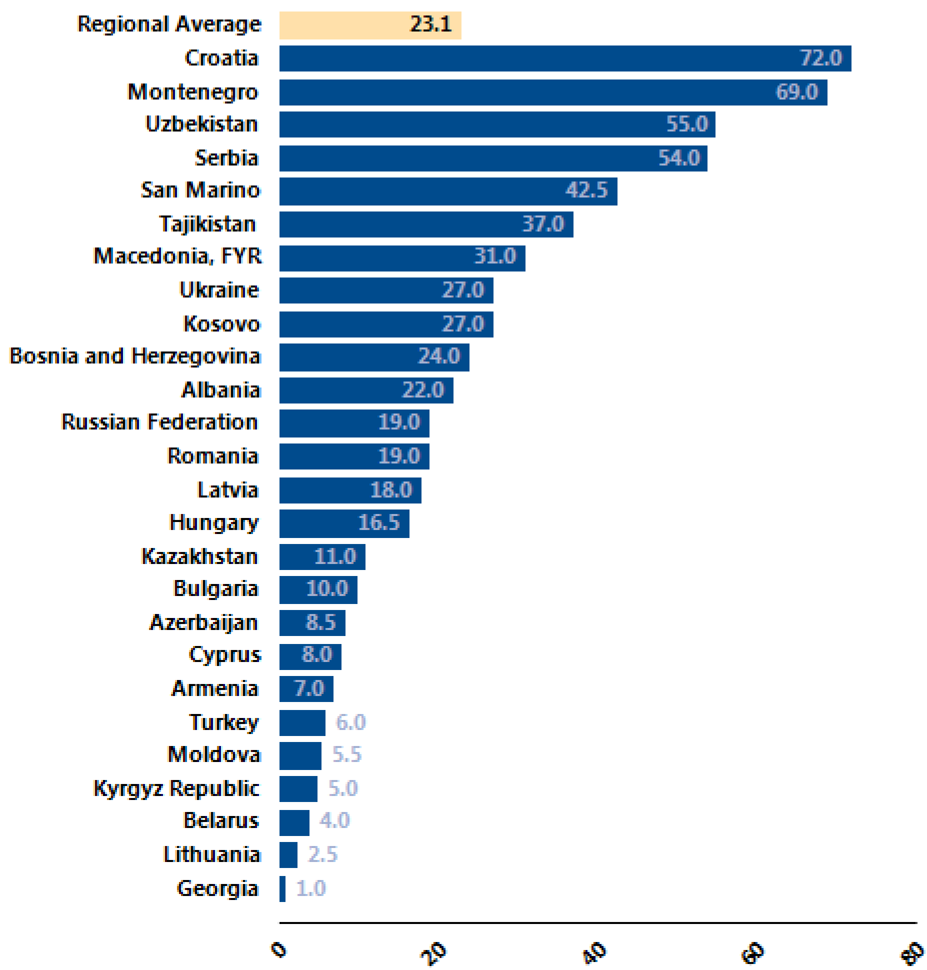
Figure 5.2 What it takes to register property in economies in Europe and Central Asia (ECA)

Procedures (number)



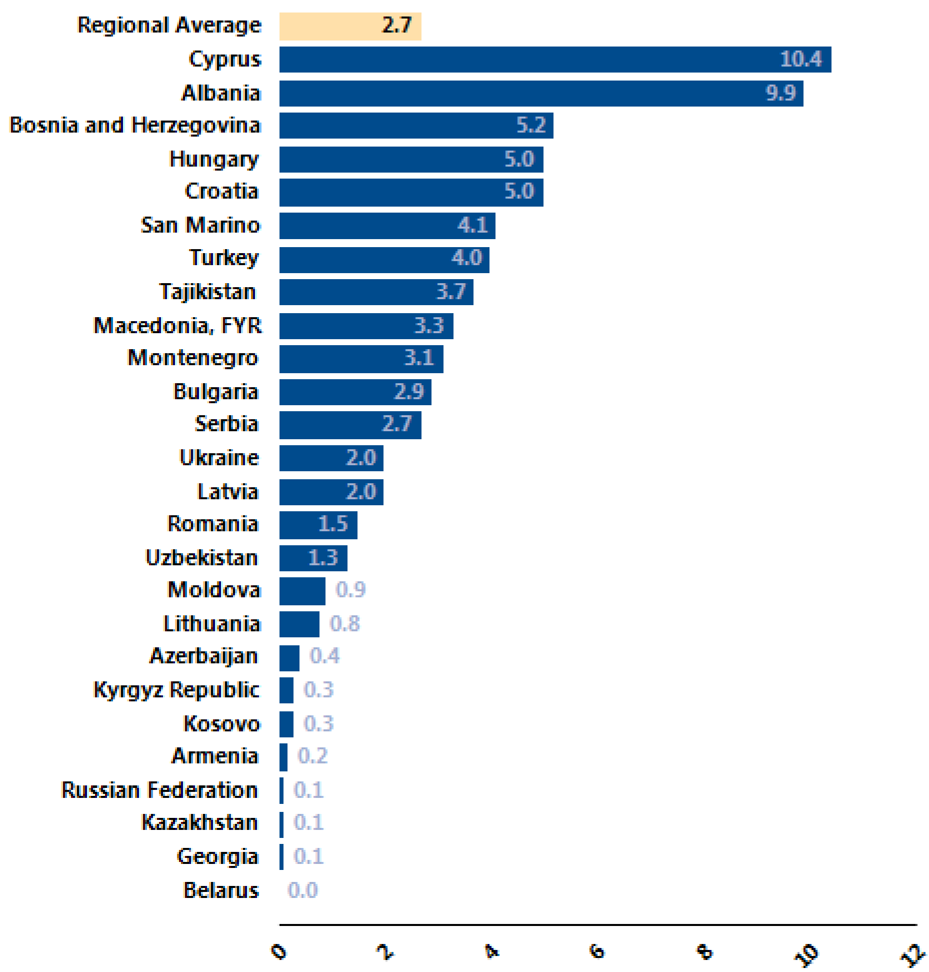
REGISTERING PROPERTY

Time (days)



REGISTERING PROPERTY

Cost (% of property value)



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

REGISTERING PROPERTY

What are the changes over time?

Economies worldwide have been making it easier for entrepreneurs to register and transfer property—such as by computerizing land registries, introducing time limits for procedures and setting low fixed fees. Many have cut the time required substantially—enabling buyers to use or mortgage their property earlier. What property registration reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 5.1)?

Table 5.1 How have economies in Europe and Central Asia (ECA) made registering property easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Albania*	Albania made transferring property easier by establishing effective time limits and computerizing the records on immovable property.
DB2015	*Azerbaijan*	Azerbaijan made transferring property easier by introducing an online procedure for obtaining the nonencumbrance certificate.
DB2015	*Kazakhstan*	Kazakhstan made registering property easier by introducing effective time limits and an expedited procedure.
DB2015	*Russian Federation*	The Russian Federation made transferring property easier by eliminating the requirement for notarization and introducing tighter time limits for completing the property registration. This reform applies to both Moscow and St. Petersburg.
DB2015	*Serbia*	Serbia made transferring property more difficult by eliminating the expedited procedure for registering a property transfer.
DB2015	*Kosovo*	Kosovo made transferring property more difficult by increasing the fee for the registration of property transactions.
DB2015	*San Marino*	San Marino made transferring property easier by lowering the property registration tax rate.

DB year	Economy	Reform
DB2014	*Belarus*	Belarus made transferring property easier by introducing a fast-track procedure for property registration.
DB2014	*Kazakhstan*	Kazakhstan made it easier to transfer property by introducing a fast-track procedure for property registration.
DB2014	*Macedonia, FYR*	FYR Macedonia made property registration faster and less costly by digitizing the real estate cadastre and eliminating the requirement for an encumbrance certificate.
DB2014	*Russian Federation*	Russia made transferring property easier by streamlining procedures and implementing effective time limits for processing transfer applications.
DB2014	*Turkey*	Turkey made transferring property more costly by increasing the registration and several other fees.
DB2014	*Ukraine*	Ukraine made transferring property easier by streamlining procedures and revamping the property registration system.
DB2014	*Uzbekistan*	Uzbekistan made transferring property easier by reducing the notary fees.
DB2014	*Montenegro*	Montenegro made registering property easier by introducing a notary system.
DB2014	*Kosovo*	Kosovo made transferring property easier by introducing a new notary system and by combining procedures for drafting and legalizing sale and purchase agreements.
DB2013	*Bosnia and Herzegovina*	Bosnia and Herzegovina made it easier to transfer property between companies by computerizing the commercial registry.
DB2013	*Cyprus*	Cyprus made property transfers faster by computerizing its land registry.
DB2013	*Ukraine*	Ukraine made property transfers faster by introducing an effective time limit for processing transfer applications at the land cadastre in Kiev.
DB2012	*Albania*	Albania made property registration easier by setting time

DB year	Economy	Reform
		limits for the land registry to register a title.
DB2012	*Belarus*	Belarus simplified property transfer by doing away with the requirement to obtain the municipality's approval for transfers of most commercial buildings in Minsk.
DB2012	*Latvia*	Latvia made transferring property easier by allowing electronic access to municipal tax databases that show the tax status of property, eliminating the requirement to obtain this information in paper format.
DB2012	*Macedonia, FYR*	FYR Macedonia made registering property easier by reducing notary fees and enforcing time limits.
DB2012	*Russian Federation*	Russia made registering property transfers easier by eliminating the requirement to obtain cadastral passports on land plots.
DB2012	*Serbia*	Serbia made transferring property quicker by offering an expedited option.
DB2011	*Bosnia and Herzegovina*	Bosnia and Herzegovina reduced delays in property registration at the land registry in Sarajevo.
DB2011	*Hungary*	Hungary reduced the property registration fee by 6% of the property value.
DB2010	*Belarus*	Belarus continued to improve the property registration process by increasing efficiency at the land registry in Minsk, which reduced the time required to verify ownership, and by eliminating the requirement to have incorporation documents notarized during property transfers.
DB2010	*Bulgaria*	Bulgaria reduced the time required to register property by launching an integrated web-based property register making it possible to check the ownership and cadastre status of properties online.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic made registering property easier by simplifying documentation requirements and making notarization optional.

DB year	**Economy**	**Reform**
DB2010	*Macedonia, FYR*	FYR Macedonia made registering property easier by setting new time limits for registering a title deed at the real estate cadastre and by making it possible to obtain a nonencumbrance certificate from the real estate registry rather than through the court.
DB2010	*Moldova*	Moldova made registering property easier and less time consuming by eliminating the requirement for a cadastral sketch.
DB2010	*Romania*	Romania speeded up property registration by introducing expedited procedures at the land registry and the cadastre.
DB2010	*Russian Federation*	Russia reduced the time required to register property by introducing cadastral passports in place of the previously required inventory documents and cadastral maps.
DB2010	*Tajikistan*	Tajikistan made transferring property more costly by increasing the state duty for property transactions.

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

GETTING CREDIT

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

What do the indicators cover?

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

These scenarios assume that the borrower:

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

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

WHAT THE GETTING CREDIT INDICATORS MEASURE

Strength of legal rights index (0–12)[3]

Rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

Depth of credit information index (0–8)[4]

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

Credit bureau coverage (% of adults)

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

Credit registry coverage (% of adults)

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

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

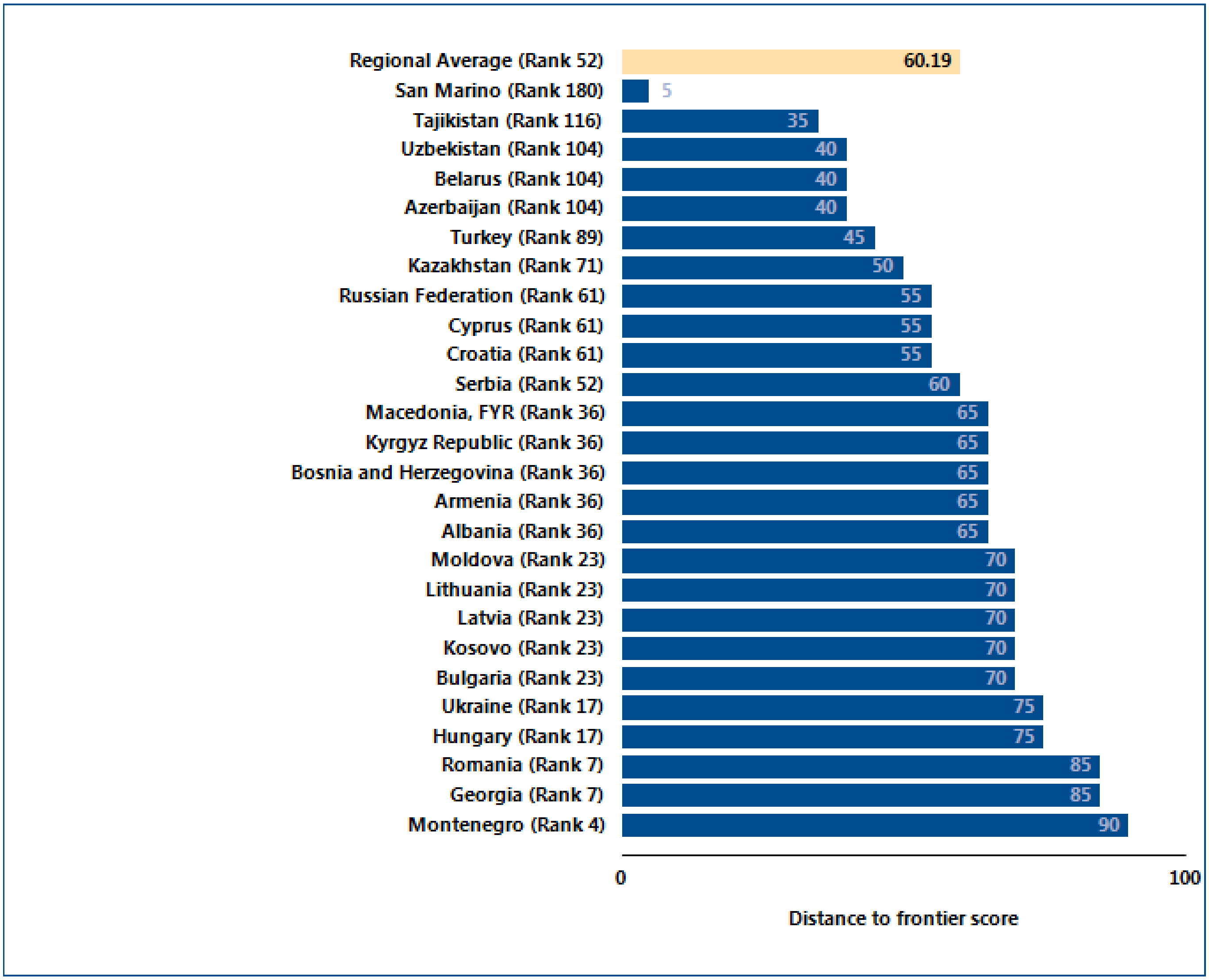
[4] For the credit information index, 2 new points are added in *Doing Business 2015* for new data collected on accessing borrowers' credit information online and availability of credit scores.

GETTING CREDIT

Where do the region's economies stand today?

How well do the credit information systems and collateral and bankruptcy laws in economies in Europe and Central Asia (ECA) facilitate access to credit? The global rankings of these economies on the ease of getting credit suggest an answer (figure 6.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 6.1 How economies in Europe and Central Asia (ECA) rank on the ease of getting credit



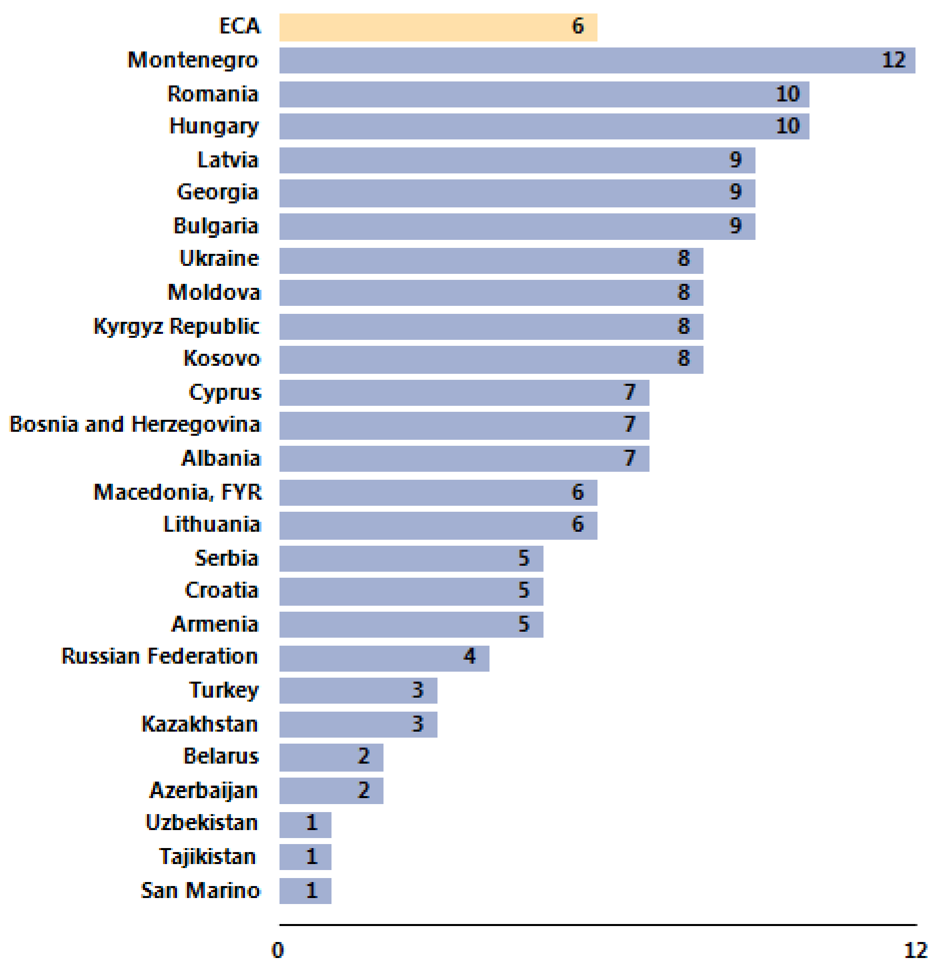
Source: Doing Business database.

GETTING CREDIT

Another way to assess how well regulations and institutions support lending and borrowing in the region is to see where the region stands in the distribution of scores across regions. Figure 6.2 highlights the score on the strength of legal rights index for Europe and Central Asia (ECA) and comparators on the strength of legal rights index. Figure 6.3 shows the same thing for the depth of credit information index.

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

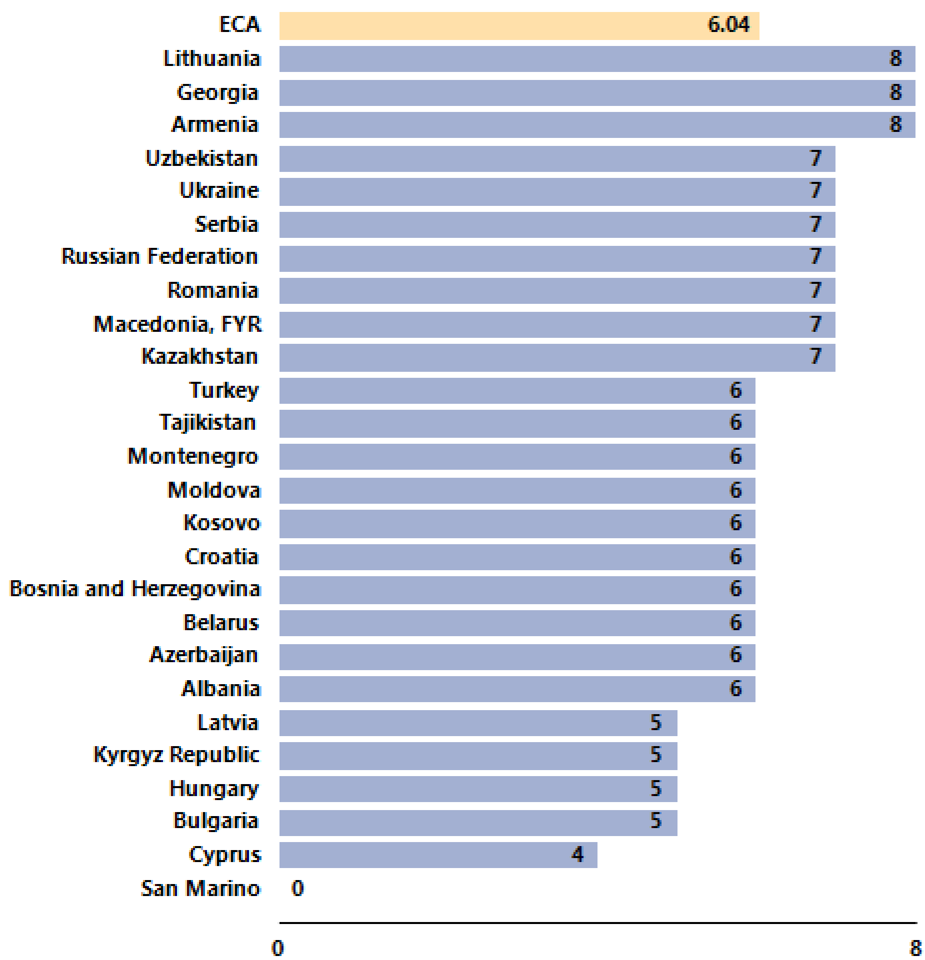
Region scores on strength of legal rights index



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

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

Region scores on depth of credit information index



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

GETTING CREDIT

What are the changes over time?

When economies strengthen the legal rights of lenders and borrowers under collateral and bankruptcy laws, and increase the scope, coverage and accessibility of credit information, they can increase entrepreneurs' access to credit. What credit reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 6.1)?

Table 6.1 How have economies in Europe and Central Asia (ECA) made getting credit easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Albania*	Albania weakened its secured transactions system through an amendment to the Securing Charges Law that does not allow intangible assets to be secured with a nonpossessory pledge.
DB2015	*Cyprus*	Cyprus improved its credit information system by adopting a central bank directive eliminating the minimum threshold for loans to be included in credit bureaus' databases.
DB2015	*Hungary*	Hungary improved access to credit by adopting a new legal regime on secured transactions that implements a functional approach to secured transactions, extends security interests to the products and proceeds of the original asset and establishes a modern, notice-based collateral registry.
DB2015	*Tajikistan*	Tajikistan improved access to credit information by beginning to provide credit scores.
DB2014	*Georgia*	Georgia improved its credit information system by implementing a new law on personal data protection.
DB2014	*Latvia*	Latvia improved its credit information system by adopting a new law regulating the public credit registry.
DB2014	*Lithuania*	Lithuania strengthened its secured transactions system by broadening the range of movable assets that can be used as collateral, allowing a general description in the security agreement of the assets pledged as collateral and permitting out-of-court enforcement.
DB2014	*Macedonia, FYR*	FYR Macedonia strengthened its secured transactions system by providing more flexibility on the description of assets in a collateral agreement and on the types of debts and

DB year	Economy	Reform
		obligations that can be secured.
DB2014	*Moldova*	Moldova strengthened its secured transactions system by introducing new grounds for relief from an automatic stay during insolvency and restructuring proceedings.
DB2014	*Tajikistan*	Tajikistan improved access to credit information by establishing a private credit bureau.
DB2014	*Ukraine*	Ukraine improved access to credit information by collecting data on firms from financial institutions.
DB2014	*Uzbekistan*	Uzbekistan improved access to credit information by expanding the scope of credit information and requiring that more than 2 years of historical data be collected and distributed.
DB2013	*Bosnia and Herzegovina*	Bosnia and Herzegovina made access to credit information more difficult by stopping the private credit bureau's collection of credit information on individuals.
DB2013	*Georgia*	Georgia strengthened its secured transactions system through an amendment to the civil code allowing a security interest to extend to the products, proceeds and replacement of collateral.
DB2013	*Hungary*	Hungary improved access to credit information by passing its first credit bureau law mandating the creation of a database with positive credit information on individuals.
DB2013	*Kazakhstan*	Kazakhstan strengthened secured creditor rights by introducing new grounds for relief from an automatic stay during rehabilitation proceedings.
DB2013	*Romania*	Romania strengthened its legal framework for secured transactions by allowing the automatic extension of security interests to the products, proceeds and replacement of collateral.
DB2013	*Uzbekistan*	Uzbekistan improved access to credit information by guaranteeing borrowers' right to inspect their personal data.
DB2013	*Montenegro*	Montenegro improved access to credit information by guaranteeing borrowers' right to inspect their personal data.
DB2012	*Armenia*	Armenia improved its credit information system by introducing a requirement to collect and distribute

DB year	Economy	Reform
		information from utility companies.
DB2012	*Bulgaria*	Bulgaria made access to credit information more difficult by stopping the distribution of credit reports to financial institutions by the private credit bureau (Experian).
DB2012	*Croatia*	In Croatia the private credit bureau started to collect and distribute information on firms, improving the credit information system.
DB2012	*Georgia*	Georgia expanded access to credit by amending its civil code to broaden the range of assets that can be used as collateral.
DB2012	*Hungary*	Hungary reduced the amount of credit information available from private credit bureaus by shortening the period for retaining data on defaults and late payments (if repaid) from 5 years to 1 year.
DB2012	*Macedonia, FYR*	FYR Macedonia improved its credit information system by establishing a private credit bureau.
DB2012	*Moldova*	Moldova improved its credit information system by establishing its first private credit bureau.
DB2012	*Tajikistan*	Access to credit using movable property in Tajikistan became more complicated because the movable collateral registry stopped its operations in January, 2011.
DB2011	*Azerbaijan*	Azerbaijan improved access to credit by establishing an online platform allowing financial institutions to provide information to, and retrieve it from, the public credit registry.
DB2011	*Belarus*	Belarus enhanced access to credit by facilitating the use of the pledge as a security arrangement and providing for out-of-court enforcement of the pledge on default.
DB2011	*Cyprus*	Cyprus improved access to credit information by establishing its first private credit bureau.
DB2011	*Georgia*	Georgia improved access to credit by implementing a central collateral registry with an electronic database accessible online.
DB2011	*Lithuania*	Lithuania's private credit bureau now collects and distributes positive information on borrowers.

DB year	Economy	Reform
DB2010	*Armenia*	Armenia improved its credit information system through a new law establishing a legal and regulatory framework for the activities of credit bureaus, including collecting credit information and preparing credit reports.
DB2010	*Azerbaijan*	Azerbaijan's public credit registry improved the credit information system by providing banks with online access to its database, increasing the data available on borrowers and introducing penalties for banks that send information that is late or incorrect.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic strengthened its secured transactions system through amendments to its civil code and pledge law making secured lending more flexible, allowing a general description of encumbered assets and of debts and obligations and providing for the automatic extension of a security right to proceeds of the original asset.
DB2010	*Latvia*	Latvia's new public credit registry started sharing data on loans, improving access to credit information.
DB2010	*Macedonia, FYR*	FYR Macedonia's public credit bureau improved its database and expanded its coverage by including more information and lowering the minimum threshold for loans reported.
DB2010	*Tajikistan*	Tajikistan improved its credit information system through a new law allowing the creation of a private credit bureau.
DB2010	*Turkey*	Turkey's private credit bureau added firms to its database, improving access to credit information.
DB2010	*Serbia*	Serbia improved access to credit information by guaranteeing by law borrowers' right to inspect their own data.

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

PROTECTING MINORITY INVESTORS

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

What do the indicators cover?

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

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders).
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

The transaction involves the following details:

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

WHAT THE PROTECTING MINORITY INVESTORS INDICATORS MEASURE

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

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

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

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

Extent of shareholder rights index (0-10.5)

Shareholders' rights and role in major corporate decisions

Strength of governance structure index (0-10.5)

Governance safeguards protecting shareholders from undue board control and entrenchment

Extent of corporate transparency index (0-9)

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

Extent of shareholder governance index (0–10)

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

Strength of investor protection index (0–10)

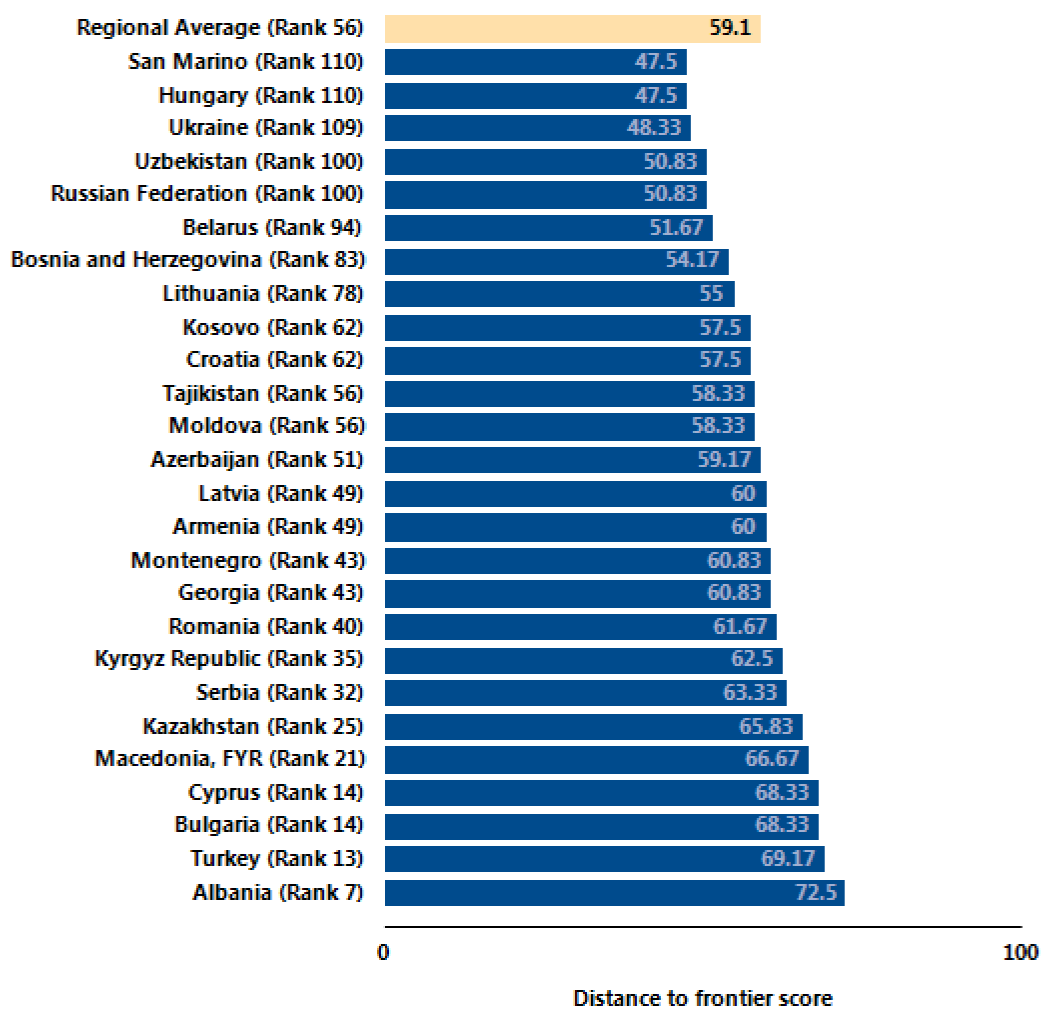
Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

PROTECTING MINORITY INVESTORS

Where do the region's economies stand today?

How strong are investor protections against self-dealing in economies in Europe and Central Asia (ECA)? The global rankings of these economies on the strength of investor protection index suggest an answer (figure 7.1). While the indicator does not measure all aspects related to the protection of minority investors, a higher ranking does indicate that an economy's regulations offer stronger investor protections against self-dealing in the areas measured.

Figure 7.1 How economies in Europe and Central Asia (ECA) rank on the strength of investor protection index



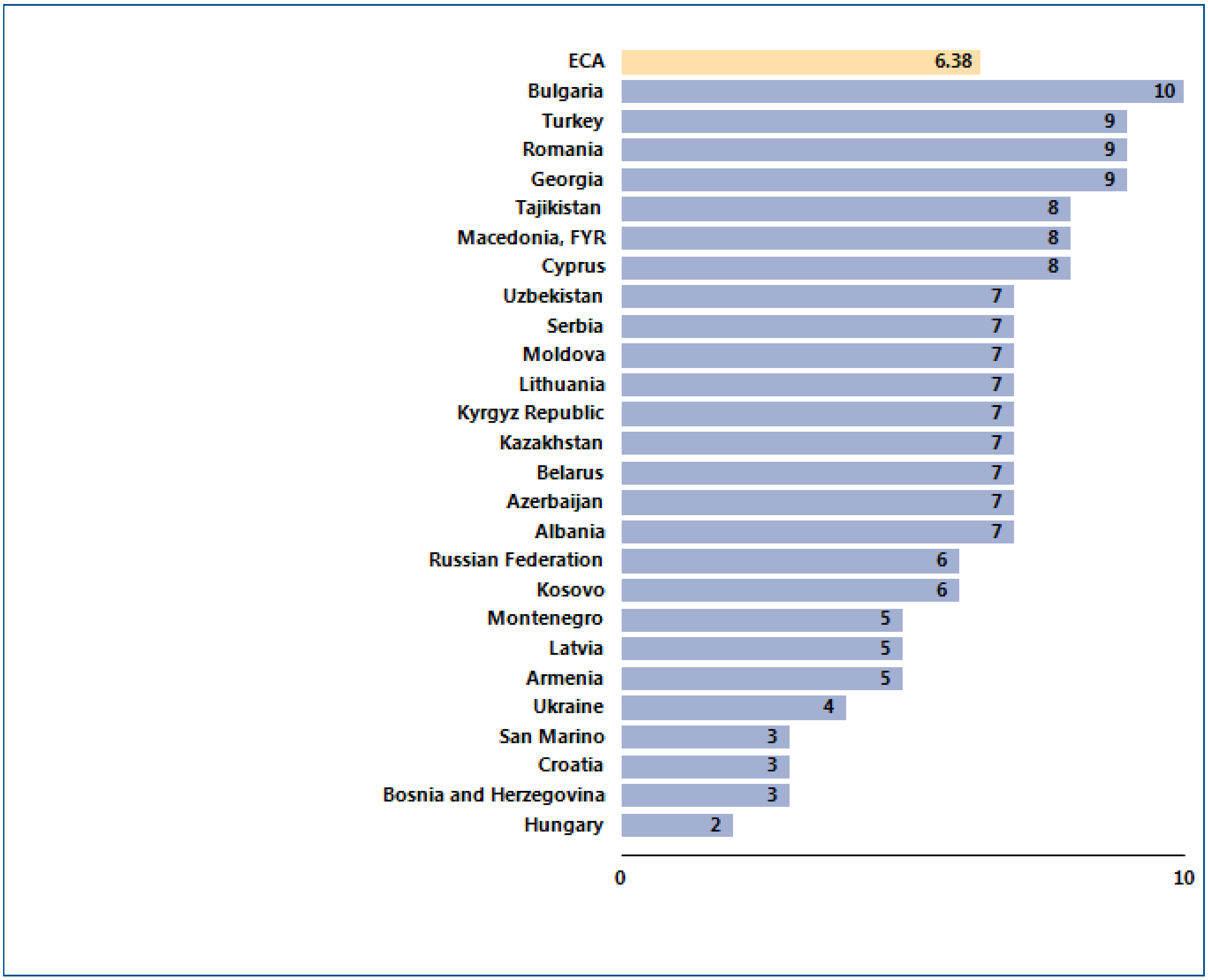
Source: Doing Business database.

PROTECTING MINORITY INVESTORS

But the overall ranking on the strength of minority investor protection index tells only part of the story. Economies may offer strong protections in some areas but not others. Figures 7.2 through 7.7 highlight the scores on the various minority investor protection indices for Europe and Central Asia (ECA) in 2014. Higher scores indicate stronger minority investor protections. Comparing the scores across the region on the strength of investor protection index and with averages both for the region and for comparator regions can provide useful insights.

Figure 7.2 How extensive are disclosure requirements?

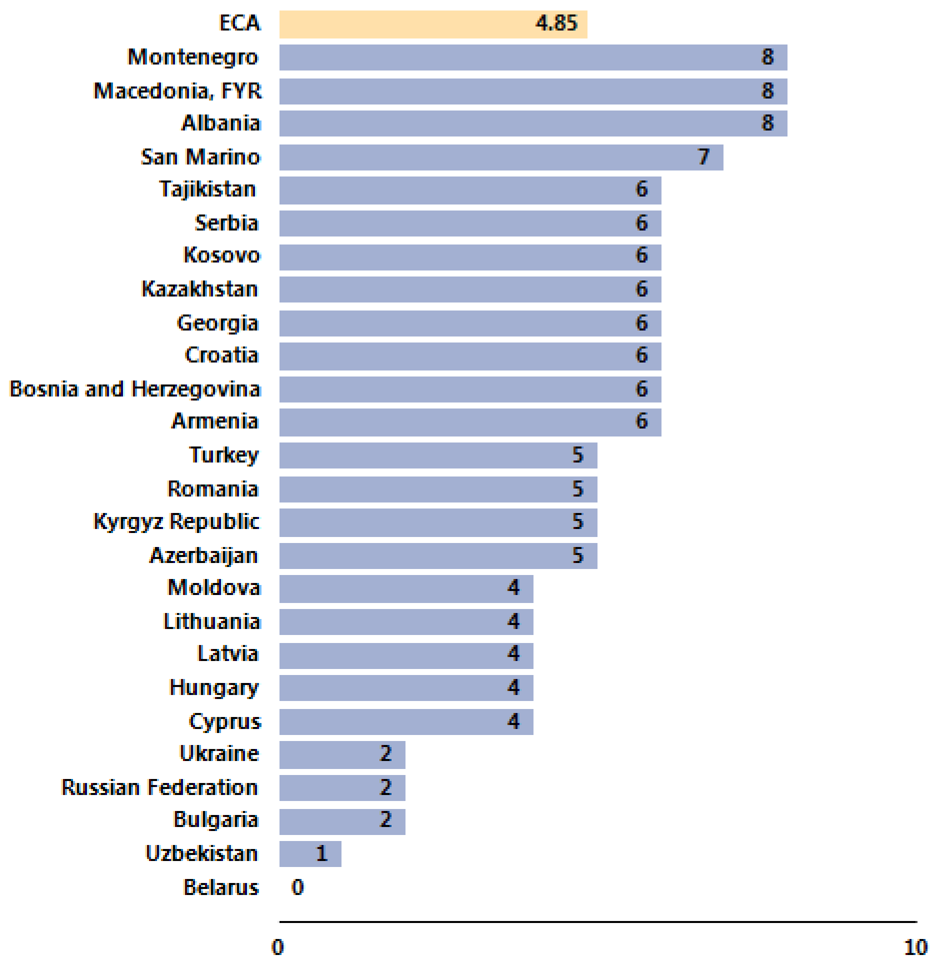
Extent of disclosure index (0–10)



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

Figure 7.3 How extensive is the liability regime for directors?

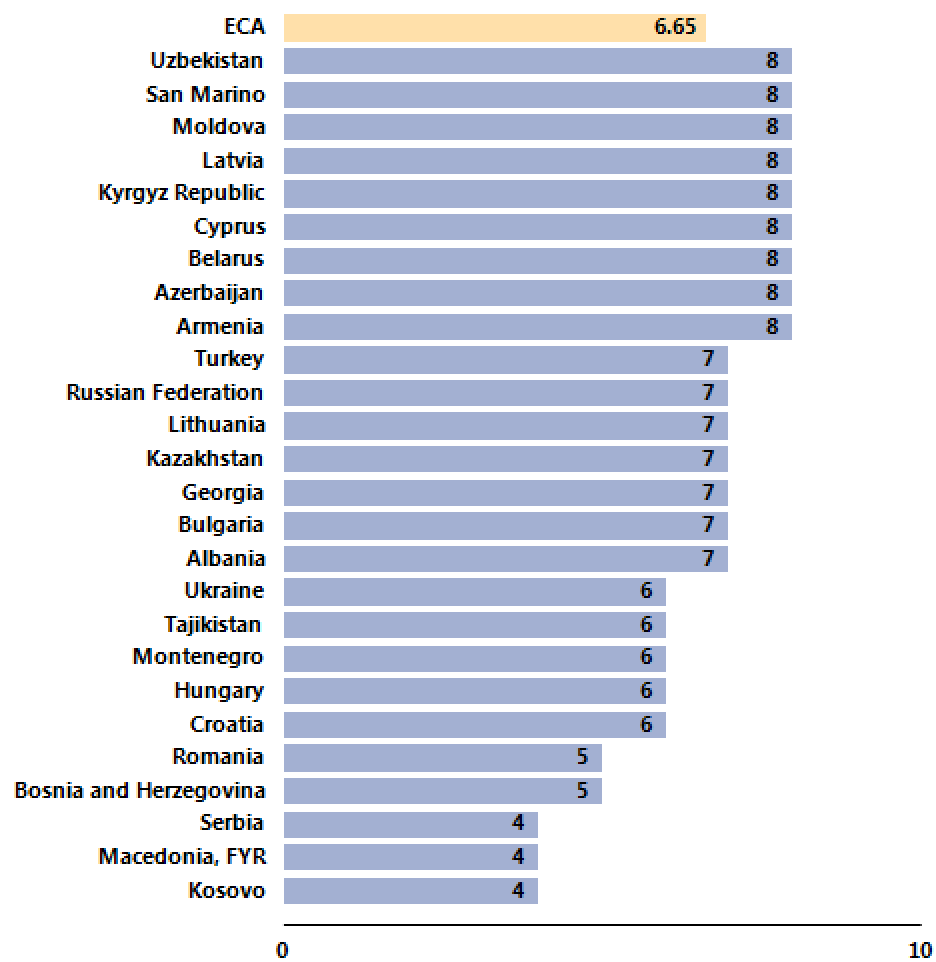
Extent of director liability index (0–10)



Note: Higher scores indicate greater liability of directors.
Source: Doing Business database.

Figure 7.4 How easy is accessing internal corporate documents?

Extent of shareholder suits index (0–10)

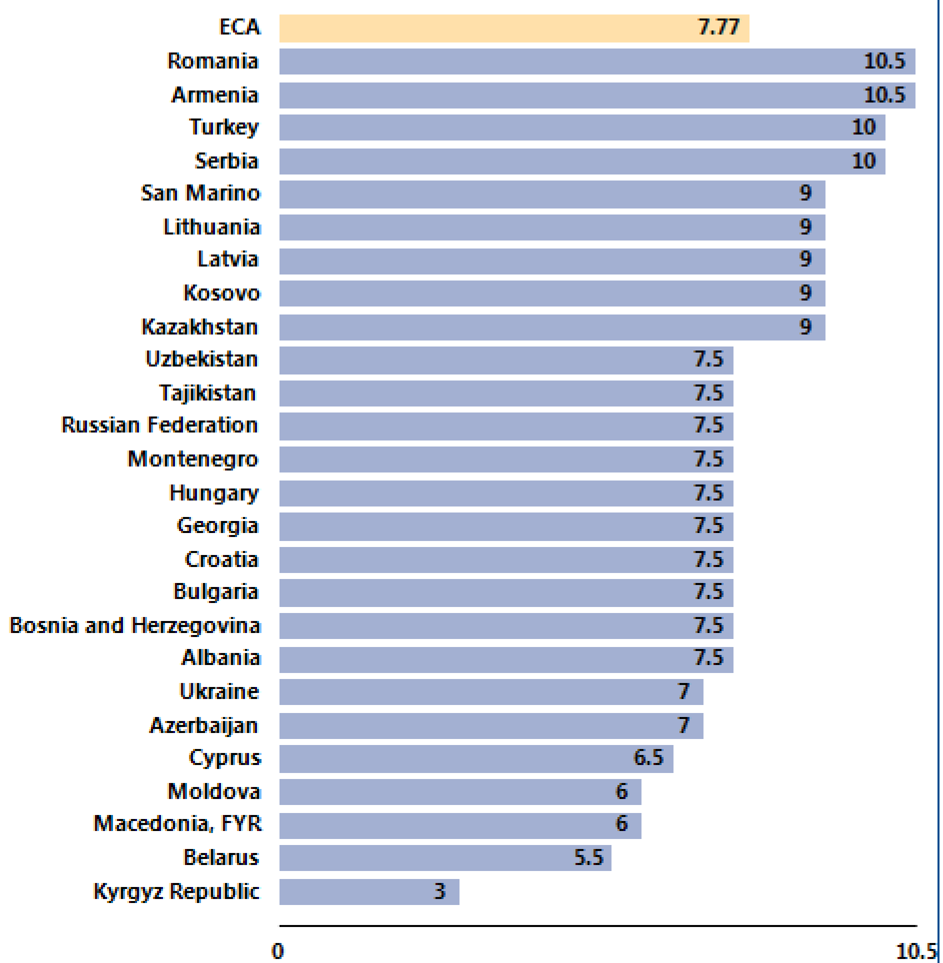


Note: Higher scores indicate greater minority shareholder access to evidence before and during trial.

Source: Doing Business database.

Figure 7.5 How extensive are shareholder rights?

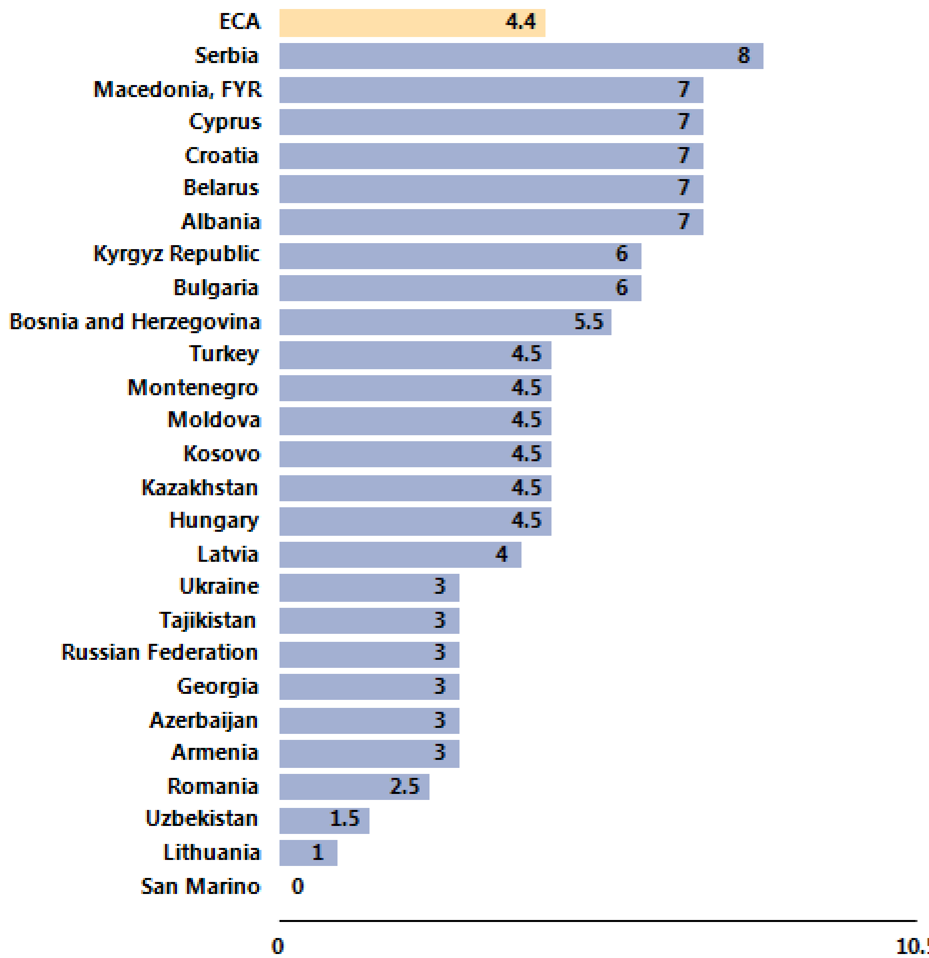
Extent of shareholder rights index (0–10.5)



Note: The higher the score, the stronger the protections.
Source: Doing Business database.

Figure 7.6 How strong is the governance structure?

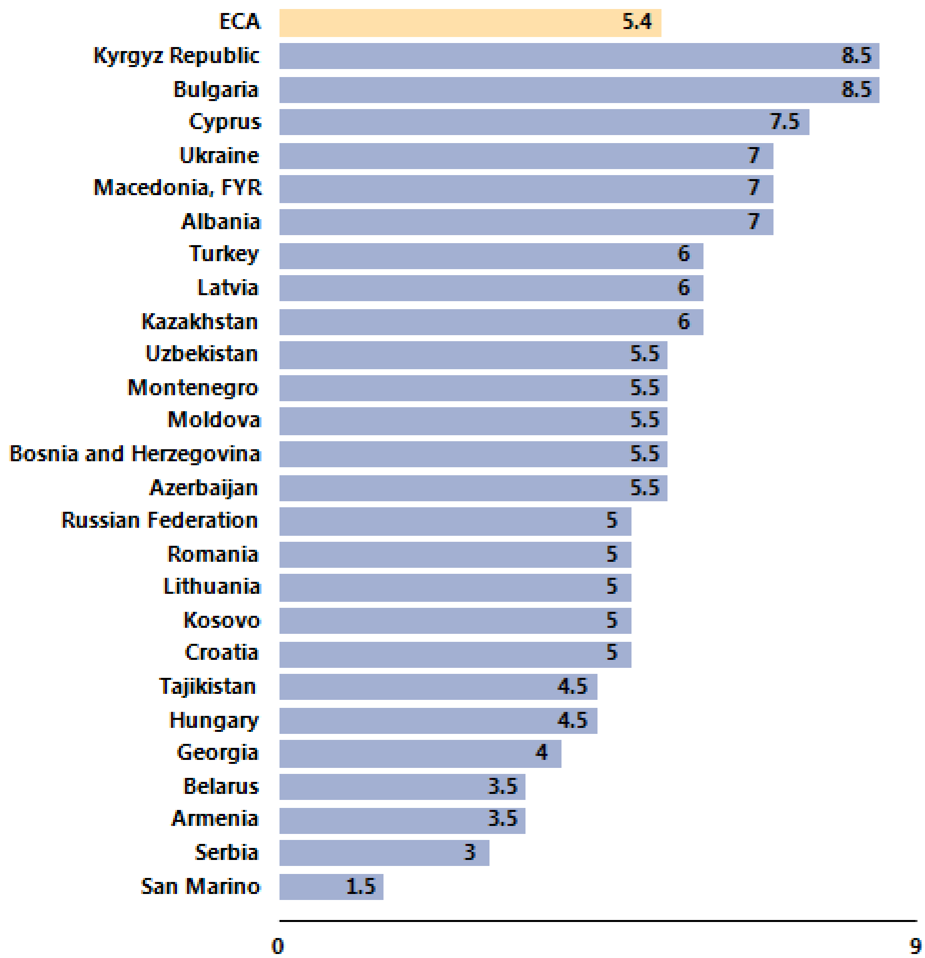
Strength of governance structure index (0–10.5)



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

Figure 7.7 How extensive is corporate transparency?

Extent of corporate transparency index (0–9)



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

PROTECTING MINORITY INVESTORS

What are the changes over time?

Economies with the strongest protections of minority investors from self-dealing require detailed disclosure and define clear duties for directors. They also have well-functioning courts and up-to-date procedural rules that give minority shareholders the means to prove their case and obtain a judgment within a reasonable time. So reforms to strengthen minority investor protections may move ahead on different fronts—such as through new or amended company laws, securities regulations or revisions to court procedures. What minority investor protection reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 7.1)?

Table 7.1 How have economies in Europe and Central Asia (ECA) strengthened minority investor protections—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Macedonia, FYR*	The former Yugoslav Republic of Macedonia strengthened minority investor protections by requiring prior review of related-party transactions by an external auditor.
DB2015	*Uzbekistan*	Uzbekistan strengthened minority investor protections by introducing a requirement for public joint stock companies to disclose information about related-party transactions in their annual report; setting higher standards for disclosure of such transactions to the board of directors; and establishing the right of shareholders to receive all documents related to such transactions.
DB2014	*Macedonia, FYR*	FYR Macedonia strengthened investor protections by allowing shareholders to request the rescission of unfair related-party transactions and the appointment of an auditor to investigate alleged irregularities in the company's activities.
DB2014	*Turkey*	Turkey strengthened investor protections through a new commercial code that requires directors found liable in abusive related-party transactions to disgorge their profits and that allows shareholders to request the appointment of an auditor to investigate alleged prejudicial conflicts of interest.
DB2013	*Armenia*	Armenia strengthened investor protections by introducing a requirement for shareholder approval of related-party transactions, requiring greater disclosure of such transactions

DB year	Economy	Reform
		in the annual report and making it easier to sue directors when such transactions are prejudicial.
DB2013	*Moldova*	Moldova strengthened investor protections by allowing the rescission of prejudicial related-party transactions.
DB2013	*Tajikistan*	Tajikistan strengthened investor protections by making it easier to sue directors in cases of prejudicial related-party transactions.
DB2013	*Kosovo*	Kosovo strengthened investor protections by introducing a requirement for shareholder approval of related-party transactions, requiring greater disclosure of such transactions in the annual report and making it easier to sue directors when such transactions are prejudicial.
DB2012	*Belarus*	Belarus strengthened investor protections by introducing requirements for greater corporate disclosure to the board of directors and to the public.
DB2012	*Cyprus*	Cyprus strengthened investor protections by requiring greater corporate disclosure to the board of directors, to the public and in the annual report.
DB2012	*Georgia*	Georgia strengthened investor protections by introducing requirements relating to the approval of transactions between interested parties.
DB2012	*Kazakhstan*	Kazakhstan strengthened investor protections by regulating the approval of transactions between interested parties and making it easier to sue directors in cases of prejudicial transactions between interested parties.
DB2012	*Lithuania*	Lithuania strengthened investor protections by introducing greater requirements for corporate disclosure to the public and in the annual report.
DB2011	*Georgia*	Georgia strengthened investor protections by allowing greater access to corporate information during the trial.
DB2011	*Kazakhstan*	Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports.
DB2011	*Tajikistan*	Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater

DB year	Economy	Reform
		access to corporate information for minority investors.
DB2010	*Macedonia, FYR*	FYR Macedonia strengthened investor protections by introducing regulations on the approval of related-party transactions, increasing disclosure requirements in the annual report and making it easier to sue directors in cases where related-party transactions harm the company.
DB2010	*Tajikistan*	Tajikistan strengthened investor protections through amendments to the joint stock companies law enhancing disclosure requirements for related-party transactions, increasing director liability in cases where related-party transactions harm the company and allowing shareholders to request the rescission of such transactions.
DB2010	*Ukraine*	Ukraine strengthened investor protections through a new joint stock companies law enhancing approval requirements for related-party transactions, increasing disclosure requirements in the annual report and making it easier to sue directors in cases where related-party transactions harm the company.

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

PAYING TAXES

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

What do the indicators cover?

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

- TaxpayerCo is a medium-size business that started operations on January 1, 2012.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government.
- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

WHAT THE PAYING TAXES INDICATORS MEASURE

Tax payments for a manufacturing company in 2013 (number per year adjusted for electronic and joint filing and payment)

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

Method and frequency of filing and payment

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

Collecting information and computing the tax payable

Completing tax return forms, filing with proper agencies

Arranging payment or withholding

Preparing separate tax accounting books, if required

Total tax rate (% of profit before all taxes)

Profit or corporate income tax

Social contributions and labor taxes paid by the employer

Property and property transfer taxes

Dividend, capital gains and financial transactions taxes

Waste collection, vehicle, road and other taxes

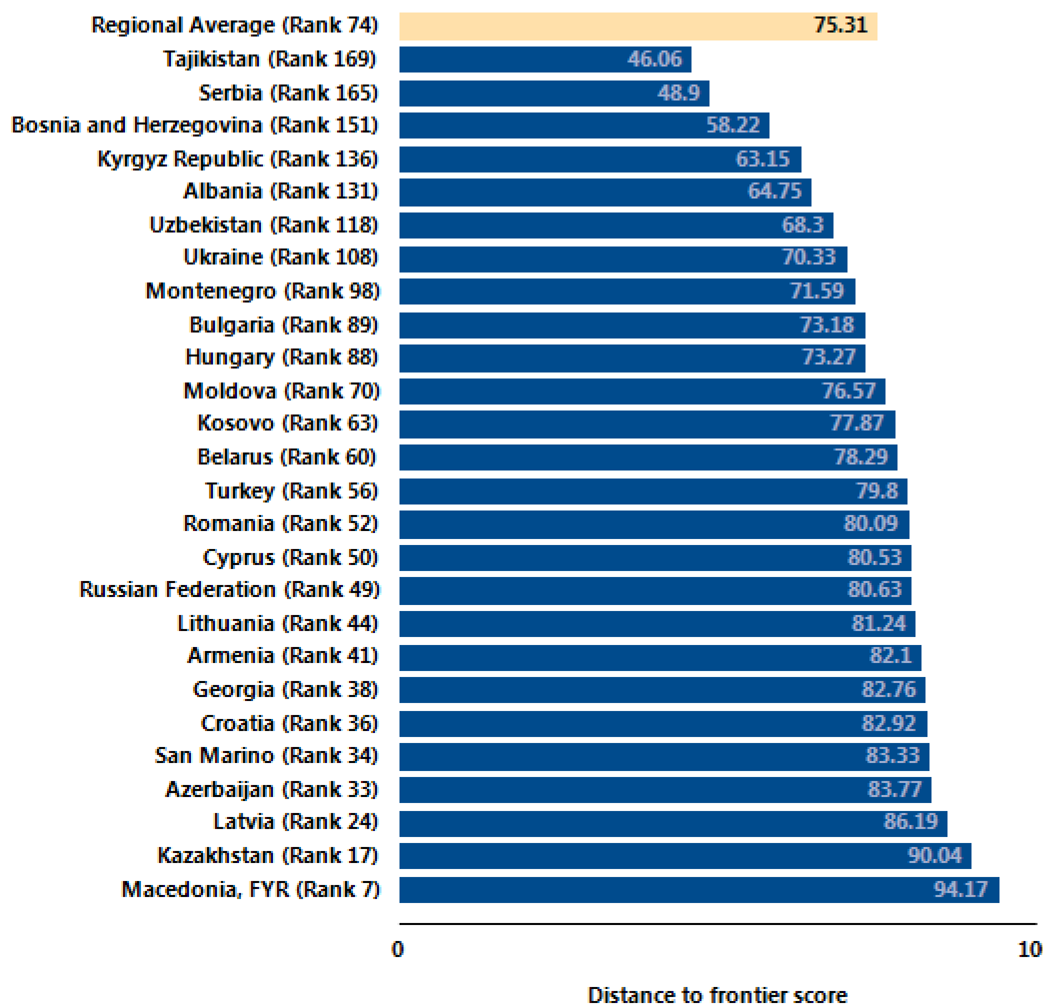
[5] The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. It is calculated and adjusted on a yearly basis. The threshold is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in the tax system of an economy overall. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates levied on medium-size enterprises in the manufacturing sector as observed through the paying taxes indicators. This reduces the bias in the indicators toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). This year's threshold is 26.1%.

PAYING TAXES

Where do the region's economies stand today?

What is the administrative burden of complying with taxes in economies in Europe and Central Asia (ECA)—and how much do firms pay in taxes? The global rankings of these economies on the ease of paying taxes offer useful information for assessing the tax compliance burden for businesses (figure 8.1). The average ranking of the region provides a useful benchmark.

Figure 8.1 How economies in Europe and Central Asia (ECA) rank on the ease of paying taxes



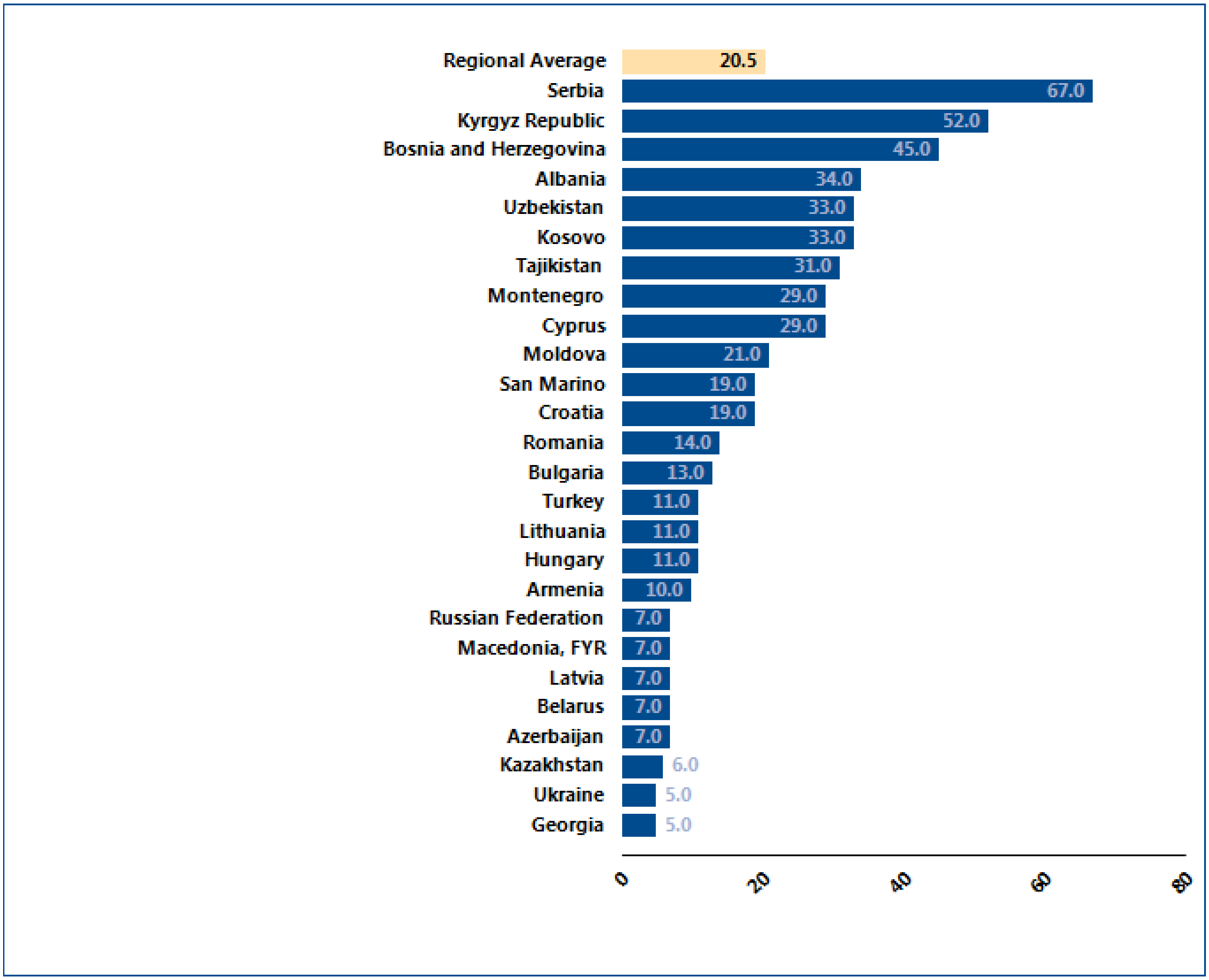
Note: All economies with a total tax rate below the threshold of 26.1% applied in DB2015, receive the same distance to frontier score for the total tax rate (a distance to frontier score of 100 for the total tax rate) for the purpose of calculating the ranking on the ease of paying taxes.
Source: Doing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

PAYING TAXES

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with tax regulations in each economy in the region—the number of payments per year and the time required to prepare, and file and pay taxes the 3 major taxes (corporate income tax, VAT or sales tax and labor taxes and mandatory contributions)—as well as the total tax rate (figure 8.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

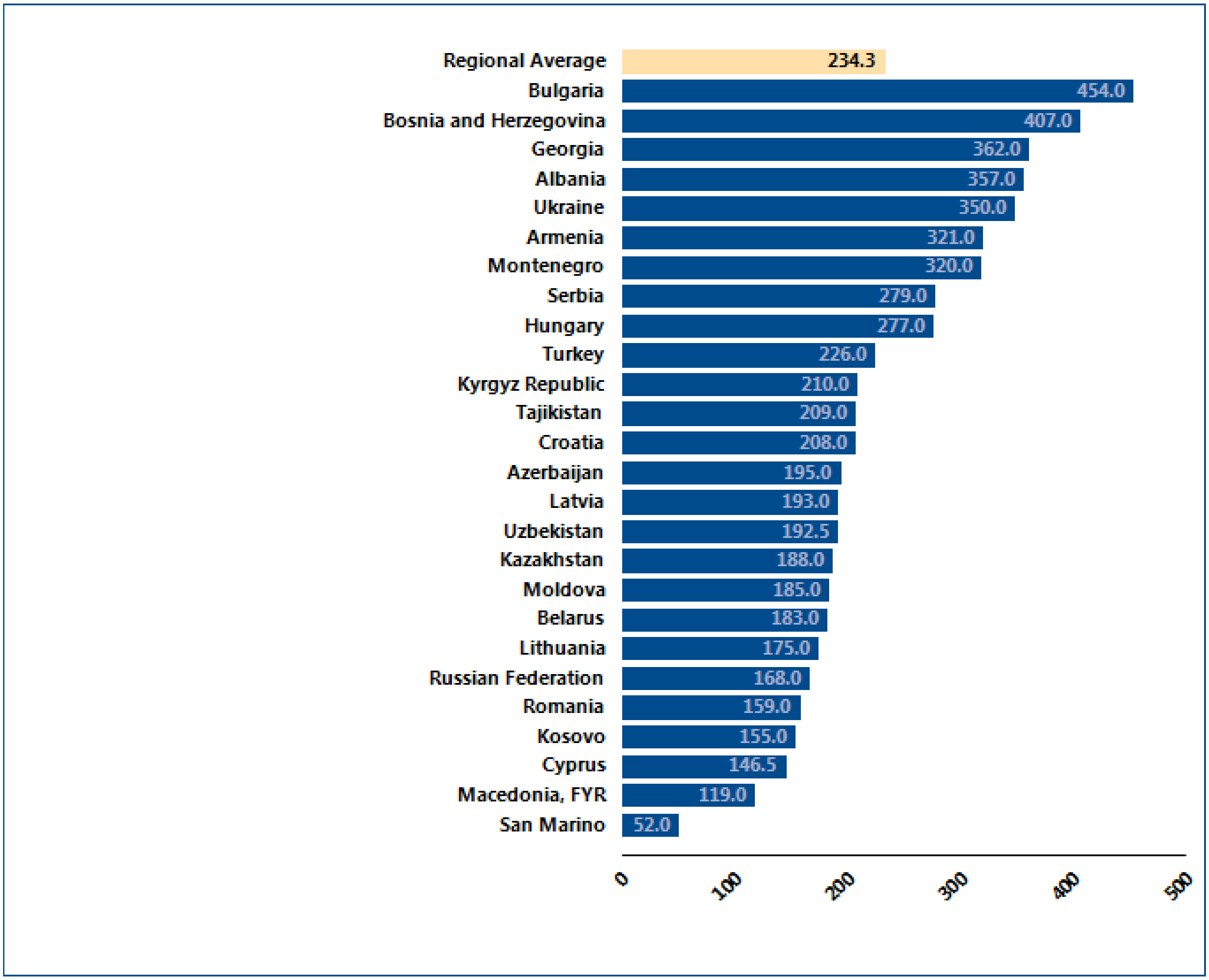
Figure 8.2 How easy is it to pay taxes in economies in Europe and Central Asia (ECA)—and what are the total tax rates?

Payments (number per year)



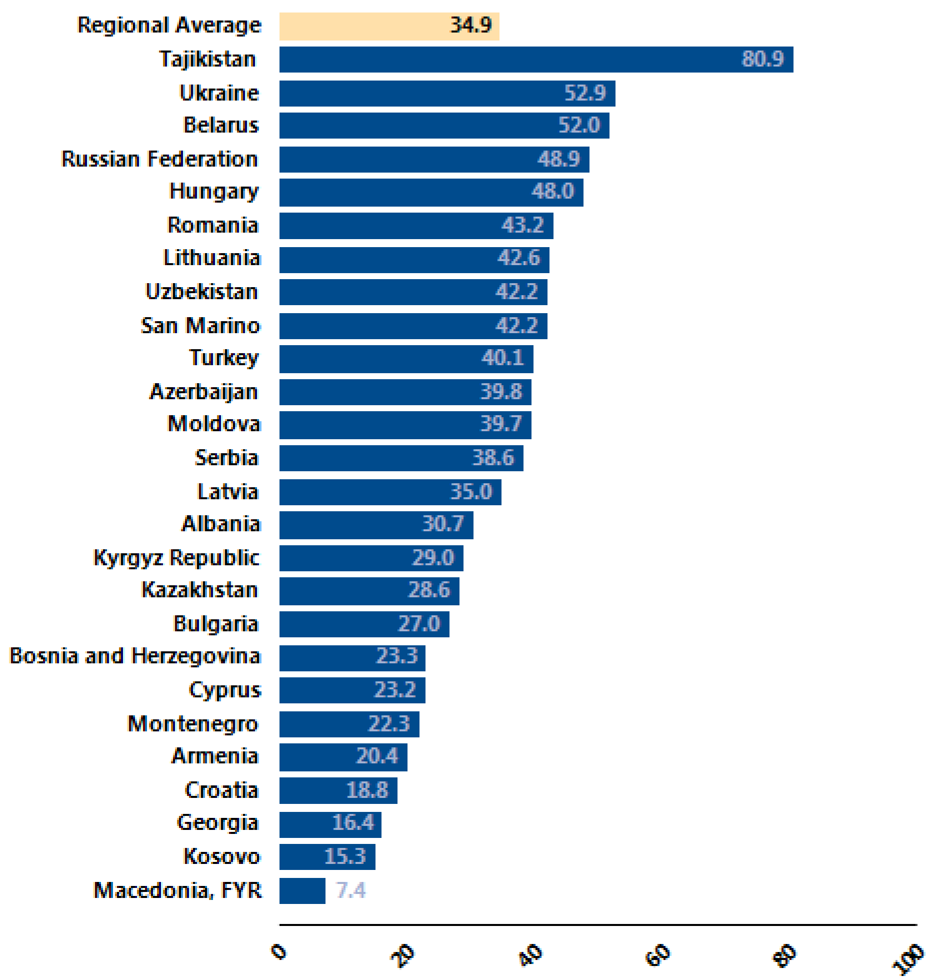
PAYING TAXES

Time (hours per year)



PAYING TAXES

Total tax rate (% of profit)



Source: Doing Business database.

PAYING TAXES

What are the changes over time?

Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought concrete results. Some economies simplifying compliance with tax obligations and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 8.1)?

Table 8.1 How have economies in Europe and Central Asia (ECA) made paying taxes easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Albania*	Albania made paying taxes more costly for companies by increasing the corporate income tax rate.
DB2015	*Azerbaijan*	Azerbaijan made paying taxes easier for companies by introducing an electronic system for filing and paying social insurance contributions.
DB2015	*Belarus*	Belarus made paying taxes easier for companies by introducing an electronic system for filing and paying contributions for the obligatory insurance for work accidents—and by simplifying the filing requirements for corporate income tax and VAT. On the other hand, it increased the ecological tax rate and made bad debt provisions nondeductible for purposes of the corporate income tax.
DB2015	*Croatia*	Croatia made paying taxes more complicated for companies by raising the health insurance contribution rate, increasing the Croatian Chamber of Commerce fees and introducing more detailed filing requirements for VAT. On the other hand, it abolished the contribution to the Croatian Chamber of Commerce.
DB2015	*Cyprus*	Cyprus made paying taxes easier for companies by reducing the number of provisional tax installments for corporate income tax.
DB2015	*Hungary*	Hungary made paying taxes easier and less costly for companies by abolishing the special tax that had been temporarily introduced in 2010 and by reducing the vehicle

DB year	Economy	Reform
		tax rate.
DB2015	*Kazakhstan*	Kazakhstan made paying taxes more complicated for companies by introducing a mandatory contribution to the National Chamber of Entrepreneurs and by increasing the vehicle and environmental taxes.
DB2015	*Latvia*	Latvia made paying taxes easier for companies by simplifying the VAT return, enhancing the electronic system for filing corporate income tax returns and reducing employers' social security contribution rate.
DB2015	*Moldova*	Moldova made paying taxes easier for companies by introducing an electronic system for filing and paying social security contributions. On the other hand, it increased the minimum salary used for calculating the environmental tax liability. Furthermore, Moldova increased the employers' health insurance contribution rate and introduced new filing requirements for VAT.
DB2015	*Romania*	Romania made paying taxes easier for companies, with the majority now using the electronic system for filing and paying taxes.
DB2015	*Tajikistan*	Tajikistan made paying taxes easier for companies by introducing an electronic system for filing and paying corporate income tax, VAT and labor taxes.
DB2015	*Turkey*	Turkey made paying taxes more costly for companies by increasing employers' social security contribution rate.
DB2015	*Ukraine*	Ukraine made paying taxes easier for companies by introducing an electronic system for filing and paying labor taxes. On the other hand, it increased the environmental tax.
DB2014	*Albania*	Albania made paying taxes easier by allowing corporate income tax to be paid quarterly.
DB2014	*Armenia*	Armenia made paying taxes easier by merging the employee and employer social contributions and individual income tax into one unified income tax.

DB year	Economy	Reform
DB2014	*Bosnia and Herzegovina*	Bosnia and Herzegovina introduced a penalty for failure to employ the required minimum number of people with disabilities—though it also temporarily abolished the forestry tax.
DB2014	*Croatia*	Croatia made paying taxes easier for companies by introducing an electronic system for social security contributions and by reducing the rates for the forest and Chamber of Commerce contributions.
DB2014	*Macedonia, FYR*	FYR Macedonia made paying taxes easier for companies by encouraging the use of electronic filing and payment systems for corporate income and value added taxes.
DB2014	*Moldova*	Moldova made paying taxes easier for companies by introducing an electronic filing and payment system for the value added tax, corporate income tax, land improvement tax and tax on immovable property.
DB2014	*Romania*	Romania made paying taxes easier and less costly for companies by reducing the payment frequency for the firm tax from quarterly to twice a year and by reducing the vehicle tax rate.
DB2014	*Tajikistan*	Tajikistan made paying taxes easier and less costly for companies by reducing the corporate income tax rate, merging the minimal income tax with the corporate income tax and abolishing the retail sales tax. At the same time, Tajikistan increased the land and vehicle tax rates.
DB2014	*Ukraine*	Ukraine made paying taxes easier for companies by simplifying tax returns and further improving its electronic filing system.
DB2014	*Uzbekistan*	Uzbekistan made paying taxes easier for companies by eliminating some small taxes.
DB2014	*Serbia*	Serbia made paying taxes more costly for companies by increasing the corporate income tax.
DB2013	*Albania*	Albania made paying taxes easier for companies by abolishing the vehicle tax and encouraging electronic filing

DB year	Economy	Reform
		for taxes.
DB2013	*Belarus*	Belarus made paying taxes easier and less costly for companies by reducing the profit tax rate and encouraging the use of electronic filing and payment systems.
DB2013	*Bosnia and Herzegovina*	Bosnia and Herzegovina eased the administrative burden of filing and paying social security contributions by implementing electronic filing and payment systems.
DB2013	*Croatia*	Croatia made paying taxes less costly for companies by reducing the health insurance contribution rate.
DB2013	*Cyprus*	Cyprus made paying taxes more costly for companies by increasing the special defense contribution rate on interest income and introducing a private sector special contribution and a fixed annual fee for companies registered in Cyprus. At the same time, it simplified tax compliance by introducing electronic filing for corporate income tax.
DB2013	*Georgia*	Georgia made paying taxes easier for companies by enhancing the use of electronic systems and providing more services to taxpayers.
DB2013	*Hungary*	Hungary made paying taxes easier for companies by abolishing the community tax. At the same time, Hungary increased health insurance contributions paid by the employer.
DB2013	*Moldova*	Moldova made paying taxes more costly for companies by reintroducing the corporate income tax—but also made tax compliance easier by encouraging electronic filing and payment.
DB2013	*Russian Federation*	Russia eased the administrative burden of taxes for firms by simplifying compliance procedures for value added tax and by promoting the use of tax accounting software and electronic services.
DB2013	*Ukraine*	Ukraine made paying taxes easier by implementing electronic filing and payment for medium-size and large enterprises.

DB year	Economy	Reform
DB2012	*Armenia*	Armenia made tax compliance easier for firms by reducing the number of payments for social security contributions and corporate income, property and land taxes and by introducing mandatory electronic filing and payment for major taxes.
DB2012	*Belarus*	Belarus abolished several taxes, including turnover and sales taxes, and simplified compliance with corporate income, value added and other taxes by reducing the frequency of filings and payments and facilitating electronic filing and payment.
DB2012	*Georgia*	Georgia made paying taxes easier for firms by simplifying the reporting for value added tax and introducing electronic filing and payment of taxes.
DB2012	*Hungary*	Hungary made paying taxes costlier for firms by introducing a sector-specific surtax
DB2012	*Kyrgyz Republic*	The Kyrgyz Republic made paying taxes costlier for firms by introducing a real estate tax, though it also reduced the sales tax rate.
DB2012	*Romania*	Romania made paying taxes easier for companies by introducing an electronic payment system and a unified return for social security contributions. It also abolished the annual minimum tax.
DB2012	*Russian Federation*	Russia increased the social security contribution rate for employers.
DB2012	*Turkey*	Turkey lowered the social security contribution rate for companies by offering them a 5% rebate
DB2012	*Ukraine*	Ukraine made paying taxes easier and less costly for firms by revising and unifying tax legislation, reducing corporate income tax rates and unifying social security contributions.
DB2012	*Montenegro*	Montenegro made paying taxes easier and less costly for firms by abolishing a tax, reducing the social security contribution rate and merging several returns into a single unified one.

DB year	Economy	Reform
DB2011	*Albania*	Albania made it easier and less costly for companies to pay taxes by amending several laws, reducing social security contributions and introducing electronic filing and payment.
DB2011	*Azerbaijan*	A revision of Azerbaijan's tax code lowered several tax rates, including the profit tax rate, and simplified the process of paying corporate income tax and value added tax.
DB2011	*Belarus*	Reductions in the turnover tax, social security contributions and the base for property taxes along with continued efforts to encourage electronic filing made it easier and less costly for companies in Belarus to pay taxes.
DB2011	*Bosnia and Herzegovina*	Bosnia and Herzegovina simplified its labor tax processes, reduced employer contribution rates for social security and abolished its payroll tax.
DB2011	*Bulgaria*	Bulgaria reduced employer contribution rates for social security.
DB2011	*Croatia*	Croatia made paying taxes more difficult and costly for companies by introducting a tourist fee.
DB2011	*Hungary*	Hungary simplified taxes and tax bases.
DB2011	*Lithuania*	Lithuania reduced corporate tax rates.
DB2011	*Macedonia, FYR*	FYR Macedonia lowered tax costs for businesses by requiring that corporate income tax be paid only on distributed profits.
DB2011	*Moldova*	Moldova reduced employer contribution rates for social security.
DB2011	*Romania*	Romania introduced tax changes, including a new minimum tax on profit, that made paying taxes more costly for companies.
DB2011	*Tajikistan*	Tajikistan lowered its corporate income tax rate.
DB2011	*Ukraine*	Ukraine eased tax compliance by introducing and continually enhancing an electronic filing system for value added tax.

DB year	Economy	Reform
DB2011	*Montenegro*	An amendment to Montenegro's corporate income tax law removed the obligation for advance payments and abolished the construction land charge.
DB2010	*Belarus*	Belarus made paying taxes easier and less costly for companies by encouraging the use of electronic systems, reducing the number of payments for the property tax, adjusting the ecological tax rates and lowering turnover tax rates.
DB2010	*Kazakhstan*	Kazakhstan made paying taxes less costly for companies by reducing social tax rates and the corporate income tax rate.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic made paying taxes less costly for companies by reducing the rates of several taxes, including the corporate income tax.
DB2010	*Lithuania*	Lithuania made paying taxes more costly for companies by increasing the corporate income tax rate.
DB2010	*Macedonia, FYR*	FYR Macedonia made paying taxes easier and less costly for companies by clarifying social security payments and reducing employers' social security contribution rates.
DB2010	*Moldova*	Moldova made paying taxes less costly for companies by reducing employers' social security contribution rate.
DB2010	*Romania*	Romania made paying taxes more costly for companies by increasing labor taxes.
DB2010	*Russian Federation*	Russia made paying taxes less costly for companies by reducing the corporate income tax rate.
DB2010	*Uzbekistan*	Uzbekistan made paying taxes easier for companies through a new tax code combining corporate income tax provisions.
DB2010	*Montenegro*	Montenegro made paying taxes less costly for companies by reducing the corporate income tax rate and employers' social security contribution rates.
DB2010	*Kosovo*	Kosovo made paying taxes less costly for companies by reducing the corporate income tax rate.

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

TRADING ACROSS BORDERS

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

What do the indicators cover?

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

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

WHAT THE TRADING ACROSS BORDERS INDICATORS MEASURE

Documents required to export and import (number)

Bank documents

Customs clearance documents

Port and terminal handling documents

Transport documents

Time required to export and import (days)

Obtaining, filling out and submitting all the documents

Inland transport and handling

Customs clearance and inspections

Port and terminal handling

Does not include sea transport time

Cost required to export and import (US$ per container)

All documentation

Inland transport and handling

Customs clearance and inspections

Port and terminal handling

Official costs only, no bribes

The traded product:

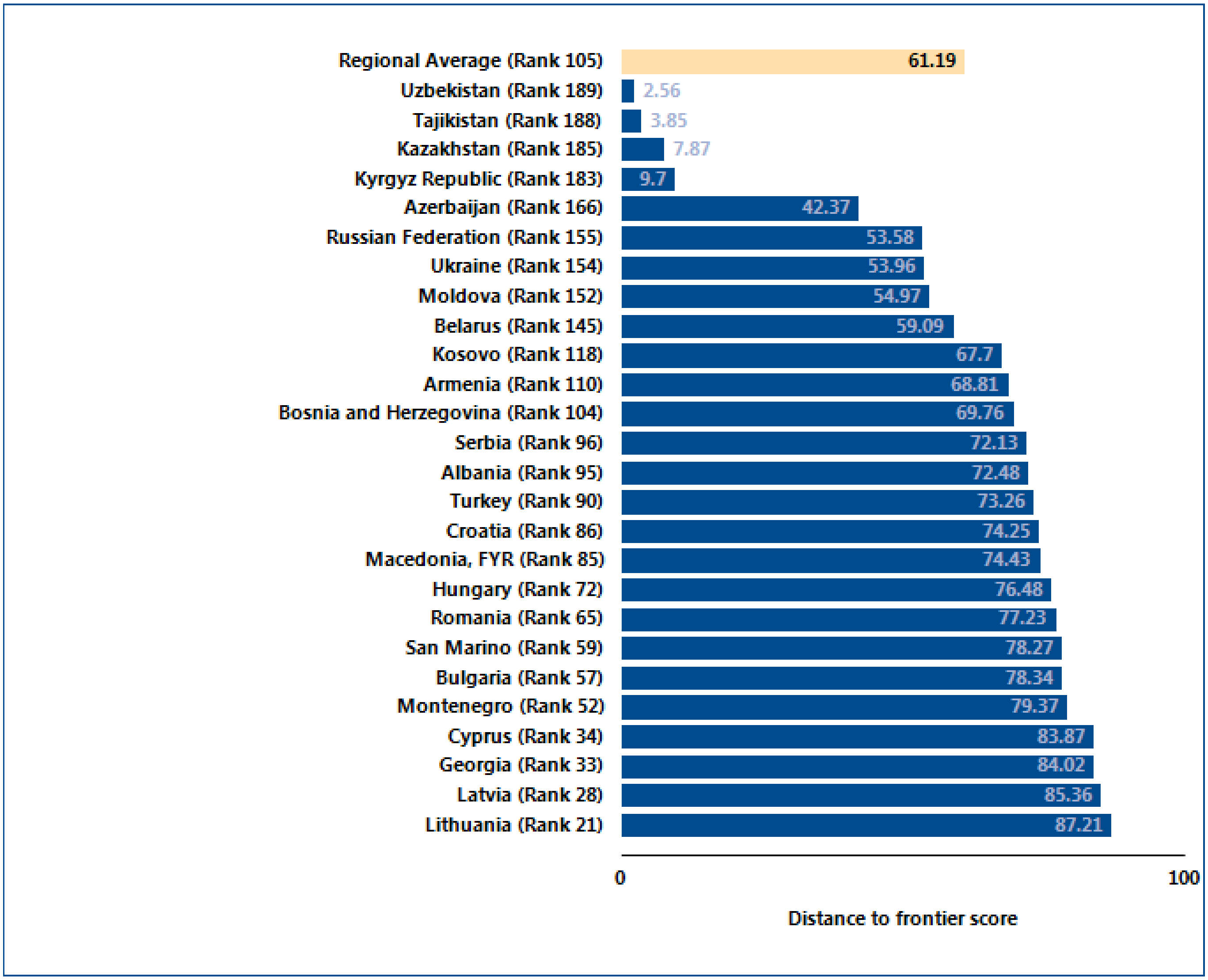
- Is not hazardous nor includes military items.
- Does not require refrigeration or any other special environment.
- Do not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Is one of the economy's leading export or import products.
- Is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

TRADING ACROSS BORDERS

Where do the region's economies stand today?

How easy it is for businesses in economies in Europe and Central Asia (ECA) to export and import goods? The global rankings of these economies on the ease of trading across borders suggest an answer (figure 9.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 9.1 How economies in Europe and Central Asia (ECA) rank on the ease of trading across borders



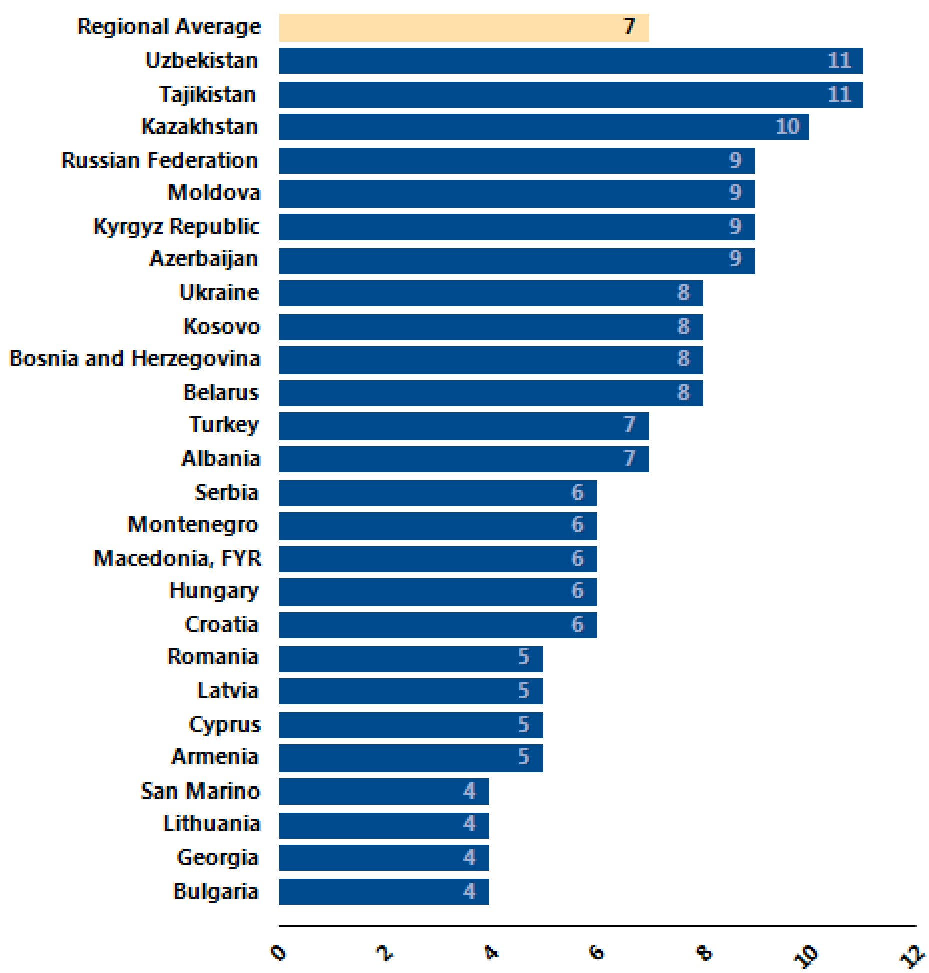
Source: Doing Business database.

TRADING ACROSS BORDERS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to export or import a standard container of goods in each economy in the region: the number of documents, the time and the cost (figure 9.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

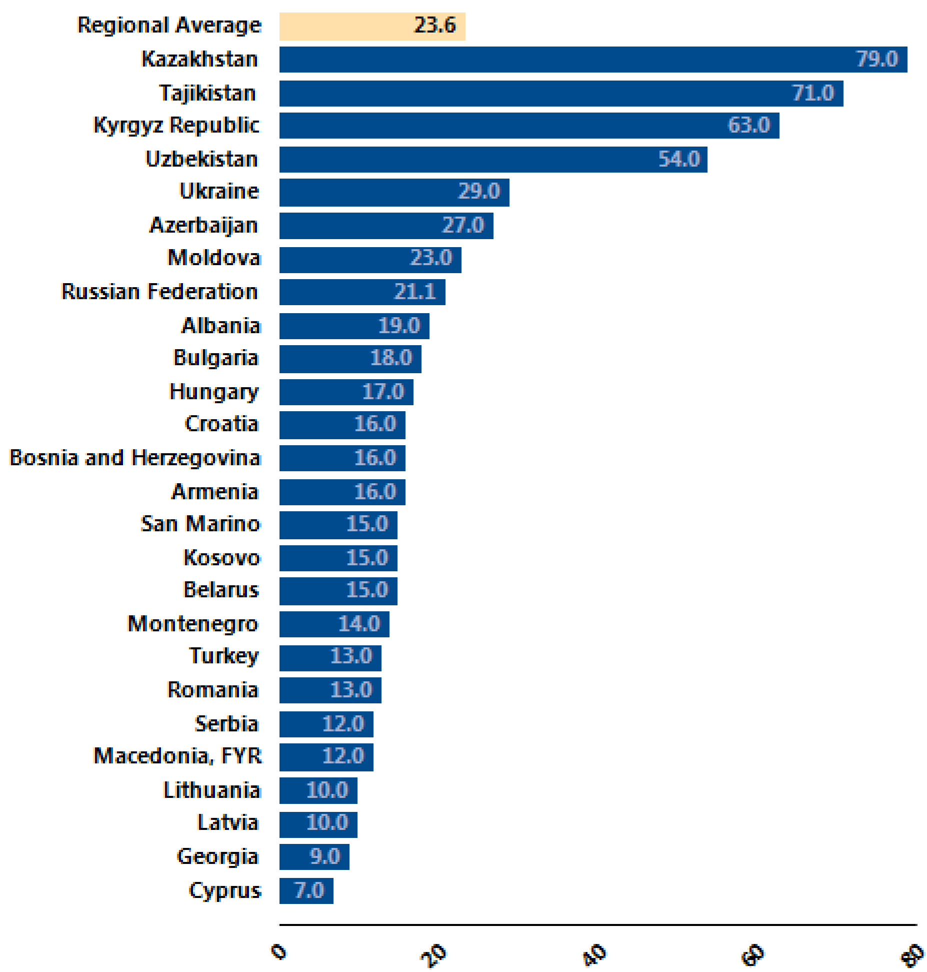
Figure 9.2 What it takes to trade across borders in economies in Europe and Central Asia (ECA)

Documents to export (number)



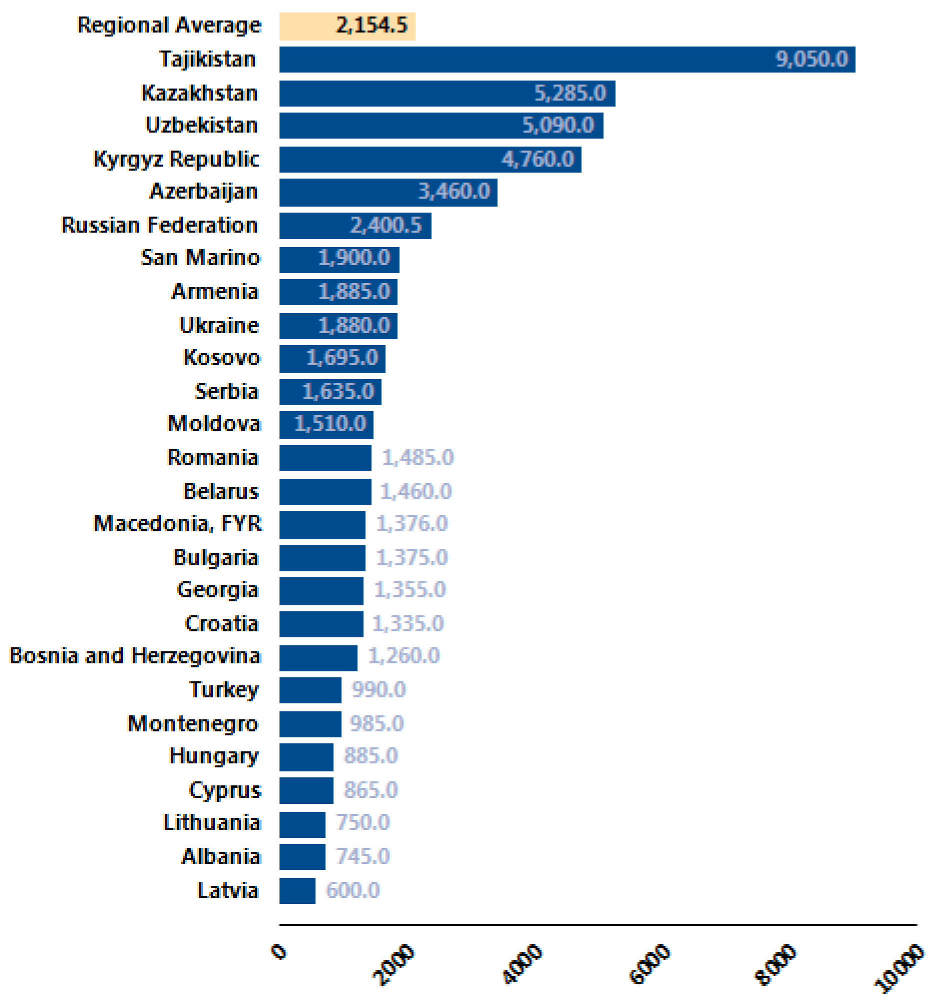
TRADING ACROSS BORDERS

Time to export (days)



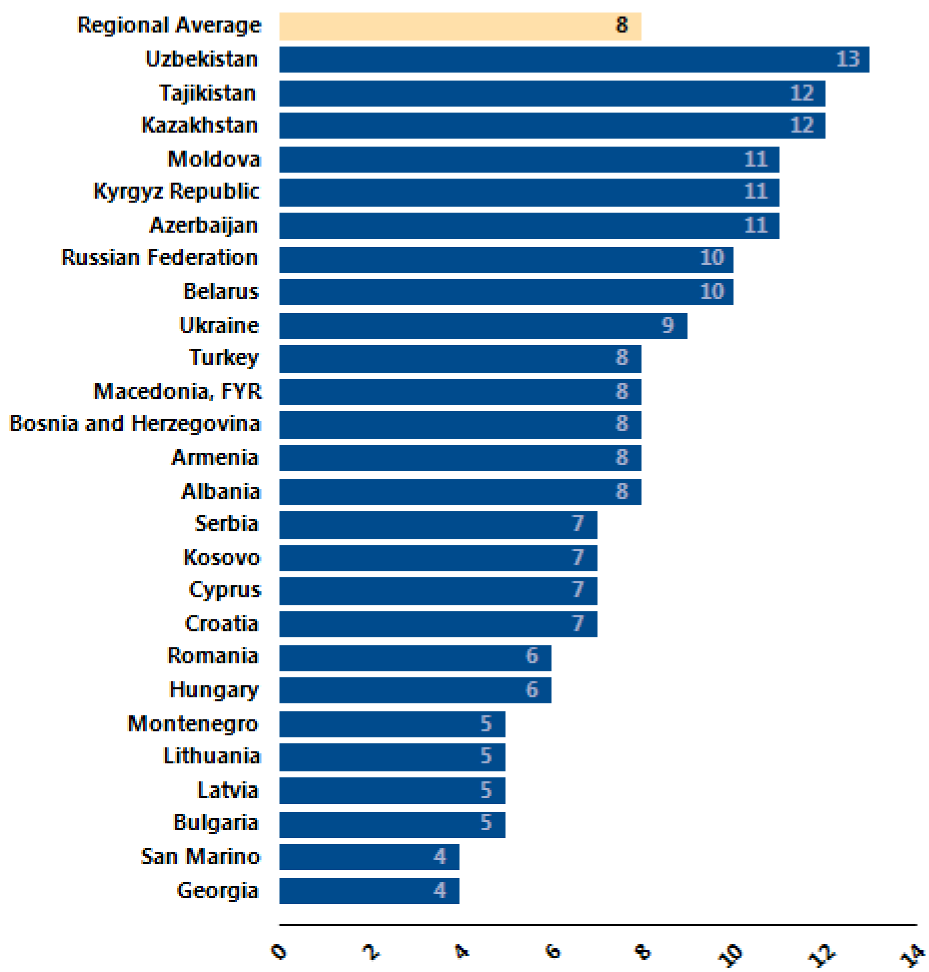
TRADING ACROSS BORDERS

Cost to export (US$ per container)



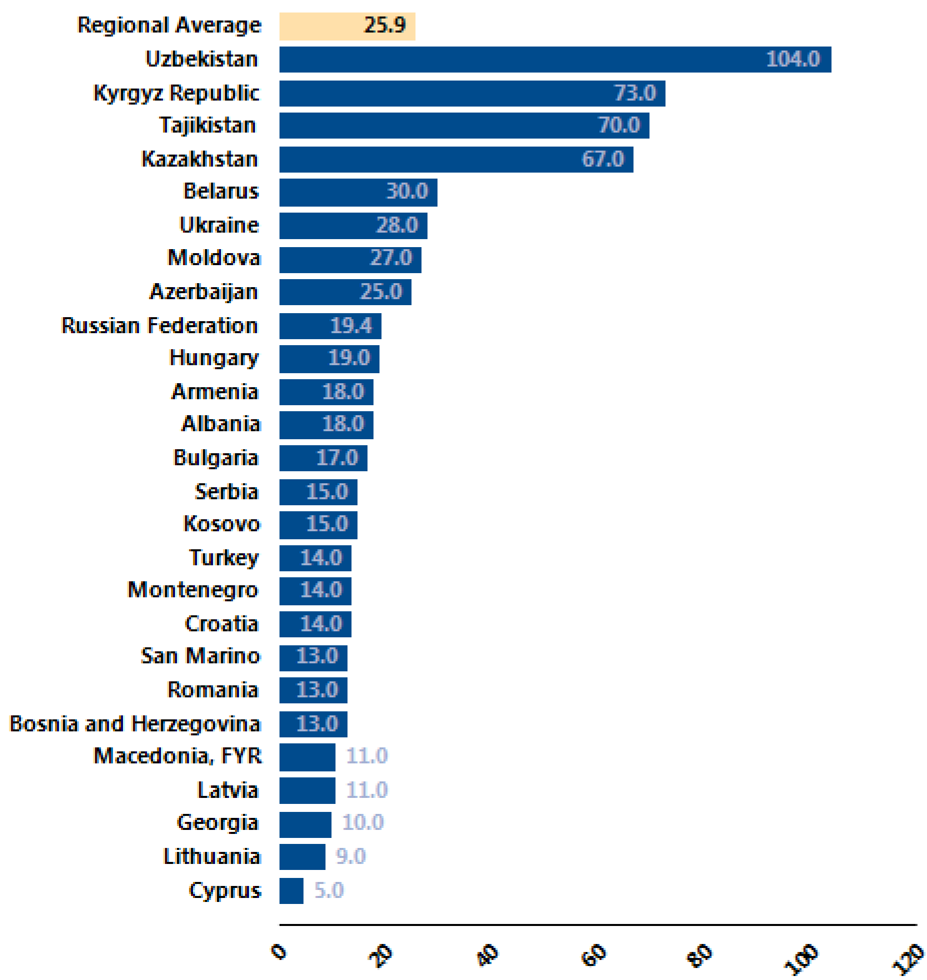
TRADING ACROSS BORDERS

Documents to import (number)



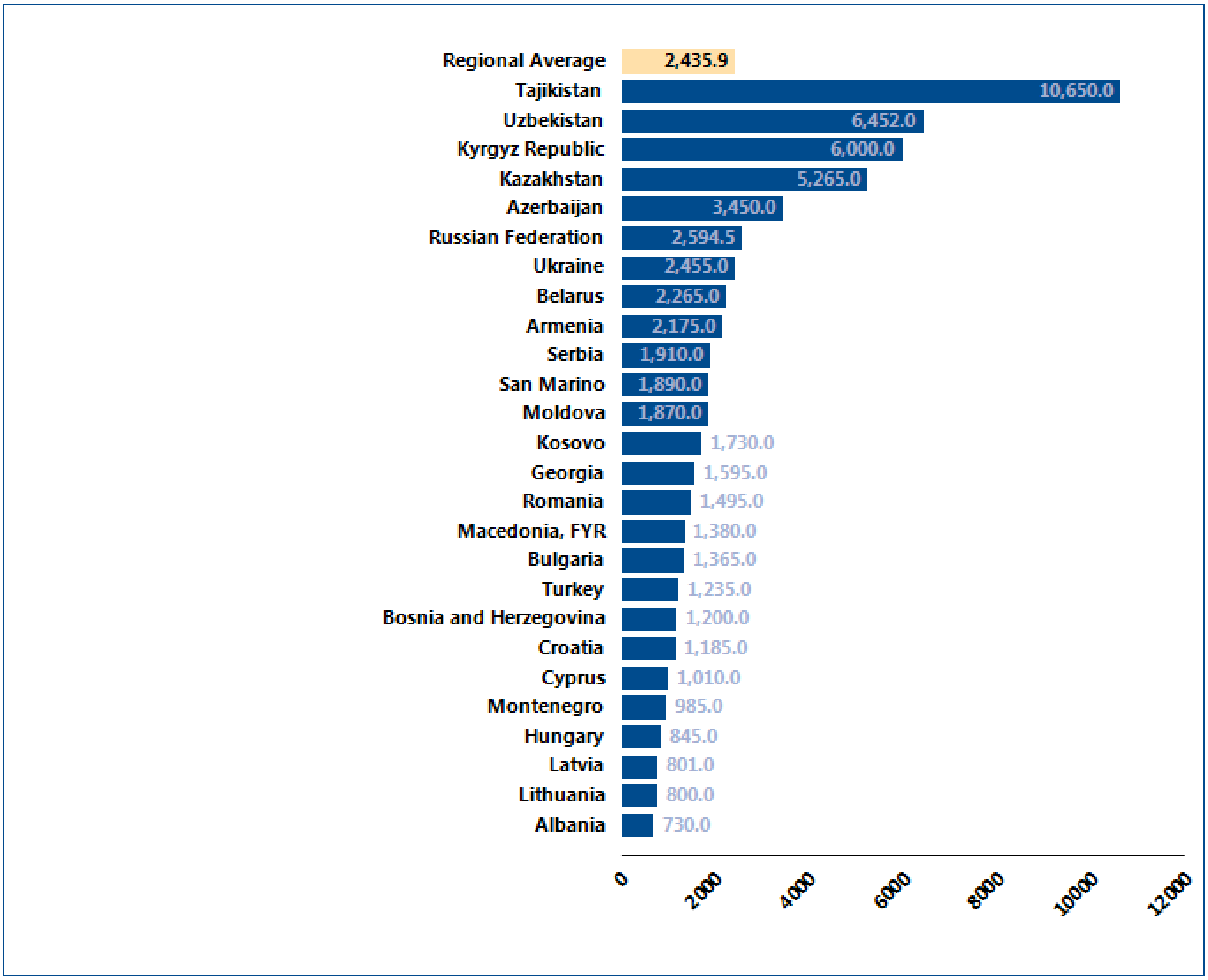
TRADING ACROSS BORDERS

Time to import (days)



TRADING ACROSS BORDERS

Cost to import (US$ per container)



Source: Doing Business database.

TRADING ACROSS BORDERS

What are the changes over time?

In economies around the world, trading across borders as measured by *Doing Business* has become faster and easier over the years. Governments have introduced tools to facilitate trade—including single windows, risk-based inspections and electronic data interchange systems. These changes help improve their trading environment and boost firms' international competitiveness. What trade reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 9.1)?

Table 9.1 How have economies in Europe and Central Asia (ECA) made trading across borders easier—or not? By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Croatia*	Croatia made trading across borders easier by implementing a new electronic customs system.
DB2015	*Kazakhstan*	Kazakhstan made trading across borders easier by opening a new border station and railway link that helped reduce congestion at the border with China.
DB2015	*Uzbekistan*	Uzbekistan made trading across borders easier by reducing the number of documents to export and import and by making it possible to submit documents electronically.
DB2014	*Azerbaijan*	Azerbaijan made trading across borders easier by streamlining internal customs procedures.
DB2014	*Croatia*	Croatia made trading across borders easier by improving the physical and information system infrastructure at the port of Rijeka and by streamlining export customs procedures in preparation for accession to the Common Transit Convention of the European Union.
DB2014	*Latvia*	Latvia made trading across borders easier by reducing the number of documents required for importing.
DB2014	*Russian Federation*	Russia made trading across borders easier by implementing an electronic system for submitting export and import documents and by reducing the number of physical inspections.
DB2014	*Ukraine*	Ukraine made trading across borders easier by releasing customs declarations more quickly and reducing the number

DB year	Economy	Reform
		of physical inspections.
DB2014	*Uzbekistan*	Uzbekistan made trading across borders easier by eliminating the need to register import contracts with customs, tightening the time limits for banks to register export or import contracts and reducing the number of export documents required.
DB2013	*Georgia*	Georgia reduced the time to export and import by creating customs clearance zones.
DB2013	*Hungary*	Hungary reduced the time to export and import by allowing electronic submission of customs declarations and other documents.
DB2013	*Uzbekistan*	Uzbekistan reduced the time to export by introducing a single window for customs clearance and reduced the number of documents needed for each import transaction.
DB2012	*Bulgaria*	Bulgaria made trading across borders faster by introducing online submission of customs declaration forms.
DB2012	*Russian Federation*	Russia made trading across borders easier by reducing the number of documents needed for each export or import transaction and lowering the associated cost.
DB2012	*Ukraine*	Ukraine made trading across borders more difficult by introducing additional inspections for customs clearance of imports.
DB2011	*Armenia*	Armenia made trading easier by introducing self-declaration desks at customs houses and warehouses, investing in new equipment to improve border operations and introducing a risk management system.
DB2011	*Belarus*	Belarus reduced the time to trade by introducing electronic declaration of exports and imports.
DB2011	*Kazakhstan*	Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.

DB year	Economy	Reform
DB2011	*Latvia*	Latvia reduced the time to export and import by introducing electronic submission of customs declarations.
DB2011	*Lithuania*	Lithuania reduced the time to import by introducing, in compliance with EU law, an electronic system for submitting customs declarations.
DB2011	*Montenegro*	Montenegro's customs administration simplified trade by eliminating the requirement to present a terminal handling receipt for exporting and importing.
DB2010	*Albania*	Albania reduced the time needed for customs clearance of imports by implementing the ASYCUDA World electronic data interchange system and by purchasing scanners.
DB2010	*Armenia*	Armenia reduced the time required for trading across borders by encouraging greater competition in the banking and transport sectors and customs brokerage service industry and by reducing the number of goods requiring inspection and the number of documents needed to clear goods.
DB2010	*Azerbaijan*	Azerbaijan reduced the clearance and border crossing time for goods by streamlining and regrouping agencies behind a single customs service window.
DB2010	*Belarus*	Belarus reduced the transit time for trade by implementing a risk-based inspection system and improving operations at the border crossing.
DB2010	*Georgia*	Georgia reduced the cost of trade and simplified the documentation requirements for exporting and importing.
DB2010	*Kyrgyz Republic*	The Kyrgyz Republic made trading across borders easier and less time consuming by eliminating some previously required documents and simplifying inspection procedures.

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

ENFORCING CONTRACTS

Effective commercial dispute resolution has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. Speedy trials are essential for small enterprises, which may lack the resources to stay in business while awaiting the outcome of a long court dispute.

What do the indicators cover?

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

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

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

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

WHAT THE ENFORCING CONTRACTS INDICATORS MEASURE

Procedures to enforce a contract through the courts (number)

Steps to file and serve the case

Steps for trial and judgment

Steps to enforce the judgment

Time required to complete procedures (calendar days)

Time to file and serve the case

Time for trial and obtaining judgment

Time to enforce the judgment

Cost required to complete procedures (% of claim)

Average attorney fees

Court costs

Enforcement costs

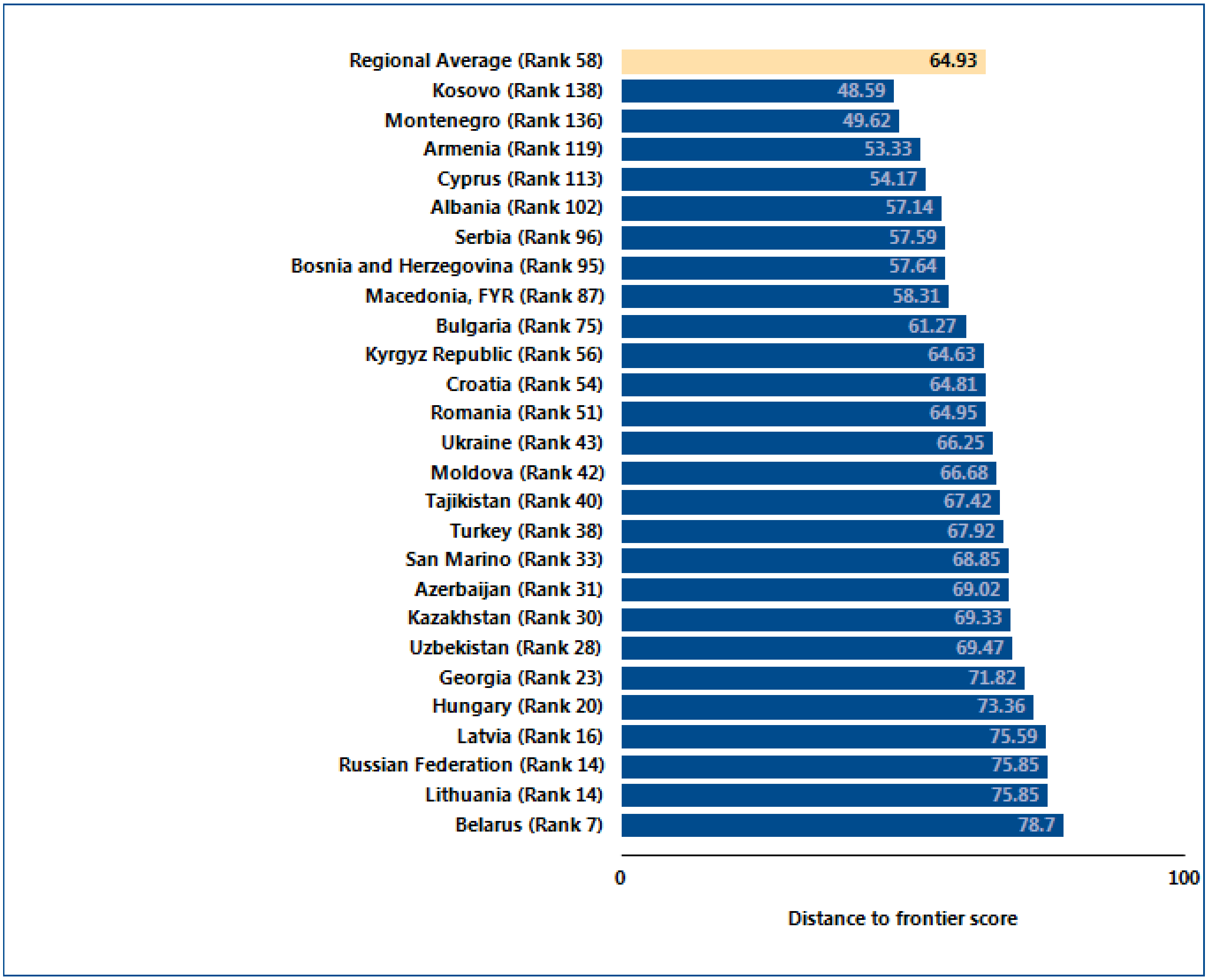
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

ENFORCING CONTRACTS

Where do the region's economies stand today?

How efficient is the process of resolving a commercial dispute through the courts in economies in Europe and Central Asia (ECA)? The global rankings of these economies on the ease of enforcing contracts suggest an answer (figure 10.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 10.1 How economies in Europe and Central Asia (ECA) rank on the ease of enforcing contracts



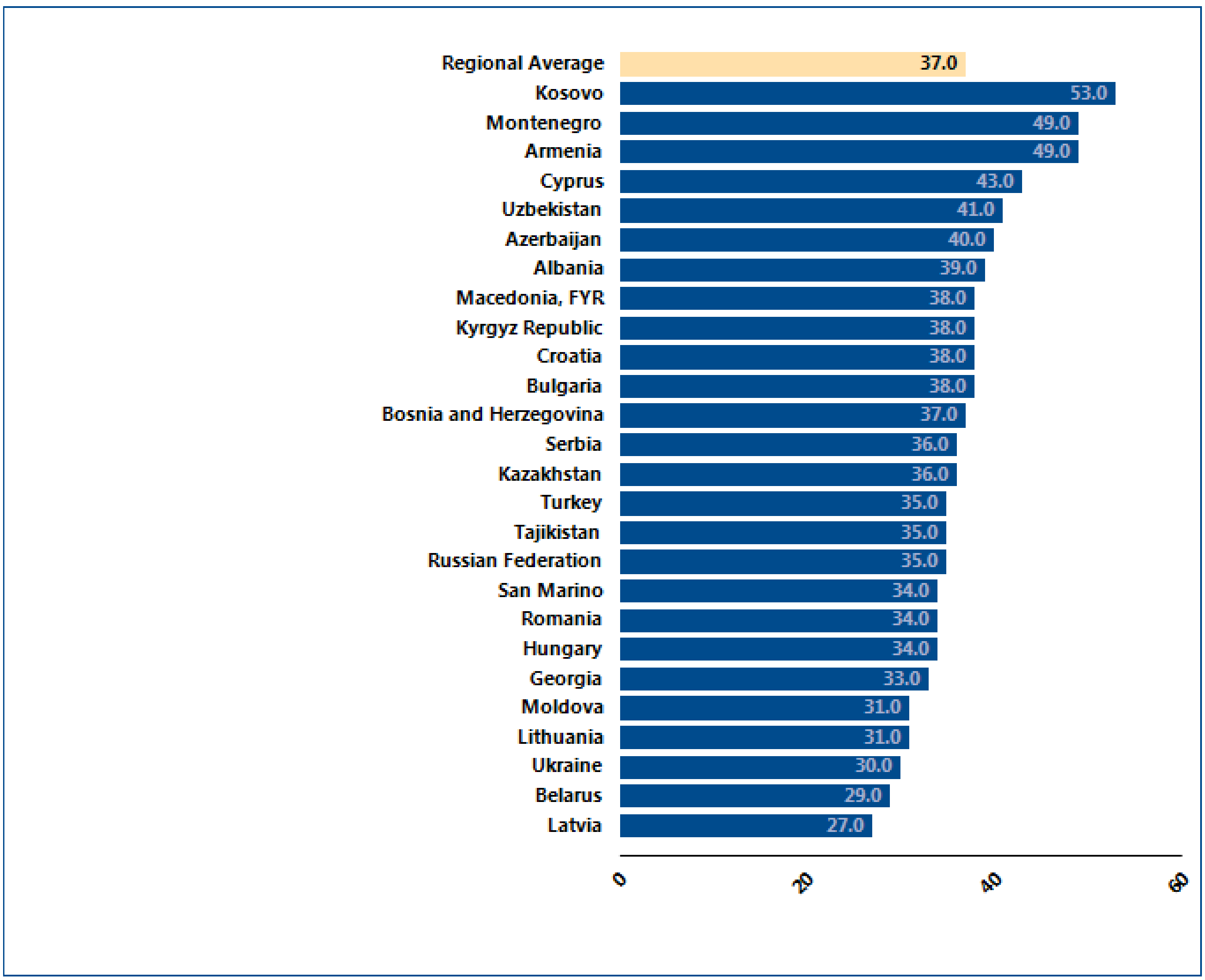
Source: Doing Business database.

ENFORCING CONTRACTS

The indicators underlying the rankings may also be revealing. Data collected by *Doing Business* show what it takes to enforce a contract through the courts in each economy in the region: the number of procedures, the time and the cost (figure 10.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

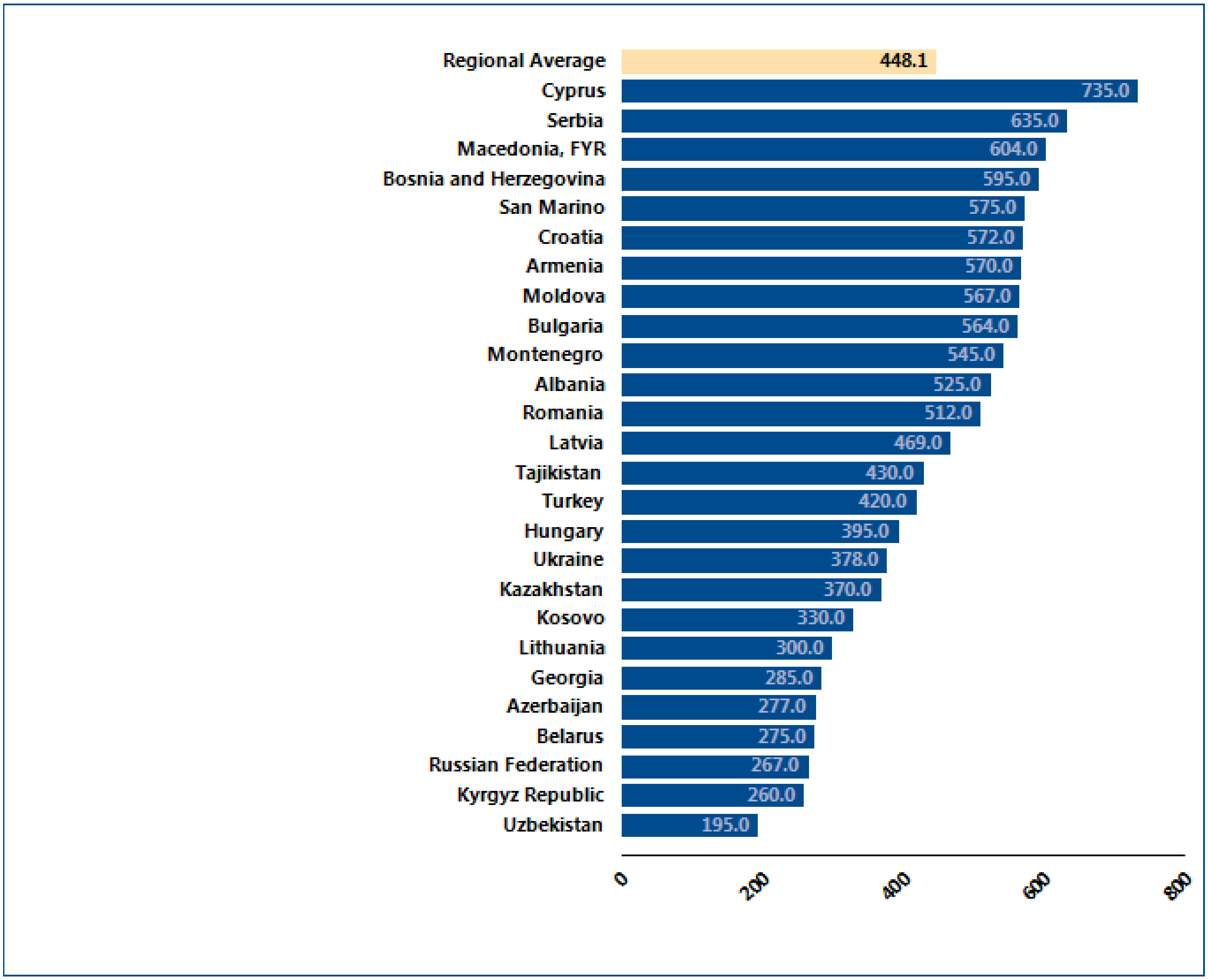
Figure 10.2 What it takes to enforce a contract through the courts in economies in Europe and Central Asia (ECA)

Procedures (number)



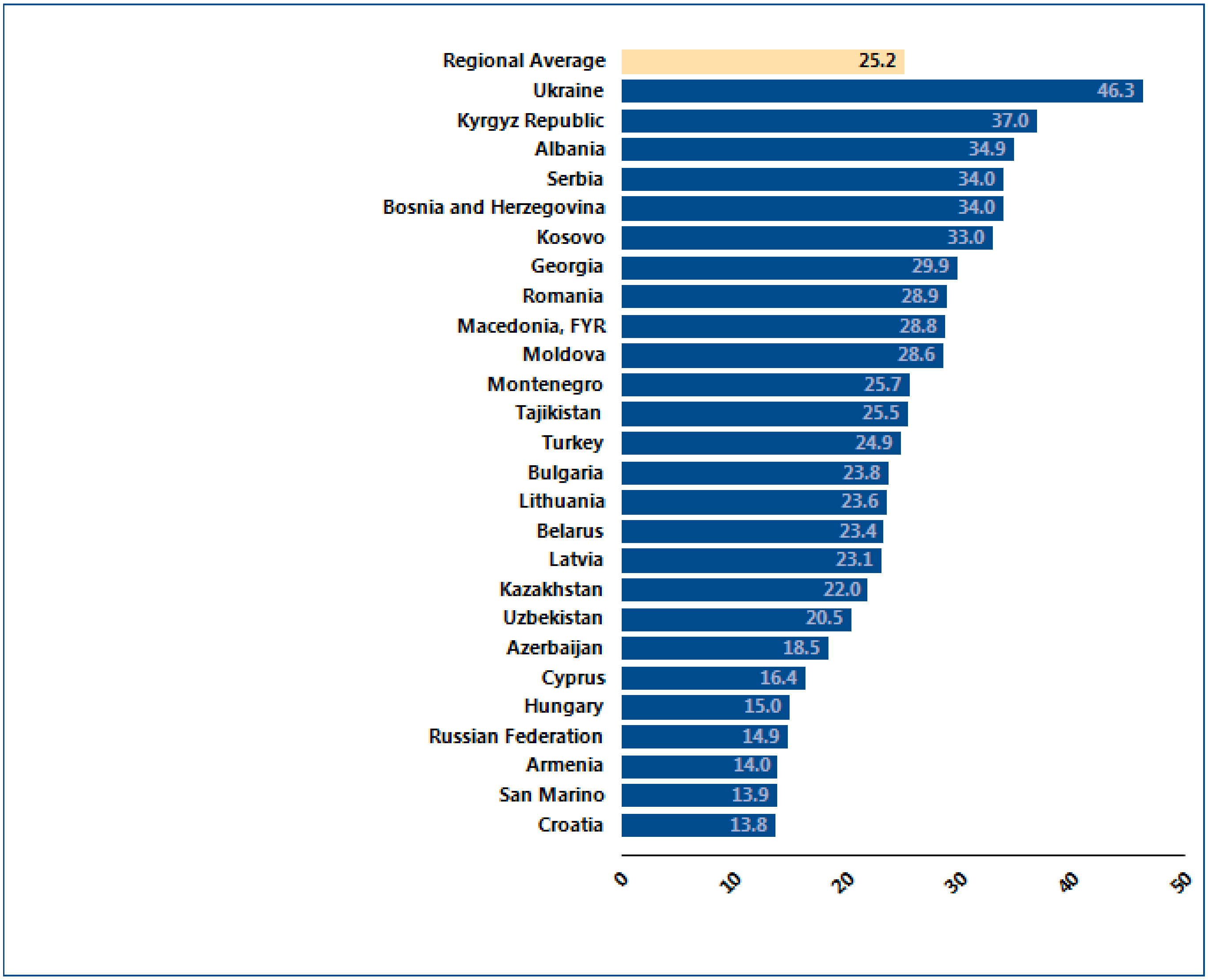
ENFORCING CONTRACTS

Time (days)



ENFORCING CONTRACTS

Cost (% of claim)



Source: Doing Business database.

ENFORCING CONTRACTS

What are the changes over time?

Economies in all regions have improved contract enforcement in recent years. A judiciary can be improved in different ways. Higher-income economies tend to look for ways to enhance efficiency by introducing new technology. Lower-income economies often work on reducing backlogs by introducing periodic reviews to clear inactive cases from the docket and by making procedures faster. What reforms making it easier (or more difficult) to enforce contracts has *Doing Business* recorded in Europe and Central Asia (ECA) (table 10.1)?

Table 10.1 How have economies in Europe and Central Asia (ECA) made enforcing contracts easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Kazakhstan*	Kazakhstan made enforcing contracts easier by introducing an electronic filing system for court users.
DB2015	*Lithuania*	Lithuania made enforcing contracts easier by introducing an electronic filing system for court users.
DB2015	*Turkey*	Turkey made enforcing contracts easier by introducing an electronic filing system for court users.
DB2015	*Kosovo*	Kosovo made enforcing contracts easier by introducing a private bailiff system.
DB2014	*Croatia*	Croatia made enforcing contracts easier by streamlining litigation proceedings and transferring certain enforcement procedures from the courts to state agencies.
DB2014	*Romania*	Romania made enforcing contracts easier by adopting a new civil procedure code that streamlines and speeds up all court proceedings.
DB2014	*Uzbekistan*	Uzbekistan made enforcing contracts easier by introducing an electronic filing system for court users.
DB2013	*Georgia*	Georgia made enforcing contracts easier by simplifying and speeding up the proceedings for commercial disputes.
DB2013	*Moldova*	Moldova made the process of enforcing a contract more difficult by abolishing the specialized economic court.
DB2013	*Turkey*	Turkey made enforcing contracts easier by introducing a new civil procedure law.
DB2013	*Serbia*	Serbia made enforcing contracts easier by introducing a private bailiff system.
DB2012	*Belarus*	Belarus modified its code of economic procedure, altering the time frames for commercial dispute resolution.

DB year	Economy	Reform
DB2012	*Moldova*	Moldova made enforcement of judgments more efficient by introducing private bailiffs.
DB2012	*Russian Federation*	Russia made filing a commercial case easier by introducing an electronic case filing system.
DB2012	*Ukraine*	Ukraine amended legislation to streamline commercial dispute resolution and increase the efficiency of enforcement procedures.
DB2011	*Georgia*	Georgia made the enforcement of contracts easier by streamlining the procedures for public auctions, introducing private enforcement officers and modernizing its dispute resolution system.

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

RESOLVING INSOLVENCY

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

What do the indicators cover?

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

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

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

WHAT THE RESOLVING INSOLVENCY INDICATORS MEASURE

Time required to recover debt (years)

Measured in calendar years

Appeals, requests for extension are included

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

Measured as percentage of estate value

Court fees

Fees of insolvency administrators

Lawyers' fees

Assessors' and auctioneers' fees

Other related fees

Outcome

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

Recovery rate for creditors

Measures the cents on the dollar recovered by secured creditors

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

Official costs of the insolvency proceedings are deducted

Depreciation of furniture is taken into account

Present value of debt recovered

Strength of insolvency framework index (0-16)

Sum of the scores of four component indices:

Commencement of proceedings index (0-3)

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

Reorganization proceedings index (0-3)

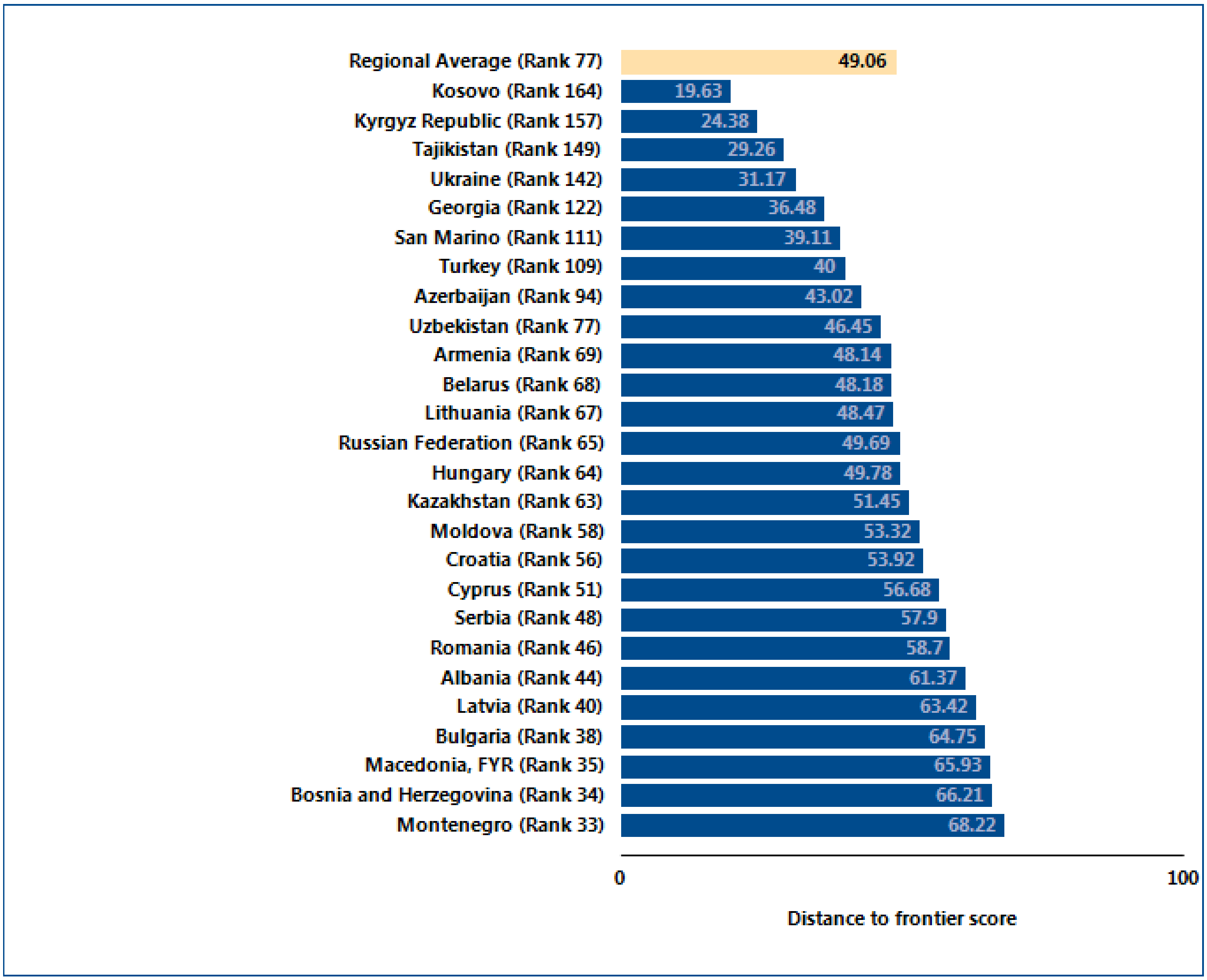
Creditor participation index (0-4)

RESOLVING INSOLVENCY

Where do the region's economies stand today?

How efficient are insolvency proceedings in economies in Europe and Central Asia (ECA)? The global rankings of these economies on the ease of resolving insolvency suggest an answer (figure 11.1). The average ranking of the region and comparator regions provide a useful benchmark for assessing the efficiency of insolvency proceedings. Speed, low costs and continuation of viable businesses characterize the top-performing economies.

Figure 11.1 How economies in Europe and Central Asia (ECA) rank on the ease of resolving insolvency



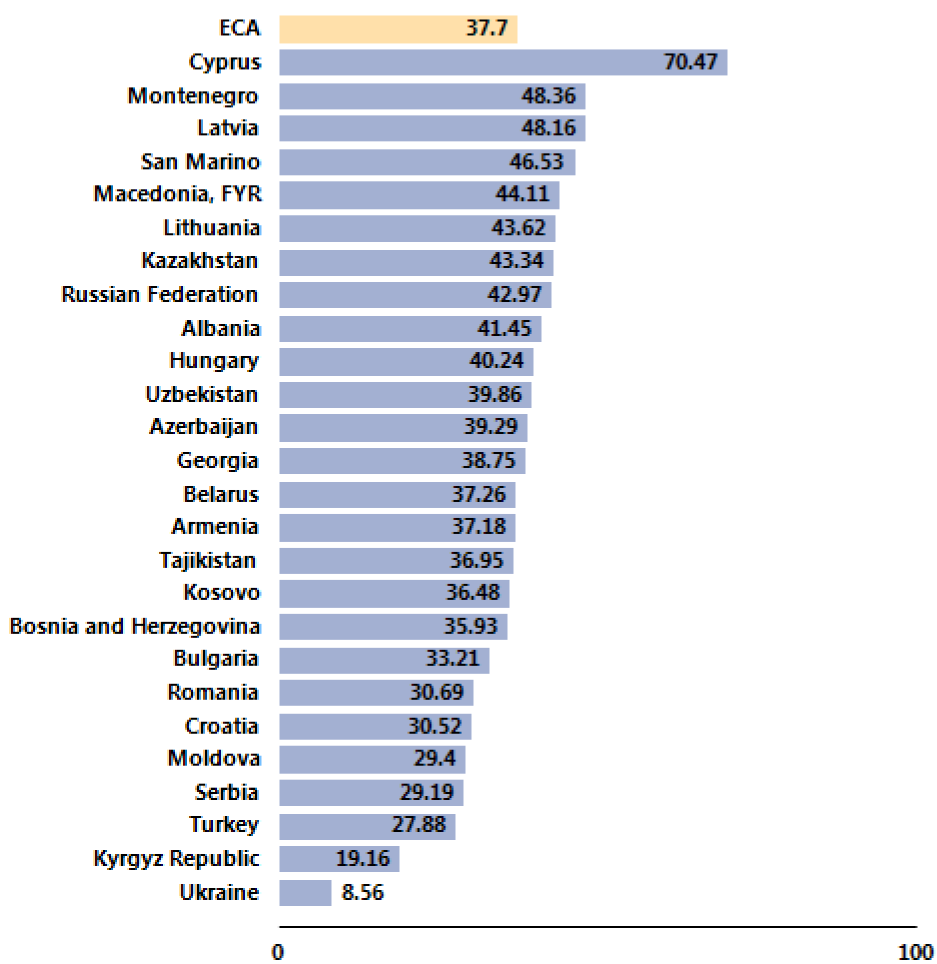
Source: Doing Business database.

RESOLVING INSOLVENCY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show the average recovery rate and the average strength of insolvency framework index (figure 11.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

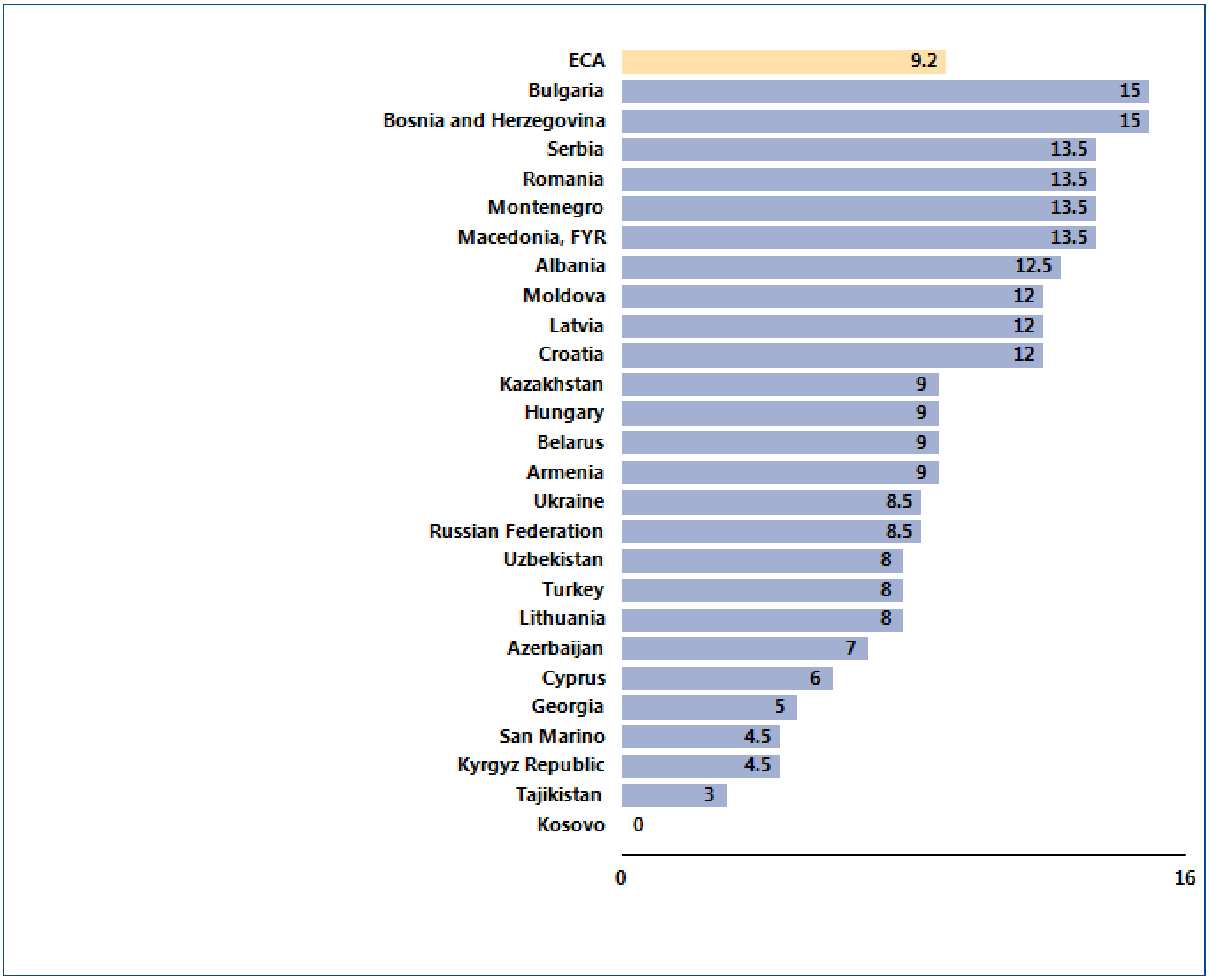
Figure 11.2 How efficient is the insolvency process in economies in Europe and Central Asia (ECA)

Recovery Rate (0–100)



Source: Doing Business database.

Total Strength of Insolvency Framework index (0-16)



Source: Doing Business database.
* Indicates a "no practice" mark. See the data notes for details. If an economy has no laws or regulations covering a specific area—for example, insolvency—it receives a "no practice" mark. Similarly, an economy receives a "no practice" or "not possible" mark if regulation exists but is never used in practice or if a competing regulation prohibits such practice. Either way, a "no practice" mark puts the economy at the bottom of the ranking on the relevant indicator.
Source: Doing Business database.

RESOLVING INSOLVENCY

What are the changes over time?

A well-balanced bankruptcy system distinguishes companies that are financially distressed but economically viable from inefficient companies that should be liquidated. But in some insolvency systems even viable businesses are liquidated. This is starting to change. Many recent reforms of bankruptcy laws have been aimed at helping more of the viable businesses survive. What insolvency reforms has *Doing Business* recorded in Europe and Central Asia (ECA) (table 11.1)?

Table 11.1 How have economies in Europe and Central Asia (ECA) made resolving insolvency easier—or not?
By *Doing Business* report year DB2010 to DB2015

DB year	Economy	Reform
DB2015	*Kazakhstan*	Kazakhstan made resolving insolvency easier by clarifying and simplifying provisions on liquidation and reorganization, introducing the concept of creditors' meetings, expanding the rights of creditors during insolvency proceedings, authorizing payment in kind to secured creditors and clarifying the process for submitting creditors' claims.
DB2015	*Macedonia, FYR*	The former Yugoslav Republic of Macedonia made resolving insolvency easier by establishing a framework for electronic auctions of debtors' assets, streamlining and tightening the time frames for insolvency proceedings and the appeals process and establishing a framework for out-of-court restructurings.
DB2014	*Belarus*	Belarus improved its insolvency process through a new insolvency law that, among other things, changes the appointment process for insolvency administrators and encourages the sale of assets in insolvency. The law also regulates the liability of shareholders and directors of the insolvent company.
DB2014	*Croatia*	Croatia made resolving insolvency easier by introducing an expedited outof- court restructuring procedure.
DB2014	*Moldova*	Moldova made resolving insolvency easier by introducing new restructuring mechanisms, reducing opportunities for appeals, adding moratorium provisions and establishing strict statutory periods for several stages of the insolvency proceeding.
DB2014	*Ukraine*	Ukraine made resolving insolvency easier by strengthening the rights of secured creditors, introducing new rehabilitation procedures and mechanisms, making it easier to invalidate suspect transactions and shortening the statutory periods for several steps of the insolvency process.

DB year	Economy	Reform
DB2013	*Belarus*	Belarus enhanced its insolvency process by exempting the previously state-owned property of a privatized company from the bankruptcy proceeding, requiring that immovable property not sold in the auction be offered to creditors for purchase and allowing immovable property to be sold without proof of state registration in a bankruptcy auction if there are no funds to pay for the registration.
DB2013	*Georgia*	Georgia expedited the process of resolving insolvency by establishing or tightening time limits for all insolvency-related procedures, including auctions.
DB2013	*Kazakhstan*	Kazakhstan strengthened its insolvency process by introducing an accelerated rehabilitation proceeding, extending the period for rehabilitation, expanding the powers of and improving qualification requirements for insolvency administrators, changing requirements for bankruptcy filings, extending the rights of creditors, changing regulations related to the continuation of operations, introducing a time limit for adopting a rehabilitation plan and adding court supervision requirements.
DB2013	*Lithuania*	Lithuania made resolving insolvency easier by establishing which cases against the company's property shall be taken to the bankruptcy court, tightening the time frame for decisions on appeals, abolishing the court's obligation to individually notify creditors and other stakeholders about restructuring proceedings and setting new time limits for creditors to file claims.
DB2013	*Moldova*	Moldova strengthened its insolvency process by extending the duration of the reorganization proceeding and refining the qualification requirements for insolvency administrators.
DB2013	*Uzbekistan*	Uzbekistan strengthened its insolvency process by introducing new time limits for insolvency proceedings and new time limits and procedures for the second auction and by making it possible for businesses to continue operating throughout the liquidation proceeding.
DB2013	*Serbia*	Serbia strengthened its insolvency process by introducing private bailiffs, reducing the starting prices for the sale of assets, prohibiting appeals, expediting service of process and adopting an electronic registry for injunctions to make public all prohibitions on the disposal or pledge of movable or immovable property.
DB2012	*Armenia*	Armenia amended its bankruptcy law to clarify procedures for appointing insolvency administrators, reduce the processing

DB year	Economy	Reform
		time for bankruptcy proceedings and regulate asset sales by auction.
DB2012	*Bulgaria*	Bulgaria amended its commerce act to extend further rights to secured creditors and increase the transparency of insolvency proceedings.
DB2012	*Latvia*	Latvia adopted a new insolvency law that streamlines and expedites the insolvency process and introduces a reorganization option for companies.
DB2012	*Lithuania*	Lithuania amended its reorganization law to simplify and shorten reorganization proceedings, grant priority to secured creditors and introduce professional requirements for insolvency administrators.
DB2012	*Macedonia, FYR*	FYR Macedonia increased the transparency of bankruptcy proceedings through amendments to its company and bankruptcy laws.
DB2012	*Moldova*	Moldova amended its insolvency law to grant priority to secured creditors.
DB2012	*Romania*	Romania amended its insolvency law to shorten the duration of insolvency proceedings.
DB2012	*Ukraine*	Ukraine amended its legislation on enforcement, introducing more guarantees for secured creditors.
DB2012	*Serbia*	Serbia adopted legislation introducing professional requirements for insolvency administrators and regulating their compensation.
DB2012	*Montenegro*	Montenegro passed a new bankruptcy law that introduces reorganization and liquidation proceedings, introduces time limits for these proceedings and provides for the possibility of recovery of secured creditors’ claims and settlement before completion of the entire bankruptcy procedure.
DB2011	*Belarus*	Belarus amended regulations governing the activities of insolvency administrators and strengthened the protection of creditor rights in bankruptcy.
DB2011	*Georgia*	Georgia improved insolvency proceedings by streamlining the regulation of auction sales.
DB2011	*Hungary*	Amendments to Hungary’s bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
DB2011	*Kyrgyz Republic*	The Kyrgyz Republic streamlined insolvency proceedings and updated requirements for administrators, but new formalities

DB year	Economy	Reform
		added to prevent abuse of proceedings made closing a business more difficult.
DB2011	*Latvia*	Latvia introduced a mechanism forout-of-court settlement of insolvencies to alleviate pressure on courts and tightened some procedural deadlines.
DB2011	*Lithuania*	Lithuania introduced regulations relating to insolvency administrators that set out clear rules of liability for violations of law.
DB2011	*Romania*	Substantial amendments to Romania's bankruptcy laws—introducing, among other things, a procedure for out-of-court workouts—made dealing with insolvency easier.
DB2011	*Russian Federation*	Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
DB2011	*Serbia*	Serbia passed a new bankruptcy law that introduced out-of-court workouts and a unified reorganization procedure.
DB2010	*Albania*	Albania improved its insolvency process through a new insolvency law introducing statutory time limits during the insolvency procedure, specifying professional qualifications for insolvency administrators, establishing an agency to regulate the profession of administrators and introducing a simplified insolvency procedure for small businesses
DB2010	*Lithuania*	Lithuania made resolving insolvency easier through amendments to the Enterprise Bankruptcy Law.
DB2010	*Romania*	Romania made resolving insolvency more difficult by requiring that a percentage of recovered amounts be transferred to a fund for reimbursing the expenses of insolvency administrators in cases where the debtor has no assets.
DB2010	*Russian Federation*	Russia enhanced its insolvency process by introducing several changes to its insolvency law to speed up the liquidation procedure and strengthen the legal status of secured creditors.
DB2010	*Tajikistan*	Tajikistan improved its insolvency process by amending its insolvency law to reduce the duration and cost of proceedings.

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

DISTANCE TO FRONTIER AND EASE OF DOING BUSINESS RANKING

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

Distance to Frontier

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

Calculation of the distance to frontier score

Calculating the distance to frontier score for each economy involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the 31 component indicators y (except for the total tax rate) is rescaled using the linear transformation (worst − y)/(worst − frontier). In this formulation the frontier represents the best performance on the indicator across all economies since 2005 or the third year after data for the indicator were collected for the first time. For legal indicators such as those on getting credit or protecting minority investors, the frontier is set at the highest possible value. For the total tax rate, consistent with the use of a threshold in calculating the rankings on this indicator, the frontier is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. For the time to pay taxes the frontier is defined as the lowest time recorded among all economies that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. In addition, the cost to export and cost to import for each year are divided by the GDP deflator, to take the general price level into account when benchmarking these absolute-cost indicators across economies with different inflation trends. The base year for the deflator is 2013 for all economies.

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

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

[6] See Djankov, Manraj and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to

method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components[7].

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

Treatment of the total tax rate

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

The nonlinear transformation is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in an economy's overall tax system. Instead, it is mainly empirical in nature. The nonlinear transformation along with the threshold reduces the bias in the indicator toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). In addition, it acknowledges the need of economies to collect taxes from firms.

Calculation of scores for economies with 2 cities covered

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

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

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

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

that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among indicators do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.

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

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

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

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

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

Ease of *Doing Business* ranking

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

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