

Doing Business 2011

Cambodia

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

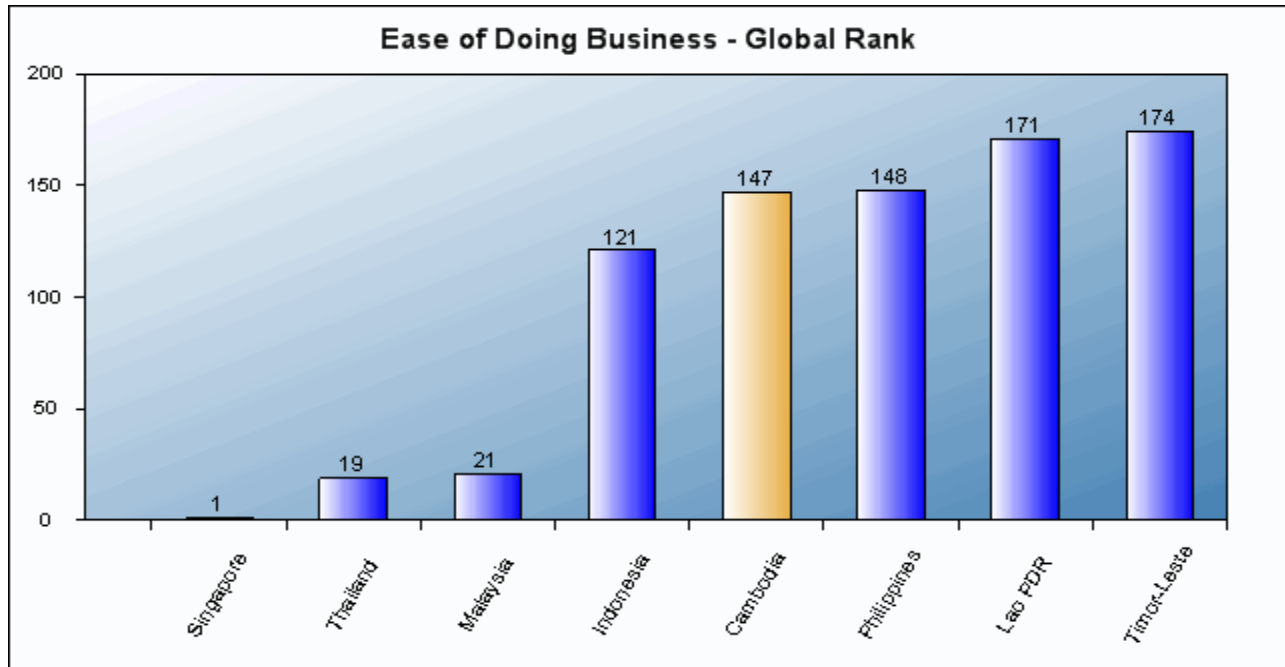
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Cambodia is ranked 147 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Cambodia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	147
Starting a Business	170
Dealing with Construction Permits	146
Registering Property	117
Getting Credit	89
Protecting Investors	74
Paying Taxes	57
Trading Across Borders	118
Enforcing Contracts	142
Closing a Business	183

Summary of Indicators - Cambodia

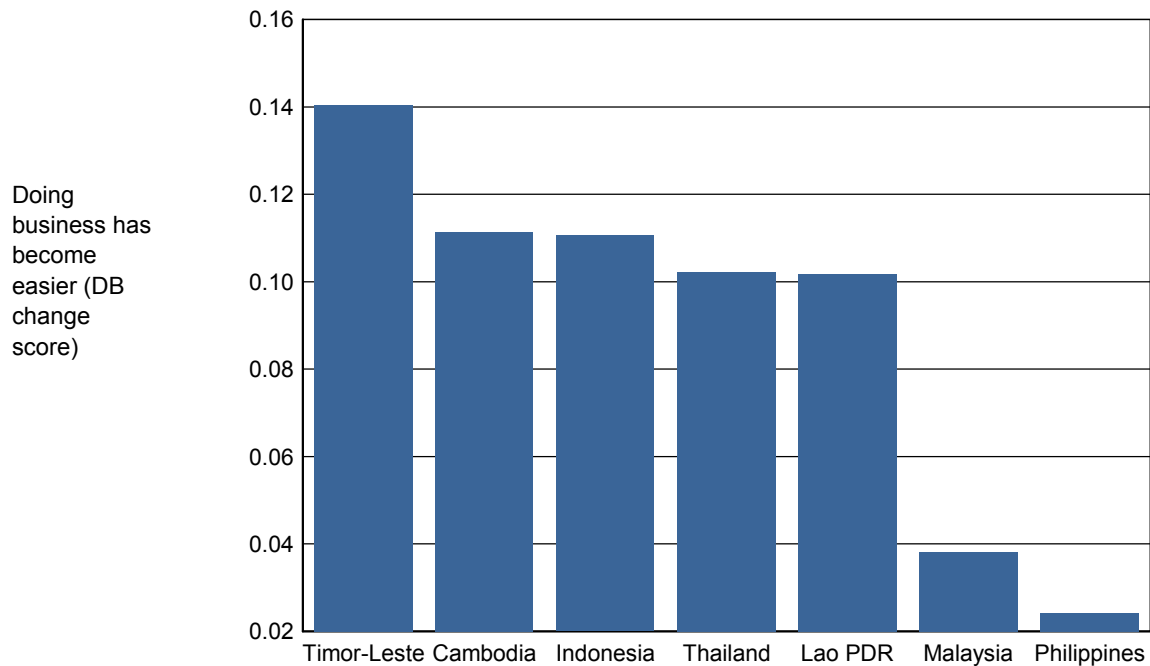
Starting a Business	Procedures (number)	9
	Time (days)	85
	Cost (% of income per capita)	128.3
	Min. capital (% of income per capita)	37.0
Dealing with Construction Permits	Procedures (number)	23
	Time (days)	709
	Cost (% of income per capita)	54.2
Registering Property	Procedures (number)	7
	Time (days)	56
	Cost (% of property value)	4.3
Getting Credit	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	9
	Ease of shareholder suits index (0-10)	2
	Strength of investor protection index (0-10)	5.3
Paying Taxes	Payments (number per year)	39
	Time (hours per year)	173
	Profit tax (%)	18.9
	Labor tax and contributions (%)	0.1
	Other taxes (%)	3.5
	Total tax rate (% profit)	22.5
Trading Across Borders	Documents to export (number)	10
	Time to export (days)	22
	Cost to export (US\$ per container)	732
	Documents to import (number)	10
	Time to import (days)	26
	Cost to import (US\$ per container)	872

Enforcing Contracts	Procedures (number)	44
	Time (days)	401
	Cost (% of claim)	102.7
Closing a Business	Recovery rate (cents on the dollar)	0.0
	Time (years)	no practice
	Cost (% of estate)	no practice

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

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

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

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

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

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



Case Study Assumptions

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

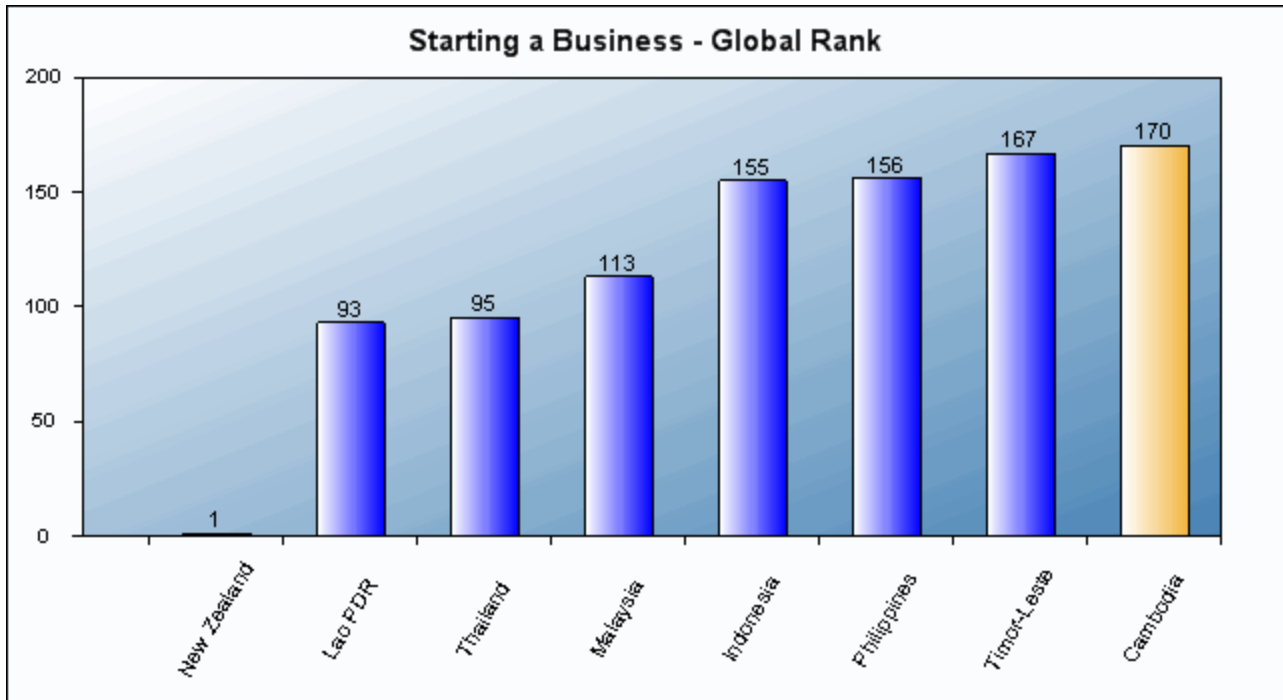
The business:

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

1. Benchmarking Starting a Business Regulations:

Cambodia is ranked 170 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Cambodia	9	85	128.3	37.0

<i>Comparator Economies</i>				
Indonesia	9	47	22.3	53.1
Lao PDR	7	100	11.3	0.0
Malaysia	9	17	17.5	0.0
Philippines	15	38	29.7	6.0
Thailand	7	32	5.6	0.0
Timor-Leste	10	83	18.4	921.3

* The following economies are also good practice economies for :

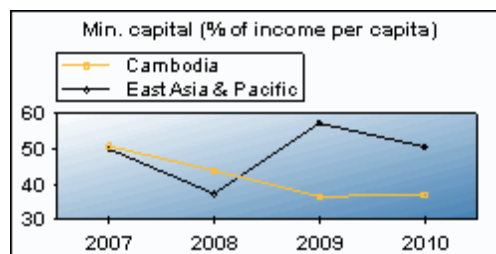
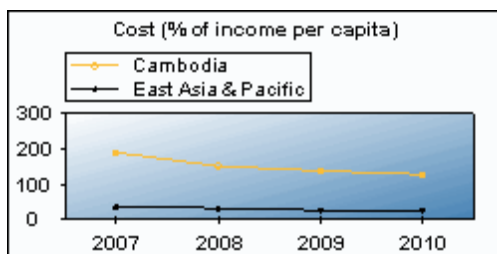
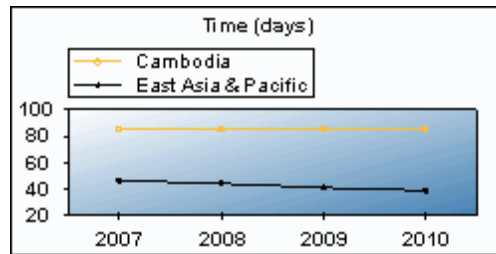
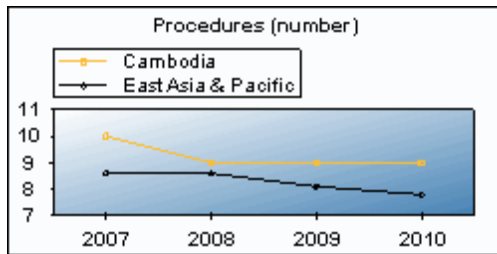
Procedures (number): Canada

Cost (% of income per capita): Slovenia

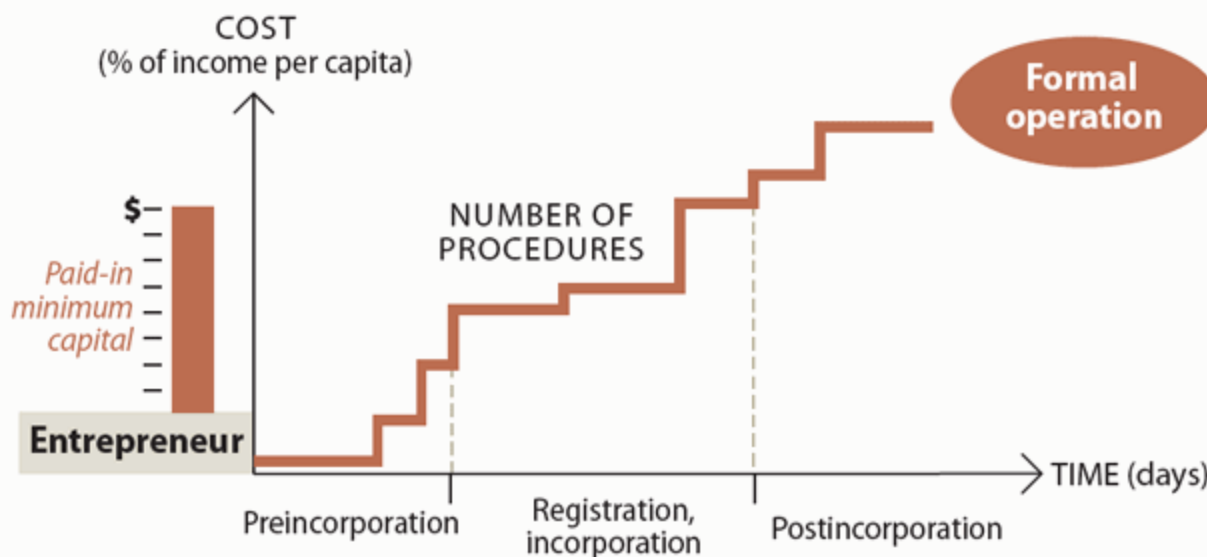
2. Historical data: Starting a Business in Cambodia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	172	170
Procedures (number)	10	9	9	9
Time (days)	86	85	85	85
Cost (% of income per capita)	190.3	151.7	138.4	128.3
Min. capital (% of income per capita)	50.8	43.9	36.6	37.0

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



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



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

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the legally required initial capital in a bank and obtain deposit evidence.	1	no charge
2	Check the uniqueness of the company name	5	USD 10
3	Have an abstract of the company organization documents (bylaws, memorandum, and articles of association) published in a recognized public newspaper	7	USD 15
4	Incorporate the company with the Commercial Register, maintained at the Office of the Clerk of the Commercial Court	25	USD 105
5	Make a company seal	1	USD 15
6	Have registration documents stamped and approved by Phnom Penh Tax Department	3	USD 49
7	Register the company for VAT and patent at the Real Regime Tax Office	13	USD 390

8	Notify the Ministry of Labor of the start of operations and hiring of employees	30	USD 250
9	* Receive inspection from Labor Inspector	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - Cambodia

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

Time to complete: 1

Cost to complete: no charge

Comment: Initial capital of KHR 4 million must be paid in before registration at any authorized bank in Cambodia. The bank must provide a bank statement certifying the deposit. There is no time limit for the firm to pay the entire amount.

Procedure 2 Check the uniqueness of the company name

Time to complete: 5

Cost to complete: USD 10

Comment: The uniqueness of the company name is usually researched at the Legal Affairs Department of the Ministry of Commerce.

Procedure 3 Have an abstract of the company organization documents (bylaws, memorandum, and articles of association) published in a recognized public newspaper

Time to complete: 7

Cost to complete: USD 15

Comment: A director, a shareholder, or a proxy with mandate shall prepare an application for publication in a state-recognized newspaper, which includes the following:

- Company name (and abbreviation, if any).
- Company form.
- Summary of business objectives.
- Company term.
- Total capital in cash.
- Director(s) full name, occupation, nationality, and address.
- Location of company to be registered.

The confirmed approval of the newspaper announcement and application document shall be kept on file (at least three copies) for registration.

Procedure 4 Incorporate the company with the Commercial Register, maintained at the Office of the Clerk of the Commercial Court

Time to complete: 25

Cost to complete: USD 105

Comment: The memorandum and articles of association shall be prepared based on the company form and consistent with applicable law, regulations, and the standards set for such documents by the Ministry of Commerce. These documents shall be submitted in triplicate with original copies, as required (one copy each filed at the Commercial Court, the company's registered office, and the Ministry's Legal Affairs Division).

The memorandum and articles of association must include the following information:

- Company name.
- Corporate form.
- Business objectives.
- Company duration.
- Registered office.
- Stated capital in Khmer currency and shareholding.
- Name, address, and nationality of shareholders and director.
- Transfer and shares transfer.
- Accounts.
- Dissolution of company.
- Change of company legal form.
- Announcement of company establishment.

The following documents must be presented to the Ministry's Registrar in the specified quantity:

- Registration forms for registration (model): three sets.
- Copy of identity card or passport of each company member: three sets.
- Photo (4" x 6") of each company member: three sets.
- Reference letter from a particular bank, clarifying the minimum capital KHR 4,000,000: one original.
- Articles of incorporation: three sets.
- Application for newspaper announcement: three sets.
- Declaration of nonguilt of directors: three sets.

In 2006 the Ministry streamlined registration application requirements by eliminating the need for a statement of conformity and local government approvals.

The Ministry publishes the company formation notice in the Official Gazette. During the transitional period in which the Kingdom has no Commercial Court, the organization and maintenance of the Commercial Register and the governance of the capacity to conduct commerce, as provided by law, is entrusted to the Ministry of Commerce. All commercial matters are under the jurisdiction of the ordinary courts and ministry officials.

The time for commercial registration may vary.

Procedure 5 Make a company seal

Time to complete:	1
Cost to complete:	USD 15
Comment:	The Ministry of Commerce issues a seal to the company together with the registration certificate.

Procedure 6 Have registration documents stamped and approved by Phnom Penh Tax Department

Time to complete:	3
Cost to complete:	USD 49
Comment:	Approved company registration documents from the Ministry of Commerce must be stamped and approved by the Phnom Penh Tax Branch before going to the Real Regime Tax Office for VAT and patent registration. A copy of the lease agreement also must be provided to that branch.

Procedure 7 Register the company for VAT and patent at the Real Regime Tax Office

Time to complete:	13
Cost to complete:	USD 390
Comment:	A tax registration form and related document must be completed with the assistance of the Real Regime Tax personnel, and copies of commercial registration documents must be provided.

Procedure 8 Notify the Ministry of Labor of the start of operations and hiring of employees**Time to complete:** 30**Cost to complete:** USD 250

Comment: All businesses must submit a written declaration to Ministry of Labor before their actual opening. All employers must submit a written declaration to the Ministry of Labor when hiring or dismissing an employee, within 15 days of the date of hiring or termination at the latest. In addition, each enterprise with at least eight employees must have established internal regulations that adapt such general provisions of the labor code as conditions of hiring and calculation and payment of wages and perquisites, including in-kind benefits, work hours, health and safety measures, and personal leave, including holidays. The internal regulations must be filed within 3 months of firm opening. All establishments must maintain a payroll ledger, a declaration of personnel, a book of establishment, and labor regulations (in Khmer version). As required by law, local employees shall be provided with a “labor book” upon completing a physical examination at the Labor Health Center (KHR 10,000 for each employee, which is usually covered by the employer).

The procedure cost covers five processes (a) Announcing the opening of a new company; (b) declaring of staff; (c) developing internal regulations; (d) obtaining the payroll ledger and book of establishment; and (e) electing staff delegates.

Procedure 9 Receive inspection from Labor Inspector**Time to complete:** 1**Cost to complete:** no charge**Comment:**

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

Some reform outcomes

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

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

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

Case Study Assumptions

The business:

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

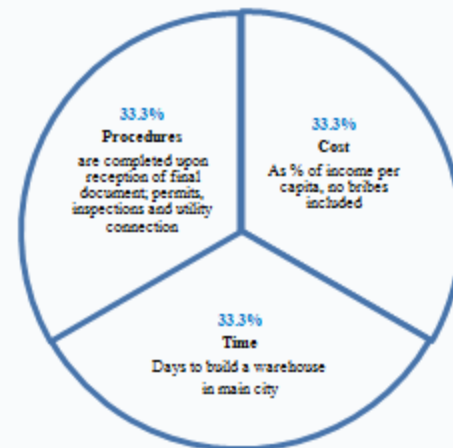
The warehouse:

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

Dealing with Construction Permits:

Building a warehouse

Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Cambodia is ranked 146 overall for Dealing with Construction Permits.

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



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

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

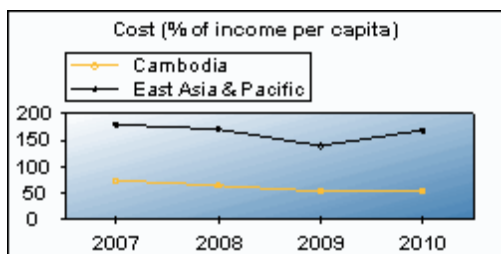
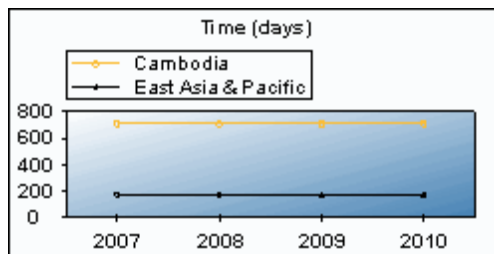
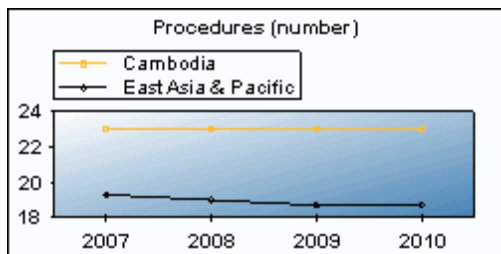
<i>Selected Economy</i>			
Cambodia	23	709	54.2

<i>Comparator Economies</i>			
Indonesia	14	160	173.3
Lao PDR	24	172	131.3
Malaysia	25	261	7.9
Philippines	26	169	778.5
Thailand	11	156	9.5
Timor-Leste	22	208	138.2

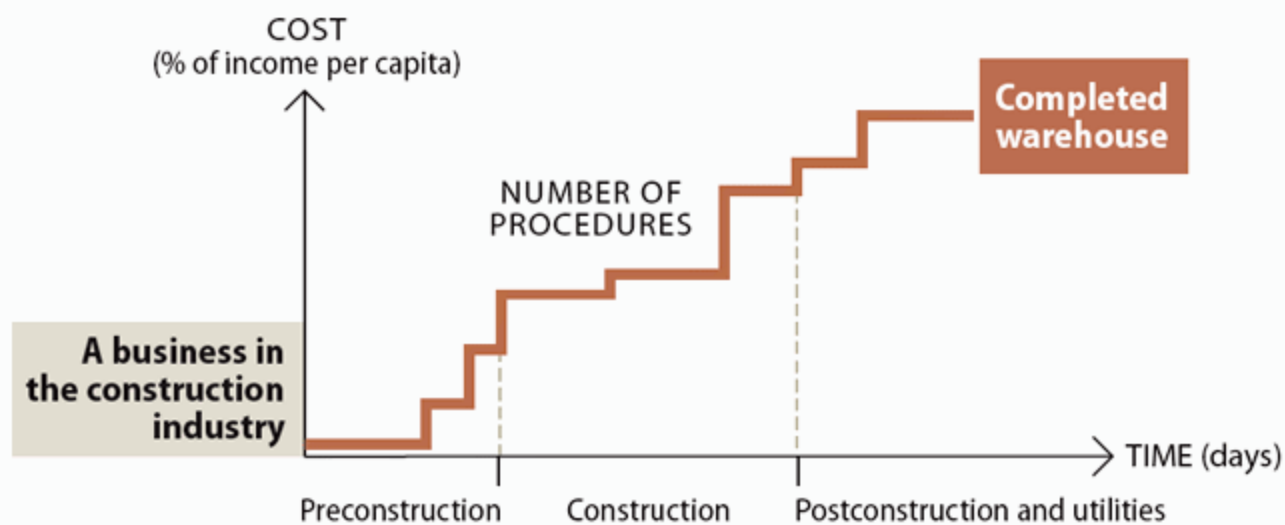
2. Historical data: Dealing with Construction Permits in Cambodia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	146	146
Procedures (number)	23	23	23	23
Time (days)	709	709	709	709
Cost (% of income per capita)	74.3	64.3	53.6	54.2

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



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



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

BUILDING A WAREHOUSE

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Pick up application form	1 day	KHR 4,500
2	File documents with the Sangkat Office for review	14 days	no charge
3	Request and obtain certification from the Khan or district governor	182 days	no charge
4	File documents to the Khan Land Management, Urban Planning, and Construction Office for review, and obtain approval	14 days	no charge
5	Request and obtain the approval (building permit) of the Municipality/Ministry of Land Management Urban Planning and Construction	365 days	KHR 300,000
6	Notify the Sangkat authority of obtainment of building permit	1 day	no charge
7	Notify the Khan authority of obtainment of building permit	1 day	no charge

8	Request official opening of the construction from the Phnom Penh Municipal Department of Land Management Urban Planning and Construction and Cadastre (the "PP LO")	1 day	no charge
9	Receive an inspection from technical official	1 day	no charge
10	Inform the building authority of the poles setup and receive inspection	1 day	no charge
11	Inform the building authority after foundation work and receive inspection	1 day	no charge
12	Inform the building authority when columns are built and receive inspection	1 day	no charge
13	Inform the building authority when walls are erected and receive inspection	1 day	no charge
14	Inform the building authority when floors are built and receive inspection	1 day	no charge
15	Inform the building authority of the end of main works	1 day	no charge
16	Receive final inspection by the building authorities and relevant departments that issue the certificate of compliance	21 days	no charge
17	Request and receive connection to electricity	56 days	KHR 169,000
18 *	Request and receive connection to water and sewage services	42 days	KHR 750,550
19 *	Request and receive connection to telephone	6 days	KHR 240,000
20	Inform the building authorities of the utilities setup	1 day	no charge
21	Receive inspection by building authorities	1 day	no charge
22 *	Receive inspection by electric power authorities	1 day	no charge
23 *	Receive inspection by water authorities	1 day	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Cambodia

Procedure 1 Pick up application form

Time to complete: 1 day

Cost to complete: KHR 4,500

Comment:

Procedure 2 File documents with the Sangkat Office for review

Time to complete: 14 days

Cost to complete: no charge

Agency: Sangkat Office

Comment: According to Subdecree No.86 (dated December 19, 1997), relating to the construction permit, the documents attached to the official letter application must contain at least the following (10 copies on 21 x 29.7 cm. paper):

1. Certificate to the estate or title certificate to the estate or the temporary occupation permit to the land.
2. Sheet of plot: this plan (title certificate to the land) shall be made by a private land surveyor or by the land office's private agent.
3. Plan of warehouse location on the plot. This plan specifies the stationing of construction in the plot, the object of the application, by stating the following: the distance between one or more buildings and boundaries of the plot and the distance of the neighboring existing buildings; all arrangements of other sectors of the vacant land, with clarification on the type of land and existing crops and would-be car parks and fences; drainage pipes outside the building (substance, diameter, slope, height level, checking hole) up to the connection point of public network for draining sewage and for clean water, latrine, sink, and well; and stable point of the height of plot after the arrangement.
4. Plan of all warehouse floors (scale 1:100).
5. Plan of the underground parts and latrine sinks (scale 1:100).
6. Plan of front warehouse (scale 1:100).
7. Plan of divided parts (scale 1:100). This plan shows the same as the front face plan, with one part showing the hygienic latrine sink.
8. Table of the surface area for each floor.
9. Technical specifications for calculating the ground level surface. Upon receiving the construction permit, BuildCo must prepare a detailed plan of the construction integration. The Ministry of Public Works and Transportation will review this plan before the construction site is opened.

Procedures 1 to 5 take 30 days. The time frame for completing the permit approval process has been shortened. Under the relevant subdecree on construction permits, the time frame is fixed to at least 45 days to complete any project broader than more than 3,000 square meters.

There is no official fee; however, an informal fee must be paid to facilitate the application.

Procedure 3 Request and obtain certification from the Khan or district governor

Time to complete: 182 days

Cost to complete: no charge

Agency: Khan/ District Governor

Comment: According to the Decision No. 05 SSR dated February 6, 2006 from the Ministry of Land Management Urban Planning and Construction, this procedure must follow Procedure 2. The time frame should be 5 working days. The certification fee is not provided for by law. If informal fees are not paid, it generally takes between 4 months to a year to obtain the certification.

Procedure 4 File documents to the Khan Land Management, Urban Planning, and Construction Office for review, and obtain approval

Time to complete: 14 days

Cost to complete: no charge

Agency: Khan Land Management, Urban Planning, and Construction Office

Comment: The following documents must be submitted within 6 days after Procedure 2 has been completed:

- Plot plan.
- Plan of the location of the warehouse on the plot.
- Plan of all warehouse floors. This plan specifies the purpose of using the rooms and the area, sanitation installation, and areas for pipes placing.
- Plan of the underground parts and the latrine sinks (scale, 1:100).
- Plan of front building (scale 1:100): This plan specifies the front face plan, showing the height level of the following: each floor; land at the bottom of the building, by specifying the height level of natural land, filled land, or removal land; the roof and limit of roof or height of existing terrace and the wall barriers; existing flower's pole and substance for front face.
- Plan of divided parts (scale, 1:100): This plan shows the same as the front face plan with one part showing the hygienic latrine sink.
- Table of surface area for each floor.
- Technical specifications for calculating the ground level surface.
- Additional documents: the applicant may be requested to provide additional documents for reasons of hydrology, prevention against all types of annoyance, public order, and protection of patrimony or landscape.
- Title certificate.
- Application for construction permit (10 copies).

There is no official fee; however, an informal fee must be paid.

Procedure 5 Request and obtain the approval (building permit) of the Municipality/Ministry of Land Management Urban Planning and Construction

Time to complete: 365 days

Cost to complete: KHR 300,000

Agency: Sangkat/ Commune and Municipality / Provincial Authority

Comment: BuildCo must file the documents with the Sangkat/Commune first (to Khan/District), then with (a) the Municipality/ Province for plots under 3,000 sq. m. or (b) the Ministry of Land Management, Urban Planning and Construction for plots above 3,000 sq. m. However, BuildCo does not need to visit each government office if the builder hires an agent who handles the construction permit application to completion.

Fee schedule for construction permit:

- Surface of the construction on the land (SCL) less than or equal to 100 sq. m.: KHR 140,000.
- Less than or equal to 200 sq. m.: KHR 160,000.
- Less than or equal to 300 sq. M.: KHR 180,000.
- Less than or equal to 400 sq. m.: KHR 200,000.
- Less than or equal to 500 sq. m.: KHR 220,000.
- Less than or equal to 1,000 sq. m.: KHR 260,000.
- Less than or equal to 2,000 sq. m.: KHR 300,000.
- Less than or equal to 3,000 sq. m.: KHR 340,000.

Total building permit fee is about USD 6,000 to USD 7,000 (mainly a negotiable facilitation fee).

Based on the Decision No. 5 SSR from the Ministry of Land Management Urban Planning and Construction after the examination by the Khan Land office, the documents will be forwarded to the Phnom Penh Municipal Department of Land Management Urban Planning and Construction and Cadastre (the "PP LO"). At the PP LO, the documents will be examined by relevant office such as the Cadastral Office, Technical and Geography Office, Construction Office, Land management office. After the approval of the PP LO, the documents will be forwarded to the Phnom Penh Municipality (the "PPM") for last examination and issuance of Construction Permit to the applicant. The PPM shall have only 5 days to complete the review and issue the Construction Permit to the applicant. The construction permit is valid one year from the date of its issuance by the PPM and can be extended once for another year.

The Sub Decree No. 86 on construction Permit, in its Article 9.10 stipulates that, after obtaining the Construction Permit, there shall be an iron structure plan which will be examined by the Ministry of Public work and Transport. However, this is not enforced in practice, but maybe arbitrarily used by some officials.

Procedure 6 Notify the Sangkat authority of obtainment of building permit

- Time to complete:** 1 day
- Cost to complete:** no charge
- Agency:** Sangkat Office
- Comment:** Under Cambodian regulation, after receiving the building permit from the provincial or municipal authority, the company must notify the other relevant authorities. Construction work must start within a year from the date of issuance of the construction permit.

Procedure 7 Notify the Khan authority of obtainment of building permit

- Time to complete:** 1 day
- Cost to complete:** no charge
- Agency:** Khan Office/ District
- Comment:** The Khan authority is notified about the building permit.

Procedure 8 Request official opening of the construction from the Phnom Penh Municipal Department of Land Management Urban Planning and Construction and Cadastre (the "PP LO")

- Time to complete:** 1 day

Cost to complete: no charge

Agency: Phnom Penh Municipal Department of Land Management Urban Planning and Construction and Cadastre (the "PP LO")

Comment: BuildCo must inform the authorities about the start of the construction within 7 days. Then the authority will issue a declaration of "construction site opening." In order to start the construction and as required by Sub Decree No. 86 on Construction Permit and the decision No. 05, the construction owner shall apply to the PP LO (not the Khan Land Office or the Sala Khan) for an approval to open the construction site. The PP LO will respond to the request within 6 days.

Procedure 9 Receive an inspection from technical official

Time to complete: 1 day

Cost to complete: no charge

Agency: Technical Department

Comment: The Technical Department sends an expert to inspect the construction site before the construction starts.

Procedure 10 Inform the building authority of the poles setup and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Technical Department

Comment: The inspector may visit the site without notifying BuildCo. The inspection takes a few hours, depending on the construction size and complexity. After receiving notification from BuildCo, an inspector will visit the site within 2 or 3 days. It is not necessary to stop the construction work.

Procedure 11 Inform the building authority after foundation work and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Technical Department

Comment:

Procedure 12 Inform the building authority when columns are built and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Technical Department

Comment:

Procedure 13 Inform the building authority when walls are erected and receive inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Technical Department
Comment:

Procedure 14 Inform the building authority when floors are built and receive inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Technical Department
Comment:

Procedure 15 Inform the building authority of the end of main works

Time to complete: 1 day
Cost to complete: no charge
Agency: Technical Department
Comment:

Procedure 16 Receive final inspection by the building authorities and relevant departments that issue the certificate of compliance

Time to complete: 21 days
Cost to complete: no charge
Agency: Khan Office/ District, Urbanization & Construction Office, Municipality/ Provincial Authority
Comment: At the end of construction, the district or khan office and the construction permit office (urbanization and construction office) may check, simultaneously, that the erected building complies with the construction permit specifications. The municipal or provincial authority issues the certificate of compliance or could take legal action for noncompliance.

Procedure 17 Request and receive connection to electricity

Time to complete: 56 days
Cost to complete: KHR 169,000
Agency: Electricity of Cambodia (EDC)

Comment:

The builder must complete required application forms for electricity connection. The application forms cost KHR 2,000 (USD 0.50).

The fees for electrical connection have changed. They are based on the consumer's electrical power needs, as follows:

- Electric power of 10 A: Fee of KHR 167,000 (USD 41.75).
- Electric power of 20 A: Fee of KHR 438,000 (USD 109.50).
- Electric power of 32 A: Fee of KHR 820,600 (USD 205.15).
- Electric power of 63 A: Fee of KHR 1,756,200 (USD 439.05).

Below are the fees for electricity consumption (for businesses), as measured in kWh:

- Small business: Previous month electricity bill plus USD 0.036/ kWh.
- Medium-size business: Previous month electricity bill plus USD 0.028/ kWh.
- Large business: Previous month electricity bill plus USD 0.024/ kWh.
- Business using medium tension: Previous month electricity bill plus USD 0.020 kWh.

The timeframe for electrical connection has been shortened from 10 to 49 days (depending on the facilitation fee, it could be from 10 to 15 days). In practice, the timeframe could be short or long; it depends on the opinion of the relevant officials and on the facilitation fee involved in the process.

Procedure	18	Request and receive connection to water and sewage services
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Time to complete: 42 days

Cost to complete: KHR 750,550

Agency: Phnom Penh Water supply Authority (PPWSA)

Comment: BuildCo must fill out some application forms for water and sewage connection.

BuildCo is not required to prepay government and service fees before, or at the time of, the connection. Instead, it must pay the following only after approval: the government fee (as listed below), the plumbing service fee (between KHR 200,000 [USD 50] and KHR 300,000 [USD 75] plus KHR 457,750 [USD 114.44]), and the water meter network length connection (plus KHR 92,800 [USD 23.2: water subscription cost]) = KHR 750,550).

The water subscription fee for networks varies by water connection type (Point A and Point B) and are based on network length and water-meter size:

Point A: Water subscription for new network is calculated as follows (for a network length of 15 mm):

1. 0 to 10 mm: KHR 457,750 (USD 114.44).
2. 11 mm to 20 mm: KHR 460,400 (USD 115.10).
3. 21 mm to 30 mm: KHR 665,200 (USD 166.30).
4. 31mm to 40 mm: KHR 772,250 (USD 193.06).
5. 41 mm up to 50 mm: KHR 878,500 (USD 219.62).

Point B: Water subscription for available network with meter is calculated as follows (SN meter size water subscription fee):

1. 15 mm: KHR 92,800 (USD 23.2).
2. 20 mm: KHR 98,900 (USD 24.725).
3. 25 mm: KHR 106,900 (USD 26.725).
4. 30 mm: KHR 225,000 (USD 56.25).
5. 40 mm: KHR 271,000 (USD 67.75).

Procedure	19	Request and receive connection to telephone
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Time to complete: 6 days

Cost to complete: KHR 240,000

Comment: To obtain a telephone connection, BuildCo submits an application and documentation. The telephone service provider does not conduct an on-site inspection before issuing the approval, but checks the cable system around the construction site. Payment must be made in full (for all services) after an agreement is reached between BuildCo and the service provider.

Procedure 20 Inform the building authorities of the utilities setup

Time to complete: 1 day

Cost to complete: no charge

Agency: Electricity of Cambodia (EDC)

Comment: Although it is not stipulated in the law, it happens in practice.

Procedure 21 Receive inspection by building authorities

Time to complete: 1 day

Cost to complete: no charge

Agency: Khan Office/ District

Comment: The building authorities inspect the construction site for compliance with the approved plan.

Procedure 22 Receive inspection by electric power authorities

Time to complete: 1 day

Cost to complete: no charge

Agency: Electricity of Cambodia (EDC)

Comment: The electric power authority checks the electricity network (available), detects its distance from the warehouse, and checks all electrical equipment used in the warehouse to make sure that the application information is correct. The utility provider will also suggest the intensity (in amperes), if needed.

Procedure 23 Receive inspection by water authorities

Time to complete: 1 day

Cost to complete: no charge

Agency: Phnom Penh Water Supply Authority (PPWSA)

Comment: In general, water and power supply companies must conduct on-site inspections to determine how to connect the construction to the network and to estimate the cost of this connection. In addition to providing water services, the utilities must ensure the

connection is made according to the approved plan.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

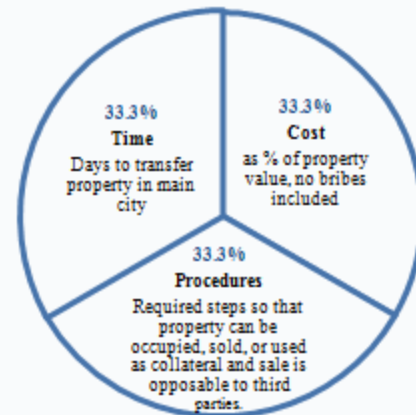
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

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

The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Cambodia is ranked 117 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Cambodia	7	56	4.3

<i>Comparator Economies</i>			
Indonesia	6	22	10.9
Lao PDR	9	135	4.1
Malaysia	5	56	2.5
Philippines	8	33	4.3
Thailand	2	2	4.3
Timor-Leste	no practice	no practice	no practice

* The following economies are also good practice economies for :

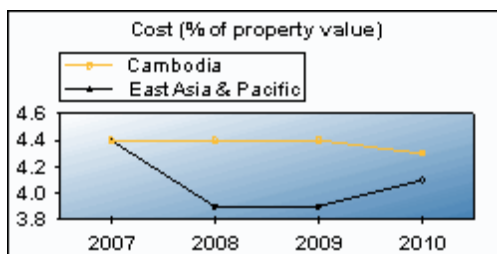
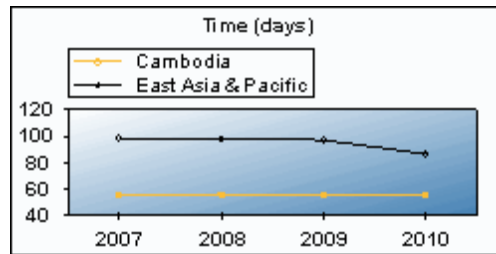
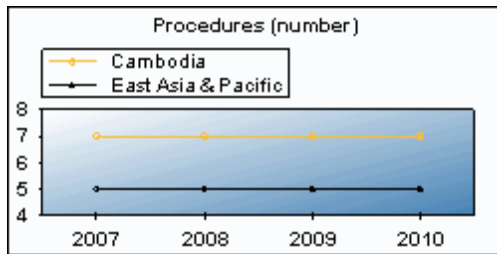
Procedures (number): United Arab Emirates

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

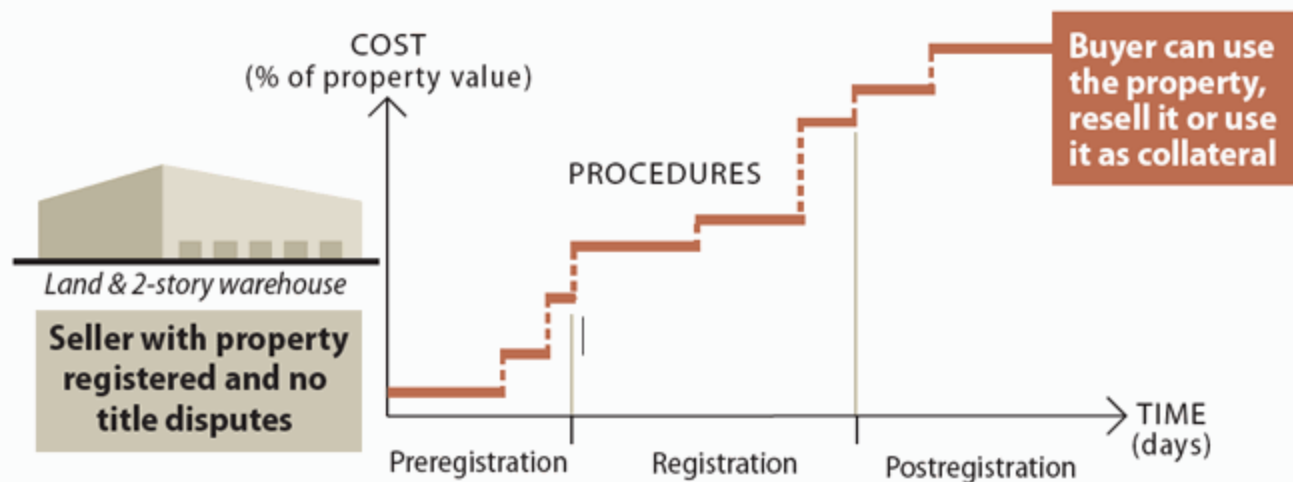
2. Historical data: Registering Property in Cambodia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	120	117
Procedures (number)	7	7	7	7
Time (days)	56	56	56	56
Cost (% of property value)	4.4	4.4	4.4	4.3

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



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



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

STANDARDIZED PROPERTY

Property Value: 135,142,651.89

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	The buyer verifies the title certificate with the Land Office, checking for potential liens or encumbrances	7-30 days (simultaneous with procedures 2 and 3)	US\$ 10 - 20
2 *	Obtain information on the property from the Commune Council Official	10 days (simultaneous with procedures 1 and 3)	no cost
3 *	The buyer should obtain the certificate of incorporation of the seller's company and other documents from the seller	10 days (simultaneous with procedures 1 and 2)	no cost
4	Apply for registration at the District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)	1 day	KHR 350,000 or US\$ 90 (Cadastral transfer fee) and KHR 5,000 or US\$ 1.30 (stamp duty)
5	Pay transfer tax at the Tax Collection Office	1 day	4% of property value (transfer fee)
6	Return to Cadastral office to complete the registration process	5 days	Cadastral service paid in procedure 4

7	Obtain the certificate of title from the Municipal Land Office	At least 30 days	Already paid in Procedure 5
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* Takes place simultaneously with another procedure.

Registering Property Details - Cambodia

Procedure	1	The buyer verifies the title certificate with the Land Office, checking for potential liens or encumbrances
Time to complete:		7-30 days (simultaneous with procedures 2 and 3)
Cost to complete:		US\$ 10 - 20
Agency:		Land Office
Comment:		<p>The buyer should obtain a copy of the initial title certificate from the seller and verify proper ownership, ensuring that the seller is the rightful owner of the title certificate. He verifies the title certificate with the land office to ensure that there are no liens, mortgages or other encumbrances registered for that property.</p> <p>Note: on cost: Official cost is 20,000 riels (US\$5) but it is essentially impossible to obtain the Certificate without paying US\$10 to US\$20, and sometimes more in various locations.</p>
Procedure	2	Obtain information on the property from the Commune Council Official
Time to complete:		10 days (simultaneous with procedures 1 and 3)
Cost to complete:		no cost
Agency:		Commune Council
Comment:		The land purchaser may contact the village chief or the commune council official to obtain information on the land in addition to an official search at the municipal land office.
Procedure	3	The buyer should obtain the certificate of incorporation of the seller's company and other documents from the seller
Time to complete:		10 days (simultaneous with procedures 1 and 2)
Cost to complete:		no cost
Agency:		Ministry of Commerce
Comment:		If the landowner is a legal entity, the buyer should obtain a copy of the ID of the shareholder or person acting on behalf of the company, and a certified/notarized copy of the certificate of issued by the Ministry of Commerce. These documents are needed to verify the accuracy and identity of the company name appearing in the title certificate. A Power of Attorney is also needed, as well as a resolution signed by the Board of Directors authorizing a named individual to represent the company at the land office accompanied by the Power of Attorney implementing that Resolution.
Procedure	4	Apply for registration at the District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)
Time to complete:		1 day
Cost to complete:		KHR 350,000 or US\$ 90 (Cadastral transfer fee) and KHR 5,000 or US\$ 1.30 (stamp duty)

Agency: District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)

Comment: When 2 persons/companies wish to buy/sell real property, together they should go to the district office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC) and arrange to prepare and sign documents.
A cadastral transfer fee of about KHR 350,000 is paid to MLMUPC.

The documentation shall include the company's statute, its Certificate of Incorporation, and Power of Attorney (obtained in Procedure 3). At the time, the original Title Certificate held by the seller must be presented to the Khan at the time of signing the deed in order to have the name of the new owner inserted on the document.

Procedure 5 Pay transfer tax at the Tax Collection Office

Time to complete: 1 day

Cost to complete: 4% of property value (transfer fee)

Agency: General Department of Taxation

Comment: A transfer tax of 4% of value of the property is paid to the Ministry of Economy and Finance at the Tax Collection Office of the location of the transferred property. A Tax Receipt is issued to prove that the tax has been paid.
The 4% transfer tax is set out in Article 40 of the Law on Finance for the year 1995. In Phnom Penh, this tax is not assessed based on the true transacted value of the property but based on a schedule of price of property determined by the Phnom Penh Municipality. The assessed value is usually based on the total number of square meters, the land's location, use etc. The tax is not based on the actual price for which the land is sold, rather it is based on the assessed value. For the land of more than 1200m², the surplus is subject to unused land tax. For the land less than 1200m², the unused land tax is not applicable. The time for the tax office to complete the calculation of transfer tax will depend on the location of the land and its size.

Procedure 6 Return to Cadastral office to complete the registration process

Time to complete: 5 days

Cost to complete: Cadastral service paid in procedure 4

Agency: District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)

Comment: After taxes are paid the parties return to the cadastral office at the MLMUPC and sign/thumbprint a MLMUPC form for buying/selling real property that was filled in by MLMUPC official. The signing/thumb printing will be witnessed by a local authority such as commune chief who will also thumbprint. These procedures are based on Land Law Arts. 65, 244 and 245.
Land Law Art. 69 bars transfer unless all necessary taxes are paid.
The documentation shall include:
Payment receipts of transfer tax (obtained in Procedure 5)

Procedure 7 Obtain the certificate of title from the Municipal Land Office

Time to complete: At least 30 days

Cost to complete: Already paid in Procedure 5

Agency: The Khan/District land office forwards all the "transfer documents" to the Municipal Land Office where it issues the Certificate of Title in the new owner's name and has it registered.

Comment: The Khan/District land office forwards all the "transfer documents" to the Municipal Land Office where it issues the Certificate of Title in the new owner's name and has it registered. The last procedural step in practice can take several weeks, depending on the diligence of the land officials and interested parties.

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

Some reform outcomes

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

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

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

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

Depth of credit information index (0–6)

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

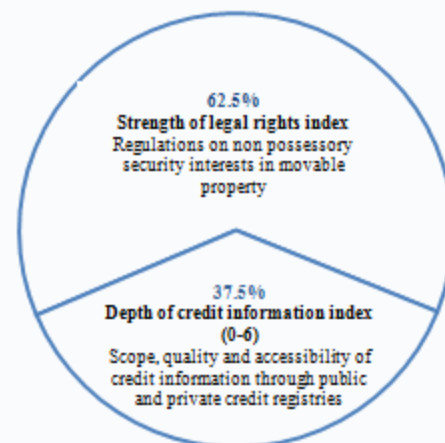
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

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

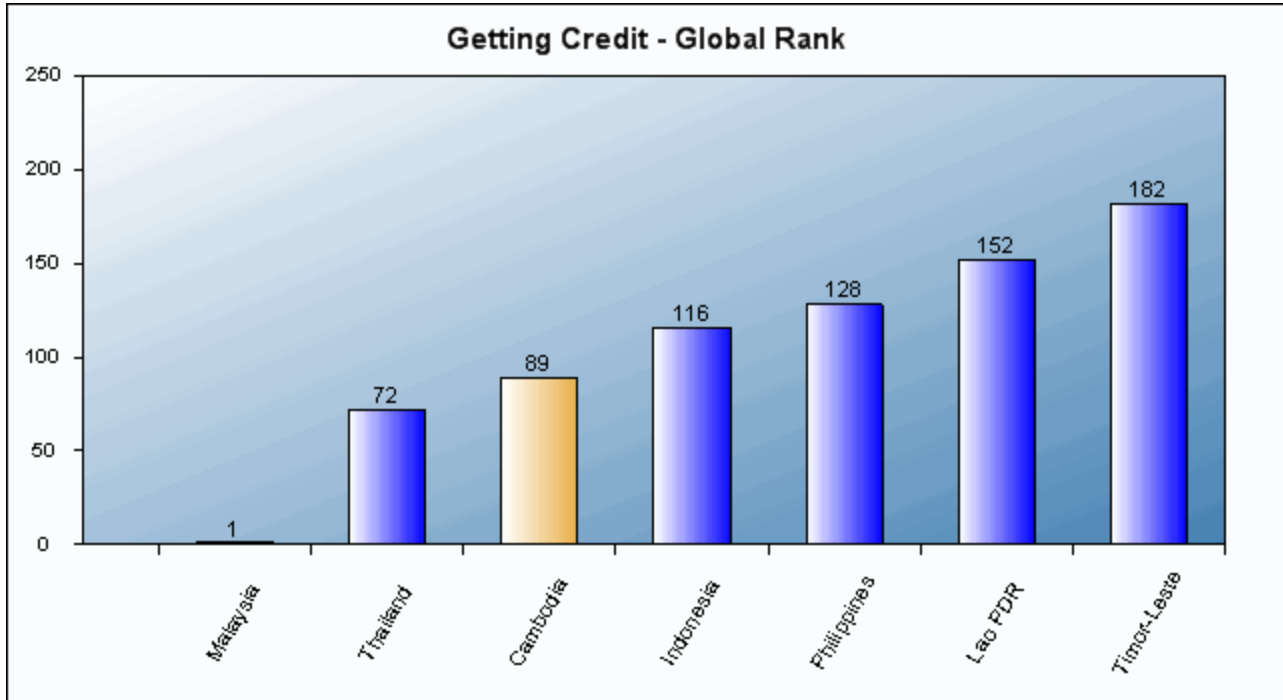
The Debtor

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

1. Benchmarking Getting Credit Regulations:

Cambodia is ranked 89 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Cambodia	8	0	0.0	0.0

<i>Comparator Economies</i>				
Indonesia	3	4	25.2	0.0
Lao PDR	4	0	0.0	0.0
Malaysia	10	6	62.0	100.0
Philippines	3	3	0.0	7.4
Thailand	4	5	0.0	35.7
Timor-Leste	1	0	0.0	0.0

* The following economies are also good practice economies for :

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

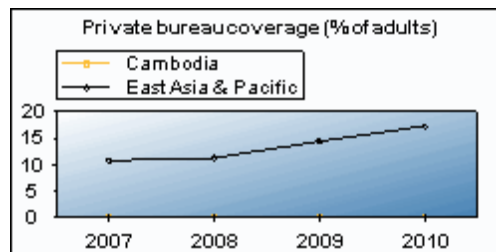
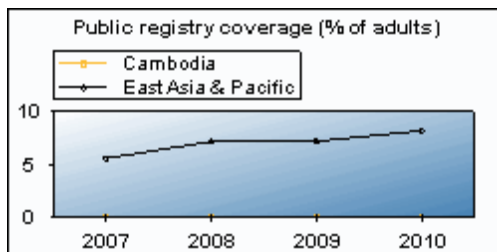
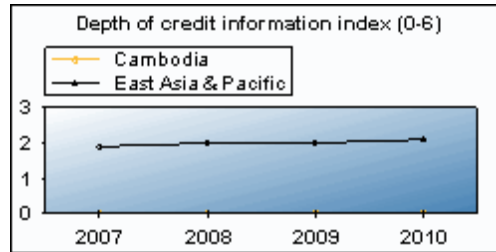
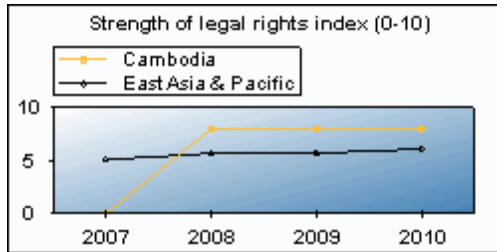
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

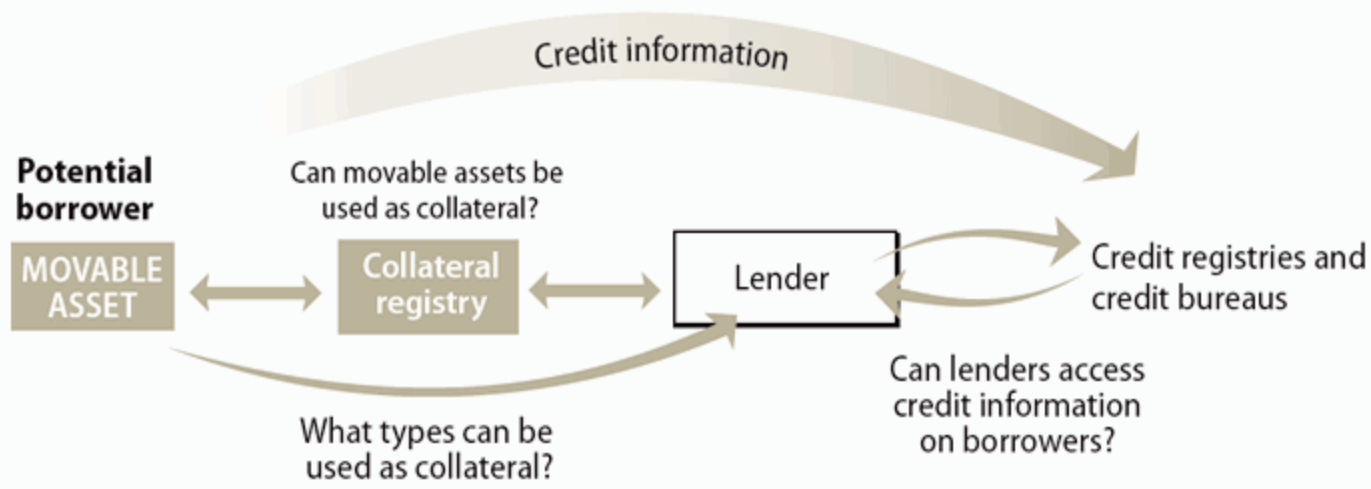
2. Historical data: Getting Credit in Cambodia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	89
Strength of legal rights index (0-10)	0	8	8	8
Depth of credit information index (0-6)	0	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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



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



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	0.0	
Number of individuals		0	0
Number of firms		0	0

Strength of legal rights index (0-10)**8**

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

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

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

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

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

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

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

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

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

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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

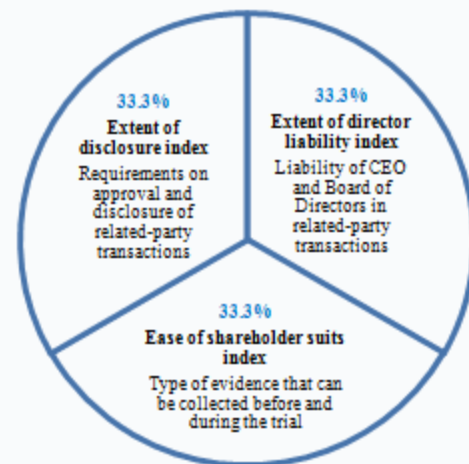
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

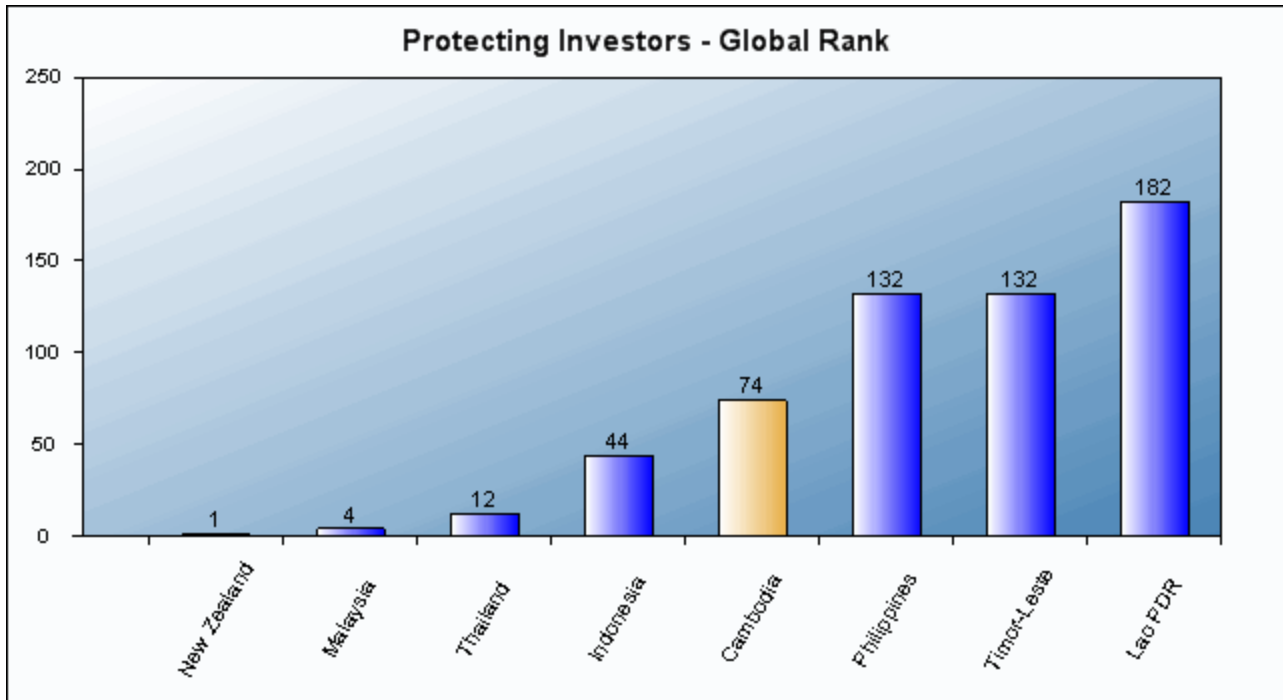
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Cambodia is ranked 74 overall for Protecting Investors.

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



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

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

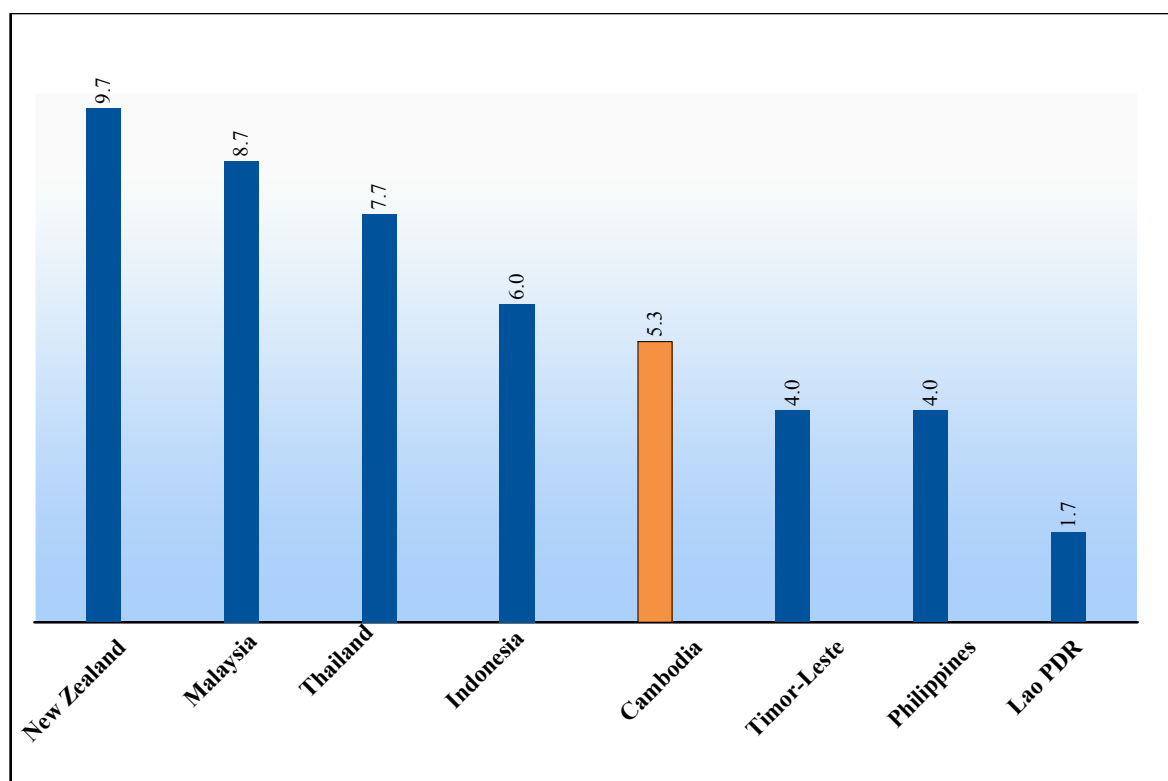
<i>Selected Economy</i>	
Cambodia	5.3

<i>Comparator Economies</i>	
Indonesia	6.0
Lao PDR	1.7
Malaysia	8.7
Philippines	4.0
Thailand	7.7
Timor-Leste	4.0

2. Historical data: Protecting Investors in Cambodia

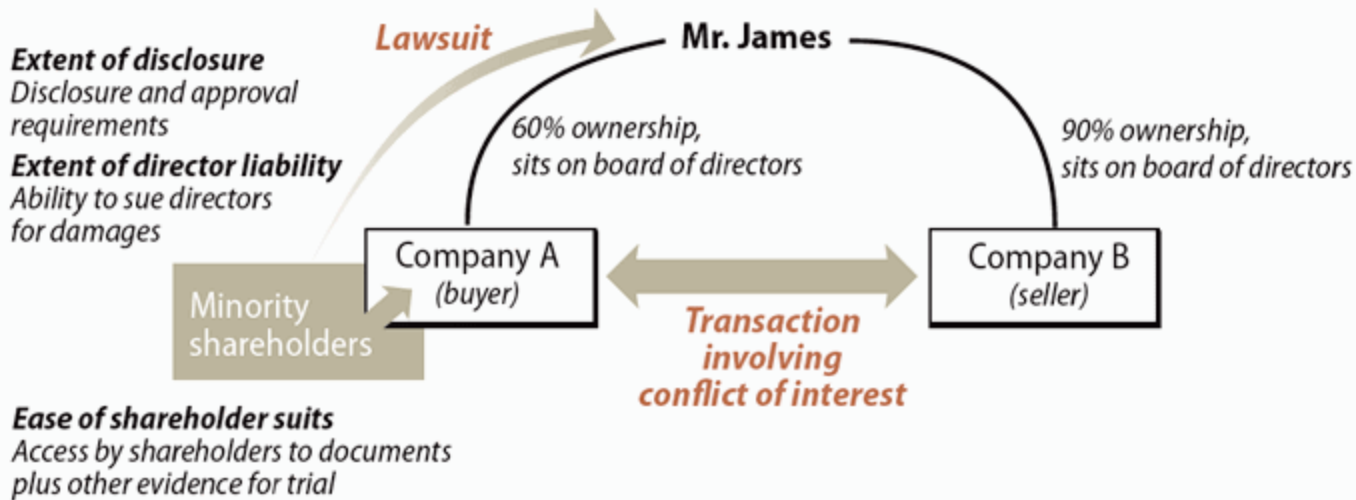
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	73	74
Strength of investor protection index (0-10)	5.3	5.3	5.3	5.3

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



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

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



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	9
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	2
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	5.3

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

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

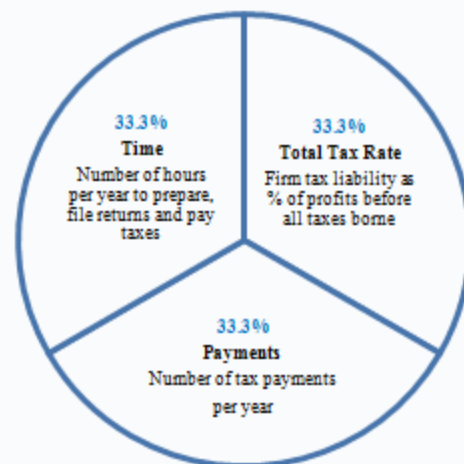
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



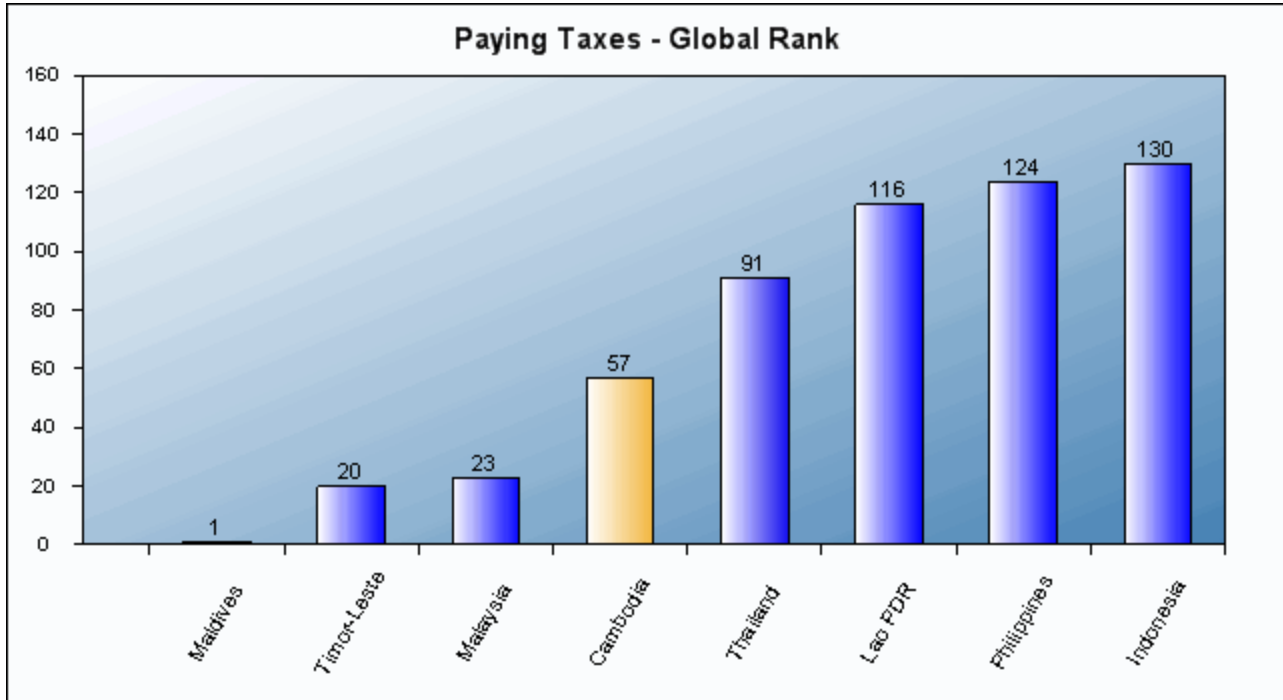
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Cambodia is ranked 57 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Cambodia	39	173	22.5

<i>Comparator Economies</i>			
Indonesia	51	266	37.3
Lao PDR	34	362	33.7
Malaysia	12	145	33.7
Philippines	47	195	45.8
Thailand	23	264	37.4
Timor-Leste	6	276	0.2

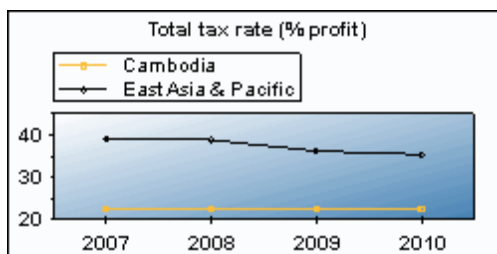
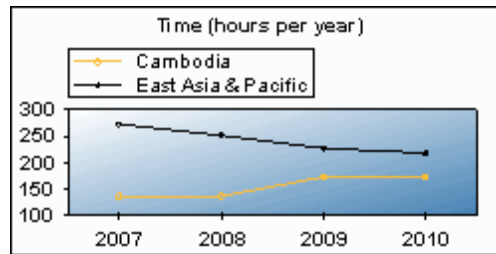
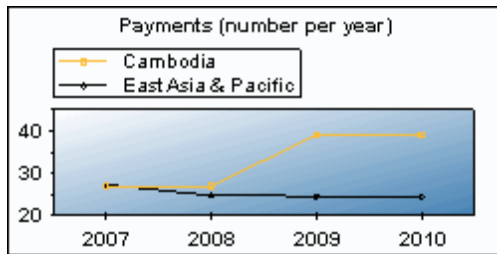
* The following economies are also good practice economies for :

Payments (number per year): Qatar

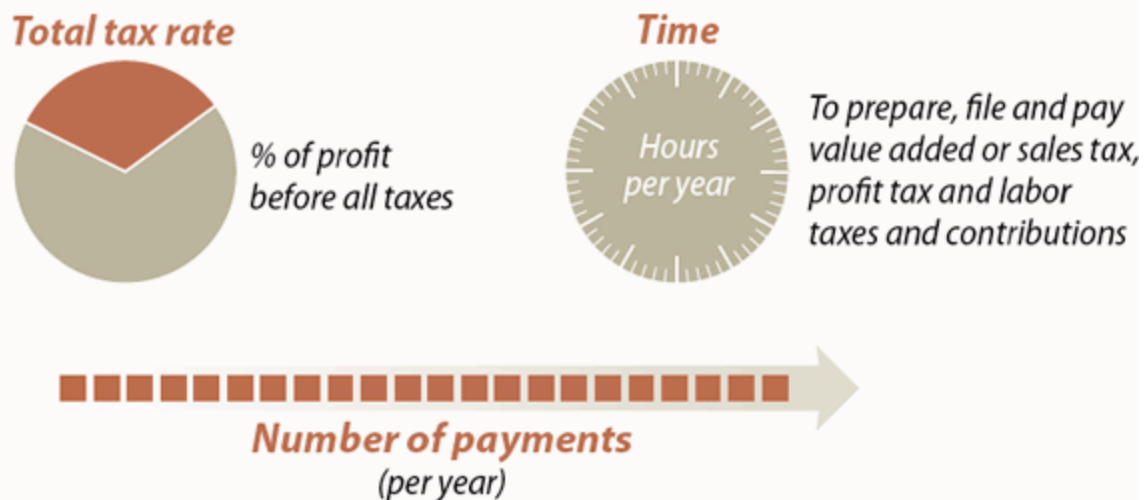
2. Historical data: Paying Taxes in Cambodia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	58	57
Total tax rate (% profit)	22.6	22.6	22.7	22.5
Payments (number per year)	27	27	39	39
Time (hours per year)	137	137	173	173

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



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



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		66	10.0%	value added		
Social security contributions	12		84	0.8% of the monthly average wage (defined in the Law on Social Security) of the employee with a cap of KHR 1 million (approximately US\$250) per month	gross salaries	0.10	
Tax on interest	0	withheld		4.0%	interest income	0.10	
Transport tax	1			fixed fee (KHR 774,206)		0.90	

Fuel tax	1			included in the fuel price	1.30
Patent tax	1			fixed fee (KHR 1,140,000)	1.30
Corporate income tax	12	23		20% on profits or 1% on turnover whichever is higher	taxable profit 18.90
Totals	39	173			22.5

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

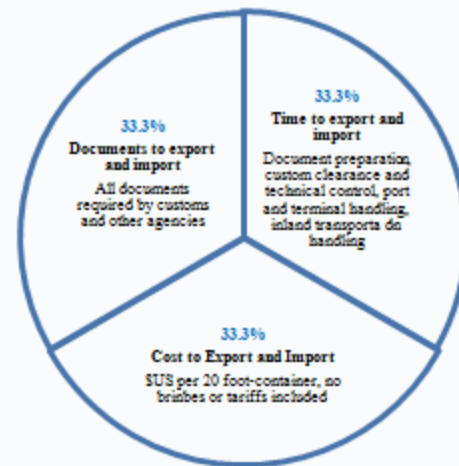
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

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

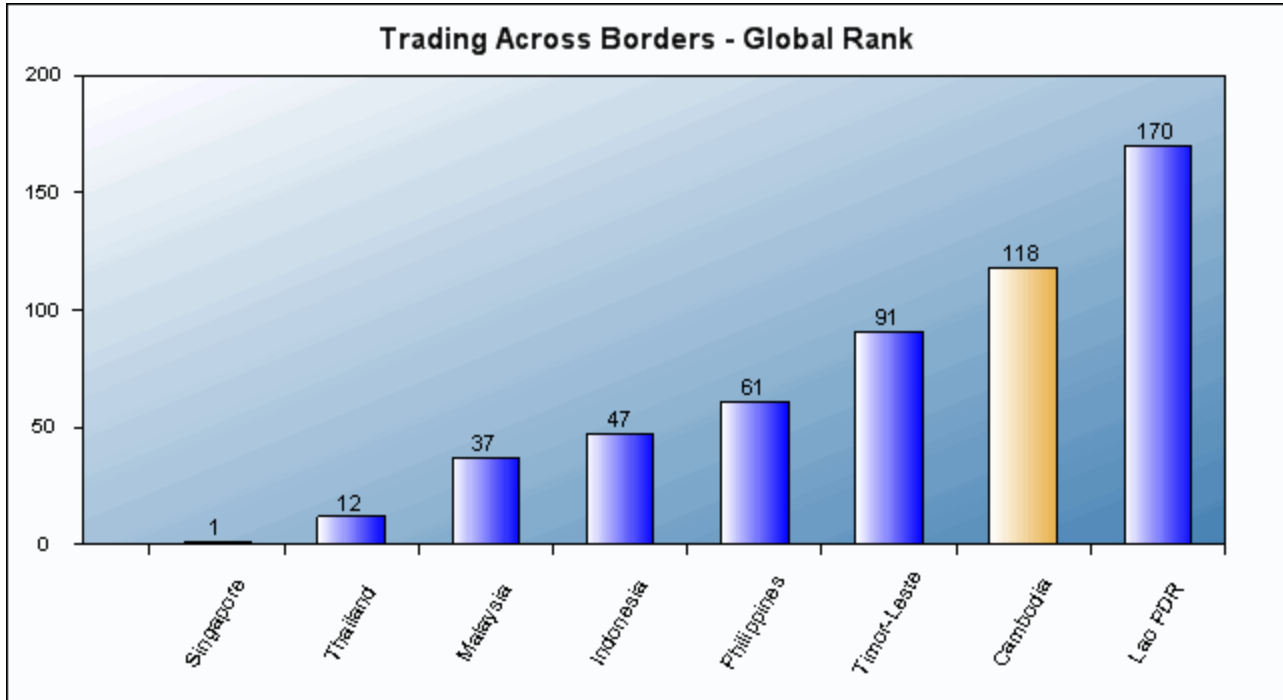
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Cambodia is ranked 118 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Cambodia	10	22	732	10	26	872

<i>Comparator Economies</i>						
Indonesia	5	20	704	6	27	660
Lao PDR	9	48	1860	10	50	2040
Malaysia	7	18	450	7	14	450
Philippines	8	15	675	8	14	730
Thailand	4	14	625	3	13	795
Timor-Leste	6	25	1010	7	26	1015

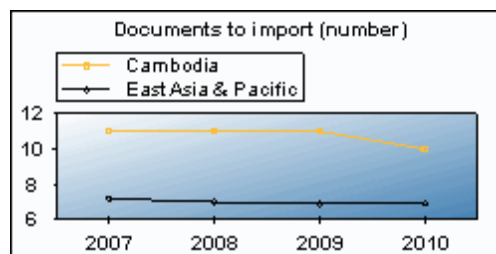
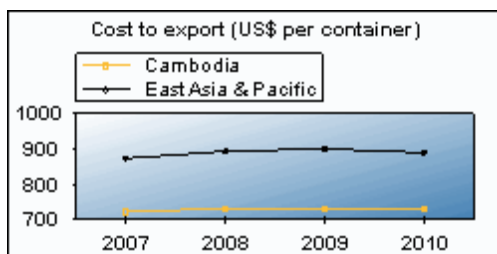
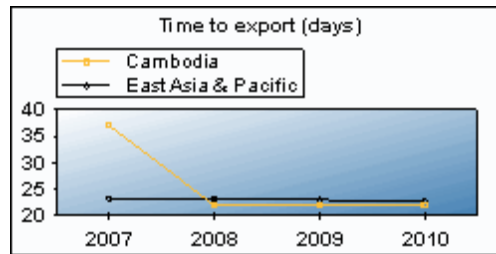
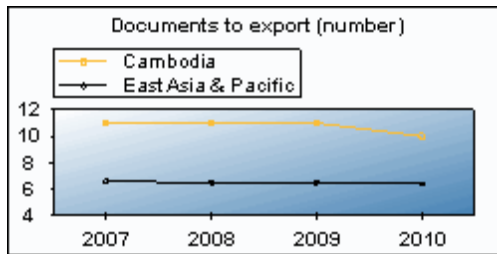
* The following economies are also good practice economies for :

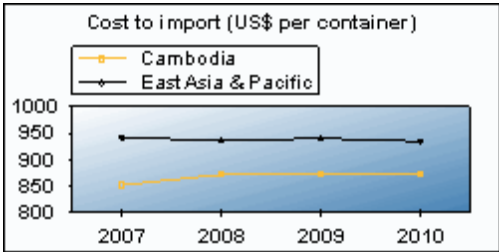
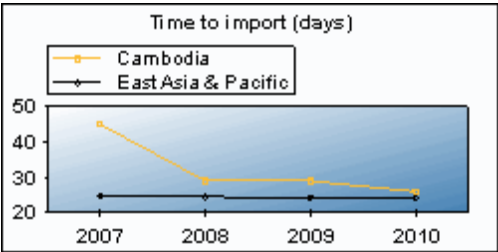
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Cambodia

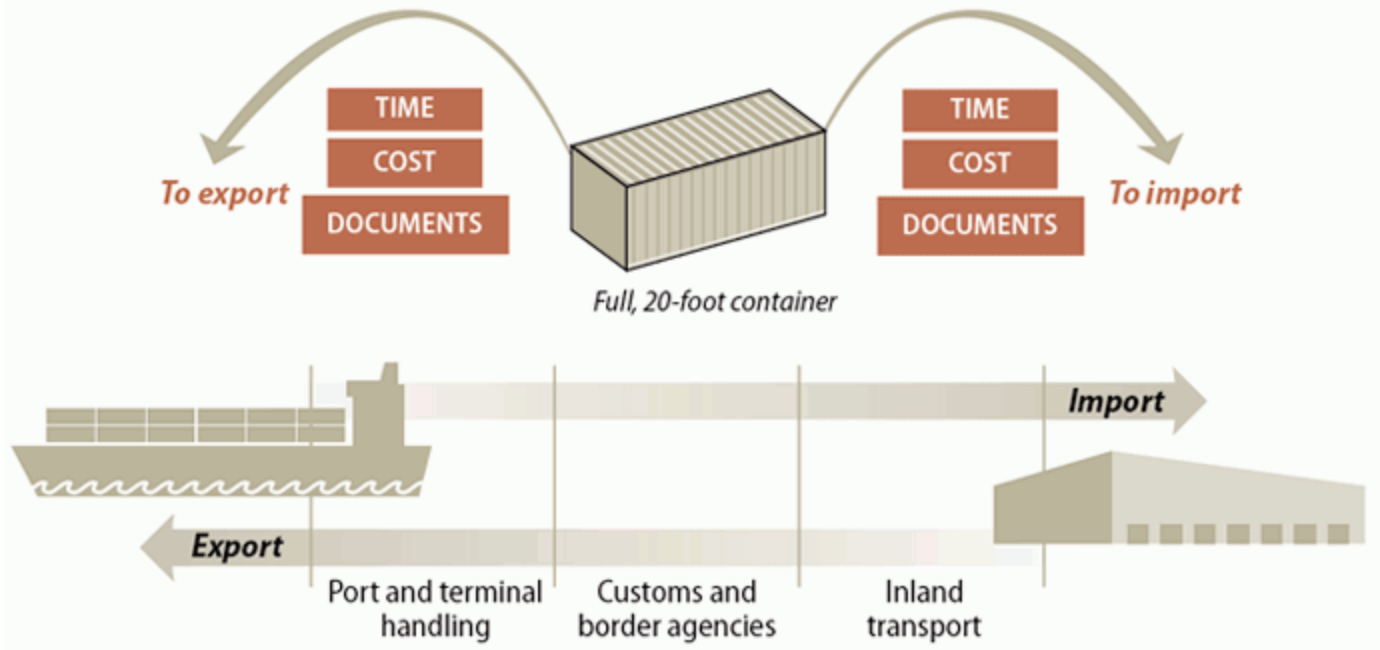
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	126	118
Cost to export (US\$ per container)	722	732	732	732
Cost to import (US\$ per container)	852	872	872	872
Documents to export (number)	11	11	11	10
Documents to import (number)	11	11	11	10
Time to export (days)	37	22	22	22
Time to import (days)	45	29	29	26

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





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	14	220
Customs clearance and technical control	3	262
Ports and terminal handling	3	100
Inland transportation and handling	2	150
Totals	22	732

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	15	210
Customs clearance and technical control	3	265
Ports and terminal handling	5	217
Inland transportation and handling	3	180
Totals	26	872

Documents for Export and Import

Export

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs export declaration
Export permit
Insurance certificate
Packing list
Tax certificate
Terminal handling receipts

Import

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs import declaration
Insurance certificate
Import license
Packing list
Tax certificate
Terminal handling receipts

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

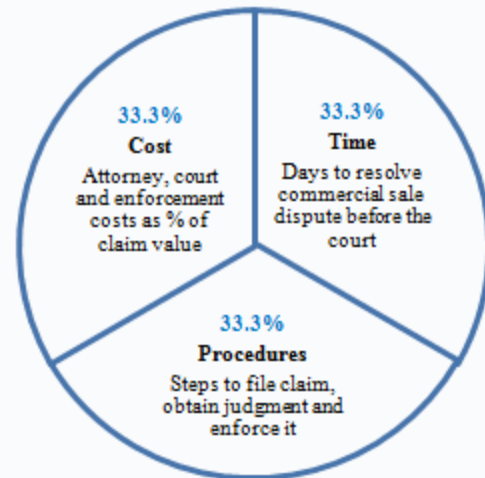
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



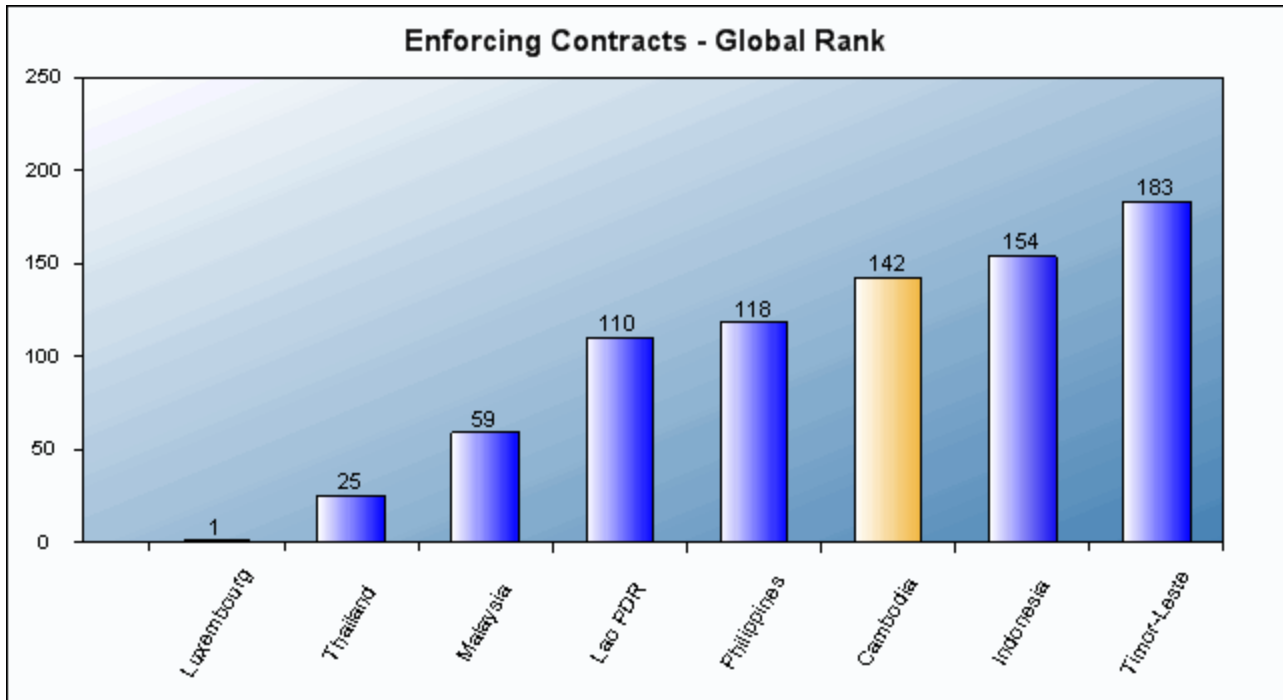
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Cambodia is ranked 142 overall for Enforcing Contracts.

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



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

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

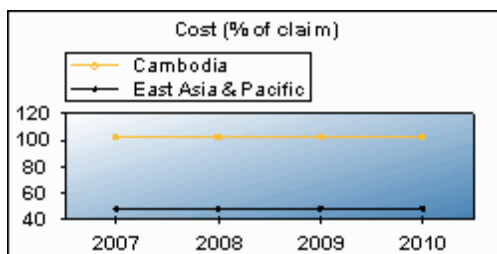
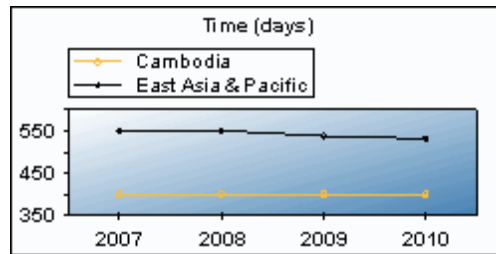
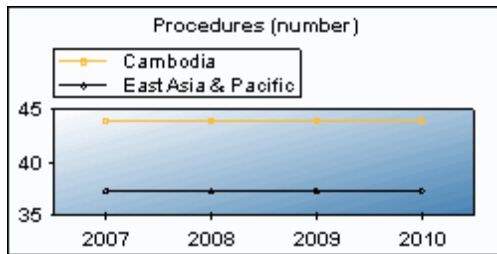
<i>Selected Economy</i>			
Cambodia	44	401	102.7

<i>Comparator Economies</i>			
Indonesia	40	570	122.7
Lao PDR	42	443	31.6
Malaysia	30	585	27.5
Philippines	37	842	26.0
Thailand	36	479	12.3
Timor-Leste	51	1285	163.2

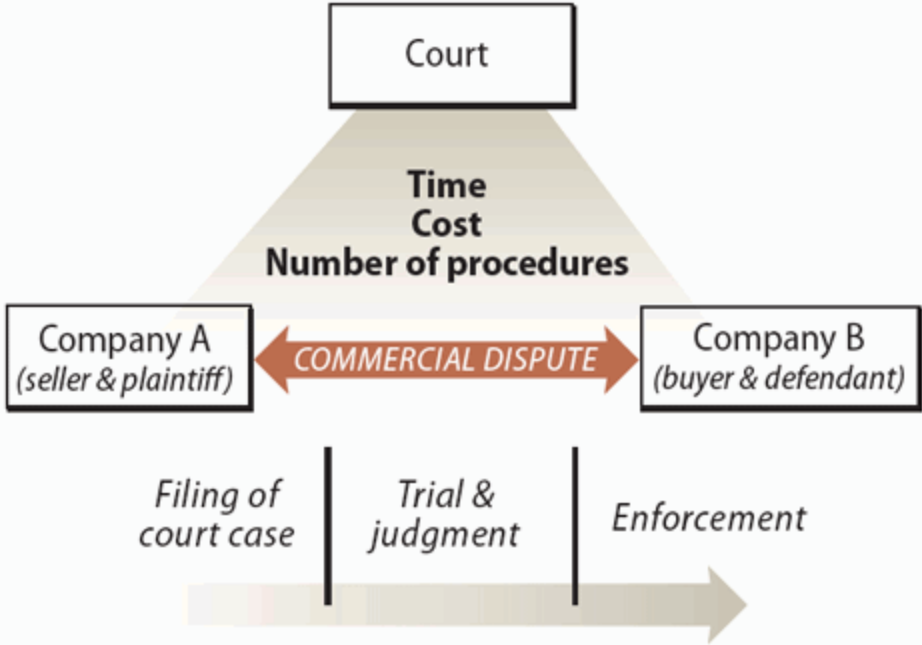
2. Historical data: Enforcing Contracts in Cambodia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	140	142
Procedures (number)	44	44	44	44
Time (days)	401	401	401	401
Cost (% of claim)	102.7	102.7	102.7	102.7

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



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



This topic looks at the efficiency of contract enforcement in Cambodia.

Nature of Procedure (2010)	Indicator
Procedures (number)	44
Time (days)	401
Filing and service	63.0
Trial and judgment	168.0
Enforcement of judgment	170.0
Cost (% of claim)*	102.70
Attorney cost (% of claim)	95.8
Court cost (% of claim)	0.3
Enforcement Cost (% of claim)	6.6

Court information: Phnom Penh Municipal Court ("Tolaka Krong Phnom Penh")

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

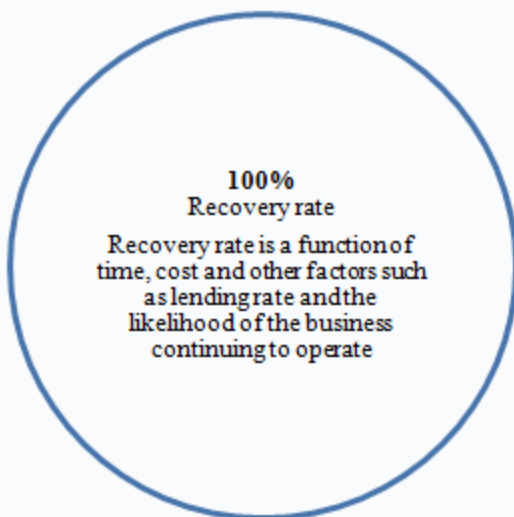
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

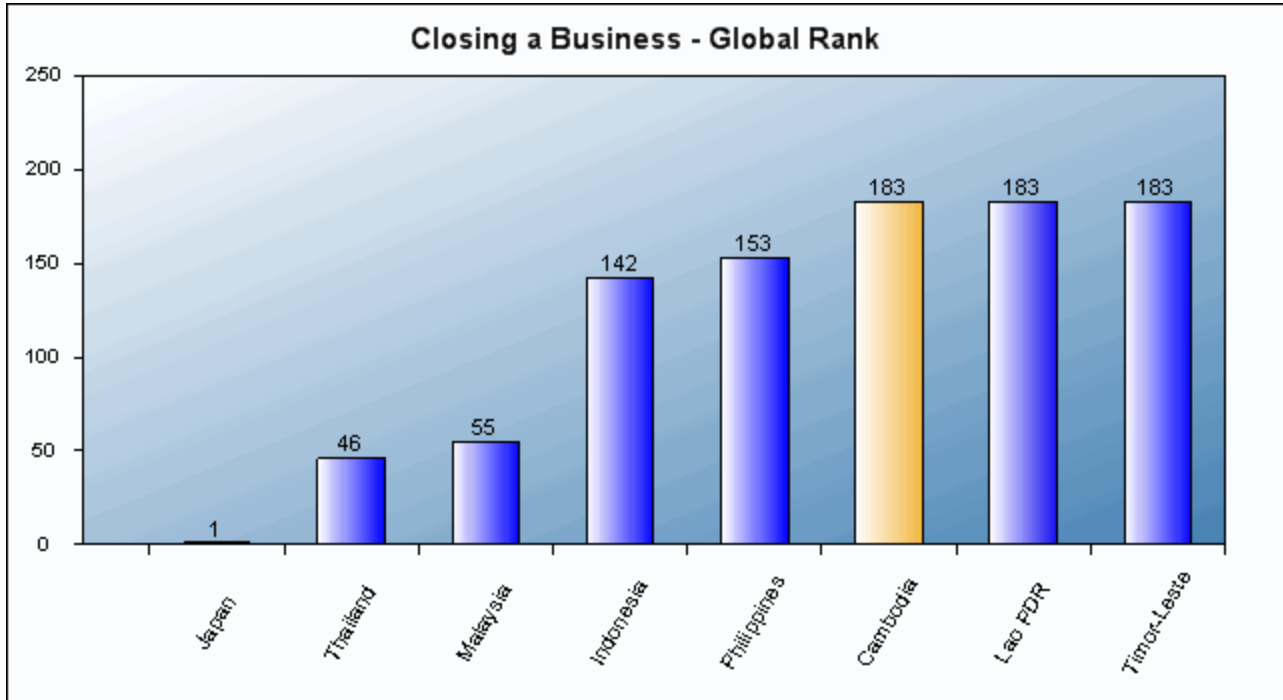
The Company

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

1. Benchmarking Closing Business Regulations:

Cambodia is ranked 183 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Cambodia	0.0	no practice	no practice

<i>Comparator Economies</i>			
Indonesia	13.2	5.5	18
Lao PDR	0.0	no practice	no practice
Malaysia	39.8	2.3	15
Philippines	4.5	5.7	38
Thailand	43.5	2.7	36
Timor-Leste	0.0	no practice	no practice

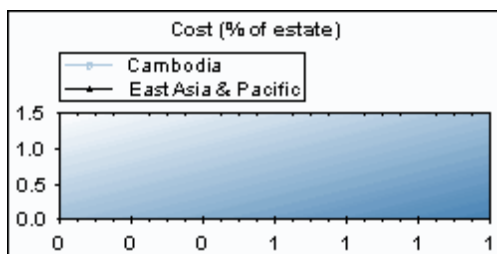
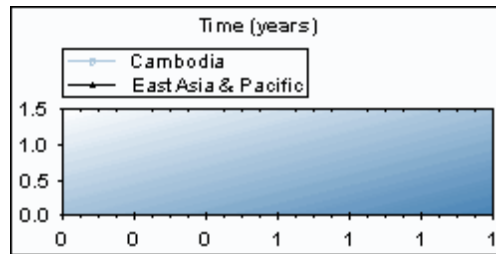
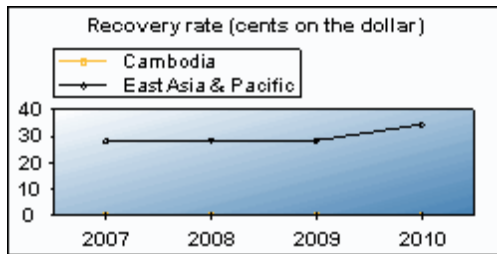
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Cambodia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	183	183
Time (years)	no practice	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0.0	0.0	0.0	0.0



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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cambodia	Cambodia eliminated preshipment inspections, reducing the time and number of documents required for importing and exporting.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Indonesia	Indonesia eased business start-up by reducing the cost for company name clearance and reservation and the time required to reserve the name and approve the deed of incorporation. Indonesia reduced its corporate income tax rate. Indonesia reduced the time to export by launching a single-window service.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Lao PDR	Lao PDR replaced the business turnover tax with a new value added tax.
Malaysia	Malaysia eased business start-up by introducing more online services. Malaysia's introduction of online stamping reduced the time and cost to transfer property.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Philippines	The Philippines eased business startup by setting up a one-stop shop at the municipal level. The Philippines made construction permitting more cumbersome through updated electricity connection costs. The Philippines reduced the time and cost to trade by improving its electronic customs systems, adding such functions as electronic payments and online submission of declarations.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.

Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Thailand	Thailand made registering property more costly by repealing a 2-year temporary tax reduction for property transfers. Thailand temporarily lowered taxes on business by reducing its specific business tax for 12 months.
Timor-Leste	Timor-Leste increased court efficiency by training and appointing new judges and passing a new civil procedure code.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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