

# Doing Business 2011

Kenya

**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 Kenya. 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](http://www.doingbusiness.org)).

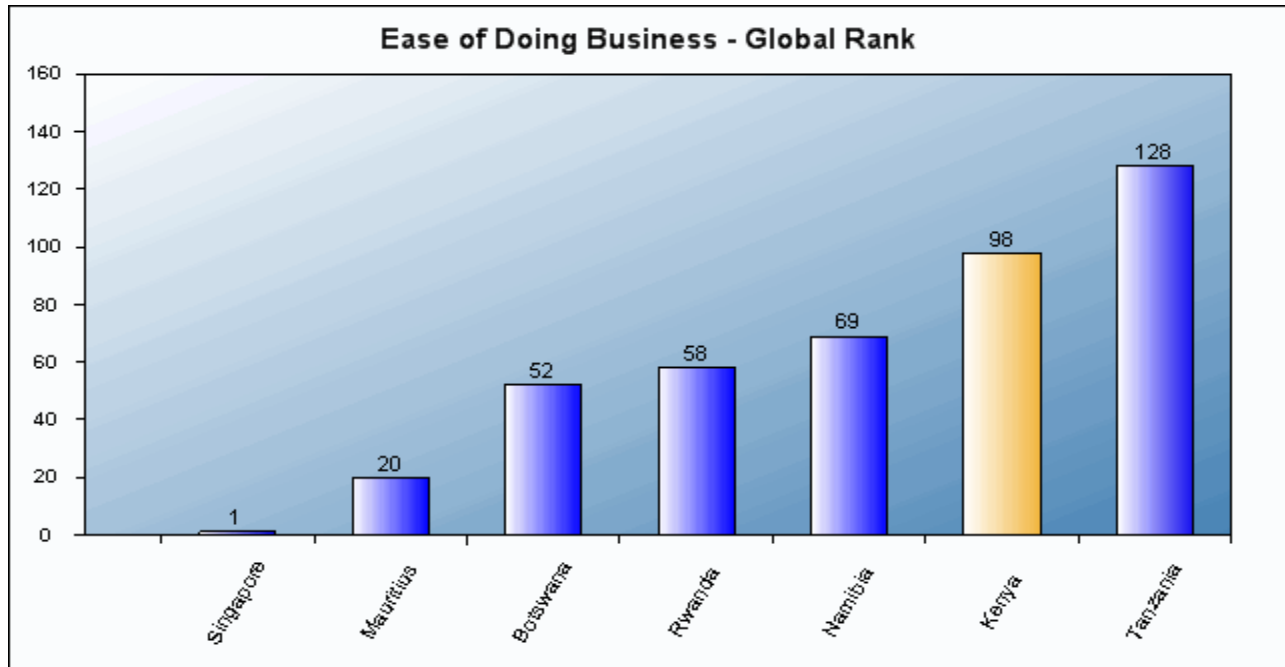
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Kenya is ranked 98 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Kenya's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	98
Starting a Business	125
Dealing with Construction Permits	35
Registering Property	129
Getting Credit	6
Protecting Investors	93
Paying Taxes	162
Trading Across Borders	144
Enforcing Contracts	125
Closing a Business	85

## Summary of Indicators - Kenya

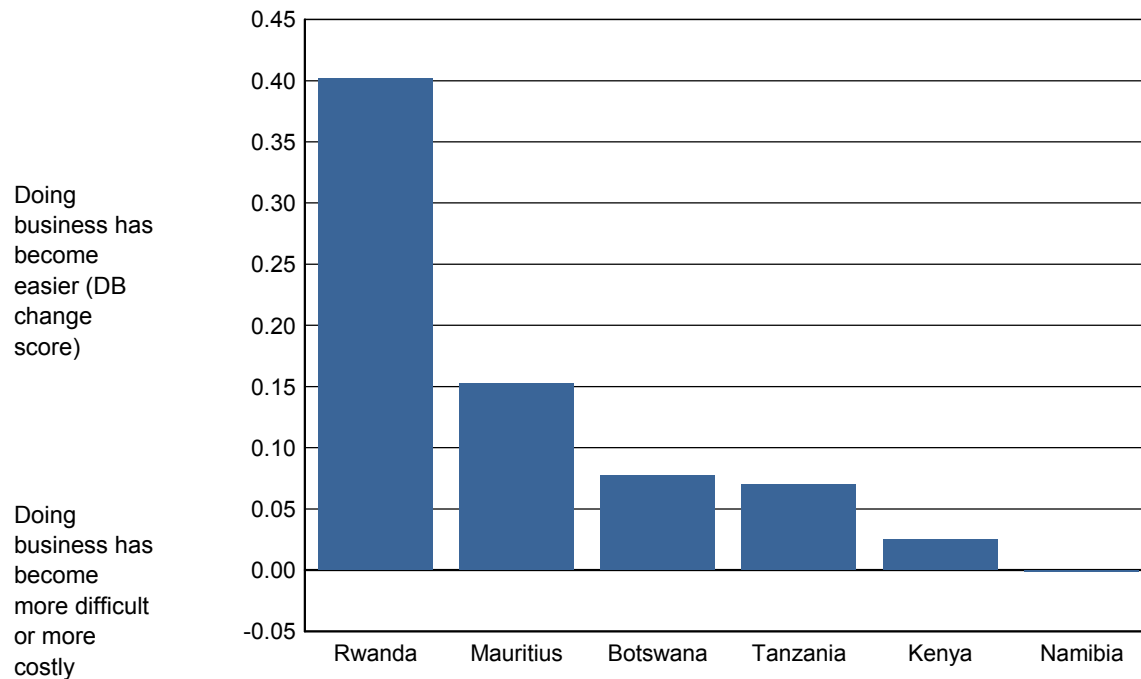
<b>Starting a Business</b>	Procedures (number)	11
	Time (days)	33
	Cost (% of income per capita)	38.3
	Min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	11
	Time (days)	120
	Cost (% of income per capita)	167.8
<b>Registering Property</b>	Procedures (number)	8
	Time (days)	64
	Cost (% of property value)	4.2
<b>Getting Credit</b>	Strength of legal rights index (0-10)	10
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	3.3
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	3
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	10
	Strength of investor protection index (0-10)	5.0
<b>Paying Taxes</b>	Payments (number per year)	41
	Time (hours per year)	393
	Profit tax (%)	33.1
	Labor tax and contributions (%)	6.8
	Other taxes (%)	9.9
	Total tax rate (% profit)	49.7
<b>Trading Across Borders</b>	Documents to export (number)	8
	Time to export (days)	26
	Cost to export (US\$ per container)	2055
	Documents to import (number)	7
	Time to import (days)	24
	Cost to import (US\$ per container)	2190

<b>Enforcing Contracts</b>	Procedures (number)	40
	Time (days)	465
	Cost (% of claim)	47.2
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	29.8
	Time (years)	4.5
	Cost (% of estate)	22

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.

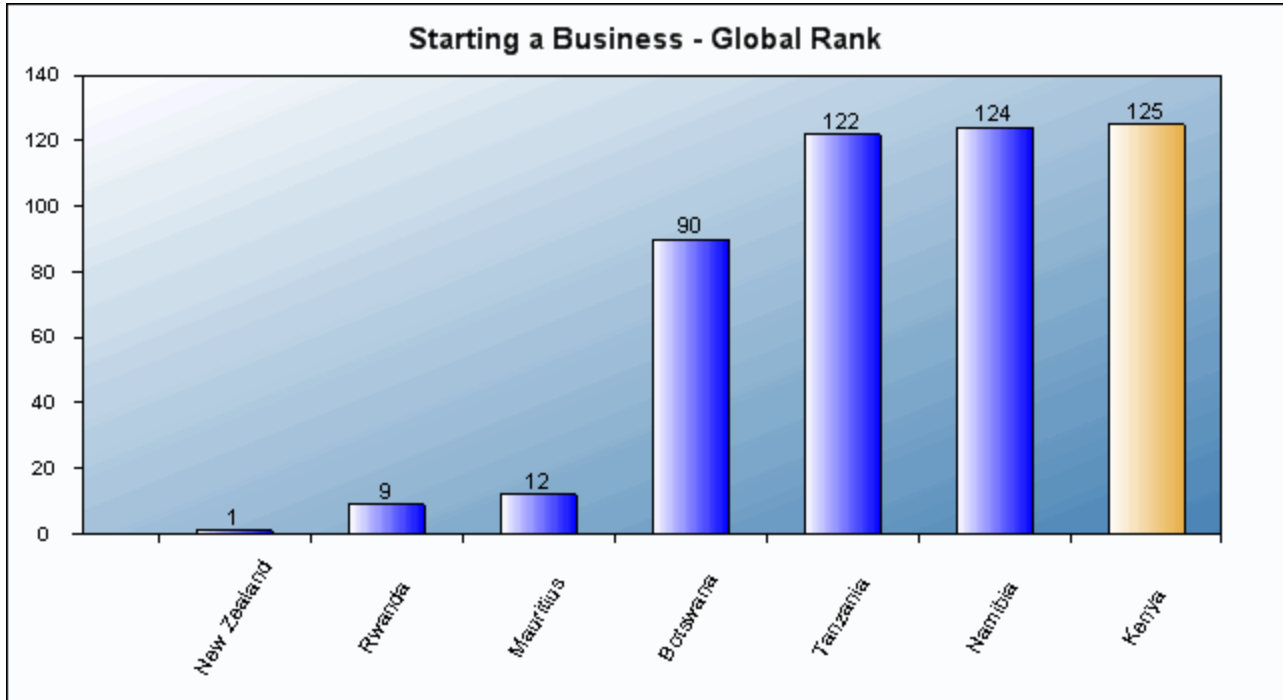
#### The business:

- 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:

Kenya is ranked 125 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Kenya</b>	<b>11</b>	<b>33</b>	<b>38.3</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Botswana</b>	10	61	2.2	0.0
<b>Mauritius</b>	5	6	3.8	0.0
<b>Namibia</b>	10	66	18.5	0.0
<b>Rwanda</b>	2	3	8.8	0.0
<b>Tanzania</b>	12	29	30.9	0.0

\* The following economies are also good practice economies for :

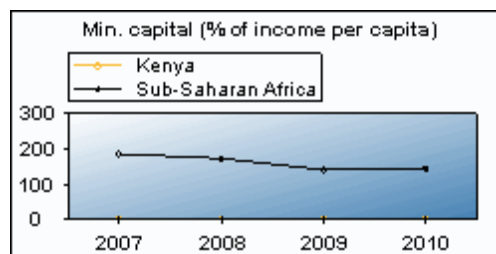
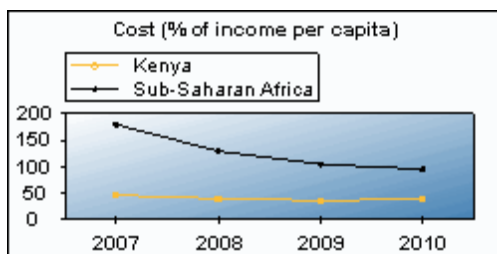
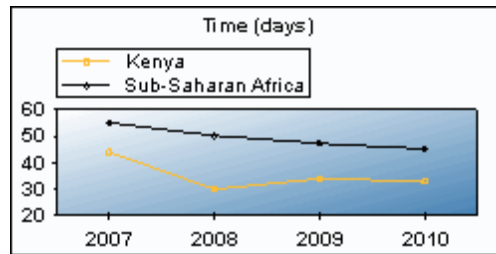
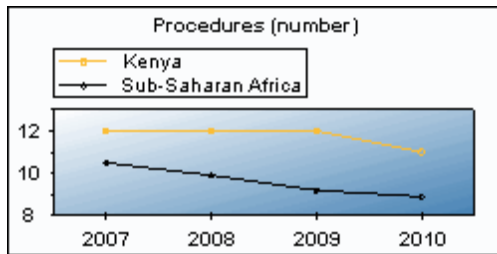
**Procedures (number):** **Canada**

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

## 2. Historical data: Starting a Business in Kenya

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	126	125
Procedures (number)	12	12	12	11
Time (days)	44	30	34	33
Cost (% of income per capita)	46.1	39.7	36.5	38.3
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Kenya 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 Kenya.

STANDARDIZED COMPANY  
 Legal Form: Private Corporation  
 City: Nairobi

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	State registration of legal entity, statistical, and tax registration with the Center for Public Registration	3	KES 100
2	Stamp the memorandum and articles and a statement of the nominal capital	5	KES 7,953
3	Pay stamp duty at bank	1	KES 100
4	Declaration of compliance (Form 208) is signed before a Commissioner of Oaths /notary public	1	KES 200
5	File deed and details with the Registrar of Companies at the Attorney General's Chambers in Nairobi	10	KES 6,360
6	Register with the Tax Department for a PIN and VAT online	1	no charge
7	Apply for a business permit	5	KES 5,000

8	Register with the National Social Security Fund (NSSF)	1	no charge
9	Register with the National Hospital Insurance Fund (NHIF)	1	no charge
10	Register for PAYE	1	no charge
11	Make a company seal after a certificate of incorporation has been issued	2	KES 3,000

## Starting a Business Details - Kenya

<b>Procedure</b>	<b>1</b>	<b>State registration of legal entity, statistical, and tax registration with the Center for Public Registration</b>
<b>Time to complete:</b>	3	
<b>Cost to complete:</b>	KES 100	
<b>Comment:</b>	The company name reservation lasts 30 days but can be renewed for a similar period.	
<b>Procedure</b>	<b>2</b>	<b>Stamp the memorandum and articles and a statement of the nominal capital</b>
<b>Time to complete:</b>	5	
<b>Cost to complete:</b>	KES 7,953	
<b>Comment:</b>	Effective January 1, 2005, the Kenya Revenue Authority (KRA) took over stamp duty collection from the Ministry of Lands and Housing. As an administrative requirement, the KRA now requires the personal identification numbers (PINs) of all parties on whose behalf duty-stamped documents are submitted. Documents must be first assessed by the Stamp Duty Office before payment can be processed by the KRA-designated banks. The process has lengthened initially to about 2 weeks because the Stamp Duty Office waited to receive confirmation of bank payment after clearance of funds. However, the time has reduced in 2008 as a result of better communication between the Ministry of Lands and housing and Kenya Revenue Authority (KRA) to 5-10 days. Bank handling charges of KES 100 for each transaction are also due.	
<b>Procedure</b>	<b>3</b>	<b>Pay stamp duty at bank</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	KES 100	
<b>Comment:</b>		
<b>Procedure</b>	<b>4</b>	<b>Declaration of compliance (Form 208) is signed before a Commissioner of Oaths /notary public</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	KES 200	
<b>Comment:</b>	According to the Companies Act (Cap. 486), An advocate engaged in the formation of the company or a director or company secretary named in the Articles must sign Form 208, the declaration of compliance, which accompanies the registration documents to be submitted to the Registrar of Companies. (Simuletanous with procedure 2)	
<b>Procedure</b>	<b>5</b>	<b>File deed and details with the Registrar of Companies at the Attorney General's Chambers in Nairobi</b>
<b>Time to complete:</b>	10	
<b>Cost to complete:</b>	KES 6,360	

**Comment:** The founder must file the incorporation deed and the required documents and forms (listed below) with the Registrar of Companies, which includes:

- Stamped memorandum and articles of association.
- Statement of capital.
- Form 201, Notice of Situation of Registered Office.
- Form 203, Particulars of Directors and Secretary.
- Form 208, Declaration of compliance with the Companies Act.
- Copy of the company name approval

Fee schedule for registration:

- For the first KES 100,000: KES 2,800.
- For every KES 20,000 after the first KES 100,000: KES 120, subject to a maximum of KES 60,000.
- Filing fee for three forms: KES 600.

#### Procedure 6 Register with the Tax Department for a PIN and VAT online

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Registration for a personal and a company identification number (PIN) is required to register for the VAT (PIN certificates of at least two directors or 2 shareholders or a director and the secretary are required), the local service tax, and the pay-as-you-earn (PAYE) tax. The founder must file the certificate of registration and a copy of the memorandum and articles of association. IDue to new online reforms, the application for a PIN and VAT registration can now be done concurrently on-line. Unless the KRA has already received confirmation of incorporation of the company from the Companies Registry, one must still submit the Certificate of Incorporation and receive log-in details from the KRA for the purpose of applying for a PIN and VAT registration.

#### Procedure 7 Apply for a business permit

**Time to complete:** 5

**Cost to complete:** KES 5,000

**Comment:** The fee to apply for a business permit varies by type of business, number of employees, and size of the company's premises. The fee is payable to the Nairobi City Council, Licensing Department. The City Council will issue a business permit.

Fee schedule for business permit:

- Medium trader, shop, or retail service from 5 to 20 employees and/or premises 50–300 sq. m. (fair location): KES 5,000.
- Mid-size business of 50 employees and premises 300 sq. m.: about KES 20,000 to KES 50,000, depending on the nature of the business.

The Licensing Laws (Repeals and Amendments) Act , 2006 (enacted in December of 2006 and came into effect on May, first, 2007), amends the Local Government Act (Cap. 265) by reducing the number of business permits required for a distributor of goods or provider of services to carry on its business activities. Applicants having obtained a business permit to operate from one local authority will not be required to obtain another business permit in another local authority. In addition, business permit applicants will have an opportunity to elect whether to apply for a 1- or 2-year permit. The 2006 law also eliminated the requirement to obtain a trading license in addition to the permit.

#### Procedure 8 Register with the National Social Security Fund (NSSF)

**Time to complete:** 1

**Cost to complete:** no charge



**Comment:** The National Social Security Fund provides the employee with a lump-sum retirement benefit. Historically, the rate of return paid by the state is considerably less than that achieved by private schemes, but participation is mandatory. The employer pays a standard contribution of about 1% of salary, subject to a maximum of KES 400 per month. Half the contribution is deductible from the employee's salary. The precise amount of the contribution (where less than the maximum) is determined by reference to salary bands.

**Procedure 9 Register with the National Hospital Insurance Fund (NHIF)**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The employee contributes a fixed sum to the National Hospital Insurance Fund (NHIF), which must be deducted by the employer from the employees' salary. The maximum contribution is KES 320 per month. The contributions are used to offset the costs of medical treatment, but they only cover a fraction of actual costs. Hence, most companies provide employees with medical insurance.

**Procedure 10 Register for PAYE**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:**

**Procedure 11 Make a company seal after a certificate of incorporation has been issued**

**Time to complete:** 2

**Cost to complete:** KES 3,000

**Comment:** seals are made by private entities who require sight of a copy of the certificate of incorporation

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

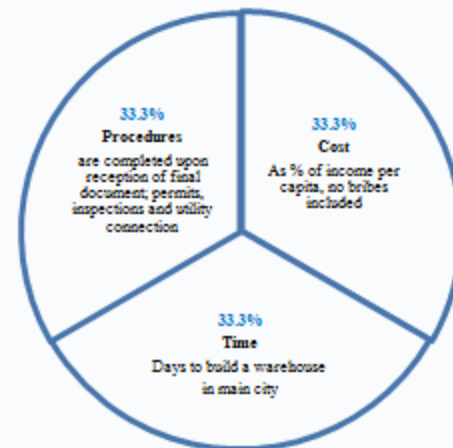
#### The warehouse:

- 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

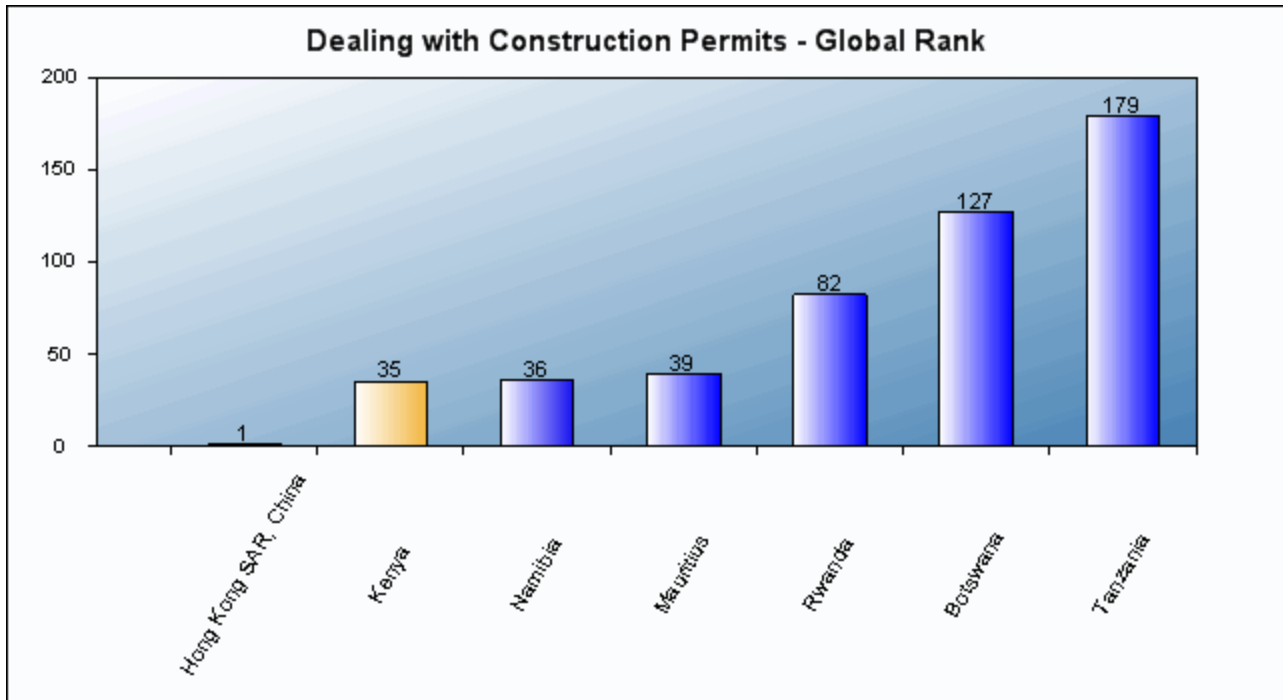
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Kenya is ranked 35 overall for Dealing with Construction Permits.

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



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

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

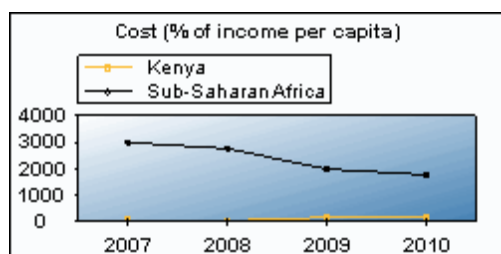
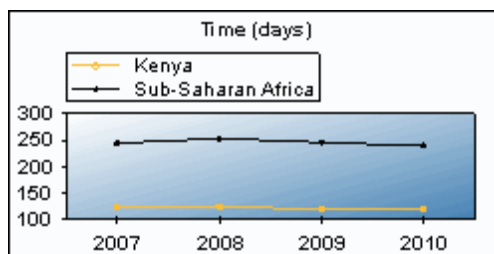
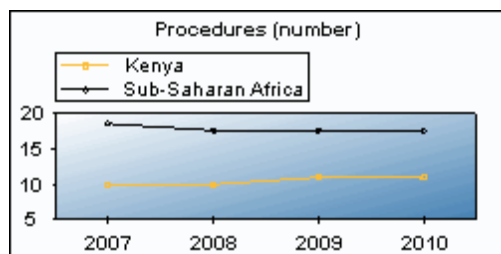
<i>Selected Economy</i>			
<b>Kenya</b>	<b>11</b>	<b>120</b>	<b>167.8</b>

<i>Comparator Economies</i>			
<b>Botswana</b>	24	167	264.5
<b>Mauritius</b>	18	107	32.3
<b>Namibia</b>	12	139	113.0
<b>Rwanda</b>	14	195	353.6
<b>Tanzania</b>	22	328	2756.3

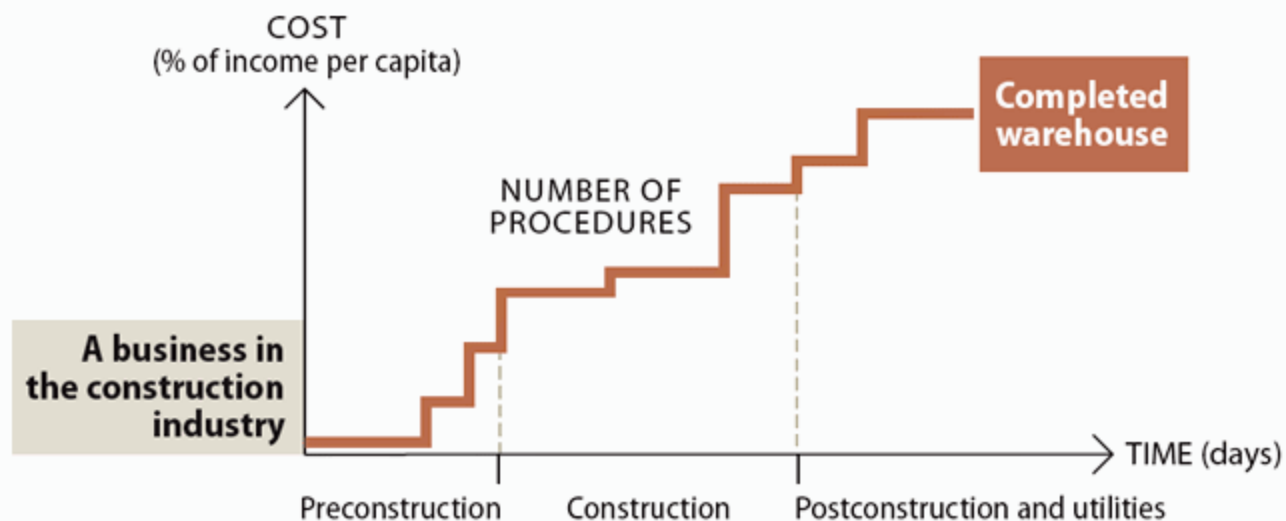
## 2. Historical data: Dealing with Construction Permits in Kenya

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	32	35
Procedures (number)	10	10	11	11
Time (days)	125	125	120	120
Cost (% of income per capita)	58.8	46.3	161.7	167.8

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Kenya 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 Kenya.

### BUILDING A WAREHOUSE

City: Nairobi

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Submit architectural plan for approval and obtain provisional building permit	30 days	KES 64,303
2	Submit and obtain structural plan approval and final building permit	10 days	KES 7,476
3	Obtain approval from National Environmental Authority	30 days	KES 16,250
4	Receive an on-site inspection by the municipal authority	5 days	KES 100
5	Obtain an occupancy certificate	14 days	no charge
6	Apply for water and sewerage connection	1 day	KES 1,100
7	Pay water and sewerage installation costs and obtain connection	30 days	KES 6,000
8 *	Request electricity connection from the local electricity provider	1 day	KES 2,000

9 *	Receive an on-site inspection by the local electricity provider	1 day	no charge
10 *	Obtain electricity connection	14 days	no charge
11	Apply and pay for telephone connection	5 days	KES 2,300

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Kenya

### Procedure 1 Submit architectural plan for approval and obtain provisional building permit

**Time to complete:** 30 days

**Cost to complete:** KES 64,303

**Agency:** Municipal Authority (City Development Department)

**Comment:** BuildCo would approach the City Development Department, of City Council of Nairobi (CCN) to get its architectural plans approved first. Before submitting the application, BuildCo needs to make payment of relevant fees. Once payment is made, BuildCo submits the receipt to the City Development Department. The application must contain the architectural drawings and plans, land title, copy of main architect's license. The application then gets forwarded to various departments: Physical Planning, Road Department, Public Health, Fire Department, Water Authority, and Electricity Authority. Each department takes at least one week to clear the respective section of the plans, and grants separate permits for the plumbing, sewerage, and electrical activities that BuildCo will be involved in during the construction of the warehouse. Thereafter, the application is forwarded for approval to Technical Committee that convenes twice a week and issues the approvals. As a result of the approval of architectural drawings BuildCo will receive the building permit. Building permit is granted only provisionally, until the structural segment is approved.

After that the building permit is obtained BuildCo needs to submit its structural project separately.

Since 2006, CCN has been reforming under Rapid Results Initiative (RRI), trying to reduce the number of days and eliminate the bottlenecks. Since 2008 the architectural project approvals is done by Technical Committee that convenes twice a week and issues the approvals. Previously, the approving body was City Council itself. However, due to its busy schedule and backlog, it was decided to transfer the responsibility from the City Council to the Technical Committee. Because of various reforms it takes on average 30 days to obtain this part of approval as opposed to 50 days before. However, approval time varies because it depends on the diligence of the architect.

As of November 2008, occupancy certificate fee must be paid at this stage.

According to updated fee schedule of City Council of Nairobi, as of 31 October 2009 in the Kenya Gazette, the following changes are introduced:

- design inspection fee first 930 m2 is KES 12,850 + for every 93m2 above original 930 m2 is KES 1,500 x 4 = KES 6,000. Total KES 18,850 for 1300.6 sqm
  - construction sign board fee KES 15,000.
  - application fee –KES 2,000.
  - infrastructure development levy fee - which is 0,5% of estimated development cost of building. According to CCN methodology current building cost for warehouses in Central Region (Nairobi) is KES 21,000 sq.m. (excluding VAT). Total is KES 27312,600x0.05% =KES 13,656.3
  - occupancy fee for warehouse -930 sqm - KES14,000 and for additional 93 sqm its KES 200. Total KES 14,796.9
- Total: KES 64,303.2

### Procedure 2 Submit and obtain structural plan approval and final building permit

**Time to complete:** 10 days

**Cost to complete:** KES 7,476



**Agency:** Municipal Authority

**Comment:** Once the architectural plans and drawings are approved and comments and changes were made, BuildCo has to incorporate them into the structural plans and re-submit the application to CCN for approval. This is done as common practice for submitting both plans together is impossible. One other reason why these two steps happen separately is because the architectural drawings and plans are checked by Structural Department at stage when structural plans are approved. Construction works begin only after this approval.

Since beginning this year due to RRI programme and internal process of simplification in the CCN it takes now 10 days to obtain the structural approval compared to previous 25 days.

The company must have the following items approved: project plans, architectural drawings, location survey of property documents and others.

According to updated fee schedule, as of October 31, 2008, the structural plan approval fee is calculated as follows: 930 sq.m.- KES 14,000, and for each additional 93 sq.m.- KES 200. Total: KES 7,475.5

### **Procedure 3 Obtain approval from National Environmental Authority**

**Time to complete:** 30 days

**Cost to complete:** KES 16,250

**Agency:** NEMA

**Comment:** Following the enactment of new Environmental Management and Co-ordination Act on 27 February 2009, companies now have to obtain approval of project from National Environment Management Authority. Projects of all risk categories are subject to approval and environmental impact assessment (EIA), including the BuildCo warehouse. It would take 30 days. The cost is set at 0.05% of warehouse value (KES 32,500,000). Prior to 11 February 2009, the fee rate was 0.1% of warehouse value.

The regulation regarding environmental impact assessment approval for Kenya has been in place since 1999. However, in recent years NEMA started enforcing the rules more vigorously. NEMA conducts periodic inspections during the construction. If new projects at the moment of inspection do not have an environmental impact assessment they may order the project be closed and erected objects demolished. Therefore, construction companies are now obtaining the environmental approval before the building is completed. Although, the legislation is not clear on what categories of building this regulation would apply.

### **Procedure 4 Receive an on-site inspection by the municipal authority**

**Time to complete:** 5 days

**Cost to complete:** KES 100

**Agency:** Municipal Authority

**Comment:** BuildCo must inform the municipality that the building has been completed in order to start the inspections.

### **Procedure 5 Obtain an occupancy certificate**

<b>Time to complete:</b>	14 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	City Council and Municipal Authority
<b>Comment:</b>	Once the construction is completed and inspected, BuildCo submits an application for an occupancy certificate. The occupancy certificate is given when the City Council deems the building is in compliance with the approved architectural drawings.

#### **Procedure 6 Apply for water and sewerage connection**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	KES 1,100
<b>Agency:</b>	Nairobi City Water and Sewerage Company (NairobiWater)
<b>Comment:</b>	

#### **Procedure 7 Pay water and sewerage installation costs and obtain connection**

<b>Time to complete:</b>	30 days
<b>Cost to complete:</b>	KES 6,000
<b>Agency:</b>	Nairobi City Water and Sewerage Company (NairobiWater)
<b>Comment:</b>	The applicant is required to submit an "application for water and sewerage supply form" obtained from the Nairobi City Water and Sewerage Company. Thereafter, the applicant is required to pay KES 1,100 for a survey and estimates fees and attach the receipt of payment to the application form. The applicant is also required to attach the company's certificate of registration and its PIN number. The Nairobi Water Company may approve the application after all these documents have been submitted. After approval, applicant is required to pay KES 6,000. The applicant is responsible for payment of all water, meter rent, sewer, conservancy, and refuse collection charges. The process usually takes a month.

#### **Procedure 8 Request electricity connection from the local electricity provider**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	KES 2,000
<b>Agency:</b>	Kenya Power& Lighting Company (KPLC)
<b>Comment:</b>	<p>This procedure involves making an application to the electricity provider attaching a copy of the certificate of incorporation, a clear map showing the physical location of the warehouse, and a site plan of where the meter board (if using the meter system) will be installed.</p> <p>Steps to follow to apply for electricity:</p> <ol style="list-style-type: none"> <li>1. Complete the "Enquiry For Supply of Electricity" Form; and</li> <li>2. Attach a copy of PIN, Certificate of Incorporation of the Company, Title Deed of the Premises and a detailed sketch of the premises indicating roads and other salient features.</li> </ol> <p>Kenya Power &amp; Lighting Company (KPLC) is the body responsible for transmission and</p>

distribution of electricity in Kenya and not KENGEN. KENGEN only generates the electrical power and sells it to KPLC for transmission and distribution to consumers.

**Procedure 9 Receive an on-site inspection by the local electricity provider**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Kenya Power & Lighting Company (KPLC)

**Comment:**

**Procedure 10 Obtain electricity connection**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** Kenya Power & Lighting Company (KPLC)

**Comment:** After the inspection, KPLC will send a quotation to BuildCo on the amount of capital contribution plus the deposit to be paid. The capital contribution includes the cost of labour, materials and the transport involved. This quotation is valid for only 90 days. When the applicant pays the amount of the quotation, power connection will be effected.

**Procedure 11 Apply and pay for telephone connection**

**Time to complete:** 5 days

**Cost to complete:** KES 2,300

**Agency:** Telkom Kenya

**Comment:**

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)

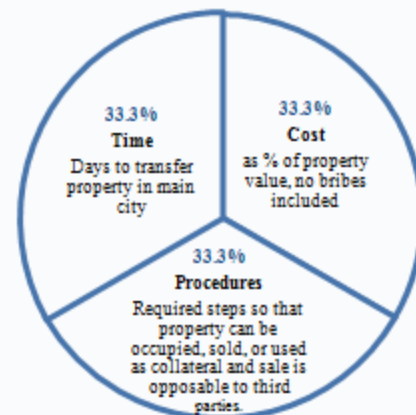
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

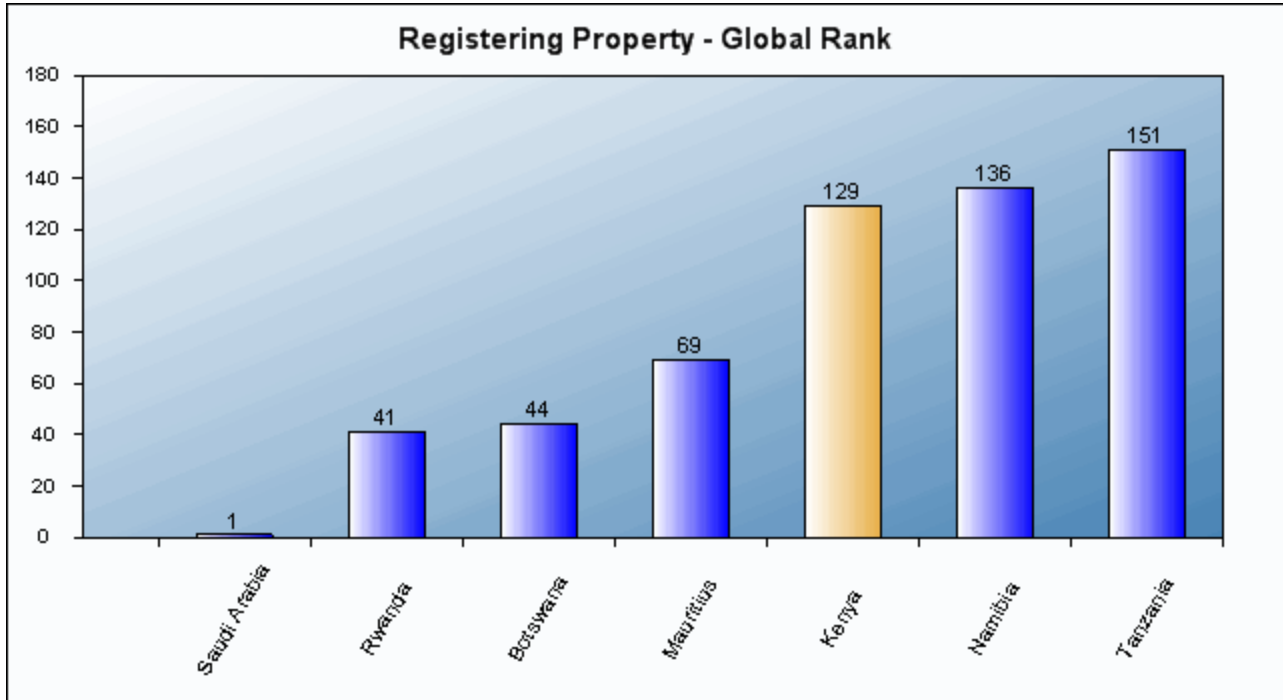
#### The property (fully owned by the seller):

- 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:

Kenya is ranked 129 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Kenya</b>	<b>8</b>	<b>64</b>	<b>4.2</b>

<i>Comparator Economies</i>			
<b>Botswana</b>	5	16	5.0
<b>Mauritius</b>	4	26	10.6
<b>Namibia</b>	9	23	9.6
<b>Rwanda</b>	4	55	0.4
<b>Tanzania</b>	9	73	4.4

\* The following economies are also good practice economies for :

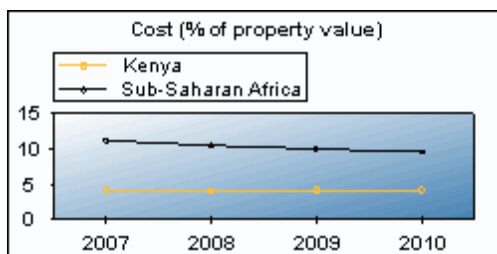
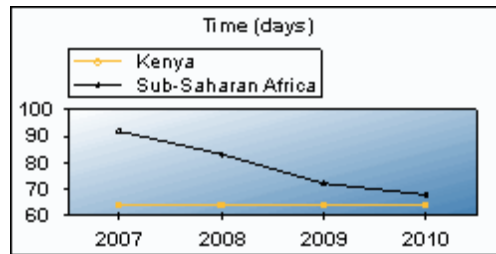
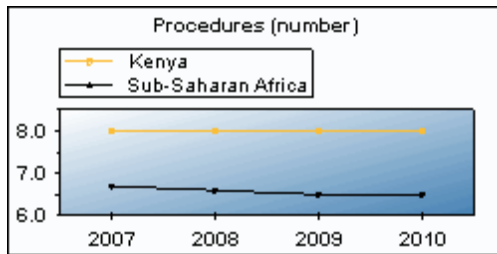
**Procedures (number): United Arab Emirates**

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

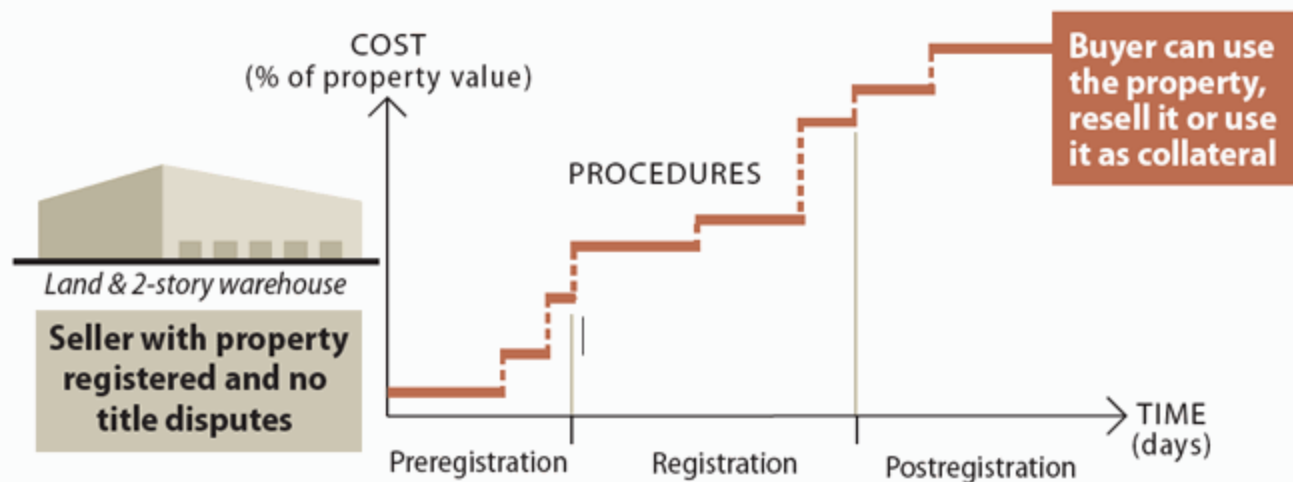
## 2. Historical data: Registering Property in Kenya

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	130	129
Procedures (number)	8	8	8	8
Time (days)	64	64	64	64
Cost (% of property value)	4.2	4.1	4.2	4.2

## 3. The following graphs illustrate the Registering Property sub indicators in Kenya 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 Kenya.

#### STANDARDIZED PROPERTY

Property Value: 2,966,431.44

City: Nairobi

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Carry out search of title at the Land Office	3 days (simultaneous with procedure 2 & 3)	KES 500
2 *	Obtain Land Rent Clearance Certificate from the Commissioner of Lands	19 days (simultaneous with procedure 1 & 3)	no cost
3 *	Obtain Rates Clearance Certificate from the Nairobi City Council	5 days (simultaneous with procedures 1 & 2)	KES 5000
4 *	File the transfer instrument at the Lands Office for assessment of stamp duty payable on the transfer	8 days (simultaneous with procedure 5)	4% of property value (stamp Duty)
5 *	Pick up banker's check and pay Stamp Duty	2 days (simultaneous with procedure 4)	KES 600 (charge for Banker's check)
6 *	Receive inspection by land officer	30 days (simultaneous with procedure 7)	no cost
7 *	Obtain valuation of the property by Government valuers	7 days (simultaneous with procedure 6)	no cost



8	Lodge the completion documents with Lands Office for registration of the transfer	6 days	KES 500
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\* Takes place simultaneously with another procedure.

## Registering Property Details - Kenya

<b>Procedure</b>	<b>1</b>	<b>Carry out search of title at the Land Office</b>
<b>Time to complete:</b>	3 days (simultaneous with procedure 2 & 3)	
<b>Cost to complete:</b>	KES 500	
<b>Agency:</b>	Land Office	
<b>Comment:</b>	In respect of searches on property registered under the Registered Land Act, a copy of the title document is required to be submitted at the time of applying for the search. Also, one cannot carry out a personal search but must instead apply for an official search.	
<b>Procedure</b>	<b>2</b>	<b>Obtain Land Rent Clearance Certificate from the Commissioner of Lands</b>
<b>Time to complete:</b>	19 days (simultaneous with procedure 1 & 3)	
<b>Cost to complete:</b>	no cost	
<b>Agency:</b>	Commissioner of Lands	
<b>Comment:</b>	Seller's lawyer obtains the Land Rent Clearance Certificate from the Commissioner of Lands at no cost.	
<b>Procedure</b>	<b>3</b>	<b>Obtain Rates Clearance Certificate from the Nairobi City Council</b>
<b>Time to complete:</b>	5 days (simultaneous with procedures 1 & 2)	
<b>Cost to complete:</b>	KES 5000	
<b>Agency:</b>	City Council	
<b>Comment:</b>	Seller's lawyer obtain the Rates Clearance Certificate from the Nairobi City Council. This certificate is important proof that there are no outstanding fees to be paid to the Municipality. Lawyers are not required to be involved in the registration process. Lawyers' fees are calculated based on a fixed scale depending on the value of the property.	
<b>Procedure</b>	<b>4</b>	<b>File the transfer instrument at the Lands Office for assessment of stamp duty payable on the transfer</b>
<b>Time to complete:</b>	8 days (simultaneous with procedure 5)	
<b>Cost to complete:</b>	4% of property value (stamp Duty)	
<b>Agency:</b>	Lands Office	
<b>Comment:</b>	The draft transfer is prepared by the buyer's lawyers and needs to be approved by the seller's counterpart. The stamp duty amount to be paid is indicated when the application is filed, but it takes approximately 7 days to obtain the receipt of payment (obligated to pay with a banker's check) from the bank. The payment is made directly at the Lands Office.	

**Procedure 5 Pick up banker's check and pay Stamp Duty**

**Time to complete:** 2 days (simultaneous with procedure 4)

**Cost to complete:** KES 600 (charge for Banker's check)

**Agency:** Bank

**Comment:** It is mandatory to pay the above-mentioned stamp duty with a banker's check. The payment is made through commercial banks and the approved banks include the Kenya Commercial Bank and The National Bank of Kenya. Payment is made to the Commissioner of Domestic Taxes on behalf of the Commissioner of Lands.

**Procedure 6 Receive inspection by land officer**

**Time to complete:** 30 days (simultaneous with procedure 7)

**Cost to complete:** no cost

**Agency:** Land Office

**Comment:** Once the draft transfer has been filed at the land office, an inspector visits the site to verify the development and state of the property. Due to lack of transport, in practice, the inspector often has to be picked up in person and driven to the site. There are no prior appointments made and the actual inspection may happen within one day or, in the worst case, one month. However, note that this time is not limited and in some cases entrepreneurs may wait months for a valuation.

**Procedure 7 Obtain valuation of the property by Government valuers**

**Time to complete:** 7 days (simultaneous with procedure 6)

**Cost to complete:** no cost

**Agency:** Land Office

**Comment:** The inspector visits the site to evaluate and verify the indicated purchase price of the property in order to ensure accurate tax payment. If the assessed value differs from the one indicated by the parties, an additional payment is requested. Previously, such inspections were conducted on a random basis, but now every transaction requires such an inspection. The issues involved are similar to the inspections by the land officer and, therefore, may happen within 1 day to up to over one month. The evaluation report itself is completed within a few days of the inspection. Both inspections are required before the completion documents can be lodged with the Lands Office.

**Procedure 8 Lodge the completion documents with Lands Office for registration of the transfer**

**Time to complete:** 6 days

**Cost to complete:** KES 500

**Agency:** Land Office

**Comment:**

The completion documents are lodged for registration at the Lands Office.  
These documents are generally obtained from seller's lawyers, these being original Certificate of Title, Rates Clearance Certificate, Land Rent Clearance Certificate, Consent Transfer .  
Inform seller's lawyers of registration and pay balance of the purchase price.  
The certificate of the registered transfer is collected at the Lands Office.

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

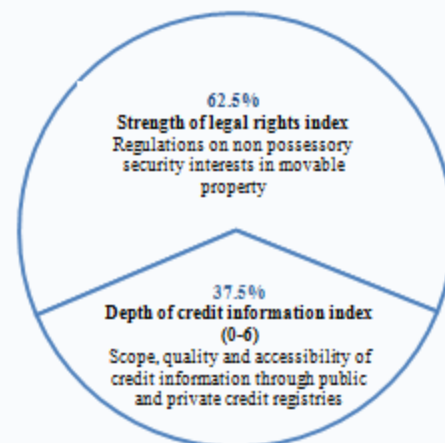
##### Public credit registry coverage (% of adults)

- 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)

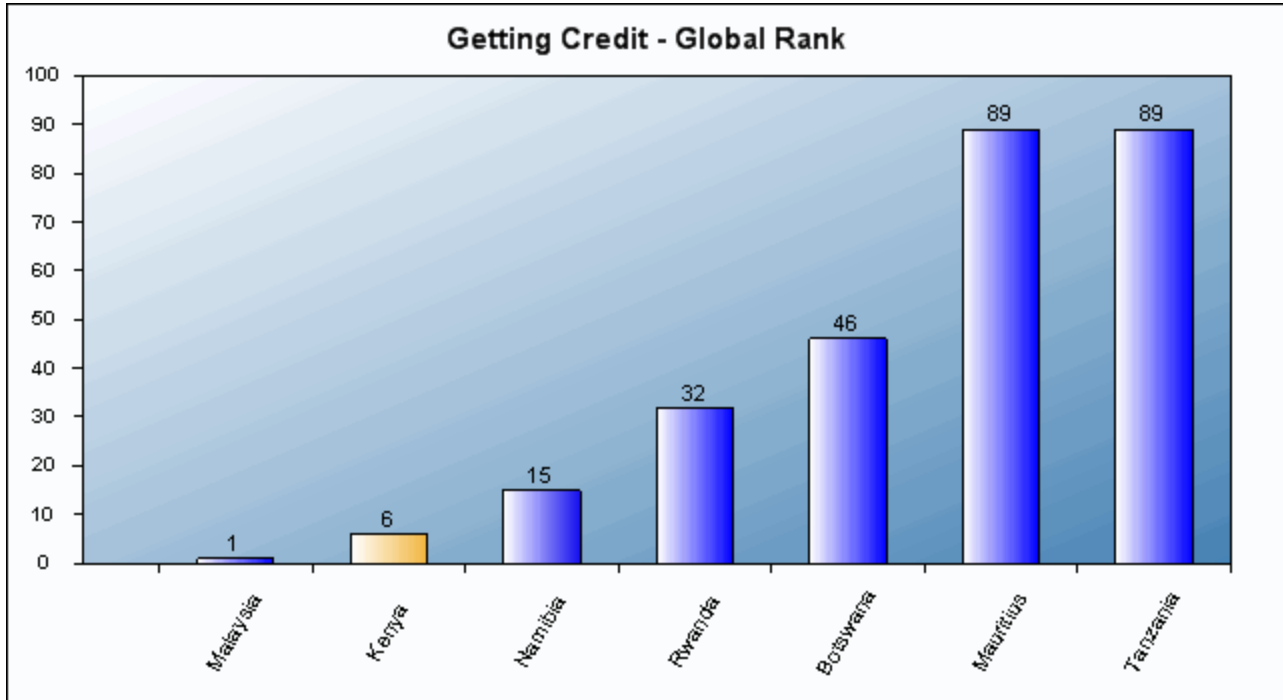
##### The Debtor

- 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:

Kenya is ranked 6 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Kenya</b>	<b>10</b>	<b>4</b>	<b>0.0</b>	<b>3.3</b>

<i>Comparator Economies</i>				
<b>Botswana</b>	7	4	0.0	57.6
<b>Mauritius</b>	5	3	49.8	0.0
<b>Namibia</b>	8	5	0.0	58.5
<b>Rwanda</b>	8	4	0.7	0.0
<b>Tanzania</b>	8	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**

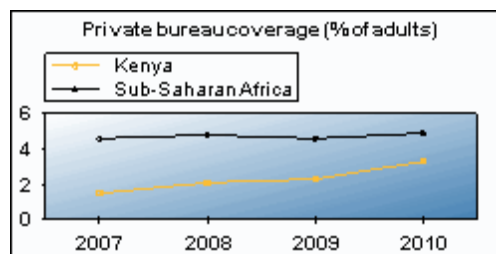
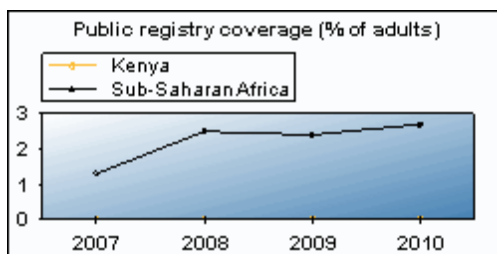
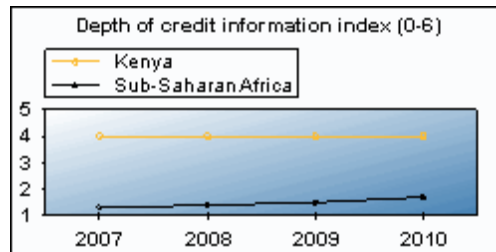
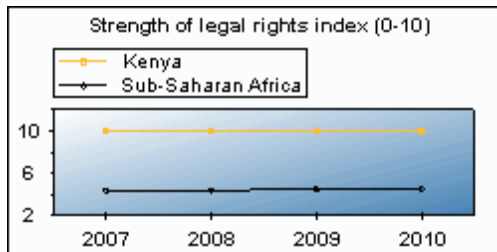
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

**27 countries have the highest credit information index.**

## 2. Historical data: Getting Credit in Kenya

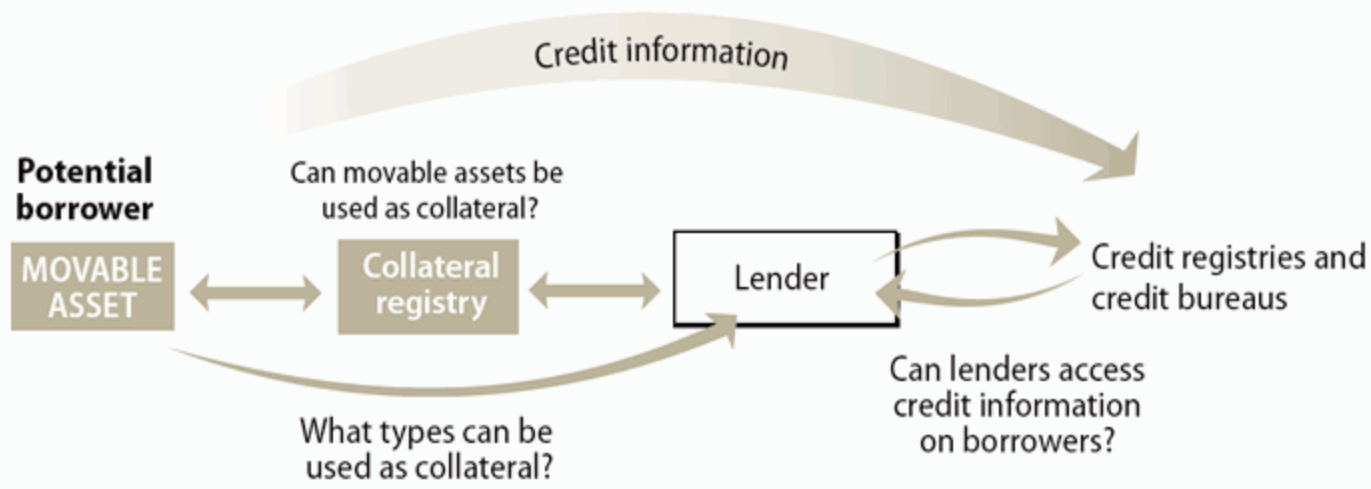
Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	6	6
Strength of legal rights index (0-10)	10	10	10	10
Depth of credit information index (0-6)	4	4	4	4
Private bureau coverage (% of adults)	1.5	2.1	2.3	3.3
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Kenya 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 Kenya.

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>4</b>
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
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?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	<b>3.3</b>	<b>0.0</b>	
Number of individuals	600,000		0
Number of firms	154,000		0

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

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

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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?

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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?

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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 ?

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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 ?

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

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

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

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

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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)

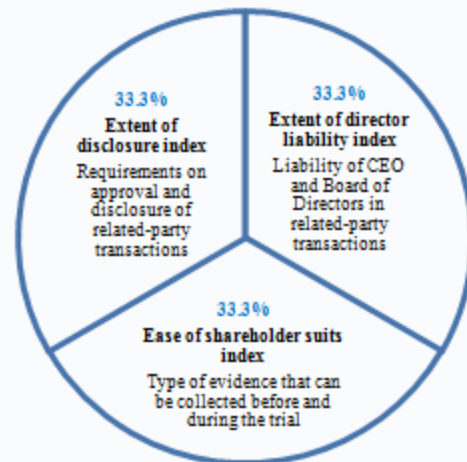
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### 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.

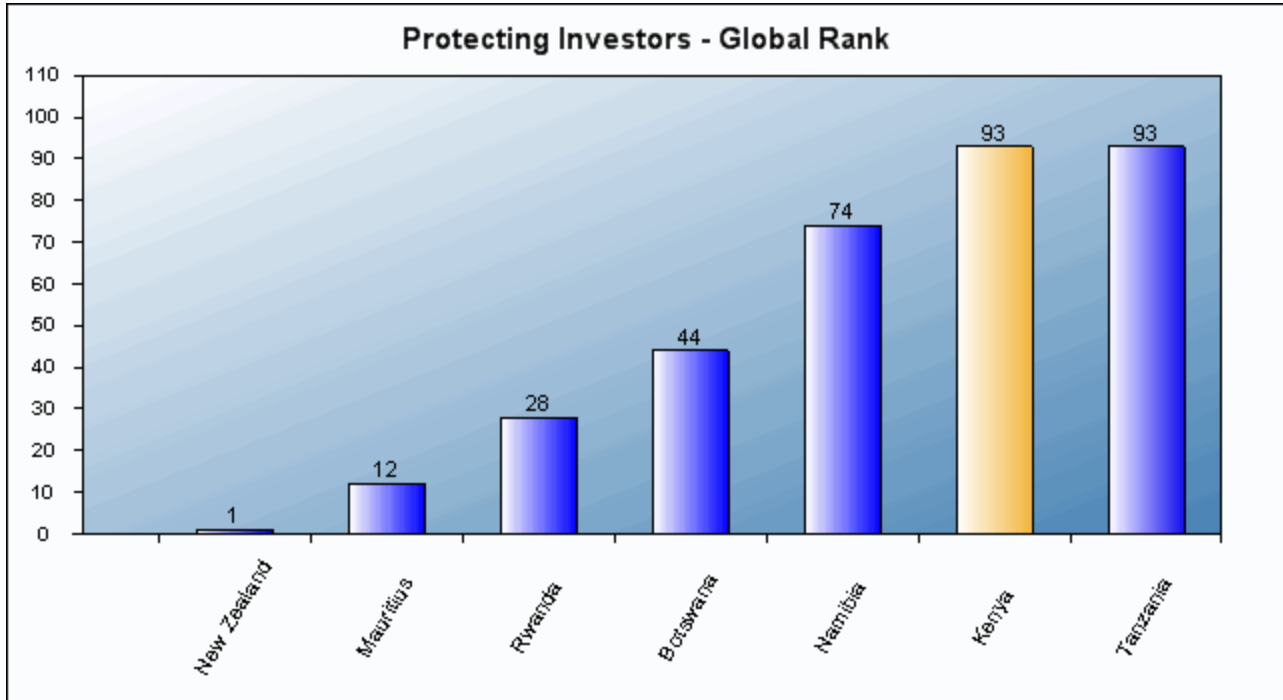
#### The transaction

- 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:

Kenya is ranked 93 overall for Protecting Investors.

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



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

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

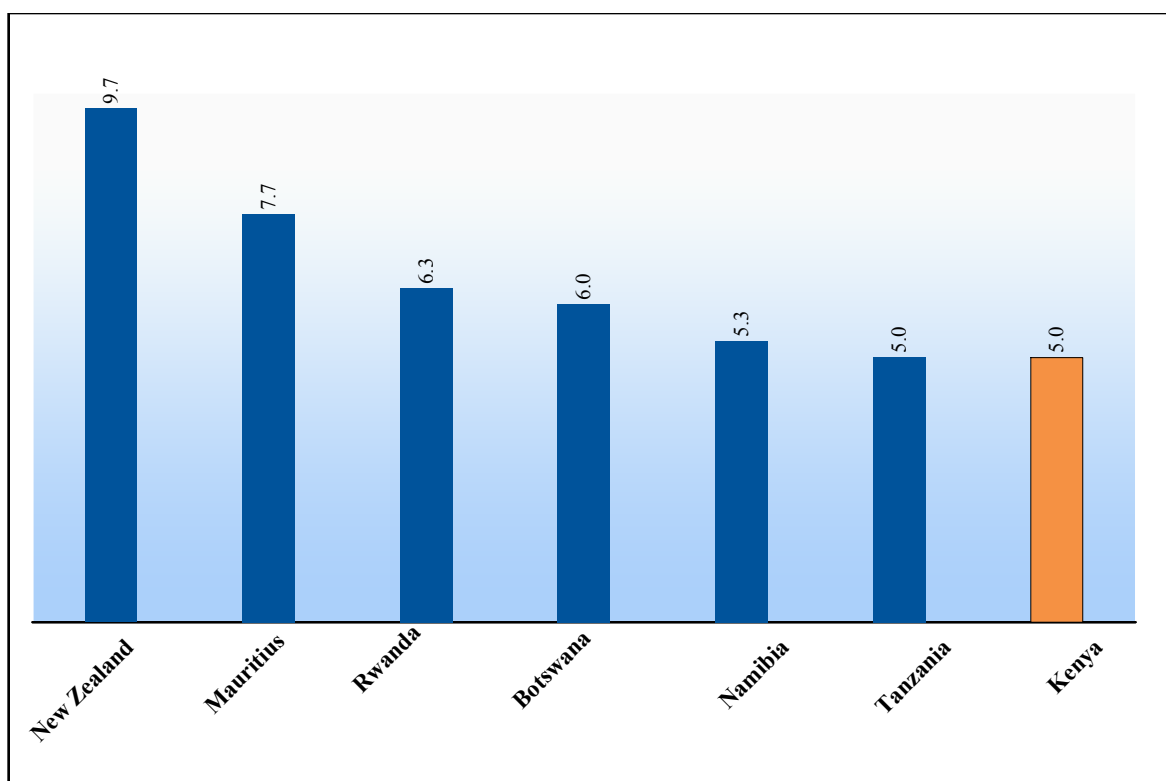
<i>Selected Economy</i>	
<b>Kenya</b>	<b>5.0</b>

<i>Comparator Economies</i>	
<b>Botswana</b>	6.0
<b>Mauritius</b>	7.7
<b>Namibia</b>	5.3
<b>Rwanda</b>	6.3
<b>Tanzania</b>	5.0

## 2. Historical data: Protecting Investors in Kenya

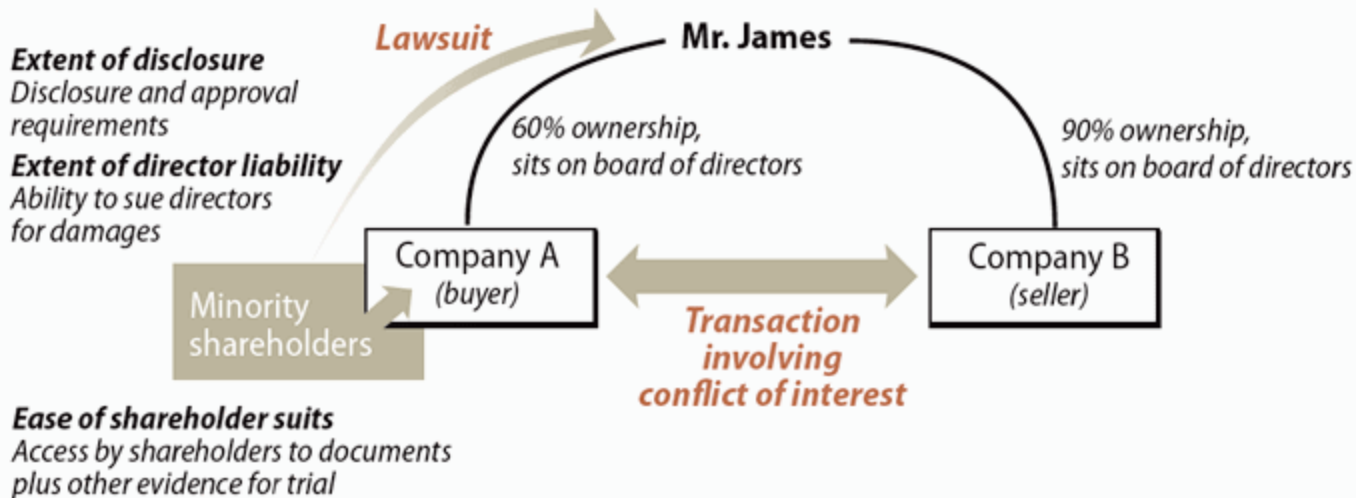
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	93
Strength of investor protection index (0-10)	5.0	5.0	5.0	5.0

3. The following graph illustrates the Protecting Investors index in Kenya 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 Kenya.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>3</b>
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?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
<b>Extent of director liability index (0-10)</b>	<b>2</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
<b>Ease of shareholder suits index (0-10)</b>	<b>10</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
<b>Strength of investor protection index (0-10)</b>	<b>5.0</b>



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)

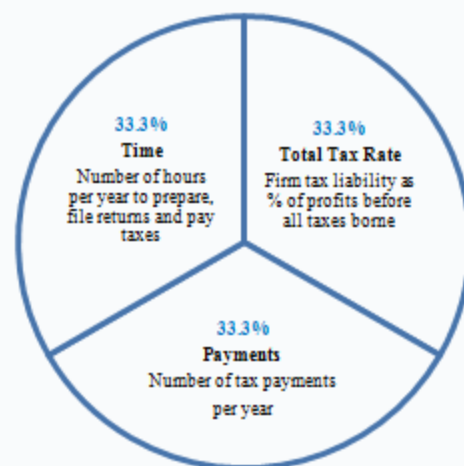
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



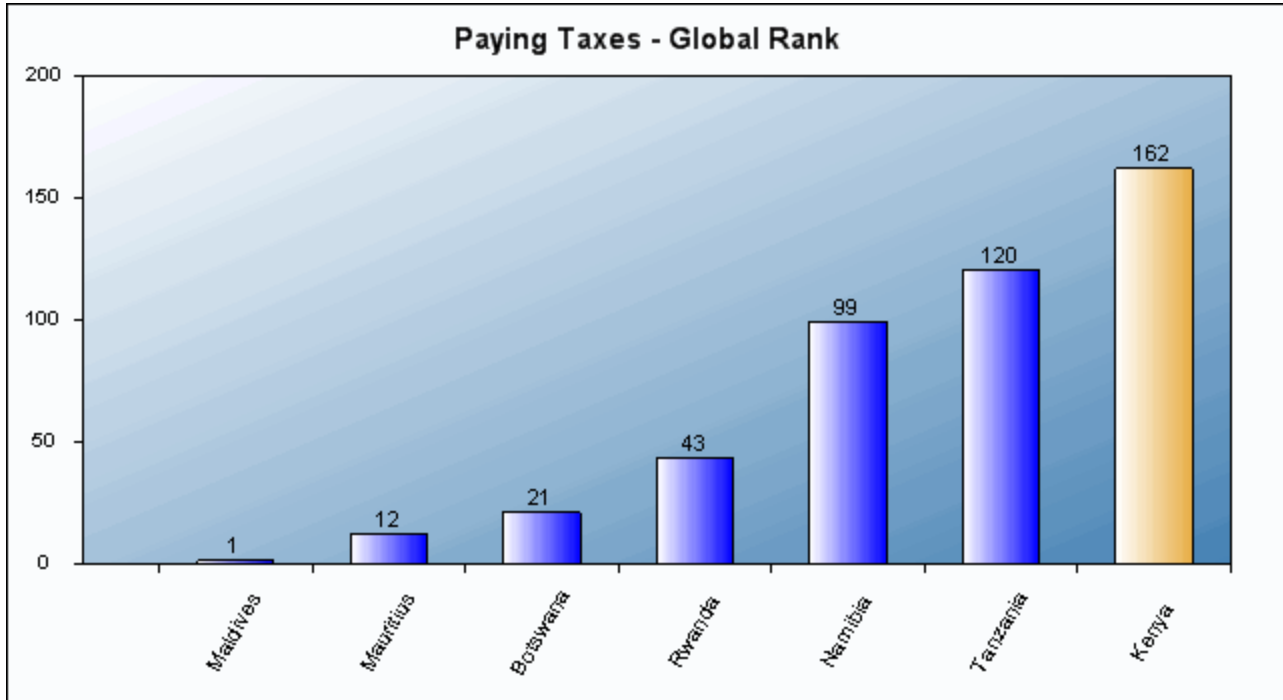
### Case Study Assumptions

- 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:

Kenya is ranked 162 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
<b>Kenya</b>	<b>41</b>	<b>393</b>	<b>49.7</b>

<i>Comparator Economies</i>			
<b>Botswana</b>	19	152	19.5
<b>Mauritius</b>	7	161	24.1
<b>Namibia</b>	37	375	9.6
<b>Rwanda</b>	26	148	31.3
<b>Tanzania</b>	48	172	45.2

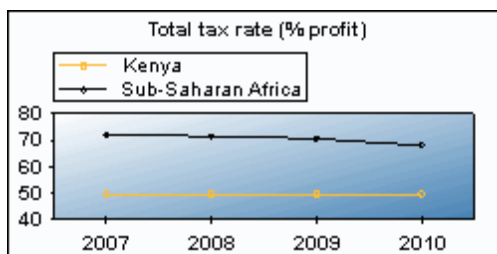
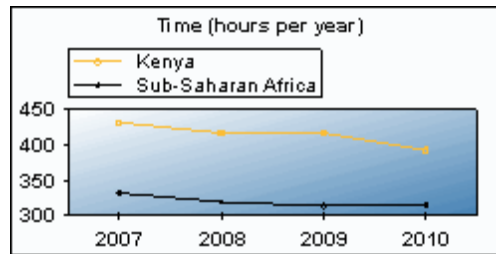
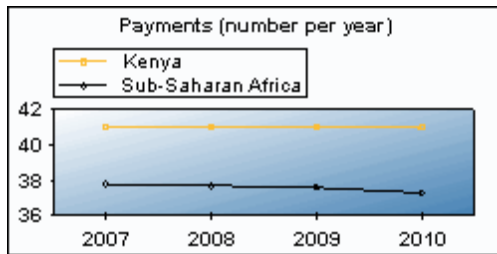
\* The following economies are also good practice economies for :

**Payments (number per year): Qatar**

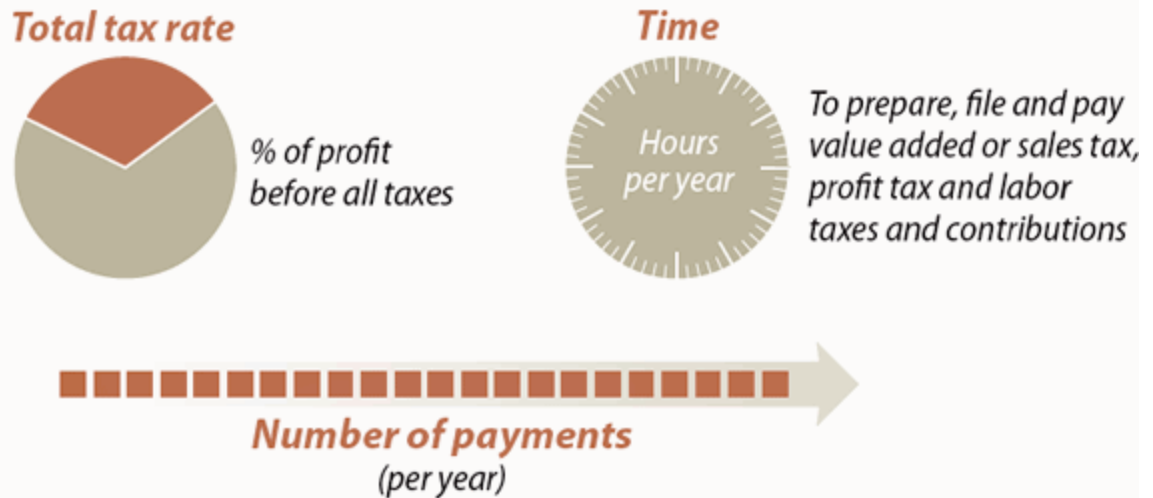
## 2. Historical data: Paying Taxes in Kenya

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	163	162
Total tax rate (% profit)	49.7	49.7	49.7	49.7
Payments (number per year)	41	41	41	41
Time (hours per year)	432	417	417	393

## 3. The following graphs illustrate the Paying Taxes sub indicators in Kenya 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 Kenya, 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
Stamp duty on contracts	1			various rates	type of contract		
Value added tax (VAT)	12		276	16.0%	value added		
Land Rent	1			various rates		0.00	
Tax on check transactions	1			KES 2 per check	number of checks	0.00	
Petroleum development duty	0	paid jointly		KES 0.4 per liter	fuel consumption	0.00	
Land Rates	1			0.6%	land value	0.30	
Road maintenance levy	0	paid jointly		KES 9 per liter	fuel consumption	0.40	
Tax on interest	0	withheld		15.0%	interest income	0.40	
Fuel tax - excise duty	1			KES 10.31 per liter	fuel consumption	0.50	

Single business permit - trader	1		fixed fee (KES 20,000)		0.80
Advance Motor Vehicle tax	1		KES 1,500 per ton	vehicle weight	1.00
Training or apprentice tax	2		KES 600 per employee	per employee	1.50
Standards levy	2		0.2%	net sales	3.50
Single business permit - manufacturer	1		fixed fee (KES 100,000)		4.20
Social Security (NSSF)	12	57	5.0%	gross salaries	5.30
Corporate Income tax	5	60	30.0%	taxable profit	33.10
<b>Totals</b>	<b>41</b>	<b>393</b>			<b>49.7</b>

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)

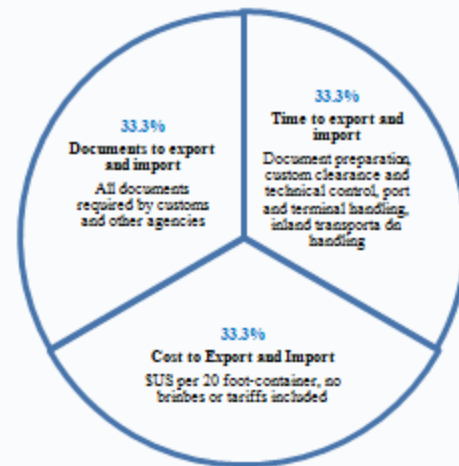
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

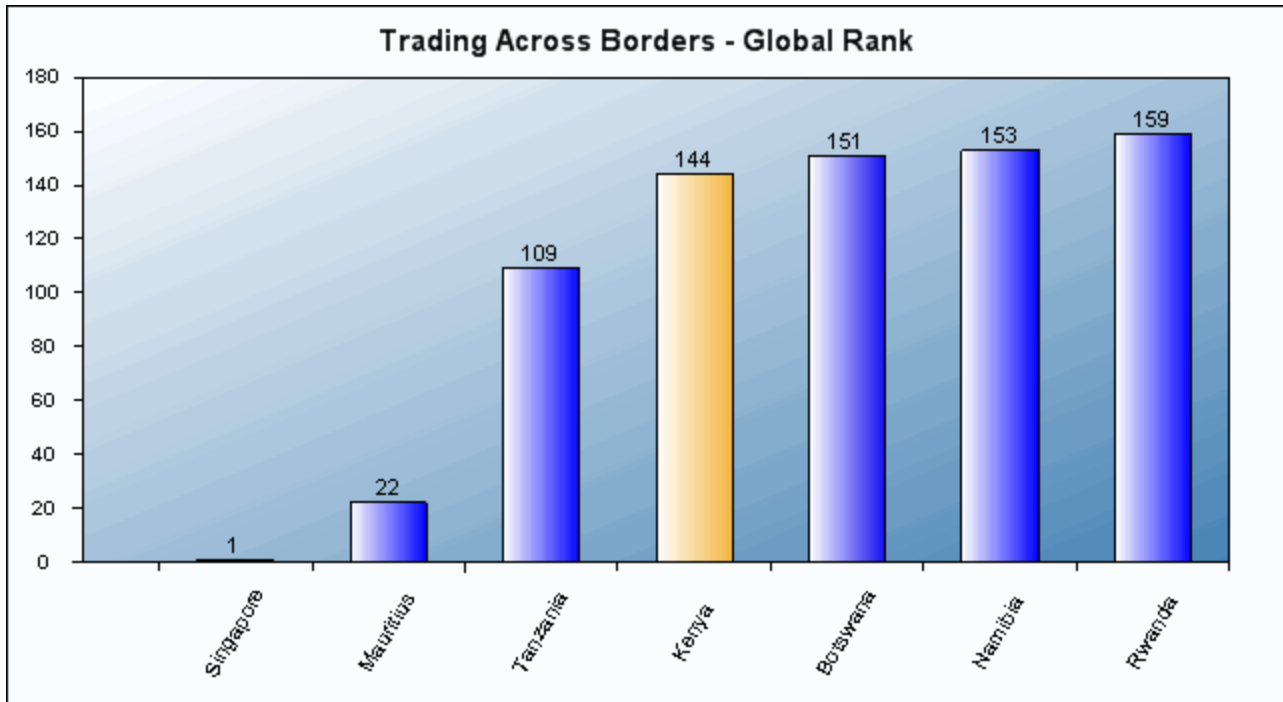
#### The traded product

- 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:

Kenya is ranked 144 overall for Trading Across Borders.

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





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

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

<i>Selected Economy</i>						
<b>Kenya</b>	<b>8</b>	<b>26</b>	<b>2055</b>	<b>7</b>	<b>24</b>	<b>2190</b>

<i>Comparator Economies</i>						
<b>Botswana</b>	6	28	3010	9	41	3390
<b>Mauritius</b>	5	13	737	6	13	689
<b>Namibia</b>	11	29	1686	9	24	1813
<b>Rwanda</b>	8	35	3275	8	34	4990
<b>Tanzania</b>	5	24	1262	7	31	1475

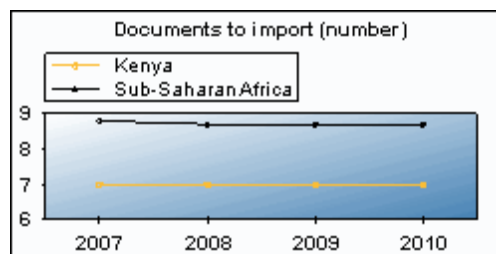
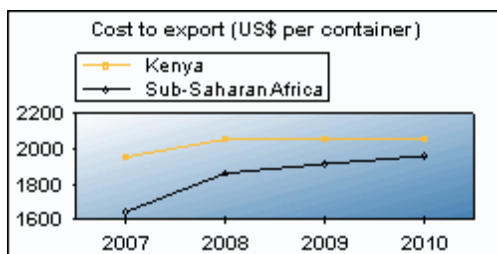
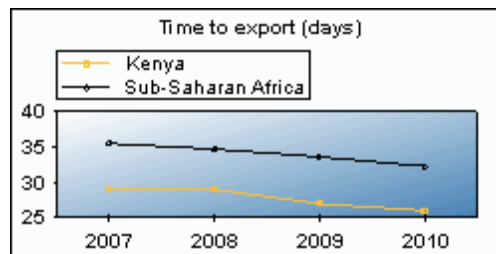
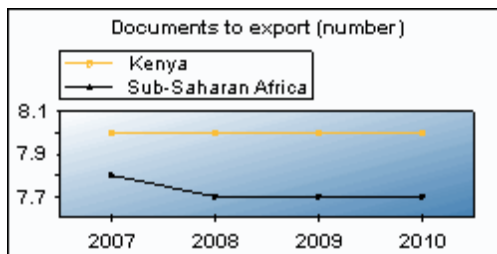
\* The following economies are also good practice economies for :

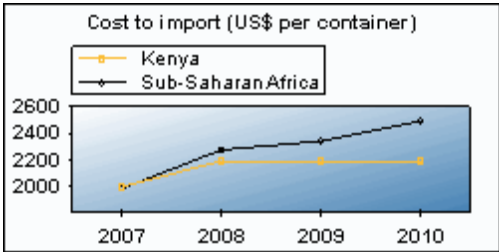
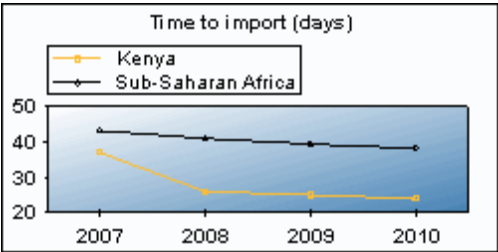
**Time to export (days): Estonia**

## 2. Historical data: Trading Across Borders in Kenya

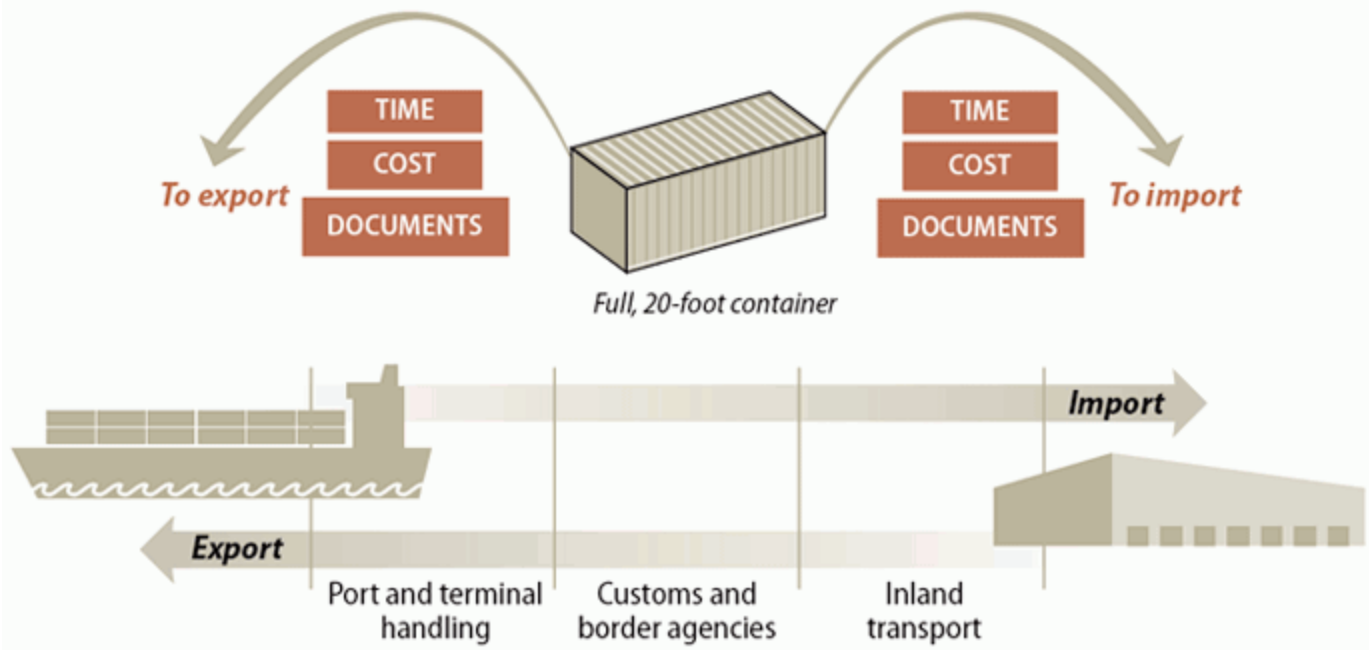
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	143	144
Cost to export (US\$ per container)	1955	2055	2055	2055
Cost to import (US\$ per container)	1995	2190	2190	2190
Documents to export (number)	8	8	8	8
Documents to import (number)	7	7	7	7
Time to export (days)	29	29	27	26
Time to import (days)	37	26	25	24

3. The following graphs illustrate the Trading Across Borders sub indicators in Kenya 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 Kenya. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	12	405
Customs clearance and technical control	4	375
Ports and terminal handling	6	375
Inland transportation and handling	4	900
Totals	26	2055

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	11	370
Customs clearance and technical control	3	430
Ports and terminal handling	6	390
Inland transportation and handling	4	1000
Totals	24	2190

**Documents for Export and Import**

**Export**

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Inspection report
- Packing list
- Terminal handling receipts

**Import**

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Inspection report
- Packing list
- 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)

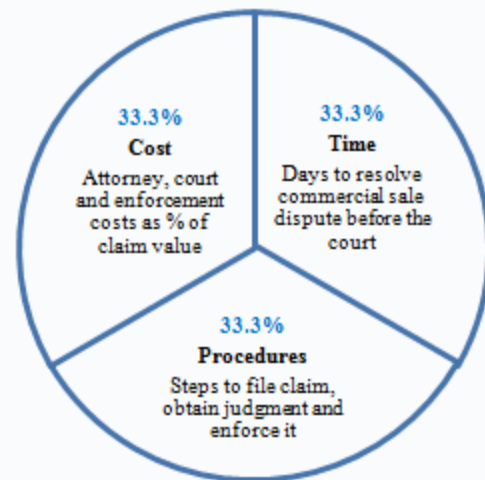
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### 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



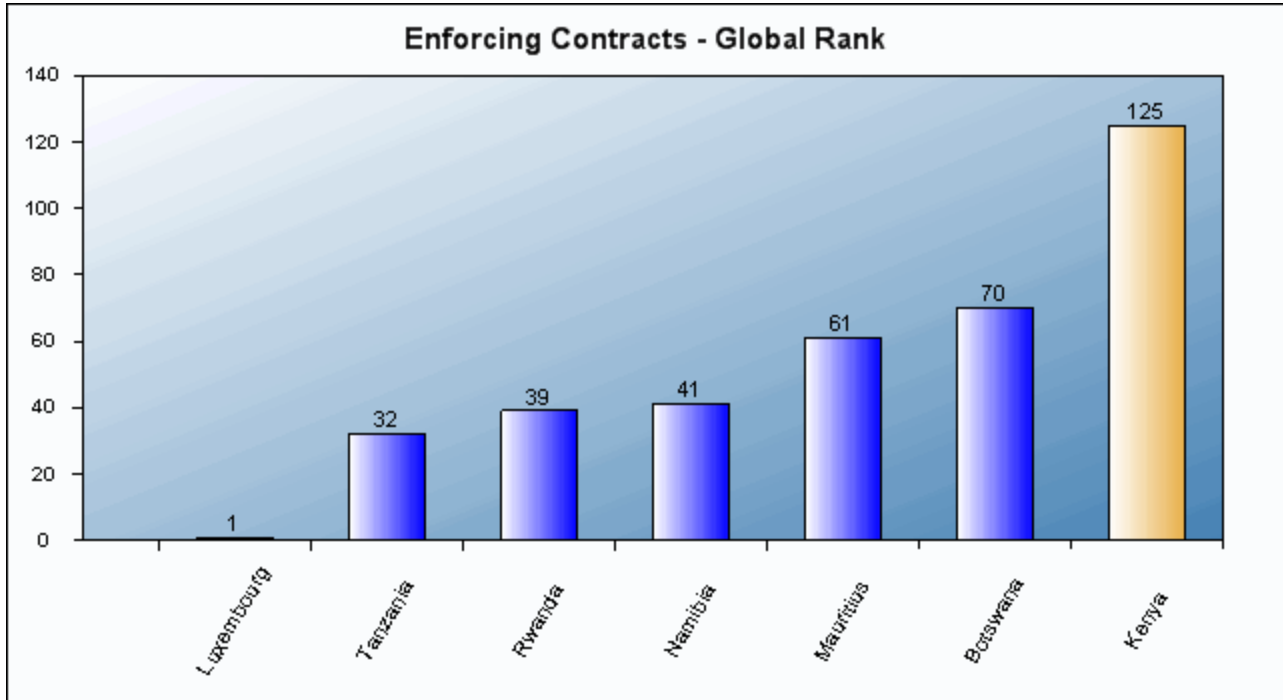
#### Case Study Assumptions

- 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:

Kenya is ranked 125 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
<b>Kenya</b>	<b>40</b>	<b>465</b>	<b>47.2</b>

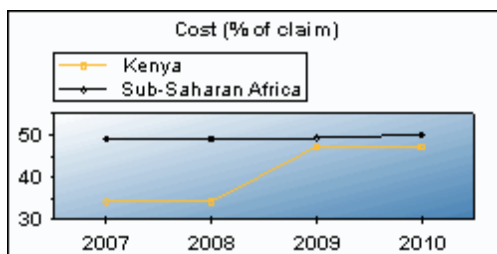
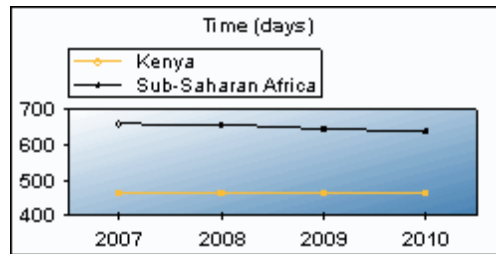
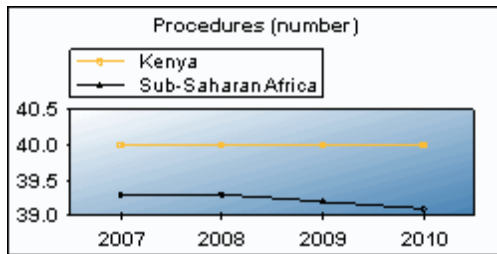
<i>Comparator Economies</i>			
<b>Botswana</b>	29	625	28.1
<b>Mauritius</b>	36	645	17.4
<b>Namibia</b>	33	270	35.8
<b>Rwanda</b>	24	230	78.7
<b>Tanzania</b>	38	462	14.3



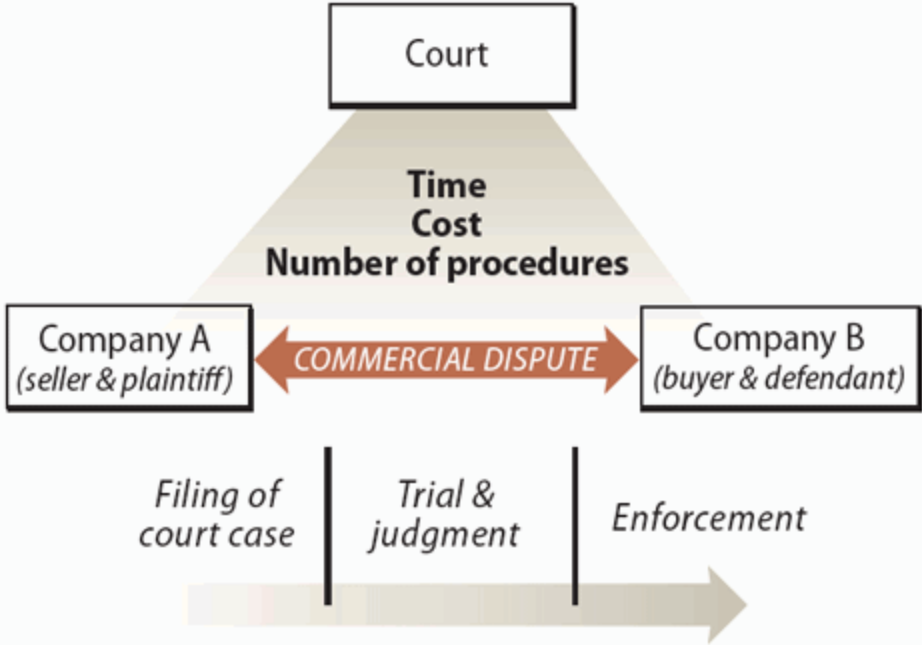
## 2. Historical data: Enforcing Contracts in Kenya

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	124	125
Procedures (number)	40	40	40	40
Time (days)	465	465	465	465
Cost (% of claim)	34.2	34.2	47.2	47.2

3. The following graphs illustrate the Enforcing Contracts sub indicators in Kenya 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 Kenya.

Nature of Procedure (2010)	Indicator
Procedures (number)	40
Time (days)	465
Filing and service	40.0
Trial and judgment	365.0
Enforcement of judgment	60.0
<b>Cost (% of claim)*</b>	<b>47.20</b>
Attorney cost (% of claim)	27.5
Court cost (% of claim)	12.9
Enforcement Cost (% of claim)	6.7

**Court information:** Nairobi Resident Magistrate's ("Resident Magistrate's Court")  
Court

\* 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:

Kenya is ranked 85 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Kenya</b>	<b>29.8</b>	<b>4.5</b>	<b>22</b>

<i>Comparator Economies</i>			
<b>Botswana</b>	63.7	1.7	15
<b>Mauritius</b>	35.1	1.7	15
<b>Namibia</b>	41.5	1.5	15
<b>Rwanda</b>	0.0	no practice	no practice
<b>Tanzania</b>	21.9	3.0	22

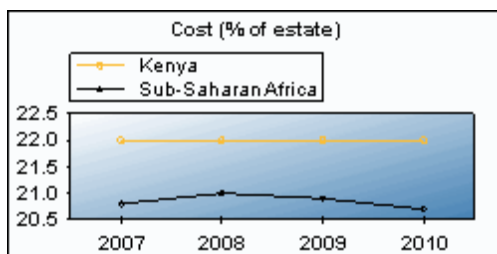
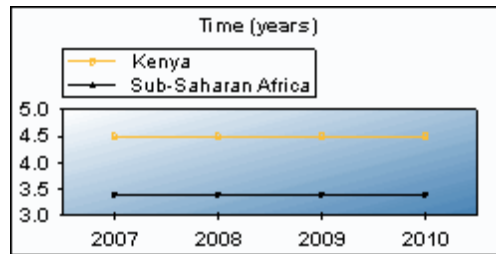
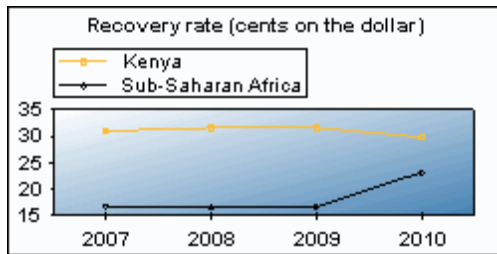
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Kenya

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	80	85
Time (years)	4.5	4.5	4.5	4.5
Cost (% of estate)	22	22	22	22
Recovery rate (cents on the dollar)	31.0	31.6	31.6	29.8

3. The following graphs illustrate the Closing Business sub indicators in Kenya 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	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
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.

<b>Brunei Darussalam</b>	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.
<b>Cape Verde</b>	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.
<b>Grenada</b>	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.
<b>Hungary</b>	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.
<b>Kazakhstan</b>	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.
<b>Kenya</b>	Kenya eased business start-up by reducing the time it takes to get the memorandum and articles of association stamped, merging the tax and value added tax registration procedures and digitizing records at the registrar. Kenya increased the administrative burden of paying taxes by requiring quarterly filing of payroll taxes. Kenya speeded up trade by implementing an electronic cargo tracking system and linking this system to the Kenya Revenue Authority's electronic data interchange system for customs clearance.
<b>Mauritius</b>	Mauritius introduced a new corporate social responsibility tax. Mauritius speeded up the resolution of commercial disputes by recruiting more judges and adding more courtrooms.
<b>Peru</b>	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.
<b>Rwanda</b>	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.
<b>Tajikistan</b>	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

**Vietnam**

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

**Zambia**

Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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