

# Doing Business 2011

Lebanon

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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*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 Lebanon. 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)).

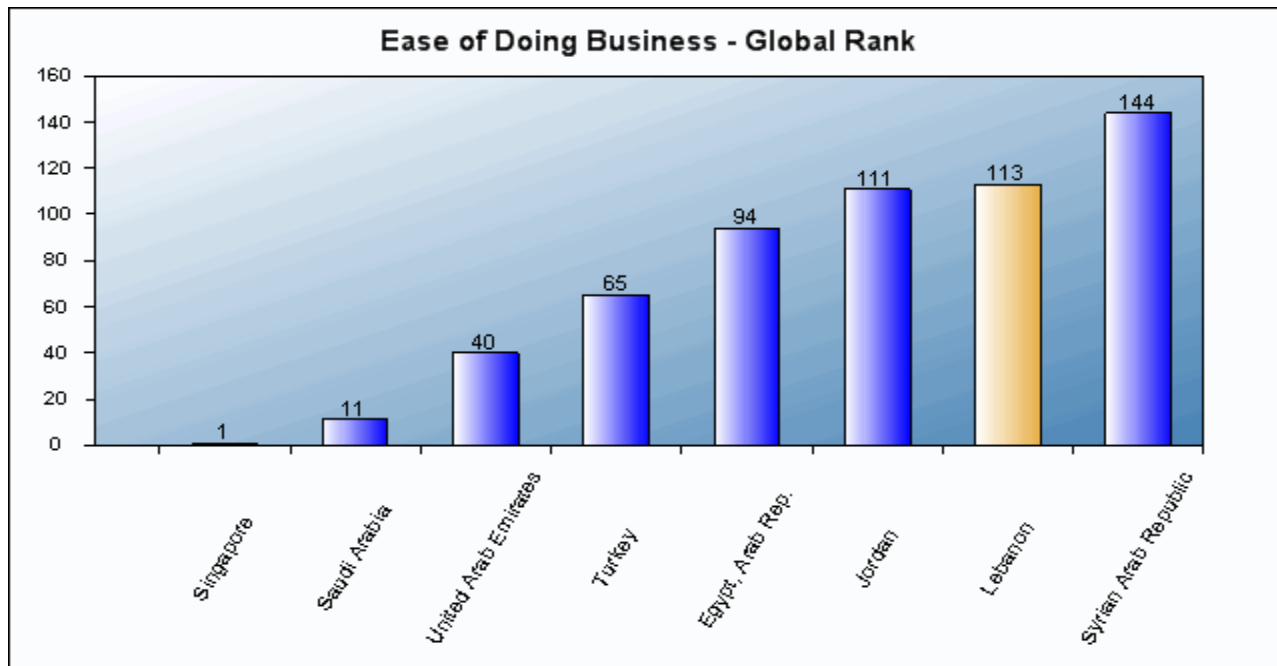
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Lebanon is ranked 113 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Lebanon's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	113
Starting a Business	103
Dealing with Construction Permits	142
Registering Property	111
Getting Credit	89
Protecting Investors	93
Paying Taxes	36
Trading Across Borders	95
Enforcing Contracts	122
Closing a Business	122

## Summary of Indicators - Lebanon

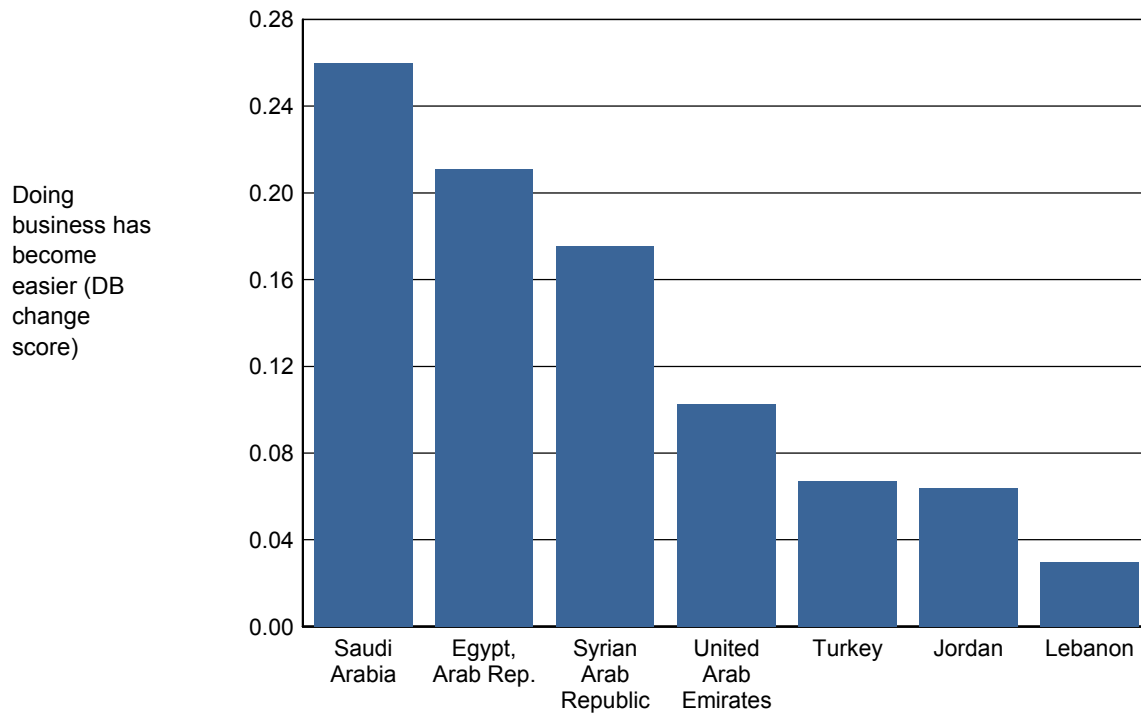
<b>Starting a Business</b>	Procedures (number)	5
	Time (days)	9
	Cost (% of income per capita)	75.0
	Min. capital (% of income per capita)	39.8
<b>Dealing with Construction Permits</b>	Procedures (number)	21
	Time (days)	218
	Cost (% of income per capita)	284.7
<b>Registering Property</b>	Procedures (number)	8
	Time (days)	25
	Cost (% of property value)	5.8
<b>Getting Credit</b>	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	8.7
	Private bureau coverage (% of adults)	0.0
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	9
	Extent of director liability index (0-10)	1
	Ease of shareholder suits index (0-10)	5
	Strength of investor protection index (0-10)	5.0
<b>Paying Taxes</b>	Payments (number per year)	19
	Time (hours per year)	180
	Profit tax (%)	6.1
	Labor tax and contributions (%)	24.1
	Other taxes (%)	0.0
	Total tax rate (% profit)	30.2
<b>Trading Across Borders</b>	Documents to export (number)	5
	Time to export (days)	26
	Cost to export (US\$ per container)	1000
	Documents to import (number)	7
	Time to import (days)	35
	Cost to import (US\$ per container)	1200

<b>Enforcing Contracts</b>	Procedures (number)	37
	Time (days)	721
	Cost (% of claim)	30.8
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	19.8
	Time (years)	4.0
	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.

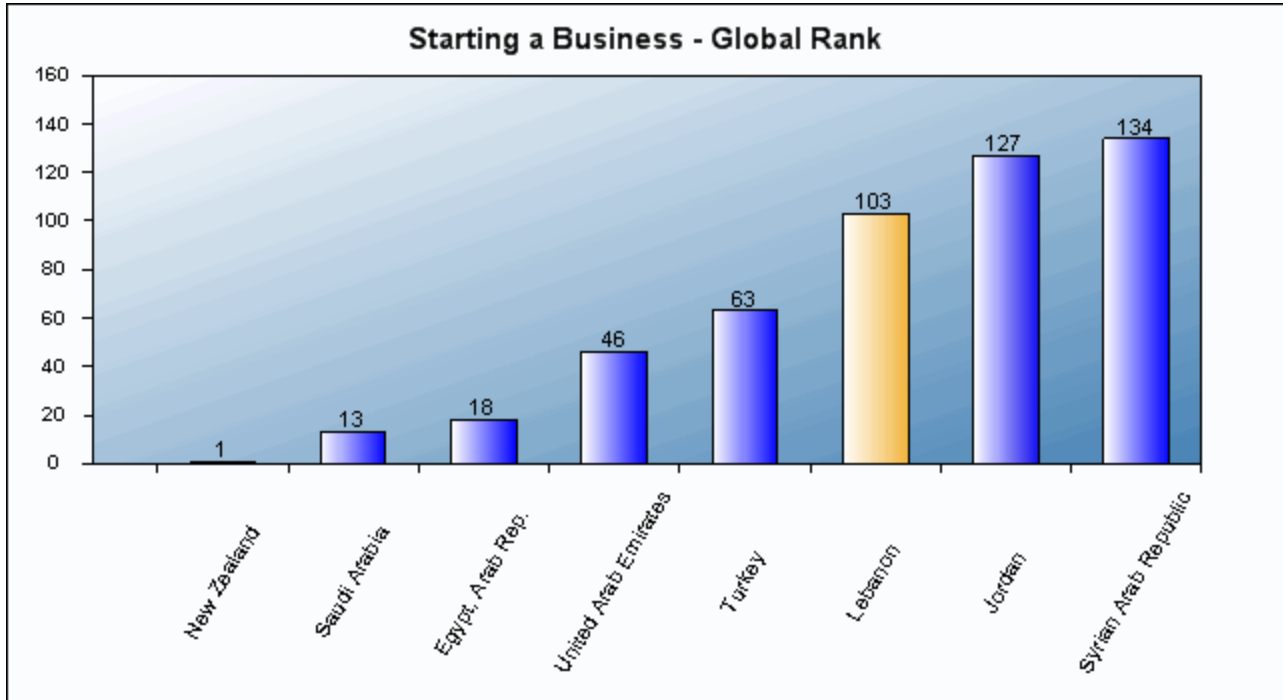
#### The business:

- 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:

Lebanon is ranked 103 overall for Starting a Business.

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



The following table shows Starting a Business data for Lebanon 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>Lebanon</b>	<b>5</b>	<b>9</b>	<b>75.0</b>	<b>39.8</b>

<i>Comparator Economies</i>				
<b>Egypt, Arab Rep.</b>	6	7	6.3	0.0
<b>Jordan</b>	8	13	44.6	17.9
<b>Saudi Arabia</b>	4	5	7.0	0.0
<b>Syrian Arab Republic</b>	7	13	38.1	355.1
<b>Turkey</b>	6	6	17.2	9.9
<b>United Arab Emirates</b>	8	15	6.4	0.0

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

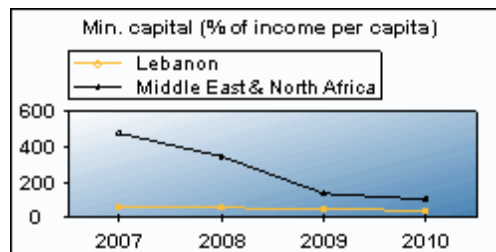
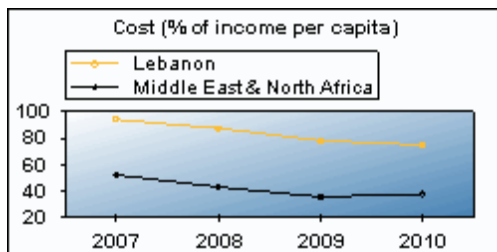
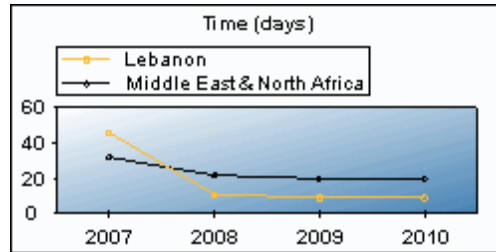
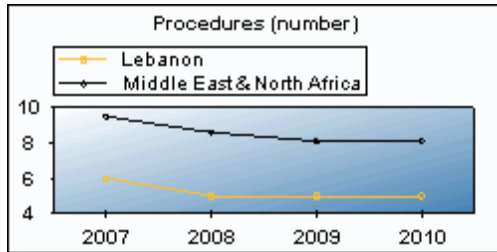
**Procedures (number): Canada**

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

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

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	108	103
Procedures (number)	6	5	5	5
Time (days)	46	11	9	9
Cost (% of income per capita)	94.1	87.5	78.2	75.0
Min. capital (% of income per capita)	60.4	57.0	51.0	39.8

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

### STANDARDIZED COMPANY

Legal Form: Société à Responsabilité Limitée (SARL)

City: Beirut

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Designate a Lebanese lawyer	1	LBP 7,600,000
2	Deposit capital in a bank and obtain the certificate of deposit	2	no charge
3	Register the company with the company registry	3	LBP 1,825,028
4	Notify Ministry of Finance of commencement of operations	2	no charge
5	Register at the National Social Security fund	1	no charge

## Starting a Business Details - Lebanon

### Procedure 1 Designate a Lebanese lawyer

**Time to complete:** 1

**Cost to complete:** LBP 7,600,000

**Comment:** Each newly formed company must retain and pay an attorney on an annual basis. The Beirut Bar Association sets the minimum annual retainer at LBP 6 million.

### Procedure 2 Deposit capital in a bank and obtain the certificate of deposit

**Time to complete:** 2

**Cost to complete:** no charge

**Comment:** This procedure can be carried out on the basis of a signed (or notarized) copy of the articles of association.

### Procedure 3 Register the company with the company registry

**Time to complete:** 3

**Cost to complete:** LBP 1,825,028

**Comment:** The applicant submits to the company registrar at the Ministry of Justice a set of standardized documents, properly prepared and signed by the founders of the new business entity, along with the total amount of required fees. These documents are:

- Articles of association.
- Commercial circulars.
- Minutes of the first general meeting of the partners.
- Registration application and a draft of the registration certificate to be issued.
- Document attesting the capital deposit.
- Partners' identity cards or passports (copy).
- Documents evidencing that the company is entitled to occupy the premises where it exercises its activities.

Fee schedule for company registration:

- Tax for the magistrates' mutual fund: LBP 375,000 lump tax + 0.15% of the capital+ 1,000 flat registration fee +500 application fee+1,000 certified copy + 500 commercial publication fee.
- Stamp duty: equal to 0.3% of capital + LBP 750,000 lump sum tax+ 2,000 flat registration fee +1,000 application fee+2,000 certified copy + enrollment fee ( Qaydeyia) 250+ 1,000 commercial publication fee.

If the Bylaws are not signed before the Commercial Registry, additional fees are levied:

- Notorization of the articles of association: LBP 8,500 for each page.
- Notorization fee: LBP 100,000 lump sum.
- Notary public tax: 0,1% of capital.

### Procedure 4 Notify Ministry of Finance of commencement of operations

**Time to complete:** 2

**Cost to complete:** no charge

**Comment:** The Company should submit to the Ministry of Finance, within 2 months as of its incorporation, a declaration in order to be subject to the income tax.

## Procedure 5 Register at the National Social Security fund

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** This procedure has two functions: “Registration” of a new employee and “Confirmation” by the system.

The “Registration” function entails submitting a file for each new employee at the NSSF regional office near the business location and obtaining a file reference number (or a receipt acknowledging the registration) immediately upon submission of the file. Once this “Registration” function is completed, the business is considered to have fulfilled its legal obligations with the NSSF. The benefits to the newly registered employees, under NSSF rules, will also become immediately available. The Time to complete this procedure is 1 day at no cost to the employer or the employee.

The “Confirmation” function consists of issuing a hard copy document (printed on a special size sheet) in the name of the registered employee along with his/her unique ID. Due to the lack of printing equipment at NSSF, the confirmation documents are printed in batches every few days or so. Therefore, it could take up to 30 days for a confirmation sheet to be received by the newly registered employee.

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

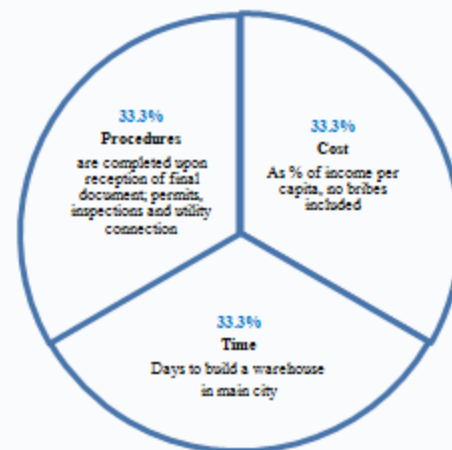
#### The warehouse:

- 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

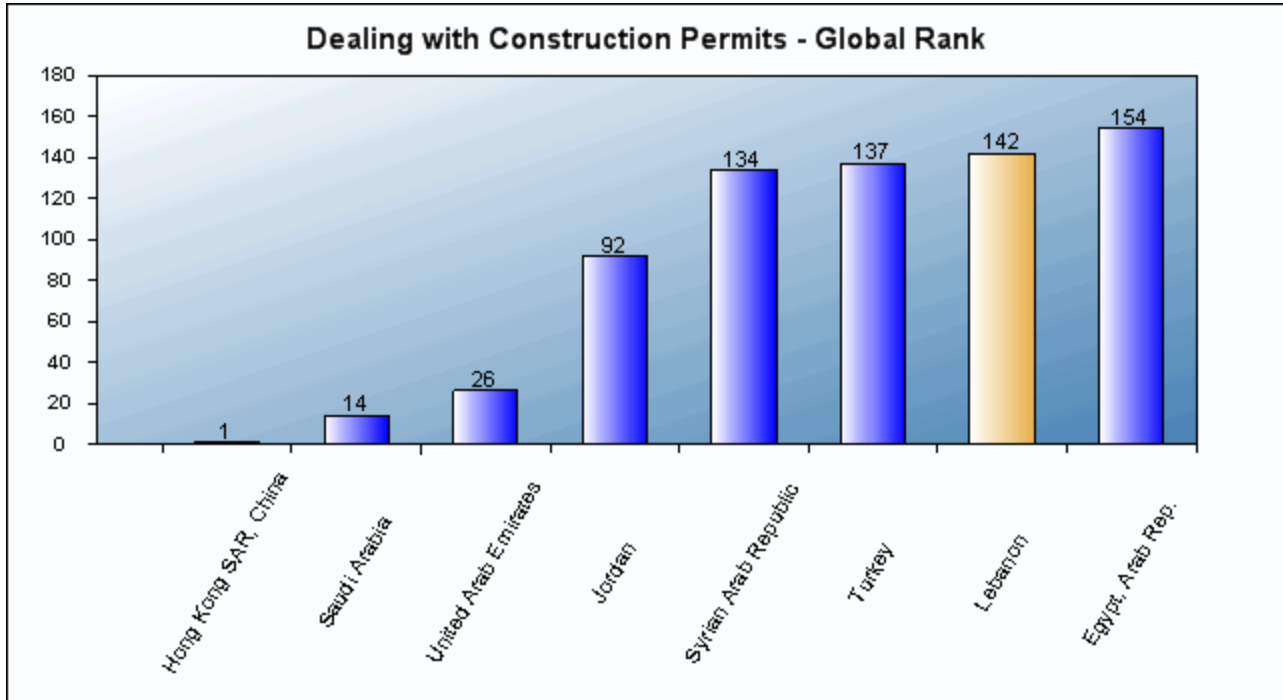




## 1. Benchmarking Dealing with Construction Permits Regulations:

Lebanon is ranked 142 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Lebanon 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	

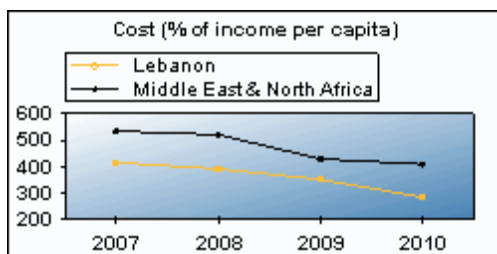
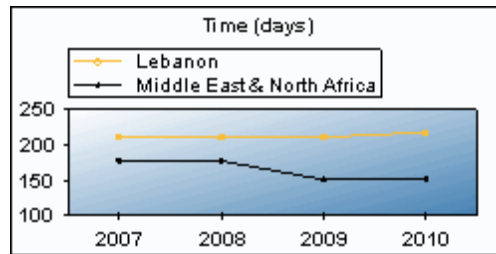
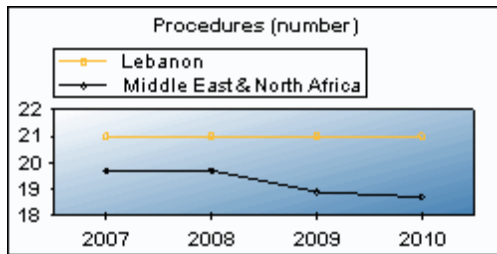
<i>Selected Economy</i>			
<b>Lebanon</b>	<b>21</b>	<b>218</b>	<b>284.7</b>

<i>Comparator Economies</i>			
<b>Egypt, Arab Rep.</b>	25	218	293.7
<b>Jordan</b>	19	87	634.1
<b>Saudi Arabia</b>	12	89	43.8
<b>Syrian Arab Republic</b>	26	128	568.4
<b>Turkey</b>	25	188	231.4
<b>United Arab Emirates</b>	17	64	35.8

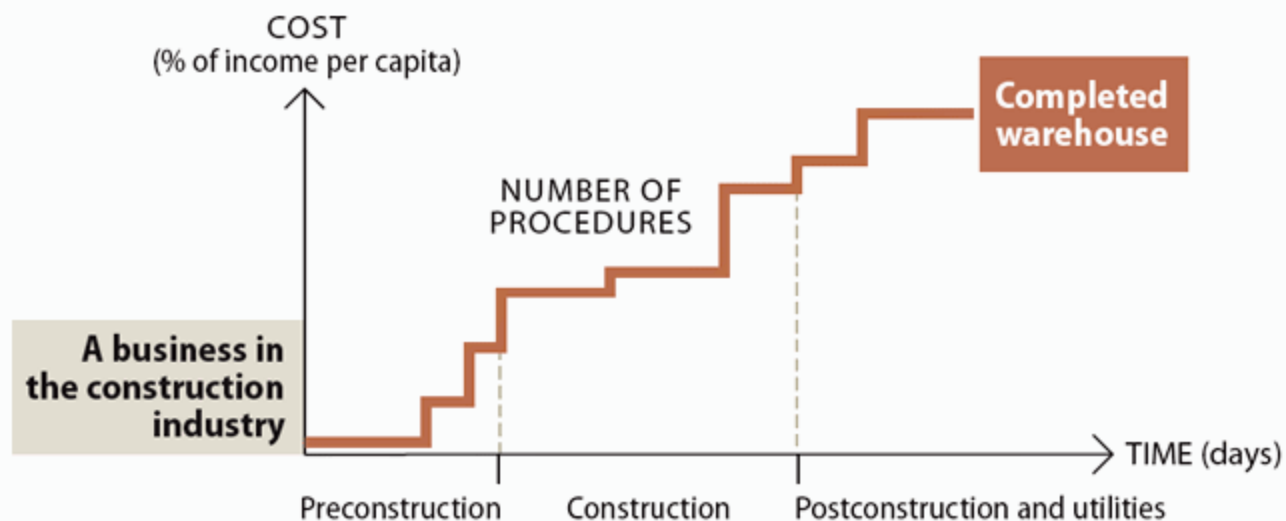
## 2. Historical data: Dealing with Construction Permits in Lebanon

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	140	142
Procedures (number)	21	21	21	21
Time (days)	211	211	211	218
Cost (% of income per capita)	415.5	392.0	351.6	284.7

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

### BUILDING A WAREHOUSE

City: Beirut

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a recent planning certificate	1 day	no charge
2	Obtain a topographic study	7 days	USD 500
3	Obtain approval of the file by the Association of Engineers (if the engineer is registered) and pay duties to the association	4 days	LBP 1,077,075
4	Submit building permit application to the Urban Development Department	1 day	no charge
5 *	Receive pre-approval inspection from the Urban Development Department	1 day	no charge
6	Pay building permit taxes to the municipality	1 day	LBP 21,939,427
7	Obtain a building permit	120 days	no charge
8	Obtain permit to start construction work from the Association of Engineers	3 days	LBP 1,393,500

9	Submit permit from the Association of Engineers to the police	1 day	no charge
10	Request and receive an inspection by the Ministry of Public Works for water and sewerage	1 day	no charge
11	Request and receive an inspection by the Ministry of Public Works for electricity	1 day	no charge
12	Request and receive an inspection by the Ministry of Public Works for telephone service	1 day	no charge
13	Submit an application to and obtain approval of an occupancy permit from the Association of Engineers and the Urban Development Department	4 days	LBP 300,000
14 *	Submit an application for approval of an occupancy permit to the Urban Development Department	1 day	no charge
15	Receive an on-site inspection by the Urban Development Department	1 day	no charge
16	Obtain an occupancy permit from the municipality	58 days	LBP 25,000
17 *	Obtain water connection	14 days	LBP 2,260,000
18 *	Obtain power connection	12 days	LBP 2,110,000
19 *	Obtain telephone connection	12 days	LBP 210,000
20	Receive an on-site inspection by the Ministry of Finance and obtain an estimate of the leasing value of the warehouse	1 day	no charge
21	Register the building with the Real Estate Registry	14 days	LBP 5,648,927

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Lebanon

<b>Procedure</b>	<b>1</b>	<b>Obtain a recent planning certificate</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	no charge	
<b>Agency:</b>	Directorate General of Urban Planning (DGU)	
<b>Comment:</b>	BuildCo must submit a recent planning certificate (less than 3 months old) along with all its documents when filing for a building permit.	
<b>Procedure</b>	<b>2</b>	<b>Obtain a topographic study</b>
<b>Time to complete:</b>	7 days	
<b>Cost to complete:</b>	USD 500	
<b>Agency:</b>	Topographic engineer	
<b>Comment:</b>	BuildCo needs to obtain a topographic study at the beginning of the construction in order to have accurate details about the levels and limitations of the land plot. This study is required for the construction permit application.	
<b>Procedure</b>	<b>3</b>	<b>Obtain approval of the file by the Association of Engineers (if the engineer is registered) and pay duties to the association</b>
<b>Time to complete:</b>	4 days	
<b>Cost to complete:</b>	LBP 1,077,075	
<b>Agency:</b>	Beirut Order of Engineers	
<b>Comment:</b>	The file must be submitted to the Association of Engineers if the engineer is registered (Beirut Association of Engineers or Tripoli Association of Engineers). The file should include the following: - A construction permit application signed by that same civil engineer or architect jointly with the real estate owner, - The design plans, - An agreement between the property owner and the architect or engineer responsible for the project described. In order to be submitted as part of the application for a building permit, the file must bear the seal and registration number of the relevant Association of Engineers. The Association of Engineers meets twice a week.	
<b>Procedure</b>	<b>4</b>	<b>Submit building permit application to the Urban Development Department</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	no charge	
<b>Agency:</b>	Urban Development Department, Directorat Général d'Urbanisme (DGU)	
<b>Comment:</b>	BuildCo must submit the file described in the previous procedure to the Urban Development Department. In Beirut and Tripoli, the file is referred to the municipal engineering departments. The process takes up to 6 months. The Urban Development Department is a subdivision of the Directorate General of Urbanism.	
<b>Procedure</b>	<b>5</b>	<b>Receive pre-approval inspection from the Urban Development Department</b>

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Urban Development Department, Directorat Général d'Urbanisme (DGU)
<b>Comment:</b>	The Urban Development Department inspects the property and the plans to ensure that they are consistent with the construction laws and regulations, and then issues its clearance for the issuance of the building permit and calculates the building permit taxes. The inspection itself is completed in a day, but it usually takes 7–10 days from the date BuildCo requests the inspection until the date the inspector arrives.

#### **Procedure 6 Pay building permit taxes to the municipality**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	LBP 21,939,427
<b>Agency:</b>	Municipality
<b>Comment:</b>	The Urban Development Department refers the file to the relevant municipality (in the case of the city of Beirut, to the Administrator of the City of Beirut). The municipality collects the construction permit taxes and issues the construction permit in the name of the property owner. The Directorate General of Urbanism decides on the value per square meter and gives the approval. Payment is made at the municipality.

#### **Procedure 7 Obtain a building permit**

<b>Time to complete:</b>	120 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Municipality
<b>Comment:</b>	By law, construction work can start if no decision about building permit application has been made 15 days after the submission date. In practice, however, this is not applied, and people wait 4 months on average.

#### **Procedure 8 Obtain permit to start construction work from the Association of Engineers**

<b>Time to complete:</b>	3 days
<b>Cost to complete:</b>	LBP 1,393,500
<b>Agency:</b>	Beirut Order of Engineers
<b>Comment:</b>	A new fee schedule for the permit to start construction works from Order of Architects and Engineers is implemented in Beirut: 1 - For the area between 1 and 3,000m <sup>2</sup> , the cost is de 1,500LL per m <sup>2</sup> 2 - For the area between 3,001 and 6,000m <sup>2</sup> , the fee is 3,000LL per m <sup>2</sup> 3 - For the area between 6,001 and 9,000m <sup>2</sup> , the fee is 4,500LL per m <sup>2</sup> 4 - Above 9,001m <sup>2</sup> , the fee is 6,000LL per m <sup>2</sup> . The cost is 1,393,500 LL.

#### **Procedure 9 Submit permit from the Association of Engineers to the police**

<b>Time to complete:</b>	1 day
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**Cost to complete:** no charge

**Agency:** Police

**Comment:**

**Procedure 10 Request and receive an inspection by the Ministry of Public Works for water and sewerage**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Ministry of Public Works

**Comment:** With follow-up, it takes 10 days from the time an inspection is requested until an inspection begins. Without follow-up, however, the inspection might never take place. With some extra “tips,” the process could take only a day or two.

**Procedure 11 Request and receive an inspection by the Ministry of Public Works for electricity**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Ministry of Public Works

**Comment:** With follow-up, it takes 10 days from the time an inspection is requested until an inspection begins. Without follow-up, however, the inspection might never take place. With some extra “tips,” the process could take only a day or two.

**Procedure 12 Request and receive an inspection by the Ministry of Public Works for telephone service**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Ministry of Public Works

**Comment:** With follow-up, it takes 10 days from the time an inspection is requested until an inspection begins. Without follow-up, however, the inspection might never take place. With some extra “tips,” the process could take only a day or two.

**Procedure 13 Submit an application to and obtain approval of an occupancy permit from the Association of Engineers and the Urban Development Department**

**Time to complete:** 4 days

**Cost to complete:** LBP 300,000

**Agency:** Beirut Order of Engineers

**Comment:** Following completion of construction, an application for approval of an occupancy permit must be submitted to the Association of Engineers and the Urban Development Department. The association must give a written and stamped approval first.



**Procedure 14 Submit an application for approval of an occupancy permit to the Urban Development Department**

**Time to complete:**

1 day

**Cost to complete:**

no charge

**Agency:**

Urban Development Department, Directorate General of Urban Planning (DGU)

**Comment:**

Once construction has been completed, an application for approval of an occupancy permit must be submitted to the Association of Engineers and the Urban Development Department. The Urban Development Department performs an on-site inspection of the building to ensure that it is in compliance with the construction permit and approved plans. The application for an occupancy permit must be accompanied by the plans related to the completed construction, signed by the engineer in charge, and stamped by the Association of Engineers. Following the clearance from the Urban Development Department, the file is forwarded to the relevant municipality (in the case of Beirut, to the Administrator of the City of Beirut) that will issue the occupancy permit in the name of the property owner. According to the new legislation, the occupancy permit must be issued within a month. However, this time limit is not enforced in practice.

**Procedure 15 Receive an on-site inspection by the Urban Development Department**

**Time to complete:**

1 day

**Cost to complete:**

no charge

**Agency:**

Urban Development Department, Directorate General of Urban Planning (DGU)

**Comment:**

It takes about a week to schedule the inspection.

**Procedure 16 Obtain an occupancy permit from the municipality**

**Time to complete:**

58 days

**Cost to complete:**

LBP 25,000

**Agency:**

Urban Development Department, Directorate General of Urban Planning (DGU)

**Comment:**

By law, the time limit for the procedure is 30 days, but in practice, it takes much longer to obtain the permit—about 58 days with follow-up.

**Procedure 17 Obtain water connection**

**Time to complete:**

14 days

**Cost to complete:**

LBP 2,260,000

**Agency:**

Water Company

**Comment:**

BuildCo must submit an application for water connection accompanied by various documents, including the occupancy permit.

**Procedure 18 Obtain power connection**

**Time to complete:**

12 days

**Cost to complete:** LBP 2,110,000

**Agency:** Electricité du Liban

**Comment:** BuildCo must submit an application for electricity connection accompanied by various documents, including the occupancy permit.

**Procedure 19 Obtain telephone connection**

**Time to complete:** 12 days

**Cost to complete:** LBP 210,000

**Agency:** Liban Telecom

**Comment:** BuildCo must submit an application for telephone connection accompanied by various documents, including the occupancy permit.

**Procedure 20 Receive an on-site inspection by the Ministry of Finance and obtain an estimate of the leasing value of the warehouse**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Ministry of Finance

**Comment:** Once the occupancy permit is issued, an inspector from the Ministry of Finance visits the site to prepare an estimate of the leasing value of the warehouse. This estimate is necessary to register the building.

**Procedure 21 Register the building with the Real Estate Registry**

**Time to complete:** 14 days

**Cost to complete:** LBP 5,648,927

**Agency:** Real Estate Registry

**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)

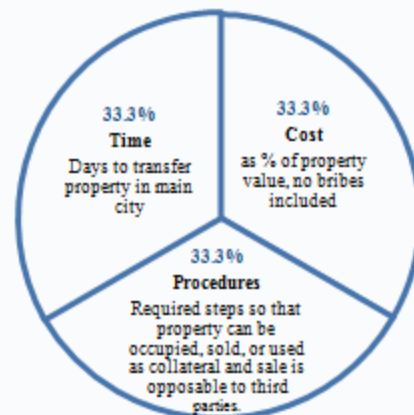
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

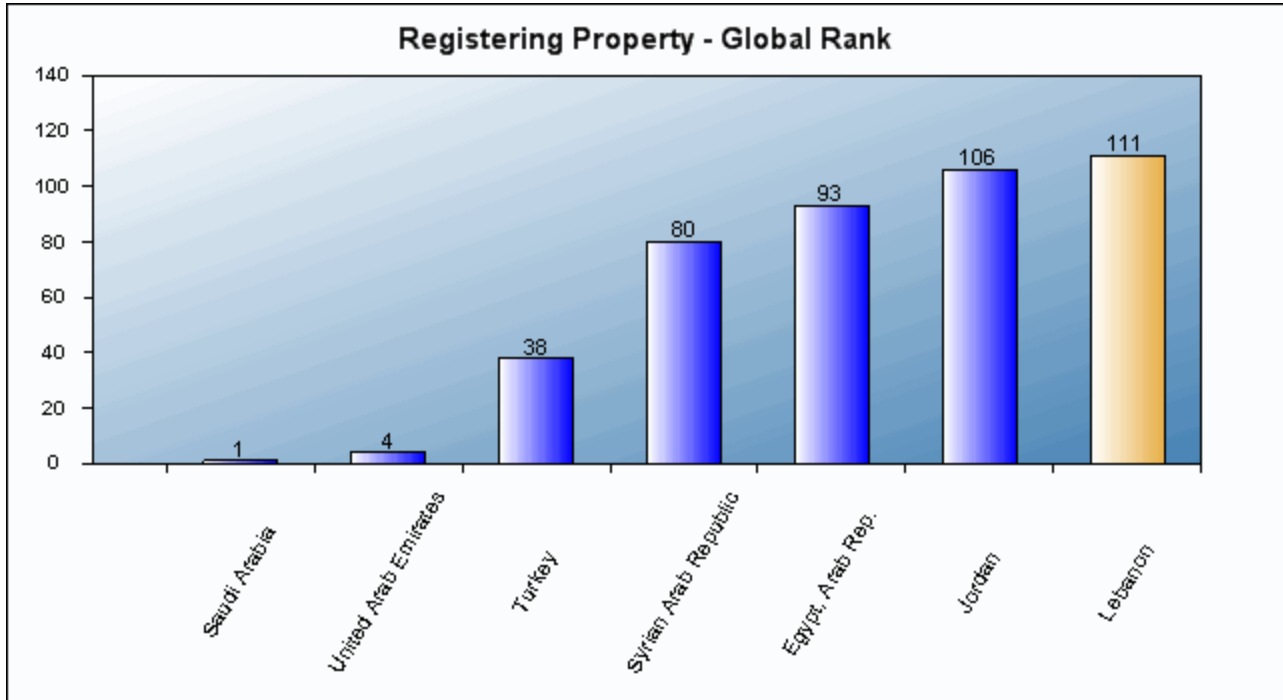
#### The property (fully owned by the seller):

- 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:

Lebanon is ranked 111 overall for Registering Property.

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



The following table shows Registering Property data for Lebanon 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>Lebanon</b>	<b>8</b>	<b>25</b>	<b>5.8</b>

<i>Comparator Economies</i>			
<b>Egypt, Arab Rep.</b>	7	72	0.8
<b>Jordan</b>	7	21	7.5
<b>Saudi Arabia</b>	2	2	0.0
<b>Syrian Arab Republic</b>	4	19	27.9
<b>Turkey</b>	6	6	3.0
<b>United Arab Emirates</b>	1	2	2.0

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

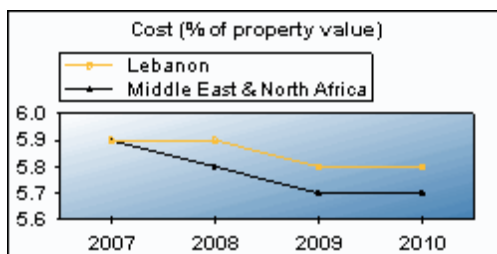
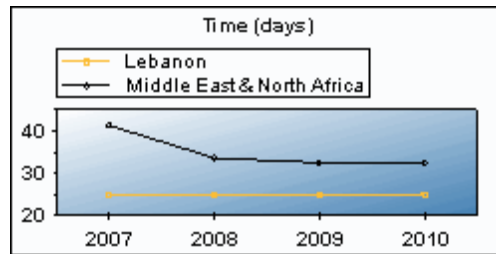
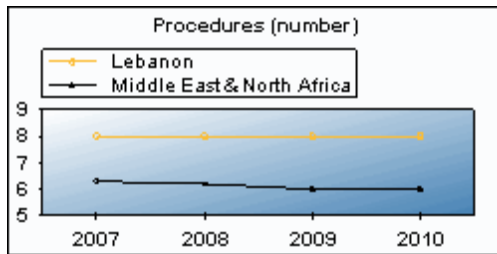
**Procedures (number): United Arab Emirates**

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

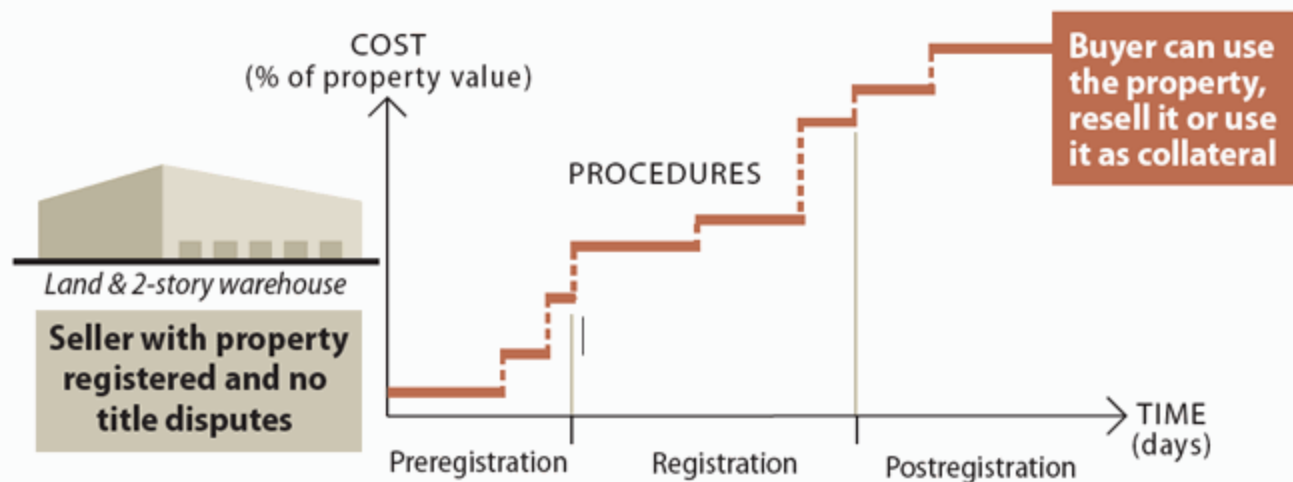
## 2. Historical data: Registering Property in Lebanon

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	110	111
Procedures (number)	8	8	8	8
Time (days)	25	25	25	25
Cost (% of property value)	5.9	5.9	5.8	5.8

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

#### STANDARDIZED PROPERTY

Property Value: 627,979,665.39

City: Beirut

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain an updated Real Estate Certificate from the Land Registry	1 day	LBP 10,000
2	Obtain an official cadastral map	1 day	LBP 20,000
3 *	Obtain an urban plan certificate from the Urban Planning Authority and the Municipality	10 days (simultaneous with procedures 4, 5, and 6)	LBP 6,000
4 *	Inspection of the property by the Tax Authority to get an official estimate of its rental value	10 days (simultaneous with procedures 3, 5, and 6)	no cost
5 *	Obtain an official estimate of the rental value of the property from the Tax Authority	1 day (simultaneous with procedure 3, 4, and 6)	LBP 5,000
6 *	Obtain tax clearance from the Municipality	3 days (simultaneous with procedures 3, 4, and 5)	LBP 8,000

7	Preparation of the sale agreement	2 days	LBP 1,000,000 (minimum set by the Beirut Bar Association)
8	Apply for registration at the Land Registry	About 10 days	LBP 74,000 (Flat taxes) + 5% of property value (Transfer tax) + 5% of the sum of Transfer Tax and Flat Taxes (Municipal Tax) + LBP 5,000 (stamp duty on new deed) + 0.3% of property value (stamp duty) + 0.1% of property value (bar association tax)

\* Takes place simultaneously with another procedure.



## Registering Property Details - Lebanon

<b>Procedure</b>	<b>1</b>	<b>Obtain an updated Real Estate Certificate from the Land Registry</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	LBP 10,000	
<b>Agency:</b>	Land Registry	
<b>Comment:</b>	Parties obtain an updated Real Estate Certificate from the Land Registry which is at the same time an evidence of title, a description of the property and a non-encumbrance certificate.	
<b>Procedure</b>	<b>2</b>	<b>Obtain an official cadastral map</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	LBP 20,000	
<b>Agency:</b>	Cadastre Administration (Dairat al Massaha)	
<b>Comment:</b>	In case the area is not specified in the real estate certificate and in the title deed, often the case, an official cadastral map and an area certificate must be obtained from the cadastre administration (in Arabic “Dairat al Massaha”).	
<b>Procedure</b>	<b>3</b>	<b>Obtain an urban plan certificate from the Urban Planning Authority and the Municipality</b>
<b>Time to complete:</b>	10 days (simultaneous with procedures 4, 5, and 6)	
<b>Cost to complete:</b>	LBP 6,000	
<b>Agency:</b>	Urban Planning Authority and Municipality	
<b>Comment:</b>	Parties obtain an urban plan certificate from the Urban Planning Authority and the Municipality. This is not strictly required by the law but it is usually requested by the buyer in order to make sure that no special easement or expropriation is planned on the property that he intends to purchase.	
<b>Procedure</b>	<b>4</b>	<b>Inspection of the property by the Tax Authority to get an official estimate of its rental value</b>
<b>Time to complete:</b>	10 days (simultaneous with procedures 3, 5, and 6)	
<b>Cost to complete:</b>	no cost	
<b>Agency:</b>	Ministry of Finance	
<b>Comment:</b>	The Tax Authority at the Ministry of Finance orders an inspection of the property by a controller. This is done to obtain an official estimate of the rental value of the property.	
<b>Procedure</b>	<b>5</b>	<b>Obtain an official estimate of the rental value of the property from the Tax Authority</b>

<b>Time to complete:</b>	1 day (simultaneous with procedure 3, 4, and 6)
<b>Cost to complete:</b>	LBP 5,000
<b>Agency:</b>	Ministry of Finance
<b>Comment:</b>	An official estimate of the rental value of the property is delivered by the Tax Authority at the Ministry of Finance after the inspection together with a tax discharge (clearance). Sometimes, an occupancy certificate from the Municipality is also requested.

#### Procedure 6 Obtain tax clearance from the Municipality

<b>Time to complete:</b>	3 days (simultaneous with procedures 3, 4, and 5)
<b>Cost to complete:</b>	LBP 8,000
<b>Agency:</b>	Municipality
<b>Comment:</b>	Obtain clearance from the Municipality to make sure that municipal taxes prior to the sale agreement have been paid. This is not required by law but it is usually requested by the buyer.

#### Procedure 7 Preparation of the sale agreement

<b>Time to complete:</b>	2 days
<b>Cost to complete:</b>	LBP 1,000,000 (minimum set by the Beirut Bar Association)
<b>Comment:</b>	<p>An attorney or notary public or qualified facilitator prepares the sale agreement in the official form.</p> <p>It is not mandatory the participation of a lawyer. The sale contract is often drafted by the notary public or by a qualified facilitator.</p> <p>However, for complex and delicate real estate transactions where either or both parties need to protect their rights, the contract is usually negotiated and drafted by both parties' attorneys. The Beirut Bar Association on its decision of Oct. 22.2009 has set a minimum fee of USD 666.- (LBP 1.000.000) for the drafting of a contract. Such minimum fee shall be subject to an increase taking into consideration the contract's value and importance.</p>

#### Procedure 8 Apply for registration at the Land Registry

<b>Time to complete:</b>	About 10 days
<b>Cost to complete:</b>	LBP 74,000 (Flat taxes) + 5% of property value (Transfer tax) + 5% of the sum of Transfer Tax and Flat Taxes (Municipal Tax) + LBP 5,000 (stamp duty on new deed) + 0.3% of property value (stamp duty) + 0.1% of property value (bar association tax)
<b>Agency:</b>	Land Registry
<b>Comment:</b>	<p>The contract, together with the documentation, is presented, either:</p> <ul style="list-style-type: none"> <li>• directly to the Land Registry officer before whom the contract is signed and then the property is registered</li> <li>• or to the notary public before whom the contract is signed and then both the contract and the documentation shall be presented to the Land Registry for registration of title.</li> </ul>

If it is presented to the Land Registry, all taxes and duties are paid at the tax authority cashier,

which is located at the same building than the Land Registry.

The taxes and duties to be paid if the contract is presented at the Land Registry are as follows:

- Proportional stamp duty: 0.3% of contract value.
- Bar Association tax: 0.1% of contract value.
- Various taxes, namely:
  - Flat tax on contract: LBP 8,000.
  - Flat tax (called in Arabic “kaydieh”): LBP 8,000.
  - Flat tax on title deed: LBP 8,000.
  - Flat tax on new title deed: LBP 50,000
  - Total of said flat taxes: LBP 74,000
  - Proportional transfer tax: 5% of contract value or of the value resulting from the official estimate, which is higher.
  - Proportional Municipal tax: 5% of the total amount (i.e. aforementioned 5% transfer tax + L.P. 74,000).
  - Flat stamp duty on new deed: L.P. 5,000

The Contract is presented to the Assistant Land Registrar, then it will go through one or two officers before it reaches the Land Registrar who would:

- (i)- either accept the contract if he/she agrees on the price that was set by the parties and finds that there are no irregularities in the documents, in which case the contract shall be immediately registered, and thereafter the new deed will be delivered to the buyer.
- (ii)- or refuse to register the contract until the price is amended (i.e. increased) or the irregularities in the documentation is rectified, in which case the Land Registrar’s request shall be satisfied and the contract is to be presented once again for review and acceptance.

It is only when the Land Registrar approves the signed contract and accepts to record it that the title to property is transferred to the Buyer.

Then, once the transaction is completed, the new title deed in the name of the Buyer is delivered in about 5-7 business days. As per the express and clear provisions of the law, the buyer acquires full ownership only when the sale contract is recorded (i.e. after its acceptance) in the Land Registry, regardless of when the new deed is delivered to him.

In case the contract is delivered for signing to the notary public, then both the contract and the documentation shall be presented to the Land Registry for registration of title, in which case the above mentioned costs shall be increased as follows:

- Notary tax: 0.1% of contract value.
- Flat tax: LBP 50,000
- Notary flat tax: LBP 15,000
- Flat stamp duty on contract: LBP 10,000
- Flat tax (called in Arabic “Tahrir wa tanzim”): LBP 34,000
- Flat reconstruction tax: LBP 2,500
- Flat stamp duty on second copy of contract: LBP 1,000
- Notary public fees: LBP 200,000

All taxes and duties are paid directly at the notary public’s office, except for the stamp duty that is paid at the Ministry of Finance if its amount exceeds LBP 200,000

The documentation shall include:

- Title deed, as proof of ownership (held by seller)
- Real Estate Certificate (obtained in Procedure 1)
- Official cadastral map (obtained in Procedure 2)
- Official estimate of rental value of the property (obtained in Procedure 5)
- Municipal tax clearance (obtained in Procedure 6)
- Sale agreement (prepared in Procedure 7)

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

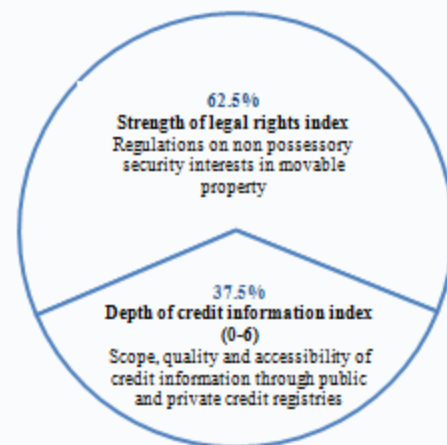
**Public credit registry coverage (% of adults)**

- 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)**

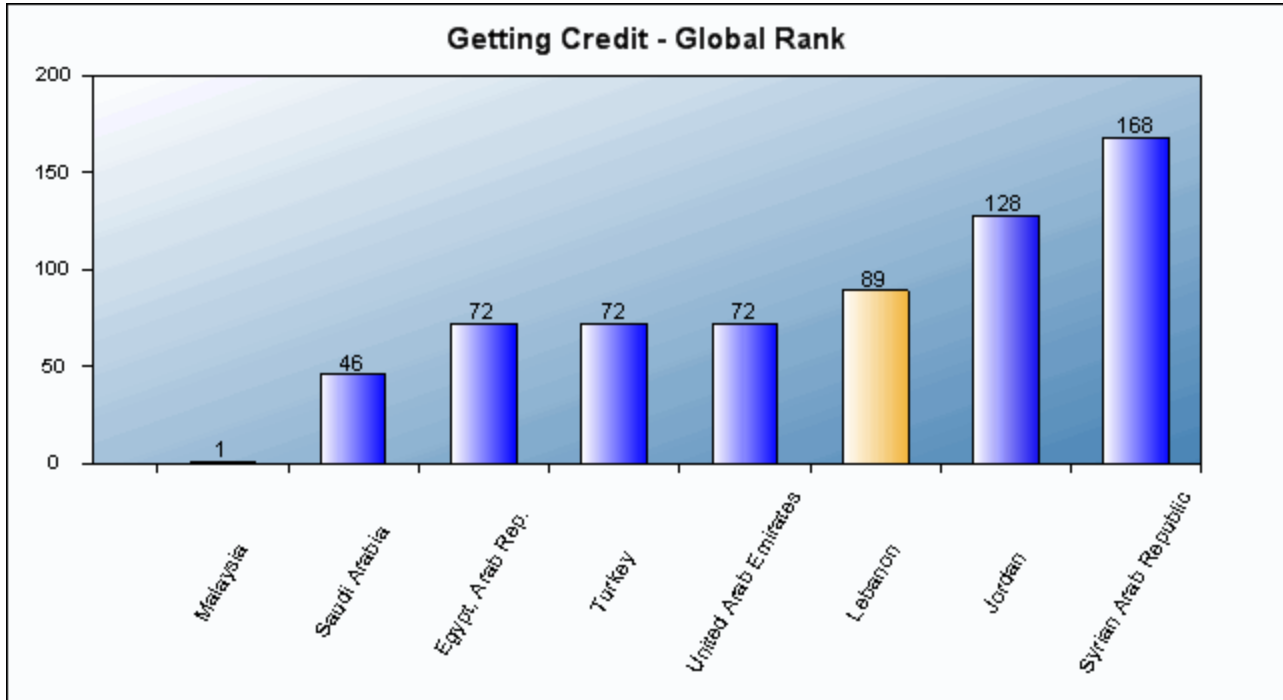
**The Debtor**

- 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:

Lebanon is ranked 89 overall for Getting Credit.

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



The following table shows Getting Credit data for Lebanon 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>Lebanon</b>	<b>3</b>	<b>5</b>	<b>8.7</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Egypt, Arab Rep.</b>	3	6	2.9	10.3
<b>Jordan</b>	4	2	1.5	0.0
<b>Saudi Arabia</b>	5	6	0.0	18.0
<b>Syrian Arab Republic</b>	1	2	2.2	0.0
<b>Turkey</b>	4	5	18.3	42.2
<b>United Arab Emirates</b>	4	5	8.4	17.7

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

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

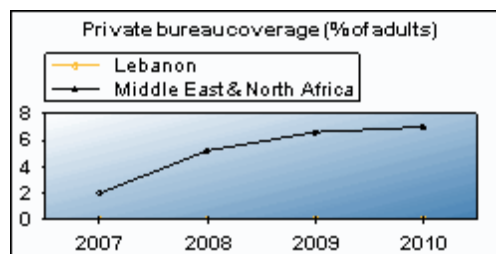
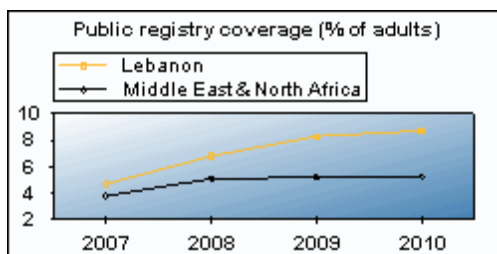
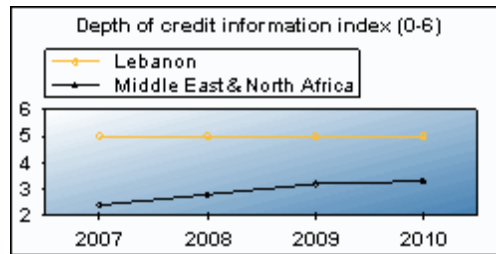
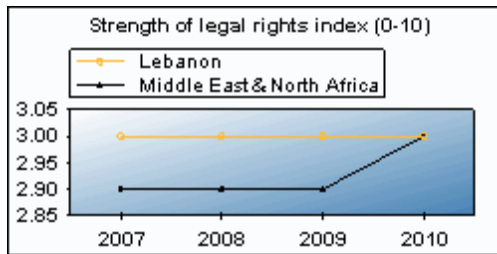
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

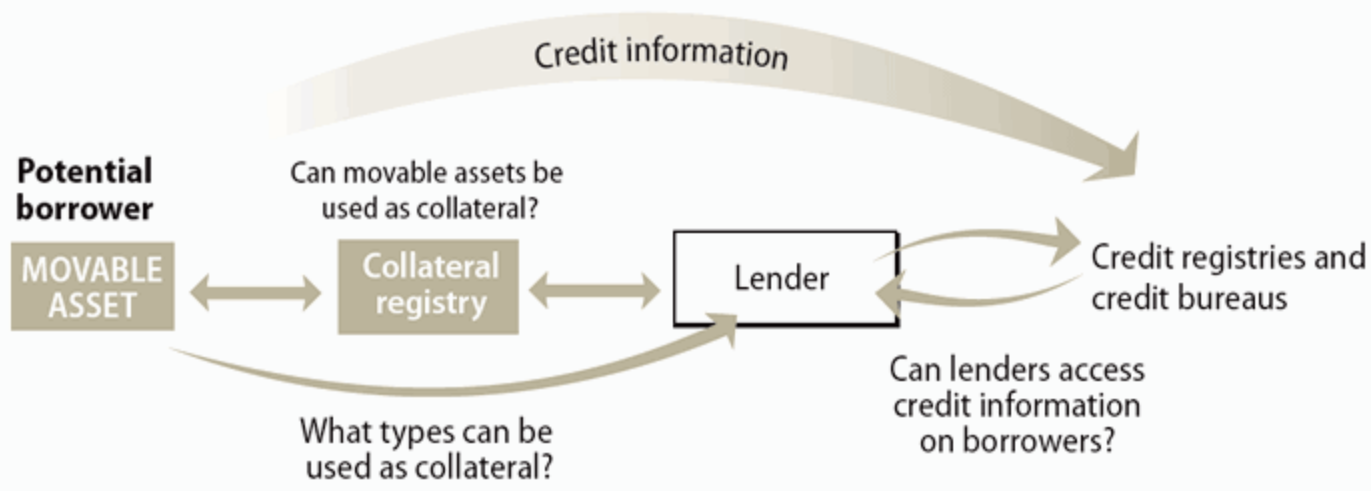
## 2. Historical data: Getting Credit in Lebanon

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	89
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	4.7	6.8	8.3	8.7

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>5</b>
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	Yes	1
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
<b>Coverage</b>	0.0	8.7	
Number of individuals		0	304,257
Number of firms		0	13,692



**Strength of legal rights index (0-10)****3**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ? No

---

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? No

---

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? Yes

---

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 ? No

---

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 ? Yes

---

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 ? No

---

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures? No

---

Do secured creditors have absolute priority to their collateral in bankruptcy procedures? No

---

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

---

Does the law authorize parties to agree on out of court enforcement? No

---

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)

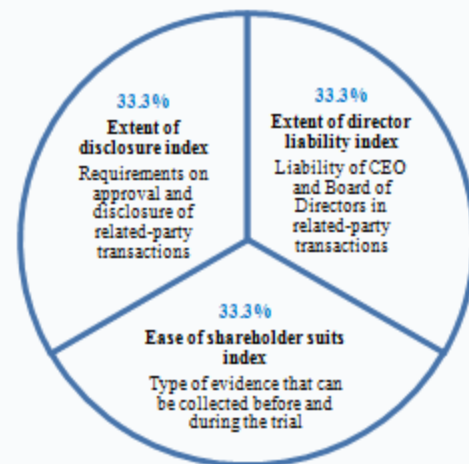
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### 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.

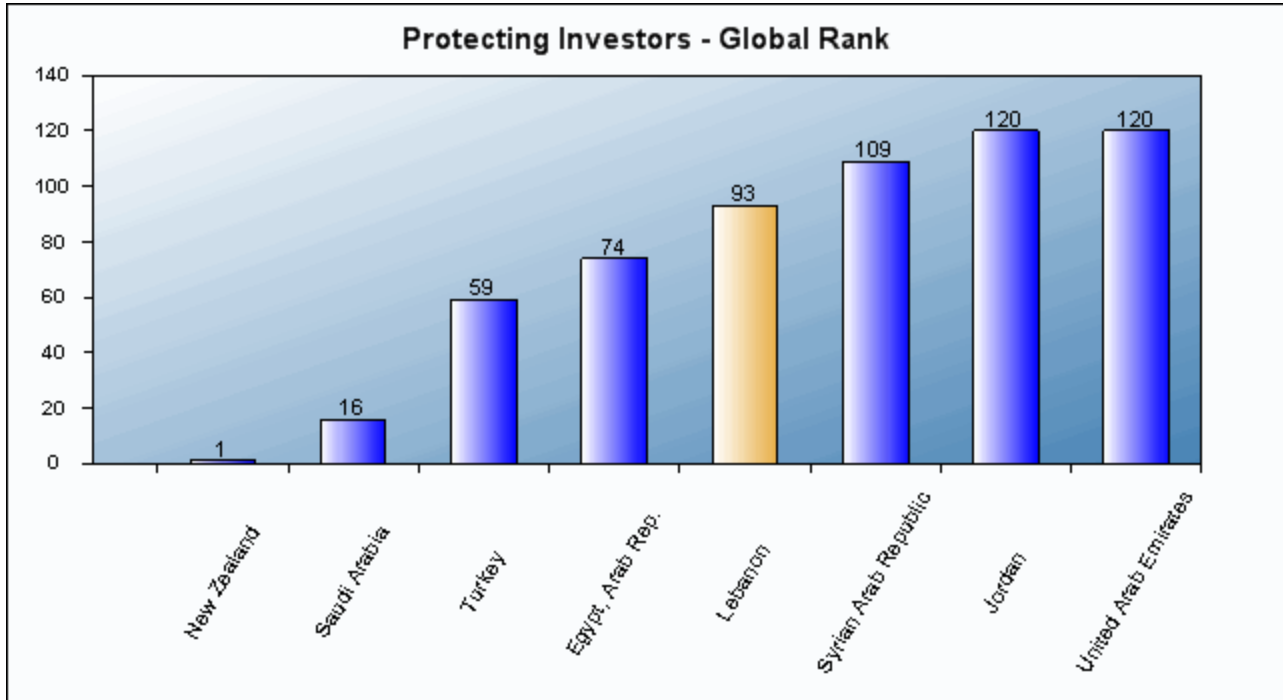
#### The transaction

- 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:

Lebanon is ranked 93 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Lebanon 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

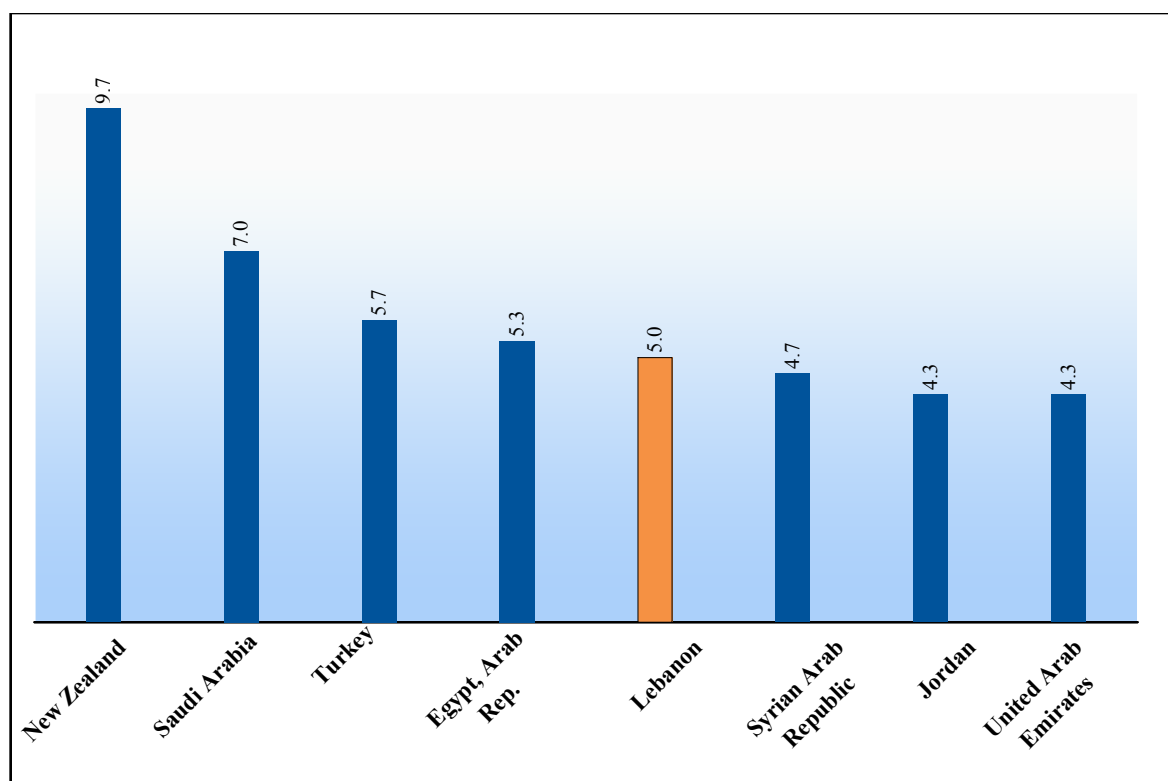
<i>Selected Economy</i>	
<b>Lebanon</b>	<b>5.0</b>

<i>Comparator Economies</i>	
<b>Egypt, Arab Rep.</b>	5.3
<b>Jordan</b>	4.3
<b>Saudi Arabia</b>	7.0
<b>Syrian Arab Republic</b>	4.7
<b>Turkey</b>	5.7
<b>United Arab Emirates</b>	4.3

## 2. Historical data: Protecting Investors in Lebanon

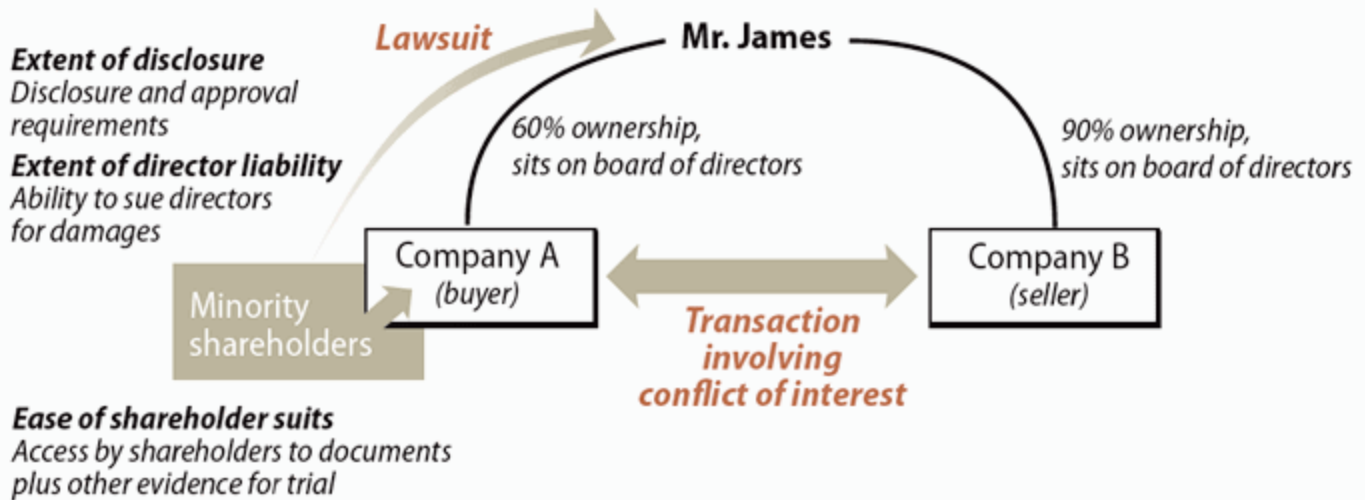
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	93
Strength of investor protection index (0-10)	5.0	5.0	5.0	5.0

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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>9</b>
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	1
<b>Extent of director liability index (0-10)</b>	<b>1</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?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	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>5</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?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
<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)

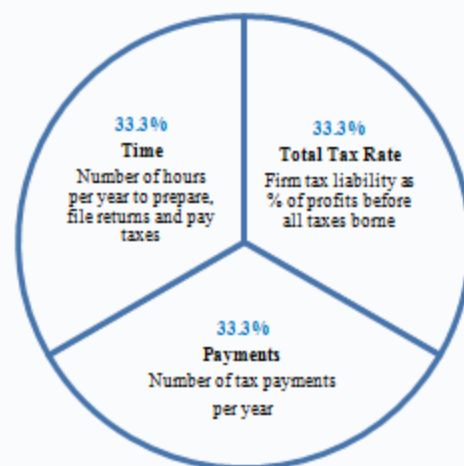
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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

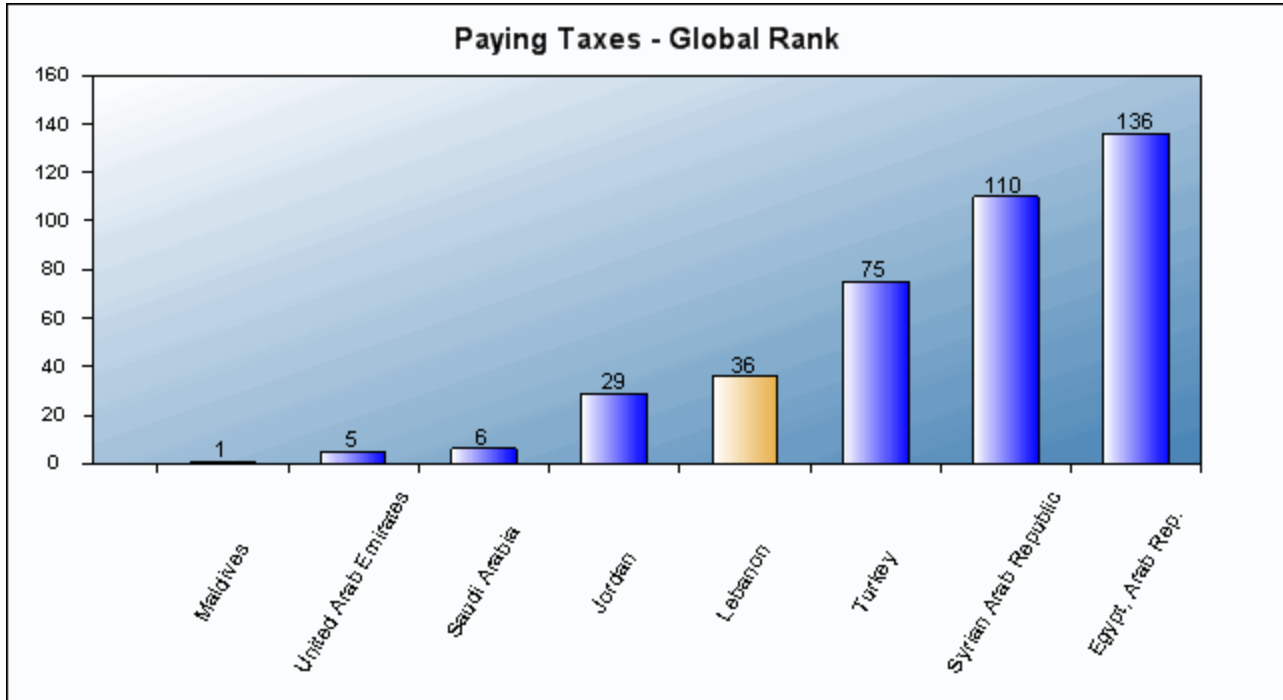
- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the 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:

Lebanon is ranked 36 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Lebanon 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>Lebanon</b>	<b>19</b>	<b>180</b>	<b>30.2</b>

<i>Comparator Economies</i>			
<b>Egypt, Arab Rep.</b>	29	433	42.6
<b>Jordan</b>	26	101	31.2
<b>Saudi Arabia</b>	14	79	14.5
<b>Syrian Arab Republic</b>	20	336	42.9
<b>Turkey</b>	15	223	44.5
<b>United Arab Emirates</b>	14	12	14.1

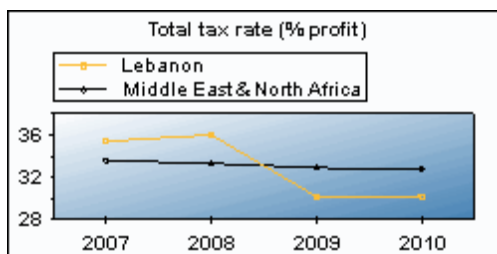
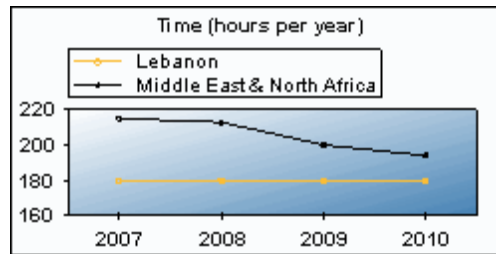
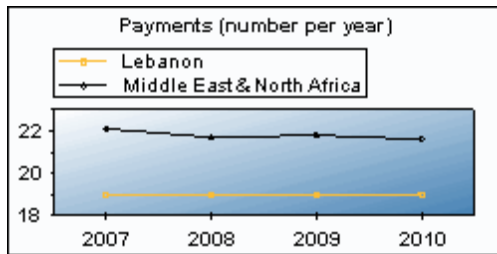
\* The following economies are also good practice economies for :

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

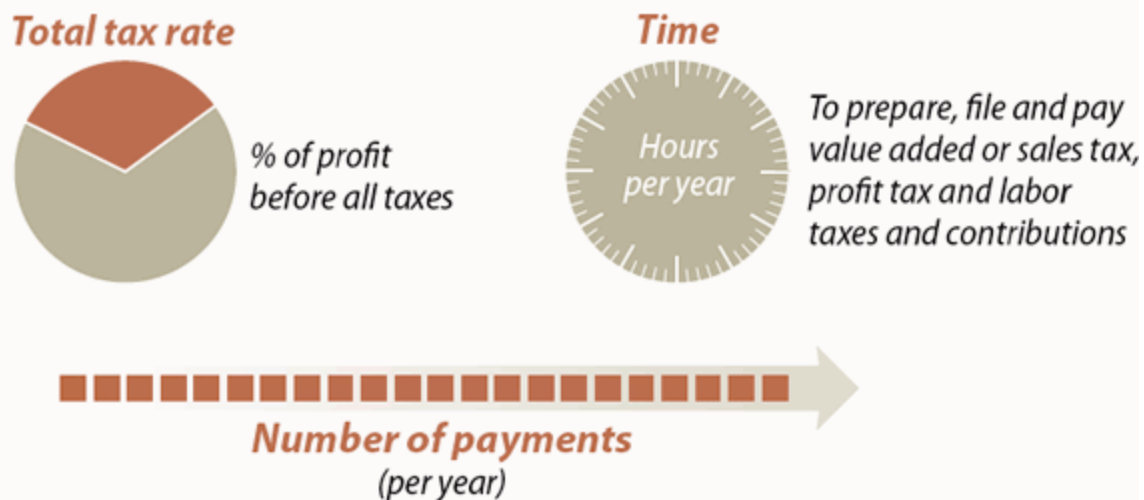
## 2. Historical data: Paying Taxes in Lebanon

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	35	36
Total tax rate (% profit)	35.4	36.0	30.2	30.2
Payments (number per year)	19	19	19	19
Time (hours per year)	180	180	180	180

## 3. The following graphs illustrate the Paying Taxes sub indicators in Lebanon 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 Lebanon, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	4		40	10.0%	value added		
Vehicle tax	1			various rates			
Stamp duty	1			0.3%	contract value		
Tax on interest	0	withheld		5.0%	interest income	0.10	
Capital gains tax	0			10.0%	capital gains	0.50	
Corporate income tax	1		40	15.0%	taxable profit	5.60	
Social security contributions	12		100	21.5%	gross salaries	24.10	
<b>Totals</b>	<b>19</b>		<b>180</b>			<b>30.2</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)

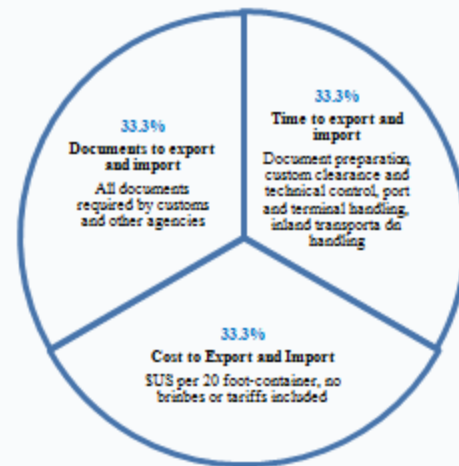
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

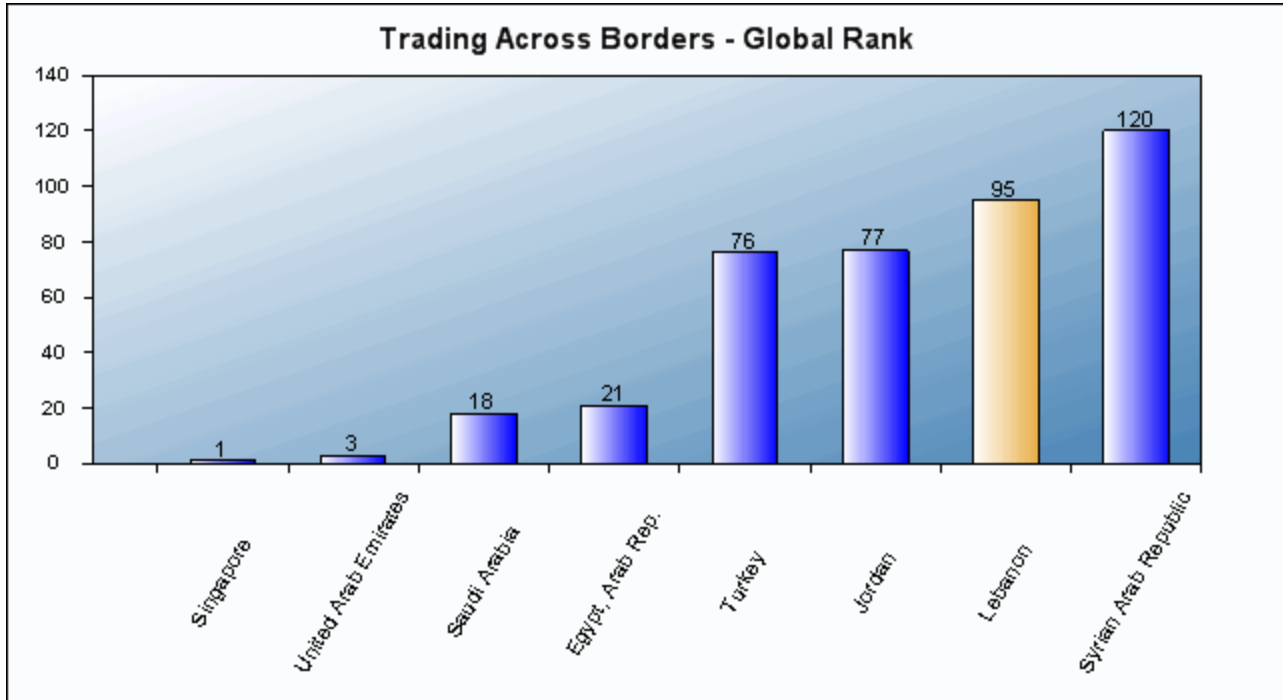
##### The traded product

- 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:

Lebanon is ranked 95 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Lebanon 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>Lebanon</b>	<b>5</b>	<b>26</b>	<b>1000</b>	<b>7</b>	<b>35</b>	<b>1200</b>

<i>Comparator Economies</i>						
<b>Egypt, Arab Rep.</b>	6	12	613	6	12	698
<b>Jordan</b>	7	14	825	7	18	1335
<b>Saudi Arabia</b>	5	13	580	5	17	686
<b>Syrian Arab Republic</b>	8	15	1190	9	21	1625
<b>Turkey</b>	7	14	990	8	15	1063
<b>United Arab Emirates</b>	4	7	521	5	7	542

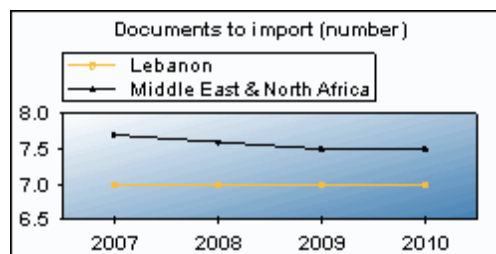
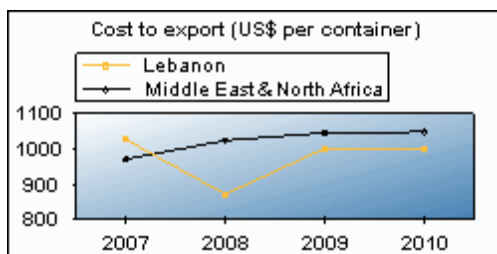
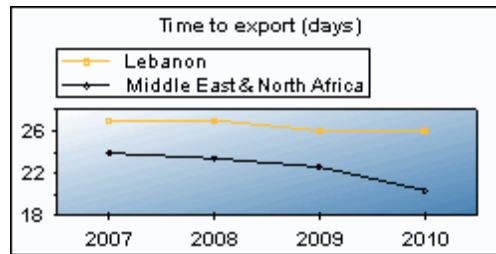
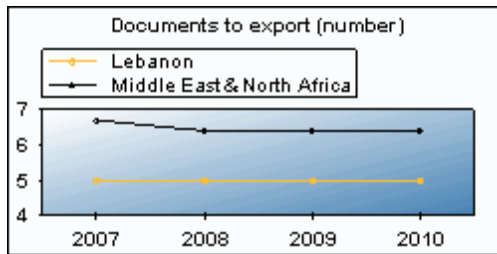
\* The following economies are also good practice economies for :

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

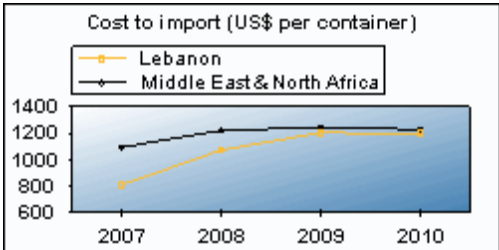
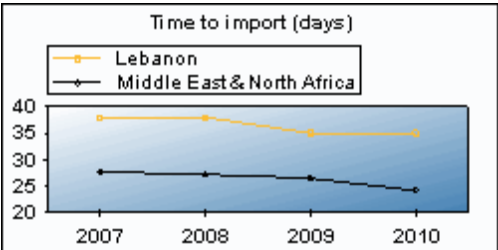
## 2. Historical data: Trading Across Borders in Lebanon

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	95	95
Cost to export (US\$ per container)	1027	872	1002	1000
Cost to import (US\$ per container)	810	1073	1203	1200
Documents to export (number)	5	5	5	5
Documents to import (number)	7	7	7	7
Time to export (days)	27	27	26	26
Time to import (days)	38	38	35	35

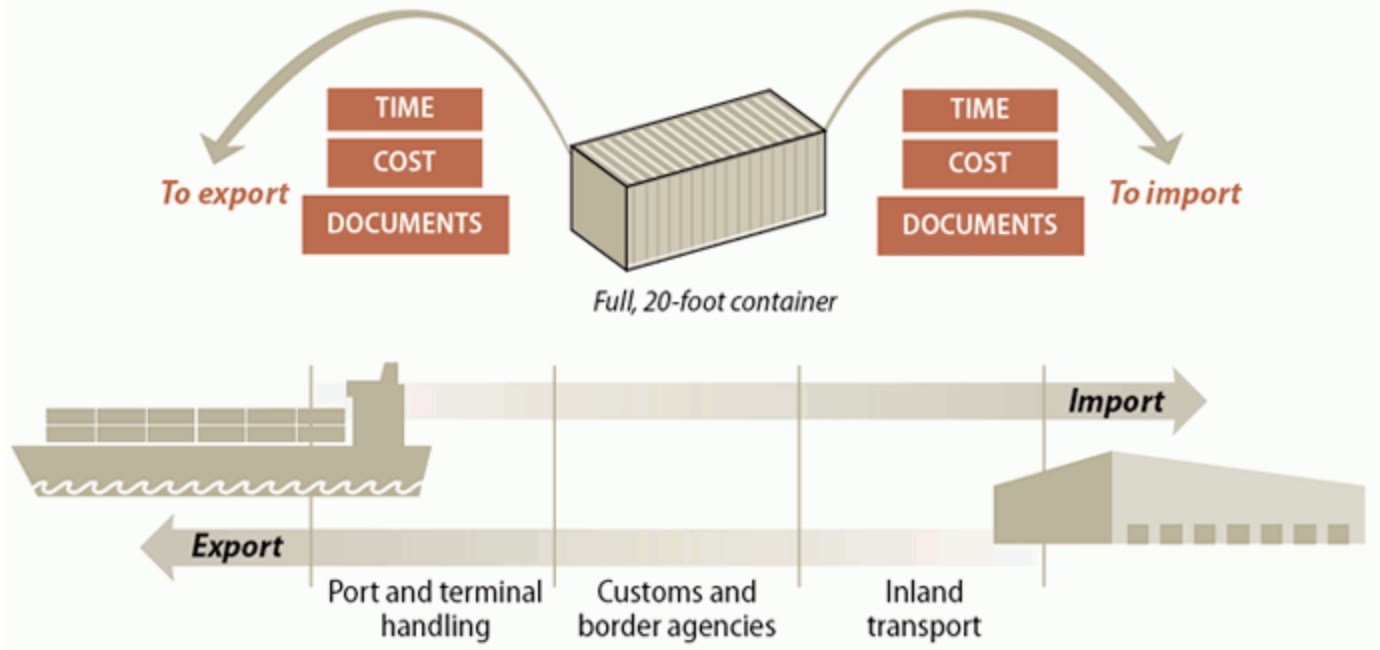
3. The following graphs illustrate the Trading Across Borders sub indicators in Lebanon over the past 4 years:







**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 Lebanon. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	12	370
Customs clearance and technical control	4	285
Ports and terminal handling	4	125
Inland transportation and handling	6	220
Totals	26	1000

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	19	315
Customs clearance and technical control	8	285
Ports and terminal handling	6	400
Inland transportation and handling	2	200
Totals	35	1200

**Documents for Export and Import**

**Export**

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list

**Import**

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

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)

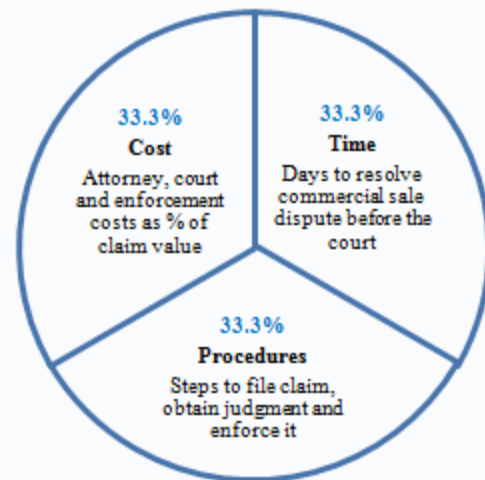
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### 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



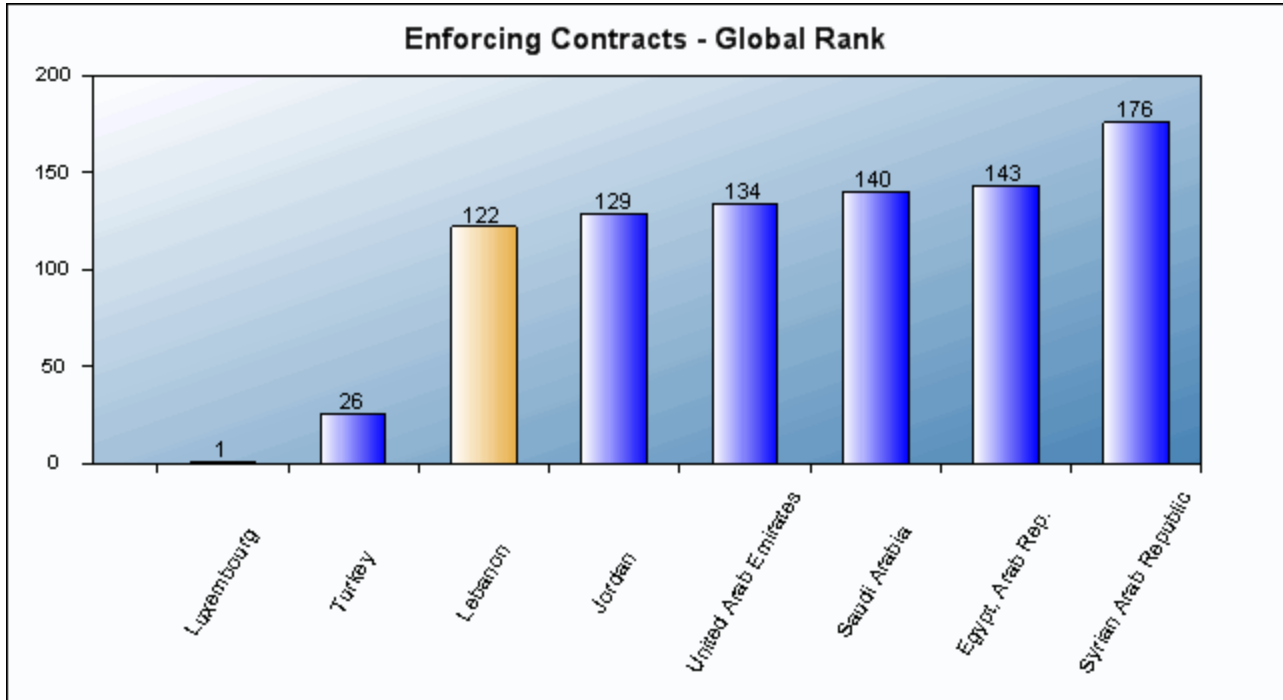
#### Case Study Assumptions

- 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:

Lebanon is ranked 122 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Lebanon 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	

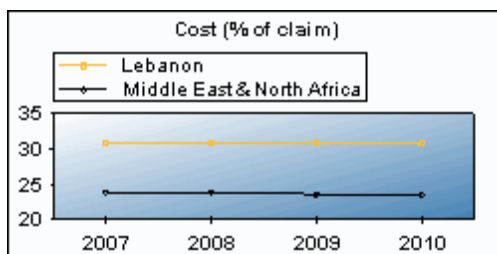
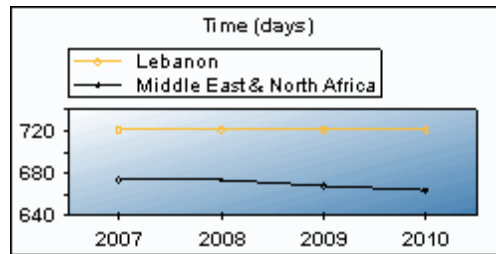
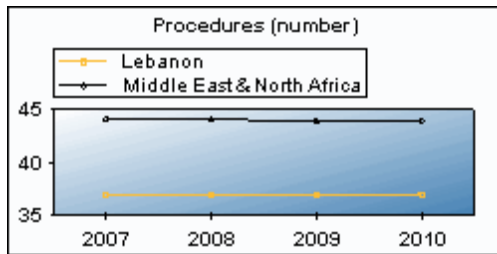
<i>Selected Economy</i>			
<b>Lebanon</b>	<b>37</b>	<b>721</b>	<b>30.8</b>

<i>Comparator Economies</i>			
<b>Egypt, Arab Rep.</b>	41	1010	26.2
<b>Jordan</b>	38	689	31.2
<b>Saudi Arabia</b>	43	635	27.5
<b>Syrian Arab Republic</b>	55	872	29.3
<b>Turkey</b>	35	420	18.8
<b>United Arab Emirates</b>	49	537	26.2

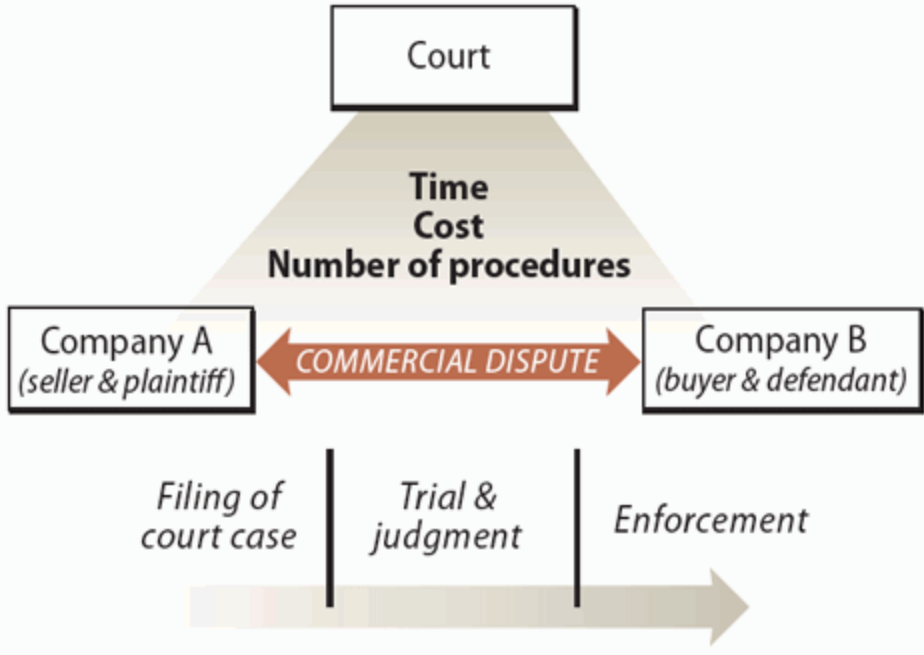
## 2. Historical data: Enforcing Contracts in Lebanon

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	122	122
Procedures (number)	37	37	37	37
Time (days)	721	721	721	721
Cost (% of claim)	30.8	30.8	30.8	30.8

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

Nature of Procedure (2010)	Indicator
Procedures (number)	37
Time (days)	721
Filing and service	15.0
Trial and judgment	526.0
Enforcement of judgment	180.0
<b>Cost (% of claim)*</b>	<b>30.80</b>
Attorney cost (% of claim)	24.8
Court cost (% of claim)	3.0
Enforcement Cost (% of claim)	3.0



**Court information:** Beirut sole judge hearing (القاضي المنفرد الناظر بالأمور التجارية)  
commercial matters

\* 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)

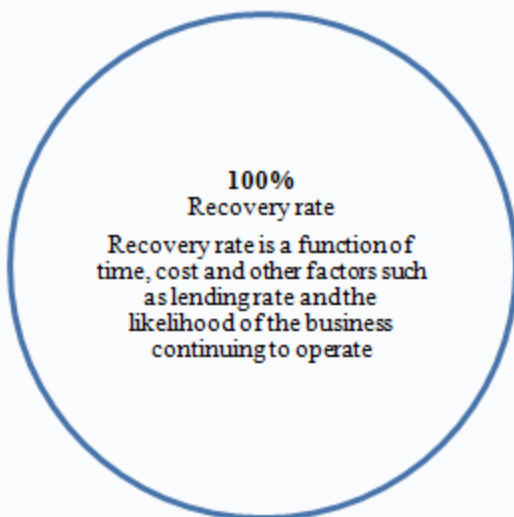
- Measured in calendar years
- Appeals and requests for extension are included

#### 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:

Lebanon is ranked 122 overall for Closing a Business.

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



The following table shows Closing Business data for Lebanon 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>Lebanon</b>	<b>19.8</b>	<b>4.0</b>	<b>22</b>

<i>Comparator Economies</i>			
<b>Egypt, Arab Rep.</b>	17.4	4.2	22
<b>Jordan</b>	26.9	4.3	9
<b>Saudi Arabia</b>	36.8	1.5	22
<b>Syrian Arab Republic</b>	27.4	4.1	9
<b>Turkey</b>	21.1	3.3	15
<b>United Arab Emirates</b>	11.2	5.1	30

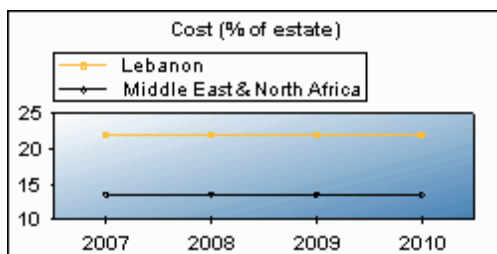
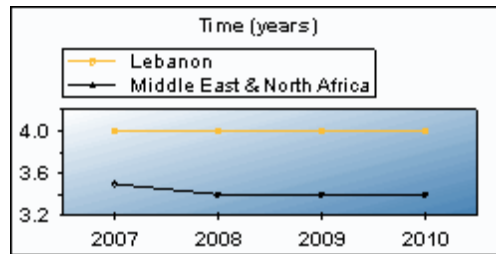
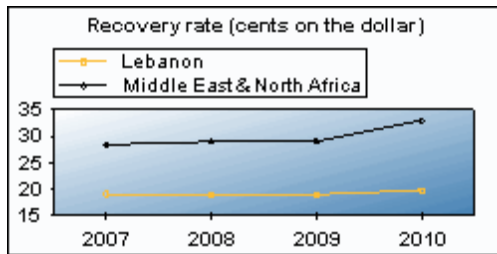
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Lebanon

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	122	122
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	22	22	22	22
Recovery rate (cents on the dollar)	19.1	19.0	19.0	19.8

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



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

## The top 10 most-improved in Doing Business 2011

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

 Positive Change  
 Negative Change

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

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

<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>Egypt, Arab Rep.</b>	Egypt reduced the cost to start a business. Egypt made trading easier by introducing an electronic system for submitting export and import documents.
<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>Jordan</b>	Jordan improved its credit information system by setting up a regulatory framework for establishing a private credit bureau as well as lowering the threshold for loans to be reported to the public credit registry. Jordan abolished certain taxes and made it possible to file income and sales tax returns electronically.
<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>Lebanon</b>	Lebanon increased the cost of starting a business. Lebanon improved its credit information system by allowing banks online access to the public credit registry's reports.
<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>Saudi Arabia</b>	Saudi Arabia made dealing with construction permits easier for the second year in a row by introducing a new, streamlined process. An amendment to Saudi Arabia's commercial lien law enhanced access to credit by making secured lending more flexible and allowing out-of-court enforcement in case of default. Saudi Arabia reduced the time to import by launching a new container terminal at the Jeddah Islamic Port. Saudi Arabia speeded up the insolvency process by providing earlier access to amicable settlements and putting time limits on the settlements to encourage creditors to participate.

<b>Syrian Arab Republic</b>	Syria eased business start-up by reducing the minimum capital requirement for limited liability companies by two-thirds. It also decentralized approval of the company memorandum. Syria enhanced access to credit by eliminating the minimum threshold for loans included in the database, which expanded the coverage of individuals and firms to 2.8% of the adult population.
<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.
<b>United Arab Emirates</b>	The United Arab Emirates enhanced access to credit by setting up a legal framework for the operation of the private credit bureau and requiring that financial institutions share credit information. The United Arab Emirates streamlined document preparation and reduced the time to trade with the launch of Dubai Customs' comprehensive new customs system, Mirsal 2.
<b>Vietnam</b>	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.
<b>Zambia</b>	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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