

# Doing Business 2015

## Going Beyond Efficiency

### Regional Profile 2015

#### Middle East and North Africa (MENA)



COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN **189** ECONOMIES

*A World Bank Group Flagship Report*

© 2014 The International Bank for Reconstruction and Development /  
The World Bank  
1818 H Street NW, Washington, DC 20433  
Telephone: 202-473-1000; Internet: [www.worldbank.org](http://www.worldbank.org)

All rights reserved.  
1 2 3 4 17 16 15 14

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.



This work is available under the Creative Commons Attribution 3.0 Unported license (CC BY 3.0) <http://creativecommons.org/licenses/by/3.0/igo>. Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work, including for commercial purposes, under the following conditions:

**Attribution**—Please cite the work as follows: World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group. DOI: 10.1596/978-1-4648-0351-2. License: Creative Commons Attribution CC BY 3.0 IGO

**Translations**—If you create a translation of this work, please add the following disclaimer along with the attribution: *This translation was not created by The World Bank and should not be considered an official World Bank translation. The World Bank shall not be liable for any content or error in this translation.*

**Adaptations**—If you create an adaptation of this work, please add the following disclaimer along with the attribution: *This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank.*

**Third-party content**—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures or images.

All queries on rights and licenses should be addressed to the Publishing and Knowledge Division, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: [pubrights@worldbank.org](mailto:pubrights@worldbank.org).

ISBN (paper): 978-1-4648-0351-2  
ISBN (electronic): 978-1-4648-0352-9  
DOI: 10.1596/978-1-4648-0351-2  
ISSN: 1729-2638

Cover design: Corporate Visions, Inc.

## CONTENTS

|  |           |
|--|-----------|
| <b>Introduction</b> .....  | <b>4</b>  |
| <b>The business environment</b> .....                                | <b>5</b>  |
| <b>Starting a business</b> .....                                     | <b>14</b> |
| <b>Dealing with construction permits</b> .....                       | <b>23</b> |
| <b>Getting electricity</b> .....                                     | <b>30</b> |
| <b>Registering property</b> .....                                    | <b>36</b> |
| <b>Getting credit</b> .....  | <b>43</b> |
| <b>Protecting minority investors</b> .....                           | <b>50</b> |
| <b>Paying taxes</b> .....  | <b>60</b> |
| <b>Trading across borders</b> .....                                  | <b>68</b> |
| <b>Enforcing contracts</b> .....                                     | <b>79</b> |
| <b>Resolving insolvency</b> .....                                    | <b>85</b> |
| <b>Distance to frontier and ease of doing business ranking</b> ..... | <b>90</b> |
| <b>Resources on the <i>Doing Business</i> website</b> .....          | <b>93</b> |

## INTRODUCTION

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

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

This regional profile presents the *Doing Business* indicators for economies in Middle East and North Africa (MENA). It also shows the regional average, the best performance globally for each indicator and data for the following comparator regions: Latin America, East Asia and the Pacific (EAP), South Asia (SA) and OECD High

Income. The data in this report are current as of June 1, 2014 (except for the paying taxes indicators, which cover the period January–December 2013).

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

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

## THE BUSINESS ENVIRONMENT

### CHANGES IN *DOING BUSINESS 2015*

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

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

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

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

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

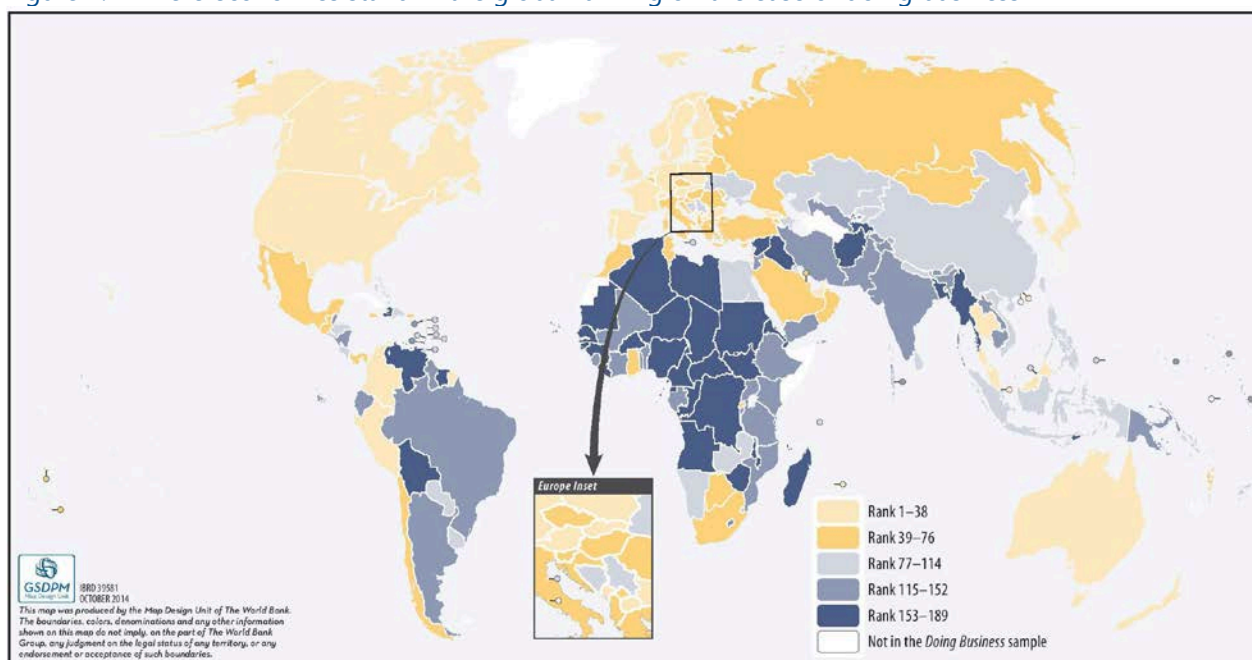
## THE BUSINESS ENVIRONMENT

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

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

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

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

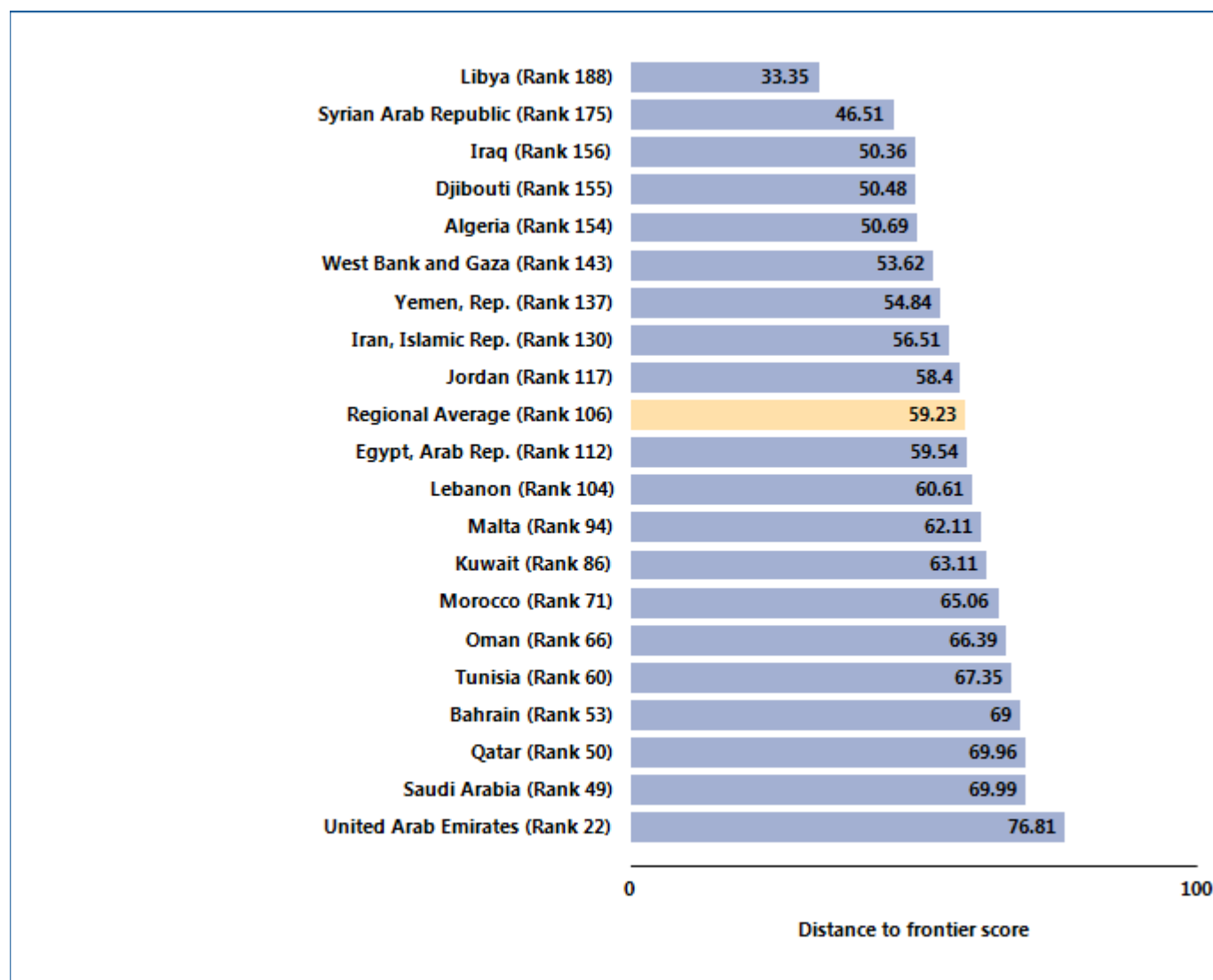


Source: *Doing Business* database.

## THE BUSINESS ENVIRONMENT

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

Figure 1.2 How economies in Middle East and North Africa (MENA) rank on the ease of doing business



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

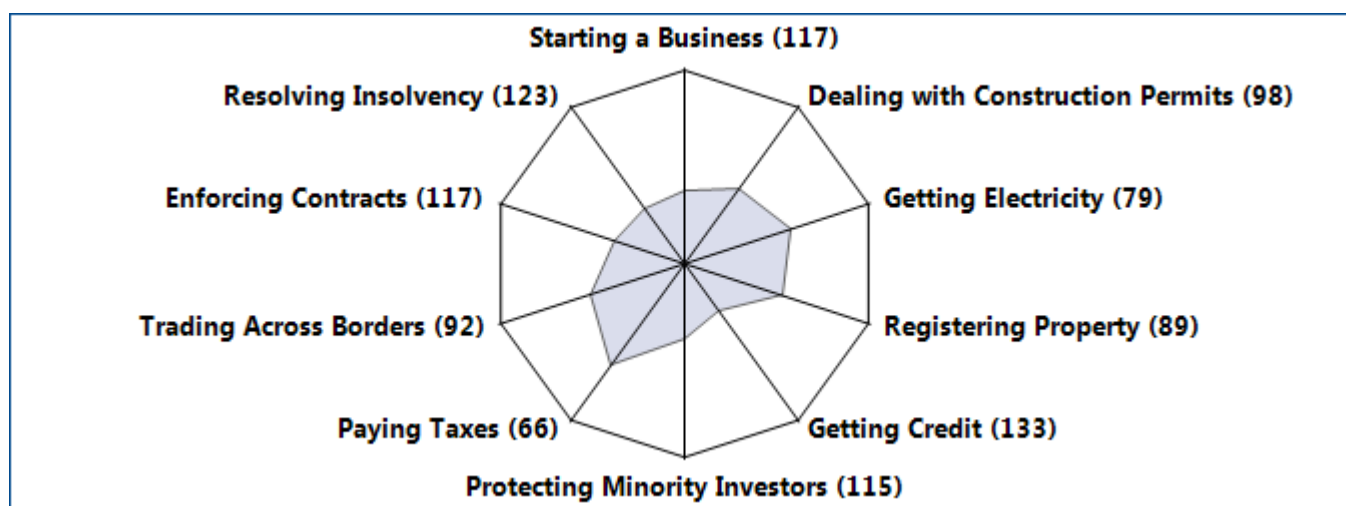
*Source:* *Doing Business* database.

## THE BUSINESS ENVIRONMENT

Figure 1.3 Rankings on *Doing Business* topics - Middle East and North Africa (MENA)

(Scale: Rank 189 center, Rank 1 outer edge)

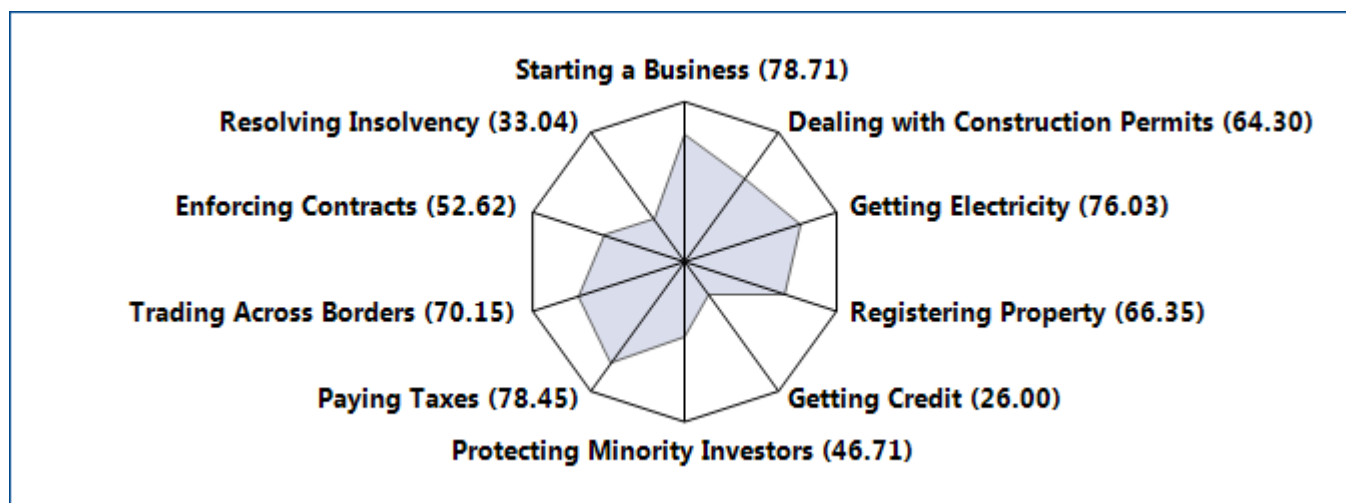
Regional average ranking



Source: *Doing Business* database.

Figure 1.4 Distance to frontier scores on *Doing Business* topics - Middle East and North Africa (MENA)

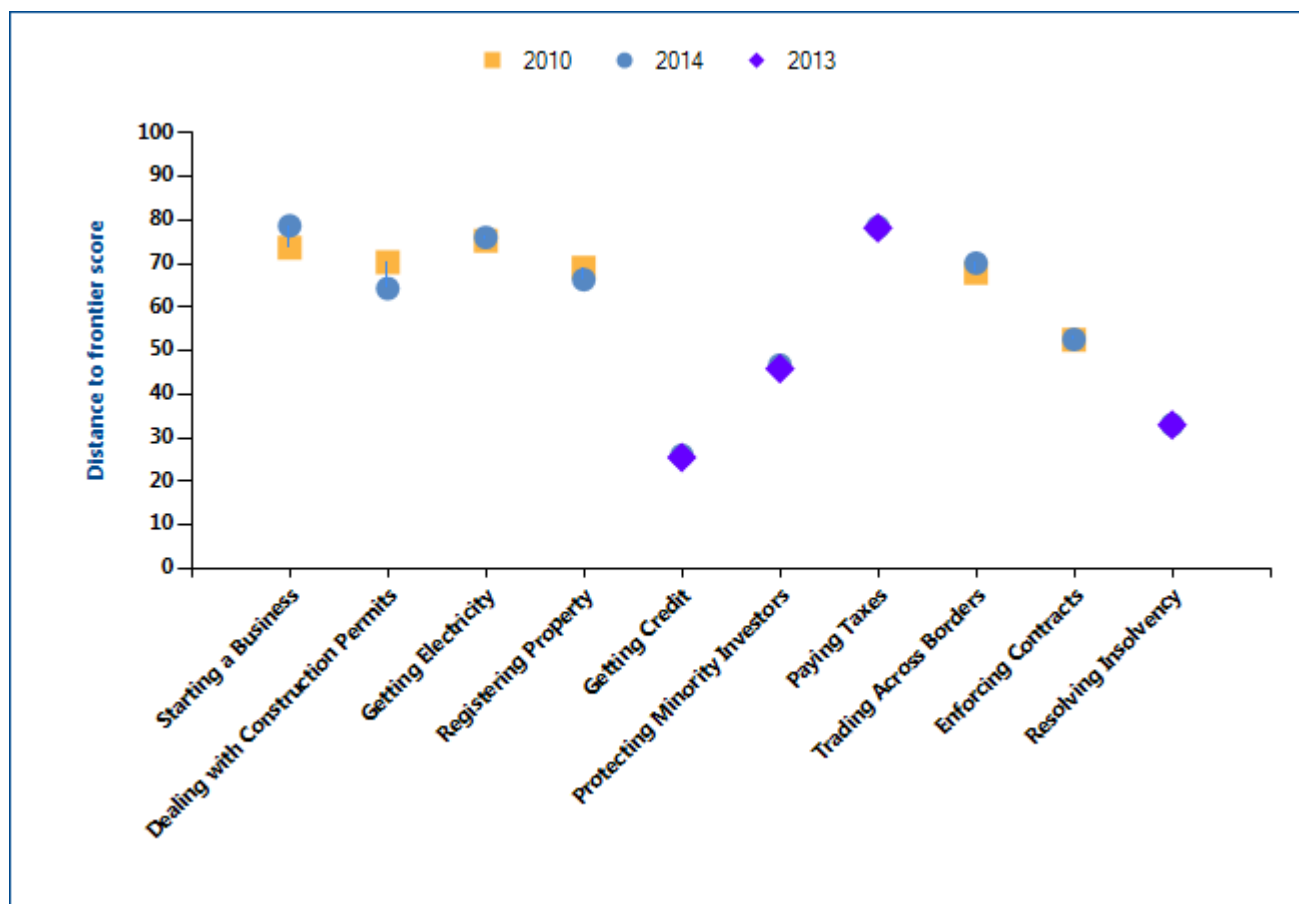
(Scale: Score 0 center, Score 100 outer edge)



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

Source: *Doing Business* database.



Figure 1.5 How far has Middle East and North Africa (MENA) come in the areas measured by *Doing Business*?

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

*Source:* *Doing Business* database.

## THE BUSINESS ENVIRONMENT

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

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

Table 1.1 Summary of *Doing Business* indicators for Middle East and North Africa (MENA)

| Indicator  | Lowest regional performance  | Best regional performance    | Regional average | Best global performance      |
|--|------------------------------|------------------------------|------------------|------------------------------|
| <b>Starting a Business (rank)</b>                    | 163 (Djibouti)               | 54 (Morocco)                 | 117              | 1 (New Zealand)              |
| <b>Starting a Business (DTF Score)</b>               | 65.89 (Djibouti)             | 90.33 (Morocco)              | 78.71            | 99.96 (New Zealand)          |
| Procedures (number)                                  | 13.0 (Algeria)               | 5.0 (3 Economies*)           | 8.0              | 1.0 (New Zealand*)           |
| Time (days)  | 44.0 (West Bank and Gaza)    | 7.0 (Oman)                   | 18.9             | 0.5 (New Zealand)            |
| Cost (% of income per capita)                        | 175.2 (Djibouti)             | 0.8 (Bahrain)                | 28.1             | 0.0 (Slovenia)               |
| Paid-in min. capital (% of income per capita)        | 272.1 (Syrian Arab Republic) | 0.0 (10 Economies*)          | 45.6             | 0.0 (112 Economies*)         |
| <b>Dealing with Construction Permits (rank)</b>      | 189 (Libya)                  | 4 (United Arab Emirates)     | 98               | 1 (Hong Kong SAR, China)     |
| <b>Dealing with Construction Permits (DTF Score)</b> | 0.00 (Libya)                 | 91.22 (United Arab Emirates) | 64.30            | 95.53 (Hong Kong SAR, China) |
| Procedures (number)                                  | 20.0 (Egypt, Arab Rep.*)     | 8.0 (Iraq)                   | 14.4             | 5.0 (Hong Kong SAR, China)   |
| Time (days)  | 318.5 (Iran, Islamic Rep.)   | 44.0 (United Arab Emirates)  | 132.3            | 26.0 (Singapore)             |
| Cost (% of warehouse value)                          | 19.6 (West Bank and Gaza)    | 0.0 (Qatar)                  | 3.5              | 0.0 (Qatar*)                 |
| <b>Getting Electricity</b>                           | 176 (Djibouti)               | 4 (United Arab Emirates)     | 79               | 1 (Korea, Rep.)              |

| Indicator  | Lowest regional performance | Best regional performance     | Regional average | Best global performance |
|--|-----------------------------|-------------------------------|------------------|-------------------------|
| <b>(rank)</b>  |                             |                               |                  |                         |
| <b>Getting Electricity (DTF Score)</b>                 | 42.21 (Djibouti)            | 97.44 (United Arab Emirates)  | 76.03            | 99.83 (Korea, Rep.)     |
| Procedures (number)                                    | 7.0 (Egypt, Arab Rep.*)     | 3.0 (United Arab Emirates)    | 4.8              | 3.0 (12 Economies*)     |
| Time (days)  | 180.0 (Djibouti)            | 35.0 (United Arab Emirates)   | 84.9             | 18.0 (Korea, Rep.*)     |
| Cost (% of income per capita)                          | 6,988.8 (Djibouti)          | 9.0 (Qatar)                   | 972.5            | 0.0 (Japan)             |
| <b>Registering Property (rank)</b>                     | 189 (Libya)                 | 4 (United Arab Emirates)      | 89               | 1 (Georgia)             |
| <b>Registering Property (DTF Score)</b>                | 0.00 (Libya)                | 96.66 (United Arab Emirates)  | 66.35            | 99.88 (Georgia)         |
| Procedures (number)                                    | 10.0 (Algeria)              | 2.0 (3 Economies*)            | 6.1              | 1.0 (4 Economies*)      |
| Time (days)  | 63.0 (Egypt, Arab Rep.)     | 2.0 (United Arab Emirates)    | 31.3             | 1.0 (3 Economies*)      |
| Cost (% of property value)                             | 27.8 (Syrian Arab Republic) | 0.0 (Saudi Arabia)            | 5.7              | 0.0 (4 Economies*)      |
| <b>Getting Credit (rank)</b>                           | 185 (3 Economies*)          | 71 (Saudi Arabia*)            | 133              | 1 (New Zealand)         |
| <b>Getting Credit (DTF Score)</b>                      | 0.00 (3 Economies*)         | 50.00 (Saudi Arabia*)         | 26.00            | 100.00 (New Zealand)    |
| Strength of legal rights index (0-12)                  | 0 (3 Economies*)            | 2 (10 Economies*)             | 1                | 12 (3 Economies*)       |
| Depth of credit information index (0-8)                | 0 (5 Economies*)            | 8 (Saudi Arabia*)             | 4                | 8 (23 Economies*)       |
| Credit registry coverage (% of adults)                 | 0.3 (Djibouti)              | 45.0 (Iran, Islamic Rep.)     | 8.7              | 100.0 (Portugal)        |
| Credit bureau coverage (% of adults)                   | 21.1 (Morocco)              | 48.3 (Bahrain)                | 11.6             | 100.0 (23 Economies*)   |
| <b>Protecting Minority Investors (rank)</b>            | 188 (Libya)                 | 43 (United Arab Emirates*)    | 115              | 1 (New Zealand)         |
| <b>Protecting Minority Investors (DTF Score)</b>       | 12.50 (Libya)               | 60.83 (United Arab Emirates*) | 46.71            | 81.67 (New Zealand)     |
| Extent of conflict of interest regulation index (0-10) | 2.0 (Libya)                 | 7.3 (United Arab Emirates)    | 4.8              | 9.3 (Singapore*)        |
| Extent of shareholder governance index (0-             | 0.5 (Libya)                 | 6.5 (Kuwait)                  | 4.6              | 7.8 (France*)           |

| Indicator   | Lowest regional performance  | Best regional performance     | Regional average | Best global performance       |
|---|------------------------------|-------------------------------|------------------|-------------------------------|
| 10)   |                              |                               |                  |                               |
| Strength of minority investor protection index (0-10) | 1.3 (Libya)                  | 6.1 (United Arab Emirates*)   | 4.7              | 8.2 (New Zealand)             |
| <b>Paying Taxes (rank)</b>                            | 176 (Algeria)                | 1 (United Arab Emirates*)     | 66               | 1 (United Arab Emirates*)     |
| <b>Paying Taxes (DTF Score)</b>                       | 41.63 (Algeria)              | 99.44 (United Arab Emirates*) | 78.45            | 99.44 (United Arab Emirates*) |
| Payments (number per year)                            | 44.0 (Yemen, Rep.)           | 3.0 (Saudi Arabia)            | 17.4             | 3.0 (Hong Kong SAR, China*)   |
| Time (hours per year)                                 | 889.0 (Libya)                | 12.0 (United Arab Emirates)   | 220.4            | 55.0 (Luxembourg)             |
| <b>Trading Across Borders (rank)</b>                  | 178 (Iraq)                   | 8 (United Arab Emirates)      | 92               | 1 (Singapore)                 |
| <b>Trading Across Borders (DTF Score)</b>             | 20.48 (Iraq)                 | 91.46 (United Arab Emirates)  | 70.15            | 96.47 (Singapore)             |
| Documents to export (number)                          | 10 (Iraq)                    | 3 (United Arab Emirates)      | 6                | 2 (Ireland*)                  |
| Time to export (days)                                 | 80.0 (Iraq)                  | 7.0 (United Arab Emirates)    | 19.4             | 6.0 (5 Economies*)            |
| Cost to export (US\$ per container)                   | 3,550.0 (Iraq)               | 595.0 (Morocco)               | 1,166.3          | 410.0 (Timor-Leste)           |
| Documents to import (number)                          | 11 (Iran, Islamic Rep.)      | 5 (United Arab Emirates*)     | 8                | 2 (Ireland*)                  |
| Time to import (days)                                 | 82.0 (Iraq)                  | 7.0 (United Arab Emirates)    | 23.8             | 4.0 (Singapore)               |
| Cost to import (US\$ per container)                   | 3,650.0 (Iraq)               | 625.0 (United Arab Emirates)  | 1,307.0          | 440.0 (Singapore)             |
| <b>Enforcing Contracts (rank)</b>                     | 175 (Syrian Arab Republic)   | 66 (Iran, Islamic Rep.)       | 117              | 1 (Singapore)                 |
| <b>Enforcing Contracts (DTF Score)</b>                | 35.17 (Syrian Arab Republic) | 63.35 (Iran, Islamic Rep.)    | 52.62            | 89.54 (Singapore)             |
| Time (days)   | 1,225.0 (Djibouti)           | 505.0 (Malta*)                | 657.8            | 150.0 (Singapore)             |
| Cost (% of claim)                                     | 35.9 (Malta)                 | 13.5 (Oman)                   | 24.8             | 9.0 (Iceland)                 |
| Procedures (number)                                   | 55.0 (Syrian Arab Republic)  | 36.0 (Yemen, Rep.)            | 43.6             | 21.0 (Singapore*)             |
| <b>Resolving Insolvency (rank)</b>                    | 189 (3 Economies*)           | 47 (Qatar)                    | 123              | 1 (Finland)                   |

| Indicator                                     | Lowest regional performance | Best regional performance | Regional average | Best global performance |
|---|-----------------------------|---------------------------|------------------|-------------------------|
| <b>Resolving Insolvency (DTF Score)</b>       | 0.00 (3 Economies*)         | 58.27 (Qatar)             | 33.04            | 93.85 (Finland)         |
| Time (years)                                  | 4.5 (Iran, Islamic Rep.)    | 1.3 (Tunisia)             | 3.0              | 0.4 (Ireland)           |
| Cost (% of estate)                            | 22.0 (3 Economies*)         | 3.5 (Oman)                | 13.9             | 1.0 (Norway)            |
| Recovery rate (cents on the dollar)           | 19.5 (Iran, Islamic Rep.)   | 56.0 (Qatar)              | 34.0             | 92.9 (Japan)            |
| Strength of insolvency framework index (0-16) | 2.0 (Saudi Arabia)          | 9.0 (3 Economies*)        | 6.6              | 15.0 (5 Economies*)     |

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

Source: *Doing Business* database.

## STARTING A BUSINESS

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

### What do the indicators cover?

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

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

- Is a limited liability company, located in the largest business city<sup>1</sup>, is 100% domestically owned with between 10 and 50 employees.

### WHAT THE STARTING A BUSINESS INDICATORS MEASURE

#### Procedures to legally start and operate a company (number)

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

Registration in the economy's largest business city<sup>1</sup>

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

#### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

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

Procedure completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

No professional fees unless services required by law

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

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

- Conducts general commercial or industrial activities.
- Has a start-up capital of 10 times income per capita.
- Has a turnover of at least 100 times income per capita.
- Does not qualify for any special benefits.
- Does not own real estate.

<sup>1</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.

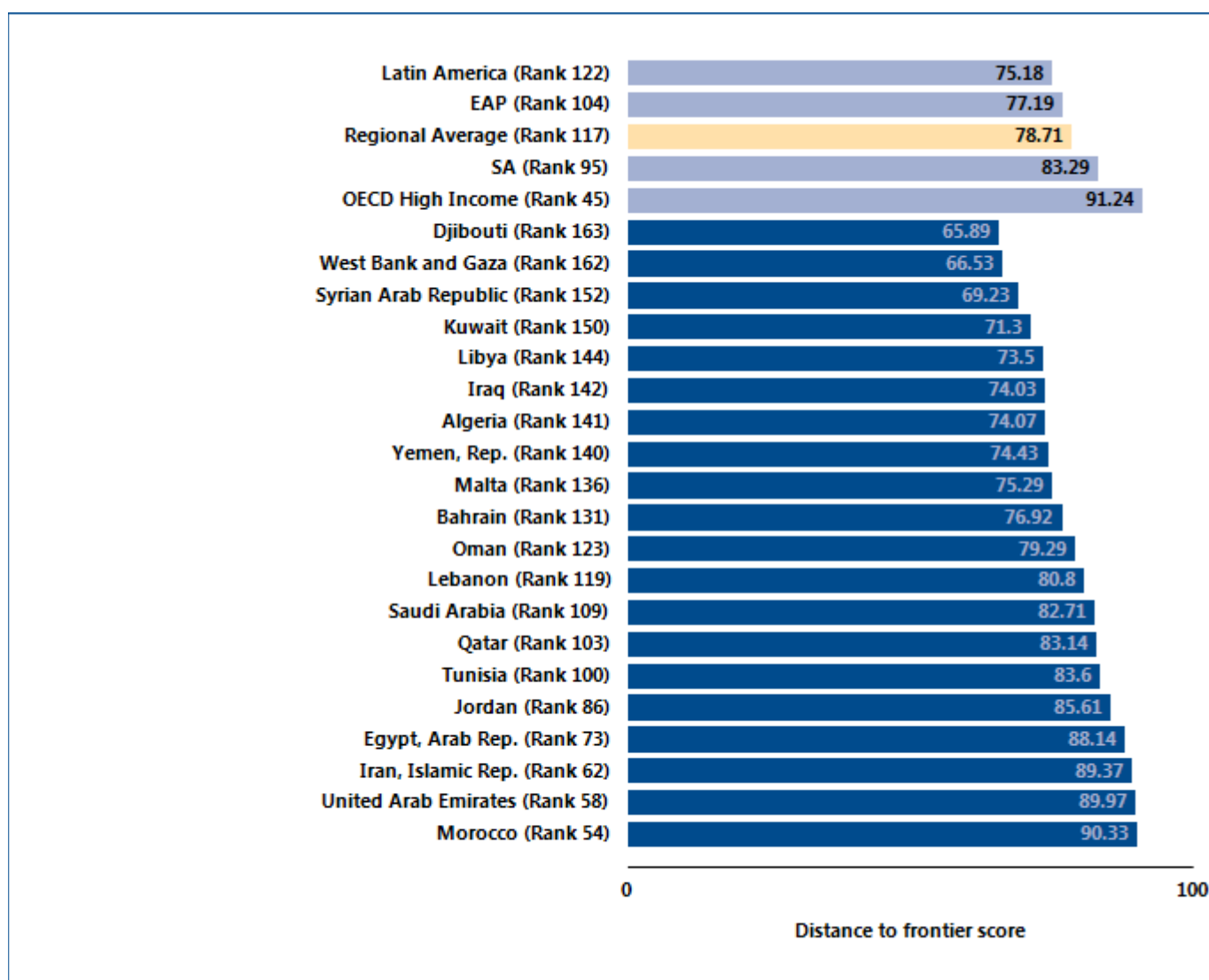
## STARTING A BUSINESS

## Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Middle East and North Africa (MENA) to start a business? The global rankings of these economies on the ease of

starting a business suggest an answer (figure 2.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 2.1 How economies in Middle East and North Africa (MENA) rank on the ease of starting a business



Source: Doing Business database.

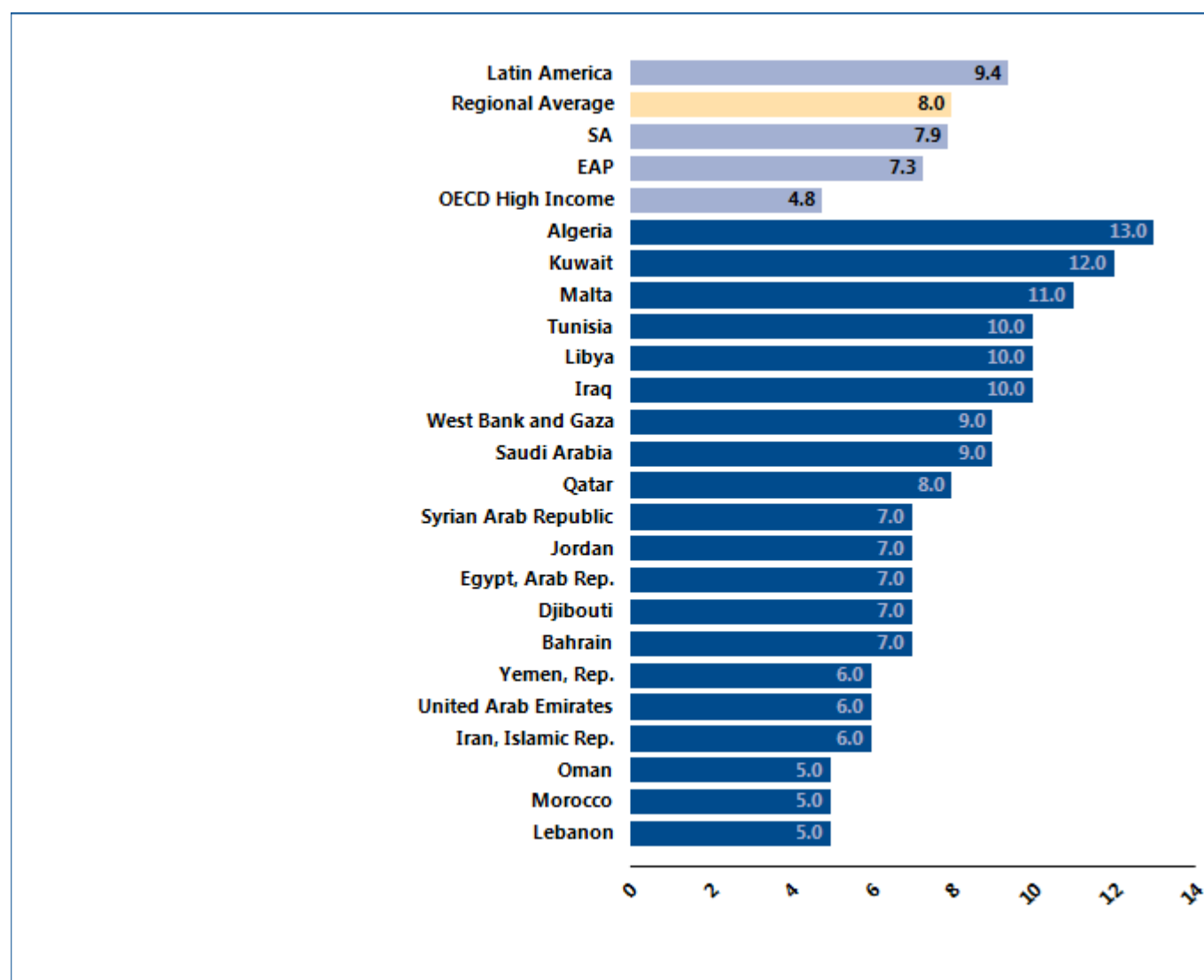
## STARTING A BUSINESS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to start a business in each economy in the region: the number of procedures, the time, the cost

and the paid-in minimum capital requirement (figure 2.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

Figure 2.2 What it takes to start a business in economies in Middle East and North Africa (MENA)

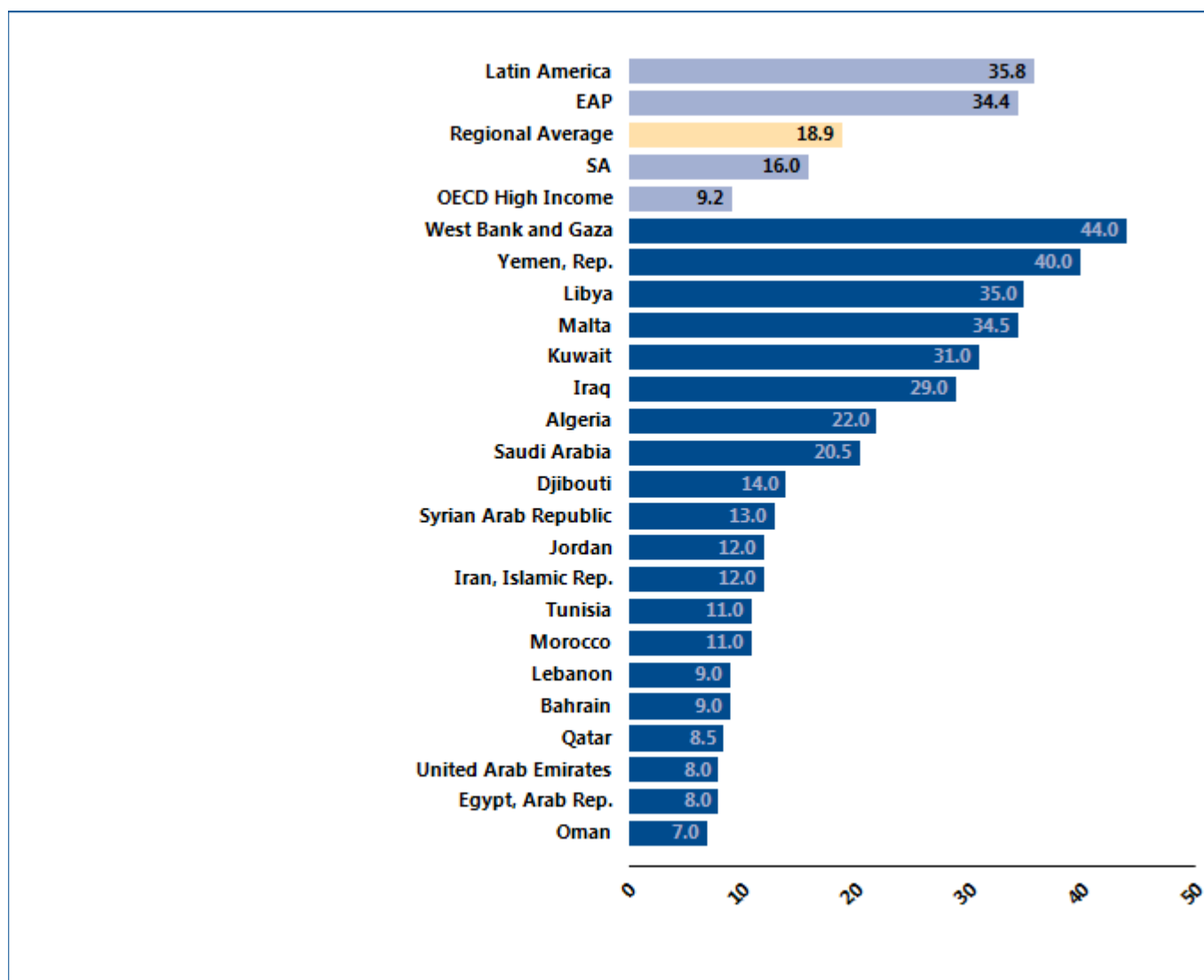
### Procedures (number)





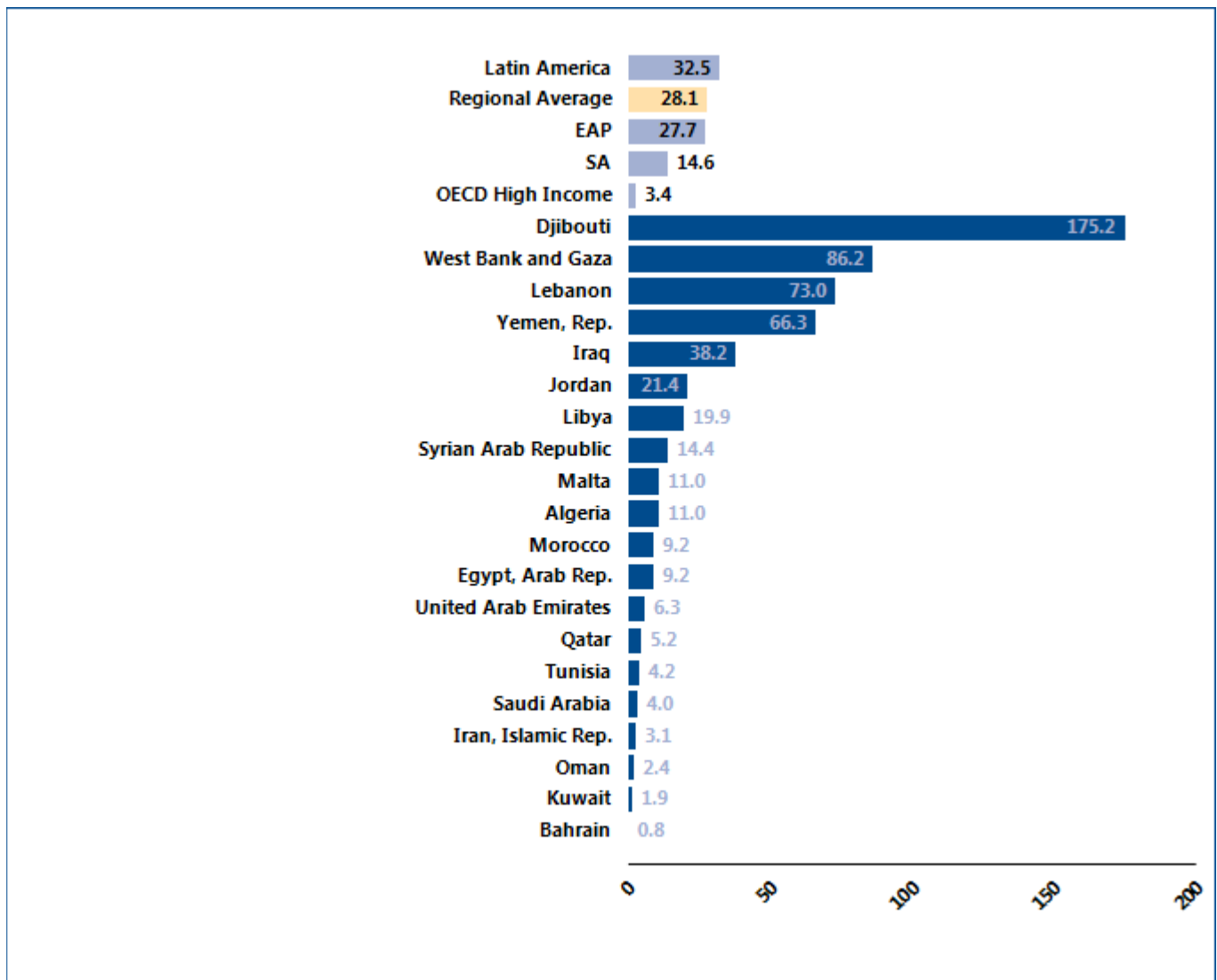
## STARTING A BUSINESS

Time (days)



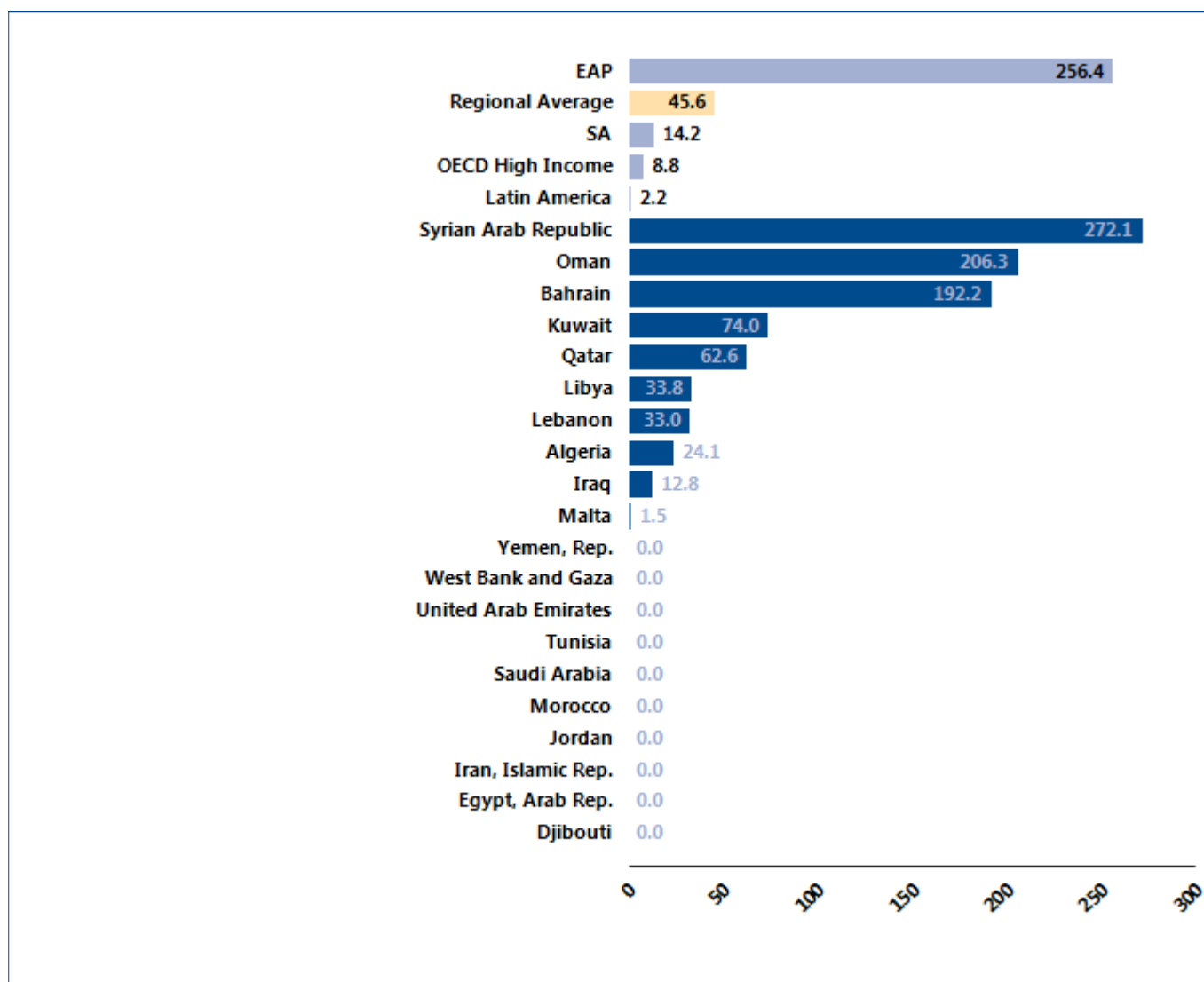
STARTING A BUSINESS

Cost (% of income per capita)



## STARTING A BUSINESS

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



Source: Doing Business database.

## STARTING A BUSINESS

### What are the changes over time?

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

and savings and more registered businesses, financial resources and job opportunities.

What business registration reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 2.1)?

Table 2.1 How have economies in Middle East and North Africa (MENA) made starting a business easier—or not? By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                   | Reform   |
|---------|---------------------------|--|
| DB2015  | <i>Iran, Islamic Rep.</i> | The Islamic Republic of Iran made starting a business easier by streamlining the name reservation and company registration procedures.   |
| DB2015  | <i>Kuwait</i>             | Kuwait made starting a business more difficult by increasing the commercial license fee.   |
| DB2015  | <i>Malta</i>              | Malta made starting a business easier by creating an electronic link between the Registrar of Companies and the Inland Revenue Department to facilitate issuance of a tax identification number.                 |
| DB2014  | <i>Bahrain</i>            | Bahrain made starting a business more expensive by increasing the cost of the business registration certificate.   |
| DB2014  | <i>Djibouti</i>           | Djibouti made starting a business easier by simplifying the company name search and by eliminating the minimum capital requirement as well as the requirement to publish a notice of commencement of activities. |
| DB2014  | <i>Kuwait</i>             | Kuwait made starting a business more difficult by increasing the minimum capital requirement.  |
| DB2014  | <i>Morocco</i>            | Morocco made starting a business easier by reducing the company registration fees.   |
| DB2014  | <i>Tunisia</i>            | Tunisia made starting a business more difficult by increasing the cost of company registration.  |
| DB2014  | <i>West Bank and Gaza</i> | West Bank and Gaza made starting a business less costly by eliminating the paid-in minimum capital requirement.  |
| DB2013  | <i>Iran, Islamic Rep.</i> | The Islamic Republic of Iran made starting a business more difficult by requiring company founders to obtain a criminal record clearance to register a new company.  |

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2013  | <i>Morocco</i>              | Morocco made starting a business easier by eliminating the minimum capital requirement for limited liability companies.   |
| DB2013  | <i>United Arab Emirates</i> | The United Arab Emirates made starting a business easier by eliminating the requirement for a company to prepare a name board in English and Arabic after having received clearance on the use of office premises.                                      |
| DB2012  | <i>Iraq</i>                 | In Iraq starting a business became more expensive because of an increase in the cost to obtain a name reservation certificate and in the cost for lawyers to draft articles of association.   |
| DB2012  | <i>Jordan</i>               | Jordan made starting a business easier by reducing the minimum capital requirement from 1,000 Jordanian dinars to 1 dinar, of which only half must be deposited before company registration.  |
| DB2012  | <i>Oman</i>                 | The one-stop shop in Oman introduced online company registration and sped up the process to register a business from 7 days to 3 days.  |
| DB2012  | <i>Qatar</i>                | Qatar made starting a business easier by combining commercial registration and registration with the Chamber of Commerce and Industry at the one-stop shop.   |
| DB2012  | <i>Saudi Arabia</i>         | Saudi Arabia made starting a business easier by bringing together representatives from the Department of Zakat and Income Tax and the General Organization of Social Insurance at the Unified Center to register new companies with their agencies.     |
| DB2012  | <i>United Arab Emirates</i> | The United Arab Emirates made starting a business easier by merging the requirements to file company documents with the Department for Economic Development, to obtain a trade license and to register with the Dubai Chamber of Commerce and Industry. |
| DB2012  | <i>Yemen, Rep.</i>          | Yemen made starting a business more difficult due to the suspension of registration services at the one-stop shop.  |
| DB2011  | <i>Egypt, Arab Rep.</i>     | Egypt reduced the cost to start a business.   |
| DB2011  | <i>Iran, Islamic Rep.</i>   | The Islamic Republic of Iran eased business start-up by installing a web portal allowing entrepreneurs to search for and reserve a unique company name.   |
| DB2011  | <i>Lebanon</i>              | Lebanon increased the cost of starting a business.  |
| DB2011  | <i>Qatar</i>                | Qatar made starting a business more difficult by adding a procedure to register for taxes and obtain a company seal.  |
| DB2011  | <i>Syrian Arab Republic</i> | 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.  |

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2011  | <i>West Bank and Gaza</i>   | West Bank and Gaza made starting a business more difficult by increasing the lawyers' fees that must be paid for incorporation.   |
| DB2010  | <i>Egypt, Arab Rep.</i>     | Egypt made starting a business easier by eliminating the minimum capital requirement.   |
| DB2010  | <i>Iran, Islamic Rep.</i>   | The Islamic Republic of Iran simplified business start-up by introducing an electronic registration system.   |
| DB2010  | <i>Jordan</i>               | Jordan made starting a business easier by offering a single reception service for company registration at the company registrar.  |
| DB2010  | <i>Lebanon</i>              | Lebanon made starting a business easier by eliminating the requirement to have company books stamped—though it also made it more difficult by reversing a previous reform combining tax and company registration at LibanPost.                    |
| DB2010  | <i>Oman</i>                 | Oman made starting a business easier by introducing online name registration and payment at the registry with a prepaid card.   |
| DB2010  | <i>Saudi Arabia</i>         | Saudi Arabia made starting a business easier by introducing a one-stop center at the Ministry of Commerce that merged registration procedures and simplified publication requirements.  |
| DB2010  | <i>Syrian Arab Republic</i> | Syria made starting a business easier by reducing the paid-in minimum capital requirement and making standard incorporation forms available online.   |
| DB2010  | <i>United Arab Emirates</i> | The United Arab Emirates made starting a business easier by abolishing the minimum capital requirement and simplifying documentation requirements for registration, including by eliminating the requirement to show proof of deposit of capital. |
| DB2010  | <i>West Bank and Gaza</i>   | West Bank and Gaza made starting a business more difficult by increasing the minimum capital requirement.   |
| DB2010  | <i>Yemen, Rep.</i>          | The Republic of Yemen made starting a business easier by eliminating the requirement to obtain a bank account certificate for company registration.   |

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

Source: *Doing Business* database.

## DEALING WITH CONSTRUCTION PERMITS

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

### What do the indicators cover?

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

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

The business:

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

The warehouse:

- Is valued at 50 times income per capita.
- Is a new construction (there was no previous construction on the land).

### WHAT THE DEALING WITH CONSTRUCTION PERMITS INDICATORS MEASURE

#### Procedures to legally build a warehouse (number)

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

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

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

#### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

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

Procedure considered completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

- Will have complete architectural and technical plans prepared by a licensed architect or engineer.
- Will be connected to water and sewerage (sewage system, septic tank or their equivalent). The connection to each utility network will be 150 meters (492 feet) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all administrative/regulatory requirement delays).

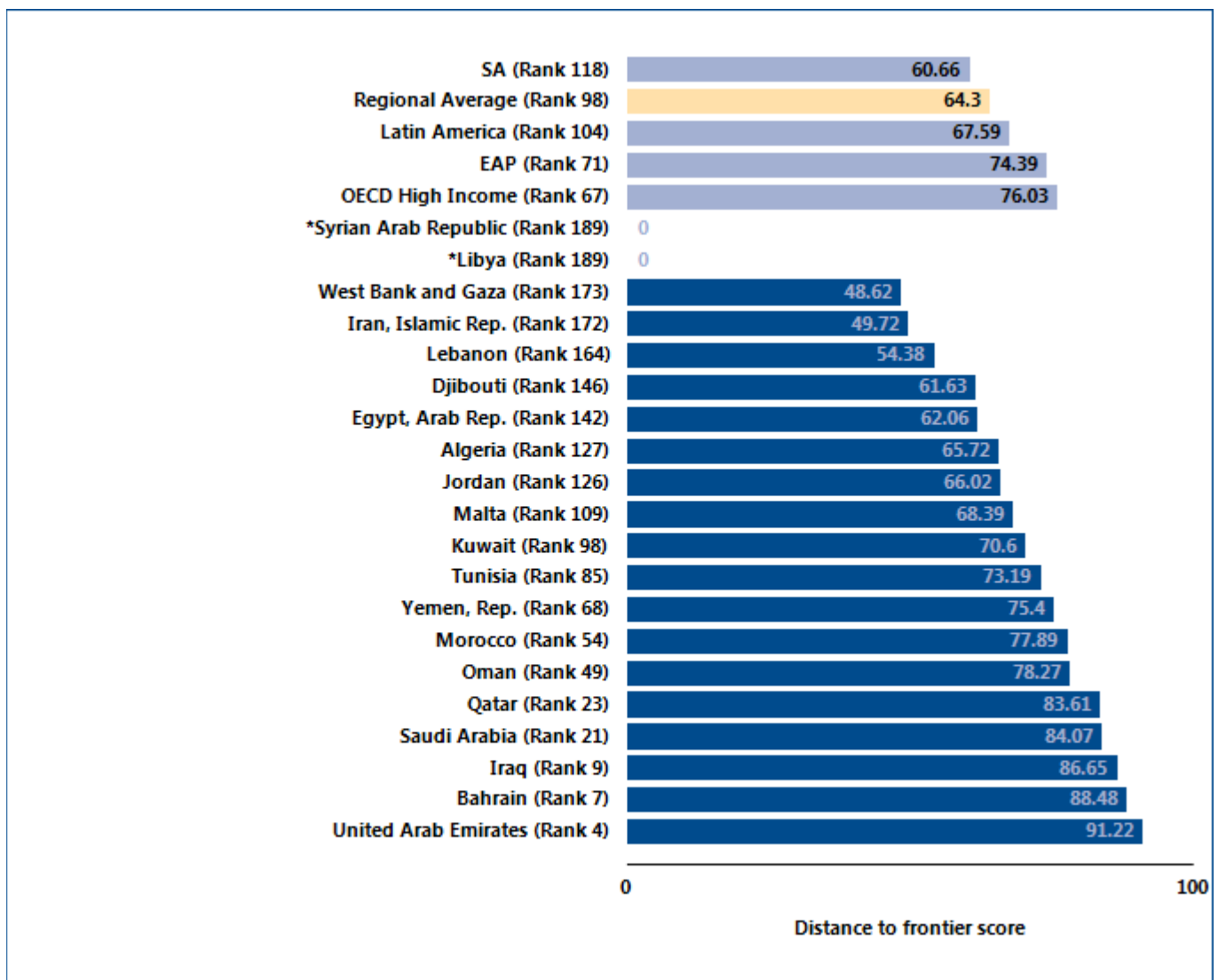
## DEALING WITH CONSTRUCTION PERMITS

### Where do the region’s economies stand today?

How easy it is for entrepreneurs in economies in Middle East and North Africa (MENA) to legally build a warehouse? The global rankings of these economies on

the ease of dealing with construction permits suggest an answer (figure 3.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 3.1 How economies in Middle East and North Africa (MENA) rank on the ease of dealing with construction permits



Source: Doing Business database.



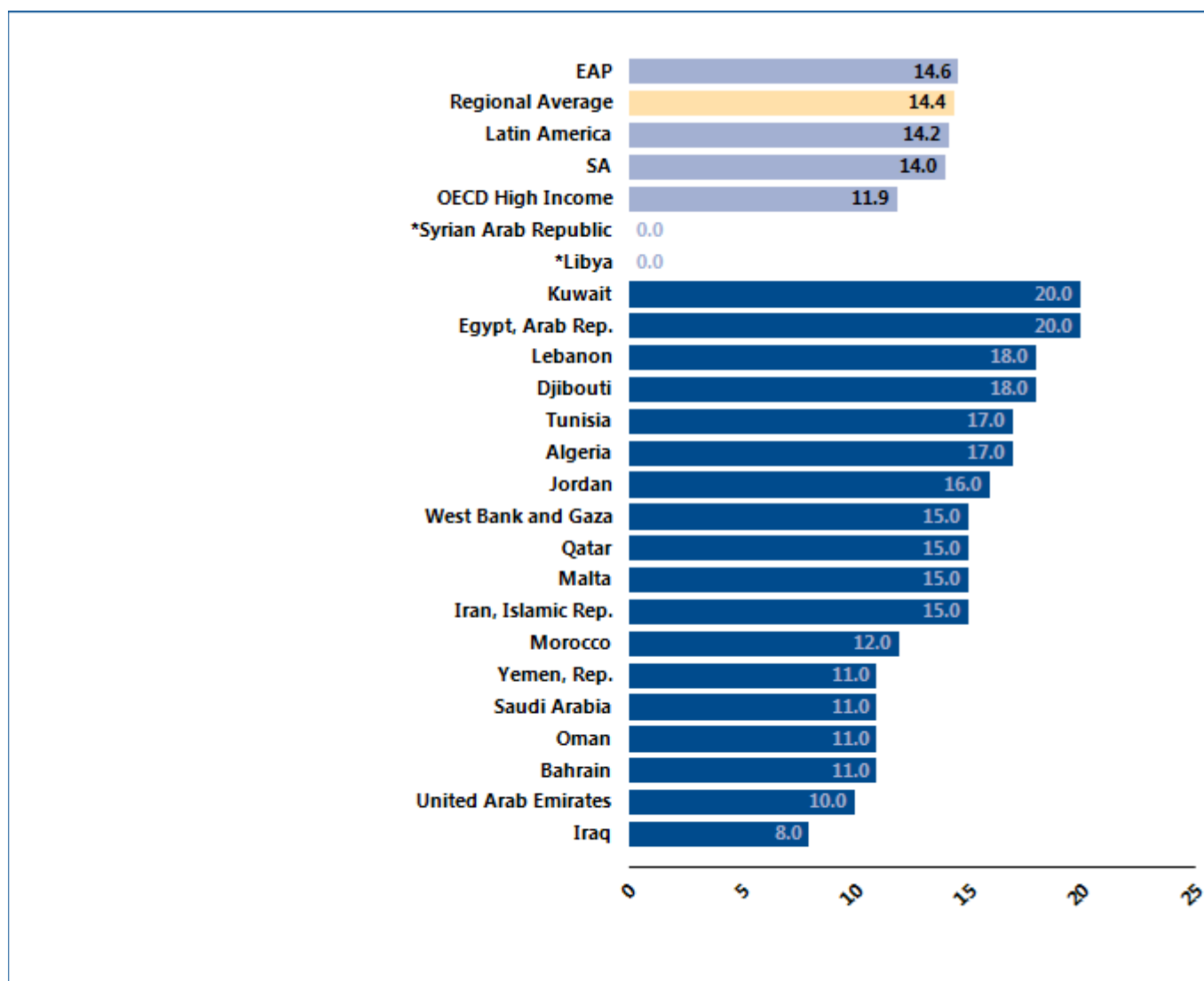
## DEALING WITH CONSTRUCTION PERMITS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with formalities to build a warehouse in each economy in the region: the number of procedures,

the time and the cost (figure 3.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

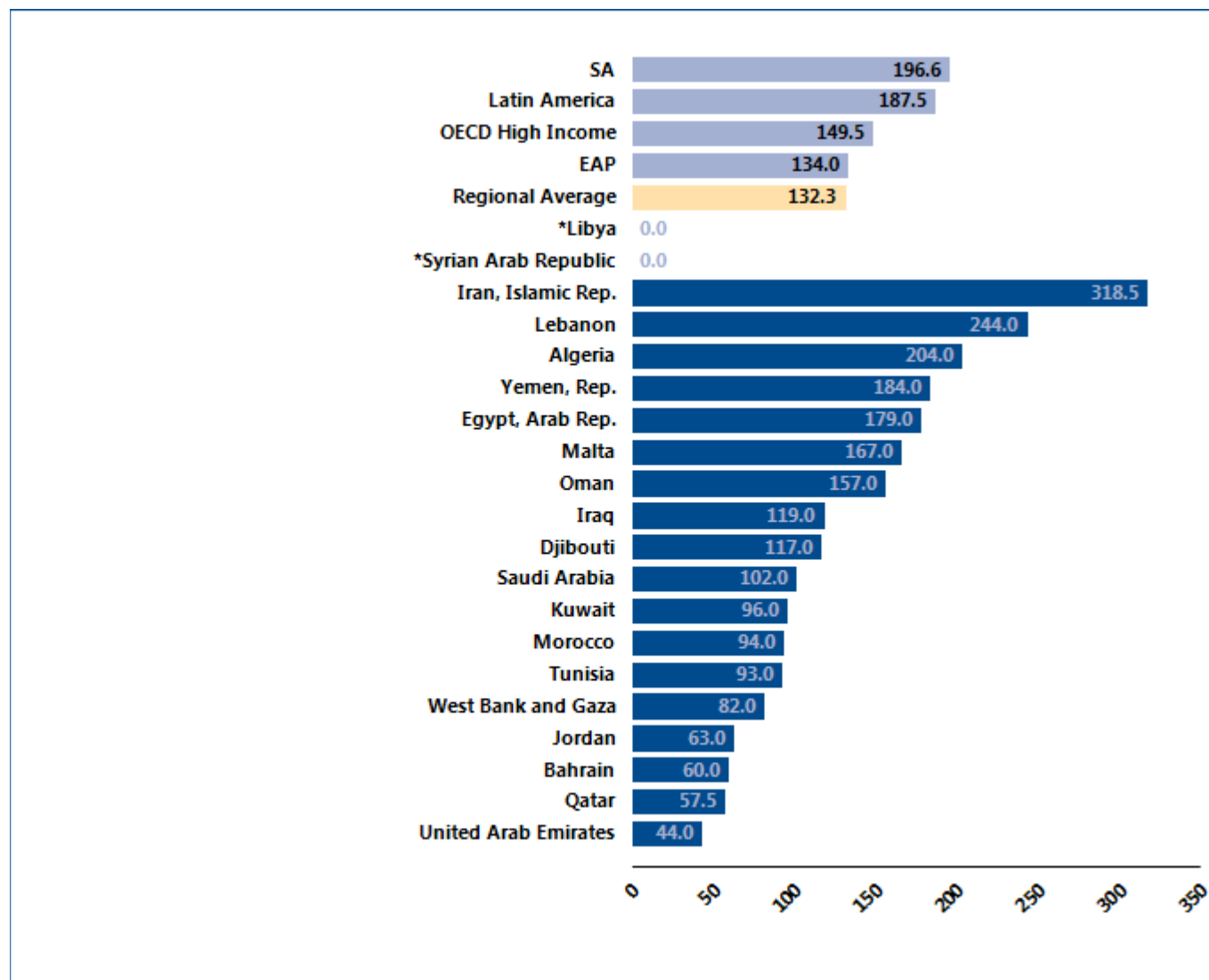
Figure 3.2 What it takes to comply with formalities to build a warehouse in economies in Middle East and North Africa (MENA)

### Procedures (number)



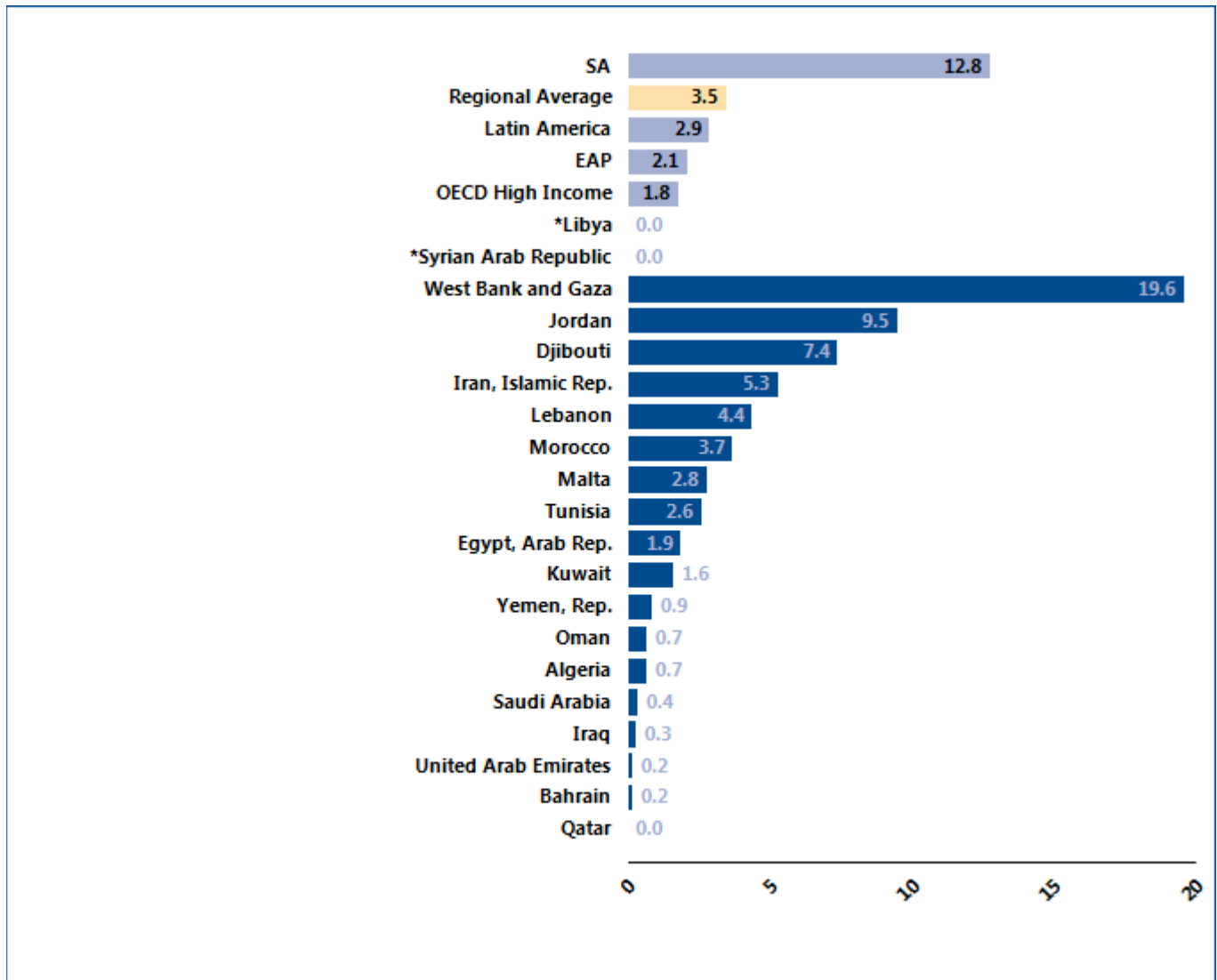
## DEALING WITH CONSTRUCTION PERMITS

Time (days)



## DEALING WITH CONSTRUCTION PERMITS

Cost (% of warehouse value)



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

Source: *Doing Business* database.

## DEALING WITH CONSTRUCTION PERMITS

### What are the changes over time?

Smart regulation ensures that standards are met while making compliance easy and accessible to all. Coherent and transparent rules, efficient processes and adequate allocation of resources are especially important in sectors where safety is at stake. Construction is one of them. In an effort to ensure building safety while keeping

compliance costs reasonable, governments around the world have worked on consolidating permitting requirements. What construction permitting reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 3.1)?

Table 3.1 How have economies in Middle East and North Africa (MENA) made dealing with construction permits easier—or not?

By *Doing Business* report year DB2010 to DB2015

| DB year | Economy             | Reform  |
|---------|---------------------|---|
| DB2015  | <i>Djibouti</i>     | Djibouti made dealing with construction permits less time-consuming by streamlining the review process for building permits.  |
| DB2014  | <i>Malta</i>        | Malta made dealing with construction permits less costly by significantly reducing the building permit fees.  |
| DB2012  | <i>Djibouti</i>     | Djibouti made dealing with construction permits costlier by increasing the fees for inspections and the building permit and adding a new inspection in the preconstruction phase.                                 |
| DB2012  | <i>Morocco</i>      | Morocco made dealing with construction permits easier by opening a one-stop shop.   |
| DB2012  | <i>Qatar</i>        | Qatar made dealing with construction permits more difficult by increasing the time and cost to process building permits.  |
| DB2011  | <i>Saudi Arabia</i> | Saudi Arabia made dealing with construction permits easier for the second year in a row by introducing a new, streamlined process.  |
| DB2010  | <i>Algeria</i>      | Algeria enhanced its construction permitting process by introducing new regulations aimed at improving the administration of the process and at ensuring the safe and timely completion of construction projects. |
| DB2010  | <i>Bahrain</i>      | Bahrain made dealing with construction permits easier by further consolidating preliminary approvals for building permits in the one-stop shop and reducing the time needed to obtain a building permit.          |

| DB year | Economy                     | Reform   |
|---------|-----------------------------|--|
| DB2010  | <i>Egypt, Arab Rep.</i>     | Egypt made dealing with construction permits easier by issuing executive articles implementing its new construction law and by eliminating most preapprovals for building permits.   |
| DB2010  | <i>Iran, Islamic Rep.</i>   | The Islamic Republic of Iran made dealing with construction permits easier by introducing electronic service offices in Tehran; streamlining the process of obtaining location approvals, building permits and building completion certificates; and reducing the time needed to obtain water and electricity connections. |
| DB2010  | <i>Jordan</i>               | Jordan made dealing with construction permits easier by extending the services of the one-stop shop in Greater Amman to midsize commercial construction projects.  |
| DB2010  | <i>Saudi Arabia</i>         | Saudi Arabia made dealing with construction permits less time consuming by introducing a 1-day permitting procedure that enables builders to obtain a temporary building permit allowing them to begin construction after 1 day and a final building permit after 1 week.  |
| DB2010  | <i>United Arab Emirates</i> | The United Arab Emirates made dealing with construction permits less time consuming by improving its online system for obtaining no-objection certificates, building permits and completion certificates.  |

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

*Source:* *Doing Business* database.

## GETTING ELECTRICITY

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

### What do the indicators cover?

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

The warehouse:

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

The electricity connection:

### WHAT THE GETTING ELECTRICITY INDICATORS MEASURE

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

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

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

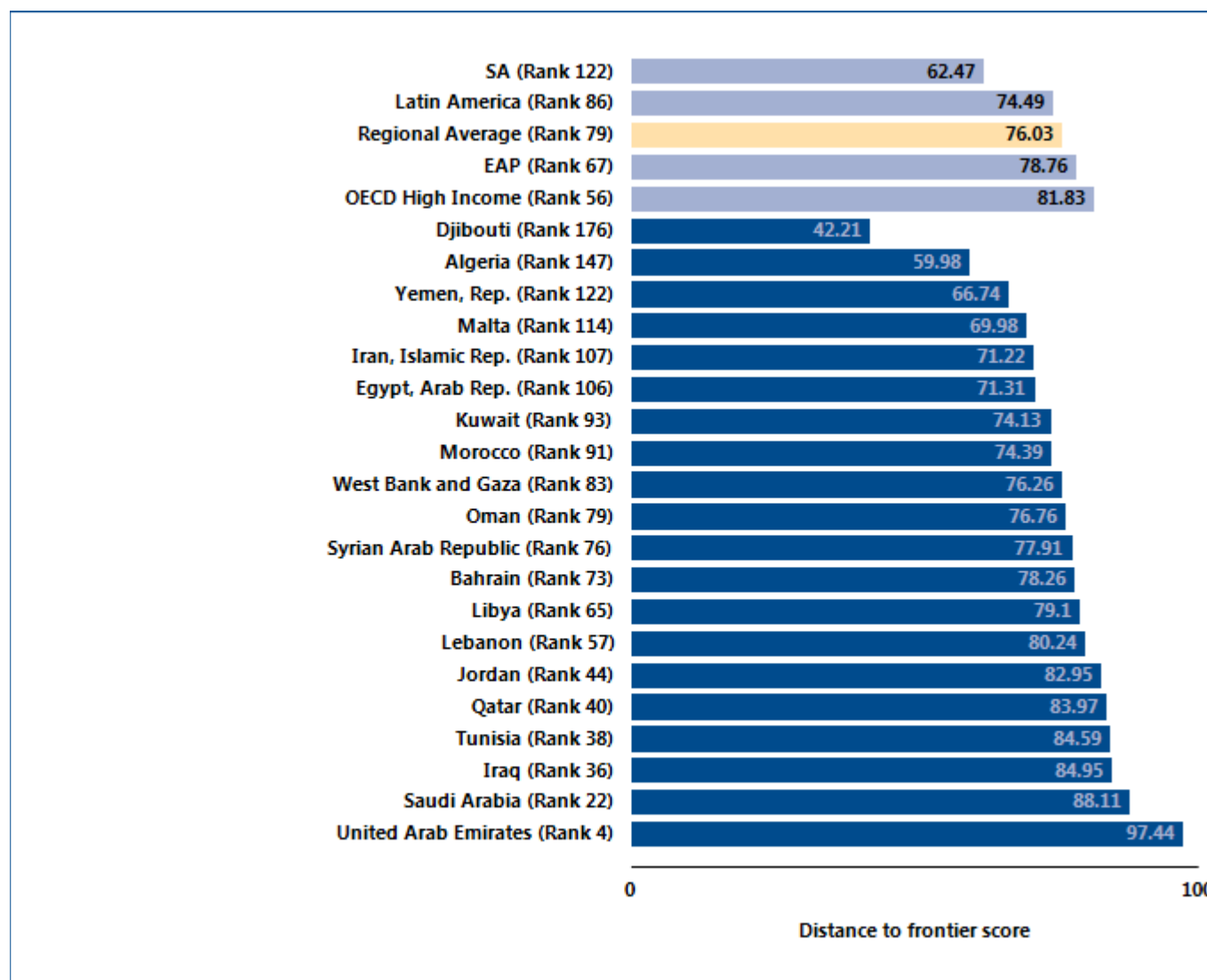
## GETTING ELECTRICITY

### Where do the region’s economies stand today?

How easy is it for entrepreneurs in economies in Middle East and North Africa (MENA) to connect a warehouse to electricity? The global rankings of these economies on the ease of getting electricity suggest an answer (figure

4.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 4.1 How economies in Middle East and North Africa (MENA) rank on the ease of getting electricity



Source: Doing Business database.

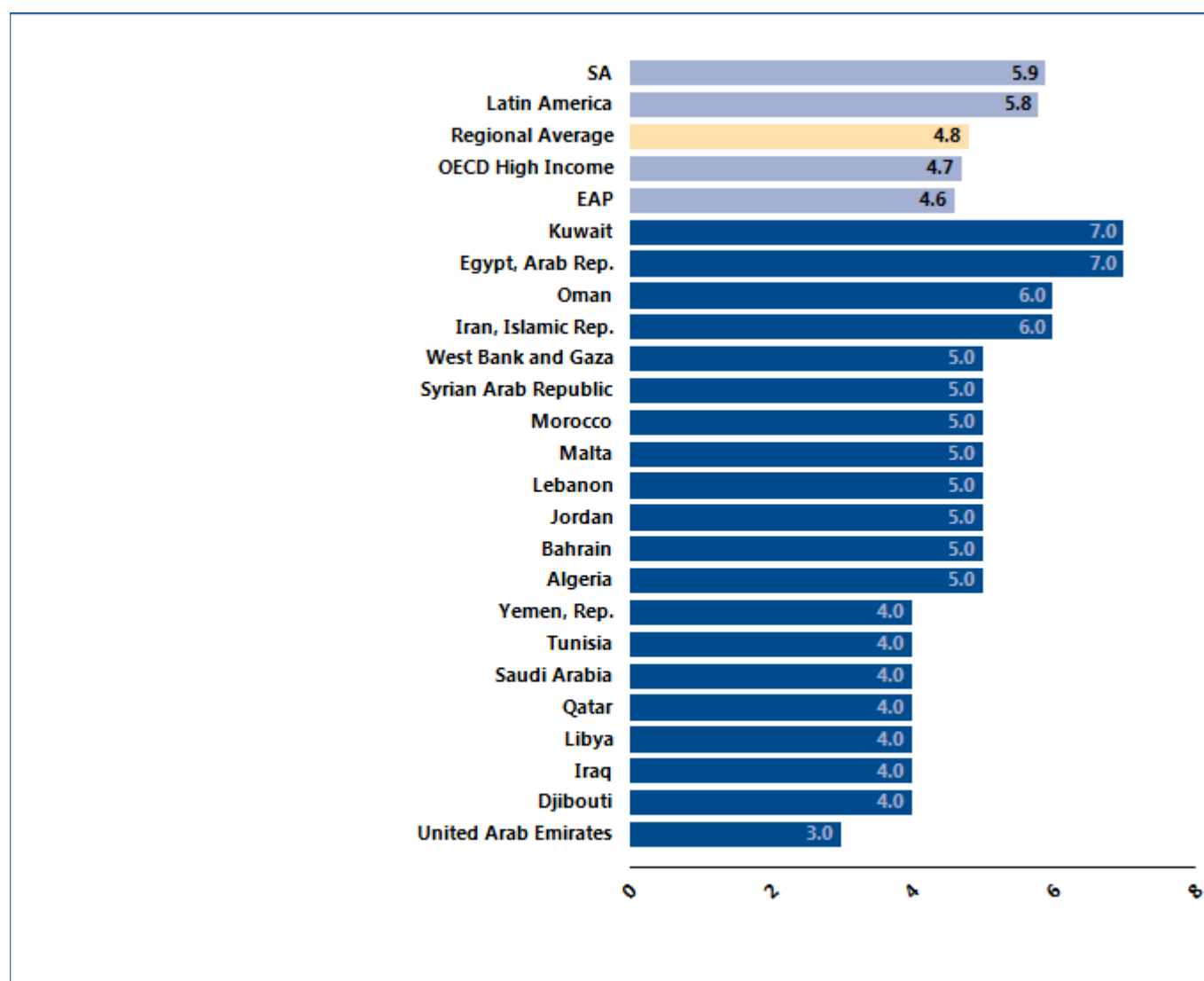
## GETTING ELECTRICITY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to get a new electricity connection in each economy in the region: the number of procedures, the

time and the cost (figure 4.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

Figure 4.2 What it takes to get an electricity connection in economies in Middle East and North Africa (MENA)

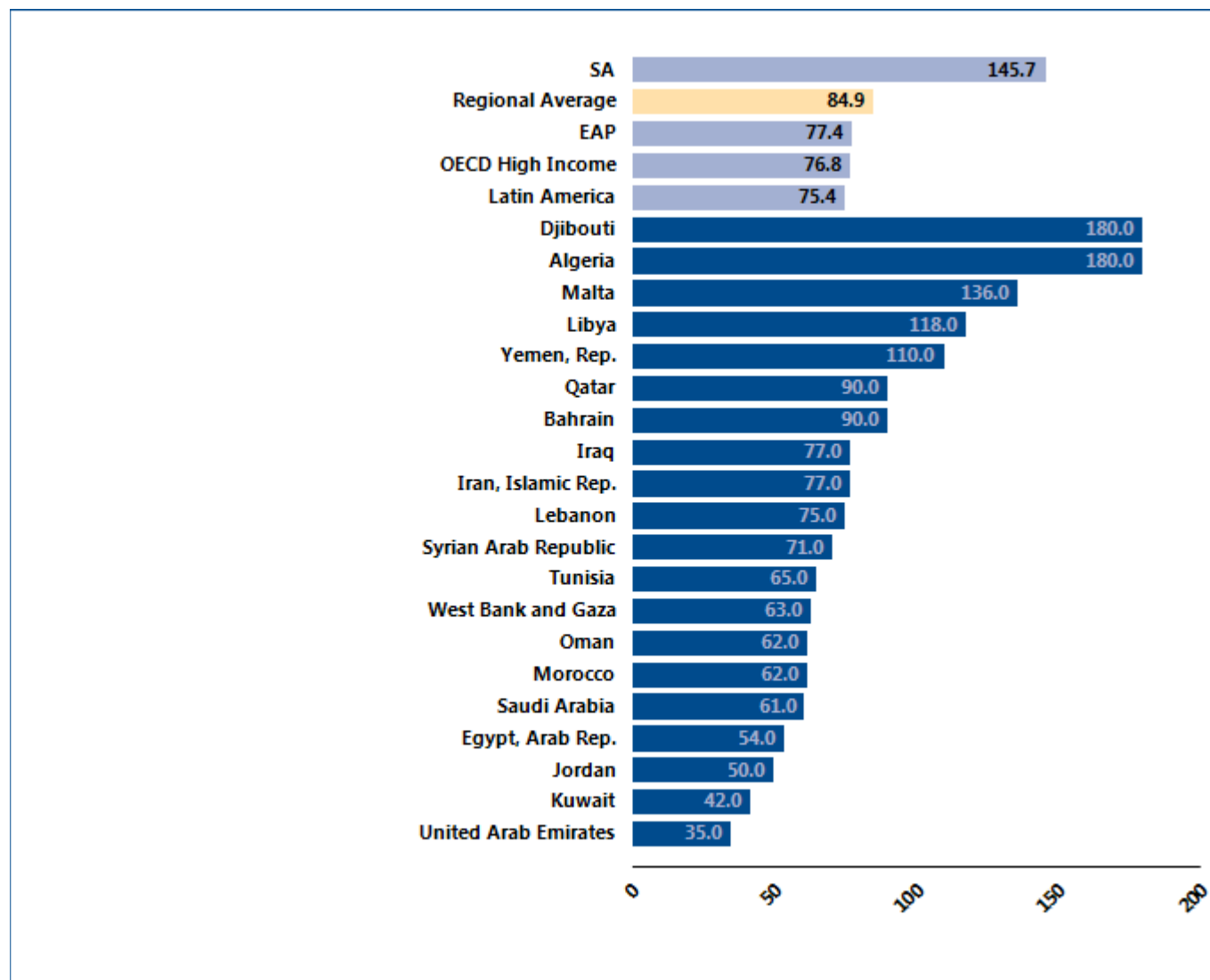
### Procedures (number)





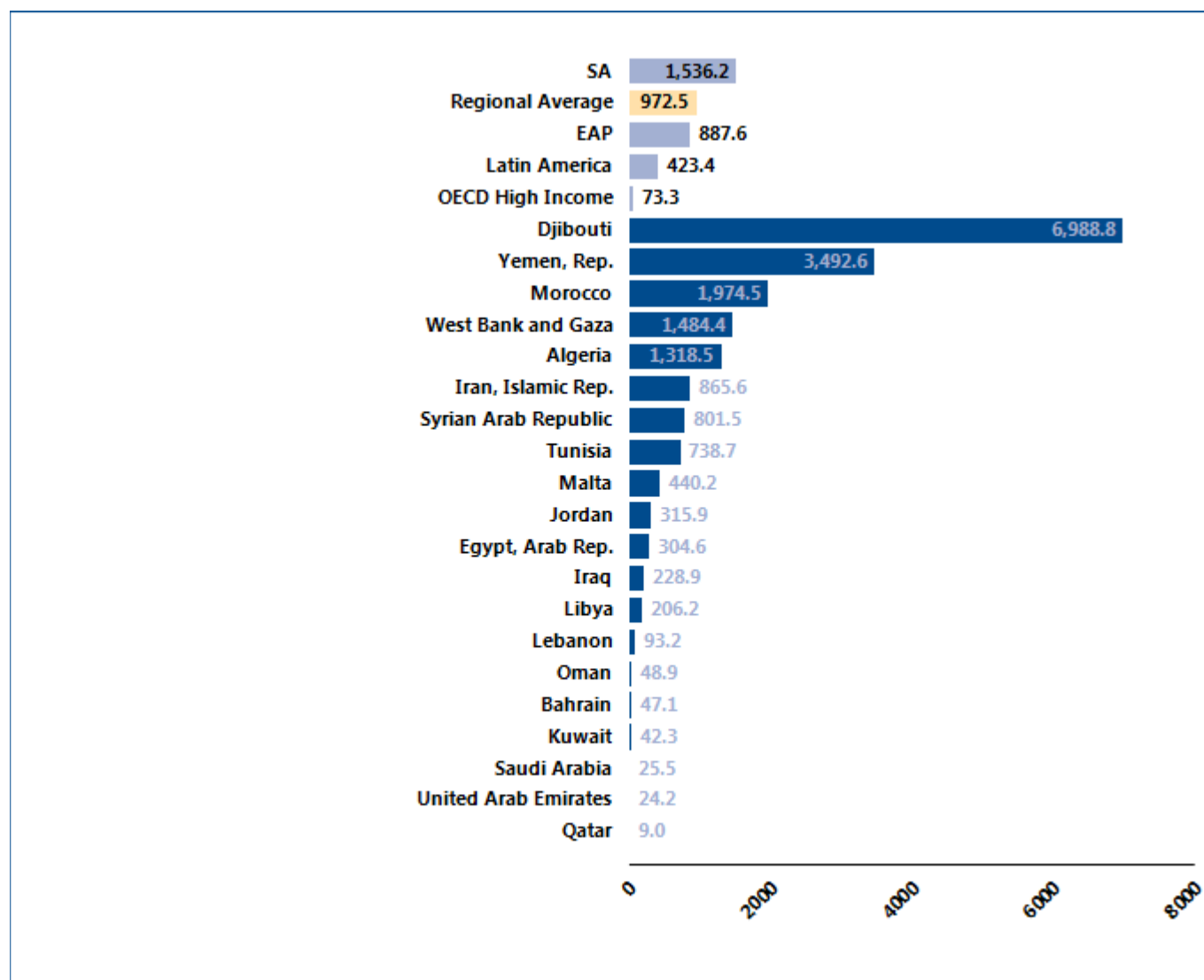
## GETTING ELECTRICITY

Time (days)



## GETTING ELECTRICITY

### Cost (% of income per capita)



Source: Doing Business database.

## GETTING ELECTRICITY

### What are the changes over time?

Obtaining an electricity connection is essential to enable a business to conduct its most basic operations. In many economies the connection process is complicated by the multiple laws and regulations involved—covering service quality, general safety, technical standards, procurement practices and internal wiring installations. In an effort to

ensure safety in the connection process while keeping connection costs reasonable, governments around the world have worked to consolidate requirements for obtaining an electricity connection. What reforms in getting electricity has *Doing Business* recorded in Middle East and North Africa (MENA) (table 4.1)?

Table 4.1 How have economies in Middle East and North Africa (MENA) made getting electricity easier—or not? By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2015  | <i>Iran, Islamic Rep.</i>   | The Islamic Republic of Iran made getting electricity easier by eliminating the need for customers to obtain an excavation permit for electricity connection works.   |
| DB2014  | <i>United Arab Emirates</i> | The United Arab Emirates made getting electricity easier by eliminating the requirement for site inspections and reducing the time required to provide new connections.   |
| DB2013  | <i>Saudi Arabia</i>         | Saudi Arabia made getting electricity more expensive by increasing the connection fees.   |
| DB2013  | <i>United Arab Emirates</i> | In the United Arab Emirates the Dubai Electricity and Water Authority made getting electricity easier by introducing an electronic “one window, one step” application process allowing customers to submit and track their applications online and reducing the time for processing the applications. |
| DB2012  | <i>Lebanon</i>              | Lebanon made getting electricity less costly by reducing the application fees and security deposit for a new connection.  |

Source: *Doing Business* database.

## REGISTERING PROPERTY

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

### What do the indicators cover?

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

The parties (buyer and seller):

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

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Property will be transferred in its entirety.

### WHAT THE REGISTERING PROPERTY INDICATORS MEASURE

#### Procedures to legally transfer title on immovable property (number)

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

Registration in the economy's largest business city<sup>2</sup>

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

#### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

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

Procedure considered completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

No value added or capital gains taxes included

- Is located in a periurban commercial zone, and no rezoning is required.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Consists of 557.4 square meters (6,000 square feet) of land and a 10-year-old, 2-story warehouse of 929 square meters (10,000 square feet). The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. There is no heating system.

<sup>2</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.

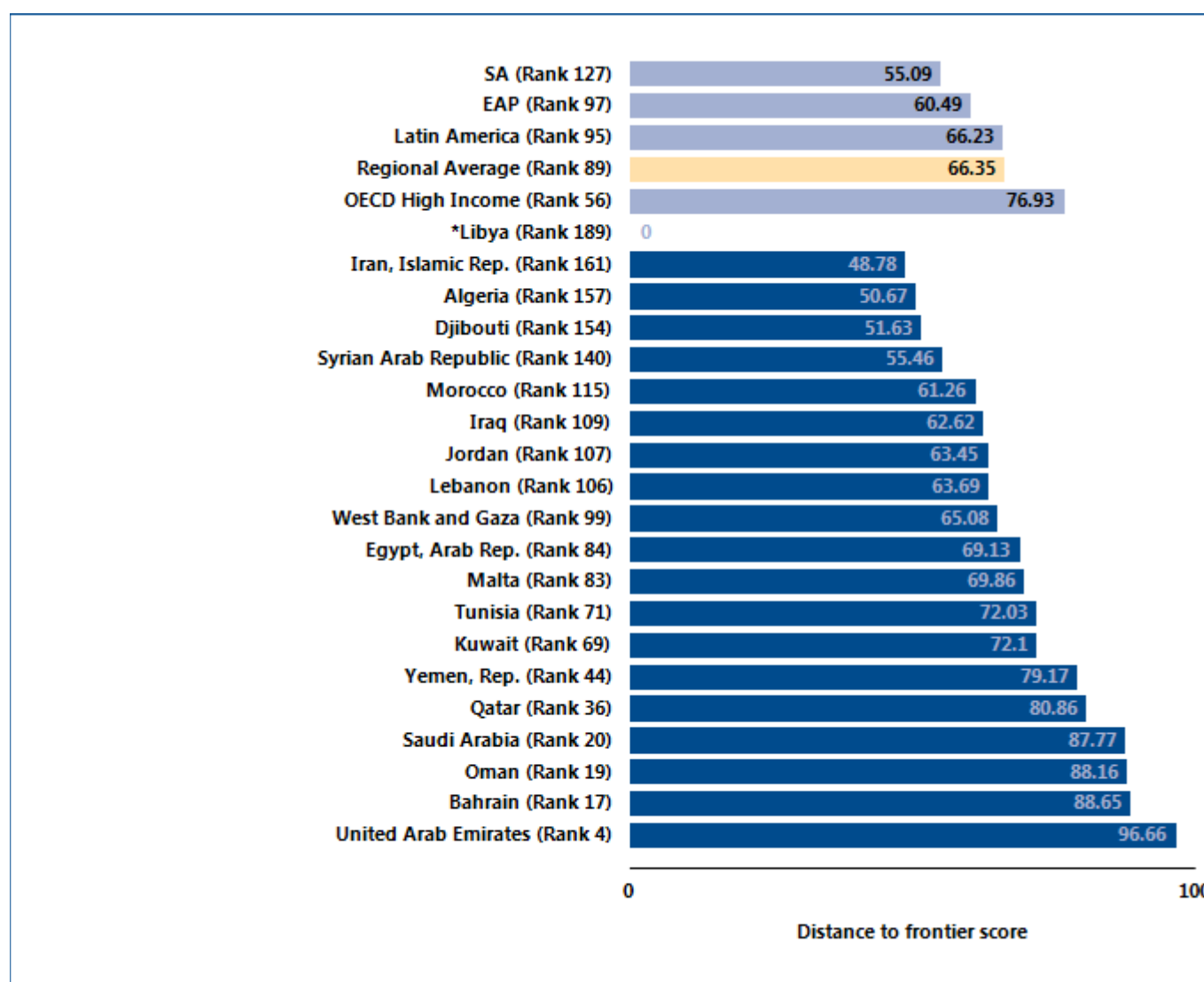
## REGISTERING PROPERTY

### Where do the region's economies stand today?

How easy is it for entrepreneurs in economies in Middle East and North Africa (MENA) to transfer property? The global rankings of these economies on the ease of

registering property suggest an answer (figure 5.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 5.1 How economies in Middle East and North Africa (MENA) rank on the ease of registering property



Source: Doing Business database.

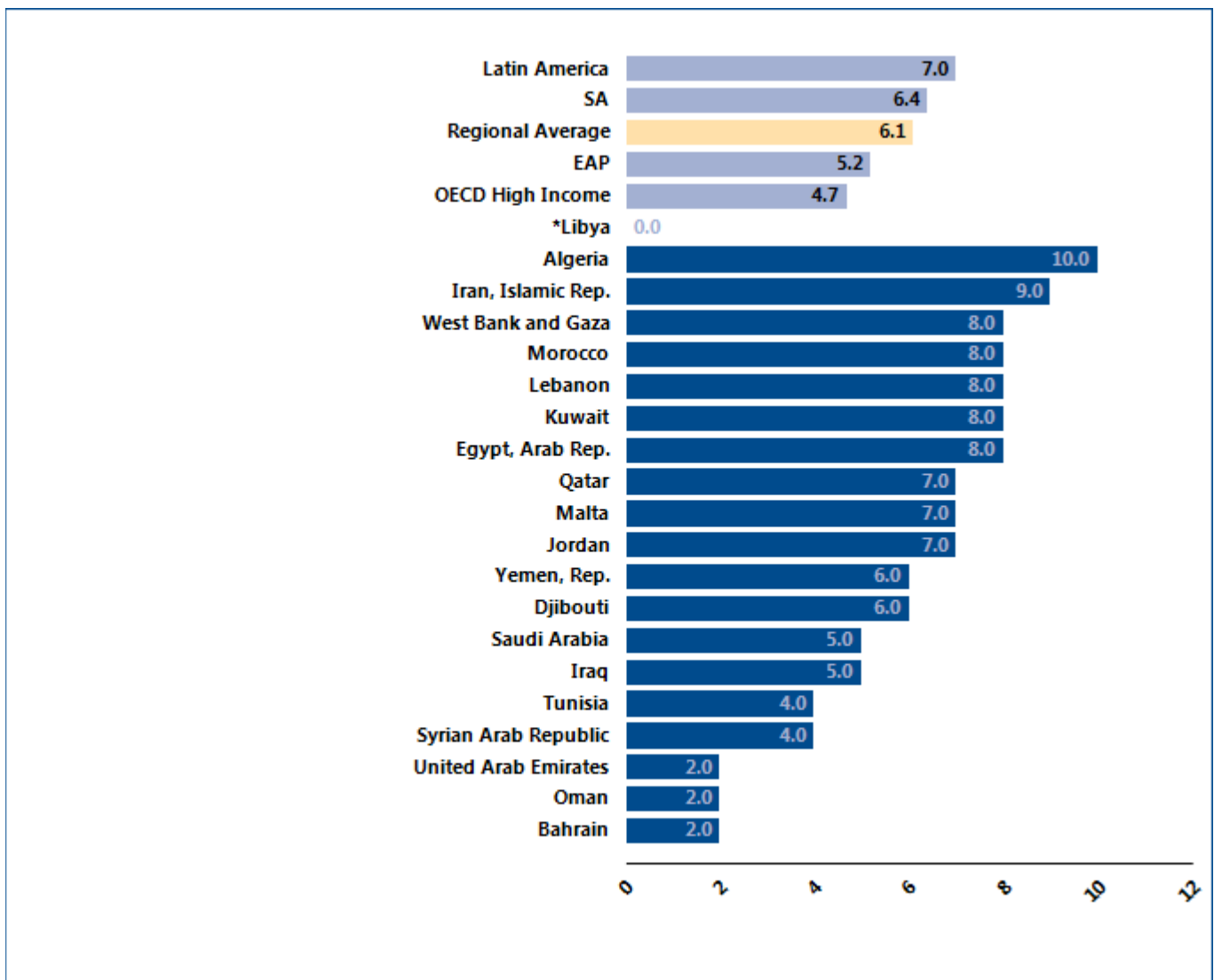
## REGISTERING PROPERTY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to complete a property transfer in each economy in the region: the number of procedures, the

time and the cost (figure 5.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

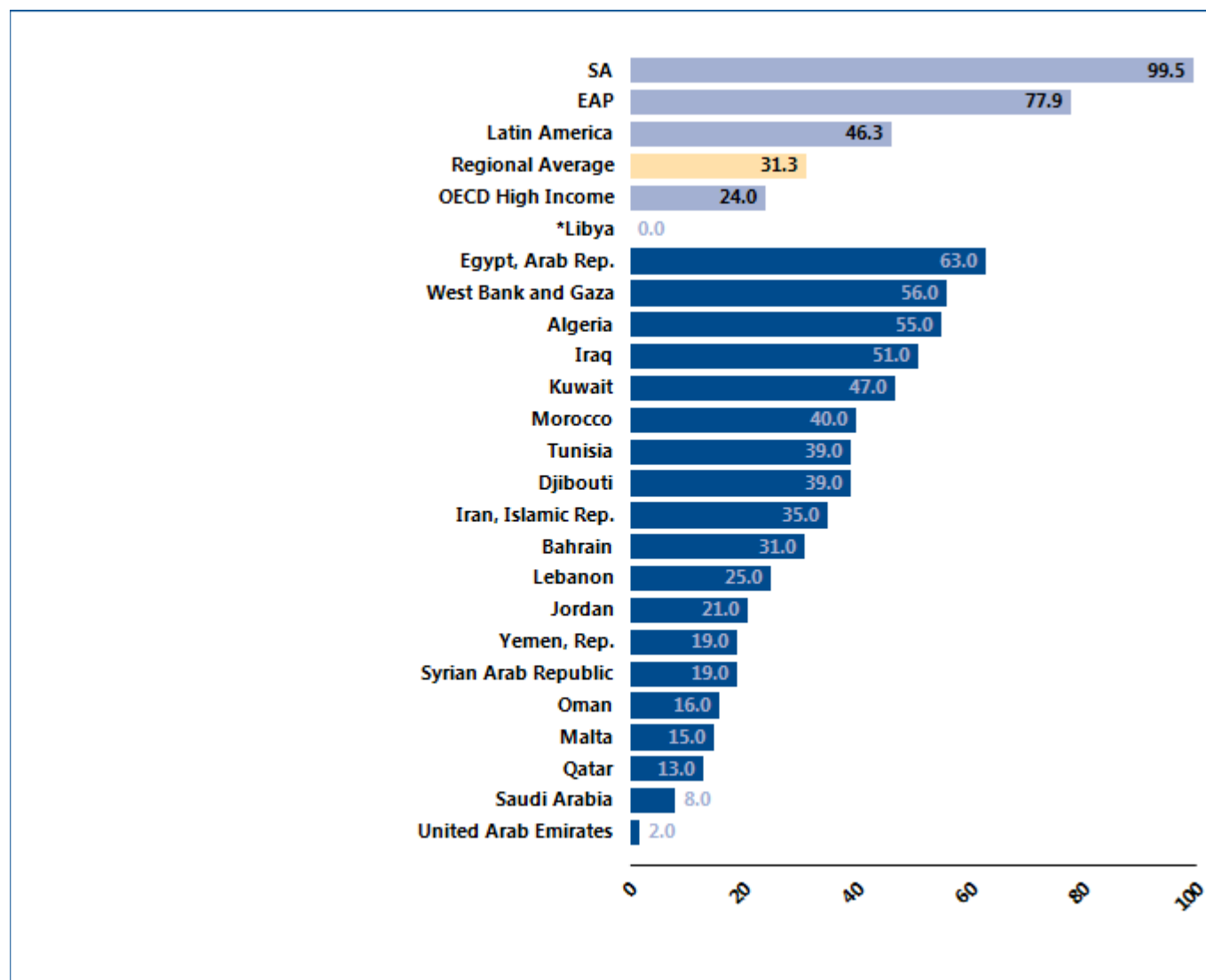
Figure 5.2 What it takes to register property in economies in Middle East and North Africa (MENA)

### Procedures (number)



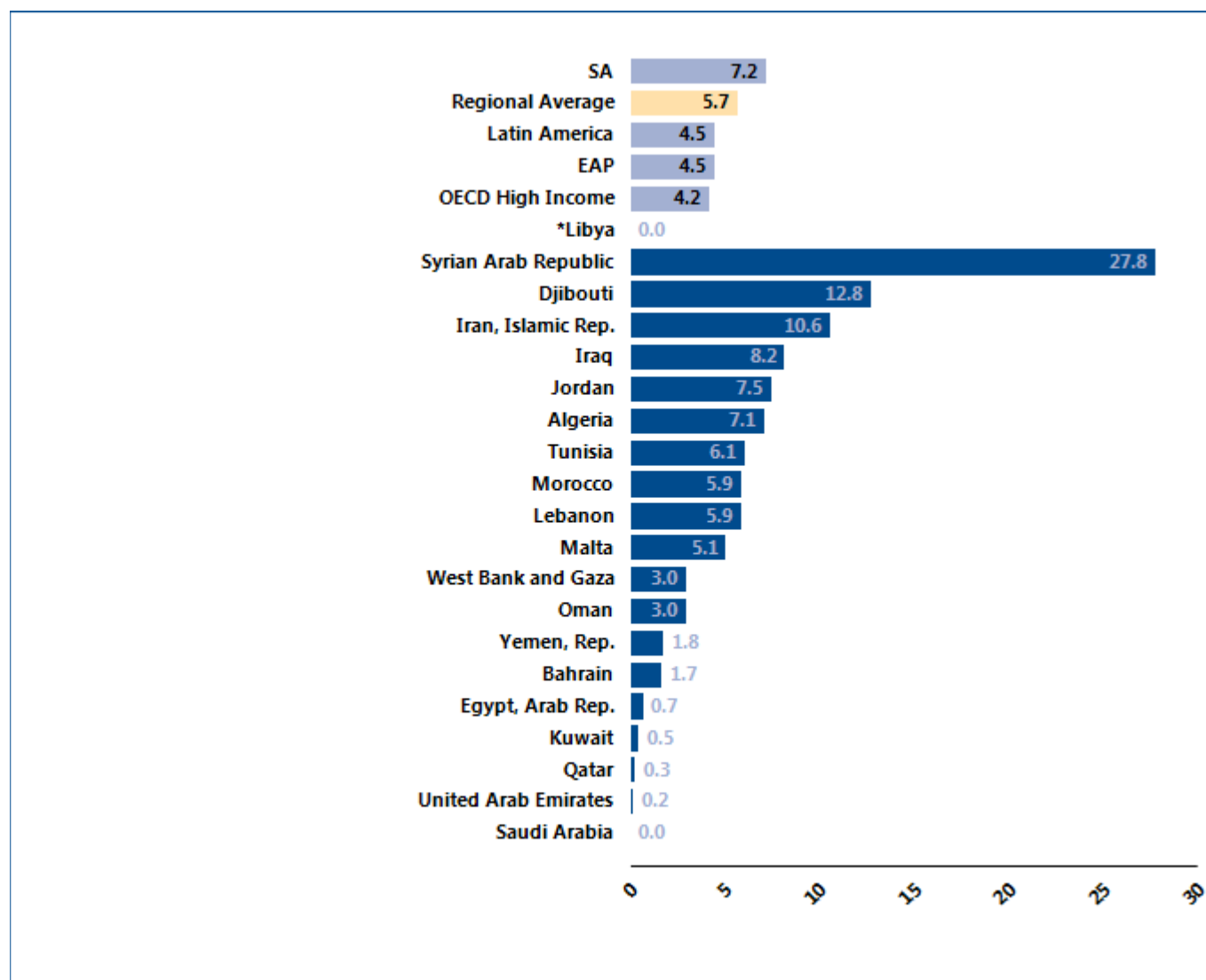
REGISTERING PROPERTY

Time (days)



## REGISTERING PROPERTY

## Cost (% of property value)



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

Source: *Doing Business* database.



## REGISTERING PROPERTY

### What are the changes over time?

Economies worldwide have been making it easier for entrepreneurs to register and transfer property—such as by computerizing land registries, introducing time limits for procedures and setting low fixed fees. Many have cut the time required substantially—enabling

buyers to use or mortgage their property earlier. What property registration reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 5.1)?

Table 5.1 How have economies in Middle East and North Africa (MENA) made registering property easier—or not? By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                     | Reform   |
|---------|-----------------------------|--|
| DB2015  | <i>Bahrain</i>              | Bahrain made registering property easier by reducing the registration fee.   |
| DB2015  | <i>United Arab Emirates</i> | The United Arab Emirates made transferring property easier by introducing new service centers and a standard contract for property transactions. |
| DB2014  | <i>Morocco</i>              | Morocco made transferring property easier by reducing the time required to register a deed of transfer at the tax authority.                     |
| DB2014  | <i>United Arab Emirates</i> | The United Arab Emirates made transferring property easier by increasing the operating hours of the land registry and reducing transfer fees.    |
| DB2013  | <i>Morocco</i>              | Morocco made registering property more costly by increasing property registration fees.  |
| DB2013  | <i>West Bank and Gaza</i>   | West Bank and Gaza made transferring property more costly by increasing the property transfer fee.   |
| DB2011  | <i>Bahrain</i>              | Bahrain made registering property more burdensome by increasing the fees at the Survey and Land Registration Bureau.                             |
| DB2010  | <i>Algeria</i>              | Algeria made registering property easier and less costly by reducing notary fees and eliminating the capital gains tax.                          |
| DB2010  | <i>Jordan</i>               | Jordan made registering property easier by reducing the property transfer fees.  |

| DB year       | Economy                   | Reform   |
|---------------|---------------------------|--|
| <b>DB2010</b> | <i>West Bank and Gaza</i> | West Bank and Gaza reduced the time required for registering property by completing a major project to computerize records at the land registry. |

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

*Source:* *Doing Business* database.

## GETTING CREDIT

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

### What do the indicators cover?

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

These scenarios assume that the borrower:

- Is a private limited liability company.

### WHAT THE GETTING CREDIT INDICATORS MEASURE

#### Strength of legal rights index (0–12)<sup>3</sup>

Rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

#### Depth of credit information index (0–8)<sup>4</sup>

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

#### Credit bureau coverage (% of adults)

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

#### Credit registry coverage (% of adults)

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

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

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

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

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

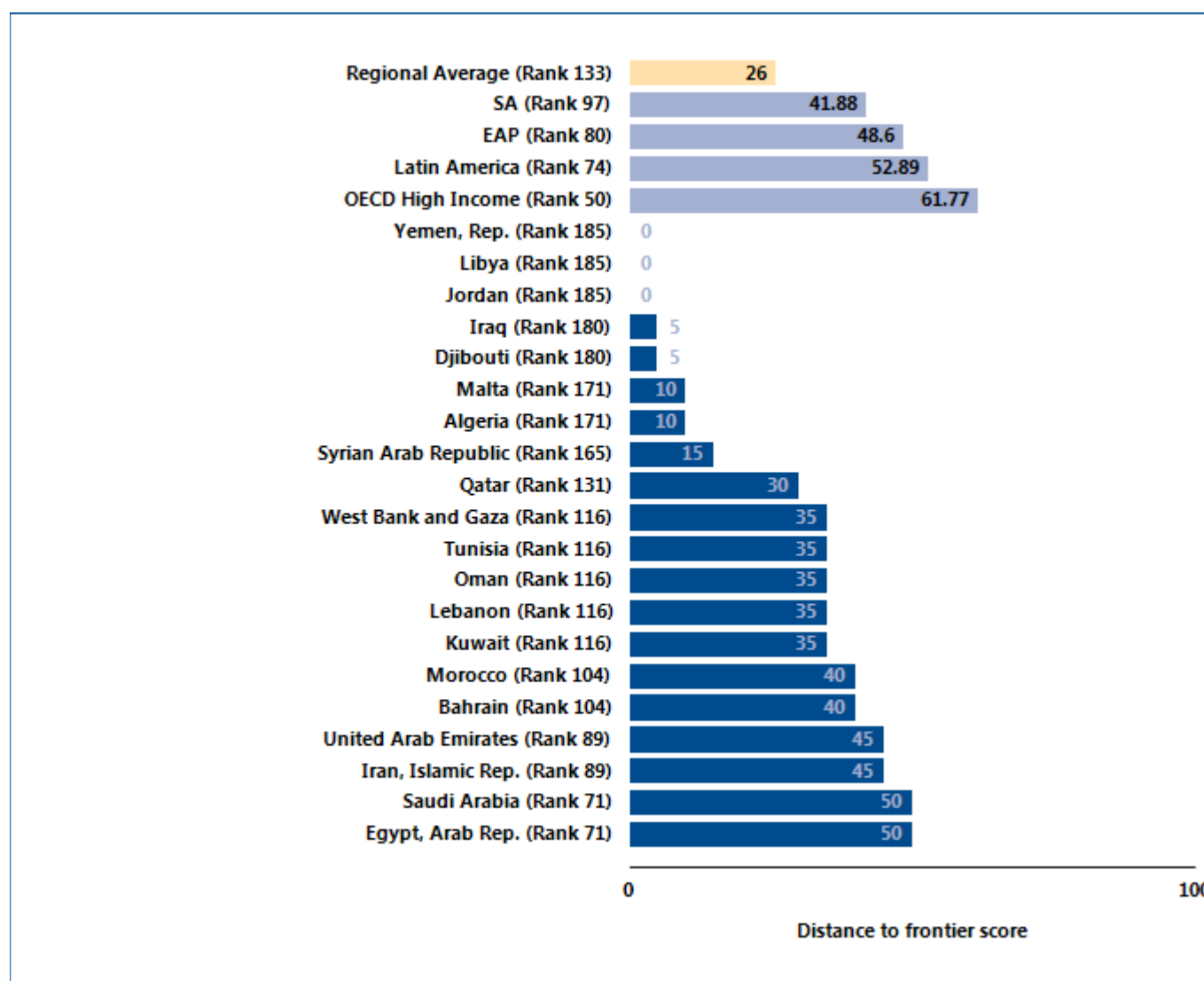
## GETTING CREDIT

### Where do the region's economies stand today?

How well do the credit information systems and collateral and bankruptcy laws in economies in Middle East and North Africa (MENA) facilitate access to credit? The global rankings of these economies on the ease of

getting credit suggest an answer (figure 6.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 6.1 How economies in Middle East and North Africa (MENA) rank on the ease of getting credit



Source: Doing Business database.

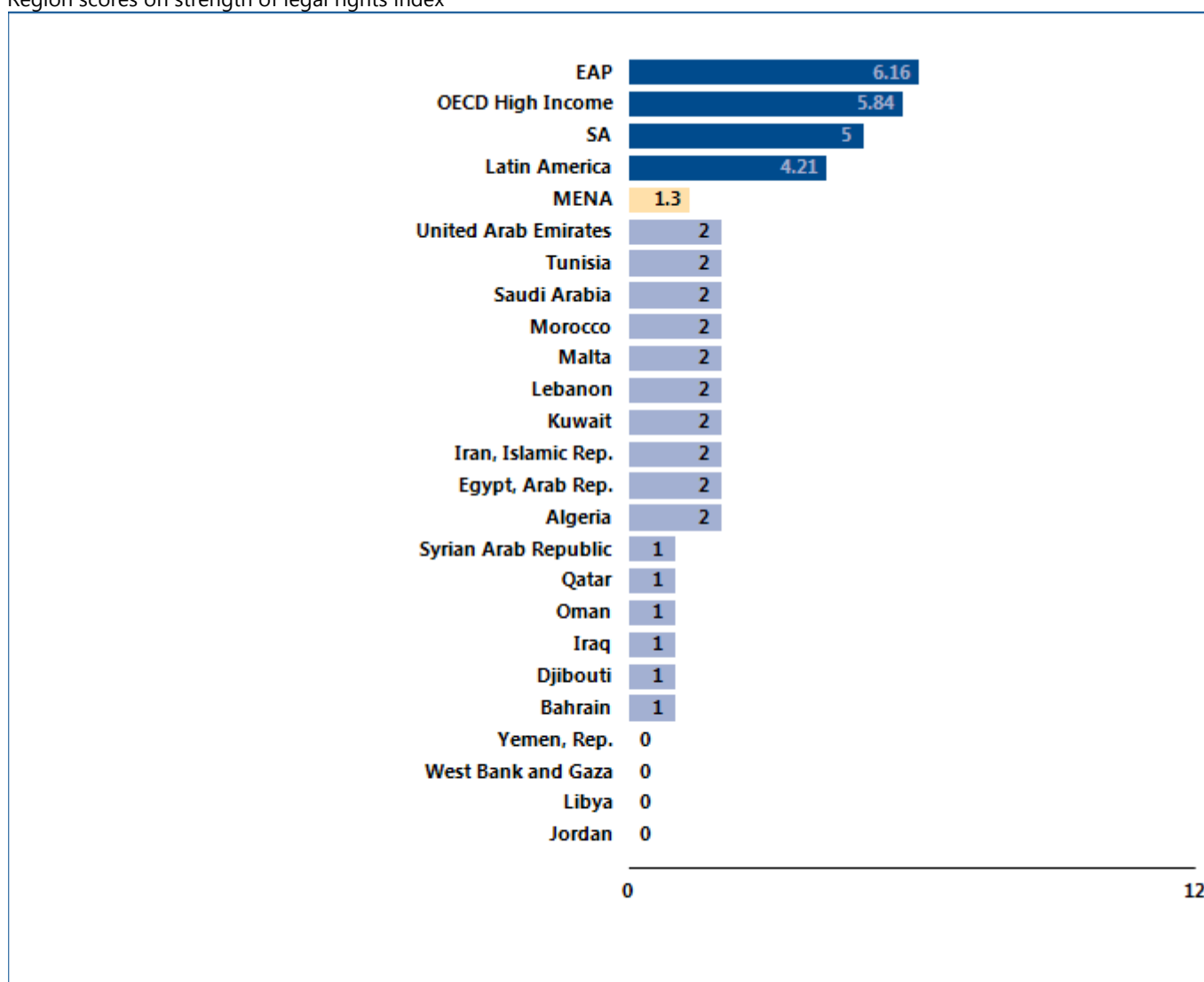
## GETTING CREDIT

Another way to assess how well regulations and institutions support lending and borrowing in the region is to see where the region stands in the distribution of scores across regions. Figure 6.2 highlights the score on

the strength of legal rights index for Middle East and North Africa (MENA) and comparators on the strength of legal rights index. Figure 6.3 shows the same thing for the depth of credit information index.

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

Region scores on strength of legal rights index

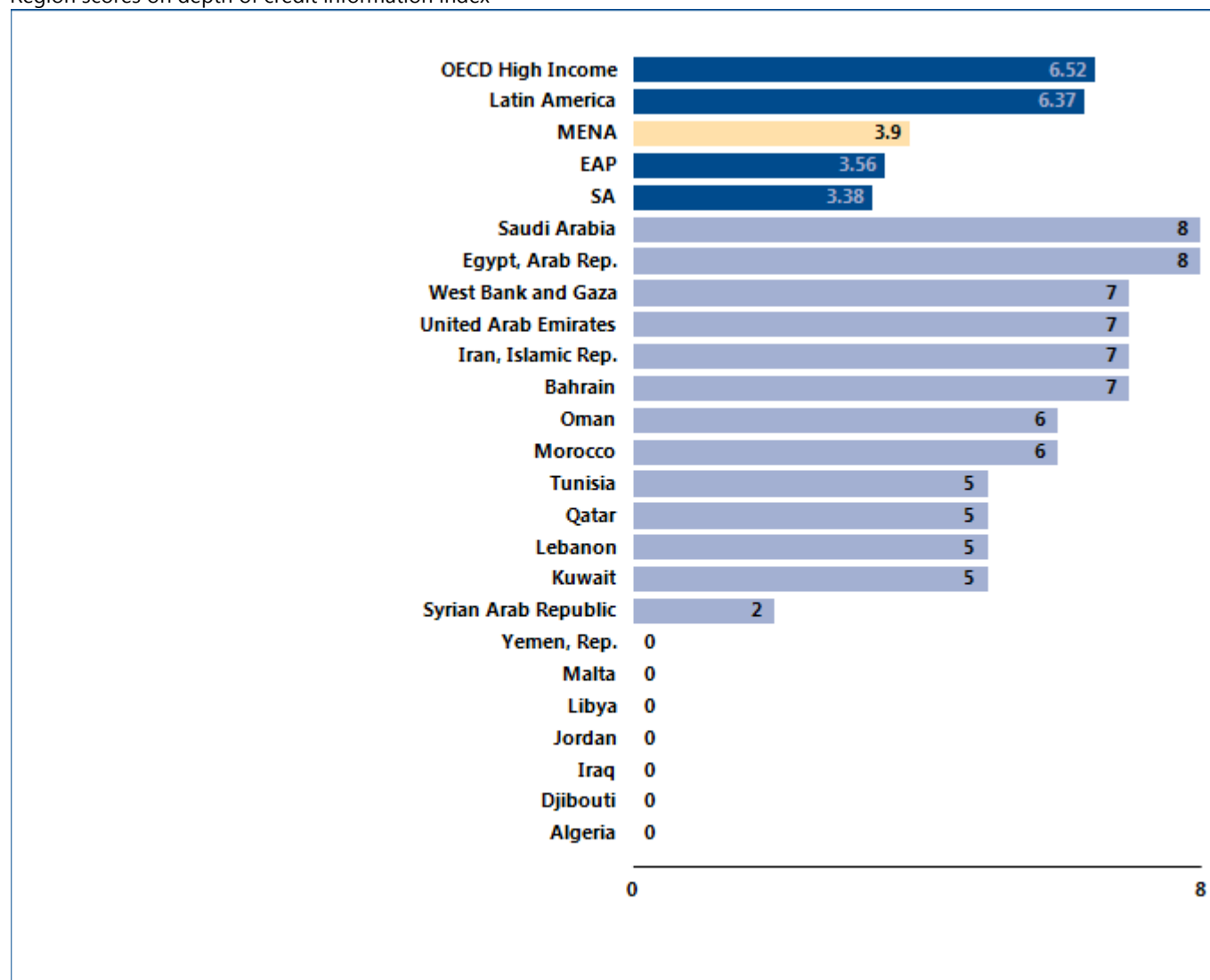


Note: Higher scores indicate that collateral and bankruptcy laws are better designed to facilitate access to credit.

Source: Doing Business database.

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

Region scores on depth of credit information index



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

Source: *Doing Business* database.

## GETTING CREDIT

## What are the changes over time?

When economies strengthen the legal rights of lenders and borrowers under collateral and bankruptcy laws, and increase the scope, coverage and accessibility of credit

information, they can increase entrepreneurs' access to credit. What credit reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 6.1)?

Table 6.1 How have economies in Middle East and North Africa (MENA) made getting credit easier—or not? By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                     | Reform   |
|---------|-----------------------------|--|
| DB2015  | <i>Bahrain</i>              | Bahrain improved access to credit information by approving the credit bureau's collection of data on firms.  |
| DB2015  | <i>United Arab Emirates</i> | In the United Arab Emirates the credit bureau improved access to credit information by starting to exchange credit information with a utility.   |
| DB2014  | <i>Bahrain</i>              | Bahrain improved access to credit information by starting to collect payment information from retailers.   |
| DB2014  | <i>Djibouti</i>             | Djibouti strengthened its secured transactions system by adopting a new commercial code, which broadens the range of movable assets that can be used as collateral.                    |
| DB2013  | <i>Algeria</i>              | Algeria improved access to credit information by eliminating the minimum threshold for loans to be included in the database.   |
| DB2013  | <i>Oman</i>                 | Oman improved access to credit information by guaranteeing borrowers' right to inspect their personal data.  |
| DB2013  | <i>Syrian Arab Republic</i> | Syria improved access to credit information by establishing an online system for data exchange between all banks and microfinance institutions and the central bank's credit registry. |
| DB2013  | <i>West Bank and Gaza</i>   | West Bank and Gaza improved access to credit information by guaranteeing borrowers' right to inspect their personal data.  |
| DB2012  | <i>Algeria</i>              | Algeria improved its credit information system by guaranteeing by law the right of borrowers to inspect their personal data.   |

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2012  | <i>Oman</i>                 | Oman improved its credit information system by launching the Bank Credit and Statistical Bureau System, which collects historical information on performing and nonperforming loans for both firms and individuals.   |
| DB2012  | <i>Qatar</i>                | Qatar improved its credit information system by starting to distribute historical data and eliminating the minimum threshold for loans included in the database.  |
| DB2012  | <i>United Arab Emirates</i> | The United Arab Emirates improved its credit information system through a new law allowing the establishment of a federal credit bureau under the supervision of the central bank.                                    |
| DB2011  | <i>Iran, Islamic Rep.</i>   | The establishment of a new private credit bureau improved access to credit information.   |
| DB2011  | <i>Jordan</i>               | 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. |
| DB2011  | <i>Lebanon</i>              | Lebanon improved its credit information system by allowing banks online access to the public credit registry's reports.   |
| DB2011  | <i>Saudi Arabia</i>         | 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.  |
| DB2011  | <i>Syrian Arab Republic</i> | 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.                        |
| DB2011  | <i>United Arab Emirates</i> | 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.                 |
| DB2010  | <i>Egypt, Arab Rep.</i>     | In Egypt the private credit bureau I-score added retailers to its database, improving access to credit information.   |
| DB2010  | <i>Morocco</i>              | Morocco improved access to credit information through a new private credit bureau that started operations.  |



| DB year       | Economy            | Reform  |
|---------------|--------------------|---|
| <b>DB2010</b> | <i>Yemen, Rep.</i> | The Republic of Yemen improved access to credit information by eliminating the minimum threshold for the loans reported and guaranteeing borrowers' right to view their credit reports. |

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

*Source:* *Doing Business* database.

## PROTECTING MINORITY INVESTORS

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

### What do the indicators cover?

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

The business (Buyer):

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

The transaction involves the following details:

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

### WHAT THE PROTECTING MINORITY INVESTORS INDICATORS MEASURE

#### Extent of disclosure index (0–10)

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

#### Extent of director liability index (0–10)

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

#### Ease of shareholder suits index (0–10)

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

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

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

#### Extent of shareholder rights index (0-10.5)

Shareholders' rights and role in major corporate decisions

#### Strength of governance structure index (0-10.5)

Governance safeguards protecting shareholders from undue board control and entrenchment

#### Extent of corporate transparency index (0-9)

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

#### Extent of shareholder governance index (0–10)

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

#### Strength of investor protection index (0–10)

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

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

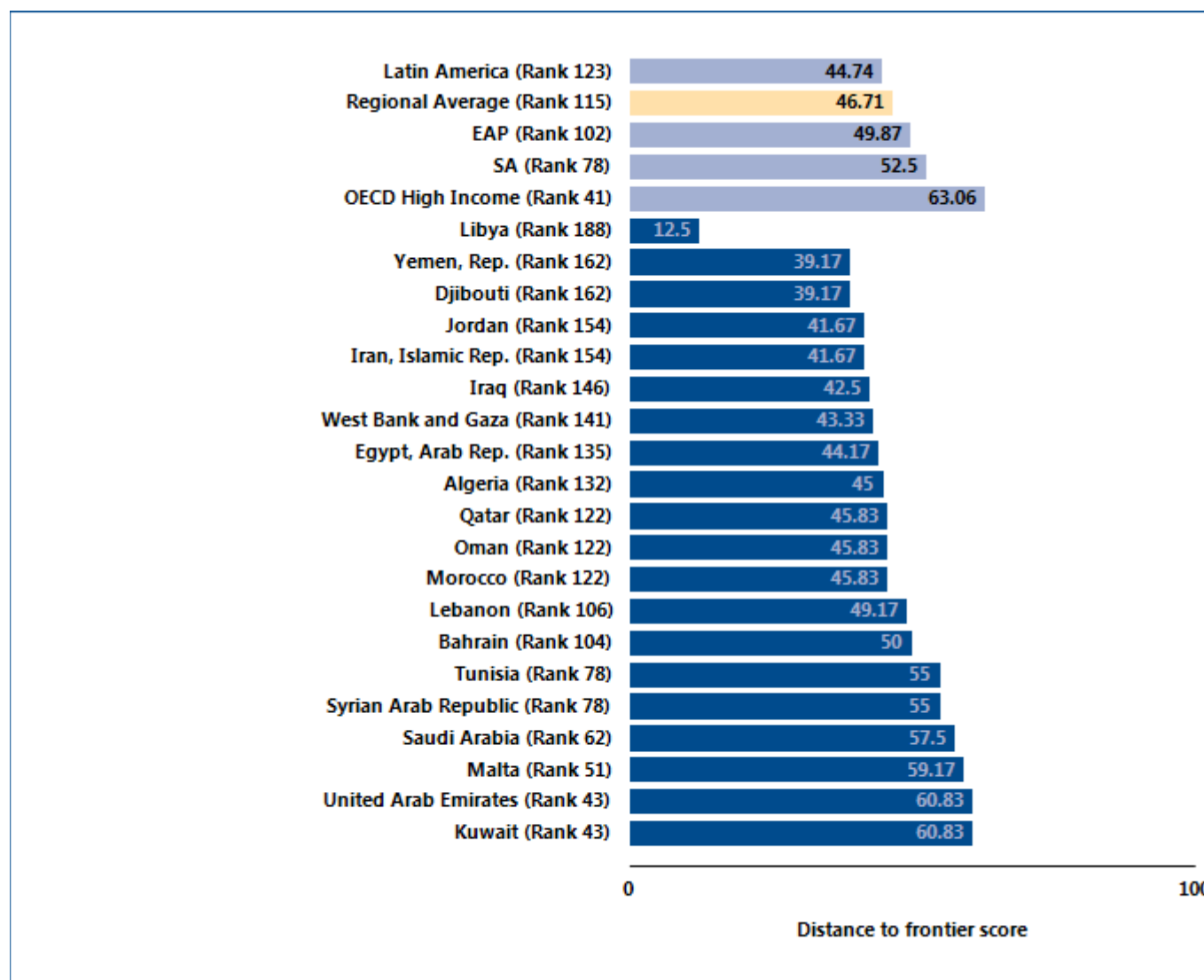
## PROTECTING MINORITY INVESTORS

### Where do the region’s economies stand today?

How strong are investor protections against self-dealing in economies in Middle East and North Africa (MENA)? The global rankings of these economies on the strength of investor protection index suggest an answer (figure 7.1). While the indicator does not measure all aspects

related to the protection of minority investors, a higher ranking does indicate that an economy’s regulations offer stronger investor protections against self-dealing in the areas measured.

Figure 7.1 How economies in Middle East and North Africa (MENA) rank on the strength of investor protection index



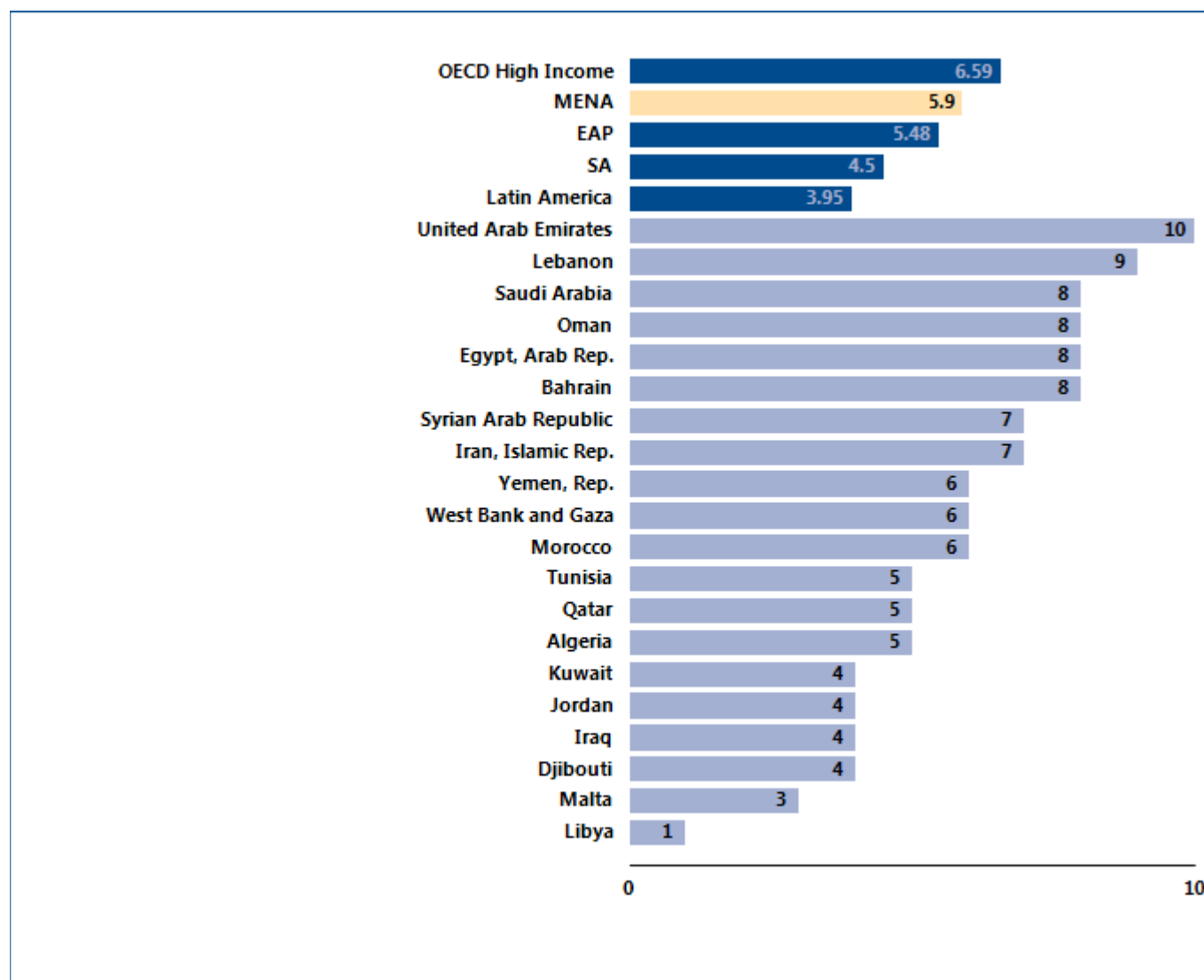
Source: Doing Business database.

## PROTECTING MINORITY INVESTORS

But the overall ranking on the strength of minority investor protection index tells only part of the story. Economies may offer strong protections in some areas but not others. Figures 7.2 through 7.7 highlight the scores on the various minority investor protection indices for Middle East and North Africa (MENA) in 2014. Higher

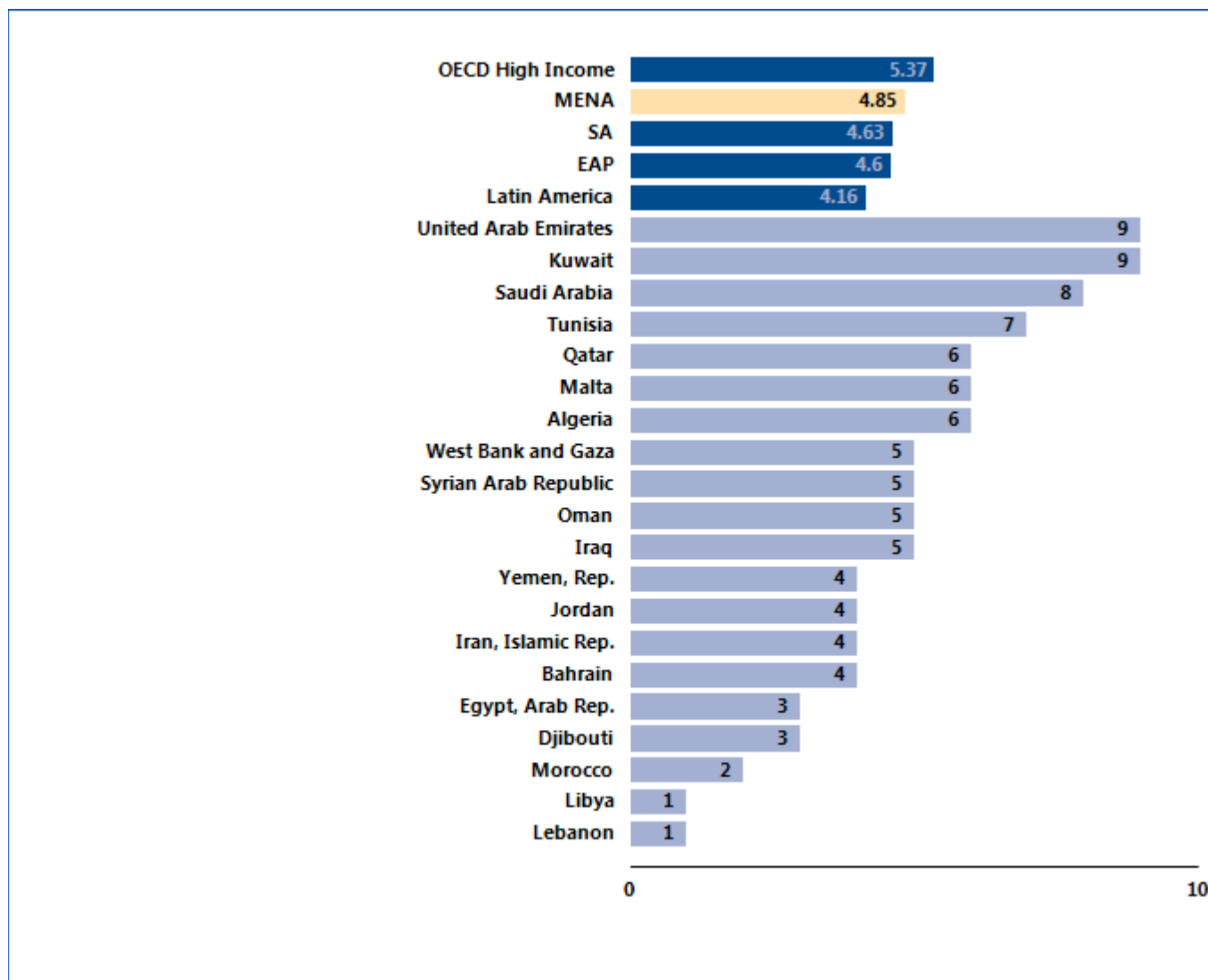
scores indicate stronger minority investor protections. Comparing the scores across the region on the strength of investor protection index and with averages both for the region and for comparator regions can provide useful insights.

Figure 7.2 How extensive are disclosure requirements?  
**Extent of disclosure index (0–10)**



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

Figure 7.3 How extensive is the liability regime for directors?

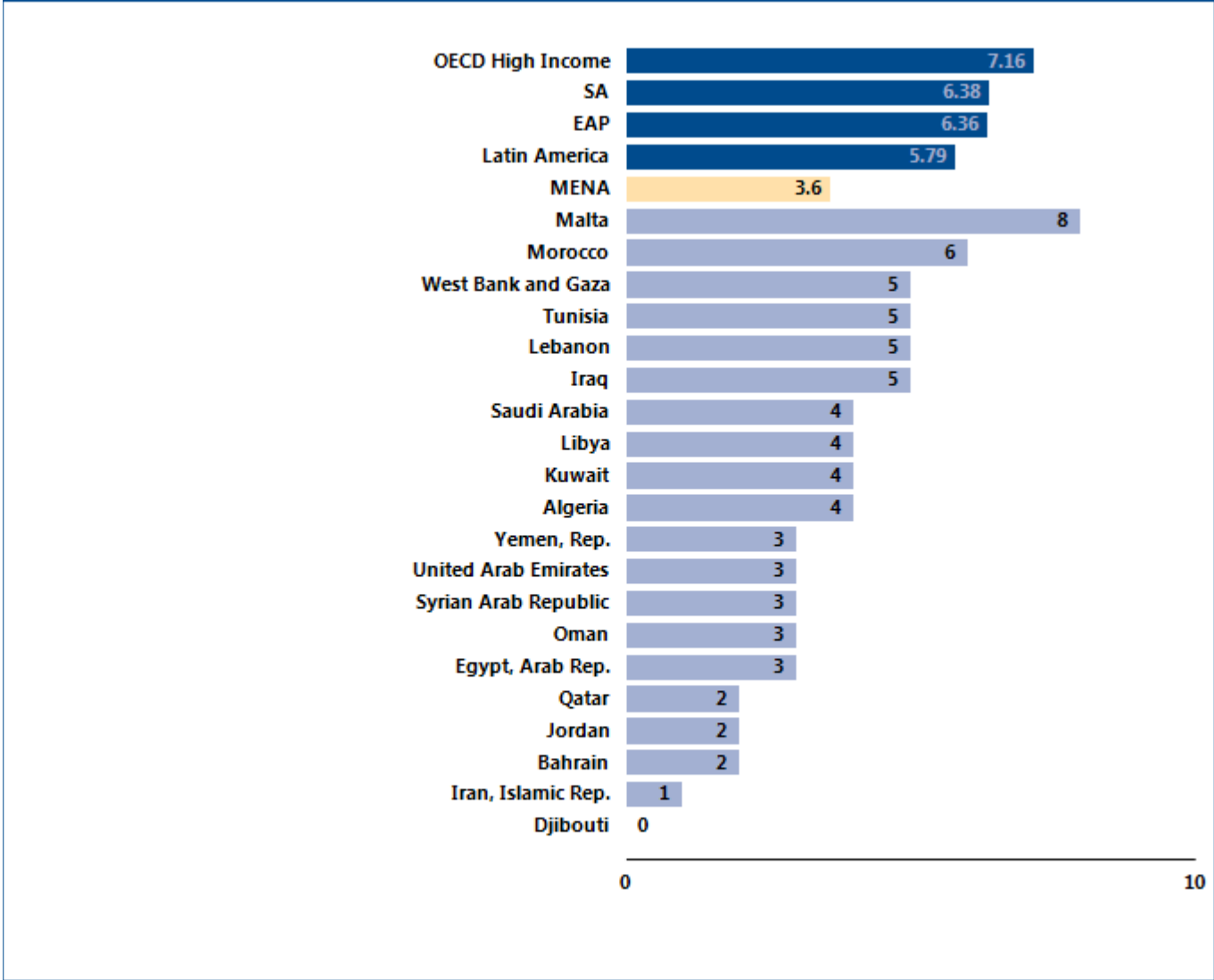
**Extent of director liability index (0–10)**

Note: Higher scores indicate greater liability of directors.

Source: *Doing Business* database.

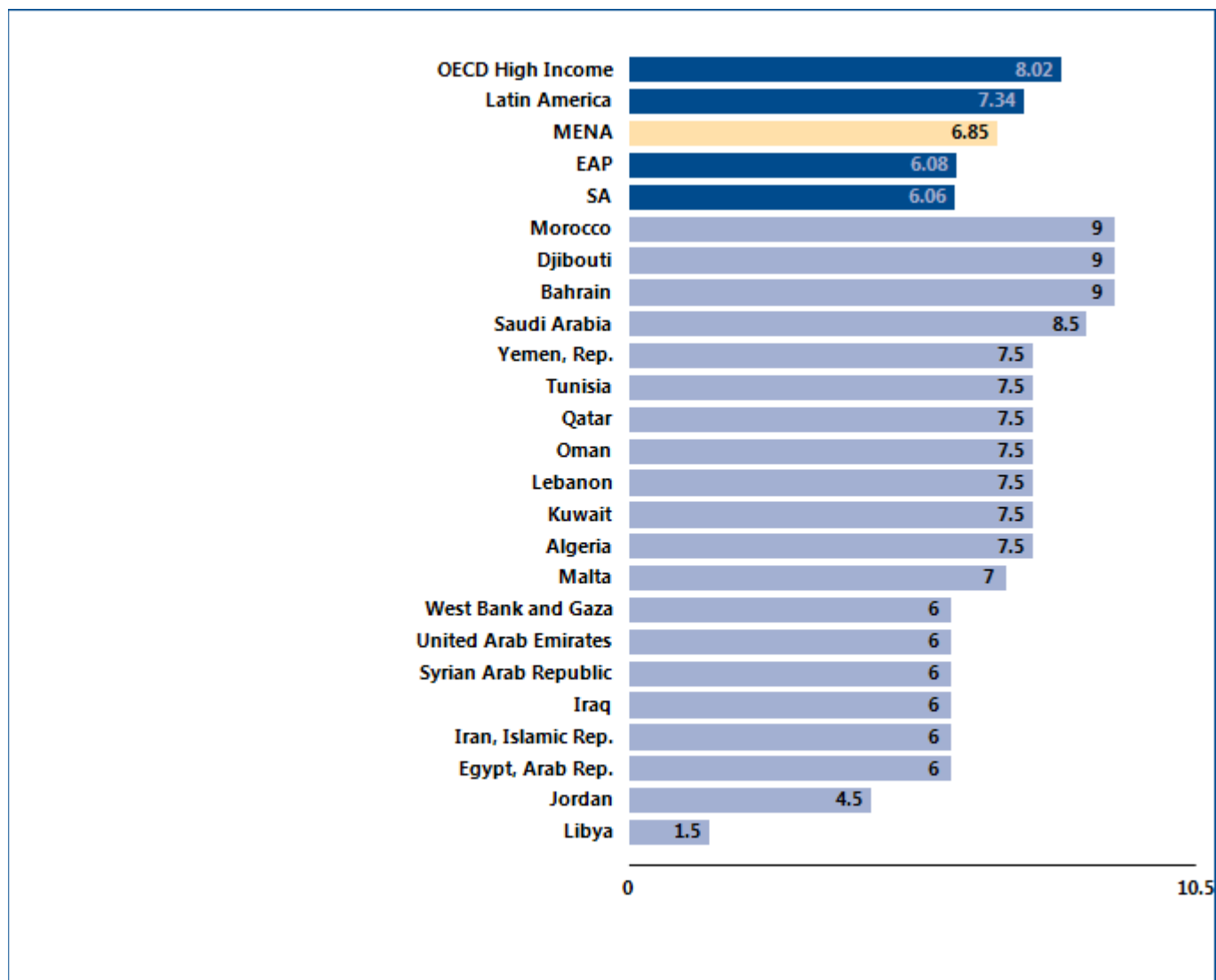
Figure 7.4 How easy is accessing internal corporate documents?

**Extent of shareholder suits index (0-10)**



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

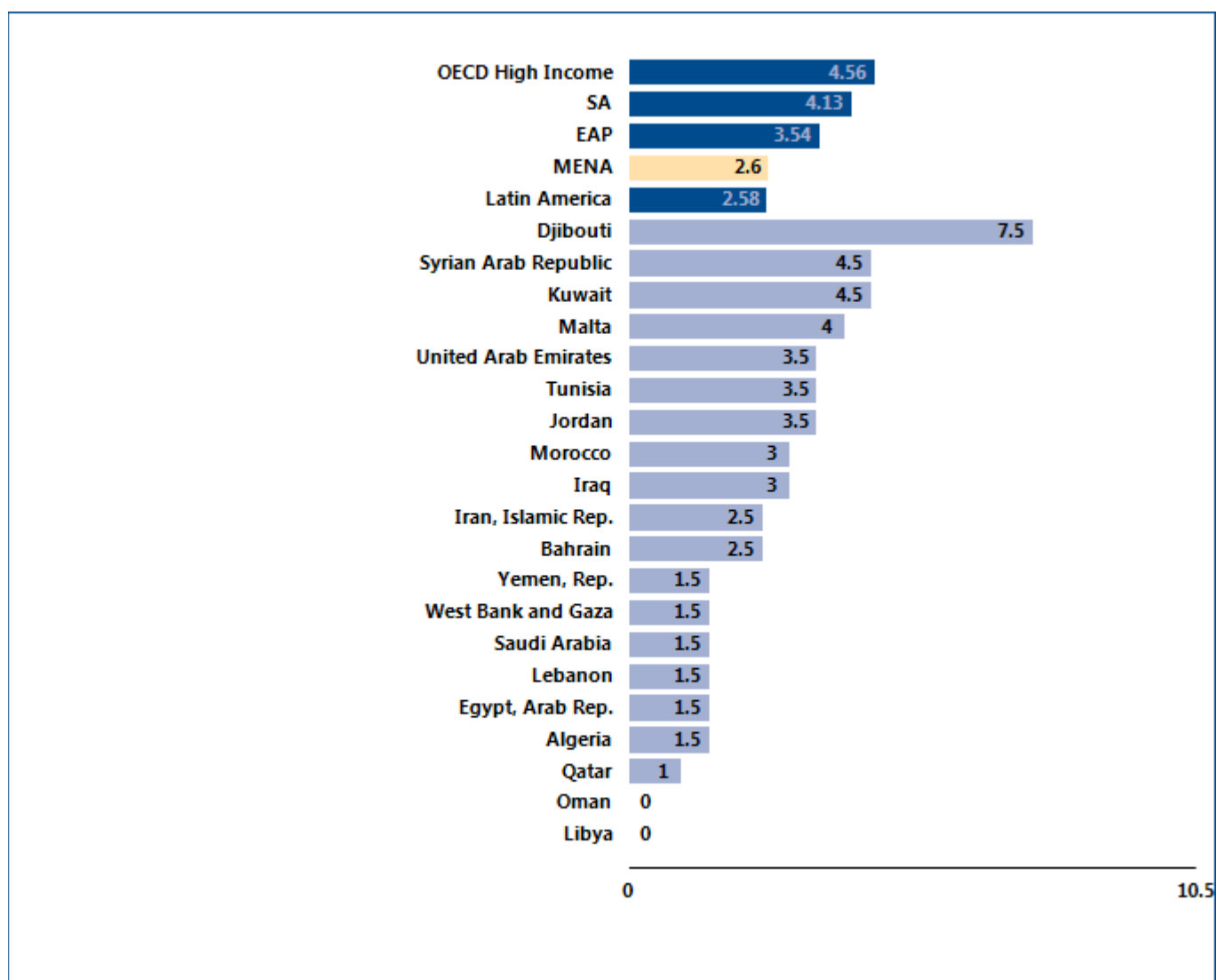
Figure 7.5 How extensive are shareholder rights?

**Extent of shareholder rights index (0–10.5)**

Note: The higher the score, the stronger the protections.

Source: Doing Business database.

Figure 7.6 How strong is the governance structure?

**Strength of governance structure index (0–10.5)**

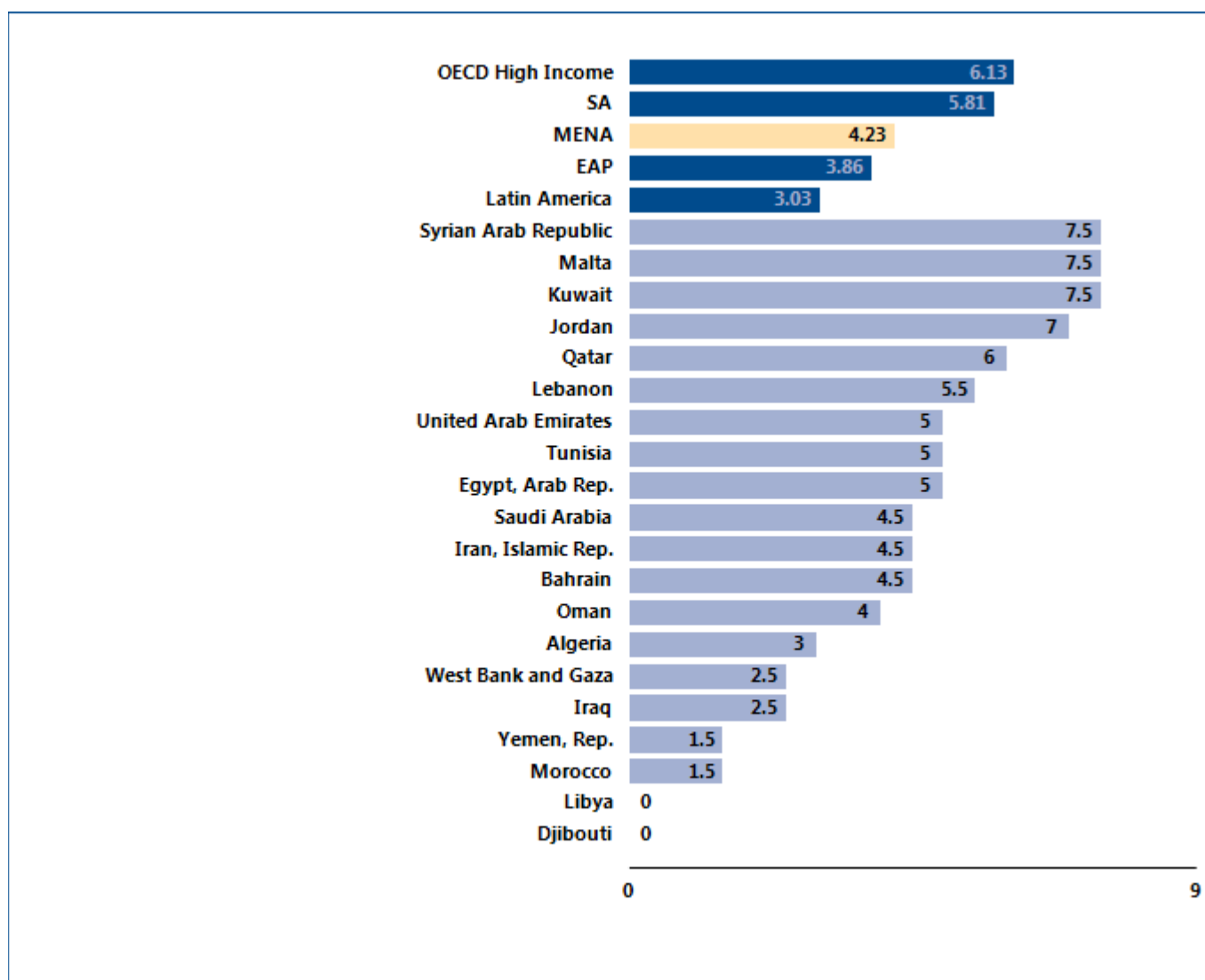
Note: Higher scores indicate more stringent governance structure requirements.

Source: Doing Business database.



Figure 7.7 How extensive is corporate transparency?

## Extent of corporate transparency index (0–9)



Note: Higher scores indicate greater transparency.

Source: *Doing Business* database.

## PROTECTING MINORITY INVESTORS

### What are the changes over time?

Economies with the strongest protections of minority investors from self-dealing require detailed disclosure and define clear duties for directors. They also have well-functioning courts and up-to-date procedural rules that give minority shareholders the means to prove their case and obtain a judgment within a reasonable time. So

reforms to strengthen minority investor protections may move ahead on different fronts—such as through new or amended company laws, securities regulations or revisions to court procedures. What minority investor protection reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 7.1)?

Table 7.1 How have economies in Middle East and North Africa (MENA) strengthened minority investor protections—or not?

By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2015  | <i>Egypt, Arab Rep.</i>     | The Arab Republic of Egypt strengthened minority investor protections by introducing additional requirements for approval of related-party transactions and greater requirements for disclosure of such transactions to the stock exchange.   |
| DB2015  | <i>United Arab Emirates</i> | The United Arab Emirates strengthened minority investor protections by introducing additional approval requirements for related-party transactions and greater requirements for disclosure of such transactions to the stock exchange; by introducing a requirement that interested directors be held liable in a related-party transaction that is unfair or constitutes a conflict of interest; and by making it possible for shareholders to inspect the documents pertaining to a related-party transaction, appoint auditors to inspect the transaction and request a rescission of the transaction if it should prove to be unfair. |
| DB2014  | <i>Kuwait</i>               | Kuwait strengthened investor protections by making it possible for minority shareholders to request the appointment of an auditor to review the company's activities.   |
| DB2014  | <i>United Arab Emirates</i> | The United Arab Emirates strengthened investor protections by introducing greater disclosure requirements for related-party transactions in the annual report and to the stock exchange and by making it possible to sue directors when such transactions harm the company.   |

| DB year       | Economy                   | Reform   |
|---------------|---------------------------|--|
| <b>DB2013</b> | <i>Iran, Islamic Rep.</i> | The Islamic Republic of Iran strengthened investor protections by requiring greater immediate disclosure of related-party transactions.    |
| <b>DB2012</b> | <i>Morocco</i>            | Morocco strengthened investor protections by allowing minority shareholders to obtain any nonconfidential corporate document during trial. |
| <b>DB2011</b> | <i>Morocco</i>            | Morocco strengthened investor protections by requiring greater disclosure in companies' annual reports.                                    |
| <b>DB2010</b> | <i>Tunisia</i>            | Tunisia strengthened investor protections by enhancing approval and disclosure requirements for related-party transactions.                |

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

*Source:* *Doing Business* database.

## PAYING TAXES

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

### What do the indicators cover?

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

- TaxpayerCo is a medium-size business that started operations on January 1, 2012.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.

### WHAT THE PAYING TAXES INDICATORS MEASURE

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

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

Method and frequency of filing and payment

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

Collecting information and computing the tax payable

Completing tax return forms, filing with proper agencies

Arranging payment or withholding

Preparing separate tax accounting books, if required

#### Total tax rate (% of profit before all taxes)

Profit or corporate income tax

Social contributions and labor taxes paid by the employer

Property and property transfer taxes

Dividend, capital gains and financial transactions taxes

Waste collection, vehicle, road and other taxes

- Taxes and mandatory contributions are measured at all levels of government.
- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

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

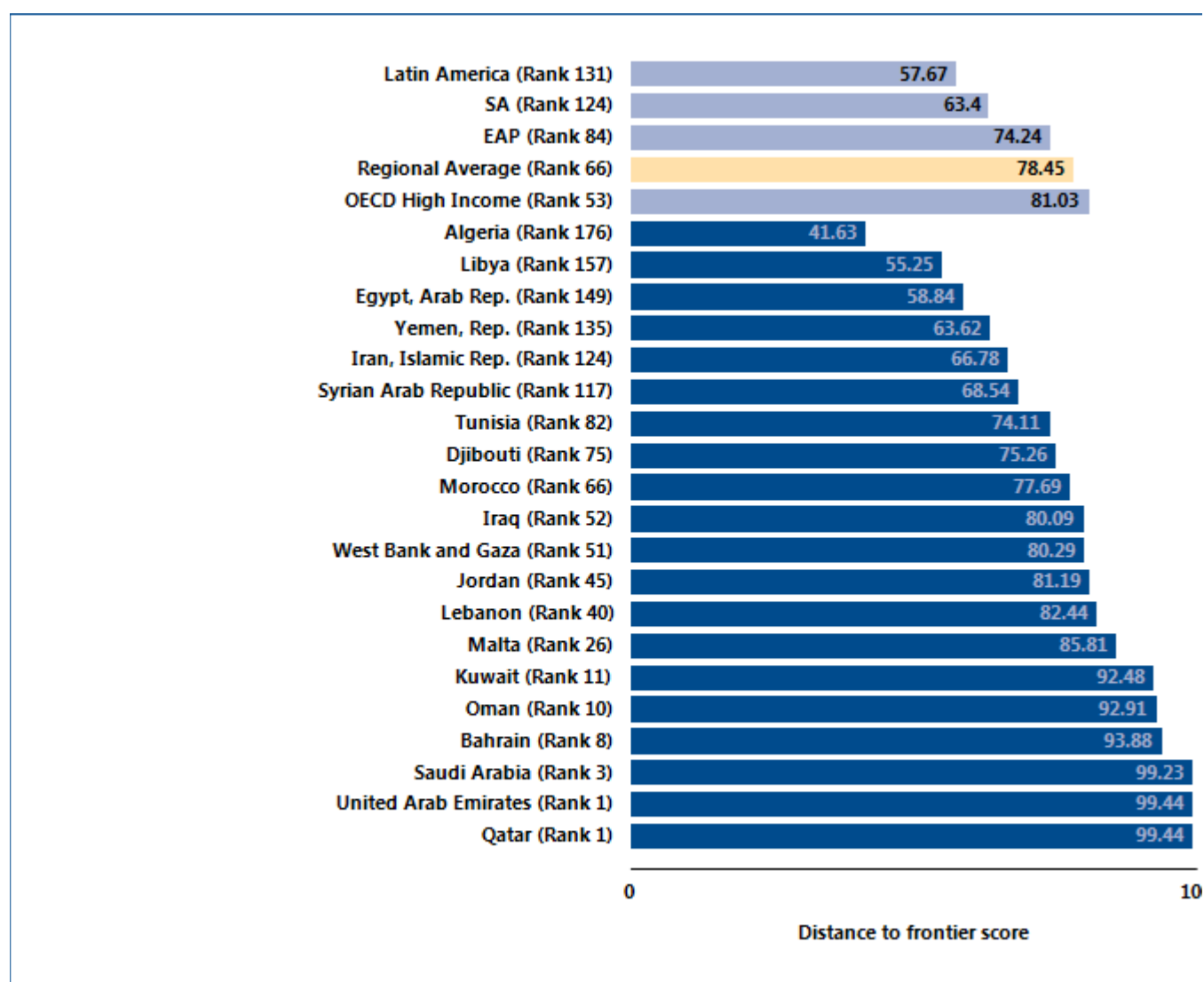
## PAYING TAXES

### Where do the region's economies stand today?

What is the administrative burden of complying with taxes in economies in Middle East and North Africa (MENA)—and how much do firms pay in taxes? The global rankings of these economies on the ease of

paying taxes offer useful information for assessing the tax compliance burden for businesses (figure 8.1). The average ranking of the region provides a useful benchmark.

Figure 8.1 How economies in Middle East and North Africa (MENA) rank on the ease of paying taxes



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

Source: *Doing Business* database.

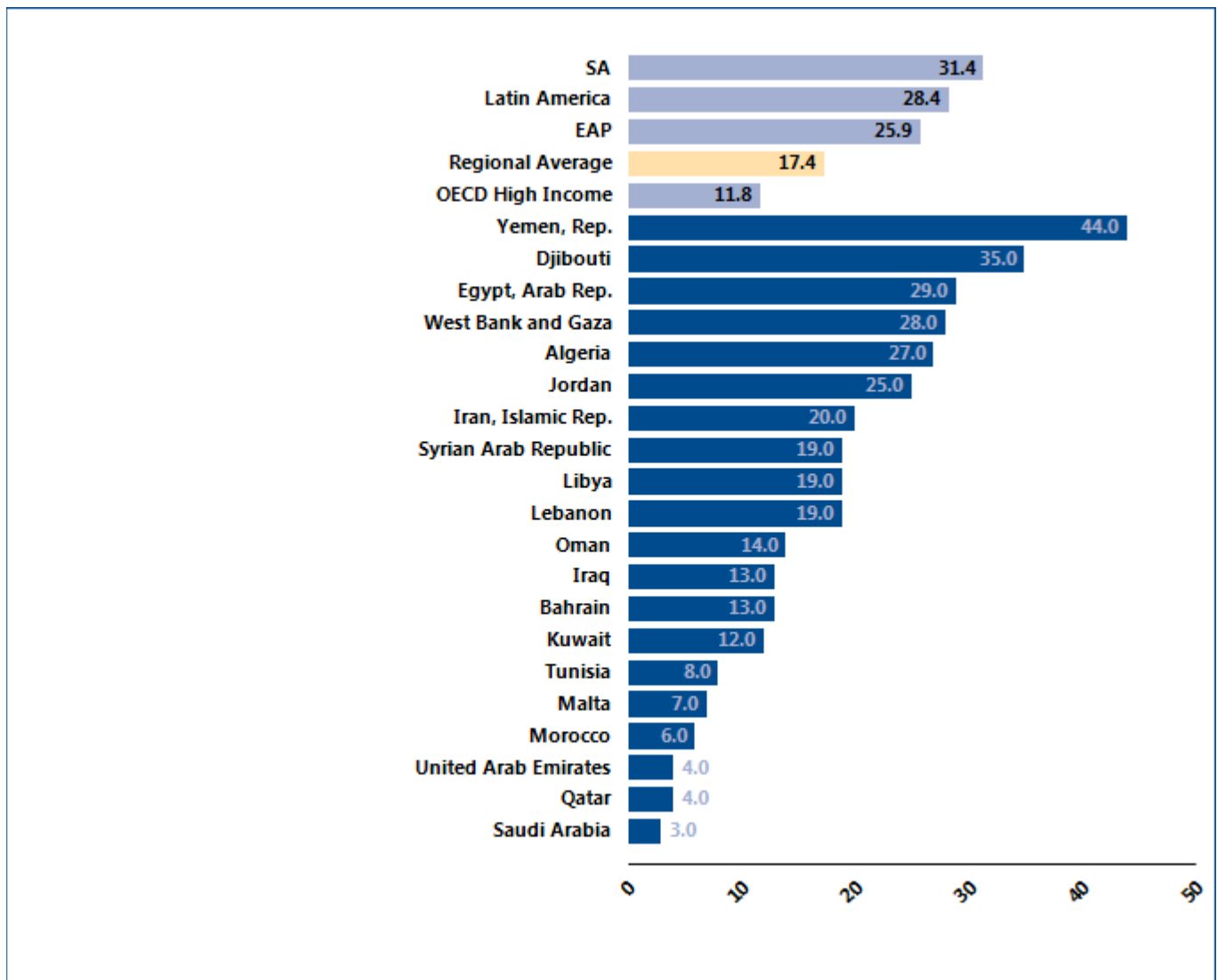
## PAYING TAXES

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to comply with tax regulations in each economy in the region—the number of payments per year and the time required to prepare, and file and pay taxes the 3

major taxes (corporate income tax, VAT or sales tax and labor taxes and mandatory contributions)—as well as the total tax rate (figure 8.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

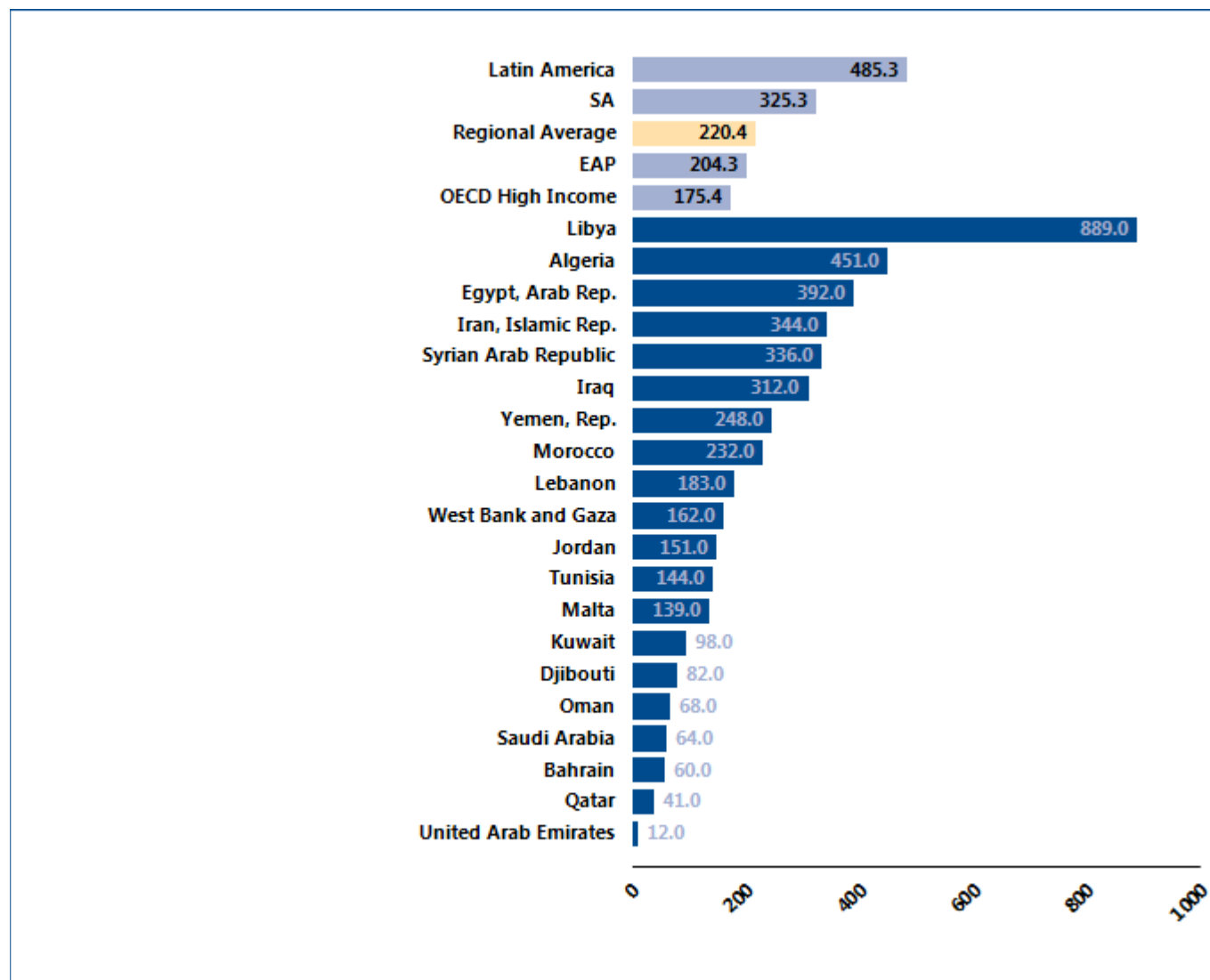
Figure 8.2 How easy is it to pay taxes in economies in Middle East and North Africa (MENA)—and what are the total tax rates?

### Payments (number per year)



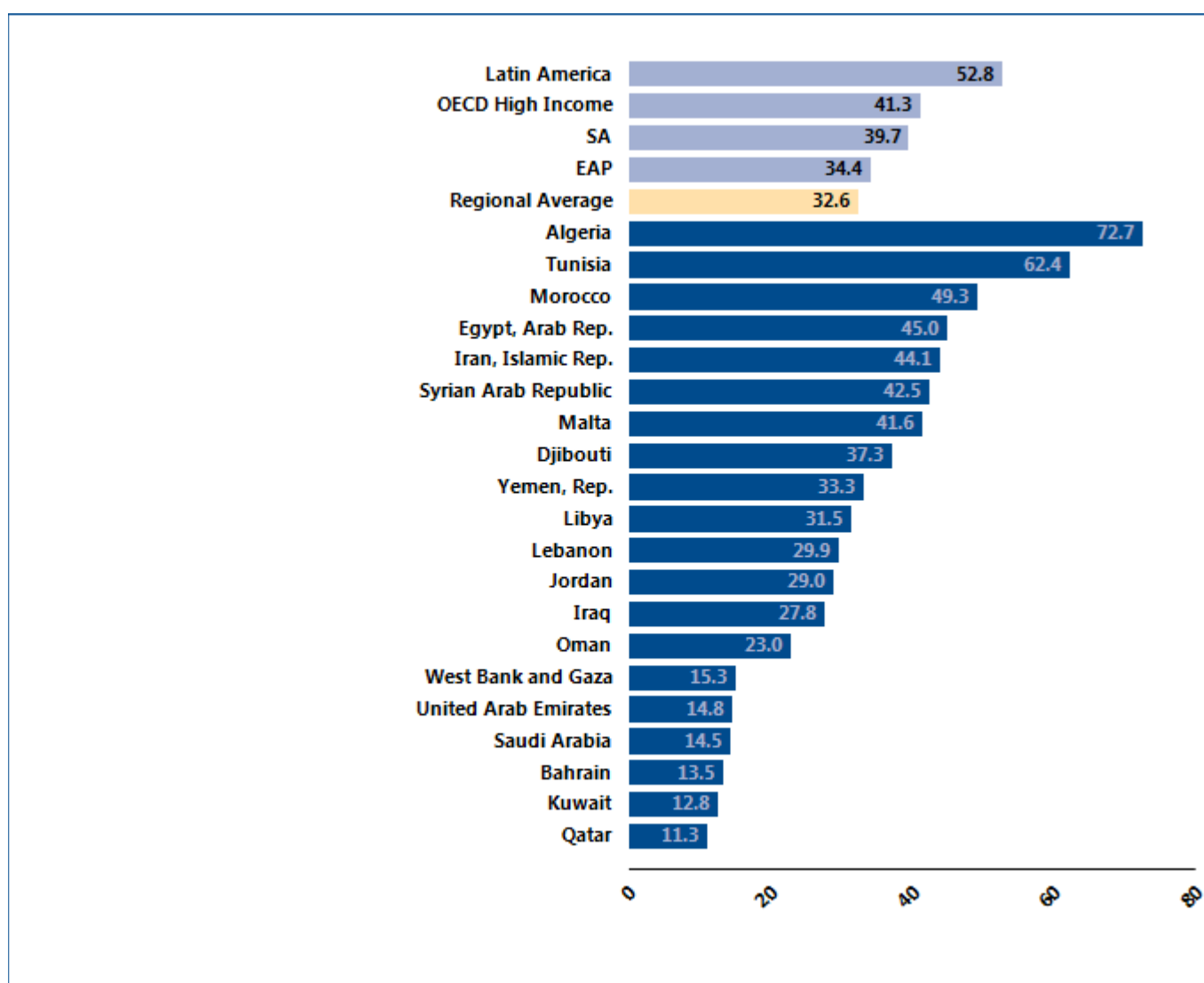
## PAYING TAXES

Time (hours per year)



## PAYING TAXES

## Total tax rate (% of profit)



Source: Doing Business database.



## PAYING TAXES

### What are the changes over time?

Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought

concrete results. Some economies simplifying compliance with tax obligations and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 8.1)?

Table 8.1 How have economies in Middle East and North Africa (MENA) made paying taxes easier—or not?  
By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                     | Reform  |
|---------|-----------------------------|---|
| DB2015  | <i>Tunisia</i>              | Tunisia made paying taxes less costly for companies by reducing the corporate income tax rate.  |
| DB2015  | <i>West Bank and Gaza</i>   | West Bank and Gaza made paying taxes easier for companies by introducing the option to make either 1 or 4 advance payments of corporate income tax.           |
| DB2014  | <i>Egypt, Arab Rep.</i>     | Egypt made paying taxes more costly for companies by increasing the corporate income tax rate.  |
| DB2014  | <i>Morocco</i>              | Morocco made paying taxes easier for companies by increasing the use of the electronic filing and payment system for social security contributions.           |
| DB2014  | <i>Qatar</i>                | Qatar made paying taxes easier for companies by eliminating certain requirements associated with the corporate income tax return.                             |
| DB2013  | <i>Saudi Arabia</i>         | Saudi Arabia made paying taxes easier for companies by introducing online filing and payment systems for social security contributions.                       |
| DB2013  | <i>United Arab Emirates</i> | The United Arab Emirates made paying taxes easier for companies by establishing an online filing and payment system for social security contributions.        |
| DB2012  | <i>Morocco</i>              | Morocco eased the administrative burden of paying taxes for firms by enhancing electronic filing and payment of the corporate income tax and value added tax. |

| DB year | Economy                   | Reform  |
|---------|---------------------------|---|
| DB2012  | <i>Oman</i>               | Oman enacted a new income tax law that redefined the scope of taxation.   |
| DB2012  | <i>Yemen, Rep.</i>        | The Republic of Yemen enacted a new tax law that reduced the general corporate tax rate from 35% to 20% and abolished all tax exemptions except those granted under the investment law for investment projects. |
| DB2011  | <i>Jordan</i>             | Jordan abolished certain taxes and made it possible to file income and sales tax returns electronically.  |
| DB2011  | <i>Tunisia</i>            | Tunisia introduced the use of electronic systems for payment of corporate income tax and value added tax.   |
| DB2010  | <i>Algeria</i>            | Algeria made paying taxes less costly for companies by reducing the corporate income tax rate for tourism, construction and public works, and the production of goods.  |
| DB2010  | <i>Djibouti</i>           | Djibouti made paying taxes easier for companies by replacing the consumption tax with a value added tax on the supply of goods and services.  |
| DB2010  | <i>Iran, Islamic Rep.</i> | The Islamic Republic of Iran made paying taxes easier for companies by converting the sales tax into value added tax.   |
| DB2010  | <i>Jordan</i>             | Jordan made paying taxes easier for companies by introducing an online filing and payment system and simplifying tax forms.   |
| DB2010  | <i>Lebanon</i>            | Lebanon made paying taxes easier for companies by eliminating the requirement to obtain permission to use accelerated depreciation and by introducing electronic payment.                                       |
| DB2010  | <i>Oman</i>               | Oman made paying taxes easier for companies through a new tax law modernizing the tax regime and simplifying procedures.  |
| DB2010  | <i>Tunisia</i>            | Tunisia made paying taxes more costly for companies by increasing employers' social security contribution rate.   |

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

Source: *Doing Business* database.

## TRADING ACROSS BORDERS

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

### What do the indicators cover?

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

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

### WHAT THE TRADING ACROSS BORDERS

#### INDICATORS MEASURE

#### Documents required to export and import (number)

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

#### Time required to export and import (days)

- Obtaining, filling out and submitting all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include sea transport time

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

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

The traded product:

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

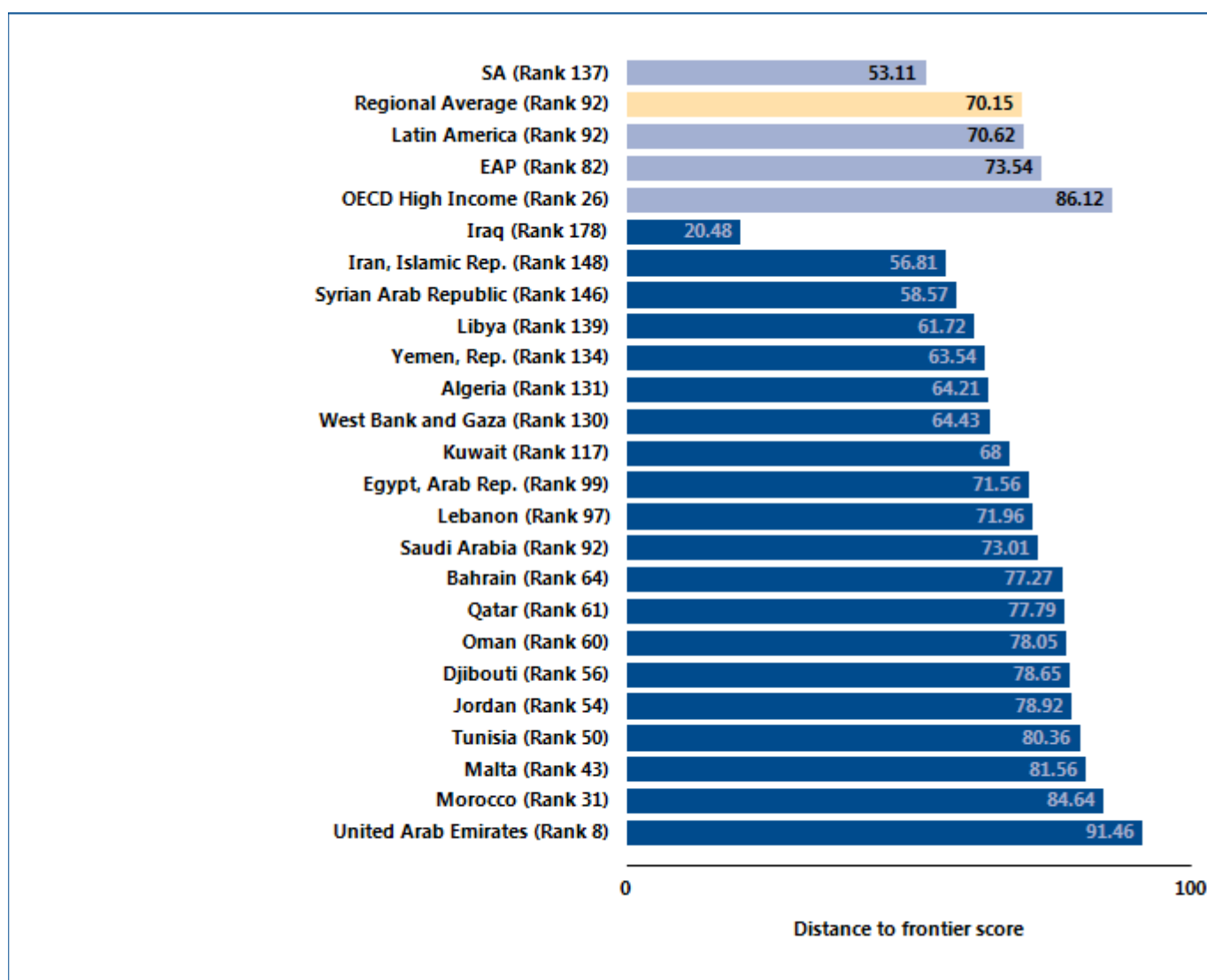
## TRADING ACROSS BORDERS

### Where do the region's economies stand today?

How easy it is for businesses in economies in Middle East and North Africa (MENA) to export and import goods? The global rankings of these economies on the ease of

trading across borders suggest an answer (figure 9.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 9.1 How economies in Middle East and North Africa (MENA) rank on the ease of trading across borders



Source: Doing Business database.

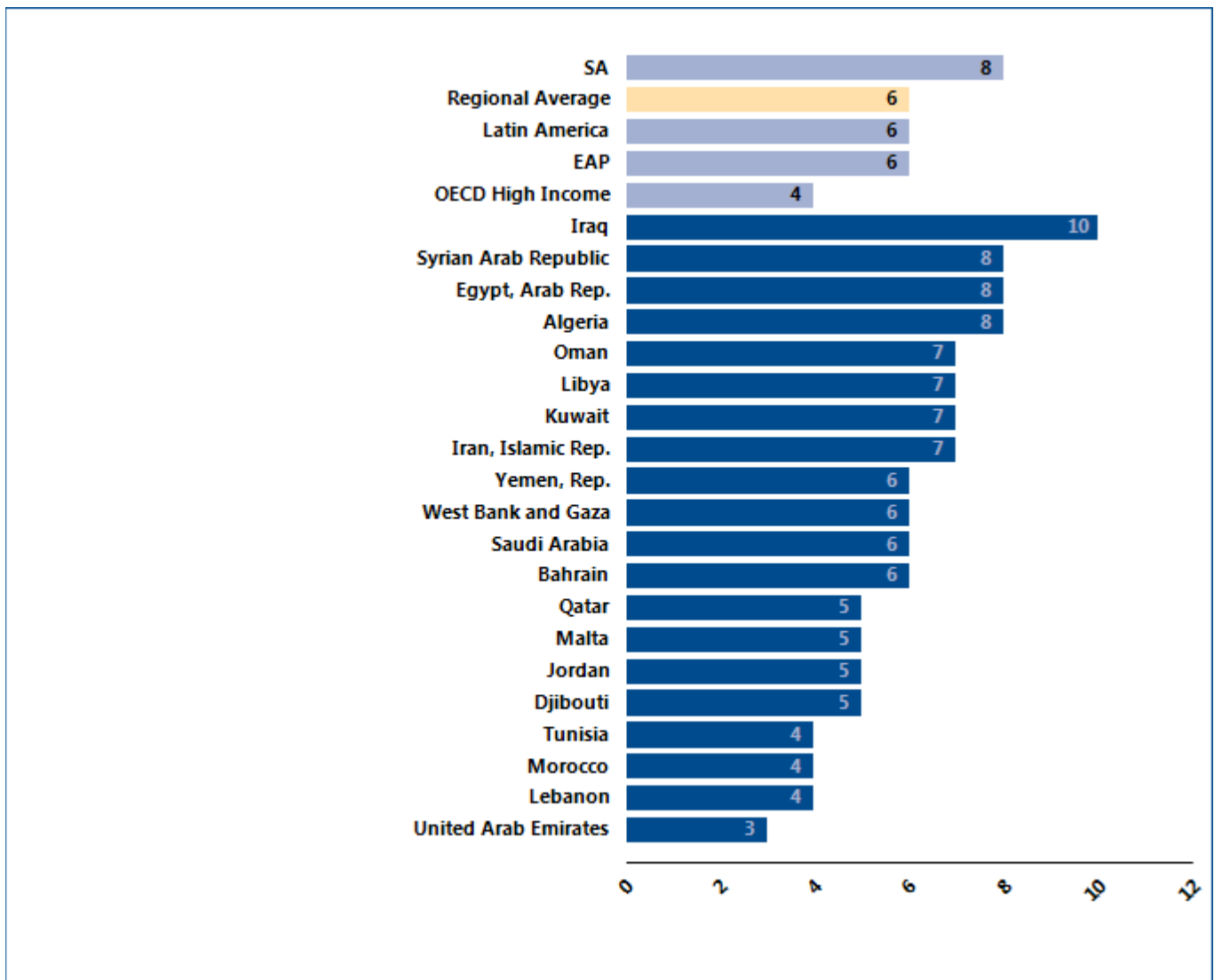
### TRADING ACROSS BORDERS

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show what it takes to export or import a standard container of goods in each economy in the region: the number of

documents, the time and the cost (figure 9.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

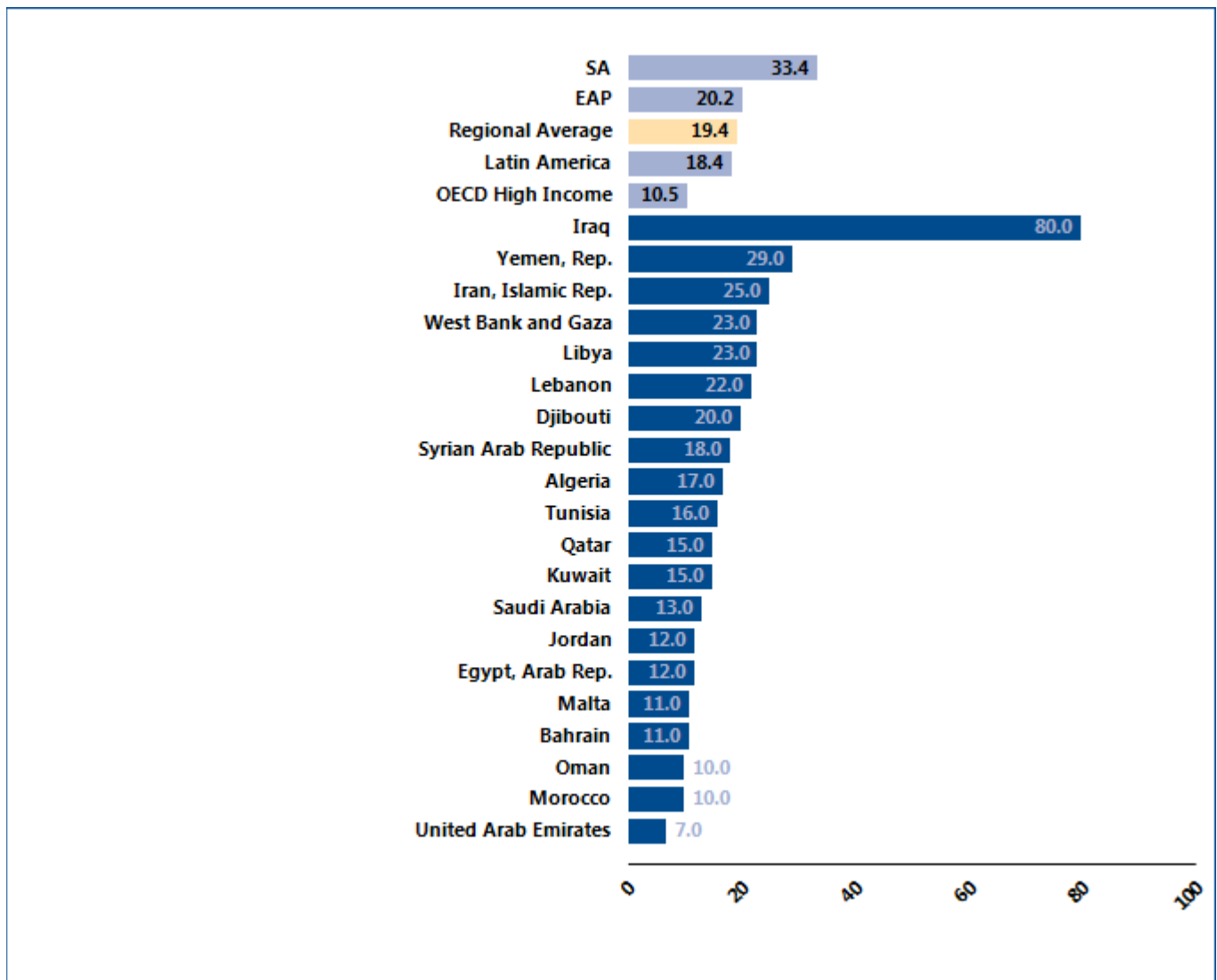
Figure 9.2 What it takes to trade across borders in economies in Middle East and North Africa (MENA)

#### Documents to export (number)



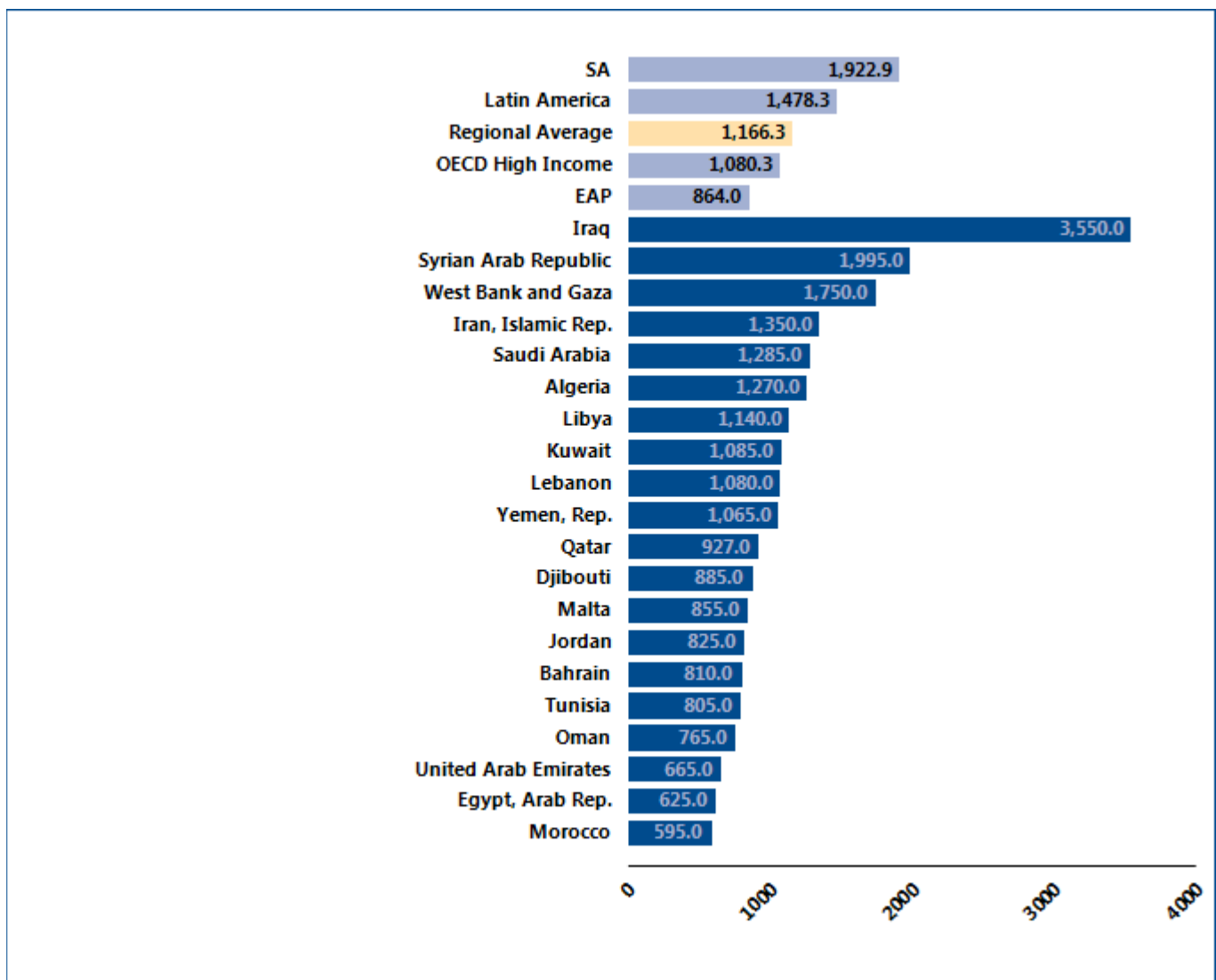
TRADING ACROSS BORDERS

Time to export (days)



## TRADING ACROSS BORDERS

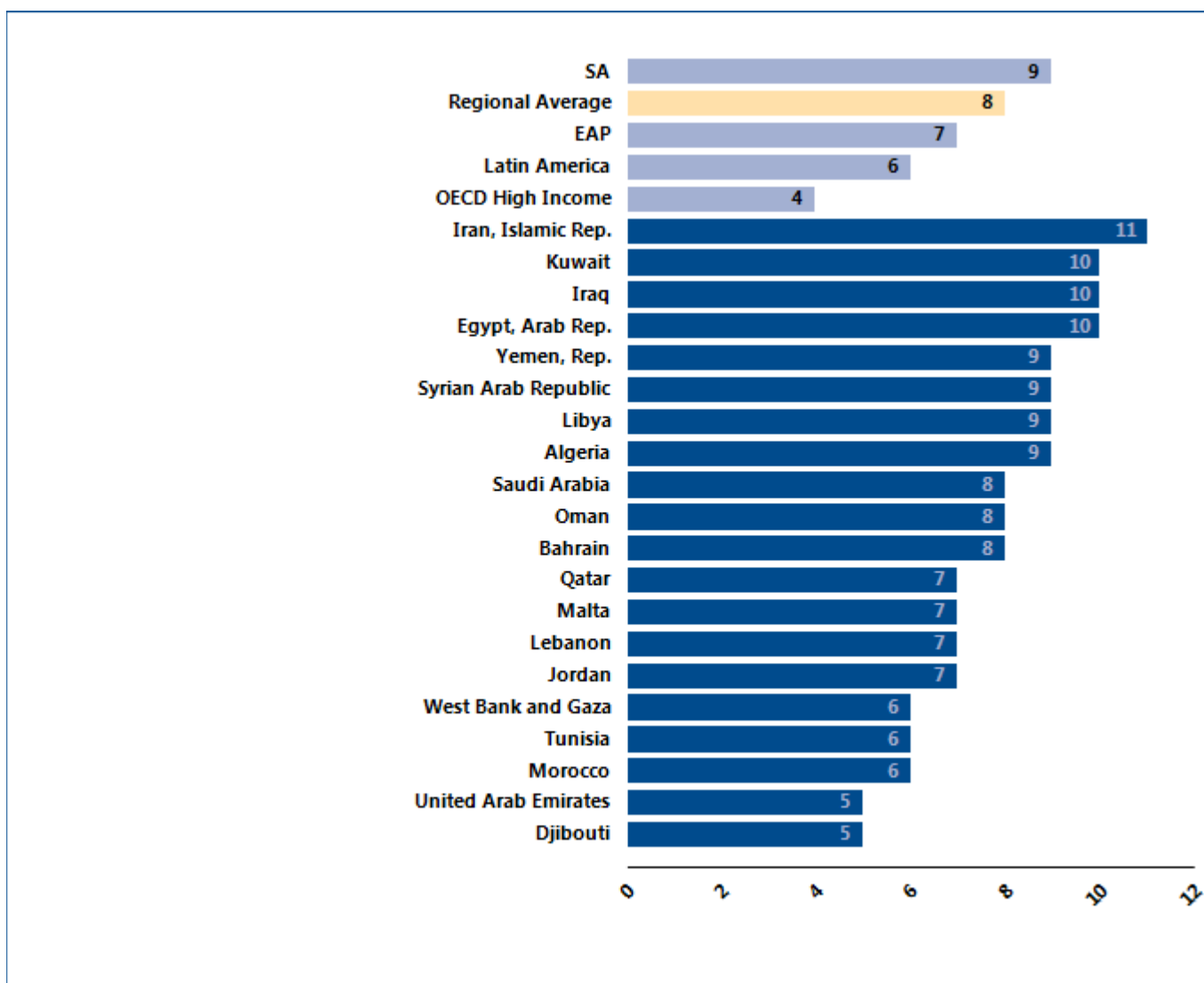
## Cost to export (US\$ per container)





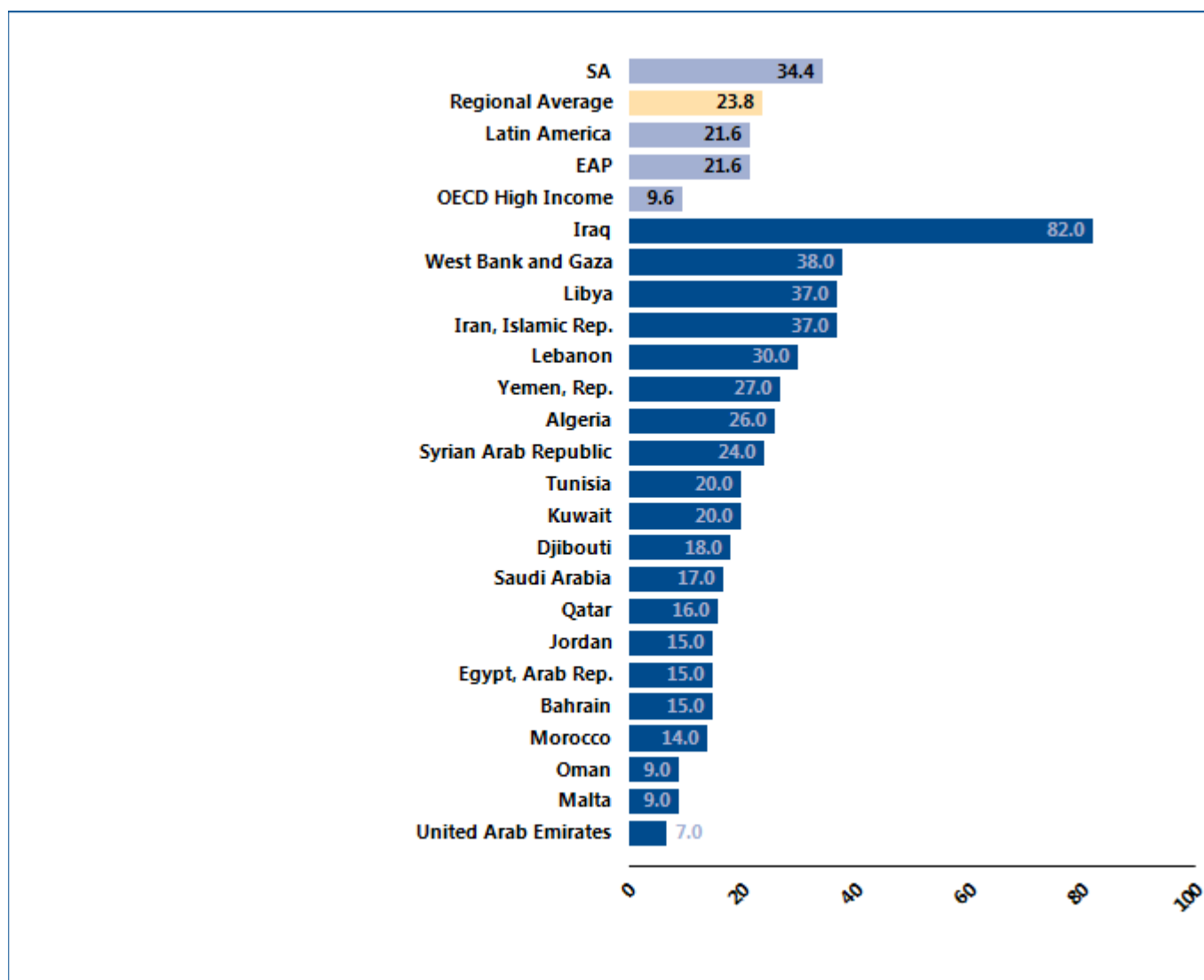
TRADING ACROSS BORDERS

Documents to import (number)



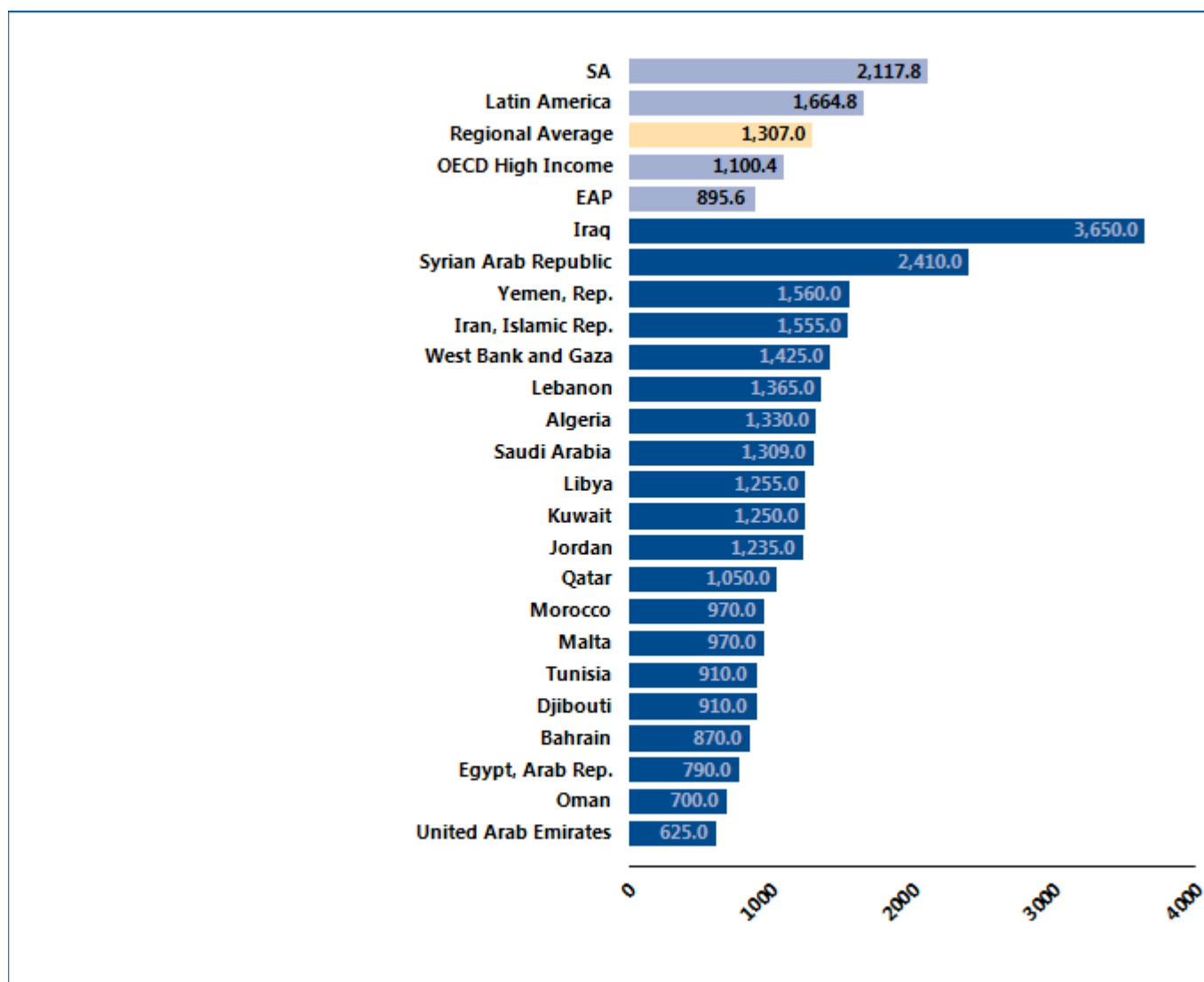
## TRADING ACROSS BORDERS

## Time to import (days)



## TRADING ACROSS BORDERS

## Cost to import (US\$ per container)



Source: Doing Business database.

## TRADING ACROSS BORDERS

### What are the changes over time?

In economies around the world, trading across borders as measured by *Doing Business* has become faster and easier over the years. Governments have introduced tools to facilitate trade—including single windows, risk-based inspections and electronic data interchange

systems. These changes help improve their trading environment and boost firms' international competitiveness. What trade reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 9.1)?

Table 9.1 How have economies in Middle East and North Africa (MENA) made trading across borders easier—or not?

By *Doing Business* report year DB2010 to DB2015

| DB year | Economy             | Reform   |
|---------|---------------------|--|
| DB2015  | <i>Algeria</i>      | Algeria made trading across borders easier by upgrading infrastructure at the port of Algiers.   |
| DB2015  | <i>Jordan</i>       | Jordan made trading across borders easier by improving infrastructure at the port of Aqaba.  |
| DB2015  | <i>Morocco</i>      | Morocco made trading across borders easier by reducing the number of export documents required.  |
| DB2015  | <i>Tunisia</i>      | In Tunisia trading across borders became more difficult because of a deterioration in port infrastructure (for example, in loading and unloading equipment) and inadequate terminal space. |
| DB2015  | <i>Yemen, Rep.</i>  | In the Republic of Yemen trading across borders became more difficult as a result of inefficient port operation.   |
| DB2014  | <i>Saudi Arabia</i> | Saudi Arabia made trading across borders more difficult by increasing the number of documents needed to export and import.   |
| DB2013  | <i>Qatar</i>        | Qatar reduced the time to export and import by introducing a new online portal allowing electronic submission of customs declarations for clearance at the Doha seaport.                   |
| DB2012  | <i>Djibouti</i>     | Djibouti made trading across borders faster by developing a new container terminal.  |

| DB year | Economy                     | Reform   |
|---------|-----------------------------|--|
| DB2012  | <i>Jordan</i>               | Jordan made trading across borders faster by introducing X-ray scanners for risk management systems.   |
| DB2011  | <i>Bahrain</i>              | Bahrain made it easier to trade by building a modern new port, improving the electronic data interchange system and introducing risk-based inspections.  |
| DB2011  | <i>Egypt, Arab Rep.</i>     | Egypt made trading easier by introducing an electronic system for submitting export and import documents.  |
| DB2011  | <i>Saudi Arabia</i>         | Saudi Arabia reduced the time to import by launching a new container terminal at the Jeddah Islamic Port.  |
| DB2011  | <i>Tunisia</i>              | Tunisia upgraded its electronic data interchange system for imports and exports, speeding up the assembly of import documents.   |
| DB2011  | <i>United Arab Emirates</i> | 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.  |
| DB2011  | <i>West Bank and Gaza</i>   | More efficient processes at Palestinian customs made trading easier in the West Bank.  |
| DB2010  | <i>Iran, Islamic Rep.</i>   | The Islamic Republic of Iran reduced the time for exporting and importing through the installation of scanners at the port of Shahid Rajaei and the reorganization of customs clearance offices to separate inspections of special goods (chemicals, petroleum) from those of general goods.   |
| DB2010  | <i>Jordan</i>               | Jordan reduced the time for exporting and importing by implementing a risk-based inspection system with postdestination clearance for preapproved traders, reducing the number of containers subject to physical inspection and allowing online submission of customs declarations by fully implementing the ASYCUDA World electronic data interchange system. |
| DB2010  | <i>Kuwait</i>               | Kuwait reduced the time required for customs clearance by improving administrative procedures and staff training.  |
| DB2010  | <i>Tunisia</i>              | Tunisia reduced the time required for trading across borders   |

| DB year       | Economy                     | Reform  |
|---------------|-----------------------------|---|
|               |                             | by enabling traders to electronically submit most documents required to clear cargo through the TradeNet single-window system—though traders must still bring the original copies to customs for verification.  |
| <b>DB2010</b> | <i>United Arab Emirates</i> | The United Arab Emirates made trading across borders easier through greater capacity at the container terminal in Dubai, elimination of the requirement for a terminal handling receipt and improvements in the banking sector reducing the cost of trade finance products. |
| <b>DB2010</b> | <i>Yemen, Rep.</i>          | The Republic of Yemen reduced the time required for trading across borders by implementing a risk-based inspection system and an electronic data interchange system.  |

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

*Source:* *Doing Business* database.

## ENFORCING CONTRACTS

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

### What do the indicators cover?

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

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

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

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

### WHAT THE ENFORCING CONTRACTS INDICATORS MEASURE

#### Procedures to enforce a contract through the courts (number)

- Steps to file and serve the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### Time required to complete procedures (calendar days)

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

#### Cost required to complete procedures (% of claim)

- Average attorney fees
- Court costs
- Enforcement costs

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

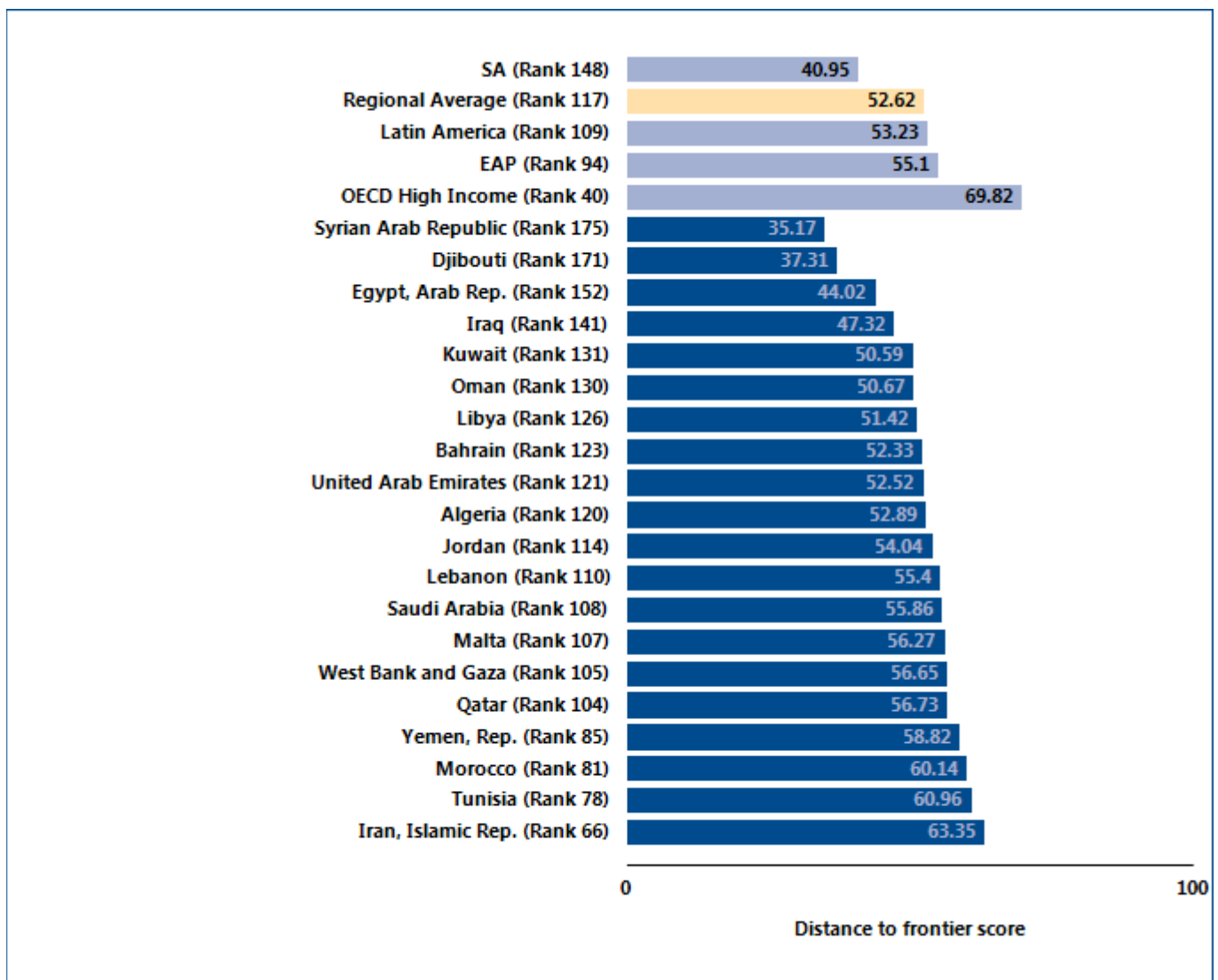
## ENFORCING CONTRACTS

### Where do the region’s economies stand today?

How efficient is the process of resolving a commercial dispute through the courts in economies in Middle East and North Africa (MENA)? The global rankings of these

economies on the ease of enforcing contracts suggest an answer (figure 10.1). The average ranking of the region and comparator regions provide a useful benchmark.

Figure 10.1 How economies in Middle East and North Africa (MENA) rank on the ease of enforcing contracts



Source: Doing Business database.



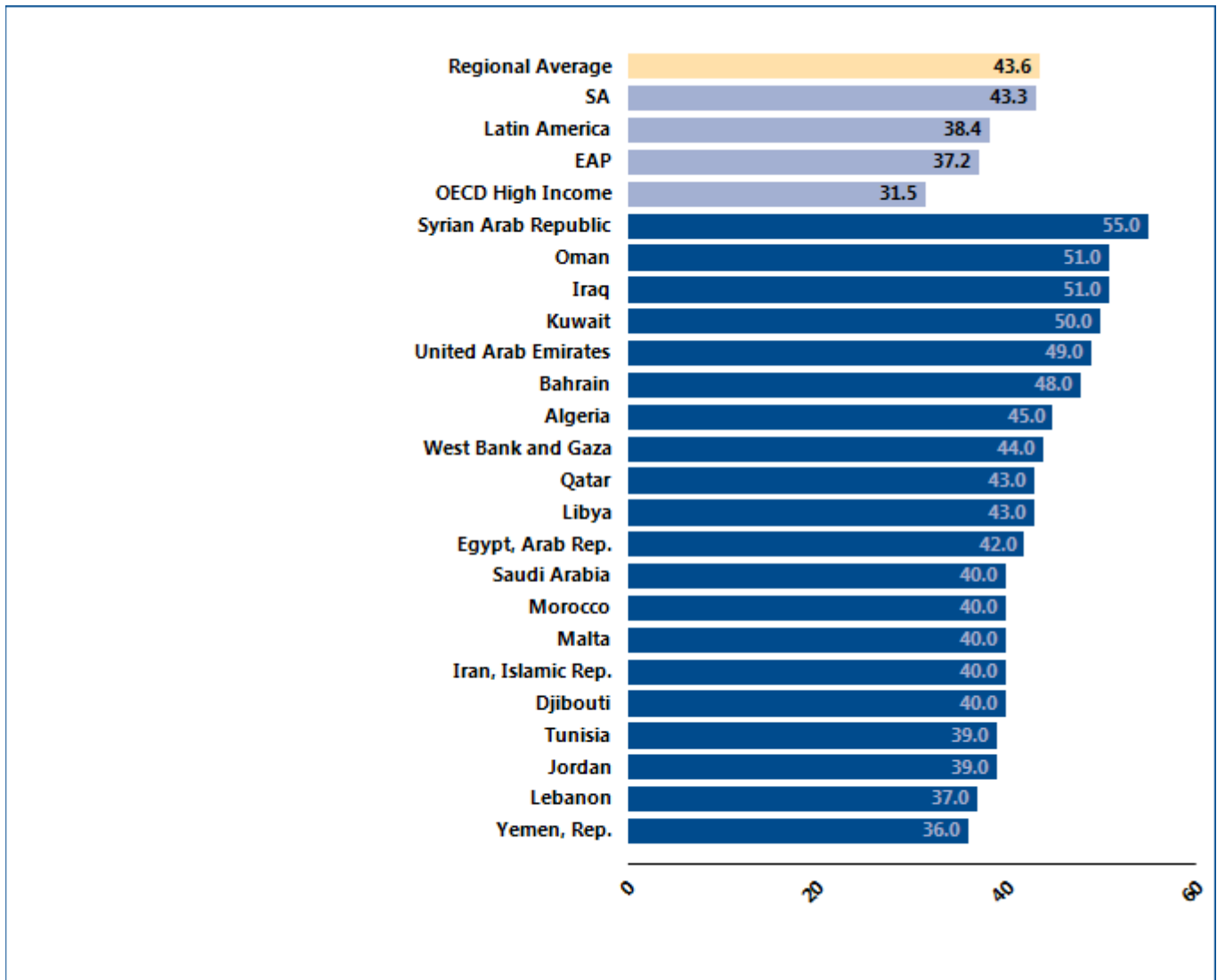
## ENFORCING CONTRACTS

The indicators underlying the rankings may also be revealing. Data collected by *Doing Business* show what it takes to enforce a contract through the courts in each economy in the region: the number of procedures, the

time and the cost (figure 10.2). Comparing these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

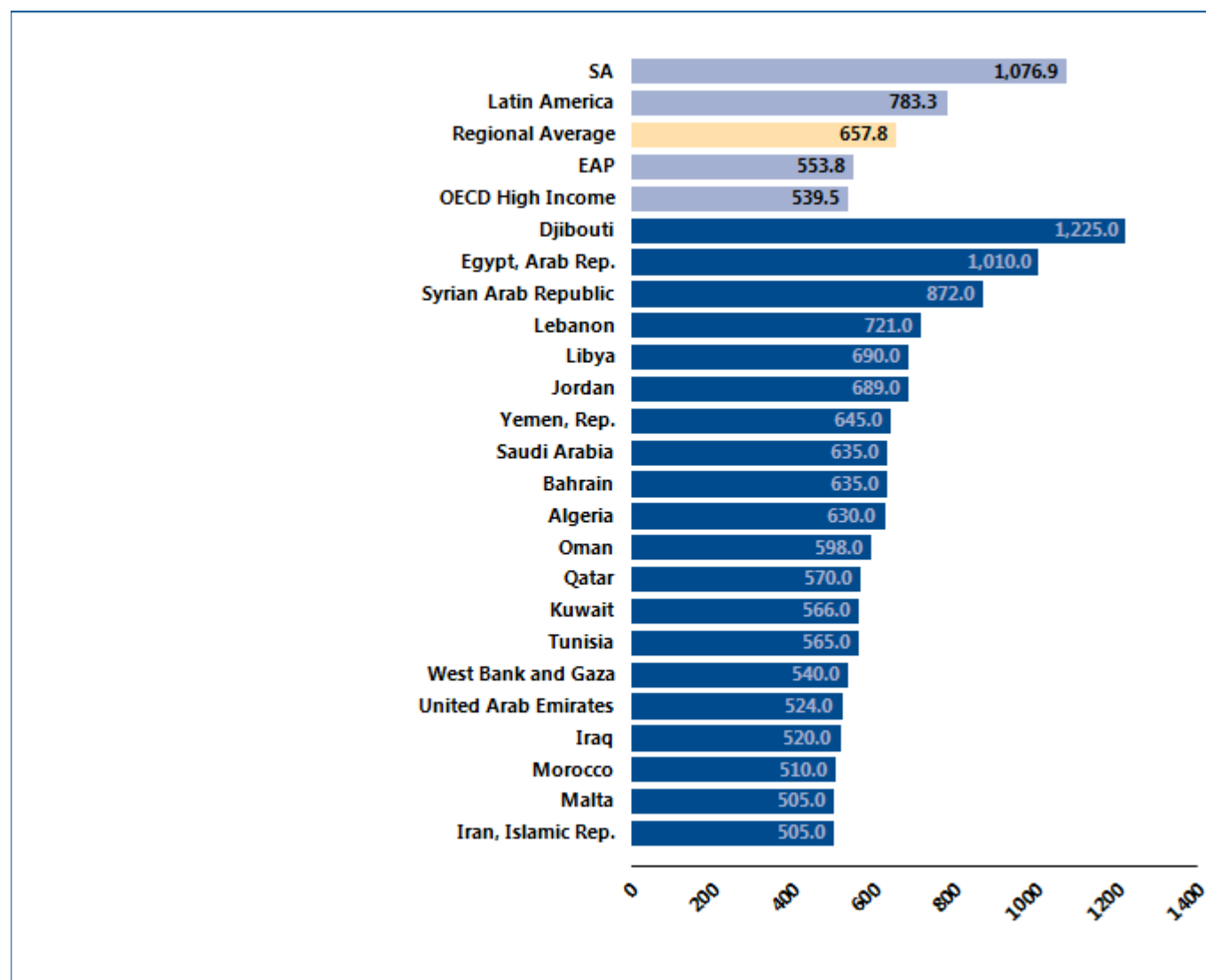
Figure 10.2 What it takes to enforce a contract through the courts in economies in Middle East and North Africa (MENA)

### Procedures (number)



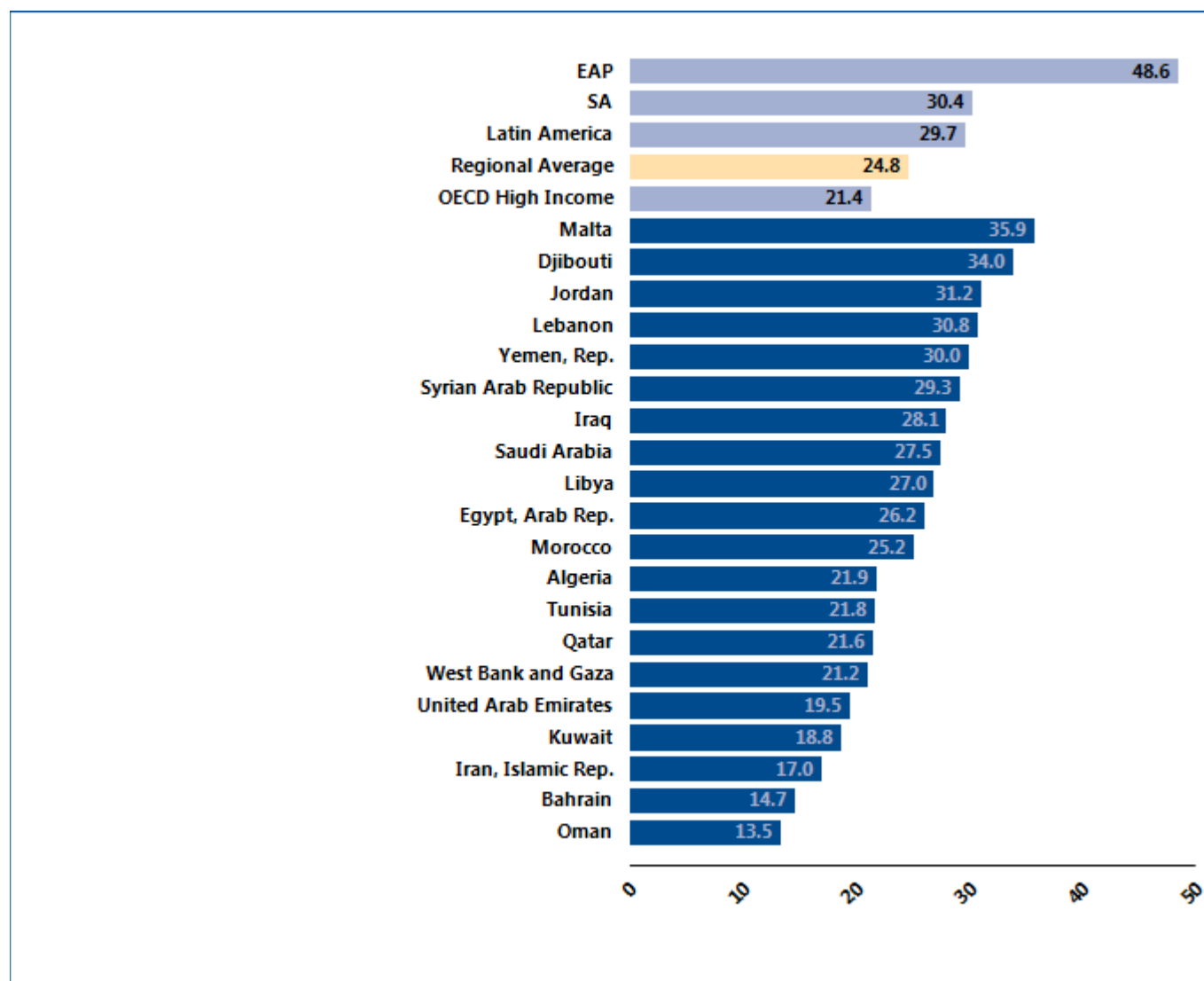
## ENFORCING CONTRACTS

Time (days)



## ENFORCING CONTRACTS

## Cost (% of claim)



Source: Doing Business database.

## ENFORCING CONTRACTS

### What are the changes over time?

Economies in all regions have improved contract enforcement in recent years. A judiciary can be improved in different ways. Higher-income economies tend to look for ways to enhance efficiency by introducing new technology. Lower-income economies often work on reducing backlogs by introducing periodic reviews to

clear inactive cases from the docket and by making procedures faster. What reforms making it easier (or more difficult) to enforce contracts has *Doing Business* recorded in Middle East and North Africa (MENA) (table 10.1)?

Table 10.1 How have economies in Middle East and North Africa (MENA) made enforcing contracts easier—or not?

By *Doing Business* report year DB2010 to DB2015

| DB year | Economy                   | Reform   |
|---------|---------------------------|--|
| DB2013  | <i>Saudi Arabia</i>       | Saudi Arabia made enforcing contracts easier by expanding the computerization of its courts and introducing an electronic filing system.   |
| DB2011  | <i>Iran, Islamic Rep.</i> | The Islamic Republic of Iran made enforcing contracts easier and faster by introducing electronic filing of some documents, text message notification and an electronic case management system.  |
| DB2010  | <i>Algeria</i>            | Algeria improved contract enforcement by introducing a new civil procedure code that reduces the steps and time required and by fully computerizing the courts, including by setting up an electronic case management system.  |
| DB2010  | <i>Egypt, Arab Rep.</i>   | Egypt made enforcing contracts easier by creating commercial courts.   |
| DB2010  | <i>Jordan</i>             | Jordan improved its contract enforcement system by setting up a specialized commercial court division, equipping its courts with a computer-aided case management system and raising the ceiling for cases heard by the lower court to improve the distribution of the caseload. |
| DB2010  | <i>West Bank and Gaza</i> | West Bank and Gaza speeded up contract enforcement by recruiting and training new judges, by appointing “enforcement judges” solely to handle matters relating to the enforcement of judgments and by fully implementing case management software.                               |

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

Source: *Doing Business* database.

## RESOLVING INSOLVENCY

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

### What do the indicators cover?

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

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

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

### WHAT THE RESOLVING INSOLVENCY INDICATORS MEASURE

#### Time required to recover debt (years)

Measured in calendar years

Appeals, requests for extension are included

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

Measured as percentage of estate value

Court fees

Fees of insolvency administrators

Lawyers' fees

Assessors' and auctioneers' fees

Other related fees

#### Outcome

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

#### Recovery rate for creditors

Measures the cents on the dollar recovered by secured creditors

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

Official costs of the insolvency proceedings are deducted

Depreciation of furniture is taken into account

Present value of debt recovered

#### Strength of insolvency framework index (0-16)

Sum of the scores of four component indices:

Commencement of proceedings index (0-3)

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

Reorganization proceedings index (0-3)

Creditor participation index (0-4)

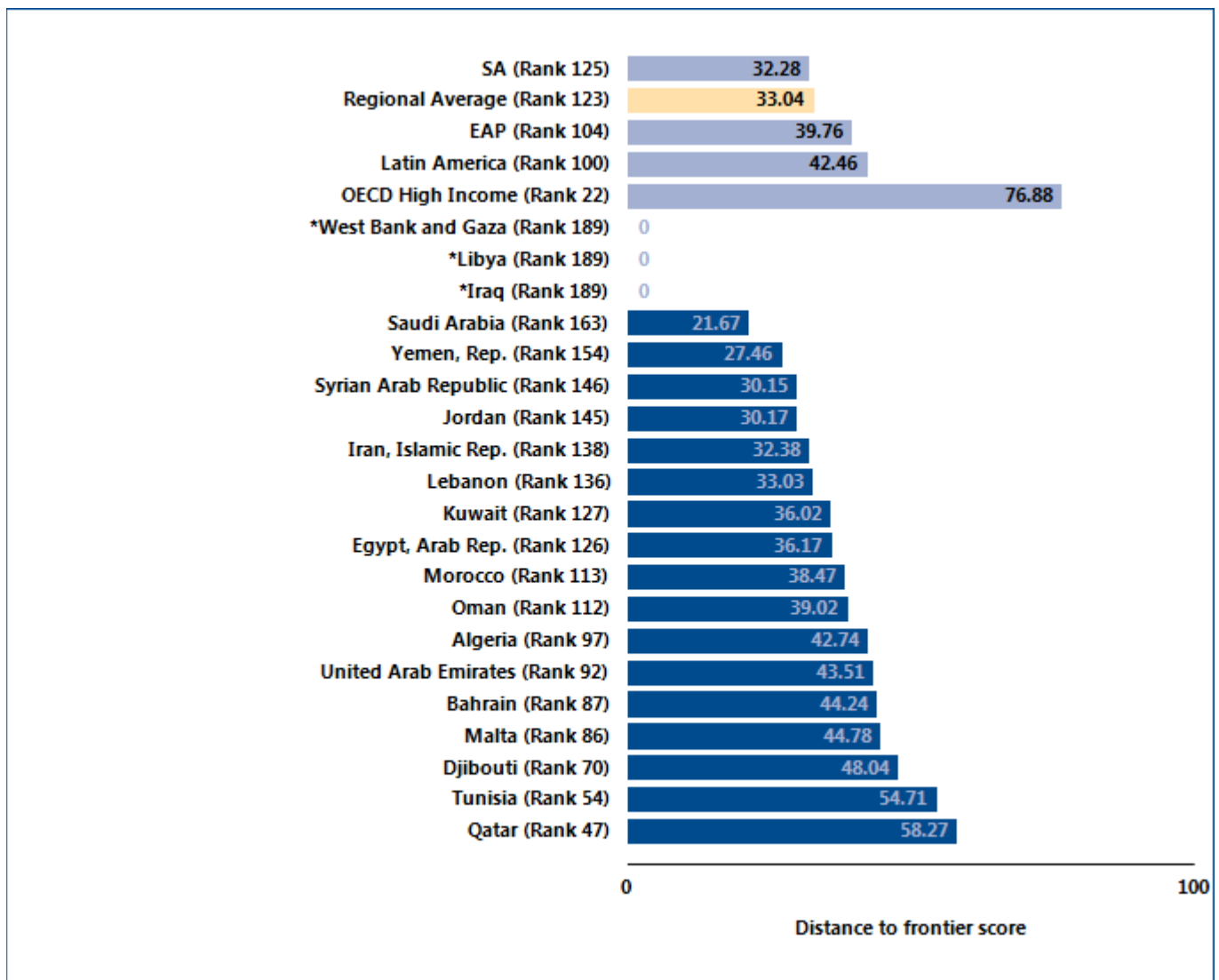
## RESOLVING INSOLVENCY

### Where do the region’s economies stand today?

How efficient are insolvency proceedings in economies in Middle East and North Africa (MENA)? The global rankings of these economies on the ease of resolving insolvency suggest an answer (figure 11.1). The average ranking of the region and comparator regions provide a

useful benchmark for assessing the efficiency of insolvency proceedings. Speed, low costs and continuation of viable businesses characterize the top-performing economies.

Figure 11.1 How economies in Middle East and North Africa (MENA) rank on the ease of resolving insolvency



Source: Doing Business database.

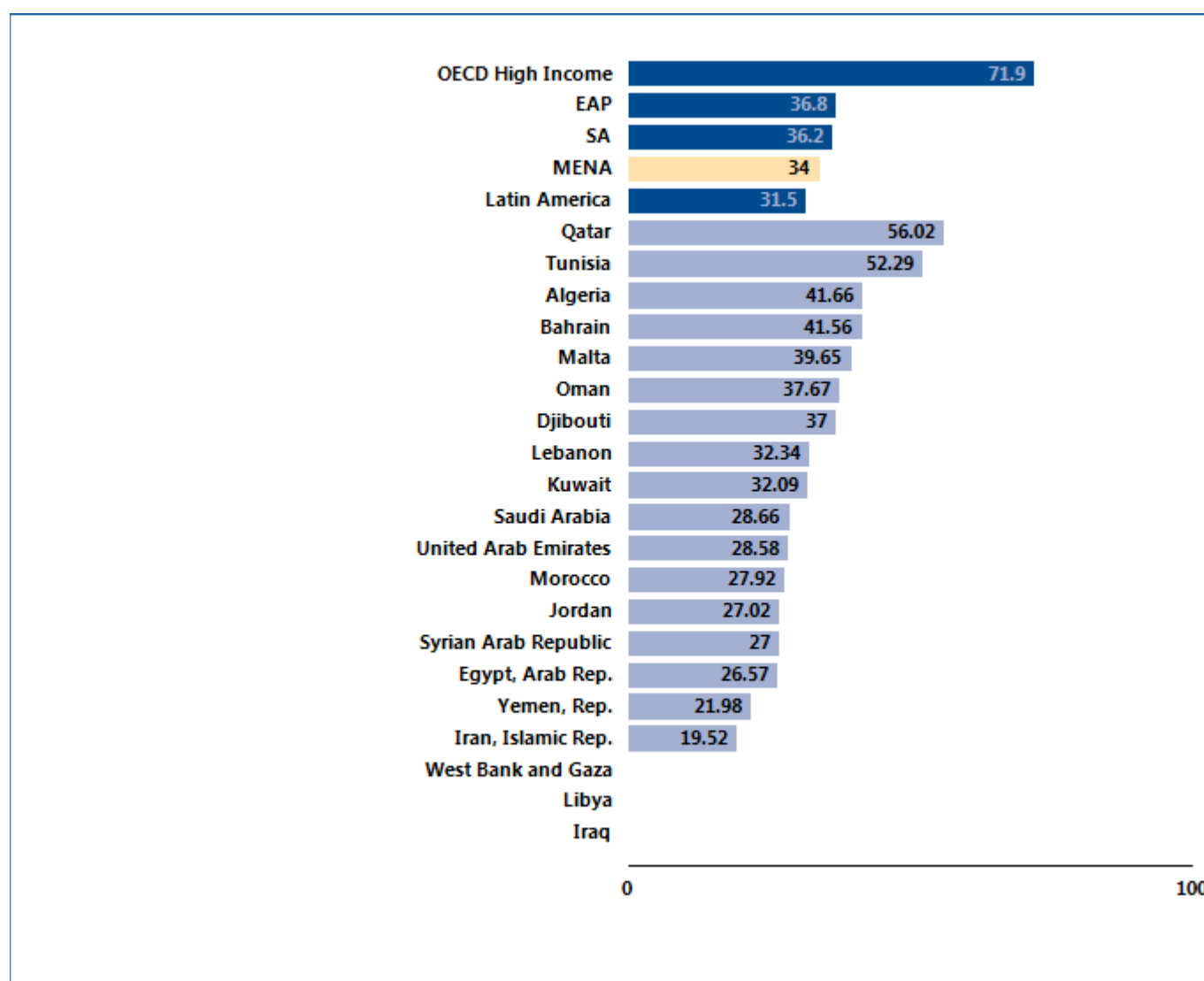
## RESOLVING INSOLVENCY

The indicators underlying the rankings may be more revealing. Data collected by *Doing Business* show the average recovery rate and the average strength of insolvency framework index (figure 11.2). Comparing

these indicators across the region and with averages both for the region and for comparator regions can provide useful insights.

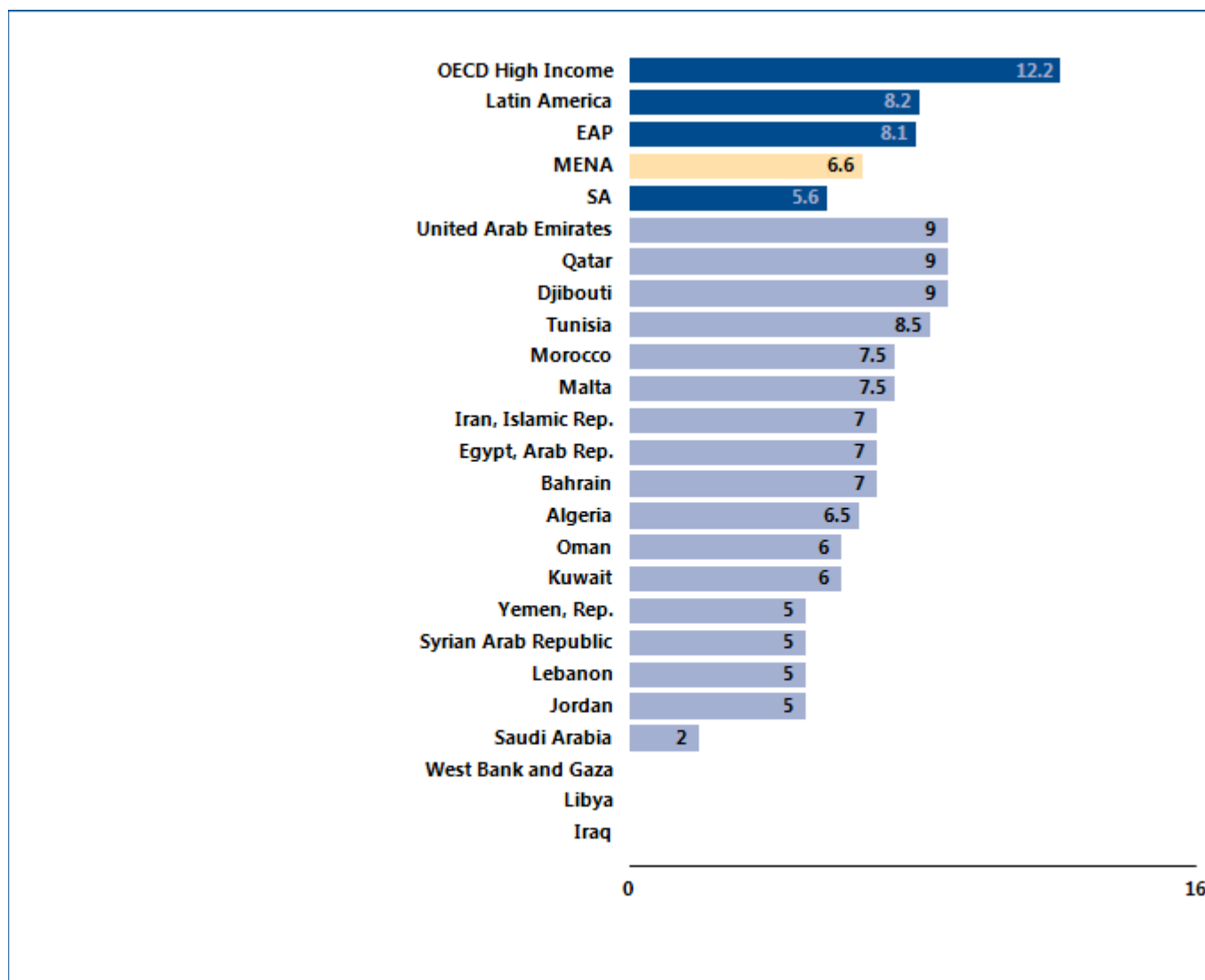
Figure 11.2 How efficient is the insolvency process in economies in Middle East and North Africa (MENA)

### Recovery Rate (0–100)



Source: *Doing Business* database.

## Total Strength of Insolvency Framework index (0-16)



Source: *Doing Business* database.

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

Source: *Doing Business* database.



## RESOLVING INSOLVENCY

### What are the changes over time?

A well-balanced bankruptcy system distinguishes companies that are financially distressed but economically viable from inefficient companies that should be liquidated. But in some insolvency systems even viable businesses are liquidated. This is starting to

change. Many recent reforms of bankruptcy laws have been aimed at helping more of the viable businesses survive. What insolvency reforms has *Doing Business* recorded in Middle East and North Africa (MENA) (table 11.1)?

Table 11.1 How have economies in Middle East and North Africa (MENA) made resolving insolvency easier—or not?

By *Doing Business* report year DB2010 to DB2015

| DB year | Economy             | Reform   |
|---------|---------------------|--|
| DB2014  | <i>Djibouti</i>     | Djibouti made resolving insolvency easier through its new commercial code, which allows an insolvent debtor to file for preventive settlement, legal redress or liquidation and sets out clear rules on the steps and procedures for each of the alternatives available. |
| DB2011  | <i>Saudi Arabia</i> | 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.   |
| DB2010  | <i>Kuwait</i>       | Kuwait enhanced its insolvency process by introducing a new legal procedure that enables financially distressed companies on the verge of insolvency to restructure.   |

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

Source: *Doing Business* database.

## DISTANCE TO FRONTIER AND EASE OF DOING BUSINESS RANKING

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

### Distance to Frontier

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

#### Calculation of the distance to frontier score

Calculating the distance to frontier score for each economy involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the 31 component indicators  $y$  (except for the total tax rate) is rescaled using the linear transformation  $(\text{worst} - y)/(\text{worst} - \text{frontier})$ . In this formulation the frontier represents the best performance on the indicator across all economies since 2005 or the third year after data for the indicator were collected for the first time. For legal indicators such as those on getting credit or protecting minority investors, the frontier is set at the highest possible value. For the total tax rate, consistent with the use of a threshold in calculating the rankings on this indicator, the frontier is defined as the total tax rate at the 15th percentile of the

overall distribution for all years included in the analysis. For the time to pay taxes the frontier is defined as the lowest time recorded among all economies that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. In addition, the cost to export and cost to import for each year are divided by the GDP deflator, to take the general price level into account when benchmarking these absolute-cost indicators across economies with different inflation trends. The base year for the deflator is 2013 for all economies.

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

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

<sup>6</sup> See Djankov, Manraj and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to

method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components<sup>7</sup>.

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

#### Treatment of the total tax rate

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

The nonlinear transformation is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in an economy's

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

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

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

#### Calculation of scores for economies with 2 cities covered

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

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

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

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

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

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

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

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

#### *Ease of Doing Business ranking*

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

## RESOURCES ON THE *DOING BUSINESS* WEBSITE

### **Current features**

News on the *Doing Business* project  
<http://www.doingbusiness.org>

### **Rankings**

How economies rank—from 1 to 189  
<http://www.doingbusiness.org/rankings>

### **Data**

All the data for 189 economies—topic rankings, indicator values, lists of regulatory procedures and details underlying indicators  
<http://www.doingbusiness.org/data>

### **Reports**

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized economy and regional profiles  
<http://www.doingbusiness.org/reports>

### **Methodology**

The methodologies and research papers underlying *Doing Business*  
<http://www.doingbusiness.org/methodology>

### **Research**

Abstracts of papers on *Doing Business* topics and related policy issues  
<http://www.doingbusiness.org/research>

### **Business reforms**

Short summaries of DB2015 business regulation reforms, lists of reforms since DB2008 and a ranking simulation tool  
<http://www.doingbusiness.org/reforms>

### **Historical data**

Customized data sets since DB2004  
<http://www.doingbusiness.org/custom-query>

### **Law library**

Online collection of business laws and regulations  
<http://www.doingbusiness.org/law-library>

### **Contributors**

More than 10,700 specialists in 189 economies who participate in *Doing Business*  
<http://www.doingbusiness.org/contributors/doing-business>

### **Entrepreneurship data**

Data on business density (number of newly registered companies per 1,000 working-age people) for 139 economies  
<http://www.doingbusiness.org/data/exploretopics/entrepreneurship>

### **Distance to frontier**

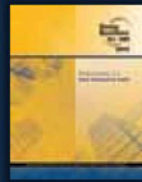
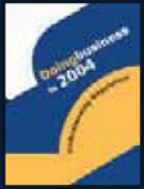
Data benchmarking 189 economies to the frontier in regulatory practice  
<http://www.doingbusiness.org/data/distance-to-frontier>

### **Distance to frontier**

Data benchmarking 189 economies to the frontier in regulatory practice  
<http://www.doingbusiness.org/data/distance-to-frontier>

### **Doing Business iPhone App**

*Doing Business at a Glance*—presenting the full report, rankings and highlights for each topic for the iPhone, iPad and iPod touch  
<http://www.doingbusiness.org/specialfeatures/>



[www.doingbusiness.org](http://www.doingbusiness.org)

ISBN 978-1-4648-0351-2



SKU 210351