

Doing Business 2011

Pakistan

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

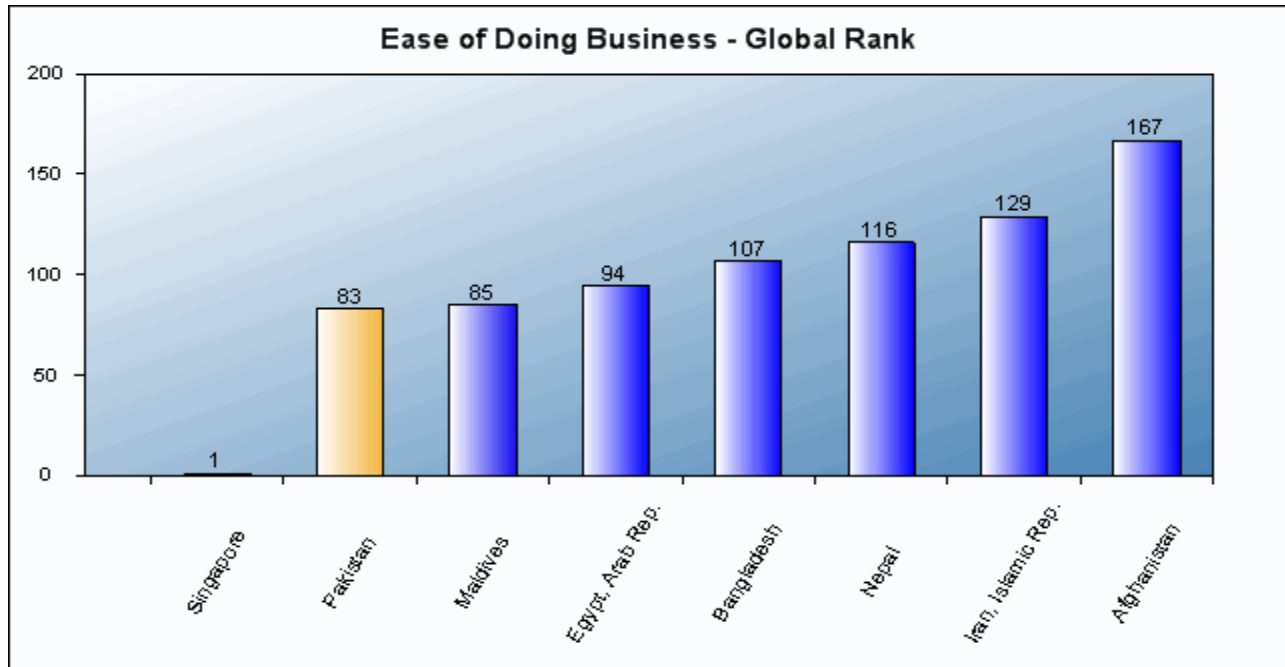
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Pakistan is ranked 83 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Pakistan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	83
Starting a Business	85
Dealing with Construction Permits	98
Registering Property	126
Getting Credit	65
Protecting Investors	28
Paying Taxes	145
Trading Across Borders	81
Enforcing Contracts	155
Closing a Business	67

Summary of Indicators - Pakistan

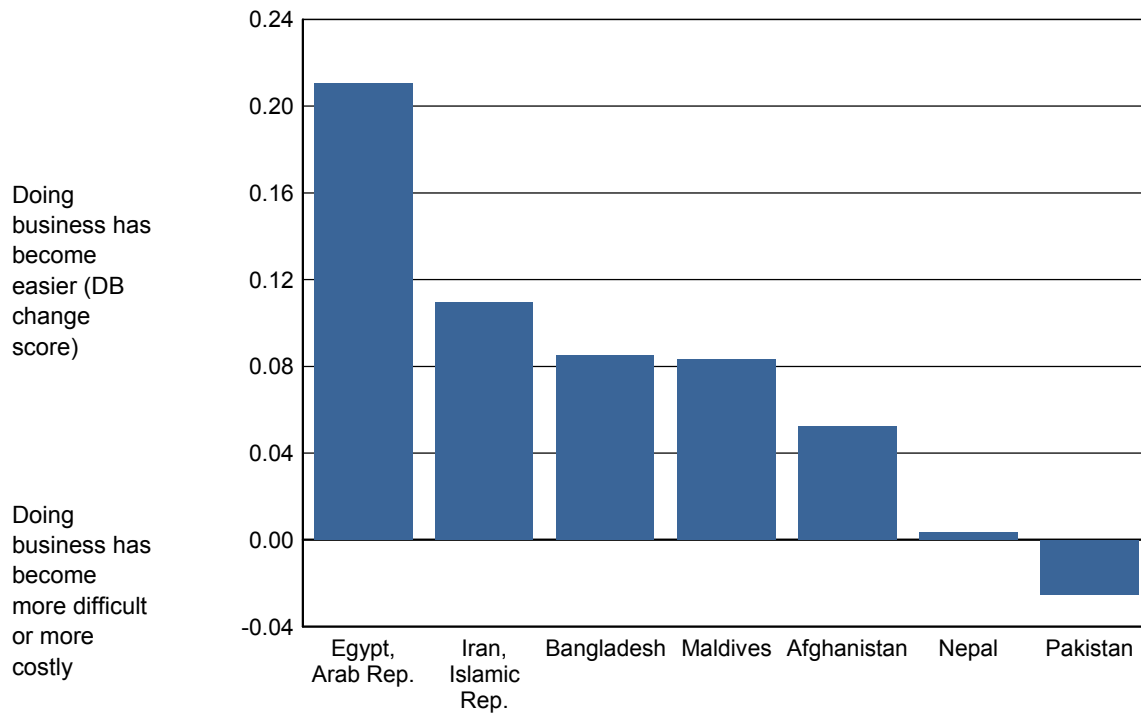
Starting a Business	Procedures (number)	10
	Time (days)	21
	Cost (% of income per capita)	10.7
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	12
	Time (days)	223
	Cost (% of income per capita)	575.7
Registering Property	Procedures (number)	6
	Time (days)	50
	Cost (% of property value)	9.2
Getting Credit	Strength of legal rights index (0-10)	6
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	5.8
	Private bureau coverage (% of adults)	1.4
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	6
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	6.3
Paying Taxes	Payments (number per year)	47
	Time (hours per year)	560
	Profit tax (%)	14.3
	Labor tax and contributions (%)	15.0
	Other taxes (%)	2.3
	Total tax rate (% profit)	31.6
Trading Across Borders	Documents to export (number)	9
	Time to export (days)	21
	Cost to export (US\$ per container)	611
	Documents to import (number)	8
	Time to import (days)	18
	Cost to import (US\$ per container)	680

Enforcing Contracts	Procedures (number)	47
	Time (days)	976
	Cost (% of claim)	23.8
Closing a Business	Recovery rate (cents on the dollar)	36.5
	Time (years)	2.8
	Cost (% of estate)	4

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

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

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

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

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

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



Case Study Assumptions

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

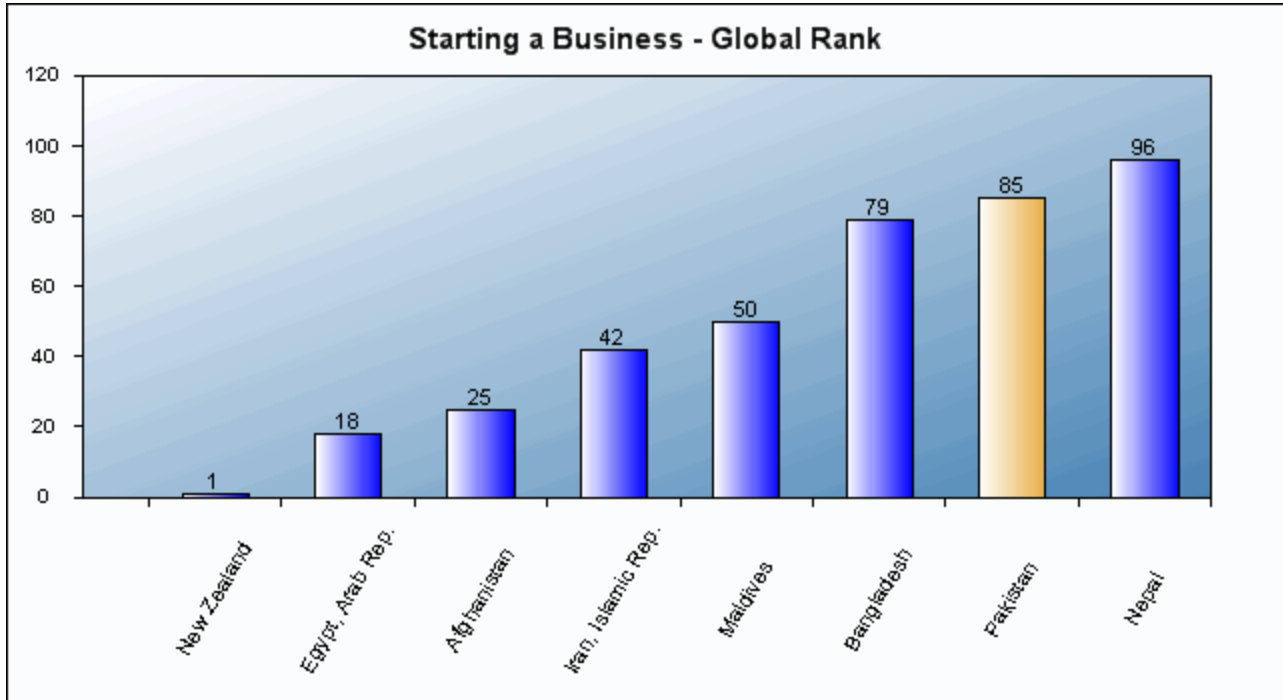
The business:

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

1. Benchmarking Starting a Business Regulations:

Pakistan is ranked 85 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Pakistan	10	21	10.7	0.0

<i>Comparator Economies</i>				
Afghanistan	4	7	26.7	0.0
Bangladesh	7	19	33.3	0.0
Egypt, Arab Rep.	6	7	6.3	0.0
Iran, Islamic Rep.	6	8	4.0	0.8
Maldives	5	9	9.4	3.7
Nepal	7	31	46.6	0.0

* The following economies are also good practice economies for :

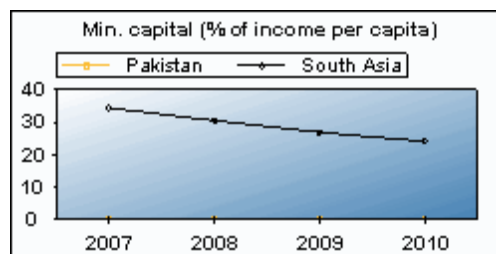
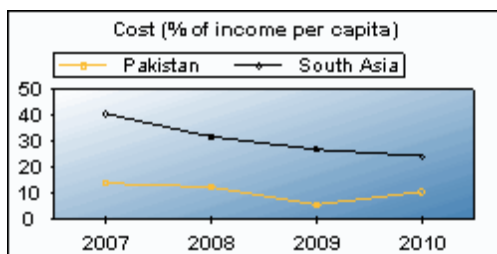
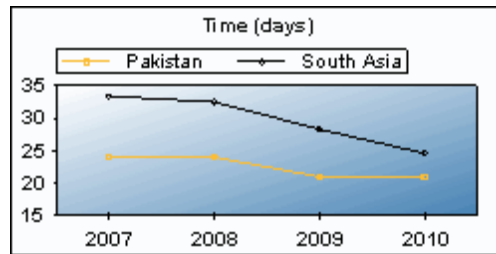
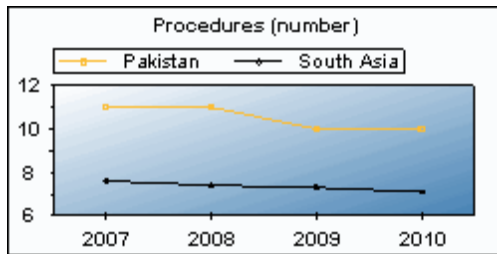
Procedures (number): Canada

Cost (% of income per capita): Slovenia

2. Historical data: Starting a Business in Pakistan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	69	85
Procedures (number)	11	11	10	10
Time (days)	24	24	21	21
Cost (% of income per capita)	14.0	12.6	5.8	10.7
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

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



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



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

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Karachi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain approval of company name through the Securities and Exchange Commission of Pakistan (SECP) E-service website	1	PKR 200
2	Pay the fees for name registration and company incorporation using bank challans at the designated bank (MCB)	1	no charge
3	Register the company with the Securities & Exchange Commission of Pakistan (SECP) through online E-services	2	PKR 7,000
4	Obtain digital signatures from the National Institutional Facilitation Technologies (NIFT) through the SECP e-services	1	PKR 1,277
5	Apply for a national tax number (NTN) and register for income tax	2	no charge
6	Register for sales tax by applying for a Sales Tax Number (STN) at the tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Karachi	1	no charge
7 *	Register for Professional Tax with the Excise & Taxation Department of the District	7	no charge

8	* Register with the Sind Employees Social Security Institution (SESSI)	11	no charge
9	* Register with Employees Old-Age Benefits Institution (EOBI).	11	no charge
10	* Register under the West Pakistan Shops and Establishment Ordinance 1969 with the Labour Department of the District	7	PKR 10

* Takes place simultaneously with another procedure.

Starting a Business Details - Pakistan

Procedure	1	Obtain approval of company name through the Securities and Exchange Commission of Pakistan (SECP) E-service website
Time to complete:	1	
Cost to complete:	PKR 200	
Comment:	<p>According to the Companies Ordinance, 1984 and its amendments in 2002 and update in February 2009, the company proposes one or more names in order of preference and submits them for approval via e-services or in person (offline) to the Securities and Exchange Commission of Pakistan (SECP). The availability of the suggested names can first be checked online by searching existing company names.</p> <p>The official confirmation (or denial) of the chosen name and its availability is received by email or via courier upon payment of the name search fee of PKR 200 (online name reservation) or PKR 500 (offline name reservation) at the bank designated by the SECP. A timely disposal of cases within 24 working hours is prescribed by the Regulation 9 of the CRO Regulation Act 2003. The approved name is reserved for 90 days by which time the company needs to get itself incorporated. The E-services were successfully launched in August 2008 to improve efficiency and effectiveness of the business processes of the SECP. The use of online submissions is growing but in some cities a big majority of entrepreneurs still prefer to apply in person.</p>	
Procedure	2	Pay the fees for name registration and company incorporation using bank challans at the designated bank (MCB)
Time to complete:	1	
Cost to complete:	no charge	
Comment:	<p>The company has to pay the fees for name search availability and incorporation according to the 6th Schedule of the Companies Ordinance 1984. The challans are required to be deposited with the Muslim Commercial Bank Ltd. They can be downloaded from the SECP website and offices or at the bank.</p>	
Procedure	3	Register the company with the Securities & Exchange Commission of Pakistan (SECP) through online E-services
Time to complete:	2	
Cost to complete:	PKR 7,000	
Comment:	<p>The company can complete the registration online through the e-Services or in person at the SECP. The following documents are required for the incorporation of a private company:</p> <ol style="list-style-type: none">Form 1: Declaration of compliance;Form 21: Identification of the location of the office;Form 29: Particulars of directors, secretary, chief accountant, auditors, and others.One copy of the Memorandum and Articles of Associations with the signature of each member (in presence of a witness). <p>According to the 6th Schedule of Fee effective from June 2009, the fees for incorporation of a company with an authorized capital up to PKR 600,000 are the following:</p> <ol style="list-style-type: none">Online submission: registration fee PKR 5,000 and filing fee PKR 2,000;Physical (off-line) submission: registration fee PKR 10,000 and filing fee PKR 4,000; <p>A confirmation of the online/ in person submission is received instantly and the actual certificate</p>	

a few days later via email and courier. The company can register with any Company Registration Office, irrespective of the jurisdiction. All regional SECP offices are computerized.

Procedure 4 Obtain digital signatures from the National Institutional Facilitation Technologies (NIFT) through the SECP e-services

Time to complete: 1

Cost to complete: PKR 1,277

Comment: The digital signature is obtained from the National Institutional Facilitation Technologies (NIFT) through e-Services or at the SECP offices. NIFT serves as the witness of all digitally signed documentation. To apply, the company has to submit the Digital Signature Certificate Request Form along with scanned copies of the Directors' identity cards, Name Availability Certificate and a proof of payment.

Procedure 5 Apply for a national tax number (NTN) and register for income tax

Time to complete: 2

Cost to complete: no charge

Comment: According to the Income Tax Ordinance 2001, every company must register for income tax and obtain the national tax number (NTN) that is generally required by other registering authorities like Chambers of Commerce, Import-Export Regulatory Authority, utility authorities, etc. The income tax is paid on filing the return, which is due in 6 months from the end of the company's financial year (usually on June 30). Since 2002, after the introduction of the Income Tax Ordinance 2001, NTN is issued with a continuous valid term (without the need to renew the number).

To apply, the company has to submit a simple one page form called the NTN Form as well as a proof of registration, the Memorandum and Articles of Association, bank account number, copies of the national identity cards of its directors and an attestation of the registered business address at the nearest tax facilitation counter of the Regional Tax Office in Pakistan. All applications are forwarded to the Central Registration Office (CRO) in Islamabad that allots a uniform NTN number to each company. The center processes the application and issues the NTN at no cost. The certificate is sent to the registered address of the applicant. The company can track the application online or through the RTO helpline. If undelivered, the NTN certification can be collected from the specified office at the Central Board of Revenue.

Procedure 6 Register for sales tax by applying for a Sales Tax Number (STN) at the tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Karachi

Time to complete: 1

Cost to complete: no charge

Comment: According to the Sections 14, 15 and 16 of the Sales Tax Act 1990 and Sales Tax Rules 2006, the company has to register for sales tax by submitting the application on Form STR-1 at any tax facilitation counter at the nearest Regional Tax Office (RTO). The local RTO forwards all application to the Central Registration Office. After verification, the CRO issues a Registration Certificate bearing the registration number and mails the same to the registered company, on a prescribed Form STR-5.

The Sales Tax General Order No. 4/2007 introduced electronic filing of the sales tax returns and from July 1st 2008, electronic filing was made mandatory for all categories of taxpayers.

Procedure 7 Register for Professional Tax with the Excise & Taxation Department of the District

Time to complete: 7

Cost to complete: no charge

Comment: Following the Devolution Plan 2001, professional tax is enforced at the district level by the Excise and Taxation Department of the relevant provincial district. According to the Punjab Finance Act 1977, the tax is levied upon businesses, professionals, trades, callings or companies employing such professionals. The responsible district Excise and Taxation Officer (ET officer) is empowered to enroll in survey register every person who carries on any such business or profession and thereafter, give notice to such enrolled person. In case of a new business, the company is required to make a request to the ET officer to get enrolled by submitting a simple assessment form. The ET officer issues a registration number that acts as the reference number for the registered company and is noted down on every Bank Challan when assessments are paid into the Bank.

Procedure 8 Register with the Sind Employees Social Security Institution (SESSI)

Time to complete: 11

Cost to complete: no charge

Comment: According to the Punjab Industrial Policy 2003, registration with the Employees Social Security Institution is governed at the provincial level by an independent self-generating institution called the Punjab ESSI. Employers covered under the scheme contribute 6% of the wages to insurable workers. The wage ceiling should not exceed PKR 10,000 per month or PKR 400 per day. The registration is compulsory. The company has to fill up a simple form to be allotted a registration number and to receive later an employee card.

Procedure 9 Register with Employees Old-Age Benefits Institution (EOBI).

Time to complete: 11

Cost to complete: no charge

Comment: According to the Amendment in EOBI Act 1976, with the effect from July 2008, every industry or a commercial establishment with 5 or more employees has to be registered with the federal Employees Old Age Benefits Institution. Under the Employees Old Age Benefit Scheme, insured persons are entitled to pension (when retiring), invalidity (when permanently disabled) and old-age grant (an insured person retiring that does not possess the minimum threshold for pension) and survivor's pension. A contribution equal to 5% of minimum wages has to be paid by the Employers and 1% of the wage is paid by the Employee.

For initial registration, the company has to fill out and submit a simple form that is uploaded into the database. The allotment requests are sent to a center in Karachi that issues the registration numbers along with certificates and cards and sends them to the company. Computerization of records is underway.

Procedure 10 Register under the West Pakistan Shops and Establishment Ordinance 1969 with the Labour Department of the District

Time to complete: 7

Cost to complete: PKR 10

Comment: Pakistan Shops and Establishment Ordinance 1969 requires every establishment other than a one man shop to be registered with the Deputy Chief Inspector of the Labor Department in each district. This is to safeguard the labor standards of the workers.

To register, the employer has to submit application in Form A accompanied by a bank challan. The application for a new establishment shall be made within 2 months of setting up the establishment. The fees for registration are the following: 1-5 workers: PKR 2; 6-10 workers: PKR 3; 11-20 workers: PKR5; more than 20 workers: PKR 10. Once the fee was paid, the Deputy Chief Inspection registers the establishment in the Register of Establishments maintained in Form B and issues a registration certificate in Form C. The certificate has to be prominently displayed by the employer at the establishment.

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

Some reform outcomes

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

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

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

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

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

Case Study Assumptions

The business:

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

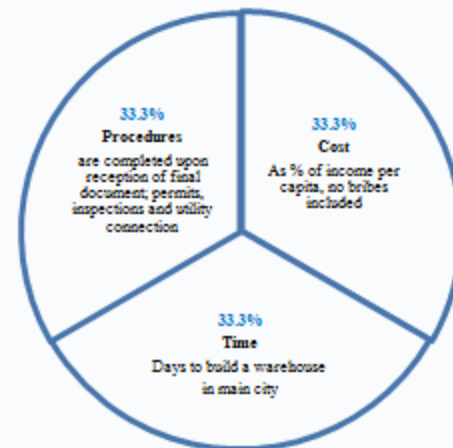
The warehouse:

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

Dealing with Construction Permits:

Building a warehouse

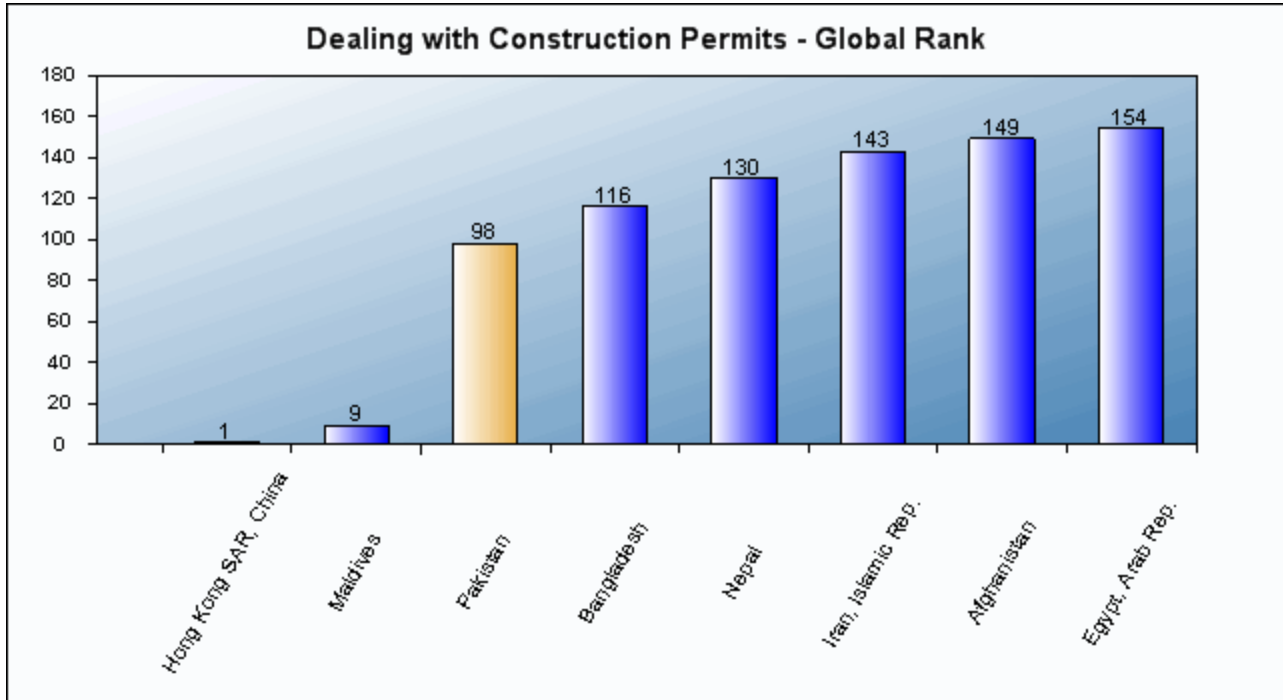
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Pakistan is ranked 98 overall for Dealing with Construction Permits.

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



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

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

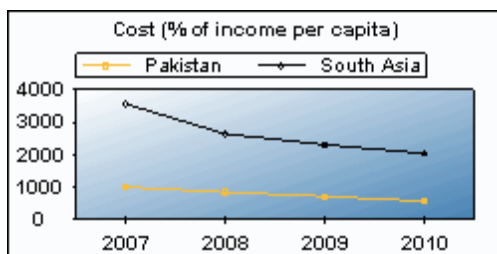
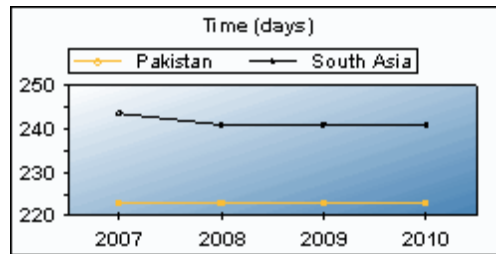
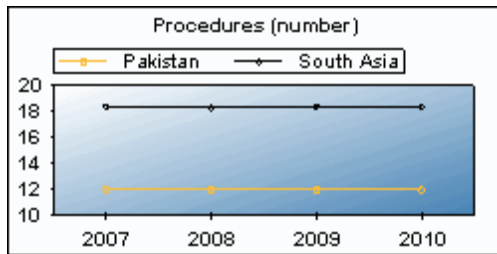
<i>Selected Economy</i>			
Pakistan	12	223	575.7

<i>Comparator Economies</i>			
Afghanistan	13	340	11355.3
Bangladesh	14	231	558.1
Egypt, Arab Rep.	25	218	293.7
Iran, Islamic Rep.	17	322	382.3
Maldives	9	118	20.3
Nepal	15	424	192.1

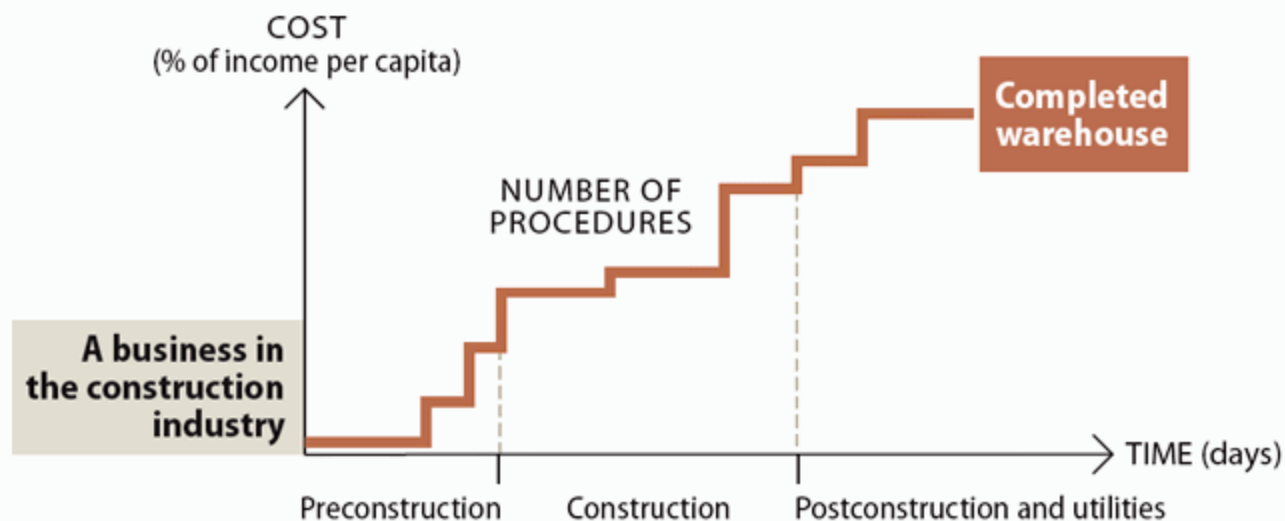
2. Historical data: Dealing with Construction Permits in Pakistan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	102	98
Procedures (number)	12	12	12	12
Time (days)	223	223	223	223
Cost (% of income per capita)	1002.5	846.3	716.3	575.7

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



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



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

BUILDING A WAREHOUSE

City: Karachi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a letter from concerned authority confirming the land title	30 days	no charge
2	Obtain a building permit	60 days	PKR 140,000
3	Notify the Karachi Building Control Authority (KBCA) in writing of the completion of foundations	1 day	no charge
4	Receive foundations work inspection from the Karachi Building Control Authority (KBCA)	15 days	no charge
5	Request electricity connection	75 days	PKR 228,000
6 *	Request telephone connection	7 days	PKR 750
7 *	Obtain copy of property tax valuation and copy of the certificate from the tax authorities	30 days	no charge
8 *	Receive inspection from the Excise and Taxation Department	1 day	no charge

9 *	Request water and sewerage connection	60 days	PKR 90,000
10	Apply for occupancy permit and request final inspection	1 day	no charge
11 *	Receive final inspection	1 day	no charge
12	Receive completion certificate from the Karachi Building Control Authority (KBCA)	51 days	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Pakistan

Procedure 1 Obtain a letter from concerned authority confirming the land title

Time to complete:	30 days
Cost to complete:	no charge
Agency:	Land Owning Authority
Comment:	The company must obtain a letter from the concerned authority confirming the title or land use, the dimensions of the plot, and the possible existence of any road widening, cut line, or reservation. In Karachi, the lands are owned by various authorities, such as the Karachi Development Authority and the Karachi Municipal Corporation. If the land belongs to the Karachi Municipal Corporation, for example, then the required letter or certificate must be obtained from that same authority.

Procedure 2 Obtain a building permit

Time to complete:	60 days
Cost to complete:	PKR 140,000
Agency:	Karachi Building Control Authority
Comment:	<p>An application form is to be submitted to the Karachi Building Control Authority (KBCA) along with the following documents:</p> <ol style="list-style-type: none">1. A building plan (initially three copies and then six copies) together with:<ol style="list-style-type: none">a. Full particulars of the land plot with a specification of its intended use (such as residential, commercial).b. Two sets of all documents relating to the plot and a letter from the concerned authority confirming the title or land use, the plot dimensions, and the possible existence of any road widening, cut line, or reservation.2. A plan description:<ol style="list-style-type: none">a. Any proposed and/or revised addition and/or alteration.b. Any previous approval, if applicable.c. Details of any litigation relating to the plot. <p>Note: The drawings should show plans, sections, and elevations, together with other necessary details pertaining to RCC elements, joinery work, and covered areas, and the like, of every floor, including the basement, if there is one. In addition, a block plan of the site, drawn to a scale of not less than 1:500 (1"=8') should be included. Such plan and sections should show the building's intended use; the access to and from the various parts of the building; the position dimensions; the means of ventilation; the proposed plinth height; the superstructure at each floor level; and the dimensions and descriptions of all the walls, floors, roofs, staircases, elevators, and the like.</p> <ol style="list-style-type: none">3. A description of the proposed construction:<ol style="list-style-type: none">a. Type of building.b. Total floor area.c. Number of floors.d. Number of units (for public sale projects only).e. Car parking space.f. Area of amenity space.4. Particulars of the licensed professionals employed to prepare the plan and supervise

work:

- a. Name.
- b. License number/professional registration number from the Public Electricity Corporation (PEC).
- c. National identity card number
- d. Mailing and permanent address/ telephone number.
- e. Office address and telephone number.

5. A specification of the building's intended use (i.e., is it destined for public sale).

6. A list of other documents to be attached to the application (photocopies should be duly attested by the professional):

- a. Lease/sale deed, allotment order, mutation (or transfer) order (or extract).
- b. Possession order.
- c. Acknowledgement of possession.
- d. Site plan.
- e. No-objection certificate (NOC), if applicable.
- f. National identity card.
- g. Letter from the owner, or attorney of the owner, authorizing a named professional whose license or registration number should also be provided, to complete and comply with the requirements of the Sindh Building Control Ordinance of 1979, as amended, and with the requirements of the regulations framed under the ordinance for and on behalf of the owner. The letter should also indicate that a plinth certificate notice would be provided at the completion of the plinth as required under section 3-2.10 of the Karachi Building and Town Planning Regulations of 2002. The letter should also specify that the owner would abide by all the aforementioned rules and regulations, and it must be signed by the owner or the owner's attorney, contain their national identity card number, email address; mailing, and permanent address and telephone number; as well as the signature and particulars of the architect and structural engineer.

7. A form specifying the architect's and structural engineer's undertaking:

The KBCA operates under the Sindh Local Government Ordinance of 2002, and falls under the control of the Karachi City District Government of which the Nazim (elected head of Karachi city local council) is the chief executive.

If the property is in a military cantonment jurisdiction, the company must send the documents to the Cantonment Board, which takes about 30 days. The model considered here assumes that the property is not located in this type of jurisdiction.

Procedure	3	Notify the Karachi Building Control Authority (KBCA) in writing of the completion of foundations
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Time to complete: 1 day

Cost to complete: no charge

Agency: Karachi Building Control Authority

Comment: Upon completion of the plinth level, BuildCo is required to notify the KBCA so that the latter verifies the building lines.

Procedure	4	Receive foundations work inspection from the Karachi Building Control Authority (KBCA)
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Time to complete: 15 days

Cost to complete: no charge

Agency: Karachi Building Control Authority

Comment: Except for Category 1 building works, Regulation No. 3-2.10 of the 2002 Regulations requires BuildCo to notify the KBCA upon completion of plinth level and, in the case of a basement, upon the completion of foundations, so that KBCA can verify the building lines. Regulation No. 3-2.10 also indicates that no further work can be carried out for the 15-day period following the notification date.

During this period, the KBCA either approves the building lines or informs the owner or owner's representative of any possible errors found. If no response is received from the KBCA within the 15-day period, the owner can proceed with the building works after notifying the KBCA, provided that the construction is consistent with the approved building plan.

Procedure 5 Request electricity connection

Time to complete: 75 days

Cost to complete: PKR 228,000

Agency: Karachi Electric Supply Corporation Limited

Comment: An application form is to be submitted to the Karachi Electric Supply Corporation Limited, along with the following documents, to apply for electricity connection:

- An application form, duly verified by a licensed electrical contractor.
- A copy of the applicant's national identity card.
- A copy of approved building plan.
- A copy of the letter under the cover of which the approved building plan was issued.

Procedure 6 Request telephone connection

Time to complete: 7 days

Cost to complete: PKR 750

Agency: Pakistan Telecommunication Company Limited

Comment: An application form is to be submitted to the Pakistan Telecommunication Company Limited along with the following documents, to apply for a telephone connection:

- Proof of ownership of, or, in case of a tenancy, a copy of the lease agreement of, the plot where the telephone line is to be installed; or a copy of the utility bill in the name of the prospective customer.
- A certificate of incorporation (issued by the Securities and Exchange Commission of Pakistan) if the applicant is a company.
- A letter from the company authorizing a named person to sign the application for the new telephone connection.

At this stage, BuildCo already holds all documents above.

Procedure 7 Obtain copy of property tax valuation and copy of the certificate from the tax authorities

Time to complete: 30 days

Cost to complete: no charge

Agency: Tax Authorities

Comment: The company must obtain a copy of the property tax valuation and a copy of the certificate from the tax authorities confirming that the company does not owe them any money. These documents are submitted along with the water connection application.

The Excise and Taxation Department of the Government of Sindh provides the property tax valuation after the building is completed. The department inspects the building and issues a certificate to the owner of the building. The certificate provides an assessment of the value of the building. If BuildCo has any objections to this assessment, it is required to make them known within 14 days. Otherwise, the department issues a PT-1 Form, a certificate that provides the assessed value of the property and the resultant property tax to be charged.

The documents needed are the following:

- An application providing information relating to the building.
- Title documents/ documents evidencing title of the property.
- Approved building plan.
- National identity card of the applicant.

Procedure 8 Receive inspection from the Excise and Taxation Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Excise and Taxation department

Comment:

Procedure 9 Request water and sewerage connection

Time to complete: 60 days

Cost to complete: PKR 90,000

Agency: Karachi Water and Sewerage Board

Comment: An application form is to be submitted to the Karachi Water and Sewerage Board along with the following documents to apply for water and sewerage connection:

- A copy of the approved building plan along with a copy of the letter under the cover of which the approved building plan was issued by the KBCA.
- Proof of ownership of the plot, or, for a tenancy, a copy of the lease agreement.
- A copy of the property tax valuation.
- A copy of the certificate from the tax authorities confirming that the company owes them no money.
- A copy of the applicant's national identity card.

Procedure 10 Apply for occupancy permit and request final inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Karachi Building Control Authority

Comment: After the building is completed, a "notice of completion and permission for occupation" form is to be submitted along with the architect's certificate. After receipt of this notice, the KBCA inspects the building to verify that it has been built according to the approved plans.

Procedure 11 Receive final inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Karachi Building Control Authority
Comment:

Procedure 12 Receive completion certificate from the Karachi Building Control Authority (KBCA)

Time to complete: 51 days
Cost to complete: no charge
Agency: Karachi Building Control Authority
Comment:

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

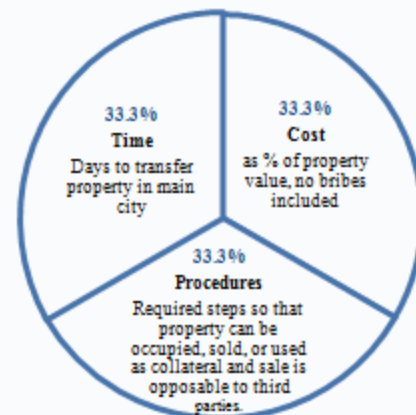
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

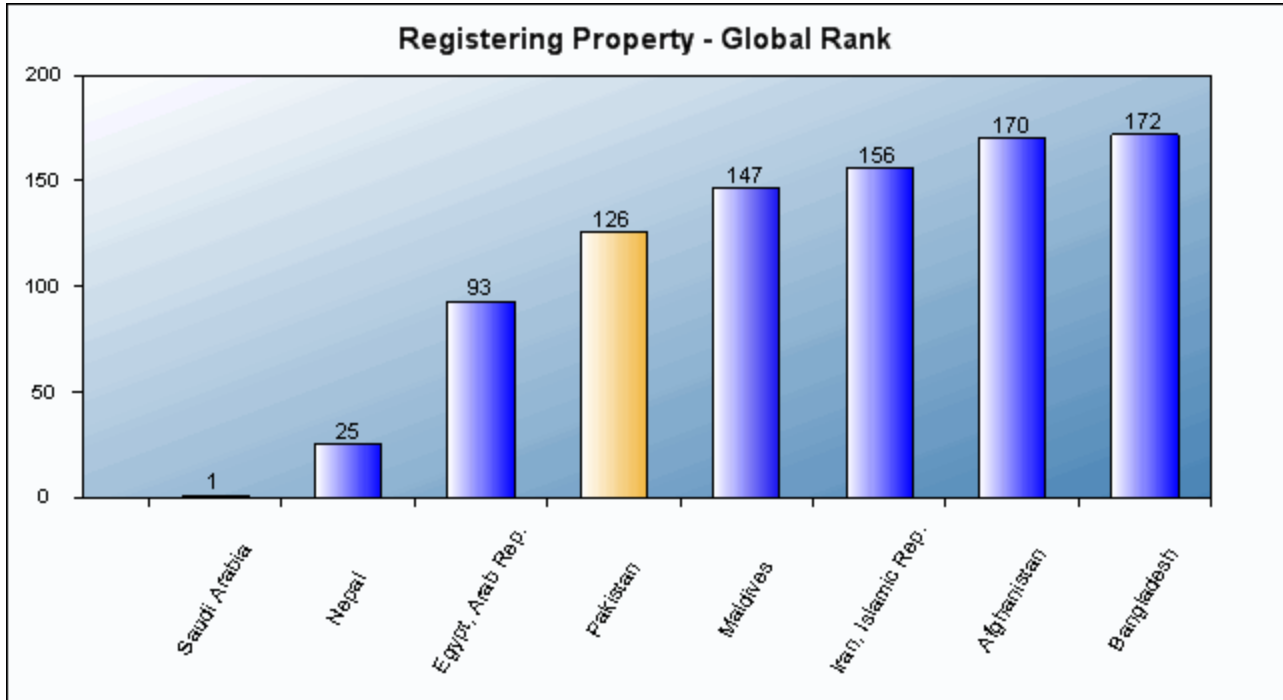
The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Pakistan is ranked 126 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Pakistan	6	50	9.2

<i>Comparator Economies</i>			
Afghanistan	9	250	5.0
Bangladesh	8	245	6.6
Egypt, Arab Rep.	7	72	0.8
Iran, Islamic Rep.	9	36	10.5
Maldives	6	57	16.9
Nepal	3	5	4.8

* The following economies are also good practice economies for :

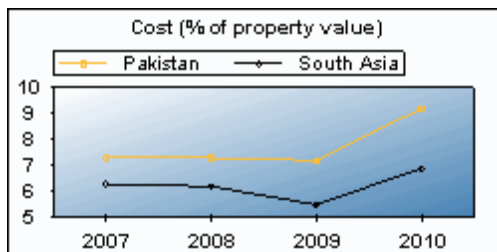
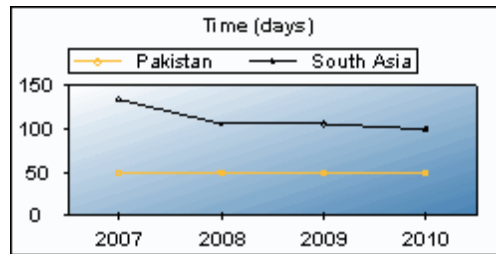
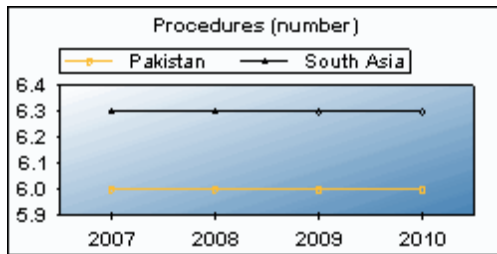
Procedures (number): United Arab Emirates

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

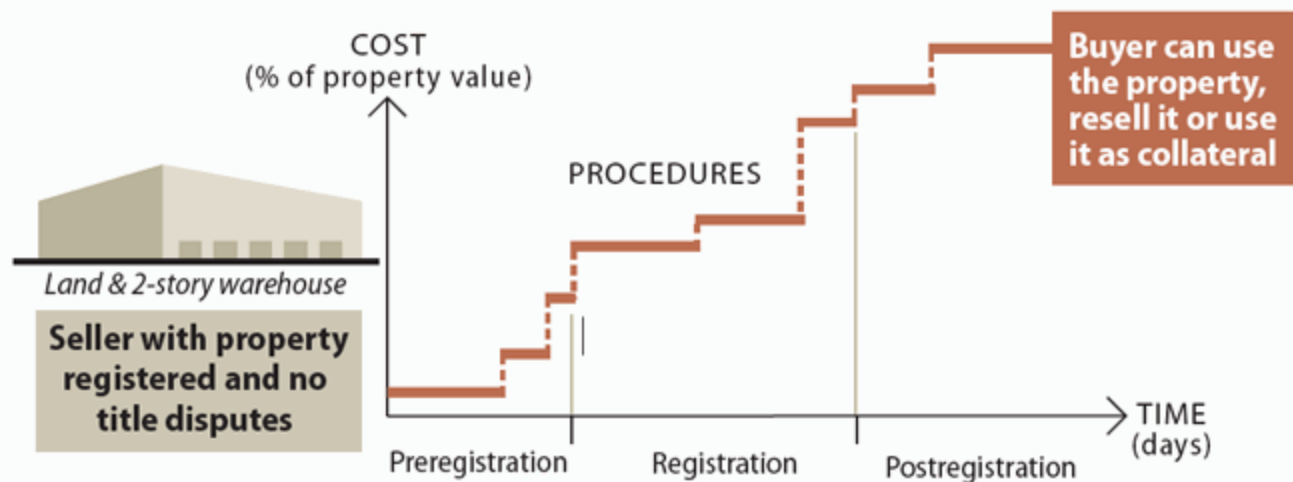
2. Historical data: Registering Property in Pakistan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	118	126
Procedures (number)	6	6	6	6
Time (days)	50	50	50	50
Cost (% of property value)	7.3	7.3	7.2	9.2

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



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



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

STANDARDIZED PROPERTY

Property Value: 3,983,961.79

City: Karachi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Advertisement of transaction in newspapers inviting objections	8 days	PKR 3,000
2	Hire deed writer or lawyer to draft sale purchase agreement	1 day	PKR 5,000
3	Payment of stamp duty, capital value tax, Town tax and registration fee	1 day	4% of the property price (Capital value tax) +3% of property price (stamp duty) + 1% of property price (registration fee)+ 1% Town Tax
4	Obtaining a Non-Objection Certificate	1 day	included in procedure 3
5	Receipt of payment is taken to Stamp Office	1 day	no cost
6	Execution and registration of the deed before the registration authority	38 days	no cost

Registering Property Details - Pakistan

Procedure	1	Advertisement of transaction in newspapers inviting objections
Time to complete:	8 days	
Cost to complete:	PKR 3,000	
Agency:	Local Newspaper	
Comment:	<p>A Public notice in two different newspapers, in English and in Urdu news paper, inviting objections/claims should be placed. After publication, there is a seven-day waiting time for arrival of objections, if any. Advertisement is published in local newspapers (dailies) having a large circulation.</p> <p>Simultaneously, the buyer will verify the authenticity of the documents presented by the seller as well his authority to act on behalf of the company to sell this property. At the same time, there is a checking for any encumbrances.</p>	
Procedure	2	Hire deed writer or lawyer to draft sale purchase agreement
Time to complete:	1 day	
Cost to complete:	PKR 5,000	
Comment:	<p>It is common practice in Pakistan to hire a lawyer or deed writer to draft the sale purchase agreement.</p>	
Procedure	3	Payment of stamp duty, capital value tax, Town tax and registration fee
Time to complete:	1 day	
Cost to complete:	4% of the property price (Capital value tax) +3% of property price (stamp duty) + 1% of property price (registration fee)+ 1% Town Tax	
Agency:	Government Treasury or National Bank of Pakistan	
Comment:	<p>Conveyance stamp duty 3% of property value. The capital value tax (CVT) was increased from 2% to 4% of the property value (Finance Act, 2009) as established by the Amendment to Act V of 1989 of the the Finance Act, Section 7, published in June 2009. After the 18th constitutional amendment (April, 2010), the CVT on property was transferred to provincial governments. CVT is applicable in urban areas for residential property exceeding an area of one kanal and in case of commercial properties without any threshold of land area or size of the property. However, where the value of such property is not recorded, the CVT is payable at Rs. 50 per square yard of land area.</p> <p>And 1% of property value for the registration fee.</p> <p>1% of the property value for the Town Tax</p> <p>Fees are paid at the Government Treasury or National Bank of Pakistan, an autonomous bank jointly owned by Government of Pakistan and public, who issue receipt of money which is taken to the Stamp office of the Government.</p> <p>The receipt of payment is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.</p>	

Procedure 4 Obtaining a Non-Objection Certificate

Time to complete: 1 day

Cost to complete: included in procedure 3

Agency: Town Nazim

Comment: The Town Nazim issues a “No Objection Certificate” in favour of the Seller permitting the sale of the property by the seller provided all the amount due and payable in respect of the property has been satisfied

Procedure 5 Receipt of payment is taken to Stamp Office

Time to complete: 1 day

Cost to complete: no cost

Agency: Stamp Office of the Government

Comment: The receipt of payment obtained in Procedure 4 is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.

Procedure 6 Execution and registration of the deed before the registration authority

Time to complete: 38 days

Cost to complete: no cost

Agency: Sub-Registrar of Conveyance/Assurances

Comment: The conveyance deed must be executed before the registering authority. Execution of the deed is done before the Sub-Registrar of Conveyance/Assurances of the area, official responsible under the Registration Act. Registration of the deed automatically follows the execution of sale deed. A receipt is issued immediately, but the deed is delivered a few weeks later. The name of the buyer is recorded in the new deed, showing the change in ownership. The documentation shall include:

Conveyance/Sale Deed (stamped after payment in Procedure 4)

ID of parties

Original title deed of seller

If the parties have authorized someone else through a power of attorney, the power of attorney in original with copies.

The buyer will conduct post registration procedures, such as changing the name at the utility companies, property taxation and municipal services.

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

Some reform outcomes

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

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

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

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

Depth of credit information index (0–6)

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

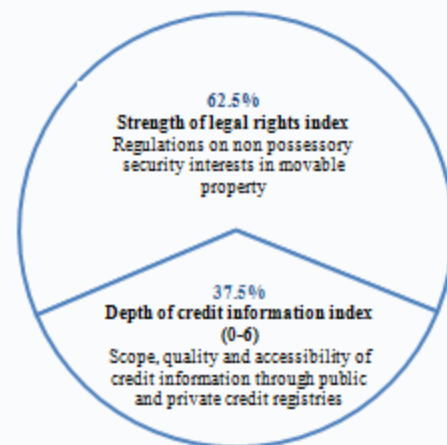
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

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

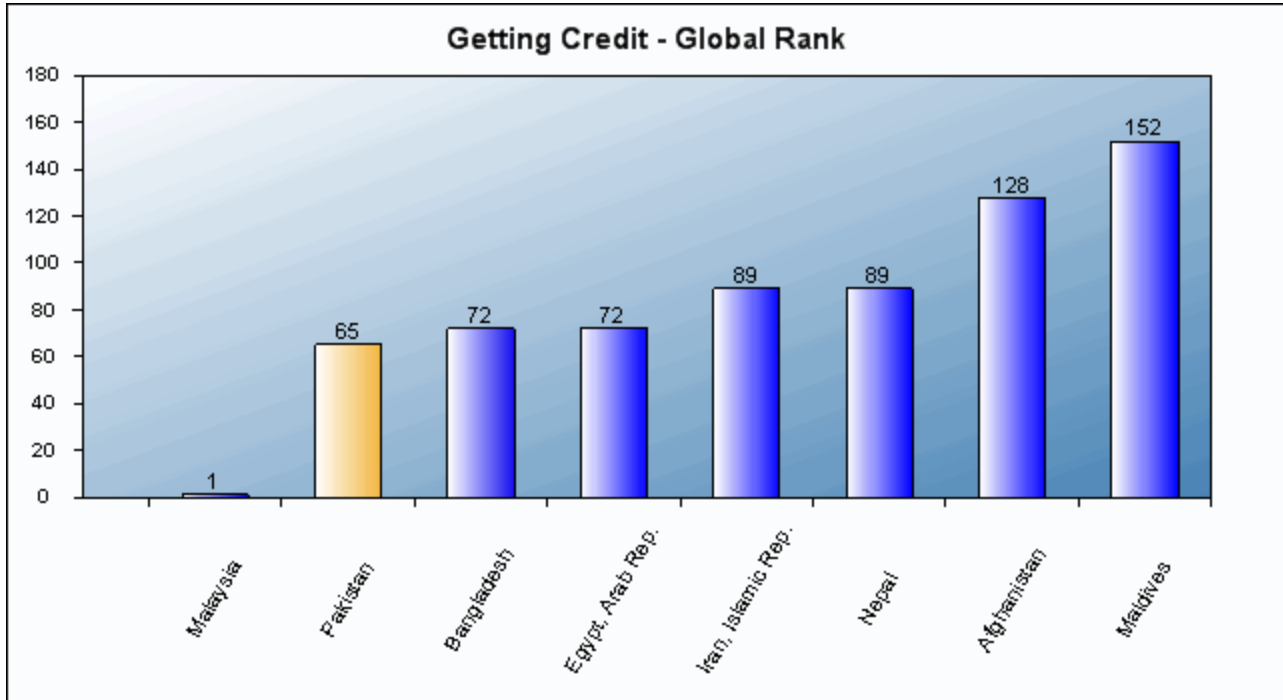
The Debtor

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

1. Benchmarking Getting Credit Regulations:

Pakistan is ranked 65 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Pakistan	6	4	5.8	1.4

<i>Comparator Economies</i>				
Afghanistan	6	0	0.0	0.0
Bangladesh	7	2	0.6	0.0
Egypt, Arab Rep.	3	6	2.9	10.3
Iran, Islamic Rep.	4	4	22.7	4.5
Maldives	4	0	0.0	0.0
Nepal	6	2	0.0	0.3

* The following economies are also good practice economies for :

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

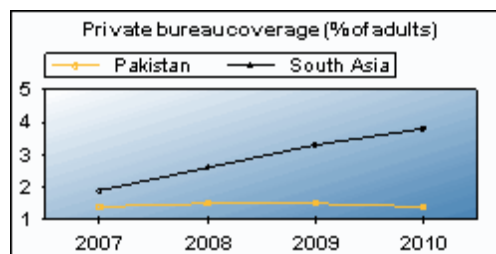
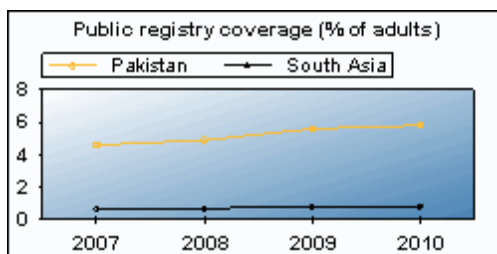
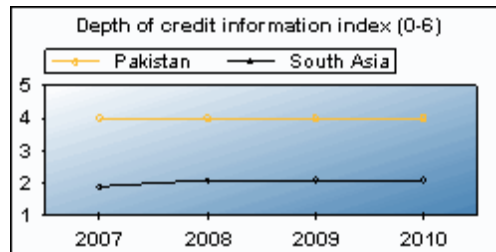
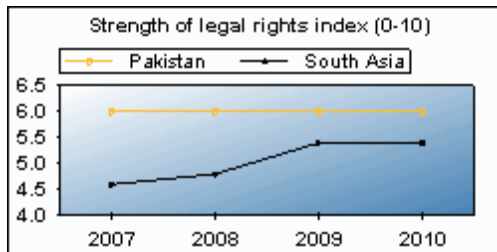
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

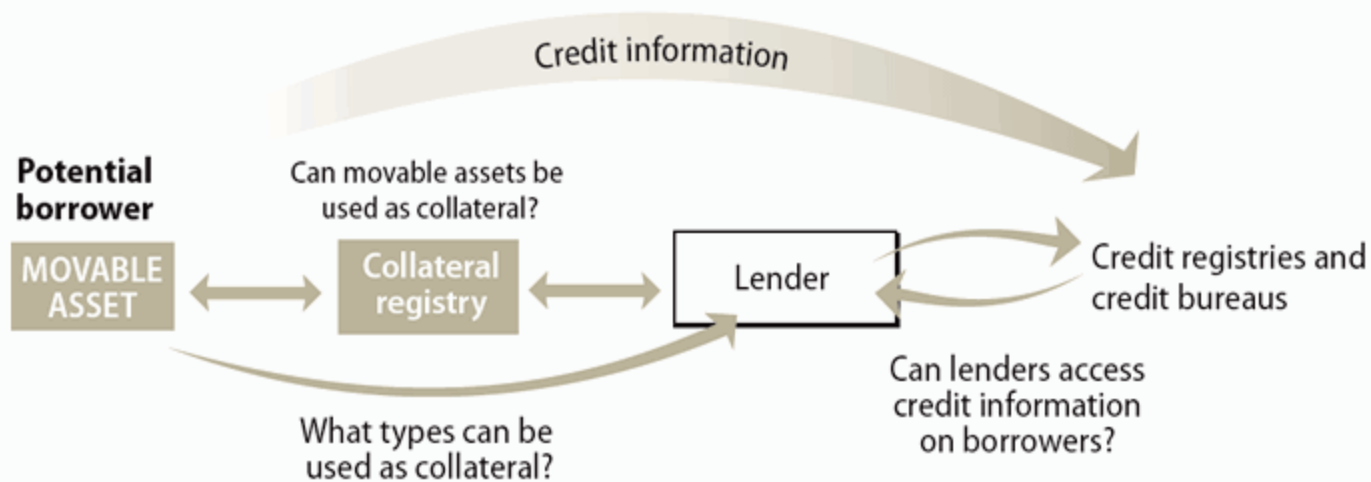
2. Historical data: Getting Credit in Pakistan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	61	65
Strength of legal rights index (0-10)	6	6	6	6
Depth of credit information index (0-6)	4	4	4	4
Private bureau coverage (% of adults)	1.4	1.5	1.5	1.4
Public registry coverage (% of adults)	4.6	4.9	5.6	5.8

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



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



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	1.4	5.8	
Number of individuals		..	6,584,350
Number of firms		..	92,029

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	Yes

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

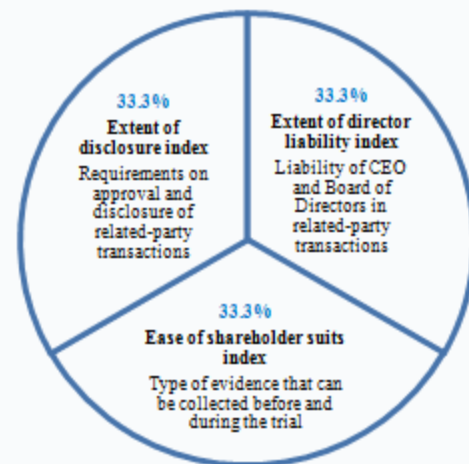
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

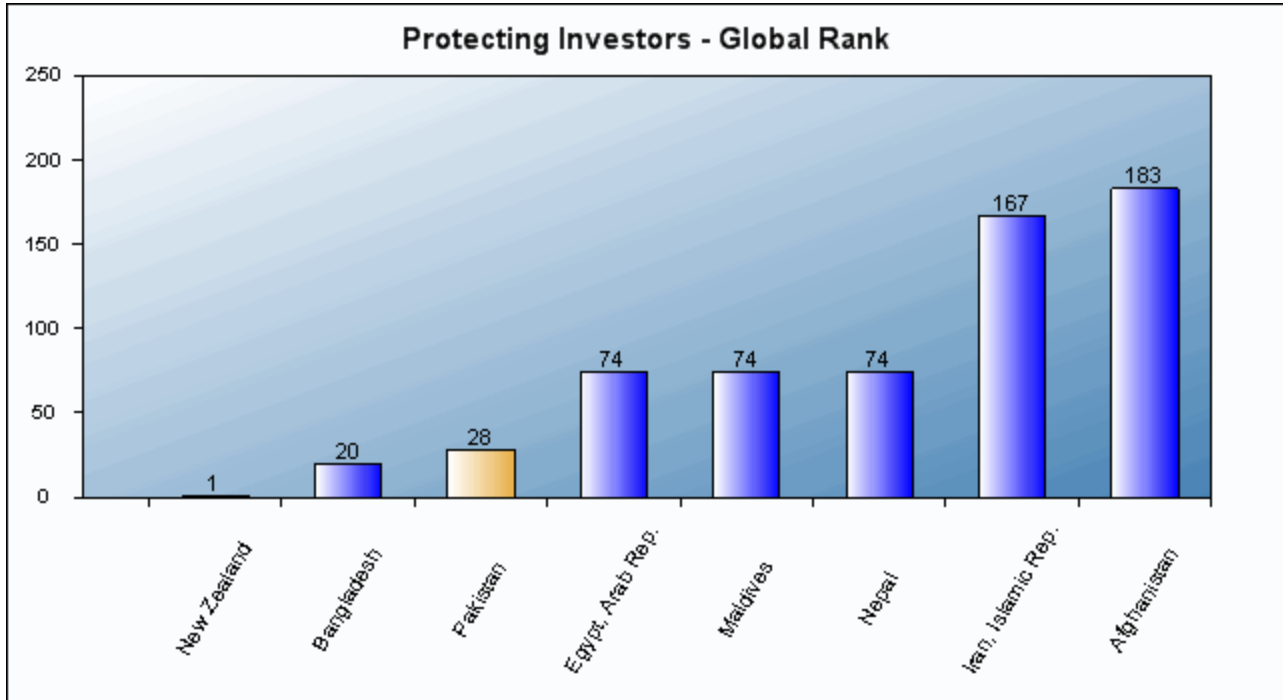
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Pakistan is ranked 28 overall for Protecting Investors.

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



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

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

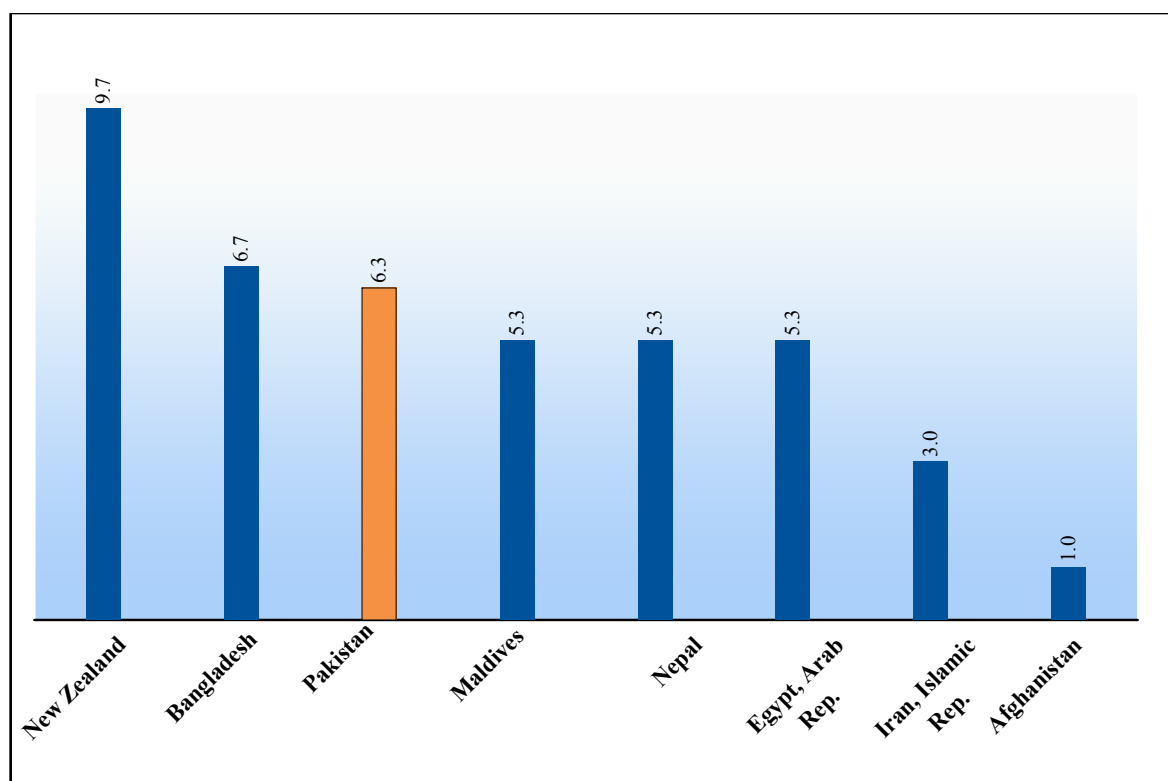
<i>Selected Economy</i>	
Pakistan	6.3

<i>Comparator Economies</i>	
Afghanistan	1.0
Bangladesh	6.7
Egypt, Arab Rep.	5.3
Iran, Islamic Rep.	3.0
Maldives	5.3
Nepal	5.3

2. Historical data: Protecting Investors in Pakistan

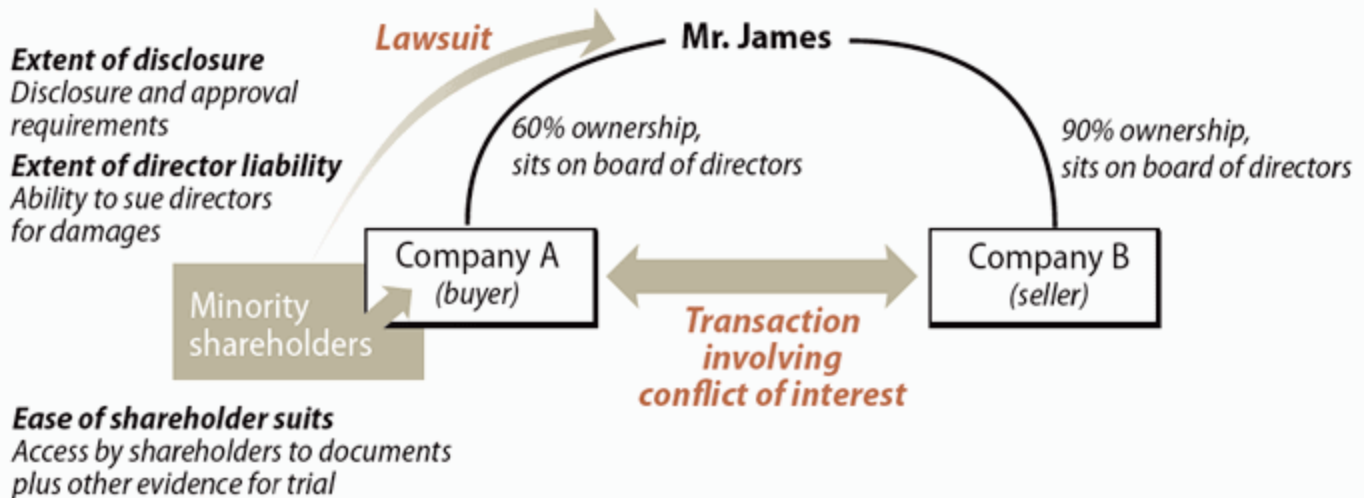
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	27	28
Strength of investor protection index (0-10)	6.3	6.3	6.3	6.3

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



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

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



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	6
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.3

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

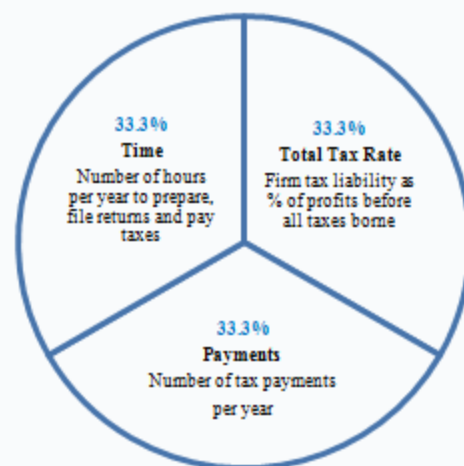
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



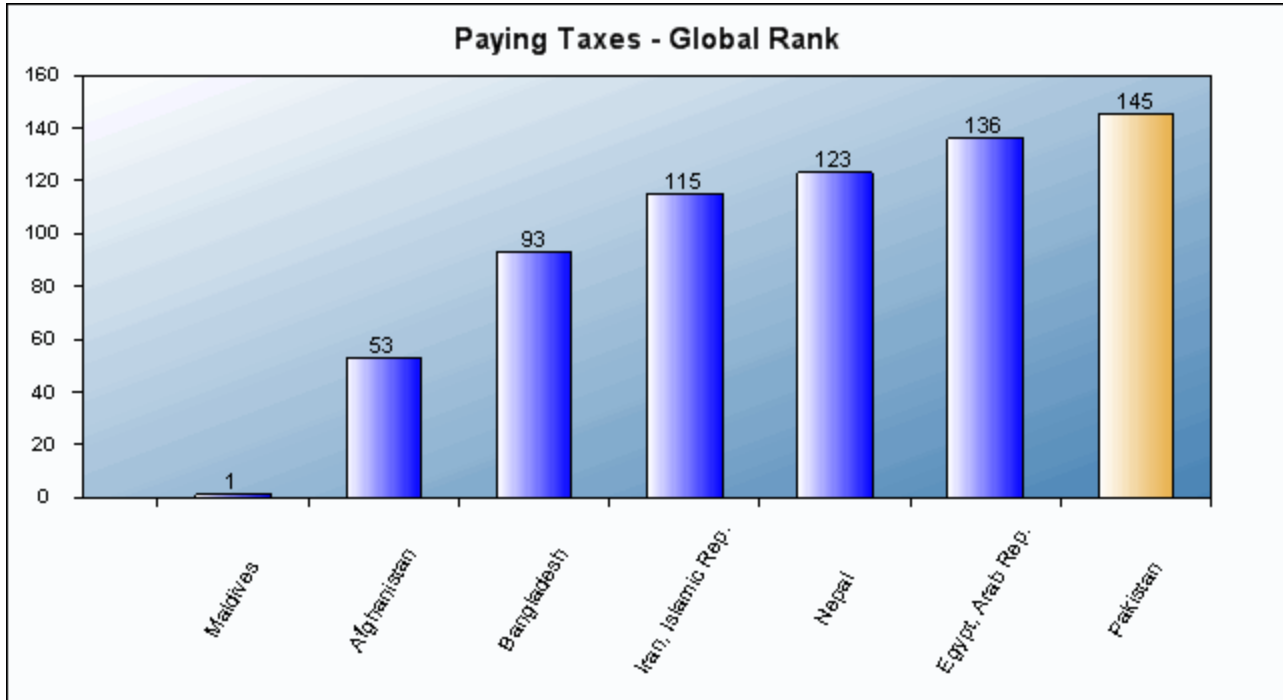
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Pakistan is ranked 145 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Pakistan	47	560	31.6

<i>Comparator Economies</i>			
Afghanistan	8	275	36.4
Bangladesh	21	302	35.0
Egypt, Arab Rep.	29	433	42.6
Iran, Islamic Rep.	20	344	44.1
Maldives	3	0	9.3
Nepal	34	338	38.2

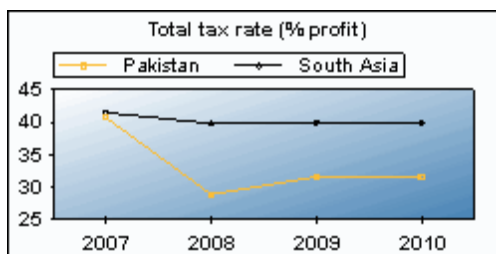
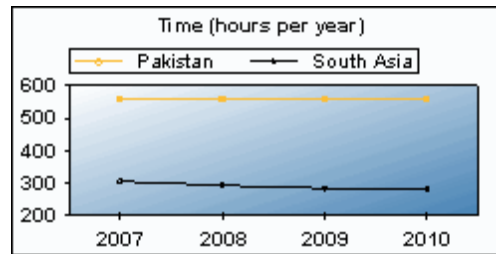
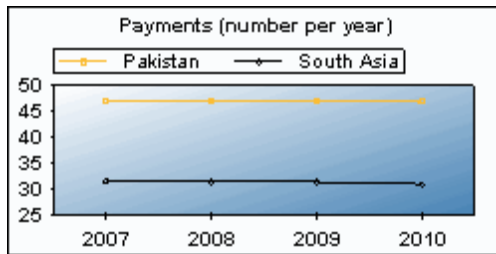
* The following economies are also good practice economies for :

Payments (number per year): Qatar

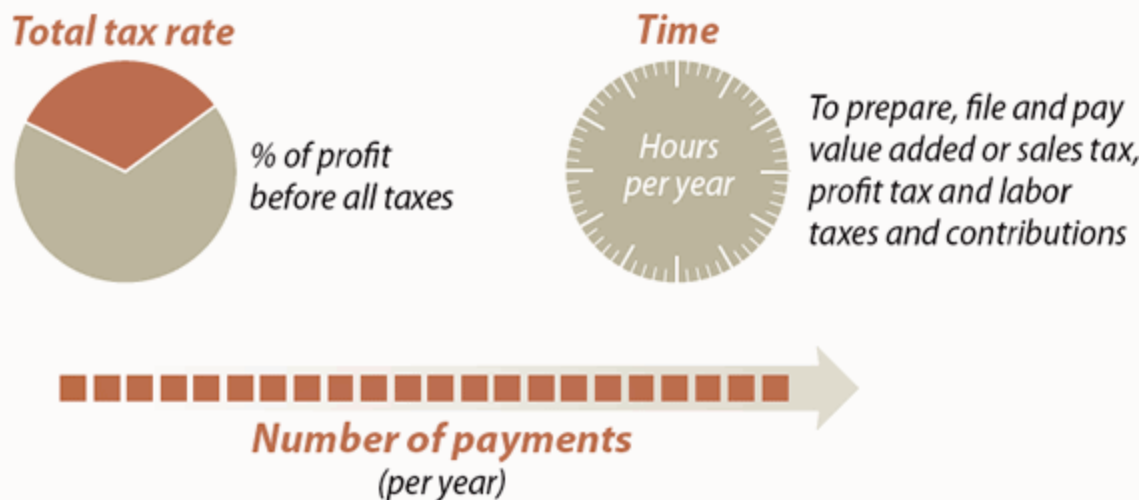
2. Historical data: Paying Taxes in Pakistan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	139	145
Total tax rate (% profit)	40.7	28.9	31.6	31.6
Payments (number per year)	47	47	47	47
Time (hours per year)	560	560	560	560

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



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



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			slab rate based on contract value			
VAT/GST	12		480	15.0%	value added		
Vehicle tax	1			fixed fee		0.20	
Tax on interest	0	withheld		10.0%	interest	0.30	
Professional tax	1			fixed fee (PKR 10,000)		0.40	
Fuel tax	1			25.0%	value of fuel consumption	0.80	
Property tax	1			18% (including 10% discount)	annual rental value of property	0.90	
Education cess	1			PKR 100 per month	per worker	2.70	

Pension contributions	12		5.0%	gross salaries	5.50
Social security contributions	12	40	6.0%	gross salaries	6.80
Corporate income tax	5	40	35.0%	taxable profit	14.30
Totals	47	560			31.6

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

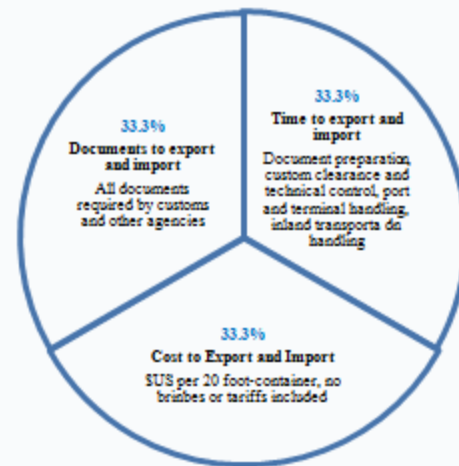
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

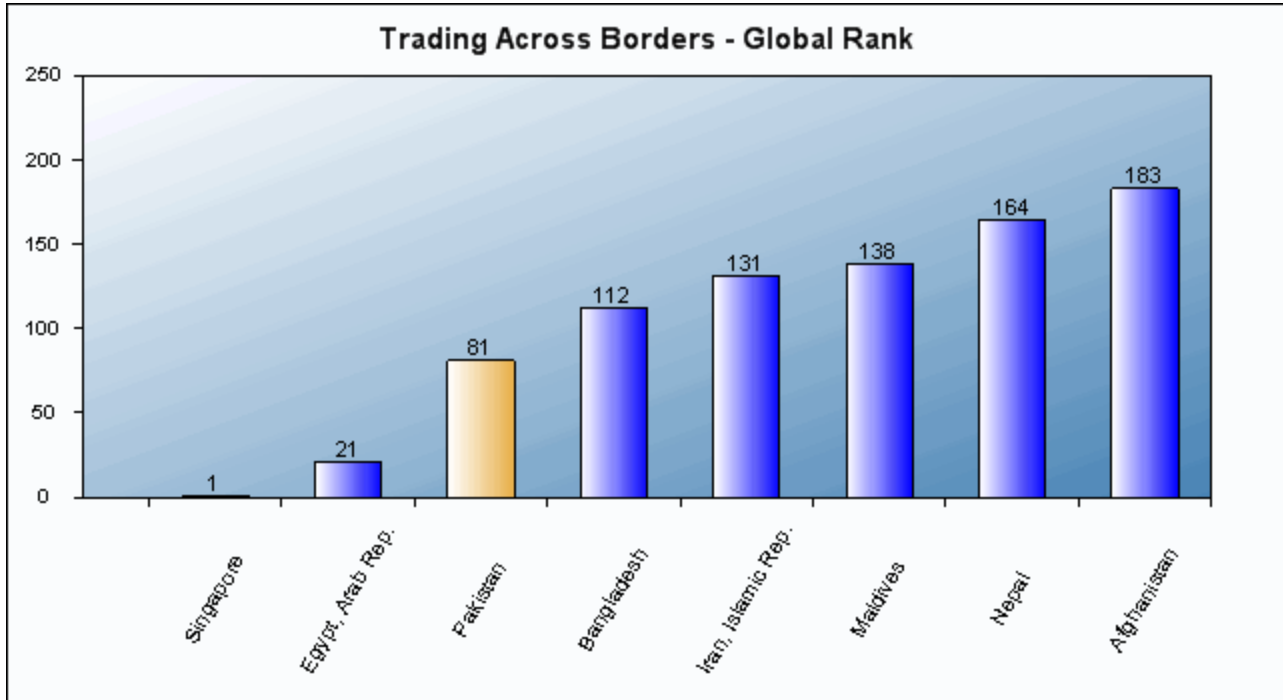
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Pakistan is ranked 81 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Pakistan	9	21	611	8	18	680

<i>Comparator Economies</i>						
Afghanistan	12	74	3865	11	77	3830
Bangladesh	6	25	985	8	31	1390
Egypt, Arab Rep.	6	12	613	6	12	698
Iran, Islamic Rep.	7	25	1090	8	32	1735
Maldives	8	21	1550	9	22	1526
Nepal	9	41	1960	10	35	2095

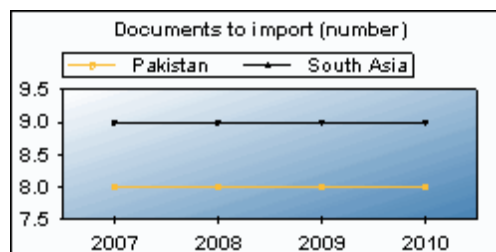
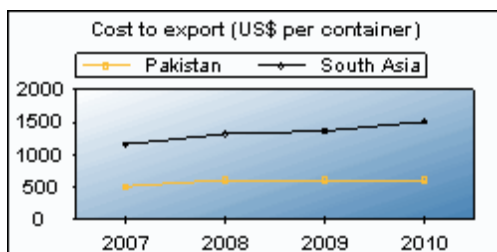
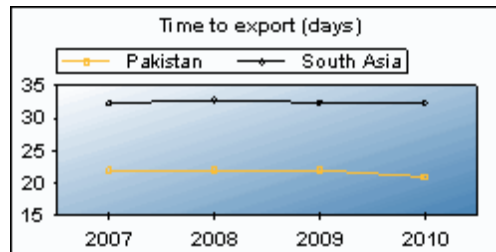
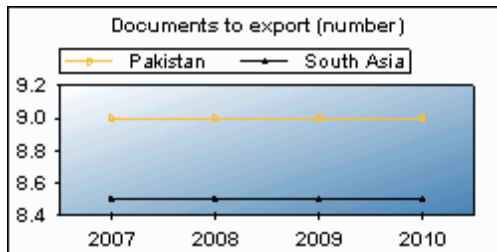
* The following economies are also good practice economies for :

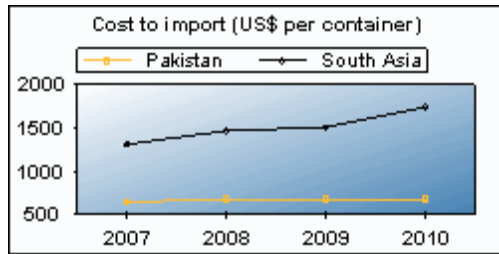
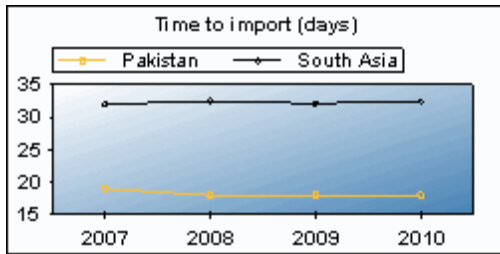
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Pakistan

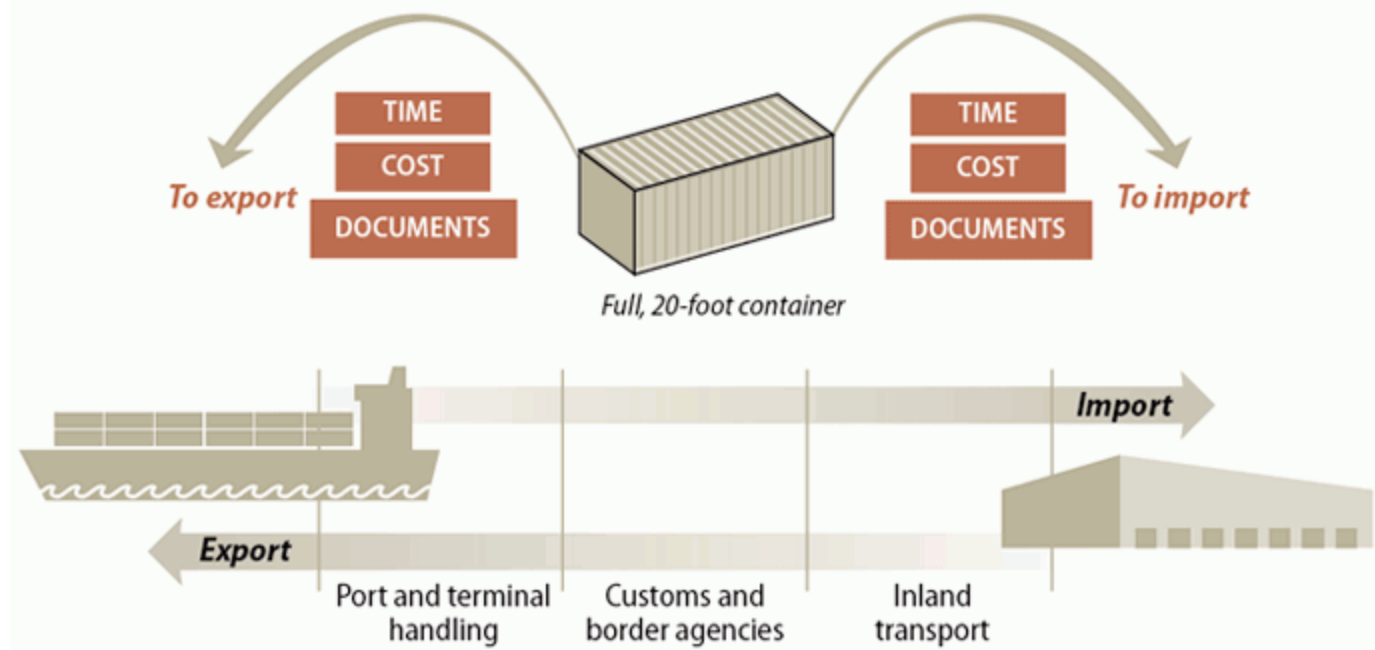
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	78	81
Cost to export (US\$ per container)	515	611	611	611
Cost to import (US\$ per container)	648	680	680	680
Documents to export (number)	9	9	9	9
Documents to import (number)	8	8	8	8
Time to export (days)	22	22	22	21
Time to import (days)	19	18	18	18

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





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	11	96
Customs clearance and technical control	3	200
Ports and terminal handling	3	115
Inland transportation and handling	4	200
Totals	21	611

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	11	130
Customs clearance and technical control	2	200
Ports and terminal handling	3	150
Inland transportation and handling	2	200
Totals	18	680

Documents for Export and Import

Export

Bill of lading
Certificate of origin
Commercial invoice
Customs export declaration
Delivery order
Inspection report
Insurance certificate
Packing list
Tax certificate

Import

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

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Procedures to enforce a contract (number)

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

Time required to complete procedures (calendar days)

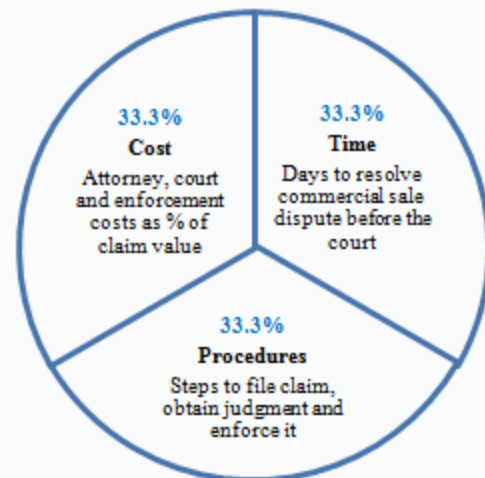
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

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

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



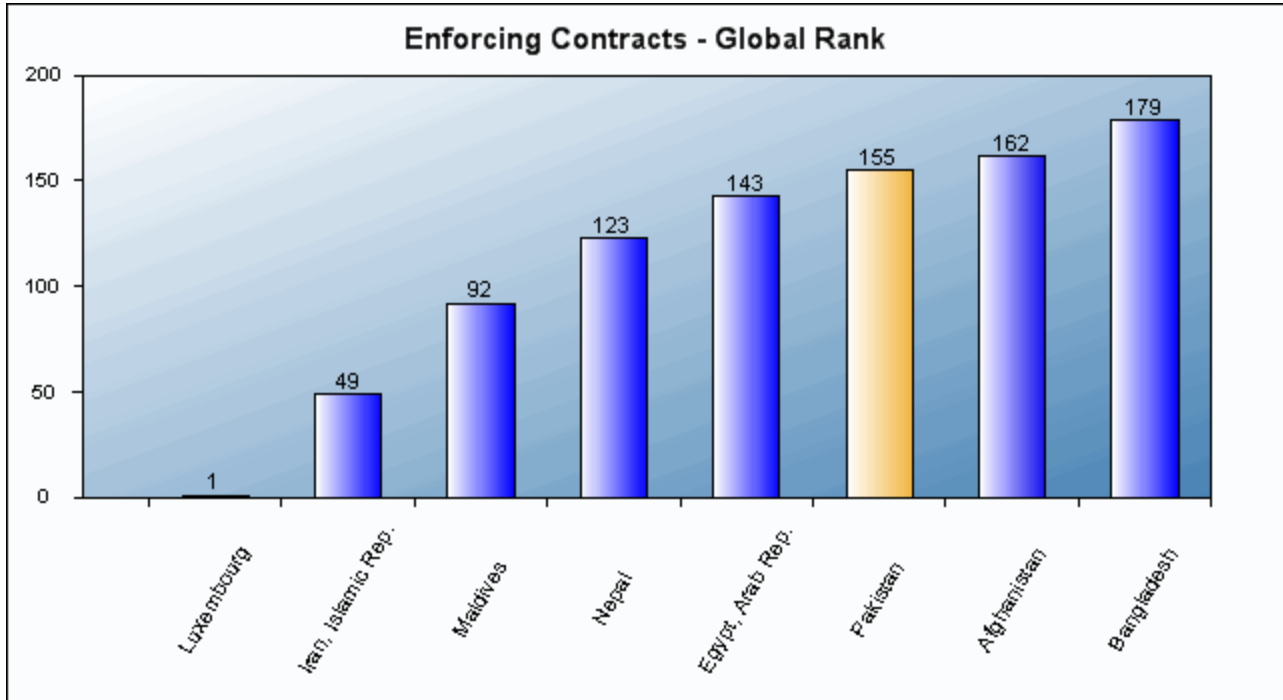
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Pakistan is ranked 155 overall for Enforcing Contracts.

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



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

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

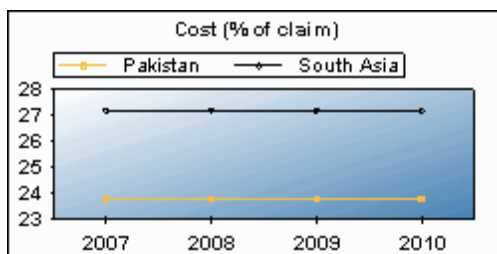
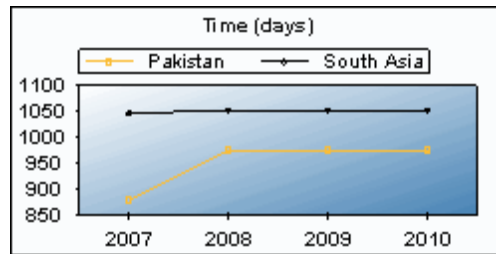
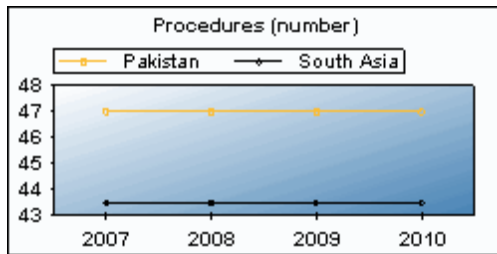
<i>Selected Economy</i>			
Pakistan	47	976	23.8

<i>Comparator Economies</i>			
Afghanistan	47	1642	25.0
Bangladesh	41	1442	63.3
Egypt, Arab Rep.	41	1010	26.2
Iran, Islamic Rep.	39	505	17.0
Maldives	41	665	16.5
Nepal	39	735	26.8

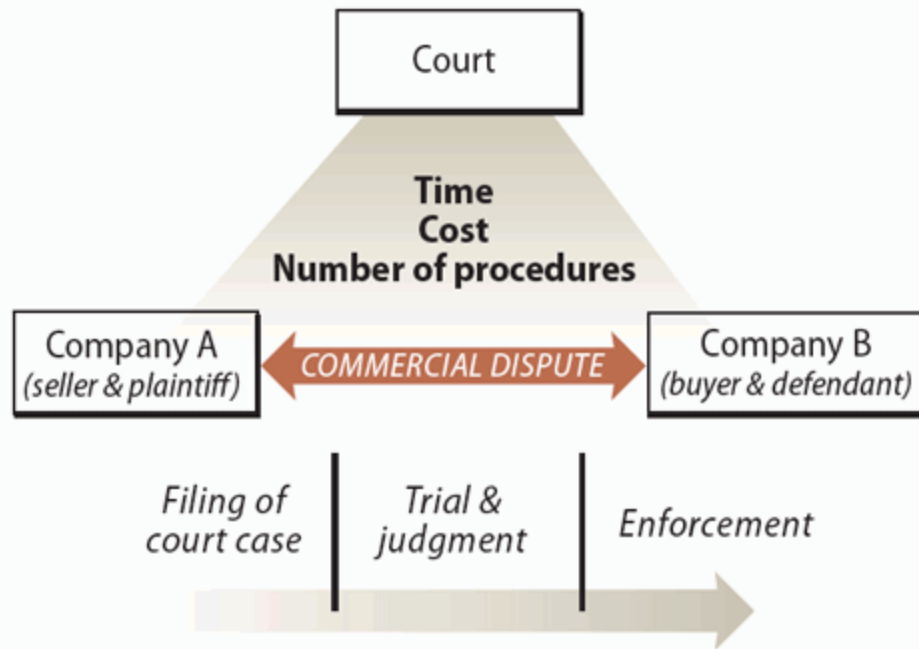
2. Historical data: Enforcing Contracts in Pakistan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	156	155
Procedures (number)	47	47	47	47
Time (days)	880	976	976	976
Cost (% of claim)	23.8	23.8	23.8	23.8

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



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



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

Nature of Procedure (2010)	Indicator
Procedures (number)	47
Time (days)	976
Filing and service	96.0
Trial and judgment	580.0
Enforcement of judgment	300.0
Cost (% of claim)*	23.80
Attorney cost (% of claim)	16.7
Court cost (% of claim)	5.9
Enforcement Cost (% of claim)	1.2

Court information: Karachi District Court

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

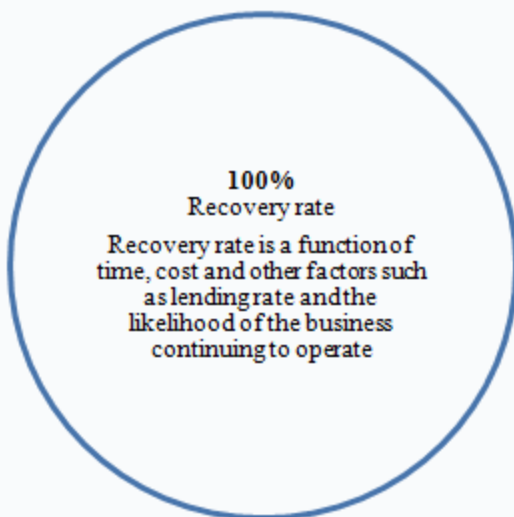
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

The Company

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

1. Benchmarking Closing Business Regulations:

Pakistan is ranked 67 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Pakistan	36.5	2.8	4

<i>Comparator Economies</i>			
Afghanistan	0.0	no practice	no practice
Bangladesh	25.8	4.0	8
Egypt, Arab Rep.	17.4	4.2	22
Iran, Islamic Rep.	23.1	4.5	9
Maldives	18.2	6.7	4
Nepal	24.5	5.0	9

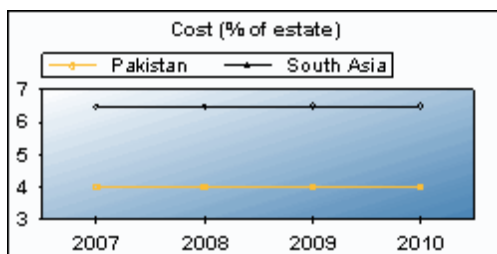
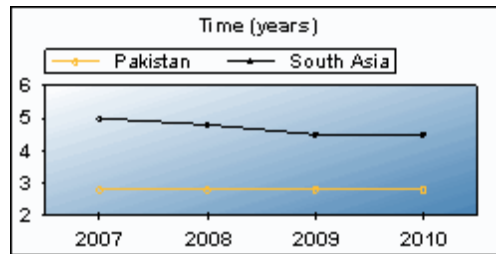
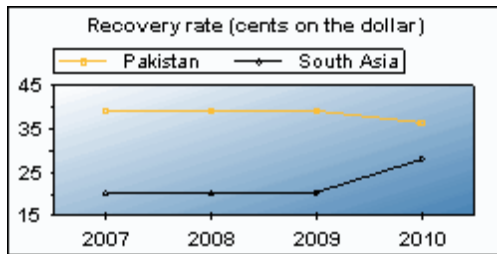
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Pakistan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	56	67
Time (years)	2.8	2.8	2.8	2.8
Cost (% of estate)	4	4	4	4
Recovery rate (cents on the dollar)	39.1	39.2	39.2	36.5


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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Bangladesh	Bangladesh made business start-up easier by eliminating the requirement to buy adhesive stamps and further enhancing the online registration system. Bangladesh reduced the property transfer tax to 6.7% of the property value.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Egypt, Arab Rep.	Egypt reduced the cost to start a business. Egypt made trading easier by introducing an electronic system for submitting export and import documents.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Iran, Islamic Rep.	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. The establishment of a new private credit bureau improved access to credit information. 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.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Maldives	Maldives now allows registered companies to own land as long as all company shares are owned by Maldivians.
Pakistan	Pakistan made registering property more expensive by doubling the capital value tax to 4%. Pakistan reduced the time to export by improving electronic communication between the Karachi Port authorities and the private terminals, which have also boosted efficiency by introducing new equipment.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.

Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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