Doing Business 2016

Reforming the business environment in 2014/15

- *Doing Business* has recorded more than 2,600 regulatory reforms making it easier to do business since 2004.
- In the year ending June 1, 2015, 122 economies implemented at least one such reform in areas measured by *Doing Business*—231 in total.
- Among reforms to reduce the complexity and cost of regulatory processes, those in the area of starting a business were the most common in 2014/15, just as in the previous year. The next most common were reforms in the areas of paying taxes, getting electricity and registering property.
- Among reforms to strengthen legal institutions in 2014/15, the largest number was recorded in the area of getting credit and the smallest in the area of resolving insolvency.
- Members of the Organization for the Harmonization of Business Law in Africa were particularly active: 14 of the 17 economies implemented business regulation reforms in the past year—29 in total. Twenty-four of these reforms reduced the complexity and cost of regulatory processes, while the other five strengthened legal institutions.
- Sub-Saharan Africa alone accounted for about 30% of the regulatory reforms making it easier to do business in 2014/15, followed closely by Europe and Central Asia.

Every year a growing number of researchers provide new insights into the relationship between changes in domestic business regulation and important markers of economic prosperity—such as the number of new businesses in an economy, the average size of companies, the productivity of those companies and average incomes nationwide.

While there are many determinants of economic growth, there is mounting evidence that improving the regulatory environment for domestic small and medium-size businesses can make a difference. Recent research shows that moving from the lowest quartile of improvement in business regulation to the highest one is associated with an increase of around 0.8 percentage points in an economy's annual GDP per capita growth rate.[1] New research evidence also suggests that an important determinant of firm entry is the ease of paying taxes, regardless of the corporate tax rate. A study of 118 economies over six years found that a 10% reduction in the administrative burden of tax compliance—as measured by the number of tax payments per year and the time required to pay taxes—led to a 3% increase in annual business entry rates.[2]

Clear regulations and simple bureaucratic processes are important in part because they mitigate risks for entrepreneurs, new and experienced alike. Research evidence shows that reforms intended to encourage new business entry also help existing businesses grow. In the Russian Federation, for example, research found that streamlining licensing procedures and reducing the number of state inspections required for small businesses helped these businesses increase annual sales in regions with strong government institutions.[3] Simplifying licensing requirements in these regions is associated with a 4.5 percentage point increase in annual sales growth, while reducing the number of state inspections per business led to a 12 percentage point increase.

While there is clear evidence that streamlining regulatory procedures can encourage business entry, business growth and rising incomes, it is just as important to identify any obstacles that could prevent regulatory reform from delivering these benefits. Regulatory reform is only as effective as its implementation. Without a robust and efficient judicial system, entrepreneurs cannot trust that the rights and responsibilities articulated in new laws and regulations will be respected in practice. Not surprisingly, researchers have found that stronger legal systems are positively correlated with greater creation, growth and productivity of businesses.

One way that a strong legal system supports the creation and growth of businesses is by improving contract enforcement. According to recent research in 38 European countries, legal systems that resolve incoming cases quickly are strongly correlated with confidence in contract enforcement.[4] Where contract enforcement is reliable, hiring new people or purchasing new equipment is less

risky.[5] In turn, acquiring new employees and capital eases business entry and facilitates business growth.

The importance of a robust legal system to a thriving business environment is particularly evident at the subnational level, where varied implementation of national policies in different court jurisdictions can help identify the effect of regulatory reforms. For example, recent research in Spain found that provinces with more efficient judicial systems had larger firms as well as higher rates of firm entry.[6] In fact, if the least efficient provincial court improved to the level of the most efficient one, its province would see a relative increase in firm size of 0.6–2.8% and a relative increase in business entry rate of 8.8–9.5%.

These findings are supported by similar research in other countries. One study focused on Italy, where resolving a commercial dispute through the courts in 2013 took an average of 1,210 days as measured by *Doing Business*—about three times as long as for a similar case in Germany or the United Kingdom.[7] So it is perhaps unsurprising that firms in Italy are 40% smaller on average than those in other European countries. Research found that halving the length of civil proceedings in Italian courts would lead to an 8–12% increase in average firm size in the municipalities affected. Conversely, if the performance of the most efficient municipal court declined to the level of the least efficient one, this would be likely to reduce the average firm size in that municipality by 23%.

The relationship between judicial quality and firm size has also been established in Mexico, where strong judicial systems are correlated with greater firm size in terms of output, employment and fixed assets.[8] Research shows that if the Mexican state with the worst judicial quality improved its performance to match that of the state with the best judicial quality, the average firm size in that state would double. Perhaps unsurprisingly, Mexican states with better courts also have more productive businesses—and it is estimated that the productivity gains associated with moving from worst to best practice in judicial quality would increase state GDP by as much as 8%.

Of course, the judicial system is not the only public institution that can influence the implementation of regulatory reform for small businesses. In Russia, for example, evidence shows that regulatory reform to encourage business entry was most successful in regions with greater government transparency, a more educated citizenry and greater fiscal autonomy.[9] In a region meeting these criteria, the probability of fully implementing reforms was expected to be 8 percentage points higher, and the probability of meeting business entry targets 11 percentage points higher. Moreover, the share of new firms using illegitimate business licenses was expected to be 52 percentage points lower in a good-governance region.

Beyond high-quality government institutions, this body of research underlines the importance of political will for the success of reform efforts. In Tanzania, for example, the government's Property and Business Formalization Program was a landmark initiative aimed at bringing street vendors into the formal business sector.[10] Because of conflicting priorities, however, the program was never implemented. Its future success will depend on renewed political commitment.

Research has revealed many potential benefits of a business-friendly regulatory environment, including greater business entry and stronger business growth and productivity. Studies have also underlined the institutional and political obstacles that prevent promising regulatory reforms from fully materializing. As researchers continue to probe the relationship between regulatory reform and its outcomes, the *Doing Business* indicators continue to contribute to this area of analysis.

WHO IMPROVED THE MOST IN 2014/15?

In the year from June 1, 2014, to June 1, 2015, *Doing Business* recorded 231 regulatory reforms making it easier to do business —with 122 economies implementing at least one. About 71% of these reforms were aimed at reducing the complexity and cost of regulatory processes, while the rest were focused on strengthening legal institutions (table 4.1). This pattern, similar to that in previous years, reflects the greater difficulty of implementing legal reforms and the time required to change the way that legal institutions function.

Sub-Saharan Africa alone accounted for about 30% of the regulatory reforms making it easier to do business in 2014/15, followed closely by Europe and Central Asia. Moreover, Europe and Central Asia had both the largest share of economies implementing at least one reform and the largest average number of regulatory reforms per economy, with 2.3 (figure 4.1). Nine economies in the region implemented at least three reforms; Kazakhstan accounted for the largest number, with seven. Latin America and the Caribbean and East Asia and the Pacific had the smallest shares of economies implementing regulatory reforms, and the OECD high-income group the smallest average number of reforms per economy (only 0.7). The Middle East and North Africa was also among the regions with a small number of reforms per economy (1.1). That said, Morocco and the United Arab Emirates each implemented four.

The 10 economies showing the most notable improvement in performance on the *Doing Business* indicators in 2014/15 were Costa Rica, Uganda, Kenya, Cyprus, Mauritania, Uzbekistan, Kazakhstan, Jamaica, Senegal and Benin (table 4.2). These countries together implemented 39 business regulation reforms across 10 of the areas measured by *Doing Business*. Senegal (with four reforms) and Benin (with three) join the list of top improvers for the second

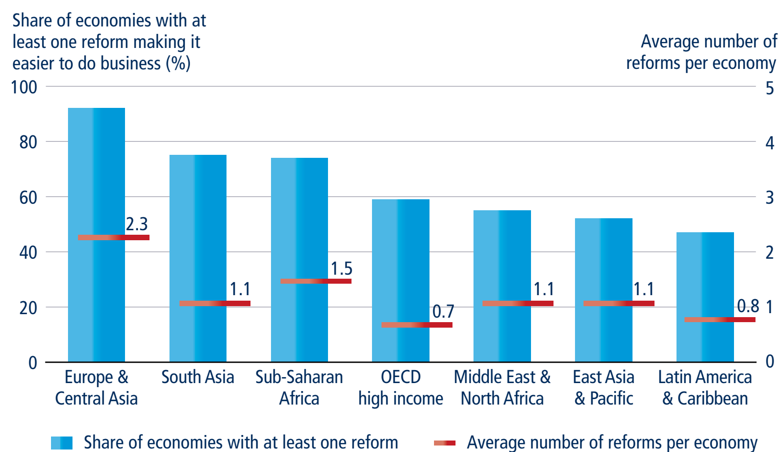
TABLE 4.1 Reforms making it easier to do business in 2014/15 and in the past five years

Area of reform	Number of reforms in 2014/15	Average annual number of reforms in past five years	Economy improving the most in area in 2014/15
Complexity and cost of regulatory processes			
Starting a business	45	46	Myanmar
Dealing with construction permits	17	18	Serbia
Getting electricity	22	14	Oman
Registering property	22	22	Saudi Arabia
Paying taxes	40	33	Serbia
Trading across borders	19	20	Armenia
Strength of legal institutions			
Getting credit—legal rights	10	11	Costa Rica
Getting credit—credit information	22	21	Kenya and Uganda
Protecting minority investors	14	16	Honduras
Enforcing contracts	11	12	Italy
Resolving insolvency	9	16	Cyprus

Source: Doing Business database.

consecutive year. Senegal made starting a business easier by reducing the minimum capital requirement. The electricity utility in Senegal made getting a new connection less time-consuming by streamlining the review of applications and the process for the final connection as well as by reducing the time needed to obtain an excavation permit. The utility also lowered the security deposit required. In addition, Senegal made property transfers less costly by lowering the property transfer tax. Senegal also made enforcing contracts easier, by introducing a law that regulates judicial and conventional voluntary mediation. Among other changes, Benin made dealing with construction permits less time-consuming by establishing a one-stop shop and reducing the number of signatories required on building permits.

FIGURE 4.1 Europe and Central Asia had the largest share of economies making it easier to do business in 2014/15



Source: Doing Business database.

Among the 10 top improvers, Costa Rica made the biggest advance toward the regulatory frontier, thanks to three business regulation reforms. The electricity utility in Costa Rica made getting a new connection easier by reducing the time required for preparing the design of the external connection works and for installing the meter and starting the flow of electricity. In addition, Costa Rica improved access to credit by adopting a new secured transactions law that establishes a functional secured transactions system and a modern, centralized, notice-based collateral registry. The law also broadens the range of assets that can be used as collateral, allows a general description of assets granted as collateral and permits out-of-court enforcement of collateral. Finally, Costa Rica made it easier to pay taxes by promoting the use of its electronic filing and payment system for corporate income tax and general sales tax.

Overall, the 10 top improvers implemented the most regulatory reforms in the area of starting a business, followed by getting credit, getting electricity and registering property. Among the five that are Sub-Saharan African economies, all implemented reforms aimed at improving company registration processes. Kenya reduced the time it takes to assess and pay stamp duty. Mauritania eliminated the minimum capital requirement, while Senegal lowered it. Uganda introduced an online system for obtaining trading licenses. Benin and Uganda both reduced business incorporation fees.

These five Sub-Saharan African economies also introduced changes in other areas. Kenya made property transfers faster by improving electronic document management at the land registry and introducing a unified form for registration. Kenya also improved access to credit information, by passing legislation that allows the sharing of positive information and by expanding borrower coverage. In Uganda the electricity utility reduced delays for new connections by deploying additional customer service engineers and reducing the time needed

TABLE 4.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2014/15

Economy	Ease of doing business rank	Reforms making it easier to do business									
		Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Costa Rica	58			✔		✔		✔			
Uganda	122	✔		✔		✔					
Kenya	108	✔		✔	✔	✔					
Cyprus	47			✔		✔		✔		✔	✔
Mauritania	168	✔				✔			✔		
Uzbekistan	87	✔			✔	✔					
Kazakhstan	41	✔	✔		✔	✔	✔			✔	✔
Jamaica	64	✔	✔					✔			✔
Senegal	153	✔		✔	✔					✔	
Benin	158	✔	✔						✔		

Source: Doing Business database.

Note: Economies are selected on the basis of the number of their reforms and ranked on how much their distance to frontier score improved. First, *Doing Business* selects the economies that implemented reforms making it easier to do business in 3 or more of the 10 areas included in this year's aggregate distance to frontier score. Regulatory changes making it more difficult to do business are subtracted from the number of those making it easier. Second, *Doing Business* ranks these economies on the increase in their distance to frontier score from the previous year. The improvement in their score is calculated not by using the data published in 2014 but by using comparable data that capture data revisions and methodology changes. The choice of the most improved economies is determined by the largest improvements in the distance to frontier score among those with at least three reforms.

for the inspection and meter installation. By eliminating inefficiencies, the utilities in Kenya and Senegal also reduced the time required for getting new connections.

Besides Costa Rica, Jamaica is the only other economy in Latin America and the Caribbean that made it to the list of 10 top improvers. Jamaica made starting a business easier by launching an electronic interface between the Companies Office and the Tax Administration. It made dealing with construction permits easier by implementing a new workflow for processing building permit applications. Jamaica made paying taxes both easier and less costly by encouraging taxpayers to pay their taxes online, introducing an employment tax credit and increasing the depreciation rate for industrial buildings. At the same time, however, Jamaica also introduced a minimum business tax, raised the contribution rate for the national insurance scheme and increased the rates for stamp duty, the property tax, the property transfer tax and the education tax. Finally, Jamaica made resolving insolvency easier by introducing a formal reorganization procedure; introducing provisions to facilitate the continuation of the debtor's business during insolvency proceedings and allow creditors greater participation in important decisions during the proceedings; and establishing a public office responsible for the general administration of insolvency proceedings.

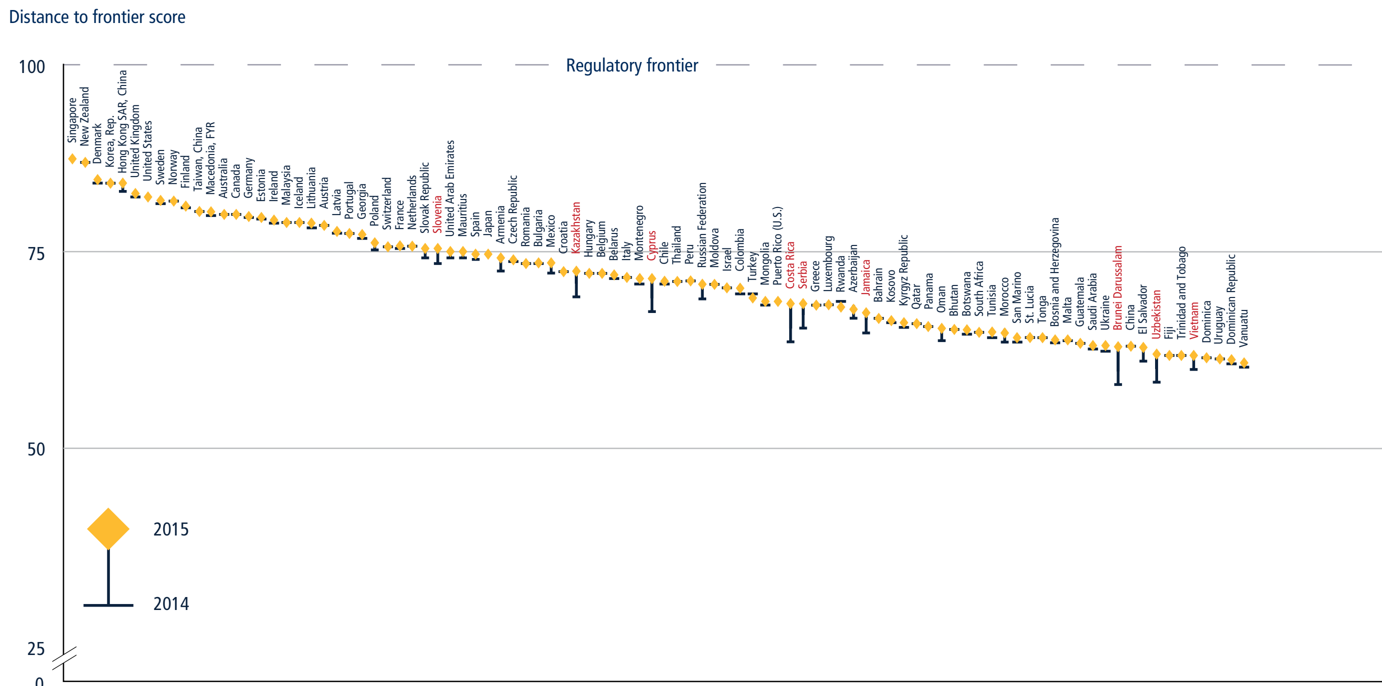
Three of the 10 top improvers reformed their contract enforcement system. Both Cyprus and Kazakhstan introduced fast-track simplified procedures for small claims. In addition, Kazakhstan streamlined the rules for enforcement proceedings. Three of the top improvers implemented reforms aimed at improving their insolvency framework in 2014/15, up from only one in the previous year. Mauritania and Benin are the only top improvers that reformed their international trade practices. Mauritania reduced the time for documentary and border compliance for importing, while Benin reduced the time for border compliance for both exporting and importing by further developing its electronic single-window system.

Being recognized as top improvers does not mean that these 10 economies have exemplary business regulation; instead, it shows that thanks to serious efforts in regulatory reform in the past year, they made the biggest advances toward the frontier in regulatory practice (figure 4.2). By contrast, among the three economies worldwide that are closest to the frontier, Singapore implemented no reforms in 2014/15 in the areas measured by *Doing Business* while New Zealand and Denmark implemented one reform each. Conversely, three other economies that made substantial advances toward the frontier—Myanmar, Brunei Darussalam and the Democratic Republic of Congo—are not considered top improvers because they implemented fewer than three reforms making it easier to do business, with two each.

HIGHLIGHTS OF REFORMS REDUCING REGULATORY COMPLEXITY AND COST

In 2014/15, 106 economies implemented 165 reforms aimed at reducing the complexity and cost of regulatory processes. Almost 30% of the reforms were in Sub-Saharan Africa. Among the areas tracked by *Doing Business* indicators, starting a business accounted for

FIGURE 4.2 How far have economies moved toward the frontier in regulatory practice since 2014?



Source: Doing Business database.

Note: The distance to frontier score shows how far on average an economy is at a point in time from the best performance achieved by any economy on each *Doing Business* indicator since 2005 or the third year in which data for the indicator were collected. The measure is normalized to range from 0 to 100, with 100 representing the frontier. The vertical bars show the change in the distance to frontier score from 2014 to 2015; for more details, see the note to table 1.1 in the overview. The 25 economies improving the most are highlighted in red.

the largest number of these reforms, followed by paying taxes, getting electricity and registering property. The fewest were in trading across borders and dealing with construction permits. The reforms in all these areas allow entrepreneurs to save on the time and cost of regulatory compliance—and these time and cost savings translate directly into greater profitability for private businesses and greater fiscal productivity for governments.

Moreover, economies that implemented reforms reducing the complexity and cost of regulatory processes in one area measured by *Doing Business* were also likely to do so in at least one other. Indeed, more than 40% of these economies had reforms reducing regulatory complexity and cost in at least two areas, and more than 20% had such reforms in at least three areas. Starting a business, as the area with the largest number of reforms recorded by *Doing Business*, is the most likely to be paired with other areas. For example, more than half the economies with a reform in the area of dealing with construction permits also had a reform in the area of starting a business. So did more than half the economies that had a reform in the area of getting electricity. And more than a third of economies that reformed in the area of registering property also reformed their company start-up process.

Streamlining business incorporation

Economies across all regions continue to streamline the formalities for registering a business. In 2014/15, 45 economies made starting a business easier by reducing the procedures, time or cost associated with the process. Some reduced or eliminated the minimum capital requirement—including Gabon, Guinea, Kuwait, Mauritania, Myanmar, Niger and Senegal. Others stopped requiring a company seal to do business—such as Azerbaijan; Hong Kong SAR, China; and Kazakhstan. And still others considerably reduced the time required to register a company, including the former Yugoslav Republic of Macedonia, Mongolia and Sweden.

Myanmar made the biggest improvement in the ease of starting a business in 2014/15. Besides eliminating its minimum capital requirement, it also lowered incorporation fees and abolished the requirement to have separate temporary and permanent certificates of incorporation. FYR Macedonia, another economy that notably improved the ease of starting a business, established an electronic one-stop shop for registering all new firms. The registration is done entirely on an electronic platform through a certified government agent, who is authorized to prepare an application, draft and review company deeds, and convert paper documents into a digital format. Once all the

Seychelles
Samoa
Albania
Zambia
Nepal
Paraguay
Kuwait
Namibia
Philippines
Antigua and Barbuda
Swaziland
Bahamas, The
Sri Lanka
Kenya
Indonesia
Honduras
St. Vincent and the Grenadines
Solomon Islands
Jordan
Ghana
Lesotho
Brazil
Ecuador
Iran, Islamic Rep.
Barbados
Belize
Argentina
Uganda
Lebanon
St. Kitts and Nevis
Nicaragua
Cabo Verde
Cambodia
Maldives
West Bank and Gaza
India
Egypt, Arab Rep.
Tajikistan
Mozambique
Lao PDR
Grenada
Palau
Guyana
Pakistan
Tanzania
Marshall Islands
Malawi
Côte d'Ivoire
Burkina Faso
Mali
Papua New Guinea
Ethiopia
Sierra Leone
Micronesia, Fed. Sts.
Kiribati
Togo
Gambia, The
Burundi
Senegal
Comoros
Zimbabwe
Suriname
Bolivia
Benin
Sudan
Niger
Iraq
Gabon
Algeria
Madagascar
Guinea
São Tomé and Príncipe
Myanmar
Mauritania
Nigeria
Yemen, Rep.
Djibouti
Cameroon
Timor-Leste
Bangladesh
Syrian Arab Republic
Congo, Rep.
Afghanistan
Guinea-Bissau
Liberia
Equatorial Guinea
Angola
Haiti
Chad
Congo, Dem. Rep.
Central African Republic
Venezuela, RB
South Sudan
Libya
Eritrea

information is prepared, the agent digitally signs the forms and submits the entire registration packet to the Central Register on behalf of the company founders. The new process eliminated the requirement for notary services to register a business, thereby reducing the number of procedures, time and cost required for start-up. FYR Macedonia now ranks number two on the ease of starting a business, after New Zealand.

In recent years substantial regulatory reform efforts have been undertaken by the 17 member states of the Organization for the Harmonization of Business Law in Africa, known by its French acronym OHADA (box 4.1). Among other things, the organization has encouraged member states to reduce their minimum capital requirements. Four member states passed national legislation to this effect in 2013/14. Seven did so in 2014/15, resulting in substantial reductions in the capital required (figure 4.3). The Democratic Republic of Congo reduced its minimum capital requirement from 500% of income per capita in 2014 to 11%—and Burkina Faso reduced its requirement from 308% of income per capita to 29%.

OHADA also recommends that national governments eliminate the requirement for the use of notary services in company registration. The majority of member states have followed this recommendation, allowing companies to register at a one-stop shop either online or in person without resorting to the use of notary services. But many entrepreneurs in OHADA economies still prefer to solicit notary services both out of habit and to ensure that the registration process runs smoothly. As experience in other economies shows, the practice of using notary services can be deeply rooted in the start-up process and business habits can take time to change (for more on this, see the case study on starting a business).

Consolidating procedures for building permits

In 2014/15, 17 economies reformed their construction permitting process. Several of them streamlined internal review processes for building permit applications, making them faster and more efficient. Benin created a one-stop shop for building permits that began operating in January 2015 and reduced the number of signatories required on building permits from five to two. Sri Lanka created a working group of different agencies involved in issuing building permits so that applicants no longer need to obtain approvals from them separately. The United Arab Emirates combined civil defense approvals with the building permit application process.

BOX 4.1 OHADA members continue to systematically improve their business environment

OHADA is a supranational entity that governs certain aspects of doing business in 17 West and Central African countries.[a] Member states voluntarily sacrifice some sovereign authority in order to establish a homogeneous cross-border regulatory regime for business. The aim is to promote investment in West and Central Africa, particularly foreign investment.[b]

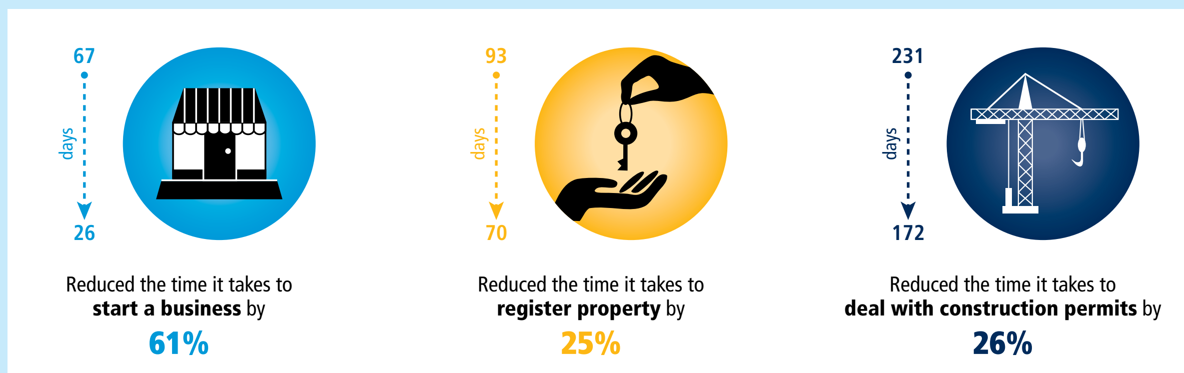
Efforts by OHADA member states to streamline and standardize regulatory processes have helped make it easier to do business. In 2014/15 *Doing Business* recorded business regulation reforms in 14 of the 17 OHADA member states—29 in total. Twenty-four of these reforms reduced the complexity and cost of regulatory processes, while the other five strengthened legal institutions. Only Cameroon, the Central African Republic and Equatorial Guinea did not reform in any of the areas measured by *Doing Business* in the past year.

Nearly a third of the business regulation reforms implemented by OHADA members in 2014/15 made it easier for entrepreneurs to start a business. Seven OHADA members reduced their minimum capital requirement—Burkina Faso, the Comoros, the Democratic Republic of Congo, Gabon, Guinea, Niger and Senegal. Benin made starting a business less costly by reducing the fees to file company documents at its one-stop shop. Togo reduced the fees to register with the tax authority.

At the same time, six OHADA members implemented reforms making it less costly to register a property transfer. Chad, the Republic of Congo, Côte d'Ivoire, Gabon and Senegal lowered their property transfer tax rates. Guinea-Bissau lowered its property registration tax. Three other OHADA members implemented reforms making it easier to deal with construction permits. Benin established a one-stop shop and reduced the number of signatories required for a building permit. The Democratic Republic of Congo halved the cost of the permit itself. Niger reduced the time required to obtain a water connection for a business.

These ongoing efforts have paid off. Since 2006 OHADA members have reduced the time to start a business by more than 60% on average, the time to register property by 25% and the time to deal with construction permits by 26% (see figure). The overall time to start a business, register property and deal with construction permits has fallen by 31% on average, and the overall cost by 68%.

OHADA members have made big improvements in the average efficiency of some regulatory processes since 2006



Source: Doing Business database.

Other regulatory reforms implemented in OHADA members in 2014/15 made it easier to get electricity or trade across borders. The utility in Senegal made getting an electricity connection easier by reducing the time needed to obtain an excavation permit. The utility in Togo streamlined the process for getting a new connection through several initiatives—including by establishing a single window where customers can pay all fees at once—and also reduced the size of the security deposit required. Côte d'Ivoire made it easier to trade across borders by streamlining the documentation required for certain imports.

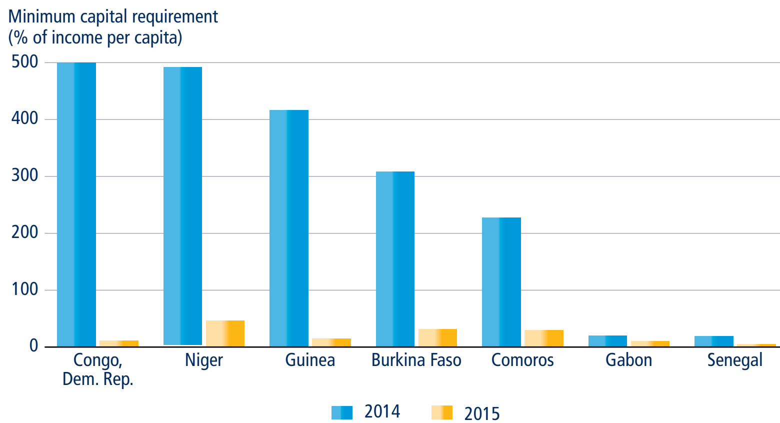
Among the reforms aimed at strengthening legal institutions in 2014/15, Mali and Niger improved access to credit information by formalizing the licensing process and role for domestic credit bureaus. Côte d'Ivoire and Senegal made contract enforcement more efficient by introducing laws regulating judicial and conventional voluntary mediation.

Reforming legal institutions is not an easy undertaking and commonly takes years to yield noticeable results. But improving the quality, efficiency and reliability of courts and legal frameworks in the OHADA member states would boost investor confidence and thus help to accelerate growth and development.

a. The 17 members of OHADA are Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo.

b. Dickerson 2005.

FIGURE 4.3 Seven OHADA member states reduced their minimum capital requirement in 2014/15



Source: Doing Business database.

Azerbaijan was among those making the biggest improvements in the ease of dealing with construction permits. The country initiated a series of changes in January 2013, when its new Urban Planning and Construction Code came into effect. The new construction code consolidated previous construction legislation, streamlined procedures related to the issuance of building permits and established official time limits for certain procedures. A decree adopted in November 2014 resulted in the creation of a one-stop shop for building permits, housed at the Ministry of Emergency Situations.

Before the creation of the one-stop shop, applicants for a building permit in Azerbaijan had to obtain technical approval for designs from six separate agencies.[11] Now they can obtain all the preapprovals required through a single interaction at the Ministry of Emergency Situations. Representatives of different agencies are located at the ministry and able to issue all the required clearances, including ecology, sanitation and epidemiology, and fire and seismic safety. In addition, the newly streamlined process eliminated the requirement to register the approved project documentation with the State Supervision Agency for Construction Safety. As a result of the one-stop shop, seven procedures were consolidated into one (figure 4.4).

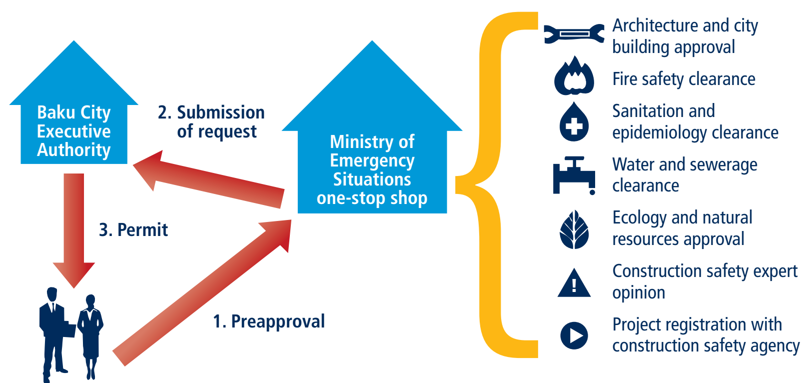
Technical experts at the one-stop shop have 30 days to examine all the application materials for a building permit. An application is normally reviewed within 20 days. If the review turns up any shortcomings, the applicant is contacted directly to make any necessary changes within 10 days. Otherwise, the building permit is issued within three months.

Making access to electricity faster and more efficient

Doing Business recorded 22 reforms making it easier to get electricity in 2014/15. Most of the reforms reduced the number of days required to complete a certain procedure, including those in Botswana; Cyprus; Taiwan, China; Togo; and Vietnam. Togo undertook a range of initiatives to expedite new electricity connections (figure 4.5). Among other changes, its electricity utility, Compagnie Energie Electrique du Togo (CEET), established a single window to process applications for commercial customers. This new system fast-tracked document processing, substantially reducing the number of days required to get an electricity connection.

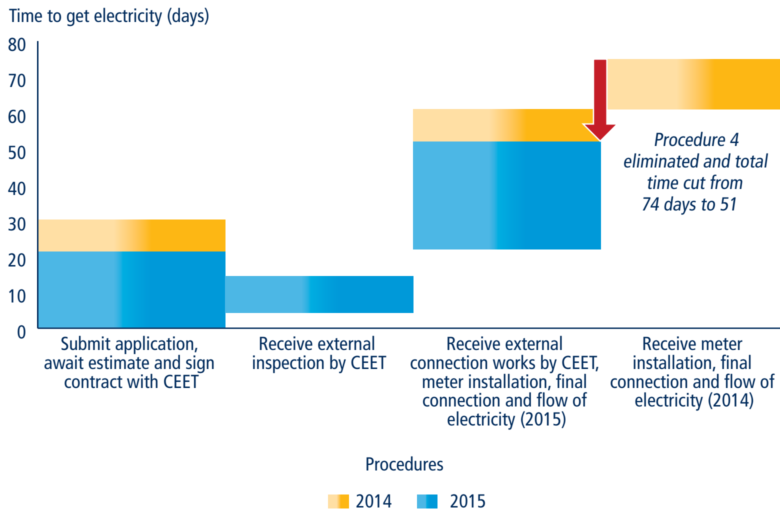
To further reduce the time needed to get a new connection, Togo introduced legal time requirements that CEET must meet when processing new applications and providing connection estimates. To meet the time objectives, the utility company hired more engineers in 2014/15. It also improved communication with customers. For example, the utility began to publish information online and to distribute pamphlets outlining all the requirements for applying for a new connection. As a result, the number of incomplete and unprocessed applications has decreased.

FIGURE 4.4 Azerbaijan's one-stop shop combined seven procedures into a single step in 2014/15



Source: Doing Business database.

FIGURE 4.5 Togo reduced the time required to obtain an electricity connection by a third



Source: Doing Business database.

In addition, regulatory changes have reduced the number of interactions required between CEET and its customers when they apply for an electricity connection. Customers can now pay connection fees, security deposits and subscription contract fees all at once. In addition, the external connection works and meter installation can now be completed through a single interaction with the utility.

Elsewhere, utilities in India and Russia reduced the time required to obtain an electricity connection by eliminating redundant inspections, while utilities in such countries as Senegal undertook commitments to process new applications more quickly. The utility in Delhi eliminated an inspection of internal wiring by the Electrical Inspectorate, cutting out the need for additional customer interactions with other agencies. Now the utility is the only agency certifying the safety standards of the internal works. In Russia utility companies in Moscow and St. Petersburg signed cooperation agreements with electricity providers and became the sole agencies checking metering devices, thereby eliminating redundant inspections. The utility in Senegal, by hiring more personnel, reduced the time needed to review applications and issue technical studies.

Another common feature of electricity reforms in the past year was improvement in the efficiency of distribution utilities' internal processes. For example, in December 2014 the utility in Botswana began to enforce service delivery timelines for its customer services team, leading to a reduction in the time required to connect to electricity from 121 days to 77. The utility also started to maintain a readily available stock of distribution transformers. By eliminating the need to wait for transformers imported from overseas, this led to a further reduction in the time required.

Other economies made getting an electricity connection easier by eliminating redundant approval requirements. Myanmar substantially reduced the time for getting a new connection in Yangon by eliminating the need for the Ministry of Electric Power to issue national-level approvals for each connection request.

In Cambodia and Oman changes were made to improve the reliability of power supply. In January 2015 the utility in Oman began recording the duration and frequency of outages to compute the annual system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI).[12] This enabled the utility to analyze outage data, identify and eliminate inefficiencies and accurately assess the impact of these initiatives on the distribution network.

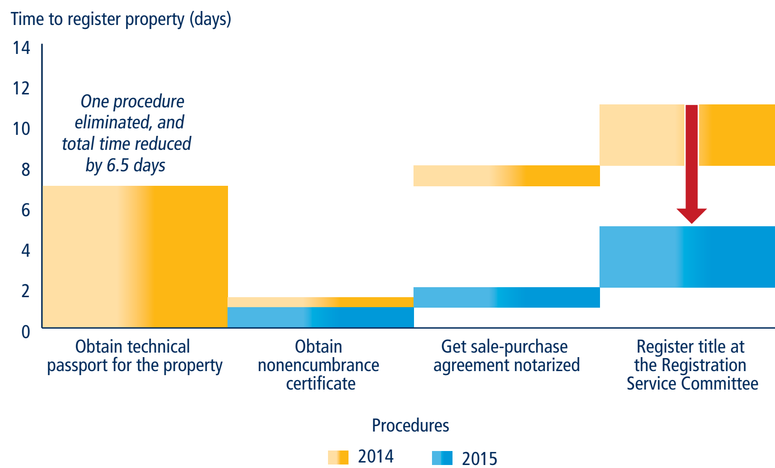
Integrating property registration systems

Twenty-two economies made registering a property transfer easier in 2014/15. The most common improvements included reducing property transfer taxes, combining or eliminating registration procedures, integrating electronic platforms, introducing expedited procedures and making general gains in administrative efficiency.

Kazakhstan and Bhutan were among the economies that made the biggest improvements in the ease of registering property in 2014/15. In December 2014 Kazakhstan eliminated the need to obtain an updated technical passport for a property transfer as well as the requirement to get the seller's and buyer's incorporation documents notarized. These measures eliminated one procedure and reduced the time required for a property transfer by 6.5 days (figure 4.6).

Bhutan launched an online land transaction system, E-Saktor, in 2014. The new system connects the databases of the Thimphu Municipality and the National Land Commission. This has helped streamline internal procedures by allowing users to check information on property boundaries and ownership. In addition, the system allows land transactions to be submitted electronically to the National Land Commission for approval. Landowners can use the online platform to see whether all transactions related to their land are carried out in accordance with legal requirements. Thanks

FIGURE 4.6 Kazakhstan made registering a property transfer faster and easier



Source: Doing Business database.

to improved communication between the municipality and the National Land Commission, the land registry was able to enhance its services and reduce the time required to transfer property by 15 days.

Among regions, Sub-Saharan Africa accounted for the most reforms relating to the transfer of property in 2014/15. For example, Nigeria reduced the consent fee and stamp duty paid during a property transfer. Cabo Verde, Chad, the Republic of Congo, Côte d'Ivoire, Gabon, Guinea-Bissau, Madagascar and Senegal made property transfers less costly by lowering property transfer taxes.

Six economies in Europe and Central Asia simplified property transfers by eliminating unnecessary procedures and reducing the time required to complete separate registration formalities. For example, Belarus and Russia introduced effective time limits for the state registration of a property transfer. Latvia introduced a new application form for the state registration, eliminating the requirement to submit a statement of the buyer's shareholders as a separate document. Uzbekistan introduced a new form for property records, which incorporated information on all encumbrances, restrictions and tax arrears. The adoption of the new form eliminated the requirement to obtain three separate nonencumbrance certificates.

Introducing electronic filing for tax compliance

Spain was among the economies that made the greatest advances in tax payment systems in 2014/15. It implemented a comprehensive tax reform program in 2014 aimed at supporting entrepreneurs and encouraging investment. The objective was both to streamline and simplify tax compliance and to reduce the effective tax burden on businesses. In the same year Spain launched Cl@ve, an integrated online platform for the entire public administrative sector. The new system made accessing electronic services provided by public agencies substantially easier.

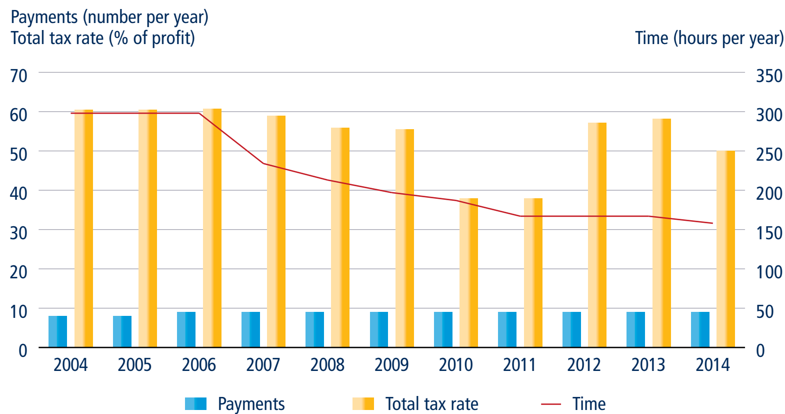
Among other things, the new system introduced a new way of submitting tax returns online and retrieving historical data electronically. It also provides individualized information on tax procedures. In addition, in 2014 Spain simplified compliance with value added tax (VAT) obligations by introducing a single electronic form within the Cl@ve system. The new system also enables taxpayers to retrieve previous years' VAT forms electronically and use them to automatically populate some of the fields in the current year's forms. In addition, Spain extended and promoted the use of electronic invoicing beginning in January 2013,[13] though the majority of companies started using electronic invoices only in fiscal 2014. Altogether, these initiatives have made it easier to comply with VAT obligations and file VAT returns.

In line with its intention to reduce the tax burden on domestic enterprises, Spain reduced the corporate income tax rate for new companies incorporated on or after January 1, 2013.[14] Subsequently, it reduced the effective rate for capital gains tax from 24% to 8%. Spain also reduced the environmental tax rate in 2014. These changes to the corporate tax regime reduced the total tax rate (figure 4.7). At the same time, however, other measures limited the deductibility of certain expenses to broaden the tax base for corporate income tax.

The most common feature of reforms in the area of paying taxes over the past year was the implementation or enhancement of electronic filing and payment systems. Besides Spain, 17 other economies introduced or enhanced systems for filing and paying taxes online (see table 4A.1 at the end of this chapter). Taxpayers in these economies now file tax returns electronically, spending less time to prepare, file and pay taxes. Beyond saving businesses time, electronic filing also helps prevent human errors in returns. And by increasing transparency, electronic filing limits opportunities for corruption and bribery.

Four economies—The Gambia; Hong Kong SAR, China; Maldives; and Vietnam—took other measures to simplify compliance with tax obligations. For example, The Gambia improved its bookkeeping system for VAT accounts to better track the input and output records required for filing VAT returns.

FIGURE 4.7 Spain has made complying with tax obligations easier for companies



Source: Doing Business database.

Other economies directed efforts at reducing the financial burden of taxes on businesses and keeping tax rates at a reasonable level to encourage development of the private sector and formalization of businesses. This is particularly important for small and medium-size enterprises, which contribute to growth and job creation but do not add significantly to tax revenue.[15] Seventeen economies reduced profit tax rates in fiscal 2014. Norway reduced the corporate income tax rate from 28% to 27%. Portugal made paying taxes less costly by both lowering the corporate income tax rate and increasing the allowable amount of the loss carried forward. Brunei Darussalam, Greece, Jamaica, Mozambique, the Slovak Republic and Vietnam also reduced the effective financial burden of profit taxes on companies by introducing changes to tax depreciation rules or deductions.

The Bahamas, Greece, Malaysia, Russia and Spain reduced taxes other than profit and labor taxes. Malaysia reduced the property tax rate from 12% to 10% of the annual rental value for commercial properties for 2014. Greece made insurance premiums fully tax deductible in addition to reducing property tax rates. Finally, some economies eliminated smaller taxes. Mexico abolished the business flat tax, and Kosovo abandoned the practice of levying an annual business license fee.

In most economies where the authorities have opted to reduce the tax burden on the business community, they have also attempted to broaden the tax base and protect government revenue. In a few cases in recent years, particularly in economies where tax rates are very high, the motivation has been more closely linked to reducing distortions, such as high levels of tax evasion or a sizable informal sector.

Unleashing international trade

In the area of trading across borders, the reforms recorded by *Doing Business* in 2014/15 span a wide range—from building or improving hard or soft infrastructure for trade to joining customs unions, digitizing documentation and introducing risk-based inspection systems. These varied endeavors highlight the complexity of international trade. They also speak to changes introduced this year in the methodology used to measure the time and cost for trading across borders. Under the new methodology *Doing Business* also considers trade over land between neighboring economies, adding a new feature of reform: regional trade facilitation agreements.

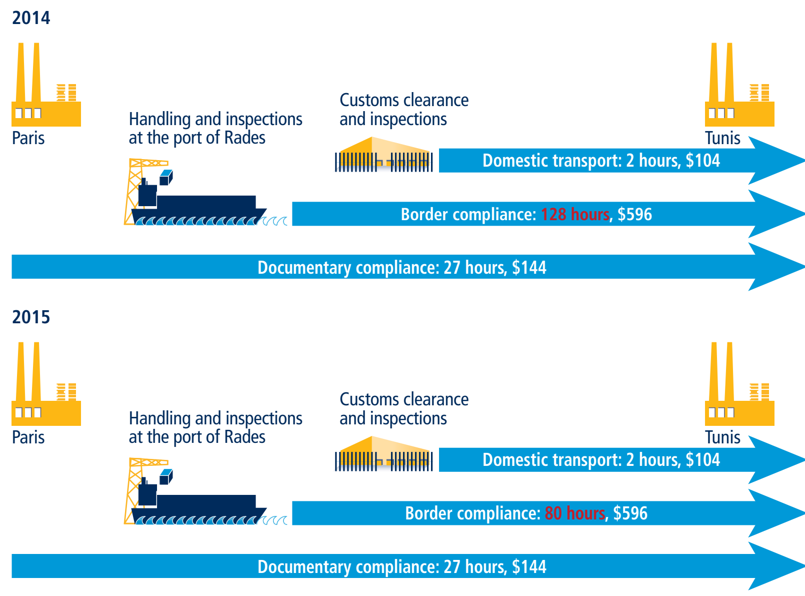
Brazil is among the economies investing in electronic systems to facilitate trade. An online platform has minimized bureaucracy and streamlined transactions, reducing customs clearance time for exporters in both São Paulo and Rio de Janeiro in 2014/15. The Bureau of Foreign Trade and Secretariat of the Federal Revenue began implementing the electronic system in April 2014 to link customs, tax and administrative agencies involved in exporting. The system now allows exporters to submit declarations and other related documents electronically rather than in hard copy. Although hard copies are still accepted during this first year of the program, most exporters have completely converted to the new electronic system.

Yet the full potential of digitization and electronic data interchange systems is not realized immediately. Implementing the systems takes time and involves changes in operational practices, in training and, in some cases, in the work habits of staff. Benin successfully implemented an electronic single-window system in 2012. In the past year, however, it considerably expanded the digitization of trade procedures for both exports and imports through the single window. The customs authority is now required to accept only electronic supporting documents for the single invoice and other documents submitted before the customs declaration. This resulted in a substantial reduction of time for customs procedures—three years after the launch of the online platform.

Tunisia also improved international trade practices in the past year. The country facilitated trade through the port of Rades by increasing the efficiency of its state-owned port handling company and by investing in port infrastructure. One important structural improvement at the port was the extension of the dock to increase terminal capacity. The improvements in hard and soft infrastructure at the port reduced border compliance time for both exporting and importing, saving traders in Tunisia 48 hours per shipment (figure 4.8).

Guatemala and Tanzania are among economies that improved soft infrastructure for trade by allowing electronic submission and processing of documents as well as by using online platforms for the exchange

FIGURE 4.8 Port improvements cut 48 hours from the time for importing auto parts from Paris to Tunis



Source: Doing Business database.

of information between agencies involved in international trade. On February 2014 Guatemala launched the "Customs without Paper" program to promote the electronic submission of customs documents through a web portal and to eliminate the submission of hard copies. Online submission of customs declarations for exports and imports has been compulsory for Guatemalan traders since January 2015. The program was rolled out gradually: it started at the Puerto Barrios customs office in March 2014 and was fully implemented in all customs offices by July 2015. Tanzania implemented an online system for processing trade-related documents in July 2014. The Tanzania Customs Integrated System (TANCIS) links several agencies, eliminating the need for traders to visit these agencies in person.

HIGHLIGHTS OF REFORMS STRENGTHENING LEGAL INSTITUTIONS

In 2014/15, 53 economies implemented reforms aimed at strengthening legal institutions and streamlining legal frameworks, amounting to 66 reforms in total. The largest number of reforms was recorded in the area of getting credit. Of the 32 reforms in this area, 14 were implemented in Sub-Saharan Africa. About 64% of the reforms in the area of enforcing contracts were implemented in Europe and Central Asia, along with 4 of the 9 reforms in the area of resolving insolvency. No insolvency reforms were recorded in the Middle East and North Africa or South Asia in 2014/15. Finally, 14 reforms were implemented in the area of protecting minority investors.

By contrast with the reforms reducing the complexity and cost of regulatory processes, those strengthening legal institutions reflect no clear pattern of pairing. Only 9 of the 53 economies that strengthened legal institutions in one area measured by *Doing Business* also did so in another.

Strengthening frameworks for secured transactions

Ten economies reformed secured transactions legislation or strengthened creditors' rights in bankruptcy procedures in 2014/15. Most of these reforms were aimed at developing a geographically unified, online collateral registry. This kind of reform makes it easier for creditors to provide loans to small and medium-size enterprises that lack real estate and can provide only movable assets as collateral. As a result of recent reforms, pledges over movable assets in Costa Rica, El Salvador and Hong Kong SAR, China, can now be registered online by the contracting parties or their representatives. In Costa Rica and El Salvador rights created under financial leases, factoring agreements and sales with retention of title are also documented in this registry.

In Madagascar a new law broadened the range of assets that can be used as collateral by including future assets. The new law also allows a general description of assets granted as collateral as well as a general description of debts and obligations. Mexico and Russia also introduced new legislation allowing a general description of assets granted as collateral.

Costa Rica improved the legal rights of borrowers and lenders the most in the past year. Public officials developed a sound legal framework to support the implementation of a modern secured transactions system. Thanks to a new law on movable property guarantees, all types of movable assets, present and future, may now be used as collateral to secure a loan.[16] The law also regulates functional equivalents to more traditional securities, such as assignments of receivables and sales with retention of title. In addition, it allows out-of-court enforcement of collateral, through both public auction and private sale (table 4.3). This means that if a debtor should default, a secured creditor can now recover the unpaid loan without going to court. The creditor can do so through any type of asset sale, rather than being restricted to cumbersome public auctions. Similar legislative changes were adopted by El Salvador. By approving their new laws, Costa Rica and El Salvador joined Colombia, Honduras and Jamaica as pioneers of the modern secured

TABLE 4.3 Costa Rica's previous and new legal frameworks for secured transactions

Previous framework	New framework
Is there a functional secured transactions system?	
No.	Yes.
Is the collateral registry unified or centralized geographically for the entire economy?	
No.	Yes.
Is the collateral registry notice-based?	
No.	Yes.
Does the registry have a modern online system (such as for registrations and amendments)?	
No.	Yes.
Can security rights in future assets be described in general terms?	
No, detailed description of the assets required by law.	Yes, general description allowed by law.
Can security rights in a combined category of assets be described in general terms?	
No, detailed description of the assets required by law.	Yes, general description allowed by law.
Can security rights in a single category of assets be described in general terms?	
No, detailed description of the assets required by law.	Yes, general description allowed by law.
Can parties agree to enforce the security rights out of court?	
No, out-of-court enforcement not permissible by law.	Yes, out-of-court enforcement of the collateral allowed.

Source: Doing Business database.

transactions system in the Southern Hemisphere.

Costa Rica also launched a centralized, web-based collateral registry in May 2015. The registry allows online access to register movable collateral as well as to modify, update or cancel existing registrations. It also allows the general public to conduct online searches, thus promoting transparency in secured lending by alerting third parties to existing rights in assets.

Advancing credit information systems

Twenty-two economies implemented reforms improving their credit information system in 2014/15. Kenya and Uganda made the largest improvement in credit reporting by expanding borrower coverage. The credit reference bureau in Kenya started to collect positive credit information in addition to negative credit information in 2014 and expanded its borrower coverage to 14.8% of the adult population as of January 2015. Similarly, the credit bureau or registry in the Lao People's Democratic Republic, Mauritania, Rwanda, Uganda and Vietnam expanded coverage to at least 5% of the adult population.

Afghanistan, the Comoros, Guyana, Lesotho and the Seychelles all established a new credit bureau or registry in 2014/15. Afghanistan's central bank launched the country's first credit registry, which banks can consult before issuing new loans. The new registry in the Comoros began distributing information on bank loans and outstanding payments in November 2014. The new credit bureaus in Guyana and Lesotho—the first for both countries—started full operations in May 2015. The new registry in the Seychelles facilitates the exchange of credit information by distributing both positive and negative data on firms and individuals and by providing online access for banks and other financial institutions.

Five economies improved their regulatory framework for credit reporting, three of them by adopting regulations enabling the creation of new credit bureaus. Latvia adopted a credit bureau law with the aim of promoting responsible borrowing and lending while protecting the rights of borrowers. The law sets out a legal framework for establishing, organizing and supervising credit information bureaus. Namibia improved access to credit information by legally guaranteeing borrowers' right to inspect their own data. Peru fully implemented its new law on personal data protection, which requires stronger safeguards in the administration of borrowers' personal data.

Two member states of the Central Bank of West African States (BCEAO), Mali and Niger, adopted the Uniform Law on the Regulation of Credit Information Bureaus—joining Côte d'Ivoire and Senegal, which did so in 2013/14. In addition, in January 2015 BCEAO selected the joint venture Creditinfo VoLo as the accredited company to operate the new credit information bureau in the member countries. The bureau is expected to be fully operational very soon.

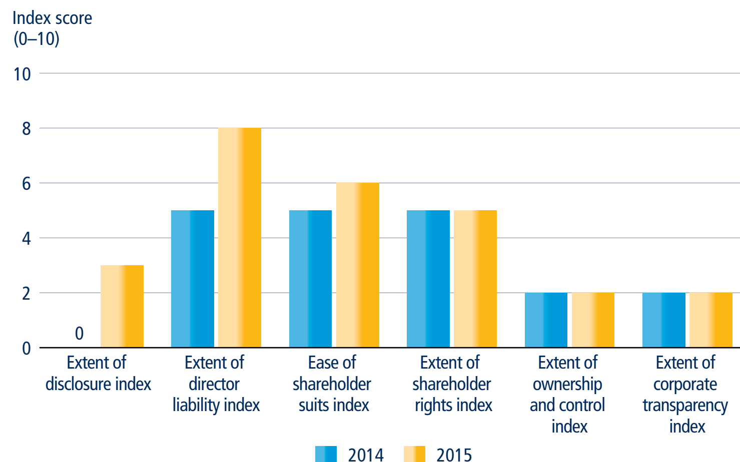
Sub-Saharan Africa was the region with the largest number of reforms focused on improving the availability of credit information. In Rwanda, Zambia and Zimbabwe credit scoring was introduced as a value added service to banks and other financial institutions, supporting their ability to assess the creditworthiness of potential borrowers.

Elsewhere, credit bureaus in Cyprus and the Kyrgyz Republic began distributing both positive and negative credit information on borrowers—and the one in Cyprus began reporting five years of credit history on both borrowers and guarantors to banks and other financial institutions. In Mongolia the credit registry started distributing credit data from retailers and utility companies. Lao PDR began requiring loans of all sizes to be included in the credit registry's database.

Protecting rights of minority shareholders

Honduras made the most noteworthy improvement in minority investor protections in 2014/15. Five years ago several pieces of legislation in Honduras were quite old; some had not been updated since 1948.[17] The June 2014 Law for the Creation of Jobs, Fostering of Private Initiative, Formalization of Businesses and Protection of Investor Rights therefore marked an important milestone in reforming the business environment in Honduras. The 2014 law, which amends several articles of the Honduran Code of Commerce, directly addresses the approval of related-party transactions, shareholders' right to initiate an action and sue directors, and their right to inspect certain internal company documents before initiating any formal legal action.

FIGURE 4.9 Honduras strengthened minority investor protections in 2014/15 for the first time in more than 10 years



Source: Doing Business database.

The new law introduces several other improvements in minority investor protections. It stipulates that transactions representing more than 5% of a company's assets must be authorized by its shareholders and that interested directors must abstain from voting in this case. It also prohibits shareholders who have a self-interest contrary to that of the company from voting on related resolutions. In addition, the new law allows the court to declare a transaction involving a conflict of interest void if plaintiffs can show that the transaction resulted in a financial loss to the company and its shareholders.[18] As a result of these and other amendments, Honduras improved its score on all three indices measuring the regulation of conflicts of interest inside companies (figure 4.9).

Thirteen other economies also strengthened minority investor protections in 2014/15. Among them, Albania introduced a requirement for immediate disclosure of related-party transactions to the public. Spain adopted a law amending its Capital Companies Act with the aim of improving corporate governance. The amendment directly addresses shareholders' rights and role in important corporate decisions—for example, requiring shareholders' approval for major sales of company assets. Lithuania adopted amendments to its Stock Company Law that prohibit subsidiaries from acquiring and owning shares issued by their parent company, resulting in greater clarity of ownership and interests. Kazakhstan introduced amendments to its Joint Stock Company law requiring disclosure of information about transactions with related parties within 72 hours.

Elsewhere, Madagascar amended its Law on Commercial Companies to require directors with a conflict of interest to fully disclose the nature of their interest to the board of directors. Nigeria introduced new rules requiring that related-party transactions be subject to external review and to approval by disinterested shareholders. Rwanda updated its company law to allow holders of 10% of a company's share capital to call for an extraordinary meeting of shareholders and to require board members to disclose information about their other directorships and their primary employment.

Introducing mechanisms of alternative dispute resolution

Doing Business recorded 11 reforms making it easier to enforce contracts in 2014/15. As in the previous year, the implementation of electronic filing was a common feature of the reforms. Two economies—Georgia and Italy—made their courts more efficient by introducing electronic systems. As a result, litigants can now file initial complaints electronically. Besides expediting the filing and service process, electronic filing systems in courts also increase transparency, limit opportunities for corruption and prevent the loss, destruction or concealment of court records.

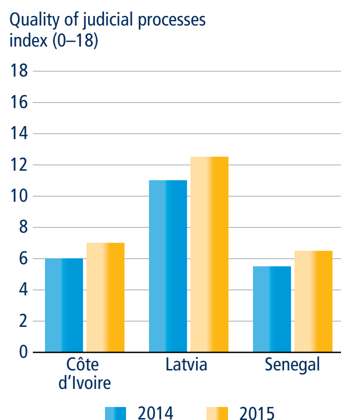
Overall, however, the implementation of alternative dispute resolution (ADR) mechanisms was the most common feature of reforms in contract enforcement in the past year. The availability of ADR creates a better environment for business.[19] ADR processes lower the direct and indirect costs that businesses incur in enforcing contracts and resolving disputes—and provide redress more quickly and inexpensively than mainstream court processes, especially where cost is driven by formal procedures. ADR can also improve the efficiency of court systems by reducing the backlog of disputes before the courts. Three economies—Côte d'Ivoire, Latvia and Senegal—increased the efficiency of their judiciary in 2014/15 by introducing consolidated laws on specific ADR mechanisms. These initiatives led to higher scores on the new quality of judicial

processes index for all three economies (figure 4.10).

Côte d'Ivoire has made reforms in the judiciary a priority in recent years. By 2012 Côte d'Ivoire had created specialized commercial courts to deal with business disputes and appointed professional judges to work with lay judges. These measures reduced the time to resolve a dispute as measured by *Doing Business* from 770 days in 2011 to 585 days in 2013. By mid-2014 Côte d'Ivoire had introduced further improvements by adopting a law regulating conventional and judicial mediation in both commercial and civil cases. It also established several institutions to provide mediation services.

Latvia adopted a new law consolidating provisions that regulate arbitration. Previously, arbitration had been regulated by a few provisions scattered across different legislative instruments and therefore was scarcely used. Latvia also adopted a comprehensive new law on mediation. The law introduces incentives for parties to attempt mediation, including a partial refund of state fees if mediation is successfully completed. Having all substantial and procedural provisions regulating commercial arbitration or mediation in one source makes these mechanisms more accessible, and increasing accessibility may lead to broader use of ADR.

FIGURE 4.10 ADR initiatives in three countries helped improve their scores on the new quality of judicial processes index



Source: Doing Business database.

Other reforms that improved the ease of enforcing contracts in 2014/15 focused on increasing access to justice and facilitating the resolution of small disputes. Cyprus and Kazakhstan introduced simplified procedures to handle small claims, reducing backlog at the main trial court and contributing to procedural efficiency. These simplified procedures provide a mechanism for quick and inexpensive resolution of legal disputes involving small sums of money. Small claims courts and procedures usually use informal hearings, simplified rules of evidence and more streamlined rules of civil procedure. They also typically allow the parties to represent themselves, keeping institutional litigators out of court.

Saving viable businesses through reorganization

In 2014/15 *Doing Business* recorded 9 reforms making it easier to resolve insolvency. Caribbean economies continued to make remarkable progress. In the previous year Trinidad and Tobago and St. Kitts and Nevis had modernized their insolvency frameworks. In 2014/15 Jamaica and St. Vincent and the Grenadines adopted new insolvency laws. A common feature of these reforms was the introduction of in-court reorganization mechanisms as an alternative to liquidation, so that insolvent companies can continue to operate. All four economies have also updated their liquidation proceedings, bringing them into closer conformity with international good practices.

The new Insolvency Act of Jamaica, adopted in October 2014, serves as a good illustration of the Caribbean reform agenda. The new act introduced the option of reorganization for commercial entities. A debtor or an insolvency representative can present a reorganization proposal to all or only some of the creditors. The filing of a proposal or of an intent to submit a proposal automatically puts on hold all other actions against the debtor. Among other improvements, the new act follows international good practices on facilitating the continuous operation of debtors during insolvency proceedings. It also allows courts to invalidate undervalued transactions concluded by debtors within a year before insolvency proceedings are commenced, permits the insolvency representative to request new financing after the proceedings are commenced and grants priority to claims of post-commencement creditors. Adoption of the new act substantially improved Jamaica's score on the strength of insolvency framework index (table 4.4).

Most other insolvency reforms recorded by *Doing Business* in 2014/15 also focused on introducing new reorganization procedures or improving the existing reorganization framework. Chile and Cyprus introduced court-supervised reorganization procedures. Kazakhstan began allowing creditors to commence reorganization proceedings, while Rwanda introduced protections for creditors who vote against a reorganization plan. Romania introduced time limits on the reorganization process.

Several insolvency reforms recorded in 2014/15 were aimed at facilitating the continuation of the debtor's business during insolvency proceedings. Cyprus and Rwanda introduced provisions allowing the invalidation of preferential and undervalued transactions concluded by the debtor before the commencement of insolvency proceedings. Chile prohibited the termination of contracts on the grounds of insolvency.

The change in Chile came as part of a new insolvency law that took effect in October 2014. The new law streamlined all provisions related to reorganization and liquidation proceedings, emphasizing the reorganization of viable businesses as a preferred alternative to liquidation. Following international good

TABLE 4.4 Jamaica's previous and new legal frameworks for insolvency

Previous framework	New framework
Can a debtor initiate reorganization proceedings?	
No reorganization available.	Yes.
Do creditors vote on the reorganization plan?	
No reorganization available.	Yes, and only creditors whose rights are affected by the proposed plan vote on it.
How do creditors vote on the reorganization plan?	
No reorganization available.	Creditors are divided into classes and the plan is approved by a simple majority of creditors in each class.
Can a debtor obtain credit after the commencement of insolvency proceedings?	
No specific provisions.	New financing after the commencement of insolvency proceedings is available, and creditors providing post-commencement finance are granted priority over claims of existing creditors.
Can a court invalidate undervalued transactions concluded before insolvency?	
No specific provisions.	Yes.

Source: Doing Business database.

practices, the new law improved creditors' participation in the insolvency proceedings and introduced many new provisions on reorganization, including minimum standards and voting procedures. It also created a public office responsible for the general administration of proceedings and established specialized courts with exclusive jurisdiction over insolvency cases.

Changing labor market regulation

The *Doing Business* indicators on labor market regulation have historically measured the flexibility of the regulatory framework as it relates to hiring, work scheduling and redundancy. Over the past two years the coverage of the indicators has been expanded to also capture different aspects of job quality. In 2014/15 *Doing Business* recorded several reforms relating to workers' eligibility for different benefits as well as workplace equality and social protection. For example, Morocco implemented an unemployment insurance scheme, while Georgia and New Zealand increased the length of paid maternity leave.

Four economies revised hiring rules in 2014/15. Germany introduced a first-ever national minimum wage. Ecuador prohibited fixed-term contracts for permanent tasks, while Lao PDR capped the duration of renewable fixed-term contracts (previously unlimited) at 36 months. Latvia continued to relax its labor market regulation by increasing the maximum duration of a single fixed-term contract from 36 months to 60.

Four economies changed rules governing dismissals. Italy adopted new legislation to simplify redundancy rules and encourage out-of-court reconciliation of dismissals, reducing the time and cost to resolve labor disputes. Lao PDR eliminated the requirement to seek third-party approval when dismissing fewer than 10 employees and reduced severance payments for employees with 5 and 10 years of tenure. Croatia eliminated the requirement to retrain or reassign employees before they can be made redundant. And Portugal introduced priority rules applying to individual dismissals. These regulations provide employers with several criteria to use when making decisions on dismissals, with performance being the most important one.

In addition, three economies made important changes to their labor laws in 2014/15. Belarus amended provisions relating to wage regulation, labor arbitration, the calculation of overtime pay and grounds for the termination of employment. It also lifted prohibitions on concurrent employment. Italy adopted the Jobs Act in December 2014, which provides an overarching framework for changes in unemployment insurance, employment contracts, and maternity and paternity leave. FYR Macedonia amended provisions governing social contributions, employment contracts, annual leave, overtime work, health inspections and labor disputes.

NOTES

1. Divanbeigi and Ramalho 2015.
2. Braunerhjelm and Eklund 2014.
3. Yakovlev and Zhuravskaya 2013.
4. Ippoliti, Melcarne and Ramello 2014.
5. Dougherty 2014.
6. Garcia-Posada and Mora-Sanguinetti 2015.
7. Giacomelli and Menon 2013.
8. Dougherty 2014.
9. Yakovlev and Zhuravskaya 2013.
10. Lyons 2013.
11. The six agencies are the State Examination Head Office, the State Fire Control Service, the State Supervision Agency for Construction Safety, the Engineering Geological Center, the Ministry of Ecology and Natural Resources, and the Hygiene and Epidemiology Center at the Ministry of Public Health.
12. SAIDI is the average total duration of outages over the course of a year for each customer served, while SAIFI is the average number of service interruptions experienced by a customer in a year. *Doing Business* records these measures for the largest business city of each economy and, in 11 economies, for the second largest business city as well.
13. See Royal Decree 1619/2012.
14. The rate was reduced from the standard rate of 30% to a special rate of 15% for the first €300,000 and 20% thereafter.
15. Ayyagari, Demirguc-Kunt and Maksimovic 2011; Fox and Murray 2013.
16. Ley de Garantías Mobiliarias was passed by the Costa Rican Congress on May 7, 2014, and entered into force on May 20, 2015.
17. World Bank 2010, p. 50.
18. See articles 151, 210 and 222 of the Honduran Code of Commerce, as amended.
19. Rozdeiczer and Alvarez de la Campa 2006.

TABLE 4A.1 Who reduced regulatory complexity and cost or strengthened legal institutions in 2014/15—and what did they do?

Feature	Economies	Some highlights
Making it easier to start a business		
Simplified preregistration and registration formalities (publication, notarization, inspection, other requirements)	Algeria; Angola; Azerbaijan; Belarus; Benin; Brunei Darussalam; Cambodia; Democratic Republic of Congo; Ecuador; Estonia; Germany; India; Jamaica; Kazakhstan; Kenya; Moldova; Mongolia; Morocco; Myanmar; Slovak Republic; Sweden; Togo; Ukraine	Angola reduced the fees to register a company. Estonia began allowing minimum capital to be deposited at the time of company registration. Kenya launched government service centers offering company preregistration services in major towns. Myanmar eliminated the need for separate temporary and permanent certificates of incorporation.
Abolished or reduced minimum capital requirement	Burkina Faso; Comoros; Democratic Republic of Congo; Gabon; Guinea; India; Kuwait; Mauritania; Myanmar; Niger; Senegal	India eliminated its minimum capital requirement. Kuwait reduced its requirement.
Introduced or improved online procedures	Belarus; Denmark; Indonesia; Lithuania; FYR Macedonia; Norway; Russian Federation (Moscow); San Marino; Uganda; Ukraine; Uzbekistan	Uganda introduced an online system for obtaining a trading license. Belarus expanded the geographic coverage of online registration and improved online services.
Cut or simplified postregistration procedures (tax registration, social security registration, licensing)	Cambodia; Hong Kong SAR, China; Indonesia (Jakarta); Philippines; Rwanda; Sri Lanka; Uzbekistan; Vietnam	Hong Kong SAR, China, eliminated the requirement for a company seal. Rwanda eliminated the need for new companies to open a bank account in order to register for VAT.
Created or improved one-stop shop	Benin; Cambodia; Slovak Republic; Uzbekistan	Benin reduced the fees for filing documents with the one-stop shop. Cambodia simplified company name checks at the one-stop shop.
Making it easier to deal with construction permits		
Streamlined procedures	Algeria; Armenia; Azerbaijan; Benin; Jamaica; Kazakhstan; Mauritius; Niger; Sri Lanka; Turkey; United Arab Emirates; West Bank and Gaza	Algeria eliminated the legal requirement to provide a certified copy of a property title when applying for a building permit. Sri Lanka streamlined the internal review process for building permit applications.
Reduced time for processing permit applications	Benin; Georgia; Jamaica; Montenegro; Sri Lanka	Georgia reduced the official time limit for issuing building permits from 10 days to 5. Montenegro finished implementing amendments to the Law on Spatial Planning and Construction, which established a 30-day time limit for issuing building permits.
Adopted new building regulations	Armenia; Azerbaijan; Rwanda; Serbia	Rwanda adopted a new building code and new urban planning regulations in May 2015.
Improved building quality control process	Armenia; Serbia	Armenia exempted lower-risk projects from requirements for approval by an independent expert and for technical supervision of construction.
Introduced or improved one-stop shop	Azerbaijan; Benin	Azerbaijan established a one-stop shop for issuing preapprovals for project documentation. Benin established a one-stop shop and reduced the number of signatories required for a building permit.
Reduced fees	Democratic Republic of Congo; Serbia	The Democratic Republic of Congo halved the cost to obtain a building permit. Serbia eliminated the land development tax for warehouses.
Making it easier to get electricity		
Improved process efficiency	Bhutan; Botswana; Costa Rica; Cyprus; Hong Kong SAR, China; Kenya; Lithuania; Malta; Morocco; Myanmar; New Zealand; Poland; Taiwan, China; Uganda; United Arab Emirates; Vietnam	The utility in Kenya reduced delays for new connections by enforcing service delivery timelines and hiring contractors for meter installation. The utility in Poland reduced delays in processing applications for new connections by increasing human resources and enforcing the legal time limit to issue technical conditions.
Improved regulation of connection processes and costs	Russian Federation; Senegal	The tariff setting committees for Moscow and St. Petersburg revised the connection fee structure, reducing the cost of getting a new connection. In Senegal the utility reduced the security deposit by revising the calculation formula.
Facilitated more reliable power supply and transparency of tariffs	Cambodia; Oman	The utility in Oman started fully recording the duration and frequency of outages to compute annual SAIDI and SAIFI.
Streamlined approval process	India; Togo	In Delhi the utility eliminated the internal wiring inspection by the Electrical Inspectorate. In Mumbai the utility improved internal work processes and coordination, reducing the procedures and time to connect to electricity.

TABLE 4A.1 Who reduced regulatory complexity and cost or strengthened legal institutions in 2014/15—and what did they do?

Feature	Economies	Some highlights
Making it easier to register property		
Computerized procedures	Belgium; Bhutan; Kenya; Kyrgyz Republic; Saudi Arabia; Switzerland	Bhutan introduced a new computerized land information system connecting the municipality to the cadastre. Switzerland introduced a national database to check for encumbrances.
Reduced taxes or fees	Cabo Verde; Chad; Republic of Congo; Côte d'Ivoire; Gabon; Guinea-Bissau; Madagascar; Nigeria; Senegal	The Republic of Congo lowered the property transfer tax from 15% of the property value to 7%. Senegal reduced the property transfer tax from 10% of the property value to 5%.
Combined or eliminated procedures	Kazakhstan; Latvia; Morocco; Uzbekistan	Latvia introduced a new application form for property transfers. Kazakhstan eliminated the requirements to obtain a technical passport for a property transfer and to get the seller's and buyer's incorporation documents notarized. Morocco established electronic communication links between different tax authorities.
Increased transparency	Vanuatu	Vanuatu introduced a specific and separate mechanism for complaints by appointing a land ombudsman.
Introduced fast-track procedures	Belarus	Belarus introduced a fast-track procedure for property registration.
Set effective time limits	Russian Federation	Russia passed a new law setting shorter time limits for property transfer procedures.
Making it easier to pay taxes		
Introduced or enhanced electronic systems	Costa Rica; Cyprus; Indonesia; Jamaica; Malaysia; Montenegro; Morocco; Mozambique; Peru; Poland; Rwanda; Serbia; Slovak Republic; Spain; Tajikistan; Uruguay; Vietnam; Zambia	Serbia introduced an online system for filing and paying VAT and social security contributions in 2014. Indonesia introduced an online system for filing and paying social security contributions.
Reduced profit tax rate	Angola; Bangladesh; Brunei Darussalam; Finland; France; The Gambia; Guatemala; Hong Kong SAR, China; Jamaica; Norway; Portugal; Slovak Republic; Spain; Swaziland; Tunisia; United Kingdom; Vietnam	Norway reduced the corporate income tax rate from 28% to 27% for 2014. Tunisia reduced the corporate income tax rate from 30% to 25% for the same year. Spain reduced the corporate income tax rate for companies incorporated after January 1, 2013, from the standard rate of 30% to 15% for the first €300,000 and 20% thereafter.
Reduced labor taxes and mandatory contributions	China (Shanghai); Colombia; France; Greece; Indonesia; Mexico; Romania; United Kingdom	Romania reduced the social security contribution rate paid by employers from 20.8% to 15.8% from October 1, 2014.
Allowed more deductible expenses or depreciation	Brunei Darussalam; Greece; Jamaica; Mozambique; Portugal; Slovak Republic; Vietnam	Portugal allowed 100% of loss carried forward to be deducted for the calculation of taxable profit from January 1, 2014. Brunei Darussalam increased the initial capital allowance for industrial buildings from 20% to 40% and the annual allowance from 4% to 20% for 2014.
Reduced taxes other than profit tax and labor taxes	The Bahamas; Greece; Malaysia; Russian Federation; Spain	Malaysia reduced the property tax rate from 12% to 10% of the annual rental value for commercial properties for 2014.
Merged or eliminated taxes other than profit tax	Brunei Darussalam; Kosovo; Mexico; Serbia	Mexico abolished the business flat tax on January 1, 2014. Serbia abolished the urban land usage fee starting January 1, 2014.
Simplified tax compliance process	The Gambia; Hong Kong SAR, China; Maldives; Vietnam	The Gambia improved its bookkeeping system for VAT accounts to better track the requisite input and output records for filing VAT returns. Vietnam reduced the number of VAT filings for companies with an annual turnover of 50 billion dong (about $2.3 million) or less from monthly to quarterly.
Making it easier to trade across borders		
Introduced or improved electronic submission and processing of documents	The Bahamas; Benin; Brazil; Côte d'Ivoire; Ghana; Guatemala; Madagascar; Mali; Mauritania; Suriname; Tajikistan; Tanzania; Togo	Brazil implemented the electronic SISCOMEX Portal system, reducing the time required for customs clearance and document preparation and submission for exports. Tajikistan made it possible to submit customs declarations electronically for both exports and imports.
Introduced or improved risk-based inspections	Albania	Albania implemented a risk-based inspection system at Port of Durres and reduced border compliance time for exports.
Strengthened transport or port infrastructure	Madagascar; Tunisia; Vanuatu	Vanuatu invested in infrastructure at the port of Vila, increasing the port's efficiency for imports.
Improved port procedures	Oman; Qatar	Oman reduced port handling time for exports and imports by transferring cargo operations from Sultan Qaboos Port to Sohar Port.
Entered a customs union with major trading partner	Armenia	Armenia joined the Eurasian Economic Union, leading to reductions in the time and cost for document preparation, customs clearance and inspections in trade (export and import) with Russia.
Reduced documentary burden	Mauritania	Mauritania eliminated requirements for two import documents.

TABLE 4A.1 Who reduced regulatory complexity and cost or strengthened legal institutions in 2014/15—and what did they do?

Feature	Economies	Some highlights
Strengthening legal rights of borrowers and lenders		
Created a unified or modern collateral registry for movable property	Costa Rica; El Salvador; Hong Kong SAR, China; Indonesia; Liberia; Russian Federation; Uzbekistan	El Salvador established a registry for security interests in movable property as part of its registry of commerce.
Allowed general description of assets granted as collateral	El Salvador; Kazakhstan; Mexico; Russian Federation; Uzbekistan	Mexico implemented new laws allowing a general description of assets granted as collateral.
Expanded range of movable assets that can be used as collateral	El Salvador; Madagascar; Mexico; Russian Federation; Uzbekistan	Madagascar introduced a new law broadening the range of assets that can be used as collateral to secure a loan.
Introduced a functional secured transactions system	Costa Rica; El Salvador	Costa Rica adopted a new law establishing a modern legal framework for secured transactions, including functional equivalents to loans secured with movable property.
Allowed out-of-court enforcement of security	Costa Rica; El Salvador	El Salvador adopted a new law allowing secured creditors to enforce their security interest out of court, through a public or private auction.
Improving the sharing of credit information		
Established a new credit bureau or registry	Afghanistan; Comoros; Guyana; Lesotho; Seychelles	Afghanistan's central bank established a new credit registry that banks can consult to assess the creditworthiness of consumer and commercial borrowers.
Expanded scope of information collected and reported by credit bureau or registry	Cyprus; Kyrgyz Republic; Lao PDR; Mongolia; West Bank and Gaza	In the Kyrgyz Republic the credit bureau Ishenim began distributing information related to on-time loan repayment patterns in its credit reports.
Improved regulatory framework for credit reporting	Latvia; Mali; Namibia; Niger; Peru	Latvia adopted a credit bureau law setting out a legal framework for establishing, licensing and supervising credit information bureaus.
Introduced bureau or registry credit scores as a value added service	Rwanda; Zambia; Zimbabwe	Rwanda's credit bureau implemented a credit scoring service in May 2015.
Expanded borrower coverage by credit bureau or registry	Kenya; Lao PDR; Mauritania; Rwanda; Uganda; Vietnam	Kenya expanded the number of borrowers listed by its credit reference bureau with information on their borrowing history from the past five years to more than 5% of the adult population.
Strengthening minority investor protections		
Increased disclosure requirements for related-party transactions	Albania; Azerbaijan; Honduras; Kazakhstan; Madagascar; Nigeria	Albania introduced a requirement for immediate disclosure of the terms of related-party transactions as well as the nature and object of the conflict of interest. Nigeria introduced new rules requiring that related-party transactions be subject to external review and to approval by disinterested shareholders.
Enhanced access to information in shareholder actions	Honduras; Kazakhstan; Zimbabwe	Kazakhstan introduced provisions making it easier for shareholders to compel broad categories of documents at trial without having to identify specific dates and titles.
Increased director liability	Honduras; Ireland; FYR Macedonia	Honduras introduced a new law allowing shareholders representing at least 5% of a company's share capital to bring an action for damages against its directors.
Expanded shareholders' role in company management	Arab Republic of Egypt; Kazakhstan; Lithuania; Rwanda; Spain; United Arab Emirates	Spain introduced provisions requiring a general meeting of shareholders to decide on the acquisition or disposal of assets representing more than a quarter of a company's total assets.
Making it easier to enforce contracts		
Expanded the framework for alternative dispute resolution	Côte d'Ivoire; Latvia; Senegal	Côte d'Ivoire, Latvia and Senegal introduced laws regulating voluntary mediation. Latvia also passed a new arbitration law.
Expanded court automation	Armenia; United Arab Emirates	Armenia introduced a computerized system that randomly assigns cases to judges in the Yerevan Court of First Instance. The United Arab Emirates implemented an electronic notification system allowing the initial summons to be served electronically.
Introduced a small claims court or a dedicated procedure for small claims	Cyprus; Kazakhstan	Cyprus and Kazakhstan both introduced a fast-track procedure for small claims and allow litigants to represent themselves during this procedure.
Introduced electronic filing	Georgia; Italy	Georgia and Italy both introduced an electronic filing system for commercial cases, allowing attorneys to submit the initial summons online.
Made enforcement of judgment more efficient	Croatia; Romania	Croatia introduced an electronic system to handle public sales. Romania expanded the role of the bailiff and made the use of an electronic auction registry mandatory.

TABLE 4A.1 Who reduced regulatory complexity and cost or strengthened legal institutions in 2014/15—and what did they do?

Feature	Economies	Some highlights
Making it easier to resolve insolvency		
Improved provisions on treatment of contracts during insolvency	Chile; Jamaica; Romania; Rwanda; St. Vincent and the Grenadines; Vietnam	Chile made continuation of the debtor's business during insolvency proceedings easier by prohibiting termination of contracts on the grounds of insolvency.
Improved the likelihood of successful reorganization	Chile; Cyprus; Jamaica; Kazakhstan; Romania; St. Vincent and the Grenadines	Kazakhstan introduced provisions allowing debtors to apply for post-commencement finance with corresponding priority rules and allowing creditors to initiate reorganization proceedings.
Regulated the profession of insolvency administrators	Jamaica; Moldova; St. Vincent and the Grenadines; Vietnam	Moldova created governing and supervisory bodies for the profession of insolvency administrators, introduced a licensing system and stricter admission rules and created a centralized registry of authorized insolvency administrators.
Introduced a new restructuring procedure	Cyprus; Jamaica; St. Vincent and the Grenadines	Cyprus established a reorganization procedure for insolvent but viable companies.
Streamlined and shortened time frames for insolvency proceedings	Chile; Romania; Vietnam	Romania introduced shorter time frames for several stages of reorganization proceedings as well as a three-year time limit for implementing the reorganization plan.
Strengthened creditors' rights	Cyprus; Jamaica; St. Vincent and the Grenadines	Jamaica granted individual creditors the right to request information from the insolvency representative on the debtor's business and financial affairs.
Changing labor legislation		
Altered hiring rules	Ecuador; Germany; Lao PDR; Latvia	Germany introduced a minimum wage. Latvia increased the maximum duration of a single fixed-term contract from 36 months to 60.
Altered work scheduling rules	Belarus; Hungary; FYR Macedonia	Hungary adopted legislation limiting the operating hours for retail shops.
Changed redundancy cost or procedures	Croatia; Italy; Lao PDR; Portugal	Lao PDR eliminated the requirement for third-party approval before an employer can dismiss one worker or a group of nine workers and reduced the severance payment for employees with 5 and 10 years of tenure.
Reformed legislation regulating worker protection and social benefits	Belarus; Italy; FYR Macedonia; Morocco	Morocco implemented an unemployment insurance scheme.

Source: Doing Business database.

Note: Reforms affecting the labor market regulation indicators are included here but do not affect the ranking on the ease of doing business.