

# Doing Business 2011

Cape Verde

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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

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

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

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

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

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

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

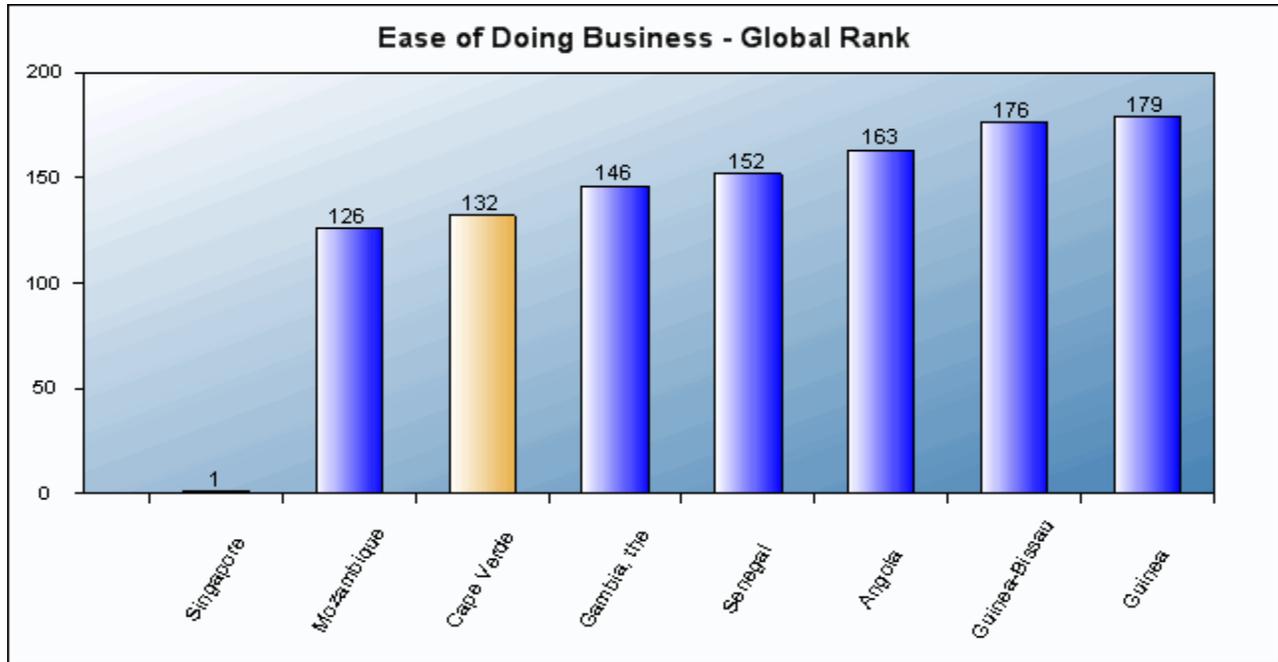
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

## Economy Rankings - Ease of Doing Business

Cape Verde is ranked 132 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Cape Verde's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	132
Starting a Business	120
Dealing with Construction Permits	89
Registering Property	104
Getting Credit	152
Protecting Investors	132
Paying Taxes	100
Trading Across Borders	55
Enforcing Contracts	38
Closing a Business	183

## Summary of Indicators - Cape Verde

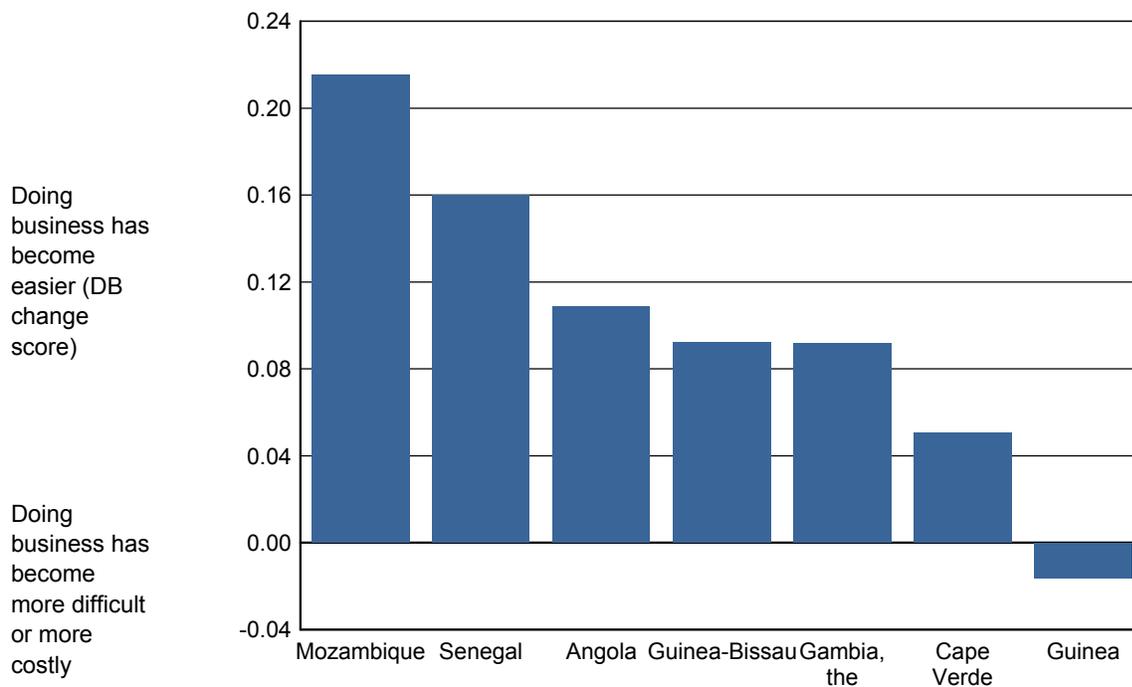
<b>Starting a Business</b>	Procedures (number)	8
	Time (days)	11
	Cost (% of income per capita)	18.5
	Min. capital (% of income per capita)	42.4
<b>Dealing with Construction Permits</b>	Procedures (number)	18
	Time (days)	120
	Cost (% of income per capita)	570.7
<b>Registering Property</b>	Procedures (number)	6
	Time (days)	73
	Cost (% of property value)	3.9
<b>Getting Credit</b>	Strength of legal rights index (0-10)	2
	Depth of credit information index (0-6)	2
	Public registry coverage (% of adults)	22.1
	Private bureau coverage (% of adults)	0.0
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	1
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	4.0
<b>Paying Taxes</b>	Payments (number per year)	43
	Time (hours per year)	186
	Profit tax (%)	17.8
	Labor tax and contributions (%)	18.5
	Other taxes (%)	0.8
	Total tax rate (% profit)	37.1
<b>Trading Across Borders</b>	Documents to export (number)	5
	Time to export (days)	19
	Cost to export (US\$ per container)	1200
	Documents to import (number)	5
	Time to import (days)	18
	Cost to import (US\$ per container)	1000

<b>Enforcing Contracts</b>	Procedures (number)	37
	Time (days)	425
	Cost (% of claim)	21.8
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	0.0
	Time (years)	no practice
	Cost (% of estate)	no practice

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.

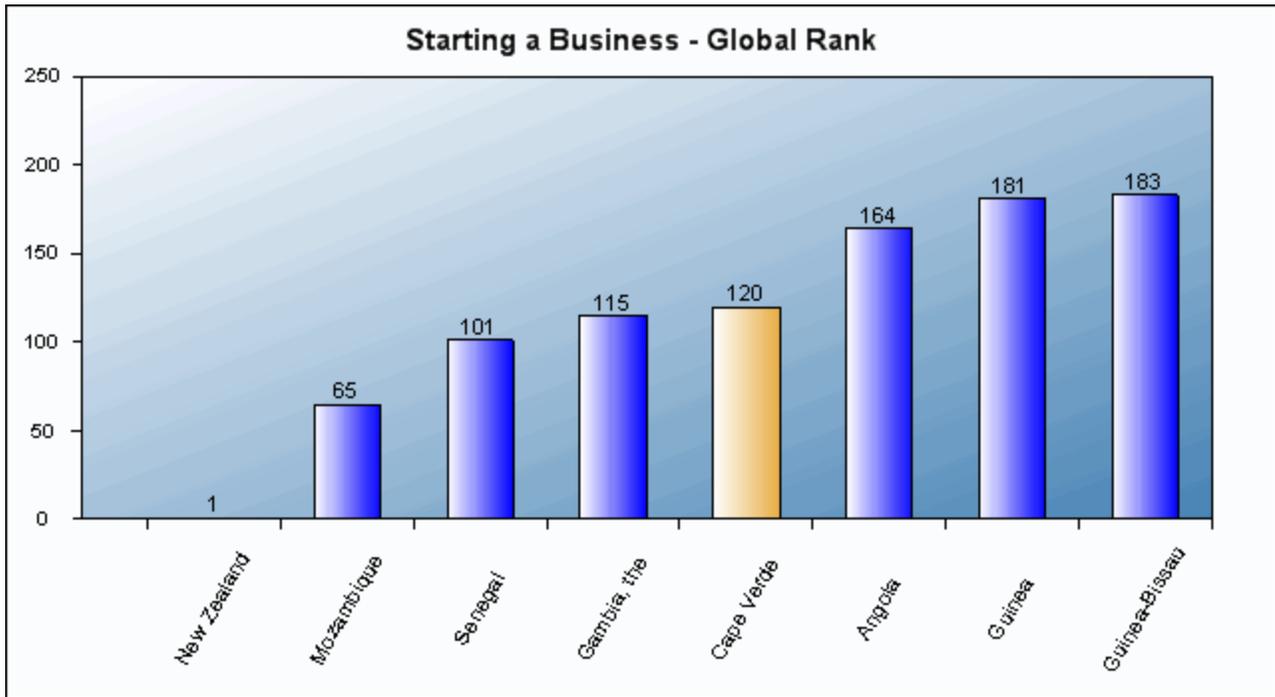
#### The business:

- 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:

Cape Verde is ranked 120 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Cape Verde</b>	<b>8</b>	<b>11</b>	<b>18.5</b>	<b>42.4</b>

<i>Comparator Economies</i>				
<b>Angola</b>	8	68	163.0	28.7
<b>Gambia, the</b>	8	27	199.6	0.0
<b>Guinea</b>	13	41	146.6	519.1
<b>Guinea-Bissau</b>	17	216	183.3	415.1
<b>Mozambique</b>	9	13	13.9	0.0
<b>Senegal</b>	4	8	63.1	205.1

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

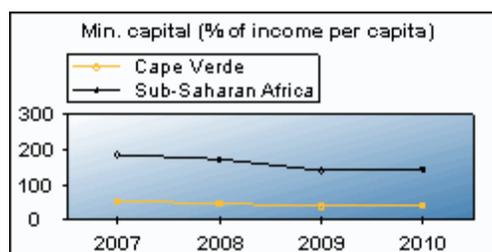
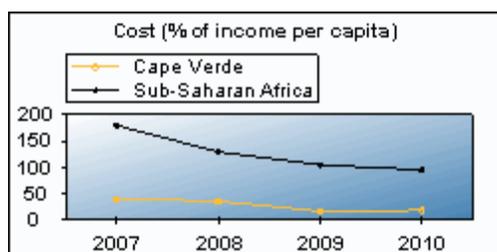
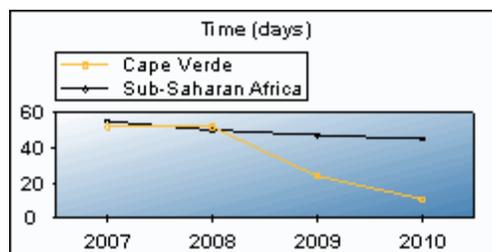
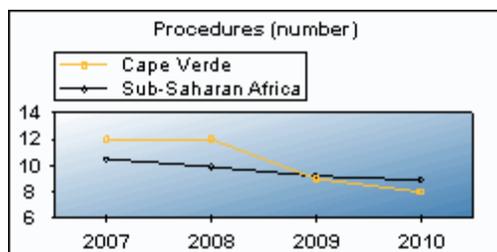
**Procedures (number): Canada**

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

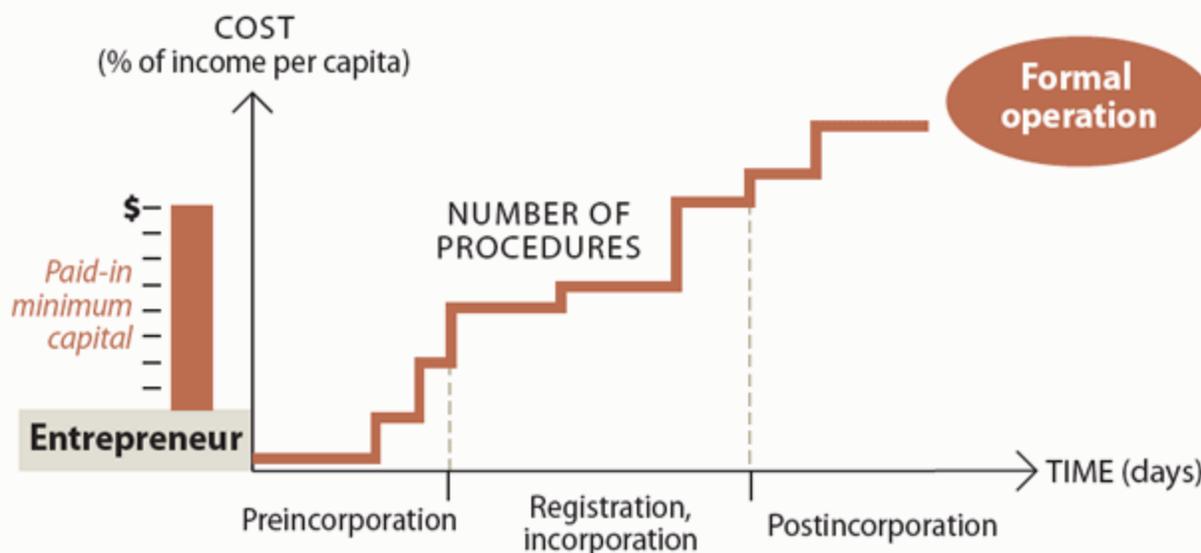
## 2. Historical data: Starting a Business in Cape Verde

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	139	120
Procedures (number)	12	12	9	8
Time (days)	52	52	24	11
Cost (% of income per capita)	40.1	35.7	17.0	18.5
Min. capital (% of income per capita)	53.4	47.5	38.9	42.4

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

### STANDARDIZED COMPANY

Legal Form: Sociedade por Quotas de Responsabilidade

Limitada (LDA)

City: Praia

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Search for company name and reserve the proposed name	1	CVE 600
2	Deposit the legally required initial capital in a bank and obtain deposit evidence	1	no charge
3	Registration with the commercial registry	1	CVE 11,000
4	Obtain municipal license	8	CVE 30,000
5 *	Register workers with the Social Security Office	1	no charge
6 *	Register workers with accident insurance at insurance company	1	no charge
7 *	Register workers with labor inspectorate	1	no charge
8 *	Obtain and legalize the special company books	3	CVE 2,000

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Cape Verde

### Procedure 1 Search for company name and reserve the proposed name

**Time to complete:** 1

**Cost to complete:** CVE 600

**Comment:** The investors must provide the proposed company name and purpose. The research is completed before the Commercial Registry (Conservatoria do Registro de Firmas e Similares) which approves or rejects such name. The firm registry is computerized, therefore the process is fast.

### Procedure 2 Deposit the legally required initial capital in a bank and obtain deposit evidence

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** To open a bank account in the company's name, the investor must present the company's reserved name, tax number, and statutes. Although no longer required in practice, the requirement still exists in the law.

### Procedure 3 Registration with the commercial registry

**Time to complete:** 1

**Cost to complete:** CVE 11,000

**Comment:** Company registration is now completed through online registration and is completed within a few hours. The incorporation notice is automatically published online. The Tax Identification number cannot be obtained automatically yet but it is free of cost.

### Procedure 4 Obtain municipal license

**Time to complete:** 8

**Cost to complete:** CVE 30,000

**Comment:** There are two types of licenses: the municipal license and the license by activity. The municipal license is mandatory for all businesses operating in Praia. The license by activity depends on the activity. Not all businesses require this type of license. For instance, a commercial company that does not import or export does not need the license by activity. An inspection is performed prior to granting the municipal license. If the company needs the two licenses, the inspection is done jointly by both agencies. For commercial licenses, the municipality and the chamber of commerce coordinate to avoid duplication of licenses. Since the adoption of Decreto-Lei 30/2009 the municipal inspection can be carried out "a posteriori" but the enterprise can start operations after receiving the Municipal License.

### Procedure 5 Register workers with the Social Security Office

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:**

**Procedure 6 Register workers with accident insurance at insurance company**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:**

**Procedure 7 Register workers with labor inspectorate**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** This procedure is mandatory if the company hires workers under a term contract.

**Procedure 8 Obtain and legalize the special company books**

**Time to complete:** 3

**Cost to complete:** CVE 2,000

**Comment:** These books can be purchased at the “Imprensa Nacional” National Print for 2,000 CVE each. All pages have to be signed by the entrepreneur.

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

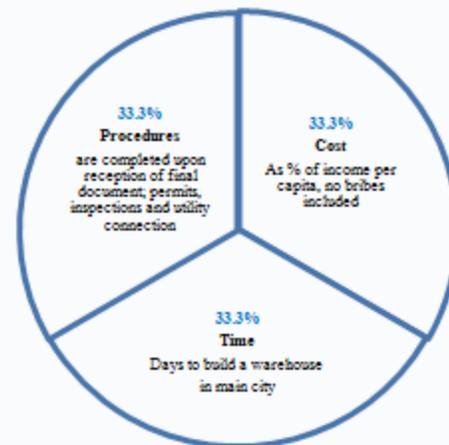
#### The warehouse:

- 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

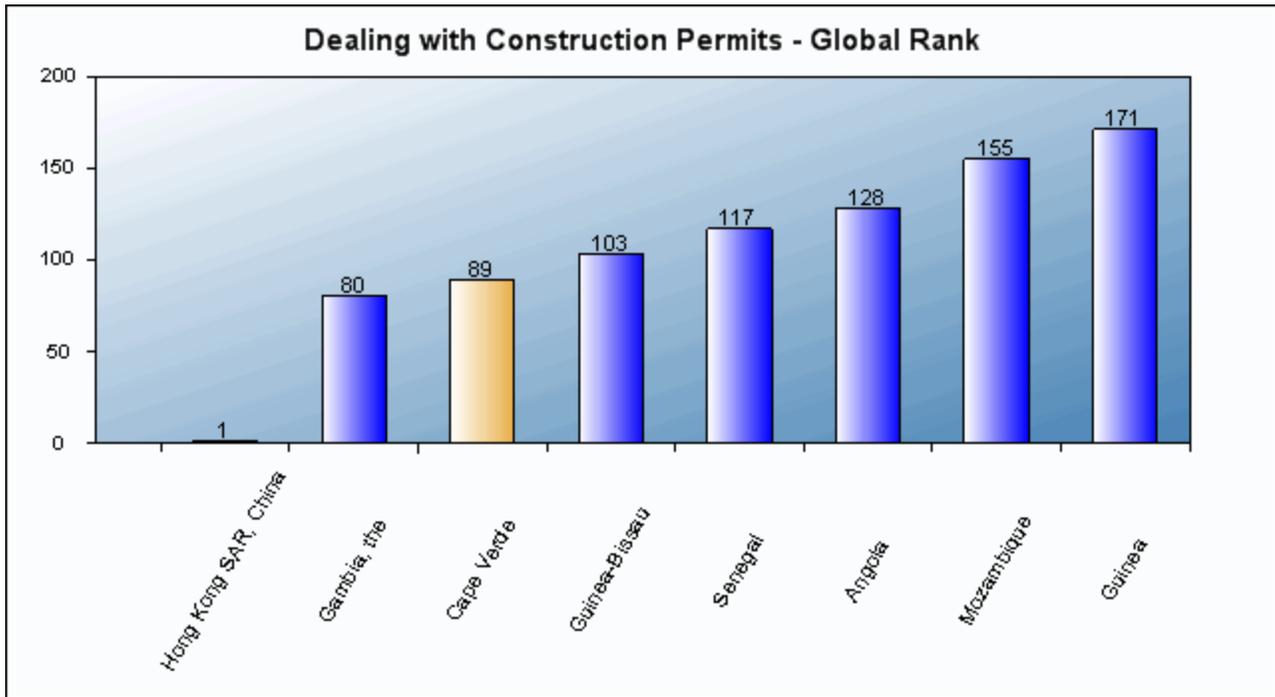
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Cape Verde is ranked 89 overall for Dealing with Construction Permits.

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



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

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

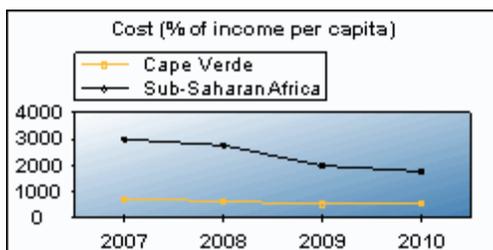
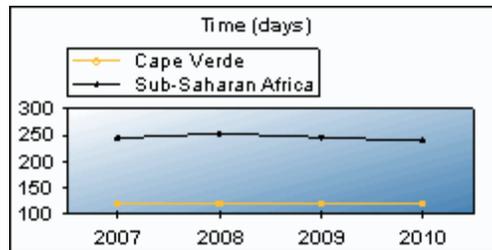
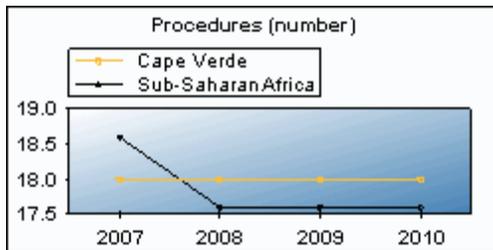
<i>Selected Economy</i>			
<b>Cape Verde</b>	<b>18</b>	<b>120</b>	<b>570.7</b>

<i>Comparator Economies</i>			
<b>Angola</b>	12	328	694.3
<b>Gambia, the</b>	17	146	314.9
<b>Guinea</b>	32	255	419.0
<b>Guinea-Bissau</b>	15	167	1075.0
<b>Mozambique</b>	17	381	530.3
<b>Senegal</b>	16	210	459.0

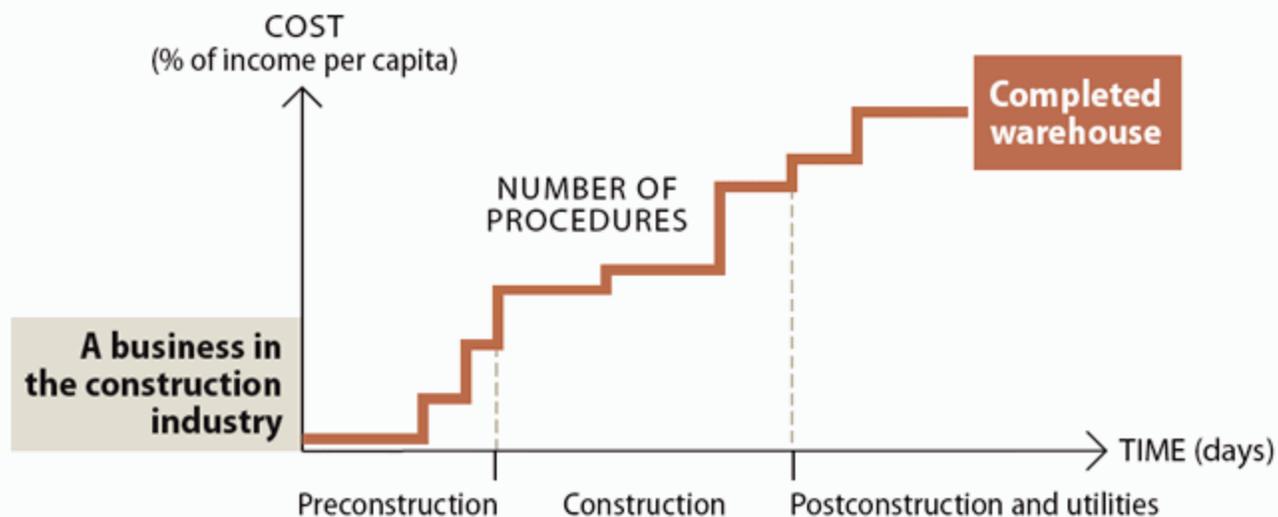
## 2. Historical data: Dealing with Construction Permits in Cape Verde

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	84	89
Procedures (number)	18	18	18	18
Time (days)	120	120	120	120
Cost (% of income per capita)	718.3	639.1	523.3	570.7

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

### BUILDING A WAREHOUSE

City: Praia

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain plot map from the Municipality	29 days	CVE 2,000
2 *	Receive inspection from Municipality to obtain plot map	1 day	no charge
3 *	Request and obtain property title from Property Registry	7 days	CVE 500
4	Submit and obtain approval of architectural plans from municipality	31 days	CVE 20,000
5	Submit and obtain structural plans for approval	24 days	CVE 20,000
6	Request and obtain building permit	7 days	CVE 75,000
7	Receive a preconstruction visit	1 day	no charge
8	Receive a random inspection by the municipality	1 day	no charge

9	Notify the municipality about completion of construction and request occupancy permit	1 day	CVE 2,000
10 *	Receive final inspection from municipality	1 day	no charge
11 *	Obtain occupancy permit	22 days	no charge
12 *	Request and obtain sewage connection	14 days	CVE 50,000
13 *	Request water and sewage, and power connections from Electra	1 day	no charge
14 *	Receive inspection from Electra	1 day	CVE 1,800
15 *	Receive connection to electricity from Electra	10 days	no charge
16 *	Request and receive connection to telephone from Cabo Verde Telecom	14 days	CVE 3,000
17 *	Register the building with the municipality (certidão matricial)	7 days	CVE 1,170,540
18 *	Register the building with the Property Registry (certidão predial)	21 days	CVE 176

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Cape Verde

### Procedure 1 Request and obtain plot map from the Municipality

**Time to complete:** 29 days

**Cost to complete:** CVE 2,000

**Agency:** Municipality

**Comment:** The plot map must be recent (within the year at the most). To produce the plot map, the municipality must send an expert to the actual plot. Each neighborhood is assigned a specific day for this type of work. The neighborhood in Praia where the warehouse is likely to be is in Achada Grande or Tira Chapeu, the more industrial parts of the city.

Documents to submit: Location plant (updated after 1 year), zone number, owner, number of floors to be build. The plot map will show any traffic impact such as parking space needed.

The municipality issues this permit only if all tax charges have been paid. BuildCo to prove that all taxes have been paid presents its IUP (Imposto Único sobre o Património) payment receipt (the IUP is a receipt for transfer of property, obtained when purchasing the property – this is a one time tax paid on any transfer of property) –valued at 3 % of the property value).

Sequence: The entrepreneur requests the plot map; 15 days later the municipality sends an inspector; 4/5 days municipality issues a second plot map that has to be signed by the Secretary Director; 1 week/10 days later you pay and pick up your plot map.

### Procedure 2 Receive inspection from Municipality to obtain plot map

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:**

### Procedure 3 Request and obtain property title from Property Registry

**Time to complete:** 7 days

**Cost to complete:** CVE 500

**Agency:** Property Registry

**Comment:**

### Procedure 4 Submit and obtain approval of architectural plans from municipality

**Time to complete:** 31 days

**Cost to complete:** CVE 20,000

**Agency:** Municipality

**Comment:** The architectural plans can be completed by any registered architect. There is no requirement to hire an architect with any special license to draw the plans. After the architectural plans are completed, the architect usually submits them to the city hall for approval in two copies, along with the plot map and a statement from the architect who produced the plans. In most (or even all) cases, the submitted plans do not comply fully with regulations; back-and-forth discussions ensue between the municipality and the architect. On average, the plans are resubmitted two or three times. The plans are reviewed by different municipal departments. After the plans are approved, the company must collect them at the city hall and pay the approval fee. In the past, the approval fee depended on the number of pages in the approval file. Now, the fee varies by type of project.

#### **Procedure 5 Submit and obtain structural plans for approval**

**Time to complete:** 24 days

**Cost to complete:** CVE 20,000

**Agency:** Municipality

**Comment:** The company must submit the plans along with an affidavit from the responsible architect or engineer. The utility plans (water, sewage, electricity) are submitted later, during or at the end of construction, to Electra (the utility provider). After the plans are approved, the company must collect them at the city hall and pay the approval fee. In the past, the approval fee depended on the number of pages in the approval file. Now, the fee varies by the type of project.

#### **Procedure 6 Request and obtain building permit**

**Time to complete:** 7 days

**Cost to complete:** CVE 75,000

**Agency:** Municipality

**Comment:** The company must submit a form requesting the permit. The same form can be used for a new construction or for an extension of an existing permit. This form includes the dates of approval of architectural and structural plans, the information about the land owner, and the information about the responsible architect or engineer. The fee is based on the construction project's size, traffic impact, and duration (3, 6, or 12 months).

#### **Procedure 7 Receive a preconstruction visit**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** An officer from the municipality visits the plot and marks the location of the construction before the work starts. It may take 30 days for the municipality inspects only once a week and there is a limit to the number of site inspections that can be done per week. BuildCo while constructing needs to display its permit in a visible location.

#### **Procedure 8 Receive a random inspection by the municipality**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** During construction, there are two types of inspection to check if (1) the building permit was granted and (2) construction is being carried out according to the plan. Although the first type is almost always done once, the second type hardly ever occurs barring a problem with construction. Likewise, the Labor Inspectorate inspects only after an accident.

**Procedure 9 Notify the municipality about completion of construction and request occupancy permit**

**Time to complete:** 1 day

**Cost to complete:** CVE 2,000

**Agency:** Municipality

**Comment:** If any changes are made to the initial approved plans, BuildCo submits a request with the redrawn plans. The municipality sets an inspection date. During inspection, over a few hours, the whole building—plumbing, wood work, and so forth—is checked. The next day, BuildCo can collect the occupancy permit from the municipality.

BuildCo also applies for sewage connection with the municipality.

**Procedure 10 Receive final inspection from municipality**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** During the inspection, a representative of the municipality checks if construction was done according to the plan.

**Procedure 11 Obtain occupancy permit**

**Time to complete:** 22 days

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** Occupancy permit is required before you request utilities hook up.

**Procedure 12 Request and obtain sewage connection**

**Time to complete:** 14 days

**Cost to complete:** CVE 50,000

**Agency:** Electra

**Comment:** For the utility connections, BuildCo must constantly follow up with the provider to get the connection on time.

### **Procedure 13 Request water and sewage, and power connections from Electra**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Electra

**Comment:** At this stage, BuildCo submits the electrical and the water and sewage plans for approval. Electra (the utility provider) inspects the site to check the electric work. Then the connection is completed. If the warehouse is not far from one of the water main or electricity centers, the connections are made free of charge, and the user pays only for consumption. Normally, the company builds the connection up to the point at which it becomes free of charge (to save time and money). To get connected, the applicant must submit the certificate of occupancy. However, in practice, consumers are connected without completing Procedures 10 and 11.

### **Procedure 14 Receive inspection from Electra**

**Time to complete:** 1 day

**Cost to complete:** CVE 1,800

**Agency:** Electra

**Comment:**

### **Procedure 15 Receive connection to electricity from Electra**

**Time to complete:** 10 days

**Cost to complete:** no charge

**Agency:** Electra

**Comment:**

### **Procedure 16 Request and receive connection to telephone from Cabo Verde Telecom**

**Time to complete:** 14 days

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

**Agency:** Cabo Verde Telecom

**Comment:**

### **Procedure 17 Register the building with the municipality (certidão matricial)**

**Time to complete:** 7 days

**Cost to complete:** CVE 1,170,540

**Agency:** Municipality

**Comment:** The building registration fee is 3% of project value. This is just an update of the existing registration of the land. BuildCo submits an application stating that there is a new building on land so that the certificate is updated.

**Procedure 18 Register the building with the Property Registry (certidão predial)**

**Time to complete:** 21 days

**Cost to complete:** CVE 176

**Agency:** Property Registry

**Comment:** Although not mandatory, BuildCo must register the building if it wants to sell the property. The AUD 2 fee is paid only to the Property Registry.

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)

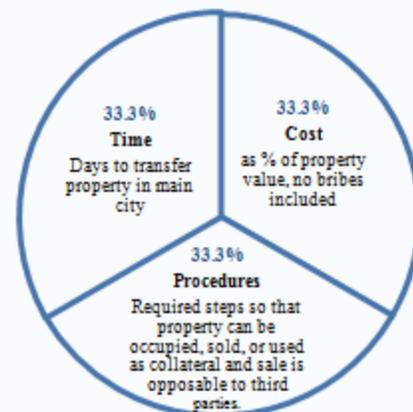
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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:

Cape Verde is ranked 104 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Cape Verde</b>	<b>6</b>	<b>73</b>	<b>3.9</b>

<i>Comparator Economies</i>			
<b>Angola</b>	7	184	11.5
<b>Gambia, the</b>	5	66	7.6
<b>Guinea</b>	6	104	14.0
<b>Guinea-Bissau</b>	9	211	6.1
<b>Mozambique</b>	8	42	9.9
<b>Senegal</b>	6	122	20.6

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

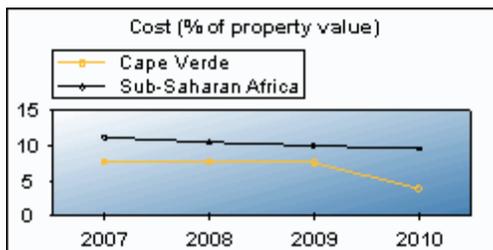
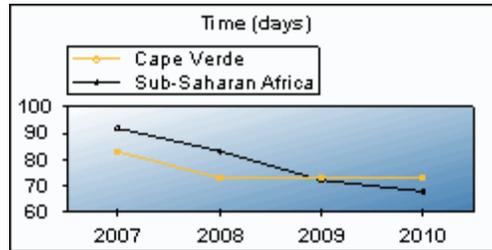
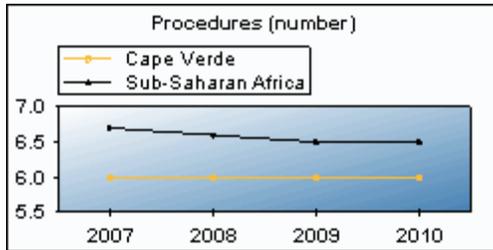
**Procedures (number): United Arab Emirates**

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

## 2. Historical data: Registering Property in Cape Verde

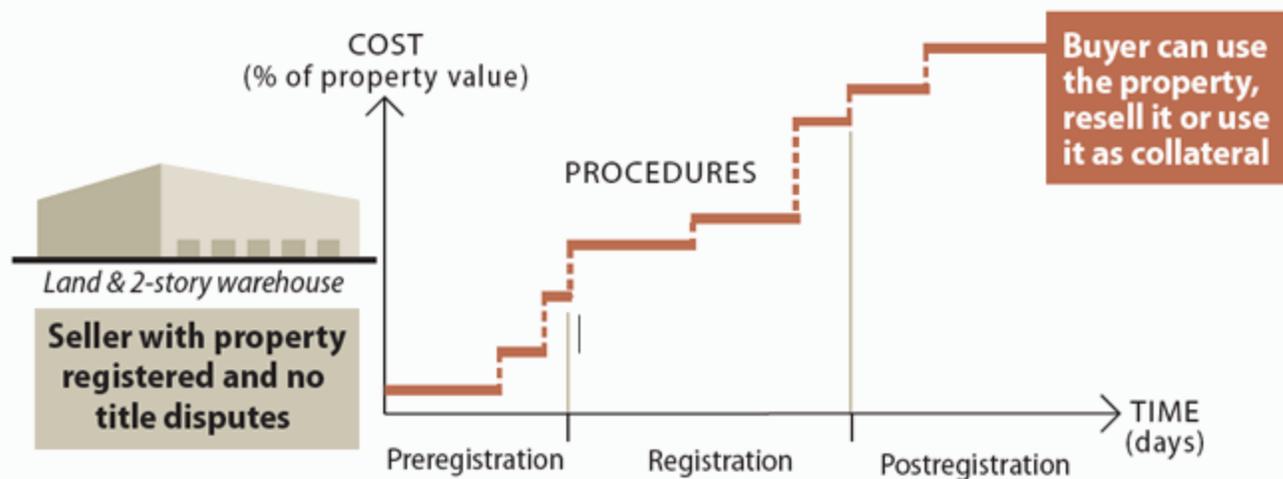
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	104
Procedures (number)	6	6	6	6
Time (days)	83	73	73	73
Cost (% of property value)	7.8	7.7	7.6	3.9

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



## Registering Property in Cape Verde

### 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 Cape Verde.

#### STANDARDIZED PROPERTY

Property Value: 11,783,526.94

City: Praia

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain property title from property registry (certidão predial)	7 days (simultaneous with procedure 2)	CVE 300
2 *	Obtain copy of the cadastral certificate (certidão matricial) at municipality	7 days (simultaneous with procedure 1)	CVE 1000
3	Parties sign promise to sell contract	1 - 2 days	CVE 70,000 (lawyer's fees)
4	Public deed for property transfer	35 days	CVE 15, 958 (including stamp duty—paid by the buyer)
5	Pay property transfer tax (IUP) and register the new owner for tax purposes at the Municipality	1 day	3% of property value for IUP + CVE 1,000 (Municipality registration fee)
6	Register the new public deed under the buyer's name at the property registry (certidão predial)	27 days	CVE 21,000 for the registration fee

\* Takes place simultaneously with another procedure.

## Registering Property Details - Cape Verde

<b>Procedure</b>	<b>1</b>	<b>Obtain property title from property registry (certidão predial)</b>
<b>Time to complete:</b>	7 days (simultaneous with procedure 2)	
<b>Cost to complete:</b>	CVE 300	
<b>Agency:</b>	Property registry	
<b>Comment:</b>	The title is valid for 6 months.	
<b>Procedure</b>	<b>2</b>	<b>Obtain copy of the cadastral certificate (certidão matricial) at municipality</b>
<b>Time to complete:</b>	7 days (simultaneous with procedure 1)	
<b>Cost to complete:</b>	CVE 1000	
<b>Agency:</b>	Municipality	
<b>Comment:</b>	The registry of the municipality exists for tax purposes; it includes the value of the property plus information on who owns the property.	
<b>Procedure</b>	<b>3</b>	<b>Parties sign promise to sell contract</b>
<b>Time to complete:</b>	1 - 2 days	
<b>Cost to complete:</b>	CVE 70,000 (lawyer's fees)	
<b>Comment:</b>	This is not a mandatory procedure but it is standard practice. The contract can be written by anyone. The parties can write it themselves if they want but they normally contract a lawyer to draft it. Normally the buyer pays a deposit of 10% to 20% of the price value when signing this contract.	
<b>Procedure</b>	<b>4</b>	<b>Public deed for property transfer</b>
<b>Time to complete:</b>	35 days	
<b>Cost to complete:</b>	CVE 15, 958 (including stamp duty—paid by the buyer)	
<b>Comment:</b>	The public deed can be done with any notary, even outside the country. This procedure can be done faster if the parties use a notary outside of Praia. For the public deed each of the companies must present a copy of the minutes of the meeting where it was decided that the company can buy or sell the property. According to Decreto Lei n° 70/2009, de 30 de Dezembro, Section II, Notarioado, Article 20 and in section III, Registro predial, Article 21, the notary cost and the registration fees were both reduced from a percentage to a fixed rate.	
<b>Procedure</b>	<b>5</b>	<b>Pay property transfer tax (IUP) and register the new owner for tax purposes at the Municipality</b>
<b>Time to complete:</b>	1 day	

**Cost to complete:** 3% of property value for IUP + CVE 1,000 (Municipality registration fee)

**Agency:** Municipality

**Comment:** The IUP can be paid at any time as long as it done within 30 days of the date of public deed. It is necessary to submit the IUP payment proof to register the deed.

**Procedure** 6 Register the new public deed under the buyer's name at the property registry (certidão predial)

**Time to complete:** 27 days

**Cost to complete:** CVE 21,000 for the registration fee

**Agency:** Property registry

**Comment:** There is no provisional registration, unless there is some problem with the property, but in general that does not happen. Registration is not mandatory. However, if one wants to sell the property through a public deed one must register the property first.

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

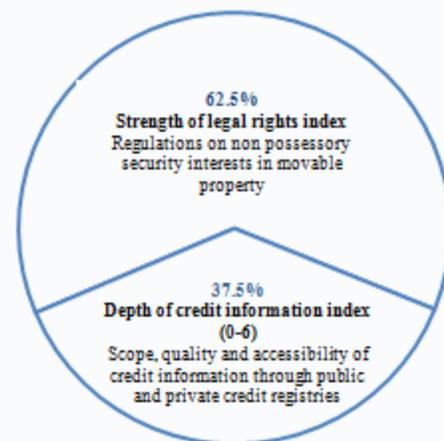
**Public credit registry coverage (% of adults)**

- 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)**

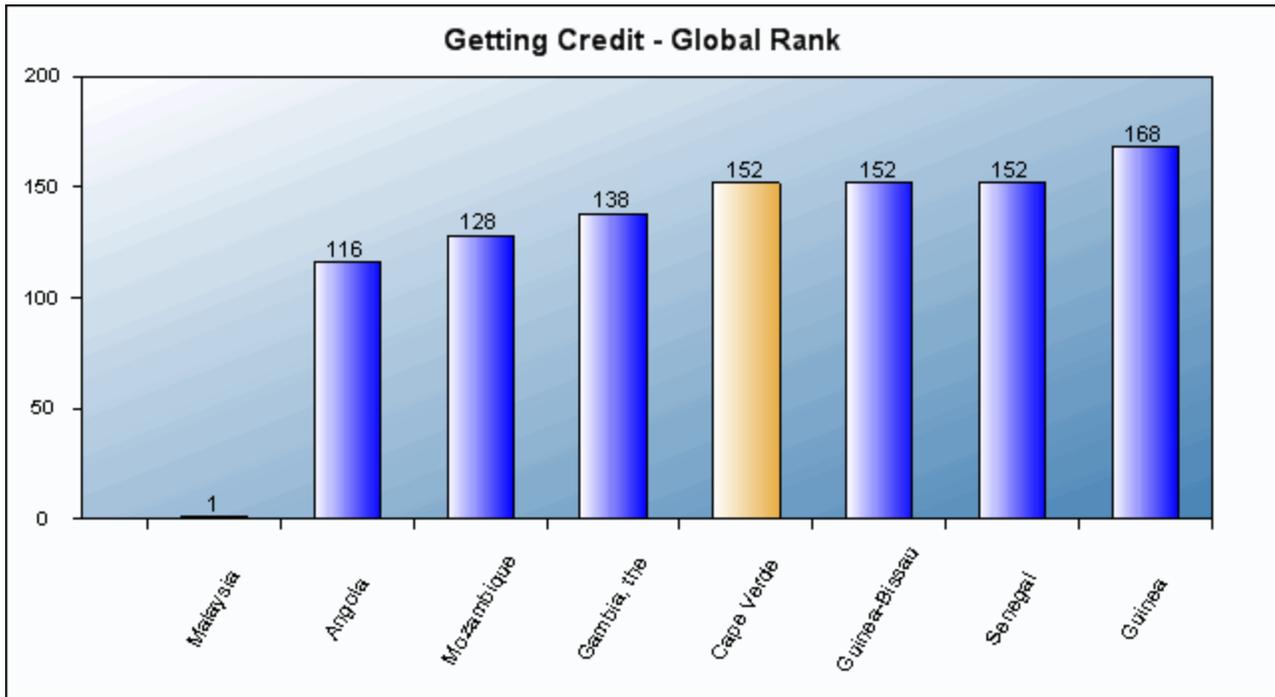
**The Debtor**

- 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:

Cape Verde is ranked 152 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Cape Verde</b>	<b>2</b>	<b>2</b>	<b>22.1</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Angola</b>	4	3	2.4	0.0
<b>Gambia, the</b>	5	0	0.0	0.0
<b>Guinea</b>	3	0	0.0	0.0
<b>Guinea-Bissau</b>	3	1	0.3	0.0
<b>Mozambique</b>	2	4	2.2	0.0
<b>Senegal</b>	3	1	0.4	0.0

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

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

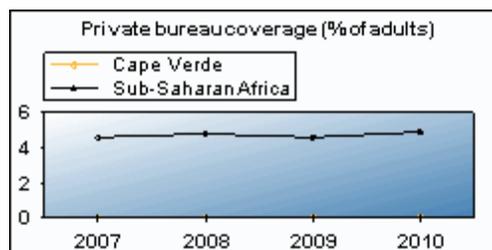
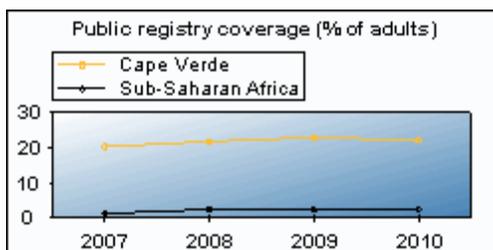
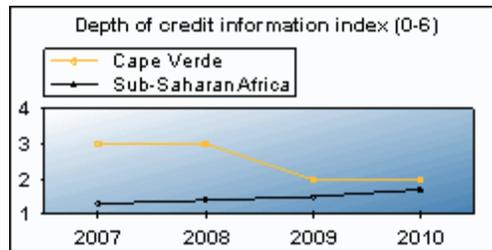
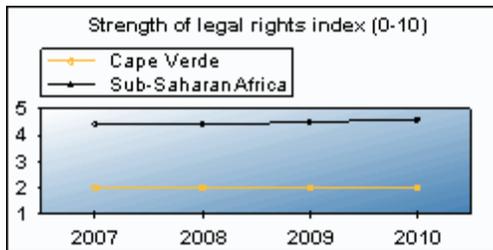
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

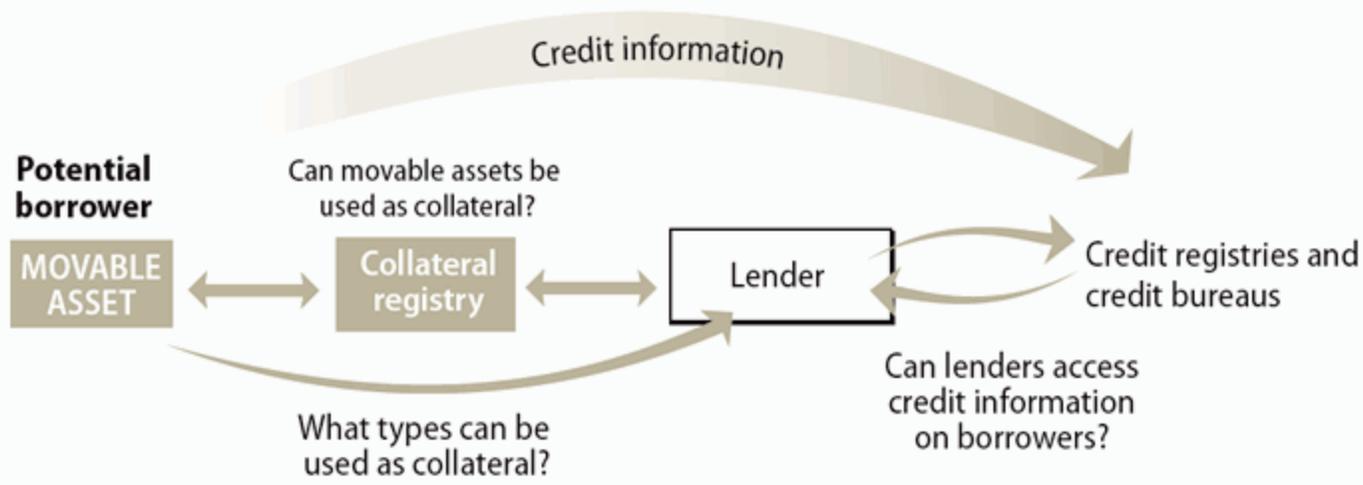
## 2. Historical data: Getting Credit in Cape Verde

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	150	152
Strength of legal rights index (0-10)	2	2	2	2
Depth of credit information index (0-6)	3	3	2	2
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	20.3	21.8	23.0	22.1

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>2</b>
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
<b>Coverage</b>	0.0	22.1	
Number of individuals		0	67,911
Number of firms		0	2,538

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?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
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?	No
Does the law authorize parties to agree on out of court enforcement?	No

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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

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

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

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

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

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

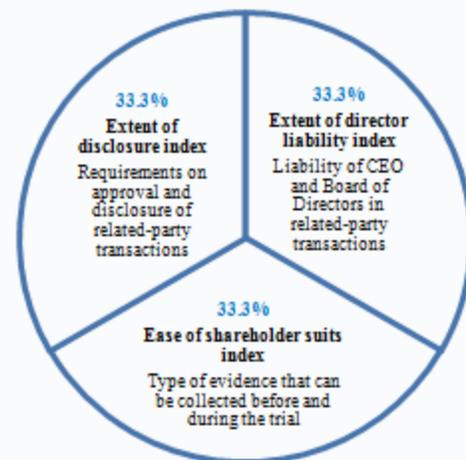
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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

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

**Protecting Investors:** minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

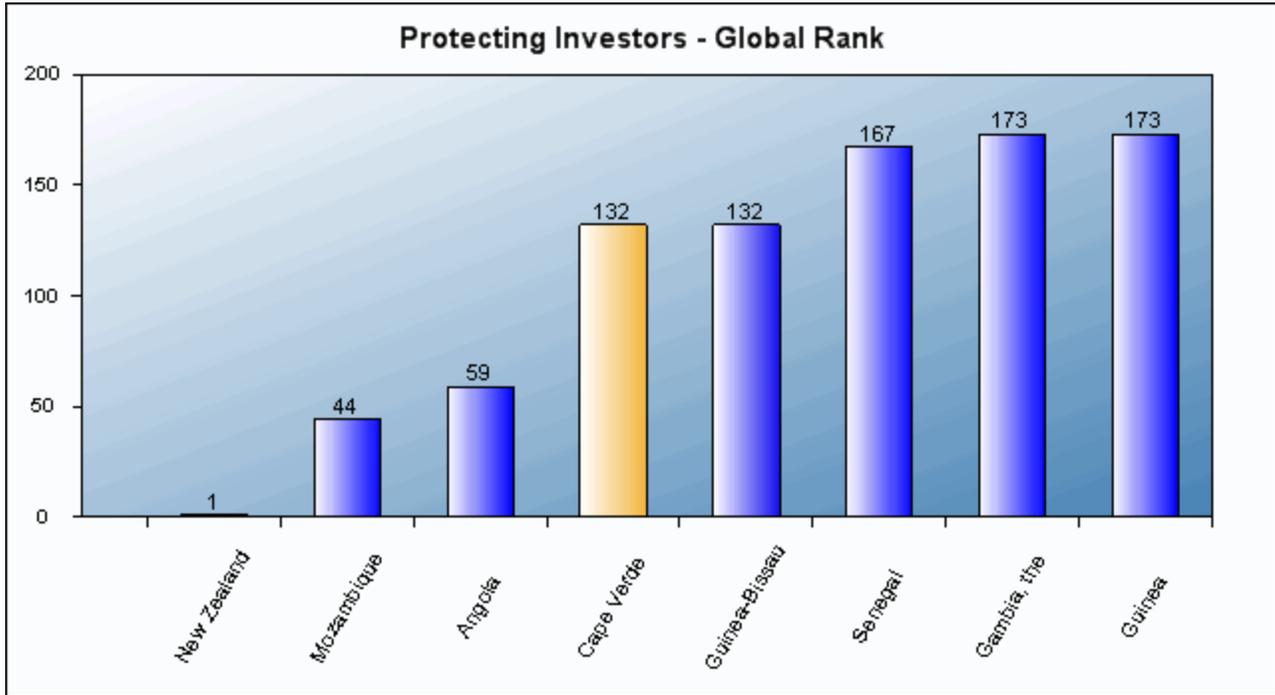
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Cape Verde is ranked 132 overall for Protecting Investors.

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



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

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

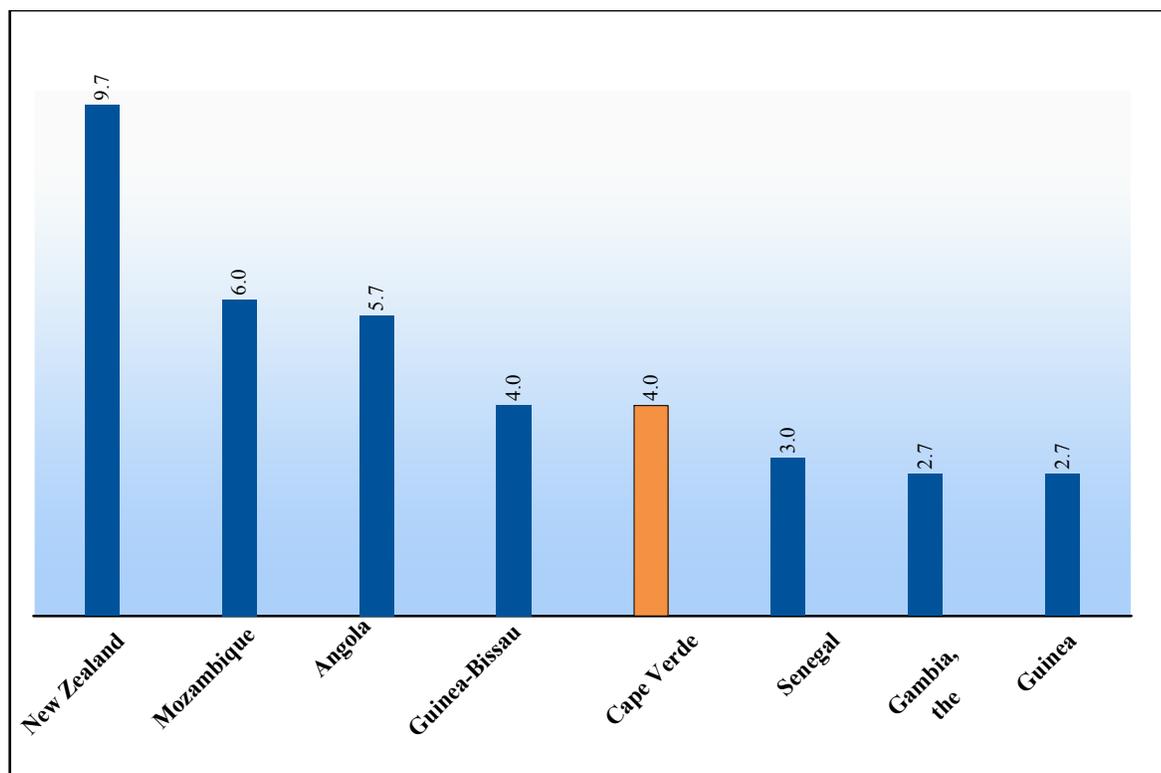
<i>Selected Economy</i>	
<b>Cape Verde</b>	<b>4.0</b>

<i>Comparator Economies</i>	
<b>Angola</b>	5.7
<b>Gambia, the</b>	2.7
<b>Guinea</b>	2.7
<b>Guinea-Bissau</b>	4.0
<b>Mozambique</b>	6.0
<b>Senegal</b>	3.0

## 2. Historical data: Protecting Investors in Cape Verde

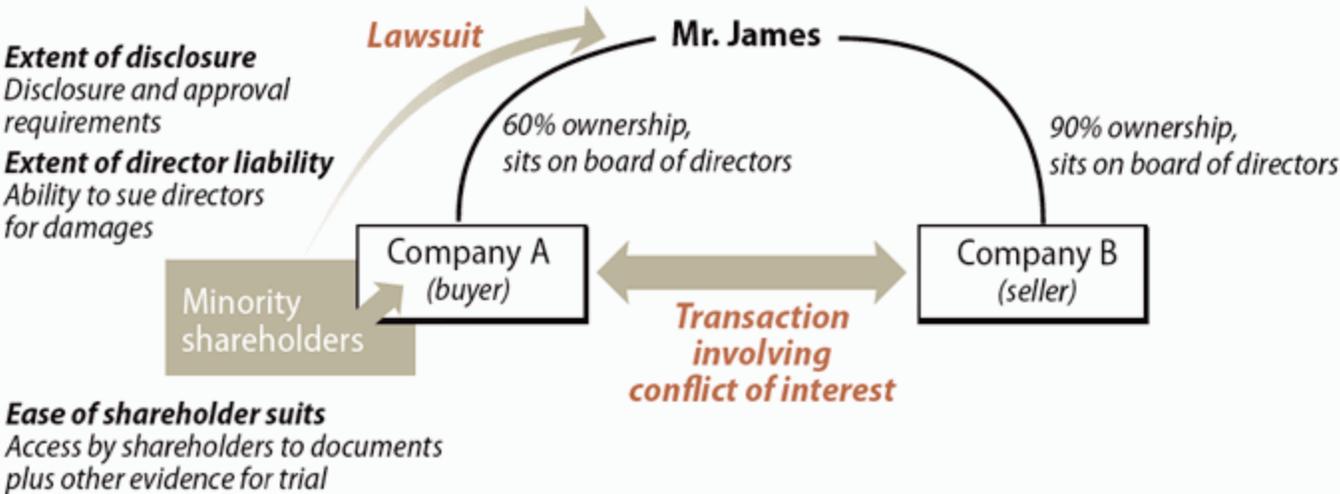
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	132
Strength of investor protection index (0-10)	4.0	4.0	4.0	4.0

3. The following graph illustrates the Protecting Investors index in Cape Verde 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 Cape Verde.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>1</b>
What corporate body provides legally sufficient approval for the transaction?	0
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?	1
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	0
Whether an external body must review the terms of the transaction before it takes place?	0
<b>Extent of director liability index (0-10)</b>	<b>5</b>
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?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
<b>Ease of shareholder suits index (0-10)</b>	<b>6</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	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?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
<b>Strength of investor protection index (0-10)</b>	<b>4.0</b>

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

### Some reform outcomes

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

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

### What do the Paying taxes indicators measure?

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

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

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

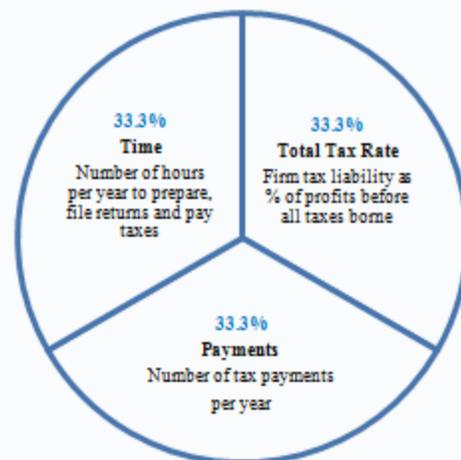
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**Total tax rate** (% of profit)

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

**Paying Taxes:** tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



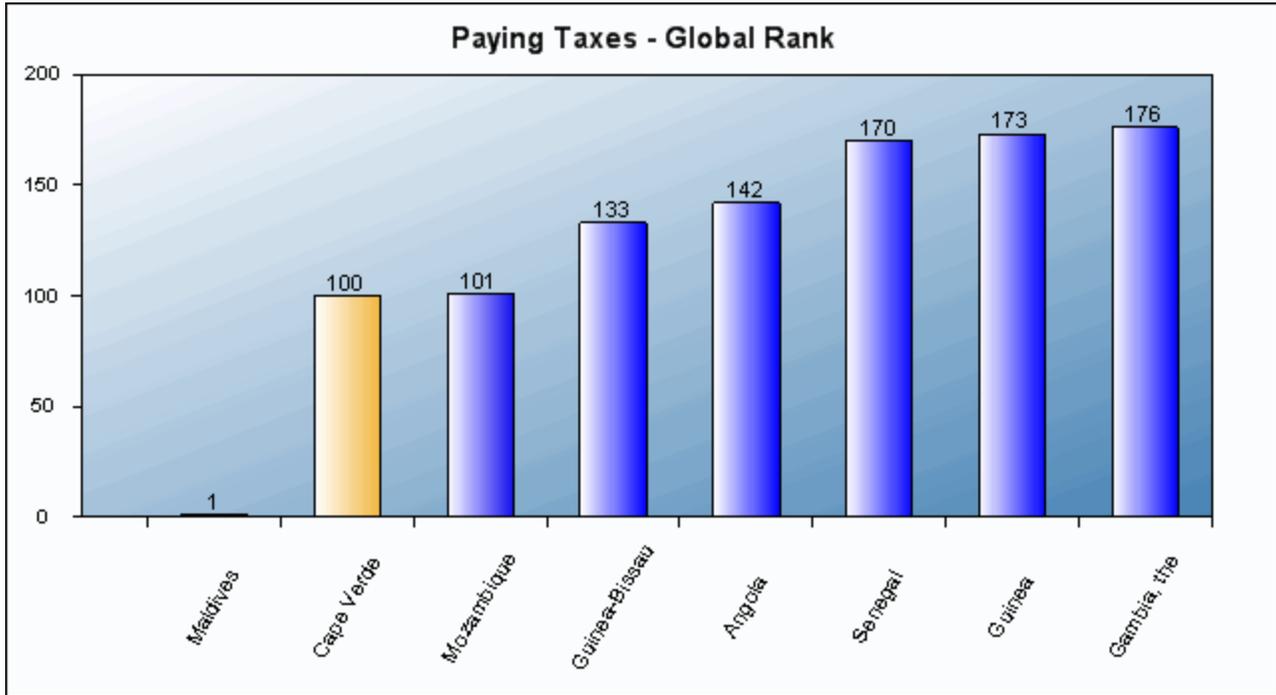
### Case Study Assumptions

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

## 1. Benchmarking Paying Taxes Regulations:

Cape Verde is ranked 100 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
<b>Cape Verde</b>	<b>43</b>	<b>186</b>	<b>37.1</b>

<i>Comparator Economies</i>			
<b>Angola</b>	31	282	53.2
<b>Gambia, the</b>	50	376	292.3
<b>Guinea</b>	56	416	54.6
<b>Guinea-Bissau</b>	46	208	45.9
<b>Mozambique</b>	37	230	34.3
<b>Senegal</b>	59	666	46.0

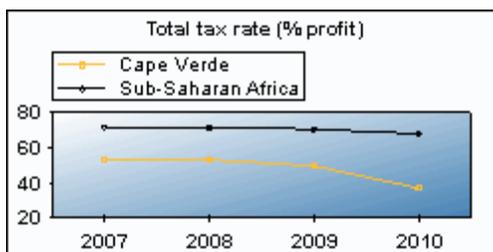
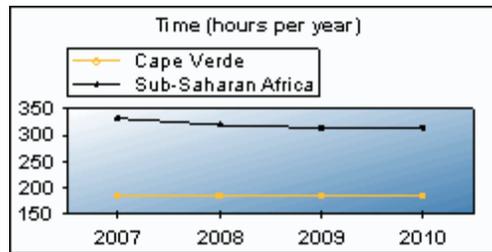
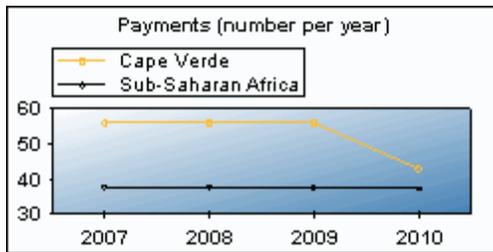
\* The following economies are also good practice economies for :

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

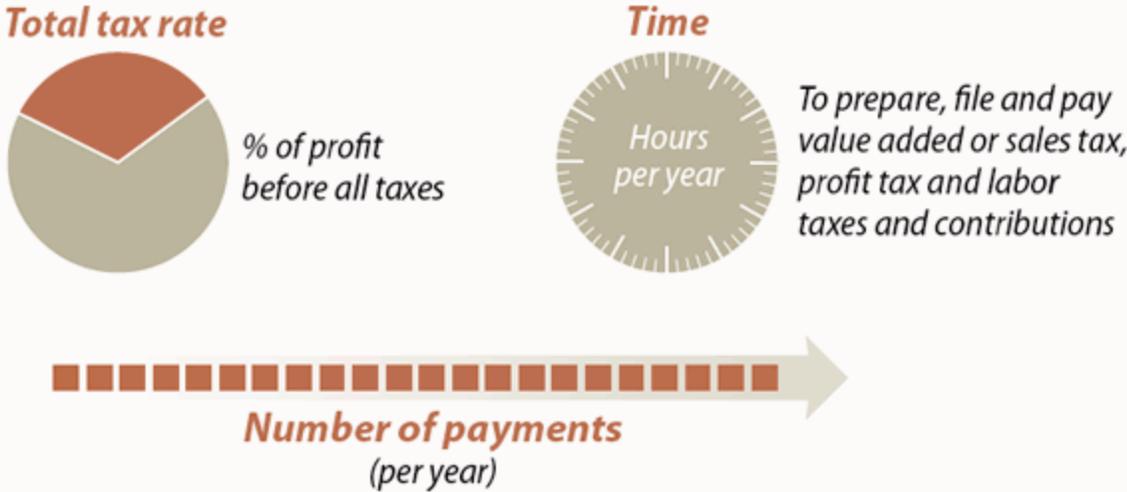
## 2. Historical data: Paying Taxes in Cape Verde

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	143	100
Total tax rate (% profit)	53.1	53.1	49.7	37.1
Payments (number per year)	56	56	56	43
Time (hours per year)	186	186	186	186

## 3. The following graphs illustrate the Paying Taxes sub indicators in Cape Verde 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 Cape Verde, 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
VAT	12		66	15.0%	value added		
Advertising tax	1						
vehicle tax	1			varies by vehicle type		0.10	
Municipal tax on profits	1			2.0%	CIT assessed	0.30	
tax on interest	0	withheld		20.0%	interest	0.50	
property tax	1			3.0%	25% building value	0.70	
Mandatory accident insurance	12			2.0%	gross salaries	1.60	
Social Security contributions	12		85	15.0%	gross salaries	16.90	
Corporate income tax	3		35	25.0%	taxable profit	17.50	
<b>Totals</b>	<b>43</b>		<b>186</b>			<b>37.1</b>	

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

#### Some reform outcomes

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

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

#### What do the Trading Across Borders indicators measure?

**Trading Across Borders:** exporting and importing by ocean transport

Rankings are based on 3 subindicators

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

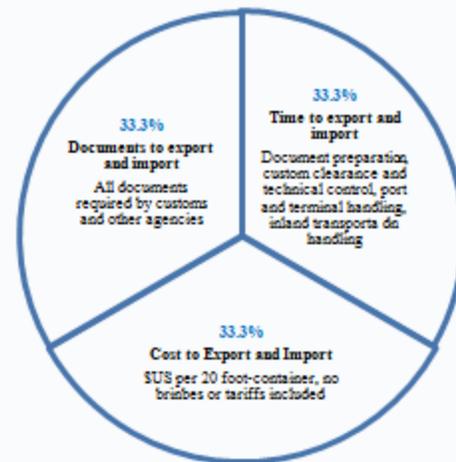
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

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

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

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



#### Case Study Assumptions

##### The Business

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

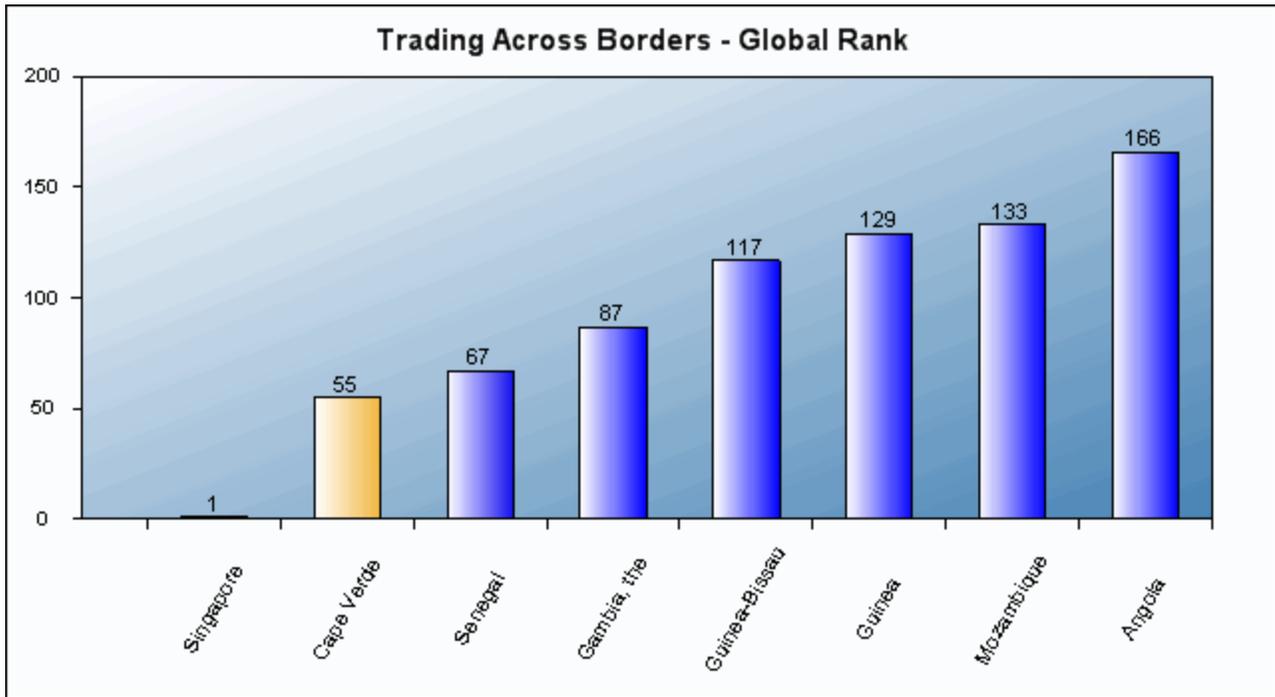
##### The traded product

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

## 1. Benchmarking Trading Across Borders Regulations:

Cape Verde is ranked 55 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
<b>Cape Verde</b>	<b>5</b>	<b>19</b>	<b>1200</b>	<b>5</b>	<b>18</b>	<b>1000</b>

<i>Comparator Economies</i>						
<b>Angola</b>	11	52	1850	8	49	2840
<b>Gambia, the</b>	6	23	831	8	23	975
<b>Guinea</b>	7	35	855	9	32	1391
<b>Guinea-Bissau</b>	6	23	1545	6	22	2349
<b>Mozambique</b>	7	23	1100	10	30	1475
<b>Senegal</b>	6	11	1098	5	14	1940

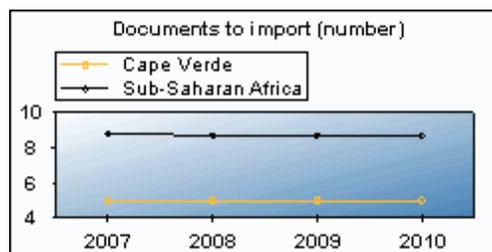
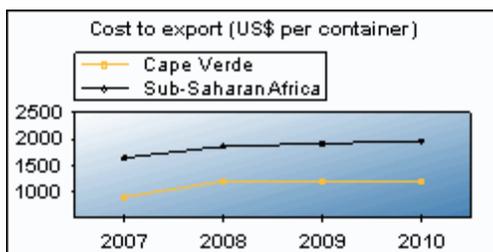
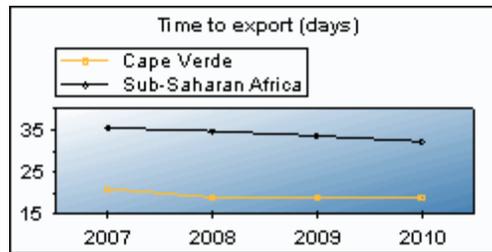
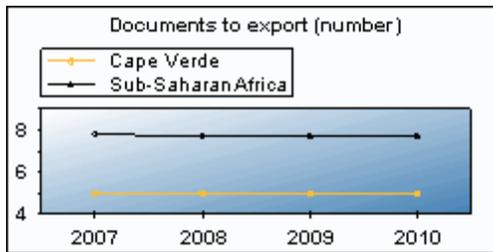
\* The following economies are also good practice economies for :

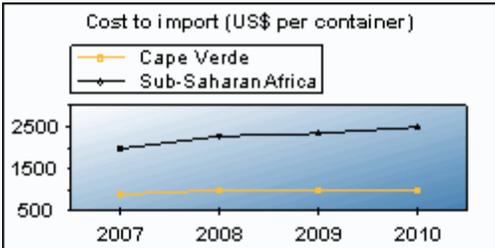
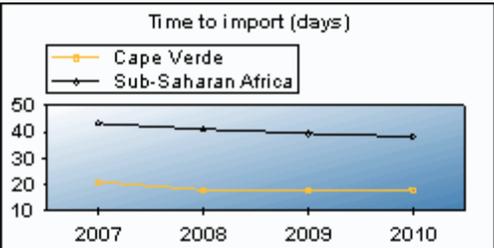
**Time to export (days): Estonia**

## 2. Historical data: Trading Across Borders in Cape Verde

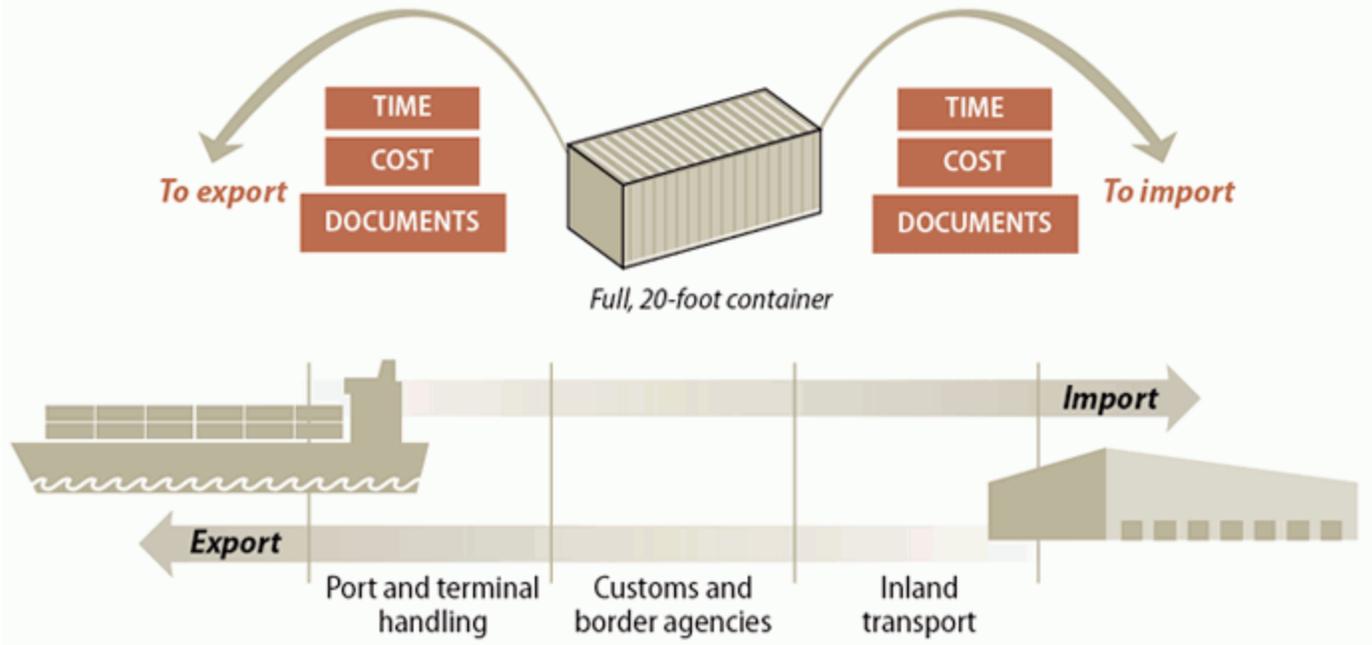
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	52	55
Cost to export (US\$ per container)	899	1200	1200	1200
Cost to import (US\$ per container)	895	1000	1000	1000
Documents to export (number)	5	5	5	5
Documents to import (number)	5	5	5	5
Time to export (days)	21	19	19	19
Time to import (days)	21	18	18	18

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	500
Customs clearance and technical control	2	25
Ports and terminal handling	8	300
Inland transportation and handling	3	375
Totals	19	1200

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	305
Customs clearance and technical control	2	20
Ports and terminal handling	7	300
Inland transportation and handling	1	375
Totals	18	1000

**Documents for Export and Import**

**Export**

- Certificate of Origin
- Commercial Invoice
- Customs Export Declaration
- Technical standard/health certificate
- Bill of lading

**Import**

- Packing List
- Bill of lading
- Certificate of origin
- Commercial Invoice
- Customs Import Declaration

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)

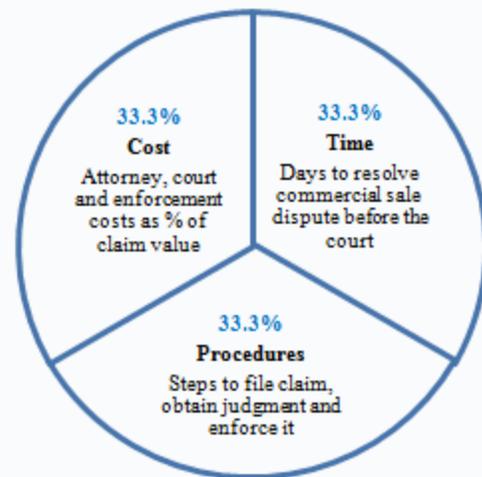
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

##### 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



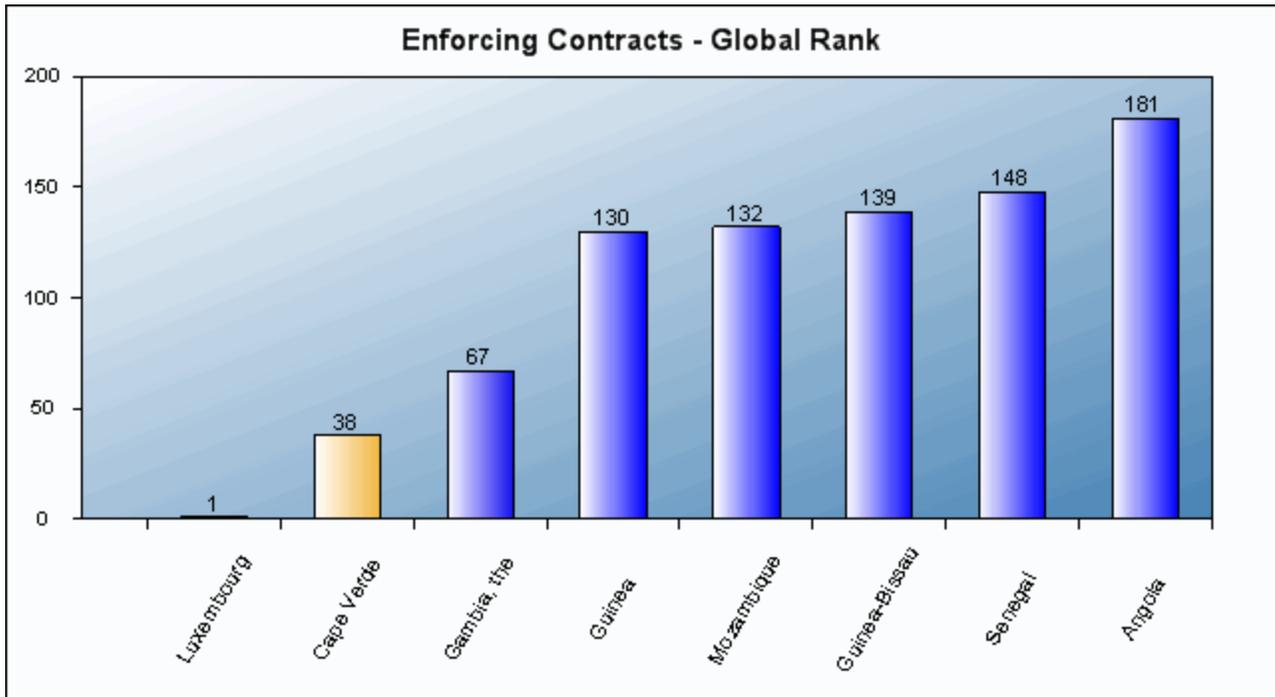
#### Case Study Assumptions

- 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:

Cape Verde is ranked 38 overall for Enforcing Contracts.

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



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

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

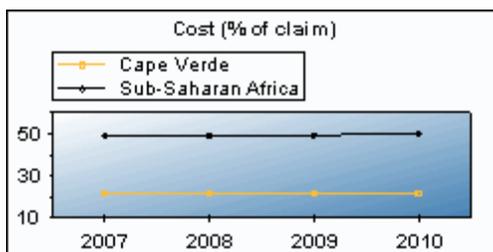
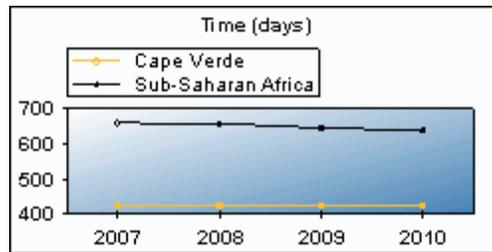
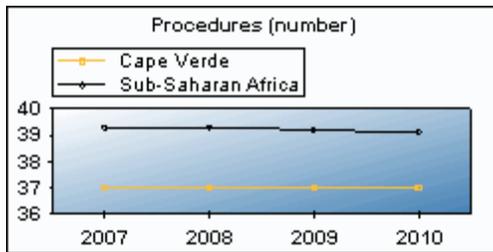
<i>Selected Economy</i>			
<b>Cape Verde</b>	<b>37</b>	<b>425</b>	<b>21.8</b>

<i>Comparator Economies</i>			
<b>Angola</b>	46	1011	44.4
<b>Gambia, the</b>	32	434	37.9
<b>Guinea</b>	50	276	45.0
<b>Guinea-Bissau</b>	40	1140	25.0
<b>Mozambique</b>	30	730	142.5
<b>Senegal</b>	44	780	26.5

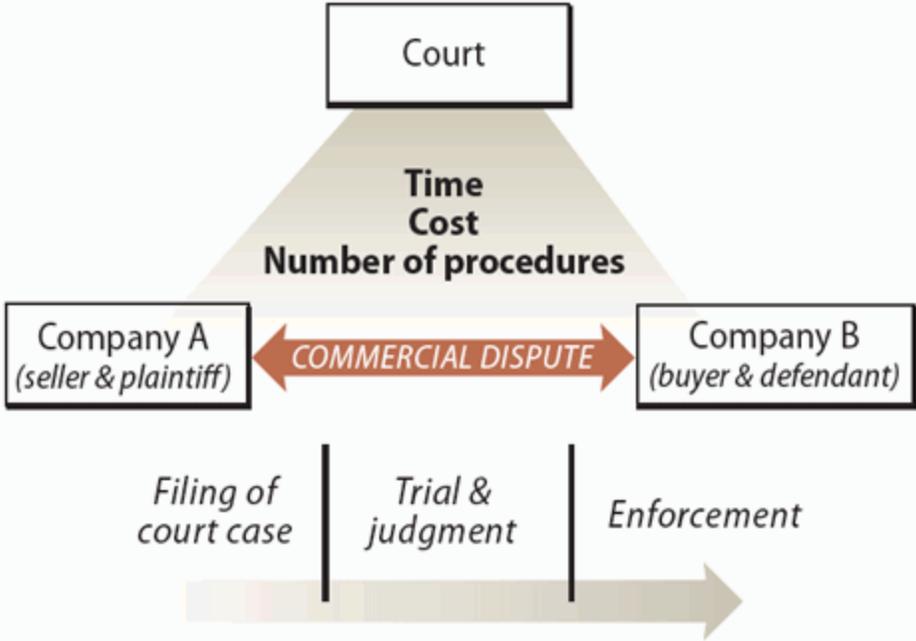
## 2. Historical data: Enforcing Contracts in Cape Verde

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	38	38
Procedures (number)	37	37	37	37
Time (days)	425	425	425	425
Cost (% of claim)	21.8	21.8	21.8	21.8

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

Nature of Procedure (2010)	Indicator
Procedures (number)	37
Time (days)	425
Filing and service	45.0
Trial and judgment	180.0
Enforcement of judgment	200.0
<b>Cost (% of claim)*</b>	<b>21.80</b>
Attorney cost (% of claim)	10.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	6.8

**Court information:** Praia District Court ("Tribunal Judicial da Comarca da Praia - Juizo Civel")

\* 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)

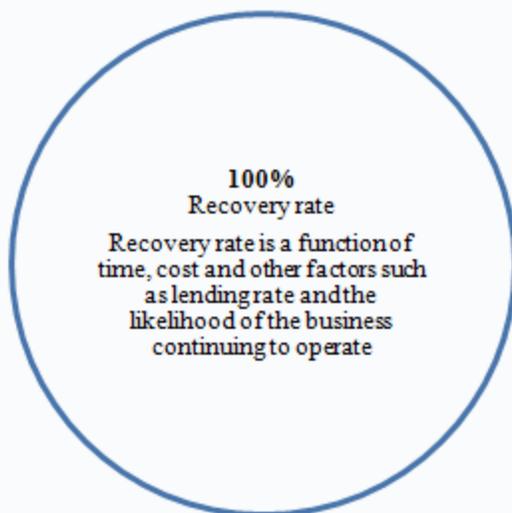
- Measured in calendar years
- Appeals and requests for extension are included

#### 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:

Cape Verde is ranked 183 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Cape Verde</b>	<b>0.0</b>	<b>no practice</b>	<b>no practice</b>

<i>Comparator Economies</i>			
<b>Angola</b>	8.4	6.2	22
<b>Gambia, the</b>	19.8	3.0	15
<b>Guinea</b>	19.4	3.8	8
<b>Guinea-Bissau</b>	0.0	no practice	no practice
<b>Mozambique</b>	17.7	5.0	9
<b>Senegal</b>	32.0	3.0	7

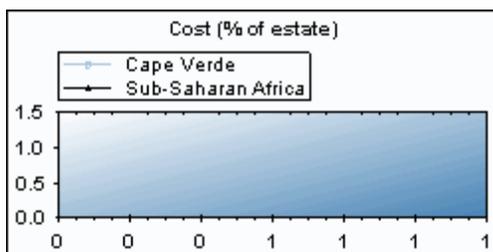
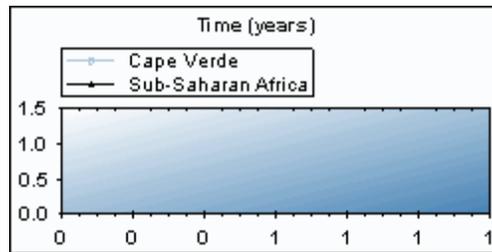
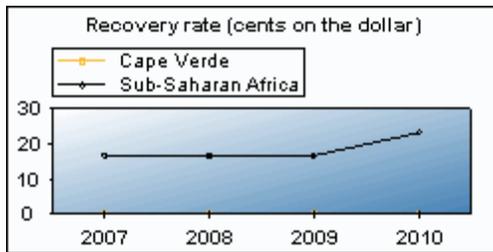
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Cape Verde

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	183	183
Time (years)	no practice	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0.0	0.0	0.0	0.0

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



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

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

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

 Positive Change  
 Negative Change

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

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

<b>Angola</b>	Angola reduced the time for trading across borders by making investments in port infrastructure and administration.
<b>Brunei Darussalam</b>	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
<b>Cape Verde</b>	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
<b>Grenada</b>	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
<b>Guinea</b>	Guinea increased the cost of obtaining a building permit.
<b>Guinea-Bissau</b>	Guinea-Bissau established a specialized commercial court, speeding up the enforcement of contracts.
<b>Hungary</b>	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
<b>Kazakhstan</b>	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
<b>Mozambique</b>	Mozambique eased business start-up by introducing a simplified licensing process.
<b>Peru</b>	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
<b>Rwanda</b>	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
<b>Tajikistan</b>	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

**Vietnam**

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

**Zambia**

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



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