

# Doing Business 2011

Namibia

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011  
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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 Namibia. 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)).

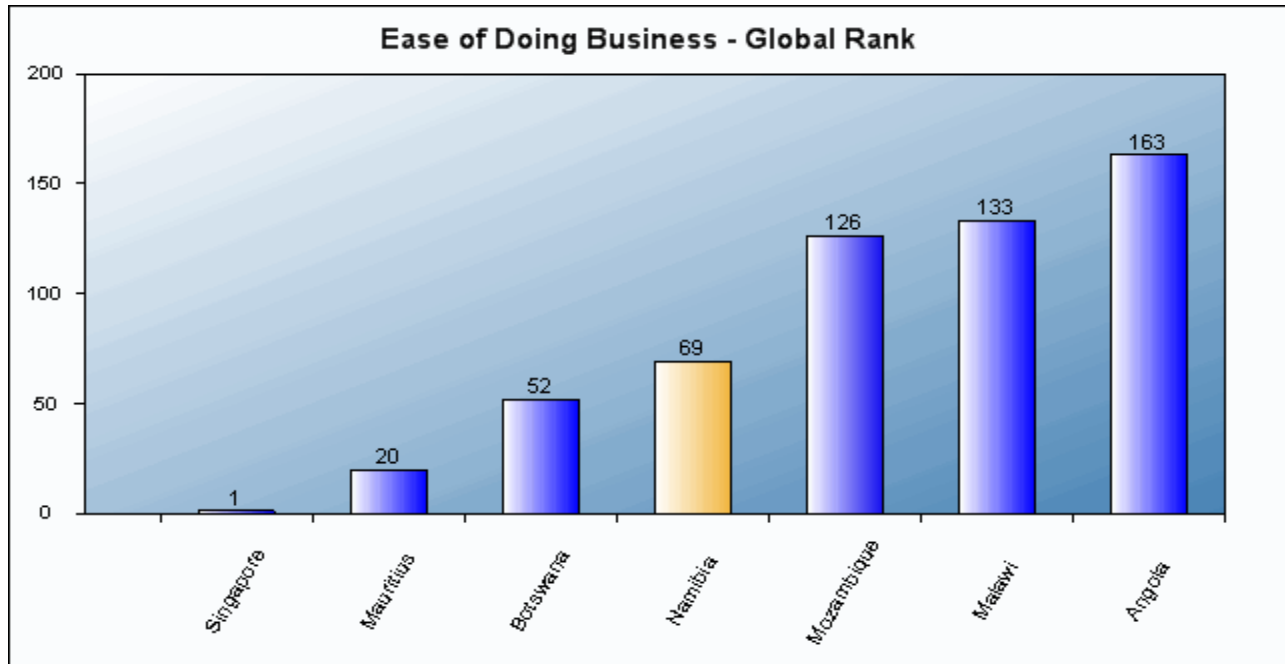
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Namibia is ranked 69 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Namibia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	69
Starting a Business	124
Dealing with Construction Permits	36
Registering Property	136
Getting Credit	15
Protecting Investors	74
Paying Taxes	99
Trading Across Borders	153
Enforcing Contracts	41
Closing a Business	53

## Summary of Indicators - Namibia

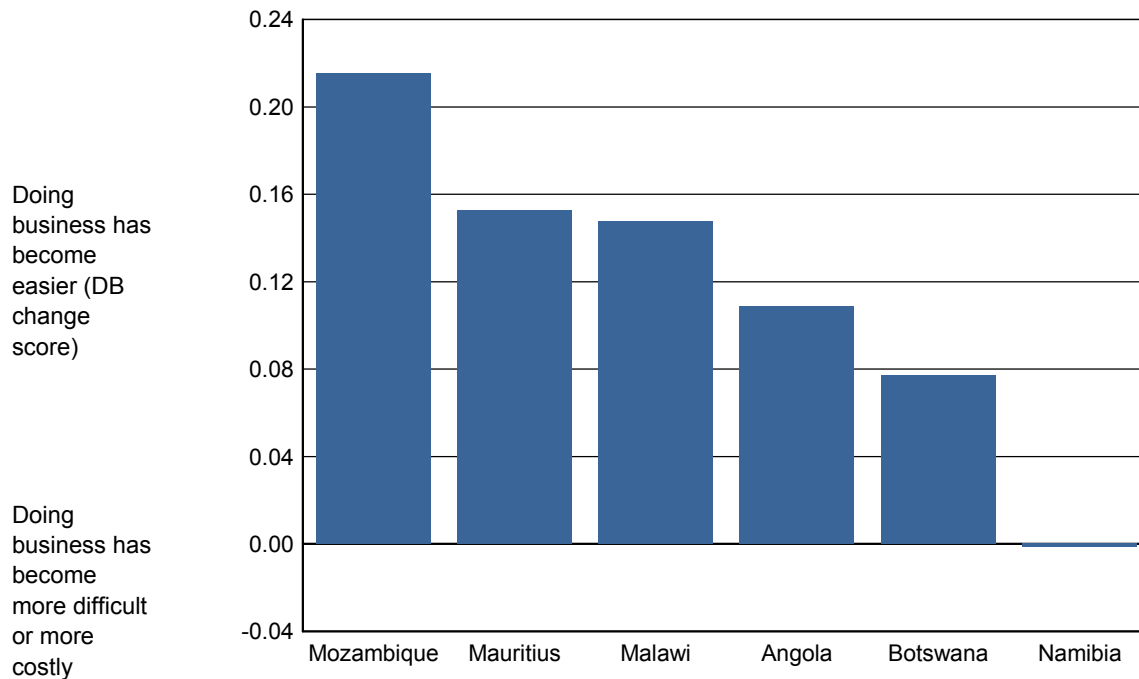
<b>Starting a Business</b>	Procedures (number)	10
	Time (days)	66
	Cost (% of income per capita)	18.5
	Min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	12
	Time (days)	139
	Cost (% of income per capita)	113.0
<b>Registering Property</b>	Procedures (number)	9
	Time (days)	23
	Cost (% of property value)	9.6
<b>Getting Credit</b>	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	58.5
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.3
<b>Paying Taxes</b>	Payments (number per year)	37
	Time (hours per year)	375
	Profit tax (%)	4.0
	Labor tax and contributions (%)	1.0
	Other taxes (%)	4.6
	Total tax rate (% profit)	9.6
<b>Trading Across Borders</b>	Documents to export (number)	11
	Time to export (days)	29
	Cost to export (US\$ per container)	1686
	Documents to import (number)	9
	Time to import (days)	24
	Cost to import (US\$ per container)	1813

<b>Enforcing Contracts</b>	Procedures (number)	33
	Time (days)	270
	Cost (% of claim)	35.8
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	41.5
	Time (years)	1.5
	Cost (% of estate)	15

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.

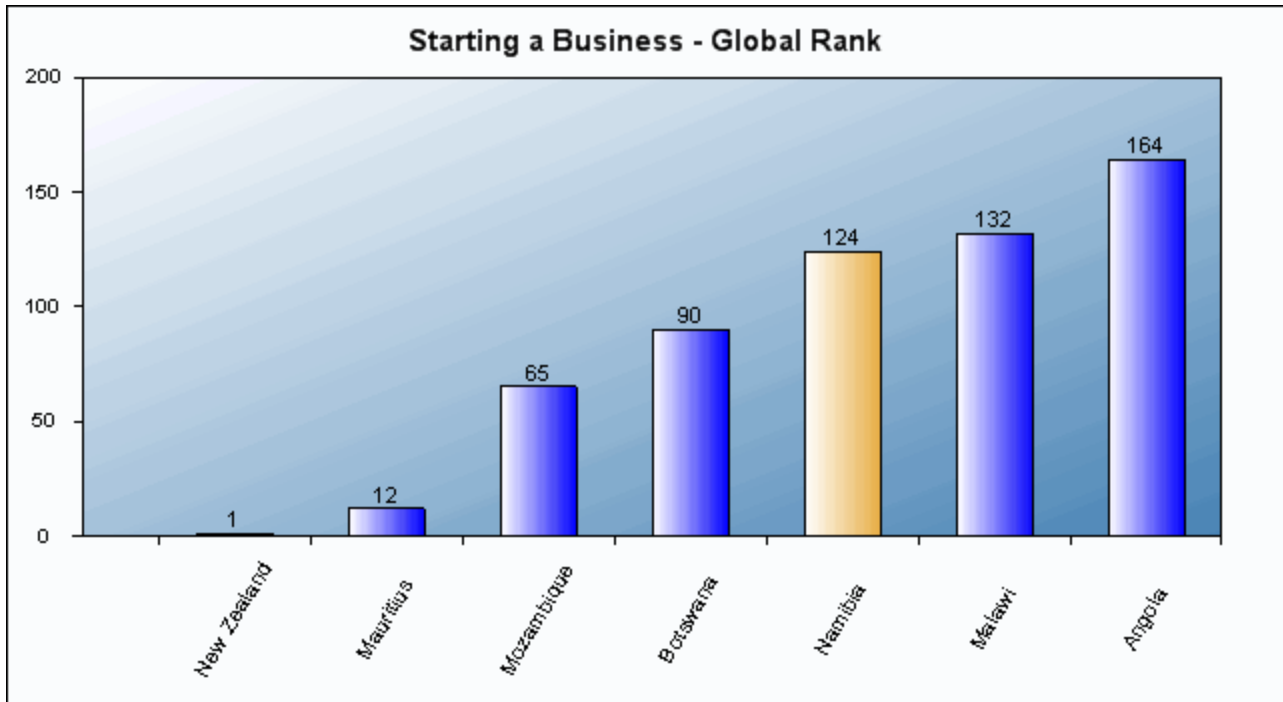
#### The business:

- 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:

Namibia is ranked 124 overall for Starting a Business.

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



The following table shows Starting a Business data for Namibia 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>Namibia</b>	<b>10</b>	<b>66</b>	<b>18.5</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Angola</b>	8	68	163.0	28.7
<b>Botswana</b>	10	61	2.2	0.0
<b>Malawi</b>	10	39	108.4	0.0
<b>Mauritius</b>	5	6	3.8	0.0
<b>Mozambique</b>	9	13	13.9	0.0

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

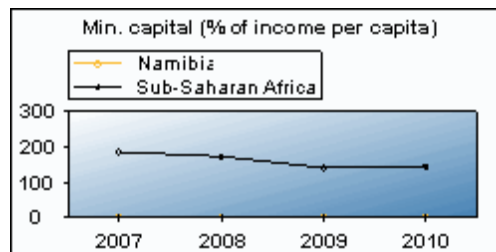
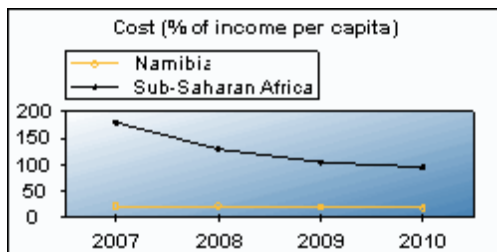
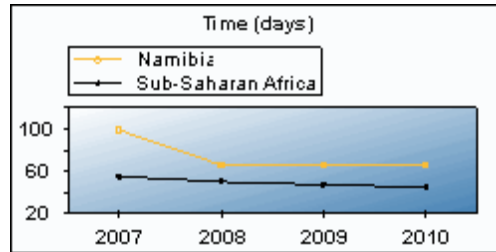
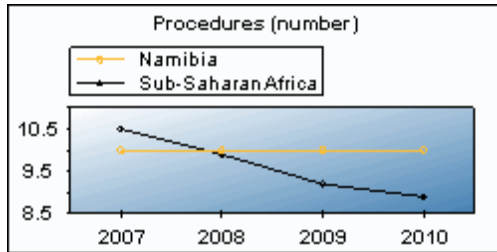
**Procedures (number):** **Canada**

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

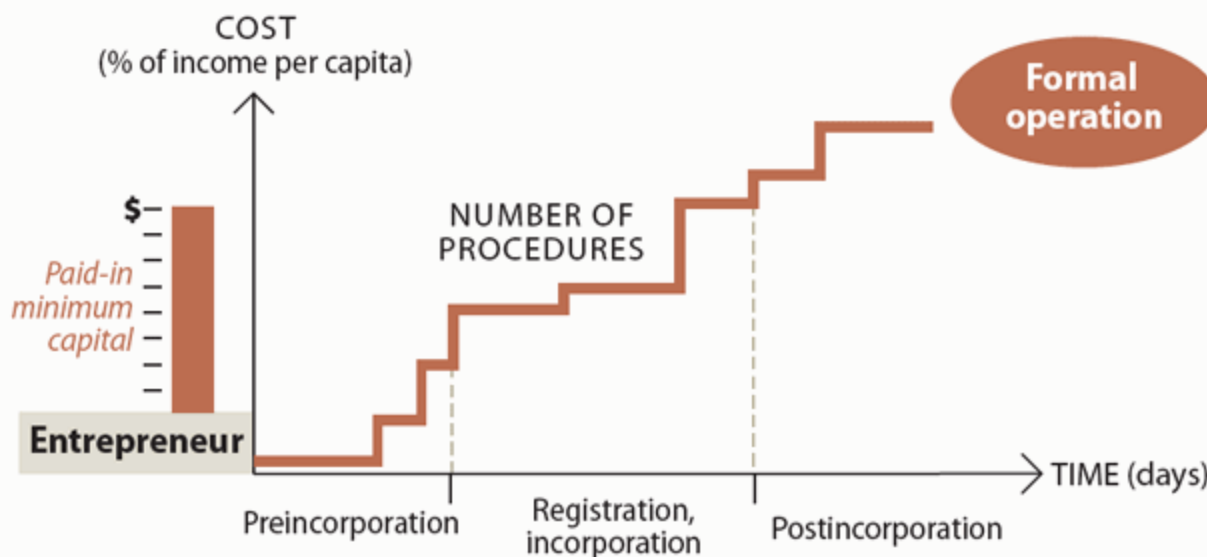
## 2. Historical data: Starting a Business in Namibia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	125	124
Procedures (number)	10	10	10	10
Time (days)	99	66	66	66
Cost (% of income per capita)	22.3	22.1	20.4	18.5
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

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

### STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Windhoek

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain the approval for a company name from the Registrar of Companies.	18	no charge
2	Pay the registration fees and buy revenue stamps at the Receiver of Revenue	1	NAD 130
3	Hire an attorney to register the company with the Registrar of Companies; obtain the certificate to commence business.	14	NAD 6,306
4	Deposit the initial capital in a bank account.	1	no charge
5	Apply for a town planning certificate.	1	no charge
6	Apply for a trading license from the local municipality.	1	NAD 199
7	Register for VAT with the Receiver of Revenue at the Ministry of Finance.	9	no charge

8	* Register for PAYE with the Receiver of Revenue.	4	no charge
9	Register workers with the Social Security Commission.	21	NAD 100
10	* Register workers with the Workmen's Compensation Commission	20	no charge

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Namibia

### Procedure 1 Obtain the approval for a company name from the Registrar of Companies.

**Time to complete:** 18

**Cost to complete:** no charge

**Comment:** The Registrar of Companies is located at the Ministry of Trade and Industry. If the proposed name is acceptable, it will be reserved for 60 days. The delay is due to ongoing data computerization. The process takes between 7-30 days.

### Procedure 2 Pay the registration fees and buy revenue stamps at the Receiver of Revenue

**Time to complete:** 1

**Cost to complete:** NAD 130

**Comment:** Subject to the provisions of Section 10 (1) (a) and (b) of the Companies Act, fees, additional fees, annual duty, or other moneys payable to the Registrar, may, except where otherwise provided in these regulations, be paid to any receiver of revenue. Proof of payment of such fees, additional fees, annual duty, or other moneys must be affixed to the relevant form or document by spreading adhesive paste or glue over the entire surface of the reverse side of the acknowledgement of receipt form. Fees for inspection or copies of documents may be paid on an account, subject to such conditions as the Registrar may stipulate.

### Procedure 3 Hire an attorney to register the company with the Registrar of Companies; obtain the certificate to commence business.

**Time to complete:** 14

**Cost to complete:** NAD 6,306

**Comment:** Section 63 of the Companies Act stipulates that the memorandum and articles of association must be filed and uplifted by a subscriber or by a local accountant or company attorney. The following documents must be filed for the registration and incorporation of a company with share capital:

- The original and two notarially certified copies of the memorandum and articles of incorporation referred to in regulations 17 and 18, bound as prescribed in regulation 4 (1).
- Form CM5, containing particulars of the name reserved for a company, as approved by the Registrar, together with other forms, if any, containing particulars of the shortened form of the name of the company, as approved by the Registrar.
- Form CM22, containing a notice of the company's registered office and postal address within the geographical boundaries of Namibia.
- A power of attorney, signed by the subscribers to the memorandum, in favor of the person filing the documents.
- Form CM29, contents of register of directors, auditors, and officers.
- Form CM31, containing the acceptance of appointment of an auditor.
- Form CM46, application and certificate to commence business, along with the company's annual fee for the first year.
- Proof of payment of the registration fee under Section 63 (2) of the Companies Act must be affixed to the original Form CM2.
- CM47, a statement, as prescribed by Section 172(3)(a) of the Companies Act, of the opinion of each director to the effect that the capital of the company is adequate for the company's purpose and its business, or, if the director believes that it is inadequate, the reasons and the manner in

which and the sources from which the company is to be financed and the extent thereof. This must be filed before the Registrar who will issue a Certificate to Commence Business.

The memorandum and articles of association must be notarized; the fee is included in the registration fees.

The certificate to commence business is normally filed with the registration of the company and obtained when the company is registered.

The Registrar of Companies automatically forwards a copy of the memorandum and articles of association to the Receiver of Revenue, which in turns registers the company as a taxpayer and issues a tax identification number. Taxation of 35% of all profit is payable to the Receiver of Revenue.

#### **Procedure 4 Deposit the initial capital in a bank account.**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The funds for the initial capital deposit must be paid into a bank account.  
- Authorized share capital: 4,000 ordinary shares of ND 1 each.  
- Issued share capital: 100 ordinary shares of ND 1 each.

No legal requirements are mandated for the minimum startup capital for a private company.

#### **Procedure 5 Apply for a town planning certificate.**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The municipality carries out municipal inspection and approves business premise occupancy by reviewing applications for, and issuing, a town planning certificate. The inspector typically conducts inspection no later than the second day of receiving the application.

#### **Procedure 6 Apply for a trading license from the local municipality.**

**Time to complete:** 1

**Cost to complete:** NAD 199

**Comment:** A health certificate must be obtained from the Health Division. The time depends on whether an inspection needs to be done on the premises (if involved with food).

#### **Procedure 7 Register for VAT with the Receiver of Revenue at the Ministry of Finance.**

**Time to complete:** 9

**Cost to complete:** no charge

**Comment:** Any person, as defined by the law, who has carried on a taxable activity on or since November 27, 2000, and whose taxable turnover in any 12 month period exceeds or is likely to exceed ND 200,000 must apply to register for VAT. The applicant submits a Form VAT I to the Receiver of Revenue at the Ministry of Finance and receives the registration number in 1–4 weeks depending on the application time. The VAT number once issued is validate the beginning of the month following the application.

#### **Procedure 8 Register for PAYE with the Receiver of Revenue.**

**Time to complete:** 4



**Cost to complete:** no charge

**Comment:** The registration for pay-as-you-earn tax is separate from registration for VAT, but both are registered by the Receiver of Revenue at the Ministry of Finance.

**Procedure 9 Register workers with the Social Security Commission.**

**Time to complete:** 21

**Cost to complete:** NAD 100

**Comment:** A percentage is deducted from all employee salaries, of which the employer pays the same share, with a maximum of ND 27.00 and a minimum of ND 2.70. SCC has a computerized system in place.

**Procedure 10 Register workers with the Workmen's Compensation Commission**

**Time to complete:** 20

**Cost to complete:** no charge

**Comment:** The employer must file an application with the Workmen's Compensation Commission for all employees earning less than ND 72,000 a year, with special circumstances for those employees earning above that amount. The annual amount payable is based on a wage rate scale and on the company industry. Registration types are divided into farming (agriculture) and confirming companies.

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

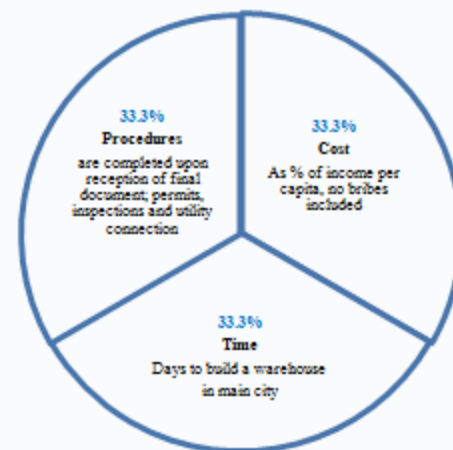
#### The warehouse:

- 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

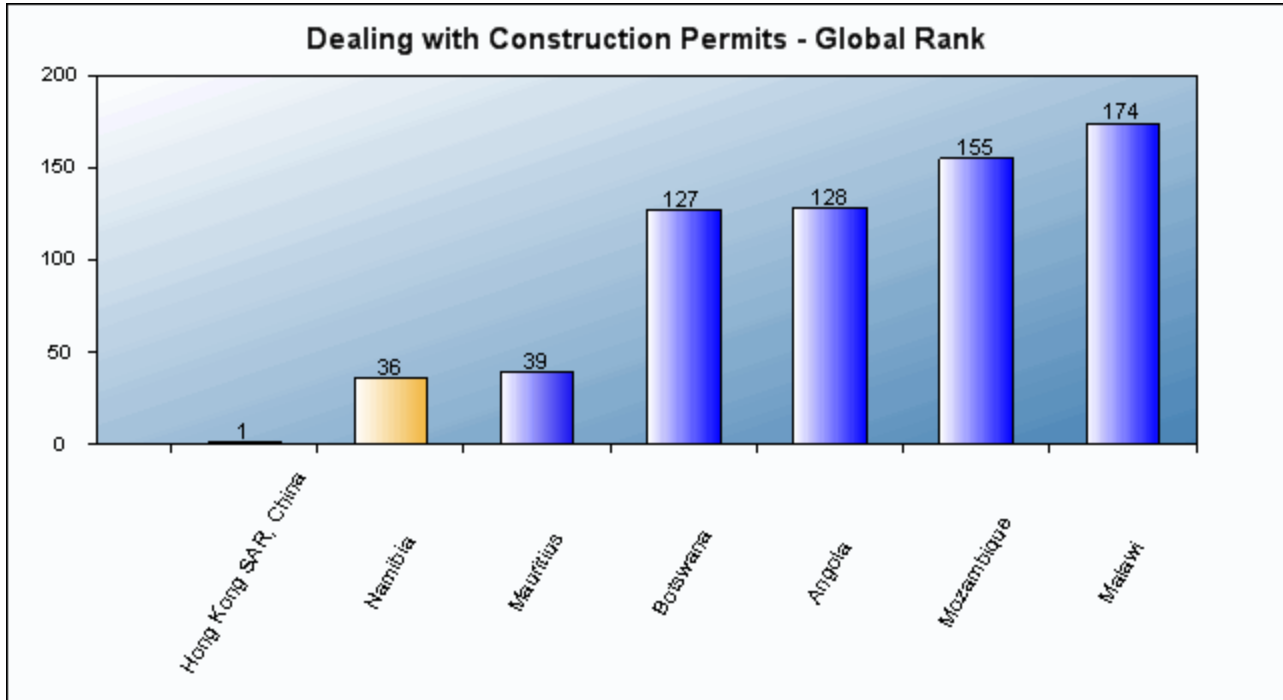
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Namibia is ranked 36 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Namibia 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	

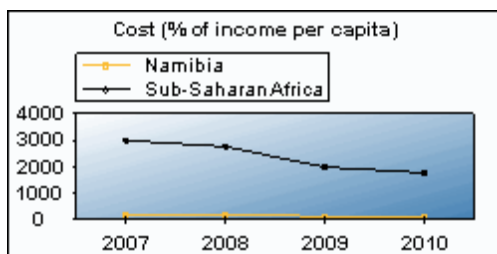
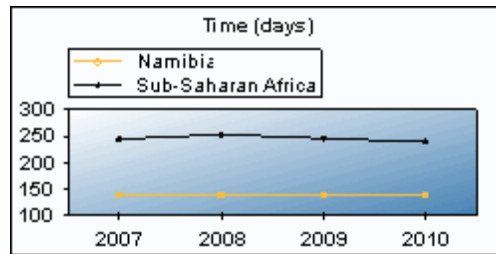
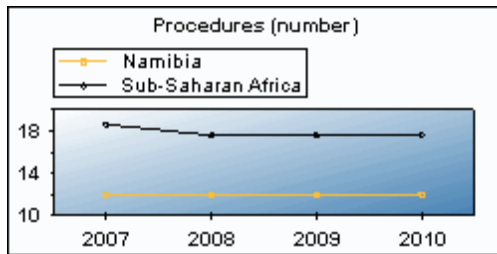
<i>Selected Economy</i>			
<b>Namibia</b>	<b>12</b>	<b>139</b>	<b>113.0</b>

<i>Comparator Economies</i>			
<b>Angola</b>	12	328	694.3
<b>Botswana</b>	24	167	264.5
<b>Malawi</b>	21	268	1316.7
<b>Mauritius</b>	18	107	32.3
<b>Mozambique</b>	17	381	530.3

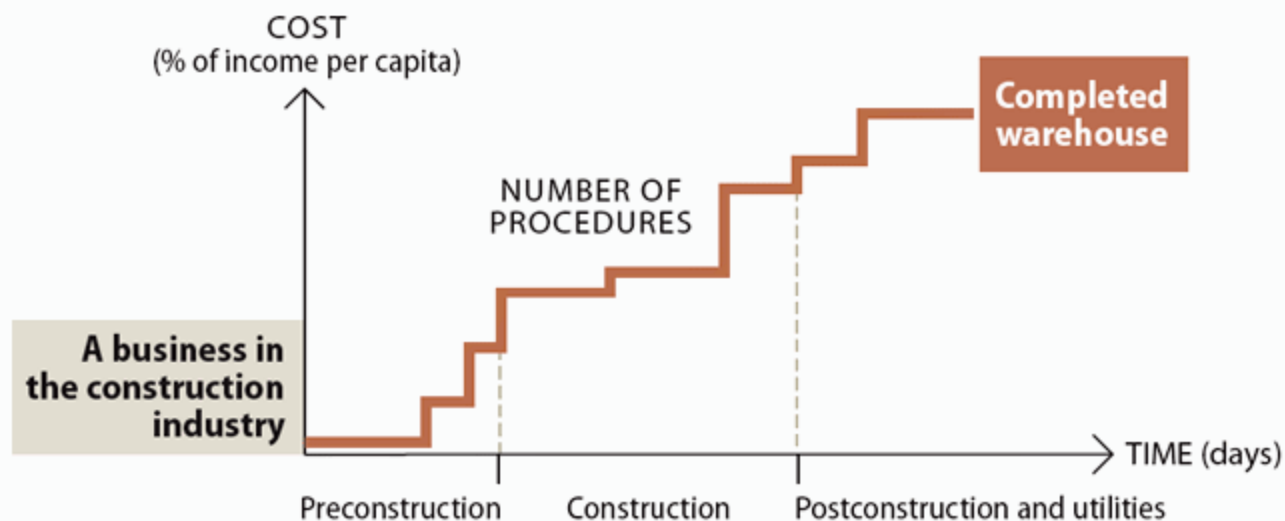
## 2. Historical data: Dealing with Construction Permits in Namibia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	37	36
Procedures (number)	12	12	12	12
Time (days)	139	139	139	139
Cost (% of income per capita)	188.3	181.8	124.7	113.0

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

### BUILDING A WAREHOUSE

City: Windhoek

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Contact the Town Planning Department to verify that the land is in the right zoning area	1 day	no charge
2	Request a building permit from the Building Control Division of the City of Windhoek	28 days	NAD 18,400
3	Receive inspection by the municipality to pass foundations	1 day	no charge
4	Receive inspection by the municipality to pass damp-proof course (DPC)	1 day	no charge
5	Receive open sewer inspection by the municipality	1 day	no charge
6	Request services for water connection and electrical installations	1 day	no charge
7 *	Receive inspection by the municipality for electricity	1 day	no charge
8	Obtain connection for water and electricity from the municipality	60 days	no charge

9 *	Request telephone connection	14 days	NAD 284
10	Receive final inspection by the municipality	1 day	no charge
11	Obtain a completion certificate from the municipality	14 days	no charge
12	Register the building with the Deeds Registry Office	30 days	NAD 22,500

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Namibia

### Procedure 1 Contact the Town Planning Department to verify that the land is in the right zoning area

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Town Planning Department
<b>Comment:</b>	A computerized system stores the use of every piece of land and is accessible by all agencies. The check can be conducted either on the telephone or in person.

### Procedure 2 Request a building permit from the Building Control Division of the City of Windhoek

<b>Time to complete:</b>	28 days
<b>Cost to complete:</b>	NAD 18,400
<b>Agency:</b>	Building Control Division of the City of Windhoek
<b>Comment:</b>	<p>The application should be accompanied by the architectural plans.</p> <p>The company submits all the information to the Building Control Division. This division then forwards the information to the relevant agencies—to the departments of fire and safety, architecture, road planning (storm water and transportation policy), town planning (to comply with the maximum land coverage requirements), health (ventilation, windows, and air), roads construction, and water and sewerage. Each agency stamps the architectural plans to indicate that they are cleared.</p> <p>This procedure is completed in about 28 calendar days. In practice, the applicant goes to the Building Control Division only. Additional documents may be requested. If done in person, approvals could be received within 4 days.</p> <p>The applicant receives a building permit and one stamped copy of the architectural plans.</p> <p>For complex projects it is common to hold informal consultations with the approving authorities to make sure that the architectural plans are in order prior to the formal submission of the building permit application.</p> <p>According to the fee schedule for 1300.6 sq.m. BuildCo would qualify into category "Buildings exceeding 1000 sq.m but not exceeding 2000 sq.m. and comprising less than three floors". The base tariff is N\$ 16,000+N\$2,400 =N\$ 18,400.</p>

### Procedure 3 Receive inspection by the municipality to pass foundations

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Municipality
<b>Comment:</b>	There are phased inspections in Windhoek. Upon obtaining the building permit BuildCo will receive a schedule of inspections. Notification is done on special forms, however it can be done via fax. The inspector conducts the inspection the same or the following day. Upon concluding the inspection, the inspector signs the notice. Contractor keeps it as a proof that the inspection took place.



**Procedure 4 Receive inspection by the municipality to pass damp-proof course (DPC)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** There are phased inspections in Windhoek. Upon obtaining the building permit BuildCo will receive a schedule of inspections. Notification is done on special forms, however it can be done via fax. The inspector conducts the inspection the same or the following day. Upon concluding the inspection, the inspector signs the notice. Contractor keeps it as a proof that the inspection took place.

**Procedure 5 Receive open sewer inspection by the municipality**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** There are phased inspections in Windhoek. Upon obtaining the building permit BuildCo will receive a schedule of inspections. Notification is done on special forms, however it can be done via fax. The inspector conducts the inspection the same or the following day. Upon concluding the inspection, the inspector signs the notice. Contractor keeps it as a proof that the inspection took place. After this inspection there can be inspection on drains when they are ready for final inspections.

**Procedure 6 Request services for water connection and electrical installations**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** The company must request a meeting or an inspection with the infrastructure, water, and sewerage division department of the municipality to obtain water connection and electrical installation. The inspections are carried out within 48 hours of the date of the request.

**Procedure 7 Receive inspection by the municipality for electricity**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** Water and electricity connections are installed by the municipality about 2 months from the inspection date.

**Procedure 8 Obtain connection for water and electricity from the municipality**

**Time to complete:** 60 days

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** Water and electricity connections are installed by the municipality about 2 months from the inspection date.

#### **Procedure 9 Request telephone connection**

**Time to complete:** 14 days

**Cost to complete:** NAD 284

**Agency:** Telecom Namibia Ltd.

**Comment:**

#### **Procedure 10 Receive final inspection by the municipality**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** When a contractor ready to receive an inspection, he submits a notice of completion of the building. Upon concluding the inspection, the inspector signs the notice. Contractor keeps it as a proof that the inspection took place.

#### **Procedure 11 Obtain a completion certificate from the municipality**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** The completion certificate is issued 2–3 weeks after the final inspection. BuildCo collects it from the municipality.

#### **Procedure 12 Register the building with the Deeds Registry Office**

**Time to complete:** 30 days

**Cost to complete:** NAD 22,500

**Agency:** Deeds Registry Office

**Comment:** The cost of registration includes value-added tax.

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)

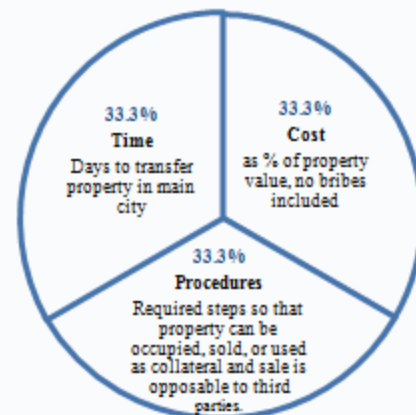
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

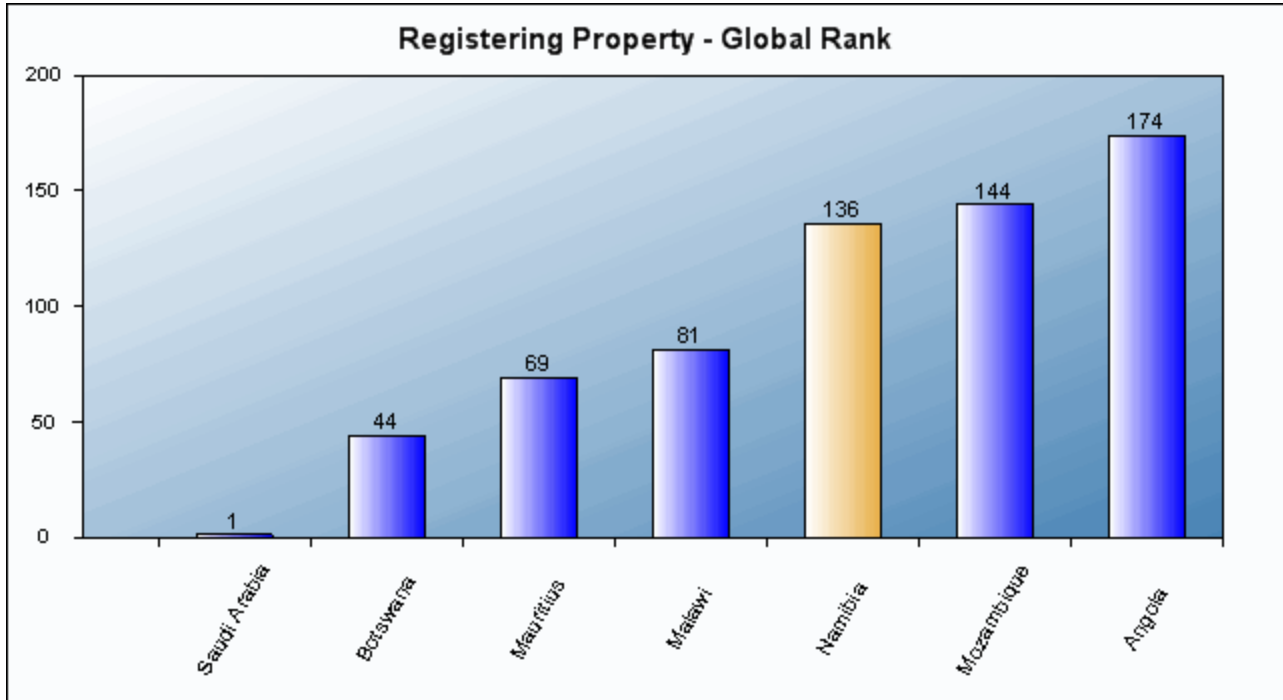
#### The property (fully owned by the seller):

- 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:

Namibia is ranked 136 overall for Registering Property.

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



The following table shows Registering Property data for Namibia 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>Namibia</b>	<b>9</b>	<b>23</b>	<b>9.6</b>

<i>Comparator Economies</i>			
<b>Angola</b>	7	184	11.5
<b>Botswana</b>	5	16	5.0
<b>Malawi</b>	6	49	3.2
<b>Mauritius</b>	4	26	10.6
<b>Mozambique</b>	8	42	9.9

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

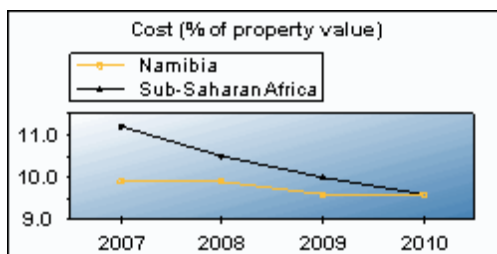
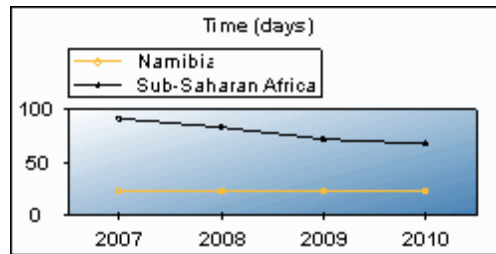
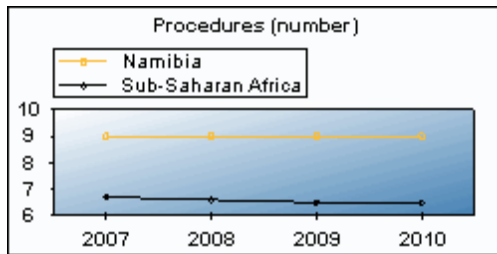
**Procedures (number): United Arab Emirates**

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

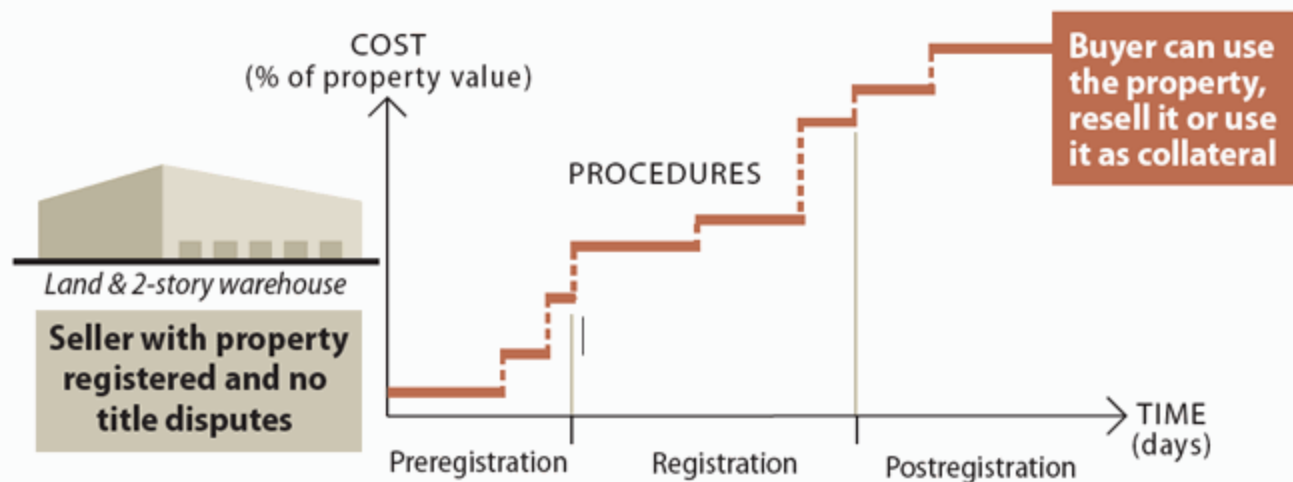
## 2. Historical data: Registering Property in Namibia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	137	136
Procedures (number)	9	9	9	9
Time (days)	23	23	23	23
Cost (% of property value)	9.9	9.9	9.6	9.6

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



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



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

### STANDARDIZED PROPERTY

Property Value: 1,822,486.83

City: Windhoek

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Search in the Deeds Office in Windhoek to obtain the correct description of the owner of the land and the property description	Up to 3 days	no cost
2 *	Conveyancer collects required documentation and drafts transfer documents	7 days (simultaneous with procedure 3)	Conveyance fees according to an official fixed schedule. For property values above NMD 500,000, the fees are NMD 6,000 + NMD 800 per each NMD 100,000 or part thereof up to NMD 1 million + NMD 400 per each NMD 100,000 or part thereof up to NMD 5 million + NMD 200 per each NMD 100,000 or part thereof.
3 *	Conveyancer requests pre-payment of taxes and service accounts from Municipality	1 day (included in procedure 2)	no cost
4	Parties sign documentation at conveyancer's office	1 day	Included in Procedure 2

5 *	The conveyancer applies to the Receiver of Revenue for a transfer duty receipt	3 days (simultaneous with procedure 8)	8% of purchase price
6	The conveyancer obtains a tax clearance certificate from the Municipality	1 day	no cost
7	The conveyancer prepares a new deed of transfer and lodges it with the Deeds Office in Windhoek for examination and registration	7 days	Included in procedure 2
8 *	The conveyancer purchases revenue stamps to affix to the deed of transfer	1 day (simultaneous with procedure 5)	NMD 100 + NMD 10 for each NMD 1,000 after 20,000 (from purchase price)
9	The deed of transfer is signed in the presence of the Registrar of Deeds and ownership of the property is transferred	1 day	Included in procedure 2

\* Takes place simultaneously with another procedure.



## Registering Property Details - Namibia

<b>Procedure</b>	<b>1</b>	<b>Search in the Deeds Office in Windhoek to obtain the correct description of the owner of the land and the property description</b>
<b>Time to complete:</b>		Up to 3 days
<b>Cost to complete:</b>		no cost
<b>Agency:</b>		Deeds Registry
<b>Comment:</b>		A conveyancer conducts a search in the Deeds Office in Windhoek to obtain the correct description of the owner of the land and the property description.
<b>Procedure</b>	<b>2</b>	<b>Conveyancer collects required documentation and drafts transfer documents</b>
<b>Time to complete:</b>		7 days (simultaneous with procedure 3)
<b>Cost to complete:</b>		Conveyance fees according to an official fixed schedule. For property values above NMD 500,000, the fees are NMD 6,000 + NMD 800 per each NMD 100,000 or part thereof up to NMD 1 million + NMD 400 per each NMD 100,000 or part thereof up to NMD 5 million + NMD 200 per each NMD 100,000 or part thereof.
<b>Comment:</b>		<p>The conveyancer collects all the necessary documentation (pre-payment of taxes and services accounts (water and lights, etc.), particulars of the transferee with birth, marriage and ante nuptial contracts (for natural persons), registration documents for companies or non-natural persons, for powers, ability to transfer or take transfer), and drafts the transfer documents. These documents include a power of attorney to transfer, transfer duty application form, transfer duty declarations for both transferor and transferee, as well as statement of transfer cost with provisions for (i) stamp duties and (ii) transfer duties.</p> <p>The conveyancer will need to inquire with the city Cash Office whether the outstanding taxes of utilities fees are owed. If the property does not have any debts, the purchaser will receive a clearance certificate. If it does, the buyer and seller will renegotiate the deal, typically subtracting the amount owed from the selling price.</p> <p>Conveyance's fees are calculated according to an official fixed scale depending on the purchase value of the property. Fees are ad valorem on a diminishing curve (from 25% to 0.01%).</p>
<b>Procedure</b>	<b>3</b>	<b>Conveyancer requests pre-payment of taxes and service accounts from Municipality</b>
<b>Time to complete:</b>		1 day (included in proc 2)
<b>Cost to complete:</b>		no cost
<b>Agency:</b>		Municipality
<b>Comment:</b>		All outstanding taxes and service accounts related to the property have to be paid prior to property registration. The conveyancer only contacts the municipality to receive information on the total outstanding amount (including water, light, any taxes).
<b>Procedure</b>	<b>4</b>	<b>Parties sign documentation at conveyancer's office</b>
<b>Time to complete:</b>		1 day

**Cost to complete:** Included in Procedure 2

**Comment:** Parties sign the documentation at conveyancer's office. The purchasing company pays the transfer costs and the seller furnishes the conveyancer with the original title deed of the property. Once the draft deed is prepared, it is signed by the selling and purchasing parties (either owner or authorized representatives). The amount for transfer duties and stamp duties is paid to the conveyancer. If the property to be transferred includes commercial buildings, VAT (15%) is charged on the purchase price.

#### **Procedure 5 The conveyancer applies to the Receiver of Revenue for a transfer duty receipt**

**Time to complete:** 3 days (simultaneous with procedure 8)

**Cost to complete:** 8% of purchase price

**Agency:** Receiver of Revenue

**Comment:** Transfer duty is a government tax which is payable on the value of the immovable property acquired. It is 8% if the property is commercial and the purchasing party a commercial company. The transfer duty is supposed to be paid by the seller and not the buyer; however, in practice, lawyers often convince the buyer to pay it.

#### **Procedure 6 The conveyancer obtains a tax clearance certificate from the Municipality**

**Time to complete:** 1 day

**Cost to complete:** no cost

**Agency:** Municipality

**Comment:** If there are pending payments or taxes, these will have to be paid before the registration can be completed. The conveyancer prepares a certificate certifying pre-payment of taxes and services.

#### **Procedure 7 The conveyancer prepares a new deed of transfer and lodges it with the Deeds Office in Windhoek for examination and registration**

**Time to complete:** 7 days

**Cost to complete:** Included in procedure 2

**Agency:** Deeds Registry

**Comment:** The registration fee was recently increased from NMD 50 to NMD 300 per transaction lodged at the Deeds Registry.

#### **Procedure 8 The conveyancer purchases revenue stamps to affix to the deed of transfer**

**Time to complete:** 1 day (simultaneous with procedure 5)

**Cost to complete:** NMD 100 + NMD 10 for each NMD 1,000 after 20,000 (from purchase price)

**Agency:** Receiver of Revenue

**Comment:** Stamp Duty is payable to the Receiver of Revenue on a deed of transfer.

**Procedure 9** The deed of transfer is signed in the presence of the Registrar of Deeds and ownership of the property is transferred

**Time to complete:** 1 day

**Cost to complete:** Included in procedure 2

**Agency:** Deeds Registry

**Comment:** The conveyancer signs the deed of transfer in the presence of the Registrar of Deeds. The Registrar then signs the deed of transfer and ownership of the property is then transferred.

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

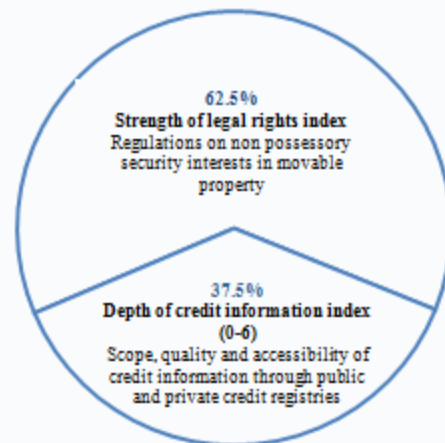
**Public credit registry coverage (% of adults)**

- 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)**

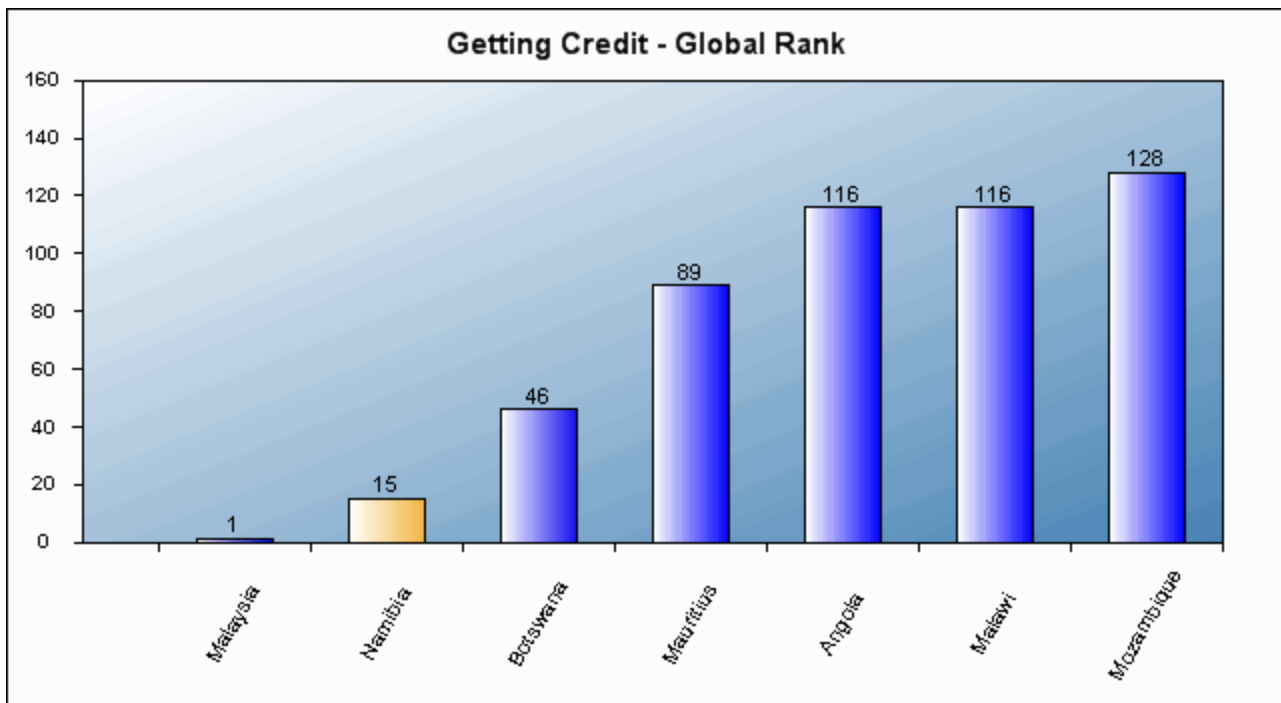
**The Debtor**

- 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:

Namibia is ranked 15 overall for Getting Credit.

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



The following table shows Getting Credit data for Namibia 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>Namibia</b>	<b>8</b>	<b>5</b>	<b>0.0</b>	<b>58.5</b>

<i>Comparator Economies</i>				
<b>Angola</b>	4	3	2.4	0.0
<b>Botswana</b>	7	4	0.0	57.6
<b>Malawi</b>	7	0	0.0	0.0
<b>Mauritius</b>	5	3	49.8	0.0
<b>Mozambique</b>	2	4	2.2	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**

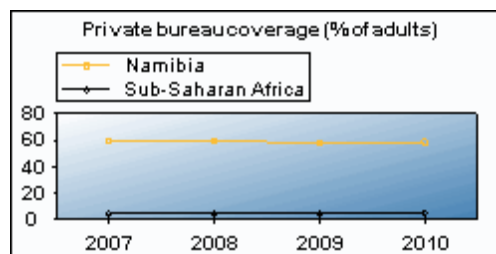
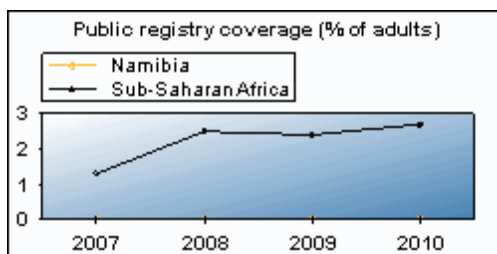
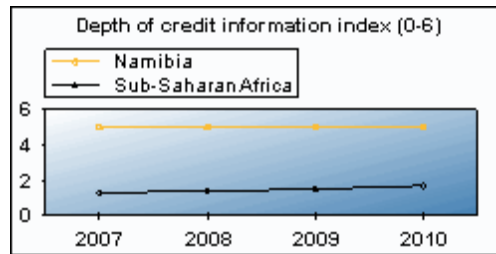
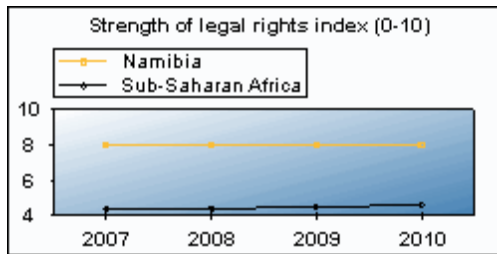
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

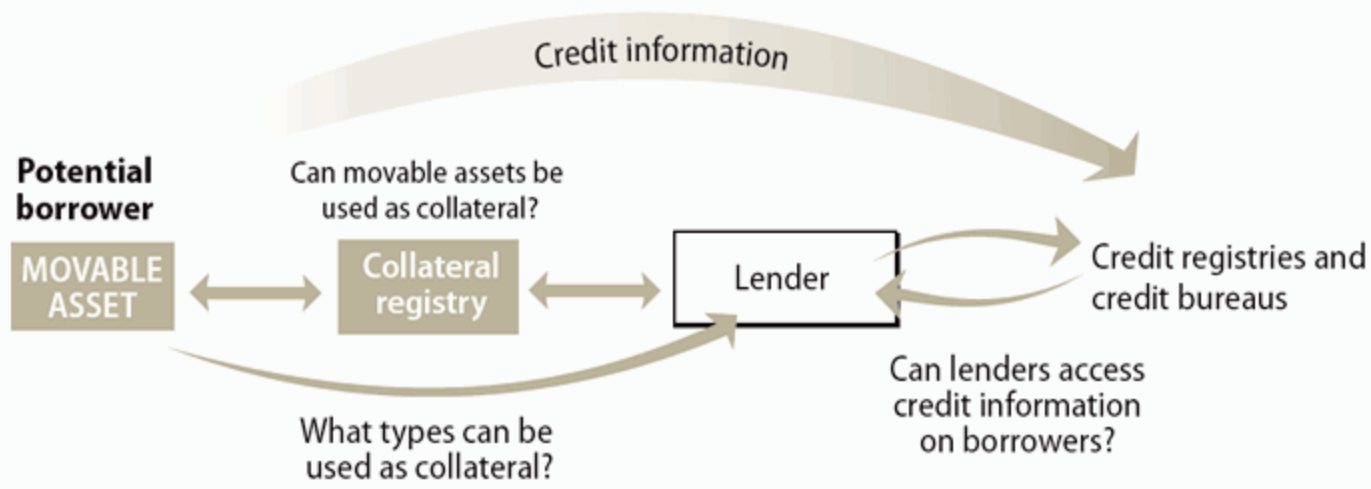
## 2. Historical data: Getting Credit in Namibia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	15
Strength of legal rights index (0-10)	8	8	8	8
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	59.9	59.6	57.7	58.5
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>5</b>
Are data on both firms and individuals distributed?	Yes	No	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?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	58.5	0.0	
Number of individuals	700,000		0
Number of firms	10,000		0



**Strength of legal rights index (0-10)****8**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

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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?

---

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?

---

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 ?

---

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 ?

---

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 ?

---

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

---

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

---

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

---

Does the law authorize parties to agree on out of court enforcement?

---

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)

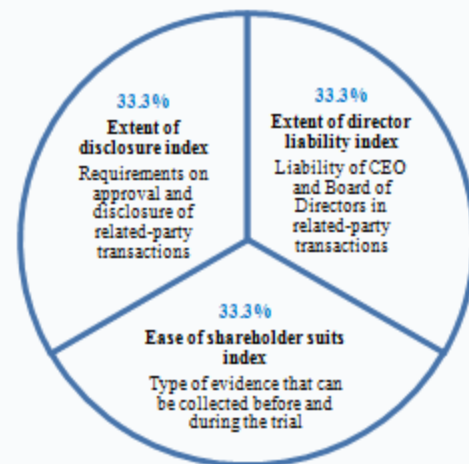
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### 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.

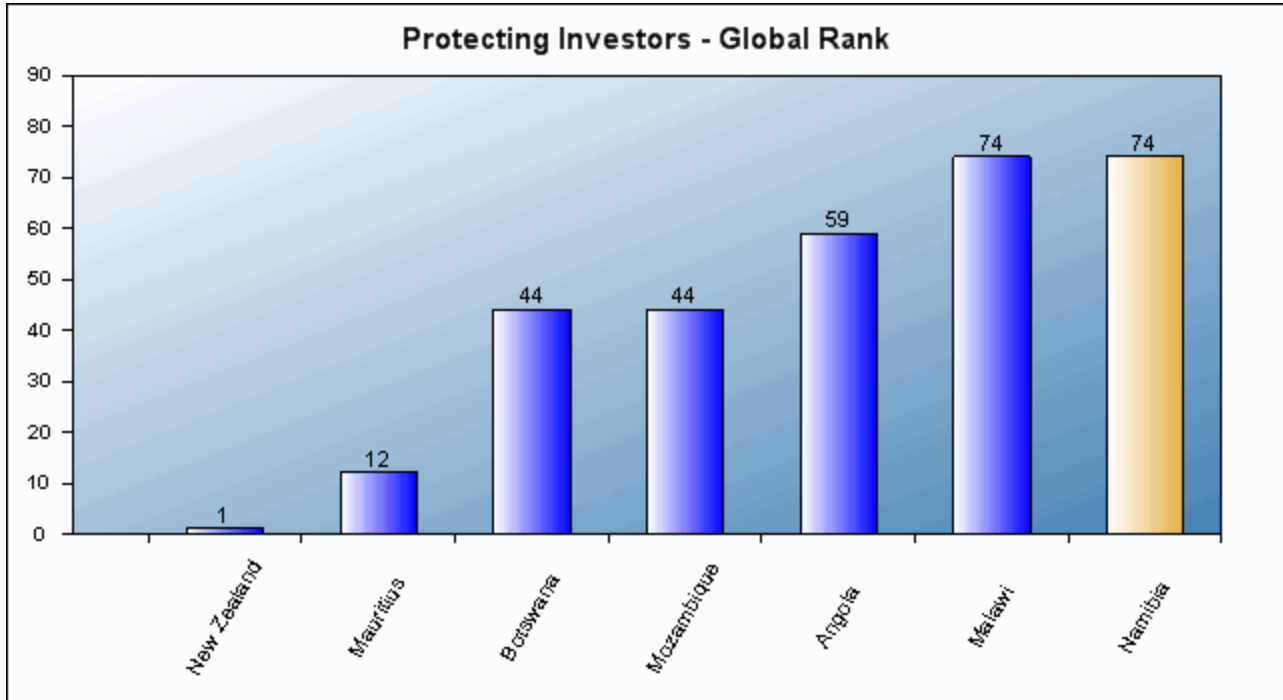
#### The transaction

- 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:

Namibia is ranked 74 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Namibia 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

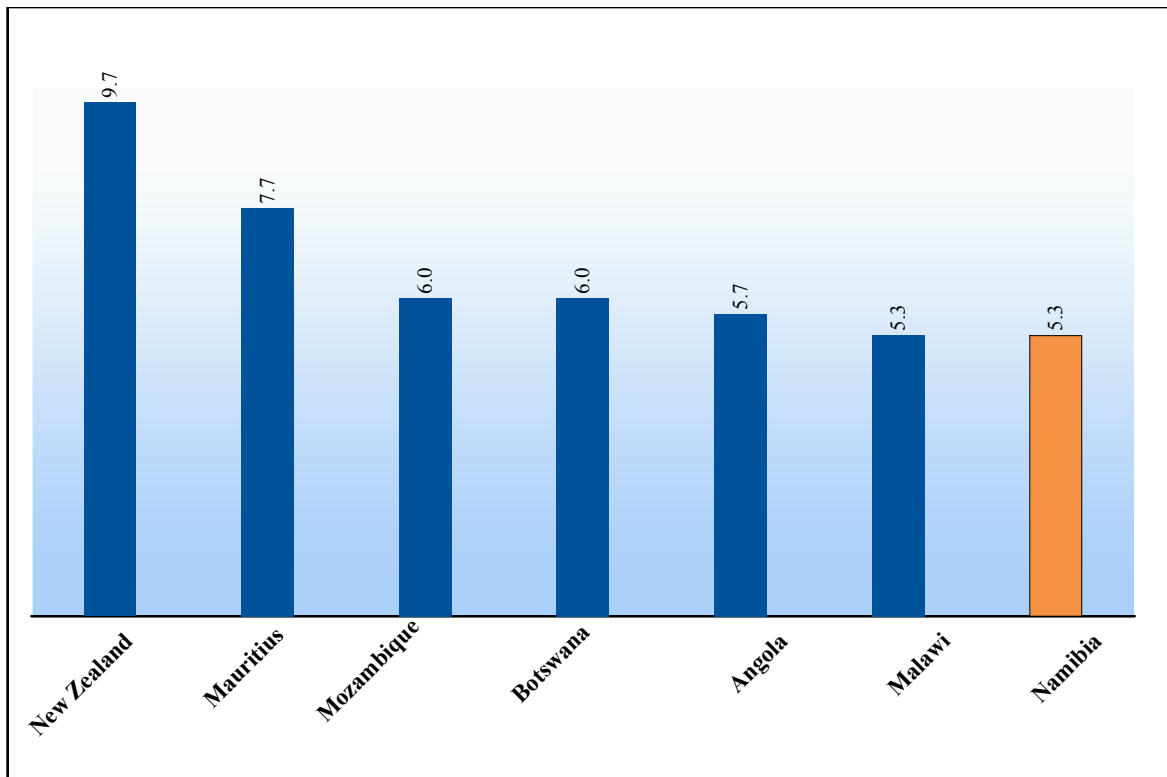
<i>Selected Economy</i>	
<b>Namibia</b>	<b>5.3</b>

<i>Comparator Economies</i>	
<b>Angola</b>	5.7
<b>Botswana</b>	6.0
<b>Malawi</b>	5.3
<b>Mauritius</b>	7.7
<b>Mozambique</b>	6.0

**2. Historical data: Protecting Investors in Namibia**

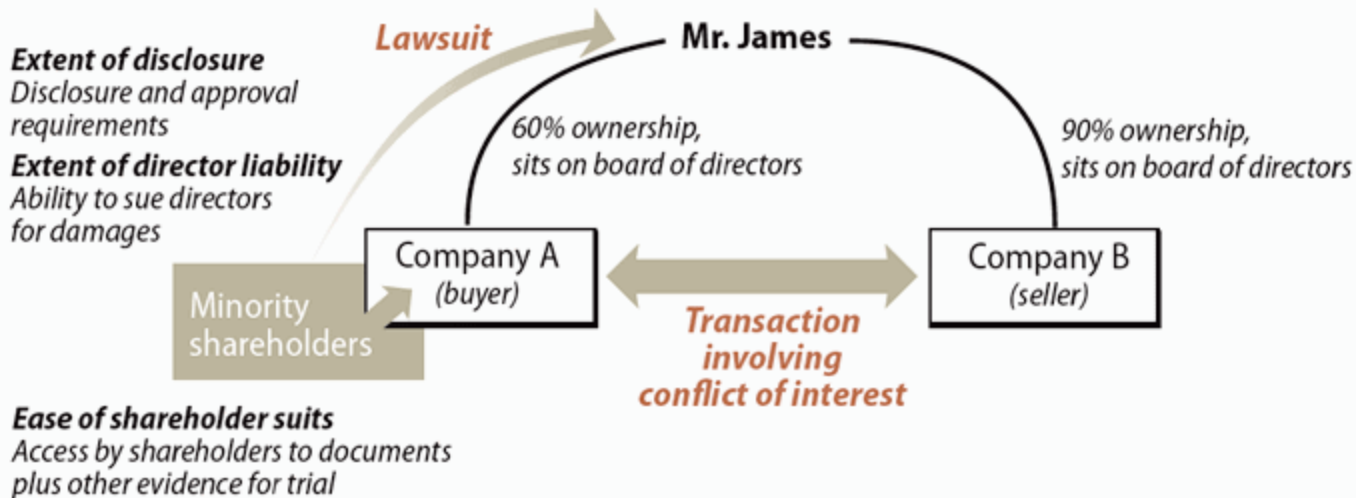
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	73	74
Strength of investor protection index (0-10)	5.3	5.3	5.3	5.3

**3. The following graph illustrates the Protecting Investors index in Namibia 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 Namibia.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>5</b>
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
<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?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	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?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
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?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>5.3</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)

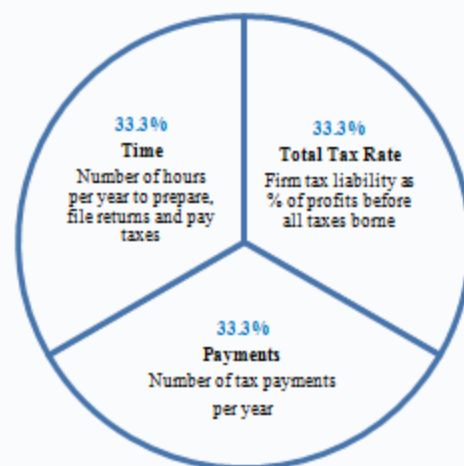
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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

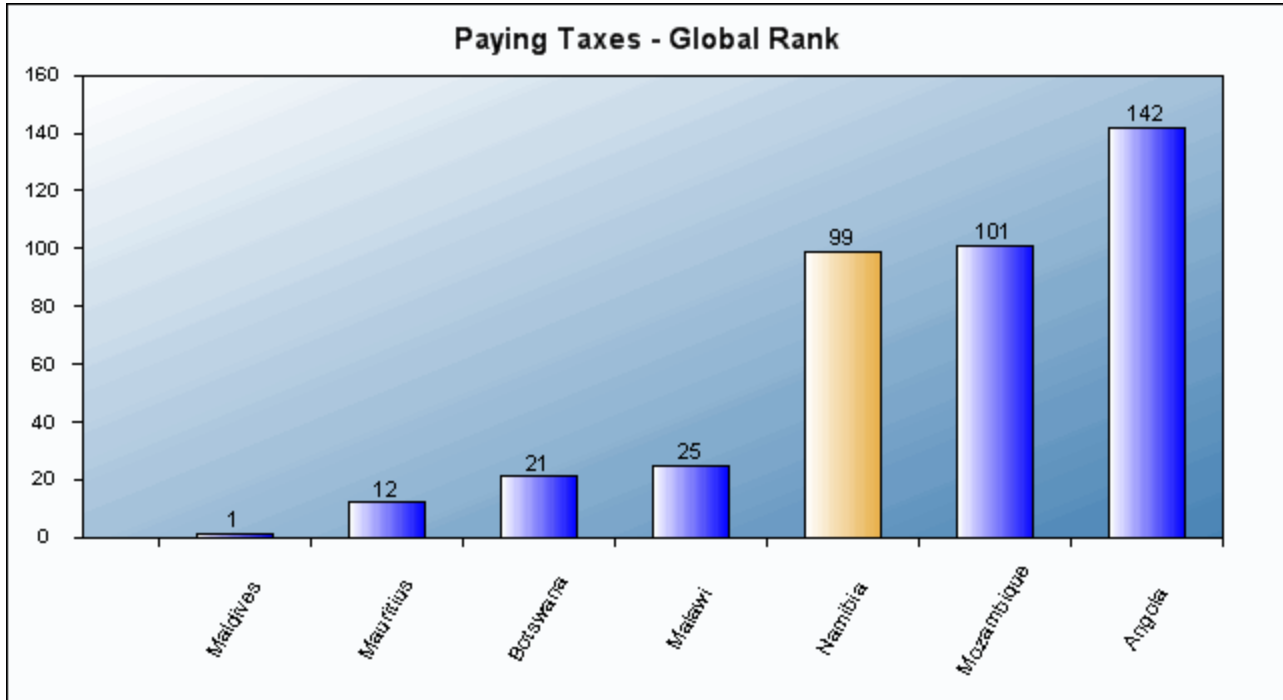
- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the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

Namibia is ranked 99 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Namibia 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>Namibia</b>	<b>37</b>	<b>375</b>	<b>9.6</b>

<i>Comparator Economies</i>			
<b>Angola</b>	31	282	53.2
<b>Botswana</b>	19	152	19.5
<b>Malawi</b>	19	157	25.1
<b>Mauritius</b>	7	161	24.1
<b>Mozambique</b>	37	230	34.3

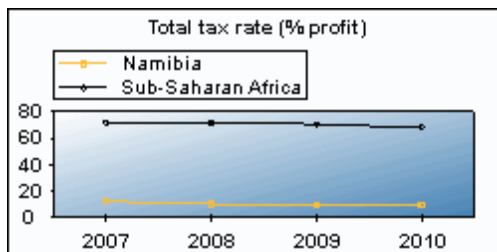
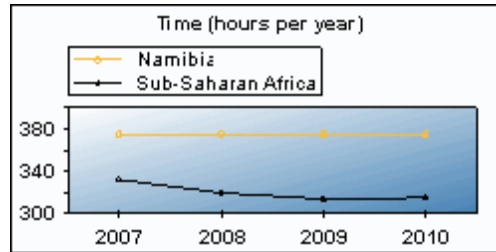
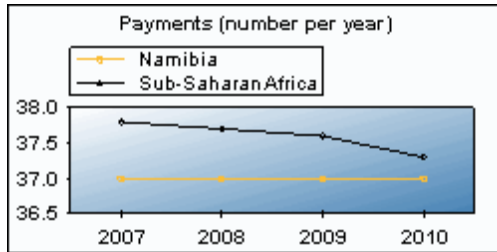
\* The following economies are also good practice economies for :

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

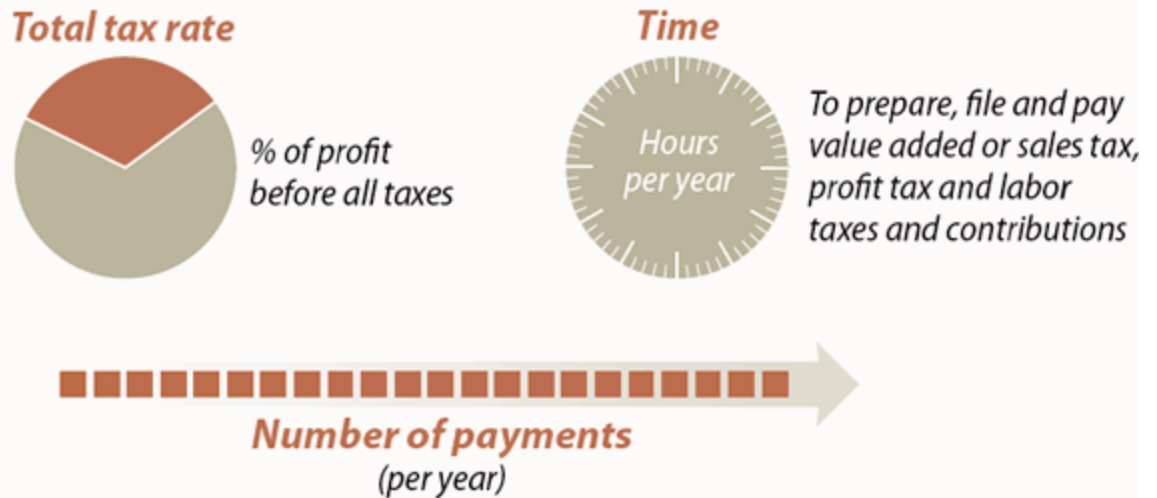
## 2. Historical data: Paying Taxes in Namibia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	97	99
Total tax rate (% profit)	12.3	10.4	9.6	9.6
Payments (number per year)	37	37	37	37
Time (hours per year)	375	375	375	375

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			N\$5	per contract		
Value added tax (VAT)	6		288	15.0%	value added		
tax on insurance	1			1.0%	insurance premium	0.00	
Social security contributions	12		46	0.9%	gross salaries	1.00	
Vehicle tax	1			fixed fee	type of vehicle	1.50	
Fuel tax	1				fuel consumption	1.50	
Property tax	12			various rates	property value	1.60	
Corporate income tax	3		41	35% but 18% for qualified manufacturer	taxable profit	4.00	
<b>Totals</b>	<b>37</b>		<b>375</b>			<b>9.6</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)

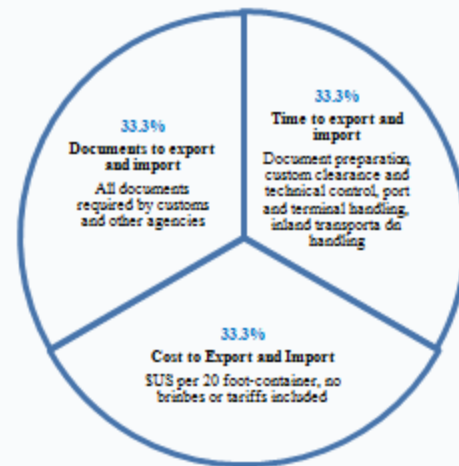
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

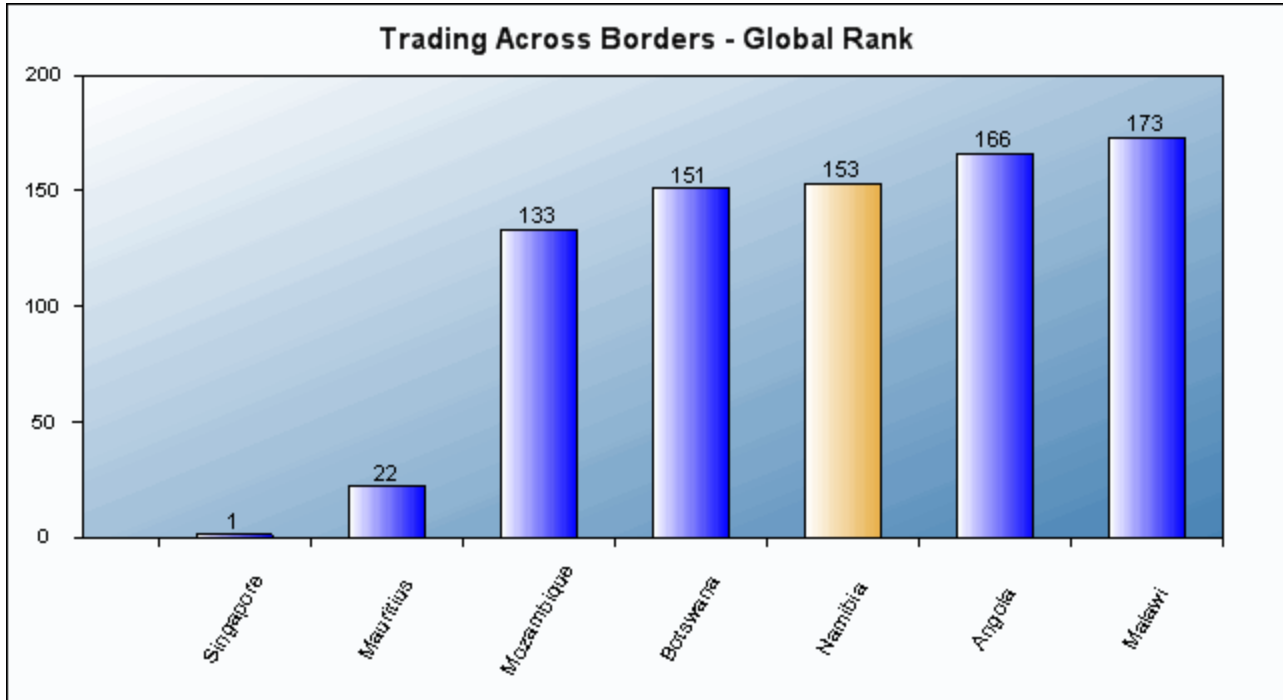
##### The traded product

- 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:

Namibia is ranked 153 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Namibia 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>Namibia</b>	<b>11</b>	<b>29</b>	<b>1686</b>	<b>9</b>	<b>24</b>	<b>1813</b>

<i>Comparator Economies</i>						
<b>Angola</b>	11	52	1850	8	49	2840
<b>Botswana</b>	6	28	3010	9	41	3390
<b>Malawi</b>	11	41	1713	10	51	2570
<b>Mauritius</b>	5	13	737	6	13	689
<b>Mozambique</b>	7	23	1100	10	30	1475

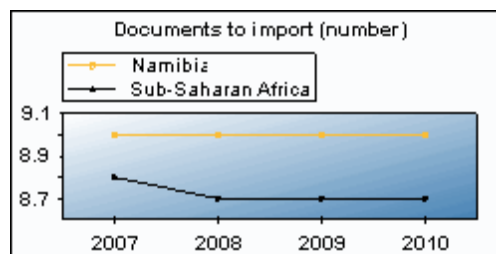
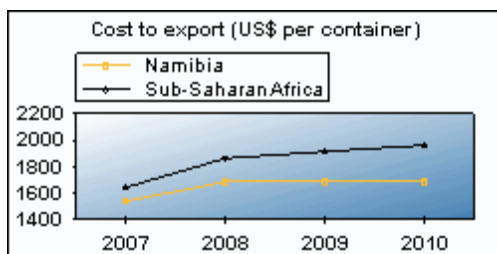
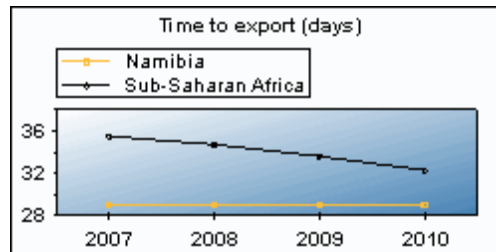
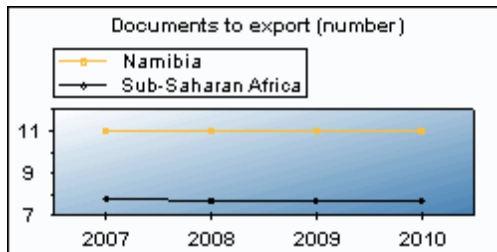
\* The following economies are also good practice economies for :

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

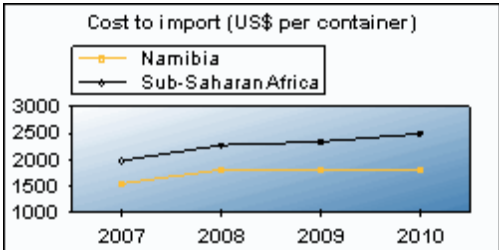
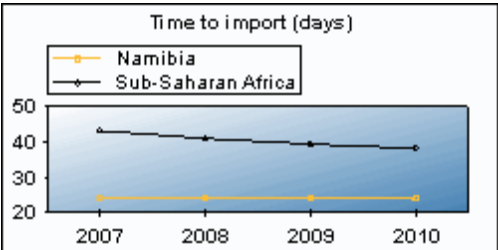
## 2. Historical data: Trading Across Borders in Namibia

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	151	153
Cost to export (US\$ per container)	1539	1686	1686	1686
Cost to import (US\$ per container)	1550	1813	1813	1813
Documents to export (number)	11	11	11	11
Documents to import (number)	9	9	9	9
Time to export (days)	29	29	29	29
Time to import (days)	24	24	24	24

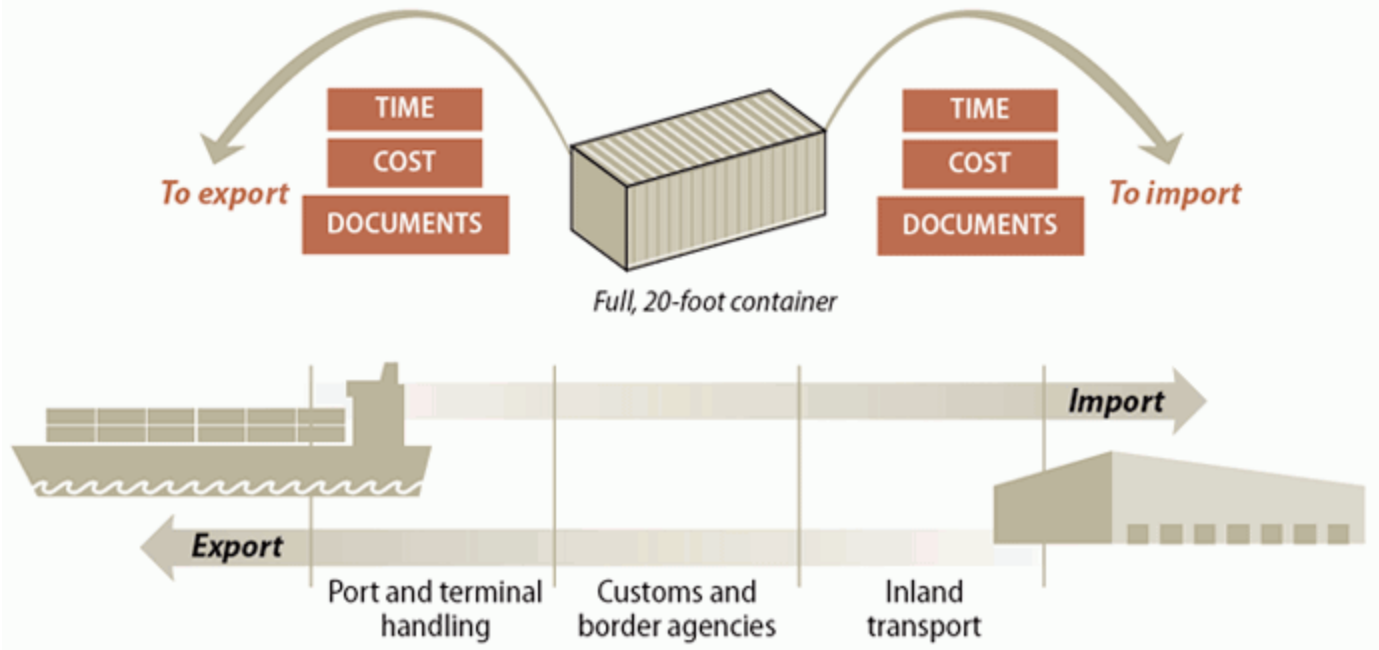
3. The following graphs illustrate the Trading Across Borders sub indicators in Namibia over the past 4 years:







## 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 Namibia. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	16	171
Customs clearance and technical control	6	285
Ports and terminal handling	3	430
Inland transportation and handling	4	800
Totals	29	1686

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	14	271
Customs clearance and technical control	4	285
Ports and terminal handling	3	400
Inland transportation and handling	3	857
Totals	24	1813

**Documents for Export and Import**

**Export**

Bill of lading
Cargo release order
Tax certificate
Technical standard/health certificate
Terminal handling receipts
Certificate of origin
Commercial invoice
Consular invoice
Customs export declaration
Foreign exchange authorization
Packing list

**Import**

Form SAD500 (Transit document)
Packing list
Technical standard/health certificate
Terminal handling receipts
Bill of lading
Certificate of origin
Commercial invoice
Customs import declaration
Foreign exchange authorization

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

#### Some reform outcomes

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

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

#### What do the Enforcing Contracts indicators measure?

**Enforcing Contracts:** resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

#### Procedures to enforce a contract (number)

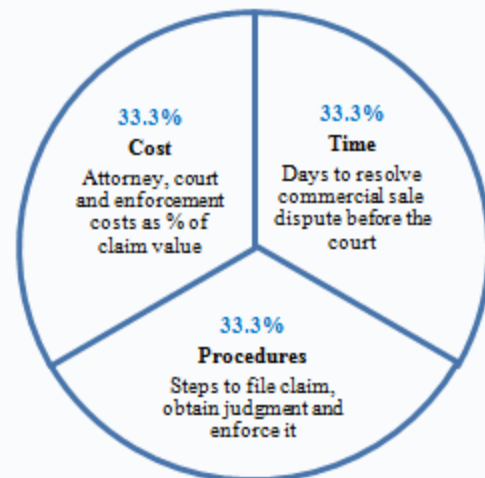
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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

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

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

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



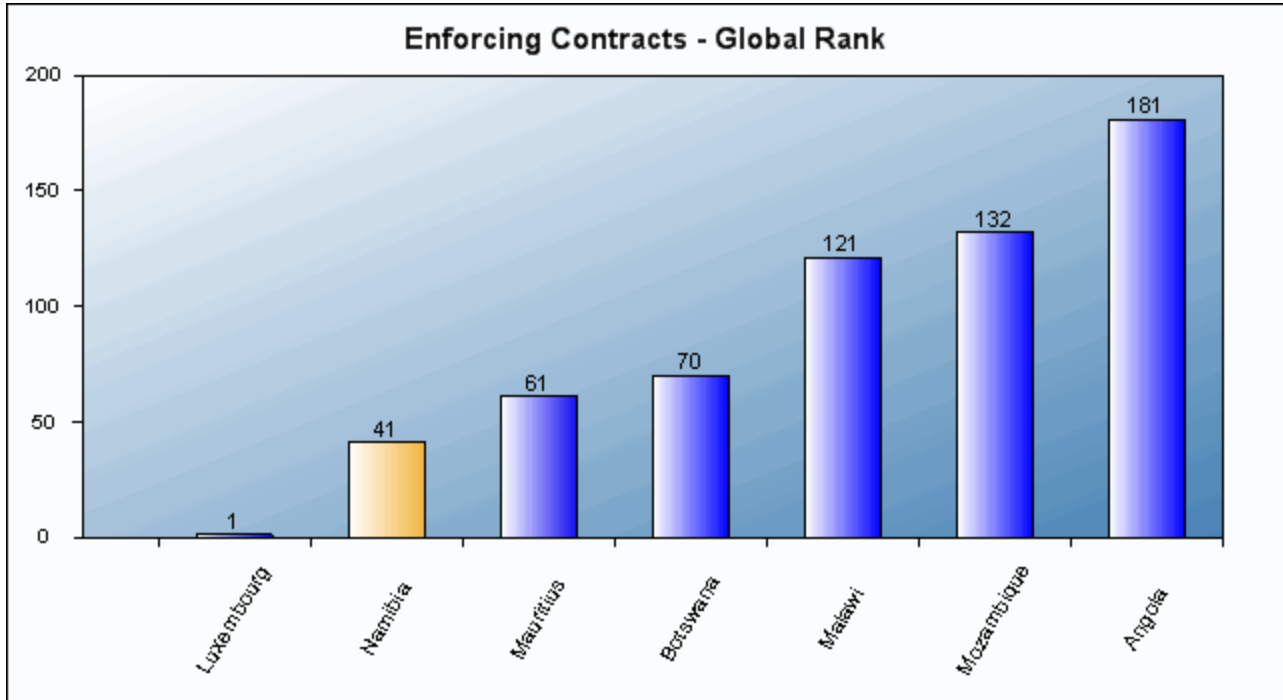
#### Case Study Assumptions

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

## 1. Benchmarking Enforcing Contracts Regulations:

Namibia is ranked 41 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Namibia 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	

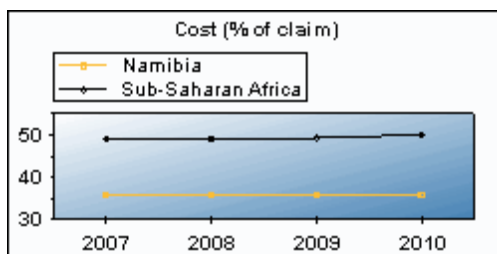
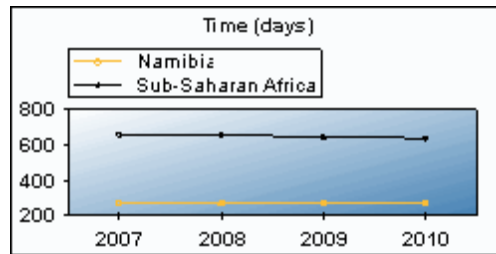
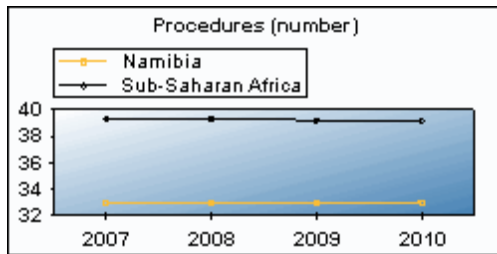
<i>Selected Economy</i>			
<b>Namibia</b>	<b>33</b>	<b>270</b>	<b>35.8</b>

<i>Comparator Economies</i>			
<b>Angola</b>	46	1011	44.4
<b>Botswana</b>	29	625	28.1
<b>Malawi</b>	42	312	94.1
<b>Mauritius</b>	36	645	17.4
<b>Mozambique</b>	30	730	142.5

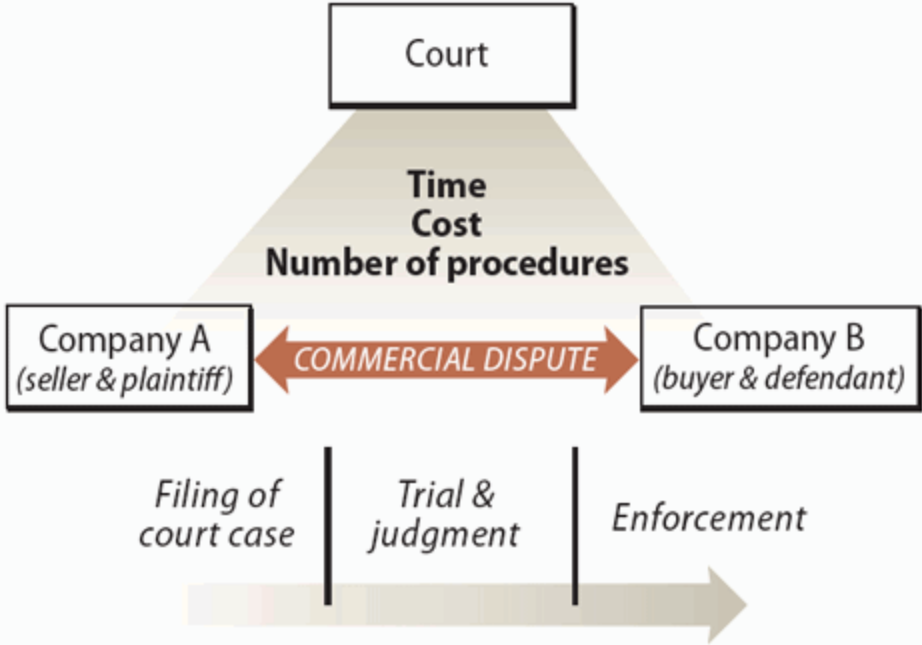
## 2. Historical data: Enforcing Contracts in Namibia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	42	41
Procedures (number)	33	33	33	33
Time (days)	270	270	270	270
Cost (% of claim)	35.8	35.8	35.8	35.8

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

Nature of Procedure (2010)	Indicator
Procedures (number)	33
Time (days)	270
Filing and service	10.0
Trial and judgment	210.0
Enforcement of judgment	50.0
<b>Cost (% of claim)*</b>	<b>35.80</b>
Attorney cost (% of claim)	29.0
Court cost (% of claim)	6.0
Enforcement Cost (% of claim)	0.8



**Court information:** Windhoek High Court

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

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

### Some reform outcomes

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

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

### What does the Closing a Business indicator measure?

**Closing a Business:** insolvency proceedings against local company

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

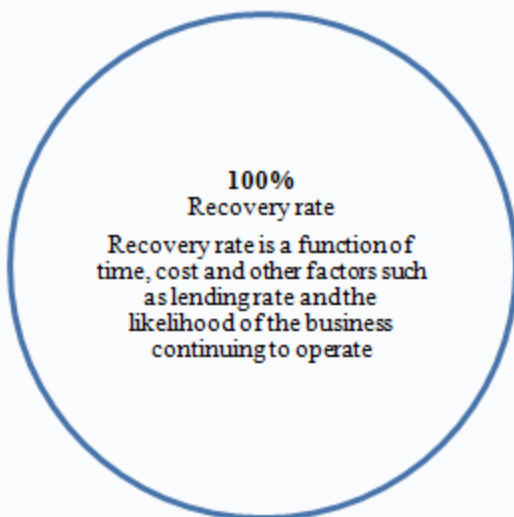
- Measured in calendar years
- Appeals and requests for extension are included

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

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

#### Recovery rate for creditors (cents on the dollar)

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



### *Case Study Assumptions*

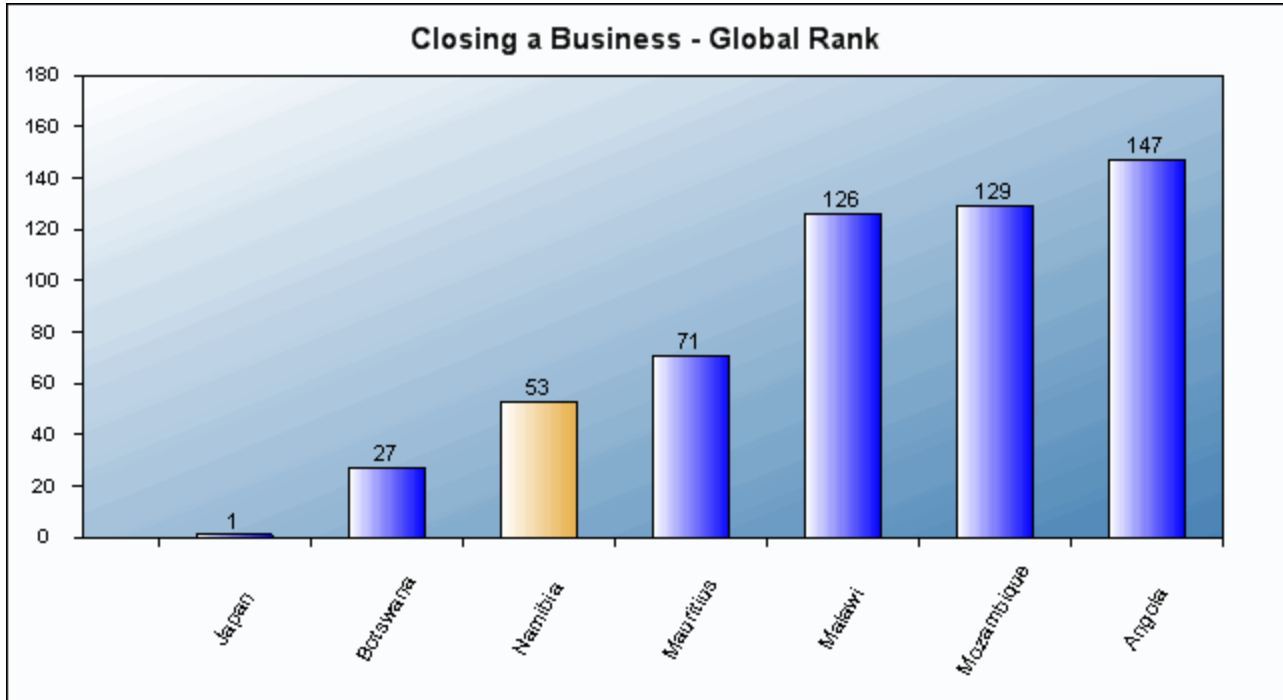
#### The Company

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

## 1. Benchmarking Closing Business Regulations:

Namibia is ranked 53 overall for Closing a Business.

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



The following table shows Closing Business data for Namibia 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>Namibia</b>	<b>41.5</b>	<b>1.5</b>	<b>15</b>

<i>Comparator Economies</i>			
<b>Angola</b>	8.4	6.2	22
<b>Botswana</b>	63.7	1.7	15
<b>Malawi</b>	17.9	2.6	25
<b>Mauritius</b>	35.1	1.7	15
<b>Mozambique</b>	17.7	5.0	9

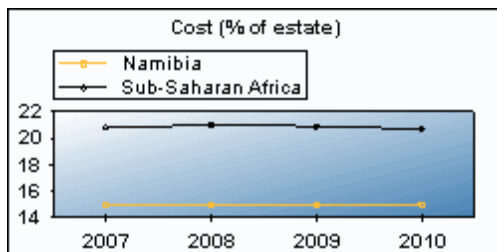
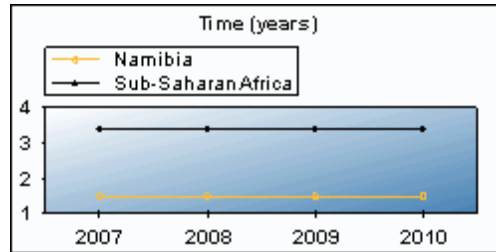
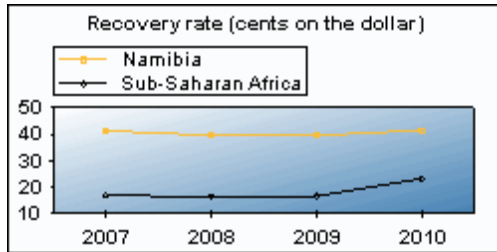
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Namibia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	55	53
Time (years)	1.5	1.5	1.5	1.5
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	41.3	39.5	39.5	41.5

## 3. The following graphs illustrate the Closing Business sub indicators in Namibia 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>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>Malawi</b>	Malawi eased property transfers by cutting the wait for consents and registration of legal instruments by half. Malawi simplified the enforcement of contracts by raising the ceiling for commercial claims that can be brought to the magistrates court.
<b>Mauritius</b>	Mauritius introduced a new corporate social responsibility tax. Mauritius speeded up the resolution of commercial disputes by recruiting more judges and adding more courtrooms.
<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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