

Doing Business 2011

Uzbekistan

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

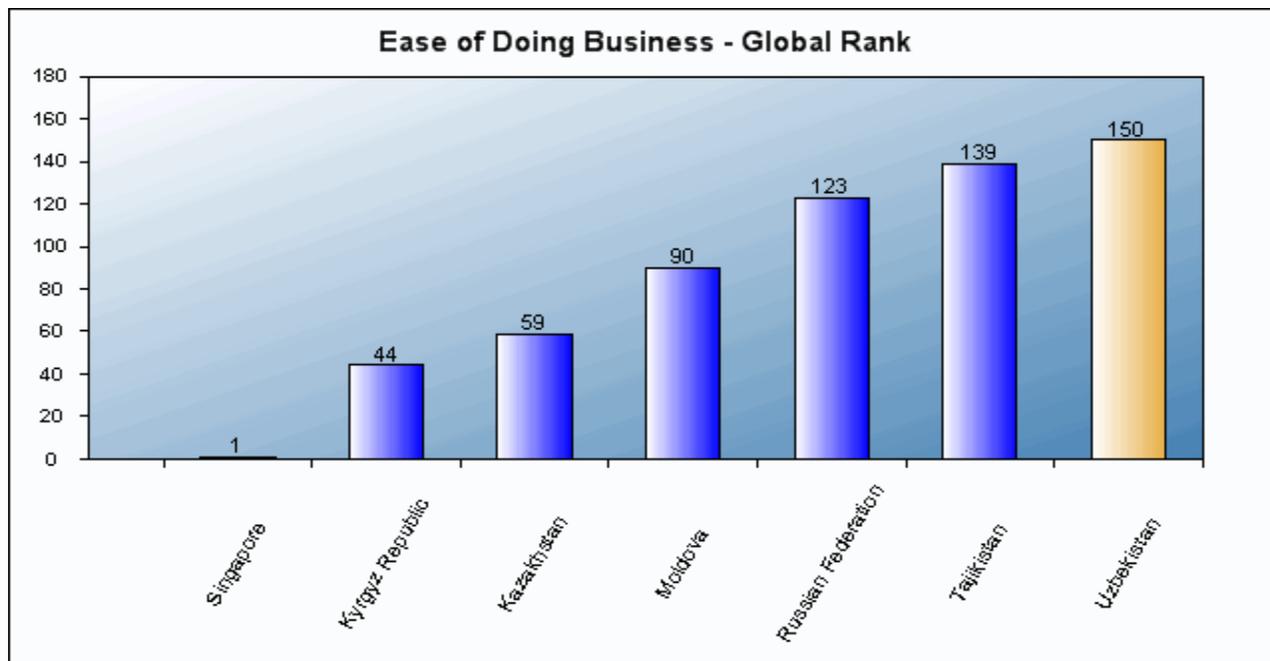
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Uzbekistan is ranked 150 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Uzbekistan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	150
Starting a Business	106
Dealing with Construction Permits	145
Registering Property	135
Getting Credit	138
Protecting Investors	132
Paying Taxes	154
Trading Across Borders	169
Enforcing Contracts	44
Closing a Business	112

Summary of Indicators - Uzbekistan

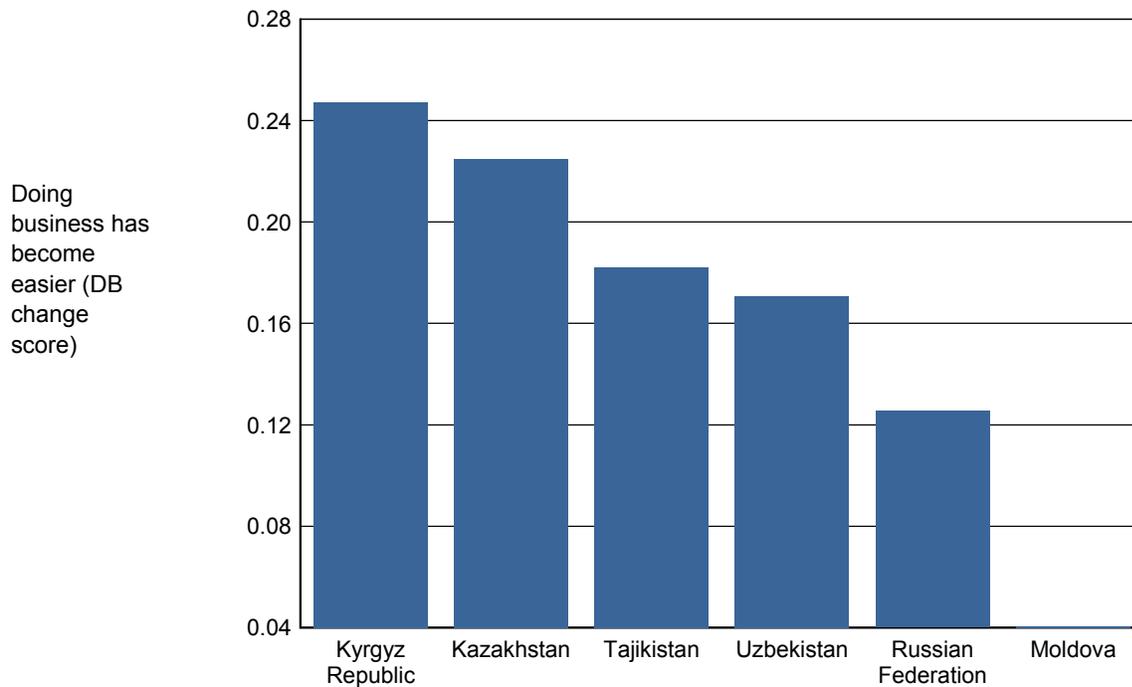
Starting a Business	Procedures (number)	7
	Time (days)	15
	Cost (% of income per capita)	11.9
	Min. capital (% of income per capita)	32.5
Dealing with Construction Permits	Procedures (number)	28
	Time (days)	274
	Cost (% of income per capita)	67.7
Registering Property	Procedures (number)	12
	Time (days)	78
	Cost (% of property value)	1.2
Getting Credit	Strength of legal rights index (0-10)	2
	Depth of credit information index (0-6)	3
	Public registry coverage (% of adults)	4.5
	Private bureau coverage (% of adults)	3.3
Protecting Investors	Extent of disclosure index (0-10)	4
	Extent of director liability index (0-10)	1
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	4.0
Paying Taxes	Payments (number per year)	44
	Time (hours per year)	205
	Profit tax (%)	1.6
	Labor tax and contributions (%)	27.1
	Other taxes (%)	66.9
	Total tax rate (% profit)	95.6
Trading Across Borders	Documents to export (number)	7
	Time to export (days)	71
	Cost to export (US\$ per container)	3150
	Documents to import (number)	9
	Time to import (days)	92
	Cost to import (US\$ per container)	4650

Enforcing Contracts	Procedures (number)	42
	Time (days)	195
	Cost (% of claim)	22.2
Closing a Business	Recovery rate (cents on the dollar)	22.2
	Time (years)	4.0
	Cost (% of estate)	10

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.

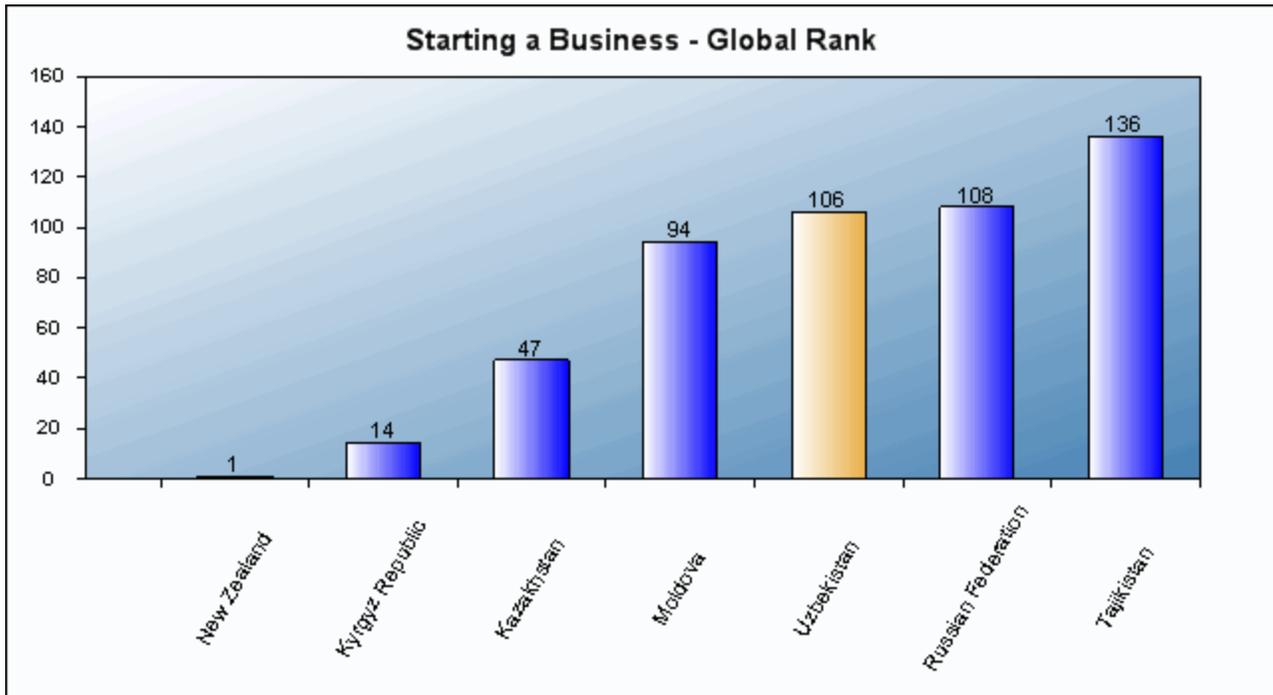
The business:

- 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:

Uzbekistan is ranked 106 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Uzbekistan	7	15	11.9	32.5

<i>Comparator Economies</i>				
Kazakhstan	6	19	1.0	0.0
Kyrgyz Republic	2	10	3.7	0.0
Moldova	8	10	10.9	11.9
Russian Federation	9	30	3.6	1.9
Tajikistan	8	27	36.9	8.5

* The following economies are also good practice economies for :

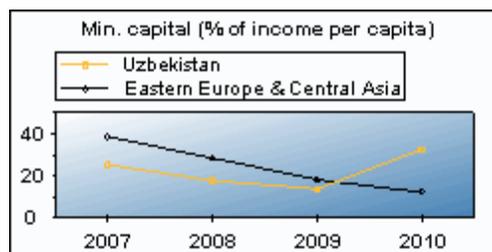
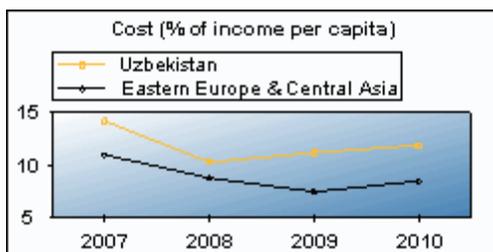
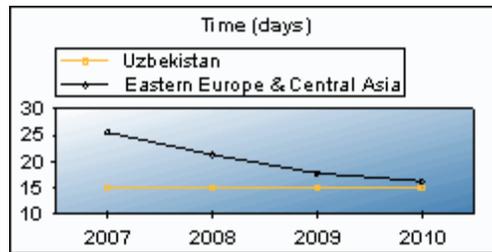
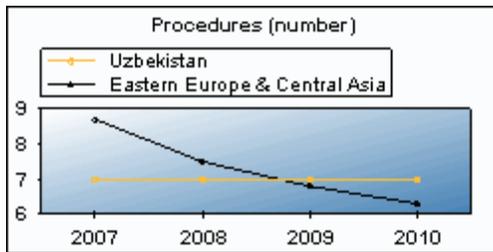
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in Uzbekistan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	106
Procedures (number)	7	7	7	7
Time (days)	15	15	15	15
Cost (% of income per capita)	14.2	10.3	11.2	11.9
Min. capital (% of income per capita)	25.3	17.7	13.8	32.5

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

STANDARDIZED COMPANY

Legal Form: Limited Liability Company

City: Tashkent

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certificate for company's name registration	3	no charge
2	Notarize the company's founding documents (two copies of the charter, articles of association)	1	UZS 52,752
3	Open a temporary bank account with a local bank and transfer 30% of each founder's contribution to the account; pay the registration fee	2	no charge
4	Register with the local authority (khokimiyat) and obtain the certificate of state registration	6	UZS 75,360
5	Make a company seal	1	UZS 40,000
6	Notarize samples of signatures of the company's general director and chief accountant, as well as a sample of the company's seal print	1	UZS 19,640
7	Open a permanent bank account with a local bank	1	UZS 18,840

Starting a Business Details - Uzbekistan

Procedure	1	Obtain a certificate for company's name registration
Time to complete:	3	
Cost to complete:	no charge	
Comment:	The local statistical authority issues the certificate on the company's name registration. This procedure is governed by the "Regulation on the Notification Procedures of the State Registration and Recording of Entrepreneurial Entities," introduced by Presidential Decree No. PP-357 (dated May 24, 2006, and effective September 1, 2006).	
Procedure	2	Notarize the company's founding documents (two copies of the charter, articles of association)
Time to complete:	1	
Cost to complete:	UZS 52,752	
Comment:	The notary must certify signatures on two sets of the original charter and on the original founding agreement. Notarization fees are generally calculated as a percentage of the minimum monthly wage. As of December 2009, the minimum monthly wage was UZS 37,680. Thus, the notary fees are set according to the fee schedule below. - Signature certification: UZS 3,768 per signature (10% of the minimum monthly wage). - Notarization of copy of founding document: UZS 754 per page (2% of the minimum monthly wage). Notarization of the lease agreement: 1% of the amount of the lease agreement. A lease agreement concluded for a period exceeding 1 year must be notarized, if the lease agreement is concluded for a lesser period, no notarization is required.	
Procedure	3	Open a temporary bank account with a local bank and transfer 30% of each founder's contribution to the account; pay the registration fee
Time to complete:	2	
Cost to complete:	no charge	
Comment:	To open a temporary bank account, the company must submit an application with a local bank and the company's founding documents, if required. The applicant must be duly authorized by the company founders. Before filing documents with the local authority (khokimiyat, or the Inspectorate for Registration of Entrepreneurial Entities) for state registration, all founders must transfer 30% of their respective contributions in cash to the company's temporary bank account. The registration fee must be fully paid to the local registering authority's bank account, and a receipt must be obtained.	
Procedure	4	Register with the local authority (khokimiyat) and obtain the certificate of state registration
Time to complete:	6	
Cost to complete:	UZS 75,360	
Comment:	In accordance with the Regulation "On the Notification Procedures of the State Registration and Recording of Entrepreneurial Entities", approved by Presidential Edict No.PP-357, dated 24 May 2006 (hereinafter the "Regulation of 24 May 2006"). The following documents must be submitted	

to the relevant local authority (khokimiyat):

- Two sets of the notarized original founding agreement and the company charter (in Uzbek).
- A standard application form, requesting the company's registration.
- The original company name registration certificate.
- Three samples of the company's corporate seal and stamp, as approved at the company's initial general meeting.
- A banking document, confirming registration fee payment.
- A banking document confirming that each company participant has made at least 30% of his or her respective contribution to the capital. - A document evidencing the company's postal address.

For the company's state registration, the local registering authority must verify the documents submitted. If the documents are satisfactory, the authority must : (i) the assignment to the LLC of a statistical code (according to the National Nomenclature of Enterprises and Organisations) and a taxpayer identification number; (ii) the execution of a permit for making a company seal; (iii) the input of data on the state registration of the LLC in the State Register of Legal Entities; and (iv) the issuance of certificate on the state registration of the LLC. After the LLC is registered, the local registering authority shall also provide the data on the registered LLC to the state statistics authorities, state tax authorities and internal affairs agencies at place of location of the LLC. In case the local registering authority finds the documents submitted for registration unsatisfactory, it shall make a decision on refusal to register the LLC and submit such decision to the applicant within 3 working hours of the time the documents were submitted for registration.

Upon issuing the company's official registration certificate, the registering agency must grant an original charter and foundation agreement with a registration note on the title page, along with all registration documents and permits filed with the one-stop system.

According to the Regulations of May 24, 2006, the state registration should be issued no more than 2 working days after the application has been filed. In practice, however, it can take up to 7 working days. After the third day after application submission, the local khokimiyat should disclose any noncompliant items and proceed with the one-stop company registration process.

With the adoption of Edict No.UP-3931, 2007 the amount of registration fee was reduced from 5 times the minimum monthly wage to 3 times the minimum monthly wage. The registration fee is UZS55,890 or three times the minimum monthly wage (5 x UZS 18, 630)

Procedure 5 Make a company seal

Time to complete: 1

Cost to complete: UZS 40,000

Comment: The company's seal must be made by a specialized seal-making company. The cost can vary between USZ 30,000 and UZS 50,000.

Procedure 6 Notarize samples of signatures of the company's general director and chief accountant, as well as a sample of the company's seal print

Time to complete: 1

Cost to complete: UZS 19,640

Comment: Before opening a permanent bank account, the company must obtain three signature specimen cards from the bank. The company's general director and chief accountant must sign the three separate cards before a notary. Two prints of the company's seal must be certified by the notary as well.

Procedure 7 Open a permanent bank account with a local bank

Time to complete: 1

Cost to complete: UZS 18,840

Comment:

To open any permanent bank account, the company must file the following with a local bank: (a) an application, specifying the company's address and the types of accounts to be opened; (b) a copy of the certificate of registration; and (c) the notarized signature specimen and the company's seal print.

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

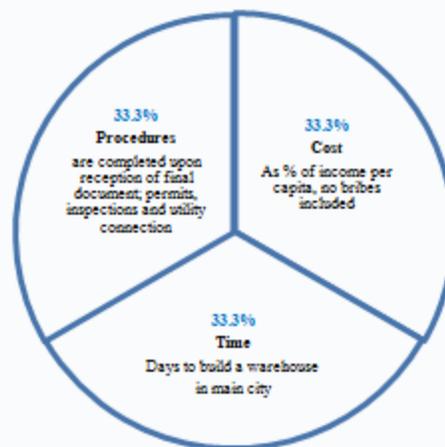
The warehouse:

- 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

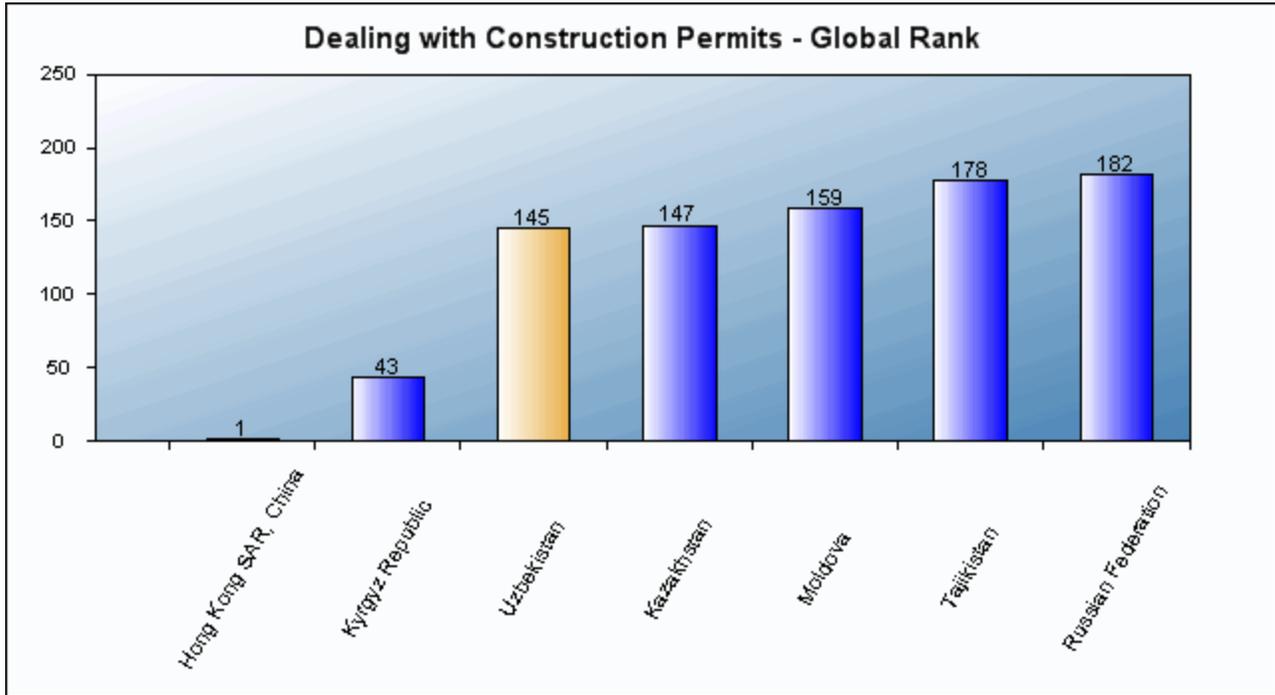
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Uzbekistan is ranked 145 overall for Dealing with Construction Permits.

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



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

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

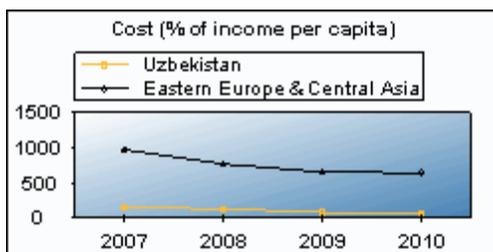
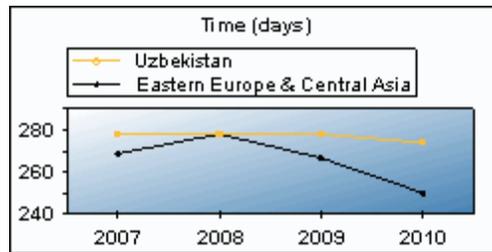
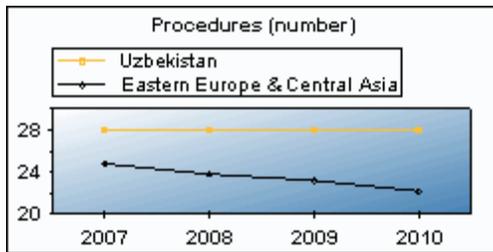
<i>Selected Economy</i>			
Uzbekistan	28	274	67.7

<i>Comparator Economies</i>			
Kazakhstan	34	219	119.8
Kyrgyz Republic	13	143	153.9
Moldova	30	292	120.9
Russian Federation	53	540	4141.0
Tajikistan	30	228	996.1

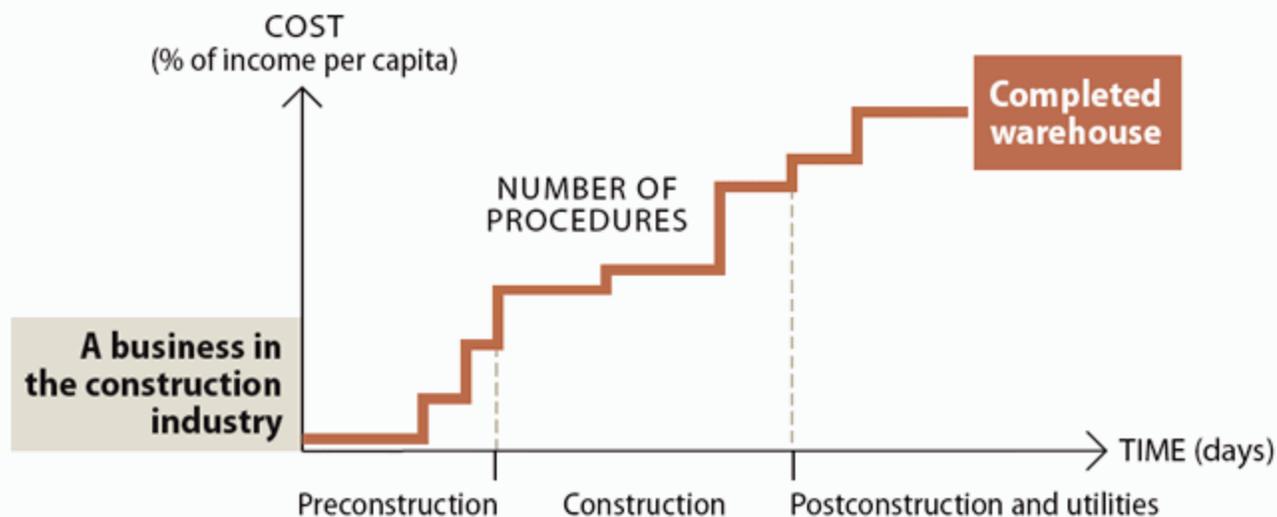
2. Historical data: Dealing with Construction Permits in Uzbekistan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	148	145
Procedures (number)	28	28	28	28
Time (days)	278	278	278	274
Cost (% of income per capita)	151.3	130.8	80.6	67.7

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

BUILDING A WAREHOUSE

City: Tashkent

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain land clearance from the district governor's office	30 days	UZS 392,291
2	Request and obtain certificate on registration of land plot	10 days	UZS 18,840
3 *	Request and receive terms for design in accordance with the engineering supply norms	5 days	no charge
4 *	Request and obtain technical terms for the connection to water and sewerage	10 days	no charge
5 *	Request and obtain developed geodesic topographic maps of land plot	25 days	no charge
6 *	Request and obtain architectural and technical objectives/ conditions	30 days	UZS 113,040
7 *	Obtain façade approval	14 days	UZS 37,680
8	Request and obtain state examination	45 days	UZS 113,040

9 *	Request ecological examination	20 days	UZS 37,680
10 *	Obtain ecological approval	60 days	UZS 37,680
11 *	Request and obtain sanitation clearance for the project	14 days	no charge
12 *	Request and obtain water protection clearance	14 days	no charge
13 *	Request and obtain project clearance from the local water and sewerage authority	14 days	no charge
14	Request and obtain construction permit from the local architecture and construction authorities	10 days	UZS 78,060
15	Request and register red line by the Main Department of Architecture and Construction	5 days	no charge
16 *	Registration with the State Architecture Supervision Authority	7 days	UZS 78,060
17	Receive inspection from the local branch of architecture and construction authority	1 day	no charge
18	Request electricity services	1 day	no charge
19 *	Receive inspection from the electricity authority	1 day	no charge
20 *	Connect to electricity services	5 days	no charge
21 *	Request water and sewerage service and connection	1 day	no charge
22 *	Receive water and sewerage inspection	1 day	no charge
23 *	Connect to water and sewerage services	5 days	no charge
24 *	Request and connect to fixed telephone line	30 days	UZS 39,990
25	Call and establish Working Commission and submit documents to the Commission	14 days	no charge
26	Receive inspection and obtain certificate of completion from Working Commission	7 days	no charge
27	Request and obtain certificate of acceptance from the local authority (Hokimat)	14 days	no charge
28	Register the new construction with the cadastre	30 days	UZS 3,768

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Uzbekistan

Procedure 1 Request and obtain land clearance from the district governor's office

Time to complete: 30 days

Cost to complete: UZS 392,291

Agency: District Governor's Office

Comment: BuildCo must obtain land allotment clearance, which is required for all new construction. BuildCo should attach to the application form a copy of the decision of the district/city mayor on land allotment, and submit these documents to the Inspectorate on Commercial Entities Registration. The Inspectorate on Commercial Entities Registration forwards the request to the Committee on Land Resources, the entity authorized to register and issue land licenses.

The application forms are filed with written details of the business plan and feasibility studies. This procedure is part of obtaining the architectural planning terms (APZ). The land allotment clearance permit is issued by the district governor's office. Although the fees are not authorized by law, they are charged in practice.

Procedure 2 Request and obtain certificate on registration of land plot

Time to complete: 10 days

Cost to complete: UZS 18,840

Agency: Local State Bodies

Comment: BuildCo should obtain a certificate of registration of land plot at relevant local state agencies. BuildCo must submit an application form, along with the ownership certificate, land plot estimation, and land plot cadastre plan. All documents except the application form are submitted in original. Local state agencies are not authorized to make any inspections, other than verifying that the documents are all properly filed. At this stage, BuildCo registers the land plot at the local state agencies, which is basis for obtaining land clearance.

The official time limit is 10 days. The cost is 50% of the minimum monthly wage (MMW).

Procedure 3 Request and receive terms for design in accordance with the engineering supply norms

Time to complete: 5 days

Cost to complete: no charge

Agency: Inspectorate

Comment: To obtain the terms for designing the building in accordance with engineering supply norms and regulations, the technical conditions for utility connections, and architectural planning terms, BuildCo submits a request to the Inspectorate. This request must be accompanied by a copy of the decision of the Hokim (the head of local government) on the land allotment clearance. The design terms, in parallel with the registration of land rights, are to be prepared by the Inspectorate staff within a day. However, in practice, doing so takes at least 5 days. In the meantime, if necessary, all calculations and estimates are confirmed with the applicant.

Procedure 4 Request and obtain technical terms for the connection to water and sewerage

Time to complete: 10 days

Cost to complete: no charge

Agency: Water and Sewerage Authority

Comment: BuildCo must obtain technical terms for the connection to the water and sewerage systems. The terms are necessary for preparing project documentation.

BuildCo must submit the following information to the local water and sewerage authority:

- For water: the load of water demand, the calculation of water height, and the expected date of commencement of water consumption.

- For sewerage: the calculation of sewage volume, qualitative composition of the sewage, specification of whether the any plans for internal treatment, and the expected date the sewerage system is to be put into operation.

There is no formal fee associated with this procedure. By law, this procedure should be completed in 3 business days. However, in practice, it takes 10 calendar days and is done in parallel with Procedure 3.

Procedure 5 Request and obtain developed geodesic topographic maps of land plot

Time to complete: 25 days

Cost to complete: no charge

Agency: Construction and Architecture Department

Comment: The construction and architecture department of the city must, within 18 working days, develop the geodesic/topographic map of the land plot through Main Department of Architecture and Construction. In Tashkent, the maps are developed by State Enterprise for Engineer and Geological Research (ГУП "ГИИИГГК") upon request of the Inspectorate. The technical conditions for connecting to utilities and the architectural planning terms (APZ) can be obtained in parallel with map development (Resolution No. 14 of the Cabinet of the Minister of Uzbekistan, as of February 6, 2006).

The schedule of fees is established by Resolution No. 357 (dated August 20, 2003), and the fee in the case considered here should be no more than 5 MMW. However, the President's Resolution #PP-1112, dated May 15, 2009 enacted from June 1, 2009 reduced the cost for this procedure by 40%.

Procedure 6 Request and obtain architectural and technical objectives/ conditions

Time to complete: 30 days

Cost to complete: UZS 113,040

Agency: Main Department of Architecture and Construction

Comment: Based on the terms for designing the building in accordance with engineering supply norms and regulations, the technical conditions, and the decision of the Hokimat on the land plot (all provided by the department on architecture and construction of the city), the Main Department of Architecture and Construction develops the architectural planning terms (APZ, parts I and II).

The fee is established by Resolution No. 357 (dated August 20, 2003) was set at no more than 20 MMW . However, the President's Resolution #PP-1112, dated May 15, 2009

enacted from June 1, 2009 reduced the cost for this procedure by 50%, i.e. only 10 MMW.

Procedure 7 Obtain façade approval

Time to complete:	14 days
Cost to complete:	UZS 37,680
Agency:	Department of Architecture and Construction
Comment:	The city's Department of Architecture and Construction has to clear the façades of all buildings. The procedure takes about 1-2 weeks. The committee meets up once a week; if the entrepreneur's file doesn't make to one week's meeting it will certainly be reviewed the week after.

Procedure 8 Request and obtain state examination

Time to complete:	45 days
Cost to complete:	UZS 113,040
Agency:	Territorial Inspection of State Architectural Building Supervision of the city of Tashkent
Comment:	<p>BuildCo must submit the construction plans for state examination. Apart from the project documentation, the documents must include all necessary approvals by the relevant agencies, such as fire safety, seismology, and the like, and the positive conclusion of the state ecological examination. The territorial Inspection of State Architectural Building Supervision of the city of Tashkent issues the expert conclusion. Once the application is submitted, in practice, the company itself must contact all authorities where expertise clearance is sought.</p> <p>The official time-limit is 7 days, however in practice takes 45 days.</p> <p>The extra-departmental examination of Territorial Authority of the Main Department of State is forwarded to the State Committee on Architecture and Construction of the Republic of Uzbekistan. The cost related to all documents should be no more than 10 MMW. However, the President's Resolution #PP-1112, dated May 15, 2009 enacted from June 1, 2009 reduced the cost for this procedure to 3 MMW.</p>

Procedure 9 Request ecological examination

Time to complete:	20 days
Cost to complete:	UZS 37,680
Agency:	State Ecological Examination body of the Committee on Protection of Nature of the city of Tashkent
Comment:	<p>BuildCo should submit the project and pre-project documentation for ecological examination. The State Ecological Examination body of the Committee on the Protection of Nature of the city of Tashkent will issue the conclusion of the ecological examination. This document is necessary for subsequent submission to the territorial Inspection of State Architectural Building Supervision of the city of Tashkent and to the servicing bank (to allow financing).</p> <p>According to Resolution No. 491 (dated April 1, 2005), the cost falls into the price range for the category of difficulty IV and is therefore equivalent to 3 MMW. However, the President's Resolution #PP-1112, dated May 15, 2009 enacted from June 1, 2009 reduced the cost for this category to 1 MMW. By law, this procedure should take 10 working days. However, in practice, it takes longer.</p>

Procedure 10 Obtain ecological approval

Time to complete: 60 days

Cost to complete: UZS 37,680

Agency: State Ecological Examination body of the Committee on Protection of Nature of the city of Tashkent

Comment: BuildCo will most likely receive an inspection from State Ecological Examination Authority before the conclusion is issued.

The documents that must be filed to obtain the clearance are the general plan, the engineering networks plans, and the utility connections shown in the design documentation. The cost is 1 MMW.

Procedure 11 Request and obtain sanitation clearance for the project

Time to complete: 14 days

Cost to complete: no charge

Agency: State Sanitation and Epidemic Supervision Authority

Comment: BuildCo must obtain project clearance from the state sanitation and epidemic supervision authority.

Procedure 12 Request and obtain water protection clearance

Time to complete: 14 days

Cost to complete: no charge

Agency: Water Resources Authority

Comment: BuildCo must obtain a conclusion from the Water Resources Authority. BuildCo must submit information concerning water quality, chemical mixture of subsoil waters, and hydro-geological terms and conditions of ponds and so forth.

Procedure 13 Request and obtain project clearance from the local water and sewerage authority

Time to complete: 14 days

Cost to complete: no charge

Agency: Water and Sewerage Authority

Comment: BuildCo must obtain project clearance from the local water and sewerage authority. This authority checks whether the project and other relevant documentation conform to construction rules and technical terms. BuildCo enters into a contract with the local water and sewerage authority on technical supervision of the construction.

Procedure 14 Request and obtain construction permit from the local architecture and construction authorities

Time to complete: 10 days

Cost to complete: UZS 78,060

Agency: Local branch of the Architecture and Construction Authority

Comment: The permit for construction works is issued by the local branch of the architecture and construction authority. Although the permit should be issued within 5 days, in practice it takes longer.

An inspector from the local branch of the architecture and construction authority undertakes oversight of the construction. There is no permit application fee. However, for the oversight/inspection phase, the company enters into a contract with the authority at a cost of 0.03% of the value of the warehouse.

The company must submit the following documents:

- Application form.
- Positive evaluation summary from the public examination bodies on the working project.
- Copy of the general plan and elevations of the building approved by the architectural bodies, or the protocol of the Town-Planning Council of the Main Department on Architecture and Construction of the city of Tashkent.
- Address list of construction sites.

The Inspectorate registers the construction project and issues the building permit. BuildCo starts construction of the warehouse and notifies the Inspectorate of the commencement of works within a month of receiving the building permit.

Procedure 15 Request and register red line by the Main Department of Architecture and Construction

Time to complete: 5 days

Cost to complete: no charge

Agency: Main Department for Construction and Architecture

Comment: After the building permit has been obtained, the company provides the Main Department for Construction and Architecture with a copy of the Hokim's decision on the land plot, the architectural planning terms (APZ, part II), and project estimates of utility connections, which are then drawn on the red lines.

Depending on the documents provided, this procedure may be cleared within 2 days.

Procedure 16 Registration with the State Architecture Supervision Authority

Time to complete: 7 days

Cost to complete: UZS 78,060

Agency: State Architecture Supervision Authority

Comment: BuildCo needs to register the State Architecture Supervision Authority (Gos-StoyNadzor) of the commencement of the construction. This procedure is not free of charge: according to the paragraph 63 of the Resolution #357, the fee is negotiable but cannot be more than 0.03% of the construction work.

Procedure 17 Receive inspection from the local branch of architecture and construction authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Local branch of the Architecture and Construction Authority

Comment: Inspection is carried out by the local branch of the architecture and construction authority.

Procedure 18 Request electricity services

Time to complete: 1 day

Cost to complete: no charge

Agency: Uzenergonadzor

Comment: There is no fee associated with the request for electricity service. The authority will start charging only after the first month of service after the connection is made.

The name of the Agency is "Uzenergonadzor" and the time-frame for this procedure is 3 days, stipulated by internal statutes, point 8, registered by Ministry of Justice No. 1454. The application should include: application and copy certificate of registration of the Company as commercial enterprise

Procedure 19 Receive inspection from the electricity authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Uzenergonadzor

Comment:

Procedure 20 Connect to electricity services

Time to complete: 5 days

Cost to complete: no charge

Agency: Uzenergonadzor

Comment:

Procedure 21 Request water and sewerage service and connection

Time to complete: 1 day

Cost to complete: no charge

Agency: Water and Sewerage Authority

Comment:

Procedure 22 Receive water and sewerage inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Water and Sewerage Authority
Comment:

Procedure 23 Connect to water and sewerage services

Time to complete: 5 days
Cost to complete: no charge
Agency: Water and Sewerage Authority
Comment:

Procedure 24 Request and connect to fixed telephone line

Time to complete: 30 days
Cost to complete: UZS 39,990
Agency: Uzbek telecom
Comment: The cost of the phone connection slightly decreased in August 2009 according to the Price list №125-1/1 approved by General Director of Uzbek agency of communication and informatization. It states that for the legal bodies the connection fee is set as UZS 39,990 beginning from the 1st August 2009.

Procedure 25 Call and establish Working Commission and submit documents to the Commission

Time to complete: 14 days
Cost to complete: no charge
Agency: Working Commission
Comment: After completion of the construction works, BuildCo requests the creation of a Working Commission composed of the representatives of district architects, the sanitation supervision authority, the state fire supervision authority, the ministry on emergency situations, the city committee on nature protection, and others.
The timeframe under the Construction rules, registered by Ministry of Justice No.545, for establishing Working Commission is 5 working days. However, in practice it takes 14 days, as the Commission only meets once every two weeks and in case the file doesn't make it to the first meeting, it would almost certainly be reviewed at the second one.
BuildCo must submit the following documents to the Working Commission:
- The list of organizations that participated in the building and construction works, along with the type of work done by these organizations, the family names of the responsible engineers and technical employees.
- The full set of design drawings of the property developed by the project organizations.
- Certificates, technical passports, and other documents certifying the quality and safety of the materials, constructions, and details used in the building and construction works.
- Other relevant documents.

Procedure 26 Receive inspection and obtain certificate of completion from Working Commission

Time to complete:

7 days

Cost to complete:

no charge

Agency:

Working Commission

Comment:

After the inspection, an act of acceptance is drafted and endorsed by all members in no more than 5 working days.

The Working Commission will inspect, among other things:

- The compliance of the building and construction works with the requirements on labor protection, fire safety, environment protection, and its prevention of human-caused emergency situations, and so forth.
- The separate constructions and units of the warehouse.

If its findings are favorable, the commission then accepts the construction for subsequent presentation to the State Acceptance Board.

The Working Commission issues the following:

- The certificate of allowable concentration of radon in the completed constructions.
- The certificate of acceptance of the temporary buildings and constructions.
- The certificate of readiness of the construction for presentation to the State Acceptance Board.

Procedure 27 Request and obtain certificate of acceptance from the local authority (Hokimat)

Time to complete:

14 days

Cost to complete:

no charge

Agency:

Hokimat

Comment:

The Hokim (the head of local government) decides whether to approve the Working Commission's act of acceptance within 2 days. However, in practice, this takes longer. There is no fee involved. The decision of Hokim is further needed for registering the building with the cadastre authorities.

BuildCo should submit to the State Acceptance Board, among other documents, the following documents:

- The certificate on elimination of defects brought to light by the Working Commission.
- The approved project and estimate documentation.
- The list of project and research organizations that participated in construction.
- Other relevant documents.

Procedure 28 Register the new construction with the cadastre

Time to complete:

30 days

Cost to complete:

UZS 3,768

Agency:

Cadastre

Comment:

BuildCo must register the new construction with the real estate cadastre of the relevant district of the city of Tashkent. The registration should take no more than a day. However, in practice, because of the large volume of requests, this takes up to 30 days. The registration cost is 50% of MMW for legal entities. However, the President's Resolution

#PP-1112, dated May 15, 2009 enacted from June 1, 2009 reduced the cost for this procedure by another 40%. So it remains at only 10% of MMW.

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)

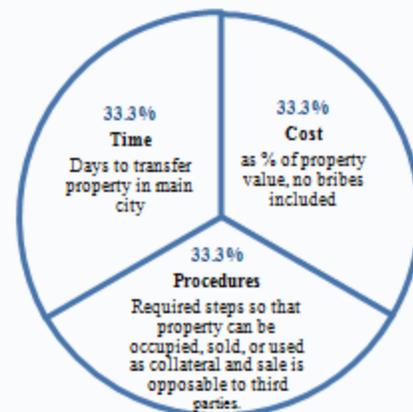
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

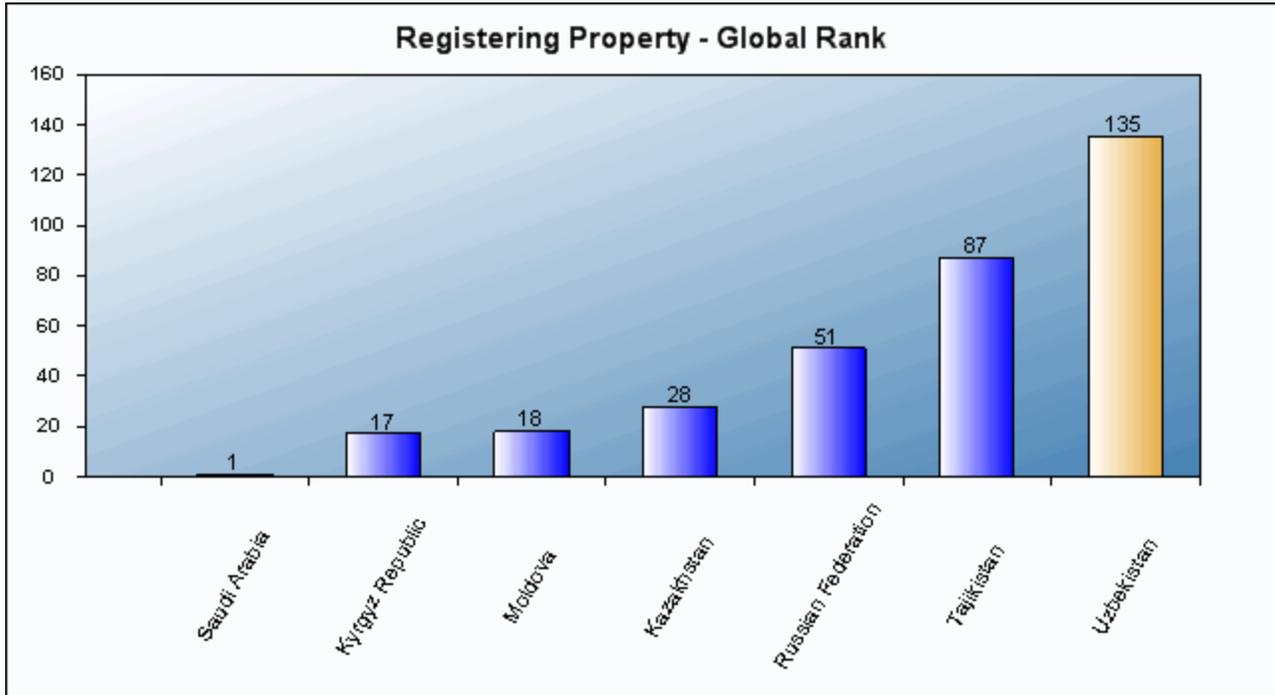
The property (fully owned by the seller):

- 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:

Uzbekistan is ranked 135 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Uzbekistan	12	78	1.2

<i>Comparator Economies</i>			
Kazakhstan	4	40	0.1
Kyrgyz Republic	4	5	2.3
Moldova	5	5	0.9
Russian Federation	6	43	0.1
Tajikistan	6	37	5.5

* The following economies are also good practice economies for :

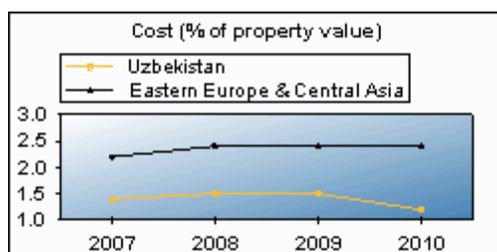
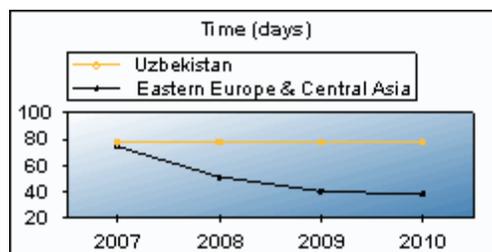
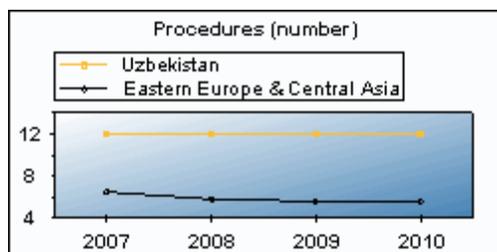
Procedures (number): United Arab Emirates

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

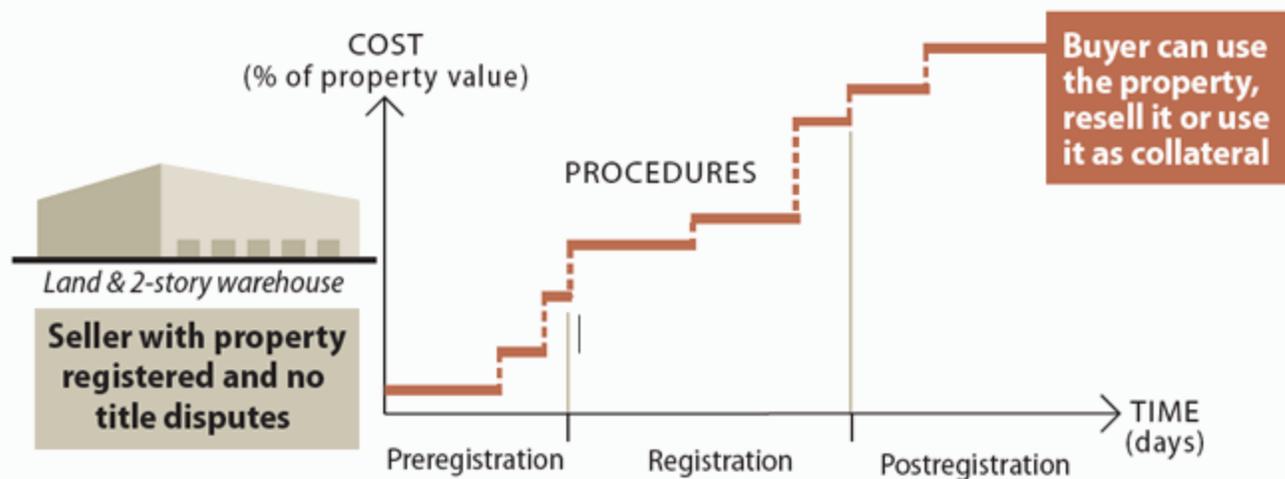
2. Historical data: Registering Property in Uzbekistan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	136	135
Procedures (number)	12	12	12	12
Time (days)	78	78	78	78
Cost (% of property value)	1.4	1.5	1.5	1.2

3. The following graphs illustrate the Registering Property sub indicators in Uzbekistan 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 Uzbekistan.

STANDARDIZED PROPERTY

Property Value: 86,877,515.55

City: Tashkent

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Payment of registration fees, state fees and notarization costs at a commercial bank	1 day	2% minimum wage per square meter of surface area of the property (notarization of sale agreement and state fees) + UZS 14,020 (a half of the minimum monthly wage) as registration fee
2	Notarization of the sale agreement and foundation documents of seller and buyer	1 day	5 % of the minimum monthly wage for each page of the foundation (4 documents (total 60 pages) – UZS 84,120)
3	Seller applies for the reference about real property at the Cadastral Service office of the city district municipality	1 day	Already paid in Procedure 1
4	Inspection of the property to determine its cadastral value	About 7 days	UZS 60,000-80,000

5	Obtain the signature of the cadastral map/plan by every neighbor	3 days	Already included in Procedure 4
6	The Registration Office issues a registration certificate for building ownership	40 days	Already paid
7	Buyer pays the registration fee at a commercial bank	1 day	Already paid in procedure 1
8	Buyer applies for registration at the Registration Office	1 day	Already paid in Procedure 7
9	Second inspection of the property to check consistency of cadastral map/plan, if needed	7 days	UZS 24,000 – 32,000
10	Obtain the signature of the cadastral map/plan by every neighbor, if it is needed	3 days	Already included in Procedure 9
11	The Registration Office issues a registration certificate with the name of the buyer	10 days	Already paid
12	Submit the cadastral package to the local tax authorities	2-3 days	no cost

Registering Property Details - Uzbekistan

Procedure	1	Payment of registration fees, state fees and notarization costs at a commercial bank
Time to complete:	1 day	
Cost to complete:	2% minimum wage per square meter of surface area of the property (notarization of sale agreement and state fees) + UZS 14,020 (a half of the minimum monthly wage) as registration fee	
Agency:	Commercial Bank	
Comment:	The state fee is paid to the settlement account of the cadastral services through a bank. The cost of notarization is paid to the state budget and a part of it (approximately 20% or more) is paid to the notary. Note that the current monthly wage is UZS 28,040, and the surface area is 557.4 m2 (land) plus 929 m2 (building). The seller pays the registration fee before applying at the Cadastral Service office.	
Procedure	2	Notarization of the sale agreement and foundation documents of seller and buyer
Time to complete:	1 day	
Cost to complete:	5 % of the minimum monthly wage for each page of the foundation (4 documents (total 60 pages) – UZS 84,120)	
Agency:	Public or Private Notary	
Comment:	<p>The sale agreement is notarized by a public or private notary. To notarize the sale agreement it is usually required to produce the original certificate of title registration. There is no legal requirement for the contract of sale of building and land plot to be prepared by a lawyer. The parties may prepare the contract themselves or use a model contract of sale. However, under the Uzbek legislation all economic contracts with the cost exceeding 200 minimum monthly wages(1) shall be concluded only after issuance of lawyer's Legal Opinion on the contract. The legal opinion shall be made either by an in-house lawyer or by an advocate. The buyer and the seller sign and seal the sale contract. The buyer will need to take later the sale agreement signed and sealed by both parties for state registration of the transfer of title. Then, the buyer and the seller shall sign the acceptance report. There is no standard or specific form established for the acceptance report. According to the Civil Code, the parties shall sign an acceptance report or any other document on the transfer of real property from the seller to the buyer. The companies may use a lawyer to prepare the acceptance report that might charge between UZS 10,000 and 30,000.</p> <p>At the same time, the notary will notarize the copies of Foundation documents (in the case of a limited liability company these would be Charter and Foundation Agreement) of the seller and the buyer. The originals of the foundation documents shall be presented to notary. The notary shall make copies out of original documents and notarize them. (1)For 2009, the MMW is 28,040 Soum.</p>	
Procedure	3	Seller applies for the reference about real property at the Cadastral Service office of the city district municipality
Time to complete:	1 day	
Cost to complete:	Already paid in Procedure 1	
Agency:	Cadastral Service Office	

Comment: The seller has to obtain the cadastral packages of documents issued in his name. Separate Cadastral Registration certificates are given for buildings and land because there are two separate state registers of property in Uzbekistan: land register and building register. The Land Code acknowledges the state as the only owner of land in Uzbekistan, except for in cases envisaged by the law. The seller files an application with the City (District) Cadastral Service. The documentation shall include:

- Sale agreement (when purchased) which should be notarized or registered at the Real Estate Market, or State Order on privatization of property from the state issued by city municipality stating the value of property, or City Major's resolution on acknowledging the property rights of the Seller (obtained in Procedure 2)
- Cadastral map/plan (already in his possession)
- Notarized copies of the seller's constituent acts (Articles of Incorporation, Founding Charter, State Registration Certificate issued by city district municipality) (notarized in Procedure 2)
- Bank receipt confirming payment of registration fee (obtained in Procedure 1)

Procedure 4 Inspection of the property to determine its cadastral value

Time to complete: About 7 days

Cost to complete: UZS 60,000-80,000

Agency: Cadastral Service Office

Comment: A land surveyor of the Cadastral Service of the municipality must go and verify the property to determine its cadastral value and update the cadastral map/plan. Every neighbor of the property has to sign and seal, if possible, the cadastral map/plan in order to avoid further border disputes. In case of new constructions, the land surveyor has to perform all the measurement works (geodesy), draw a cadastral map/plan and determine the cadastral value of the property allocated by the City Major's resolution.

Procedure 5 Obtain the signature of the cadastral map/plan by every neighbor

Time to complete: 3 days

Cost to complete: Already included in Procedure 4

Comment: Every neighbor of the property has to sign and seal, if possible, the cadastral map/plan in order to avoid further border disputes. The land surveyor usually asks the seller to be present when neighbors sign and seal the cadastral map/plan.

Procedure 6 The Registration Office issues a registration certificate for building ownership

Time to complete: 40 days

Cost to complete: Already paid

Agency: Registration Office

Comment: The seller's application is reviewed by the registrar at the Registration Office. After the application is reviewed, the Registration Office issues a registration certificate for building ownership and the same for land lease (the seller receives the reference about real property non-encumbrances). While transfer the rights, the certificates about registration of rights for land parcel, building/construction, issued to seller, are exempted and the buyer is given a new one for his name.

Procedure 7 Buyer pays the registration fee at a commercial bank

Time to complete:	1 day
Cost to complete:	Already paid in procedure 1
Agency:	Commercial Bank
Comment:	The registration fee (amounting to half of the Minimum Monthly Wage, i.e. = UZS 14,020) shall be paid by the buyer to the account of the Registering Office for registration of transfer of the property rights in the real estate. The payment shall be made prior to the application for registration. The buyer will need to provide the Registering Office with the document confirming payment of the registration fee (payment receipt).

Procedure 8 Buyer applies for registration at the Registration Office

Time to complete:	1 day
Cost to complete:	Already paid in Procedure 7
Agency:	Registration Office - Department of Land Resources and State Cadastre - City of Tashkent
Comment:	<p>The buyer shall apply to the District (City) Registration Office (in this case this would be the service of corresponding Registration Office of the Department of Land Resources and State Cadastre of the city of Tashkent) for state registration of the transfer of title. He should produce the original sale agreement as well as the other documents required.</p> <p>The right to own land is very limited in Uzbekistan. The overwhelming majority of legal entities in the city of Tashkent hold land plots under lease. The rest of them have either permanent use right or (very few) ownership right to land plots.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none">Sale agreementBank certificate of payment received by seller under the Sale AgreementReport of Property Acceptance (Prepared in Procedure 2)Seller's cadastral package of documents (obtained after Procedure 6)Application (in the established form) <p>The cadastral documents (files) on the land and the building (These documents should be in possession of the buyer) Each cadastral document contains a certificate of right of the Seller to the building/land plot</p> <p>The inventory (cadastral) plans of the land and the building (These documents should be in possession of the Buyer)</p> <p>The notarized copies of foundation documents (in case of Limited Liability Company these are Charter and Foundation Agreement) of the seller and the buyer or other documents providing the persons signing the sale contract with power to do so on behalf of the seller/buyer (e.g. power of attorney) (obtained in Procedure 2)</p> <p>The contract of lease of land plot between the seller and the Khokimiyat (Local Government) of the city of Tashkent;</p> <p>The document establishing right of ownership to the building. This would be most likely one of the following: Decision of Khokim (the head of local administration/municipality) on recognition of the ownership right, Order of ownership, sale contract concluded with the BTI (Bureau of Technical Inventarization). This document is not compulsory for submission after first registration, however usually this document must be in possession of owner of building.</p> <p>Bank receipt confirming payment of registration fee (obtained in Procedure 7)</p>

Procedure 9 Second inspection of the property to check consistency of cadastral map/plan, if needed**Time to complete:** 7 days**Cost to complete:** UZS 24,000 – 32,000**Agency:** Cadastral Service Office

Comment: A land surveyor of the Cadastral Service of the municipality must go and verify the property to determine its cadastral value and prepare a cadastral map/plan. The difference with Procedure 4 is that the land surveyor has to go and verify that the property still corresponds to the cadastral map/plan and the cadastral value, and the borders have not been unofficially moved.

Procedure 10 Obtain the signature of the cadastral map/plan by every neighbor, if it is needed**Time to complete:** 3 days**Cost to complete:** Already included in Procedure 9

Comment: Every neighbor of the property has to sign and seal the cadastral map/plan in order to avoid further border disputes. The architect usually asks the seller to be present when neighbors sign and seal, if possible, the cadastral map/plan.

Procedure 11 The Registration Office issues a registration certificate with the name of the buyer**Time to complete:** 10 days**Cost to complete:** Already paid**Agency:** Registration Office

Comment: The buyer's application is reviewed by the Registration Office. The Registrar inspects the authenticity of the presented documents, including verification through the database and makes a decision about registration, registers in the cadastral book (computer), and issues the certificate about title registration to the new owner. The District (City) Registration Office shall enter the corresponding alterations into the District (City) land-cadastral Book, the District (City) cadastral Book (of the buildings and constructions) and the cadastral documents (cadastral file of the building; the cadastral file of land plot; cadastral plan of the building and the cadastral plan of the land plot). The Registration Office shall terminate the certificates of registration of the property issued to the seller, the lease contract (on the land plot) with the previous lessee (the seller) and provide conclusion of the contract of lease with the new lessee (the buyer). After the registration, the following documents shall be tendered to the Buyer by the Registry (cadastral package):

- (1) cadastral document (file) of the building (with the new certificate of registration of right of ownership to the building);
- (2) cadastral document (file) of the land plot (with the certificate of registration of the right of lease to the land plot);
- (3) cadastral plan of the building;
- (4) cadastral plan of the land plot;
- (5) the lease contract on the land plot between the new lessee (the buyer) and the Khokimiyat (Local Government) of the city of Tashkent;
- (6) the document (original) establishing right of ownership to the building (the one submitted to the Registry) with alterations made as regards the name of the owner provided it was submitted to the Registry.

Procedure 12 **Submit the cadastral package to the local tax authorities**

Time to complete: 2-3 days

Cost to complete: no cost

Agency: Local Tax Authorities

Comment: Buyer submits the copy of Cadastral package to local tax authorities in order to update the land and property taxation records to the new owner's name.

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

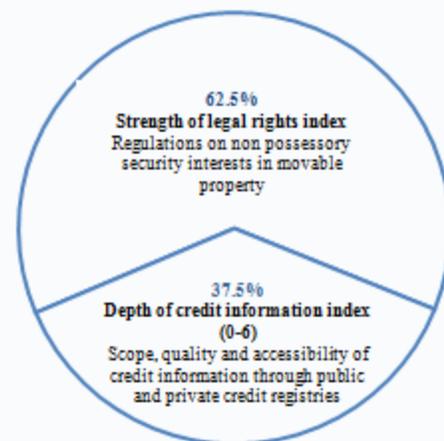
Public credit registry coverage (% of adults)

- 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)

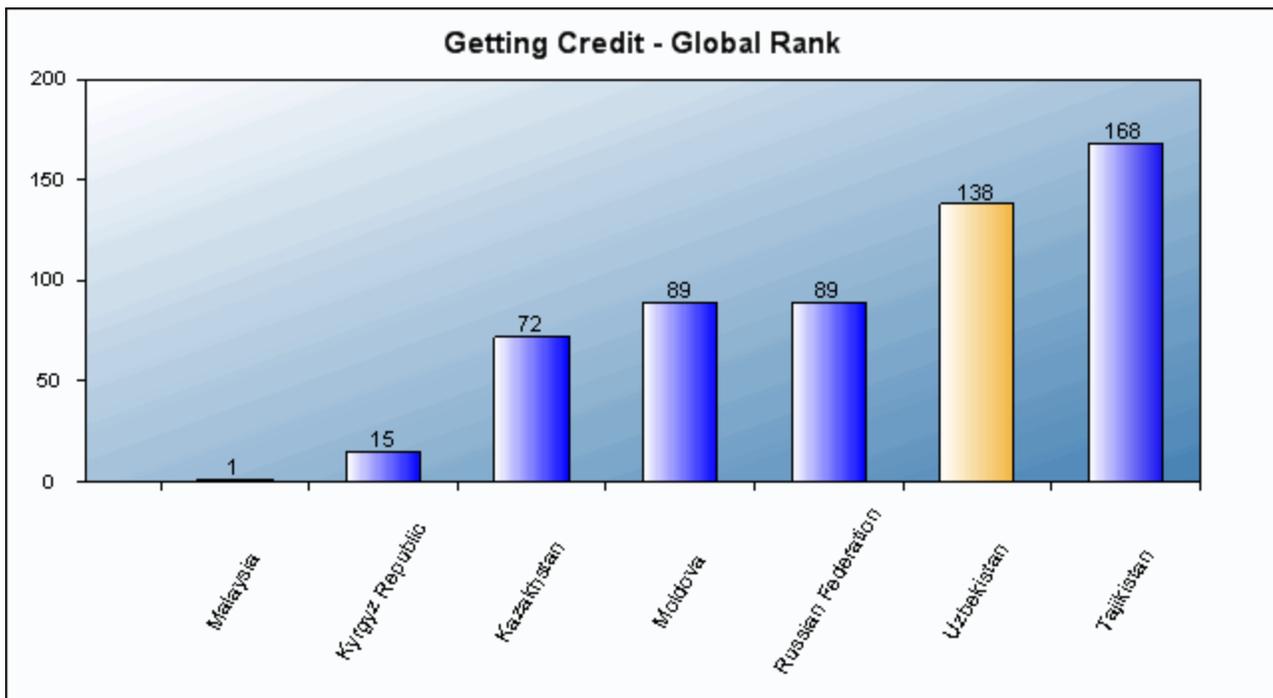
The Debtor

- 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:

Uzbekistan is ranked 138 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Uzbekistan	2	3	4.5	3.3

<i>Comparator Economies</i>				
Kazakhstan	4	5	0.0	29.9
Kyrgyz Republic	10	3	0.0	11.9
Moldova	8	0	0.0	0.0
Russian Federation	3	5	0.0	14.4
Tajikistan	3	0	0.0	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

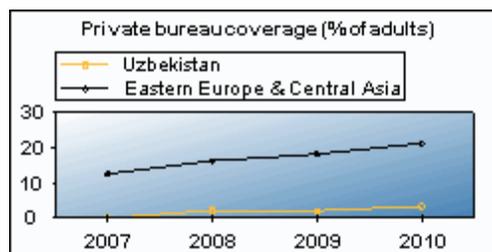
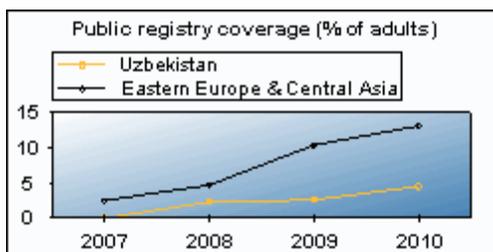
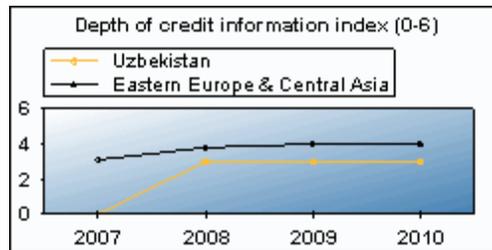
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

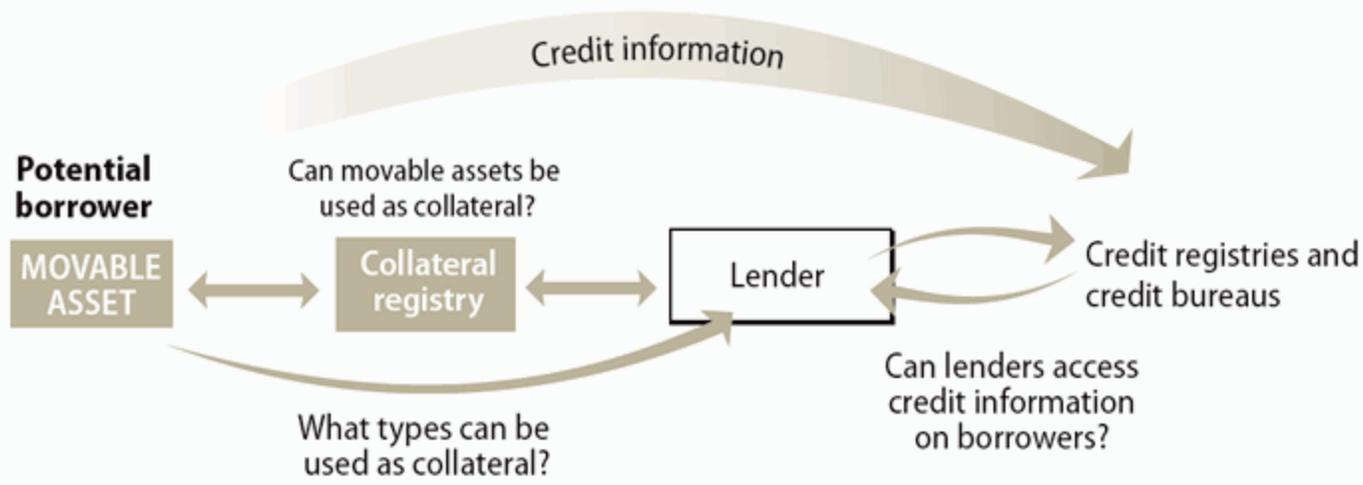
2. Historical data: Getting Credit in Uzbekistan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	135	138
Strength of legal rights index (0-10)	2	2	2	2
Depth of credit information index (0-6)	0	3	3	3
Private bureau coverage (% of adults)	0.0	2.2	2.1	3.3
Public registry coverage (% of adults)	0.0	2.3	2.6	4.5

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	3.3	4.5	
Number of individuals	223,947	519,237	
Number of firms	417,526	345,424	

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 ?	No
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?	Yes

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

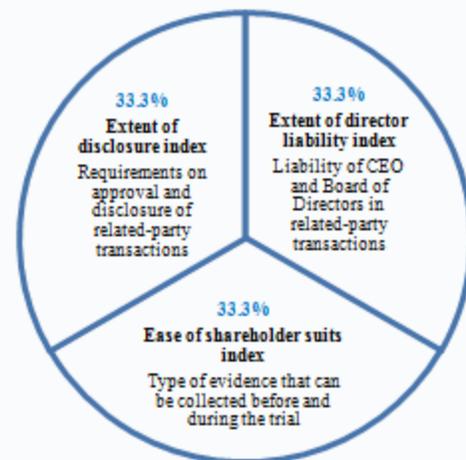
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

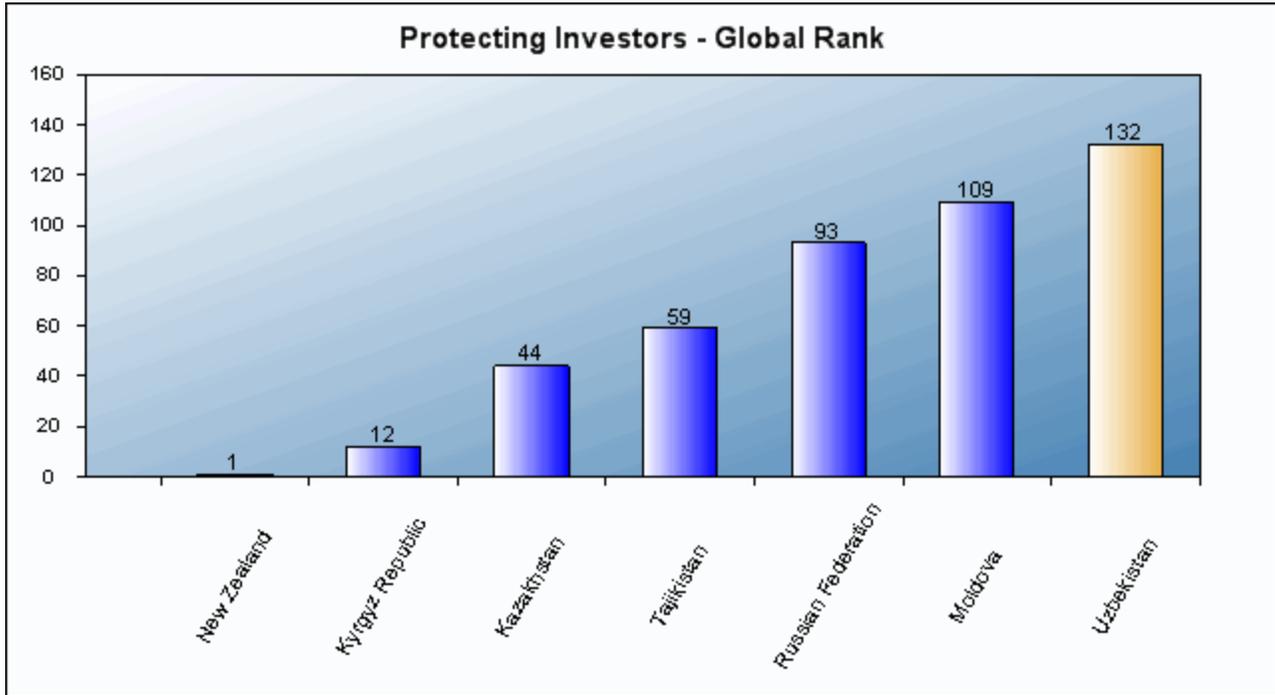
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Uzbekistan is ranked 132 overall for Protecting Investors.

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



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

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

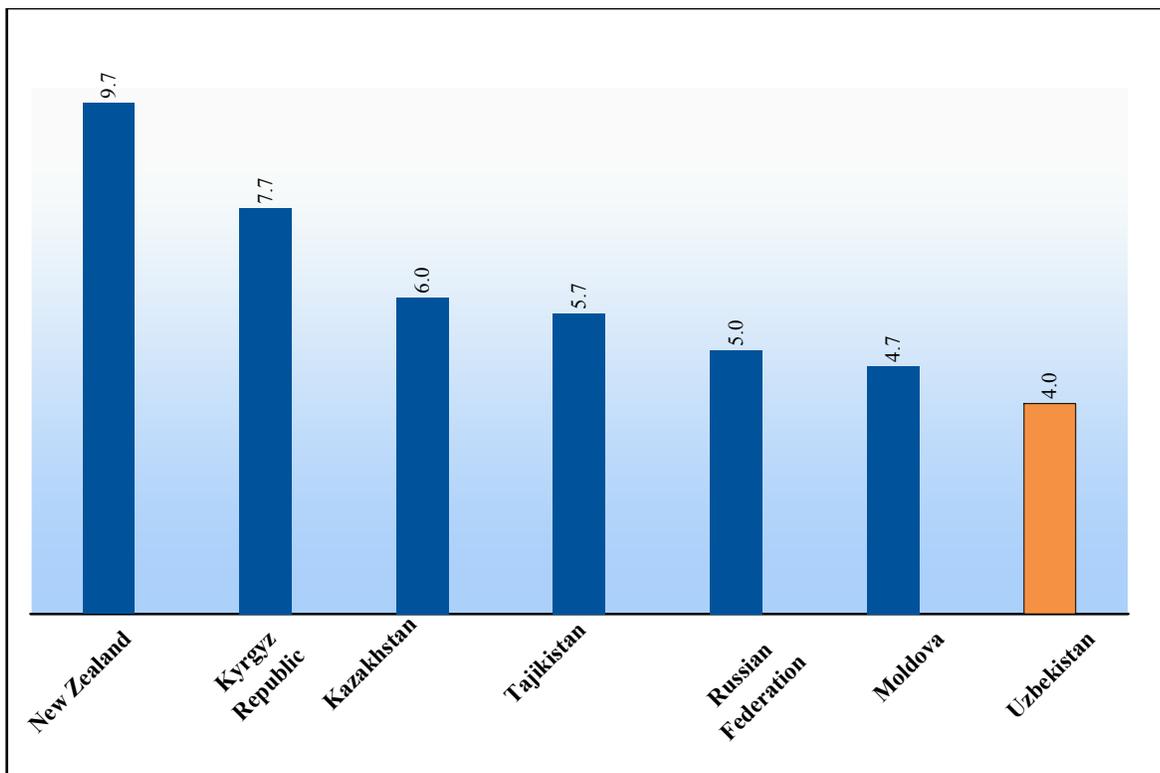
<i>Selected Economy</i>	
Uzbekistan	4.0

<i>Comparator Economies</i>	
Kazakhstan	6.0
Kyrgyz Republic	7.7
Moldova	4.7
Russian Federation	5.0
Tajikistan	5.7

2. Historical data: Protecting Investors in Uzbekistan

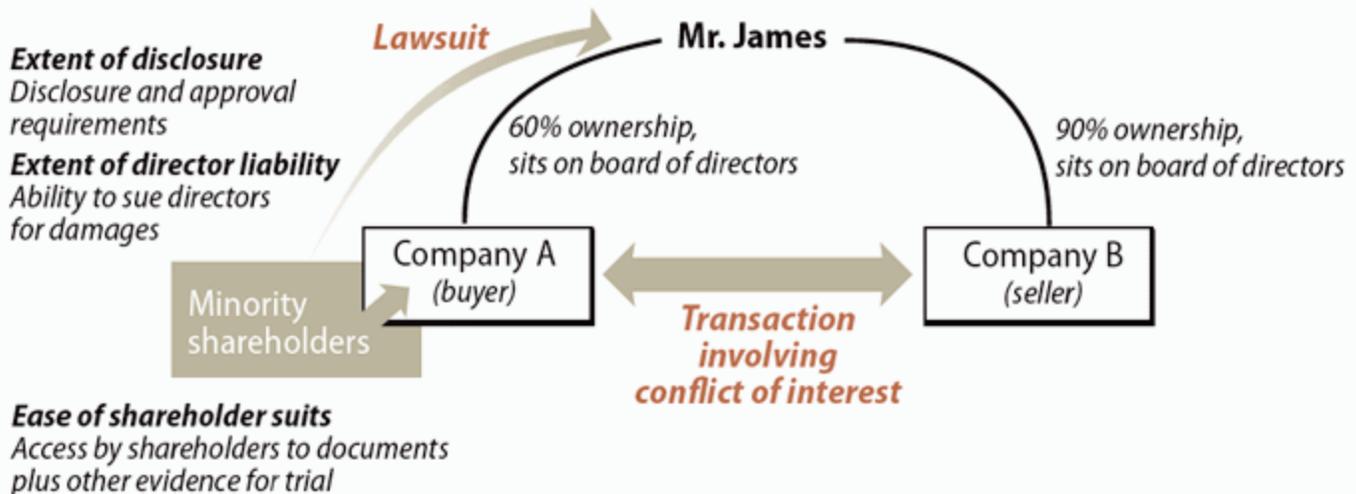
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	132
Strength of investor protection index (0-10)	4.0	4.0	4.0	4.0

3. The following graph illustrates the Protecting Investors index in Uzbekistan 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 Uzbekistan.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	4
What corporate body provides legally sufficient approval for the transaction?	3
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?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	1
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
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?	0
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?	0

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
Ease of shareholder suits index (0-10)	7
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?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	4.0

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)

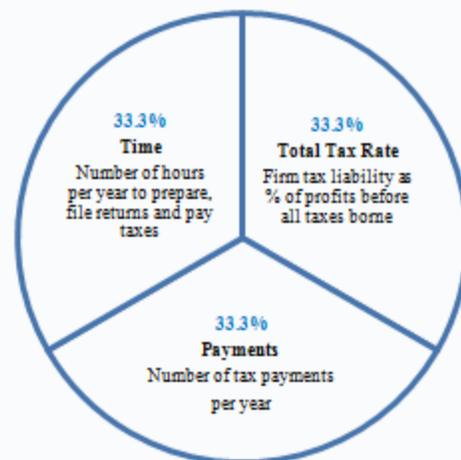
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



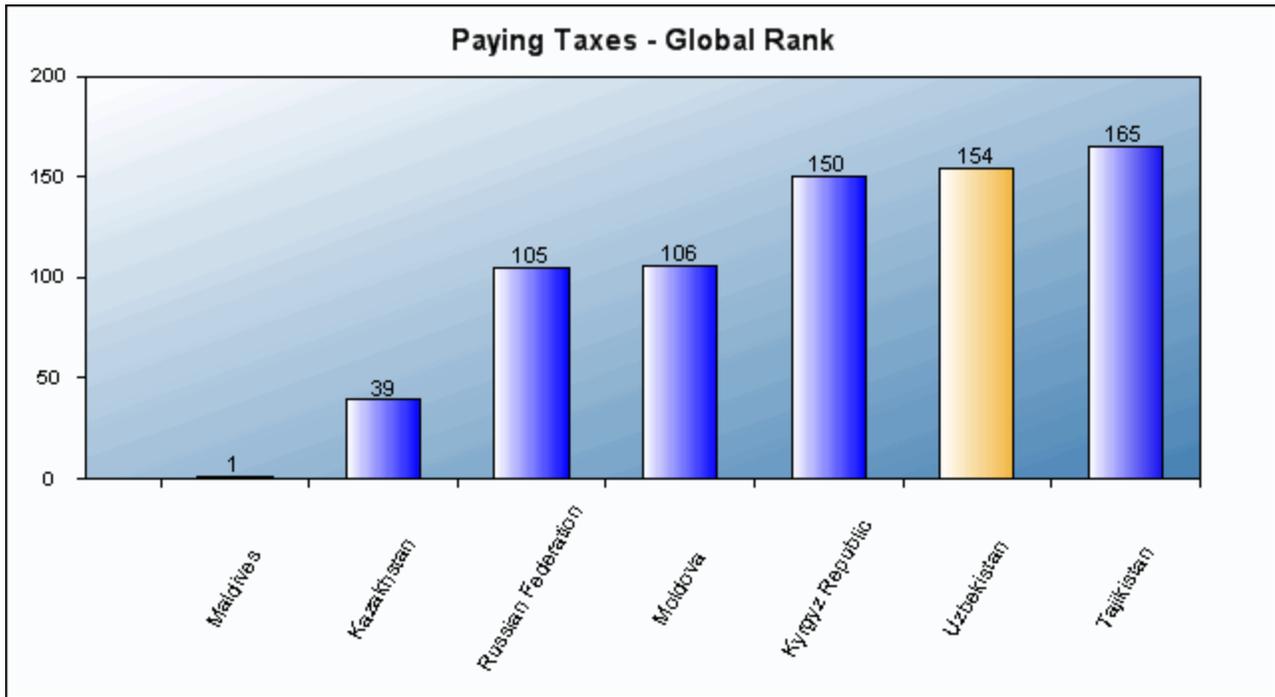
Case Study Assumptions

- 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:

Uzbekistan is ranked 154 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Uzbekistan	44	205	95.6

<i>Comparator Economies</i>			
Kazakhstan	9	271	29.6
Kyrgyz Republic	48	202	57.2
Moldova	48	228	30.9
Russian Federation	11	320	46.5
Tajikistan	54	224	86.0

* The following economies are also good practice economies for :

Payments (number per year): Qatar

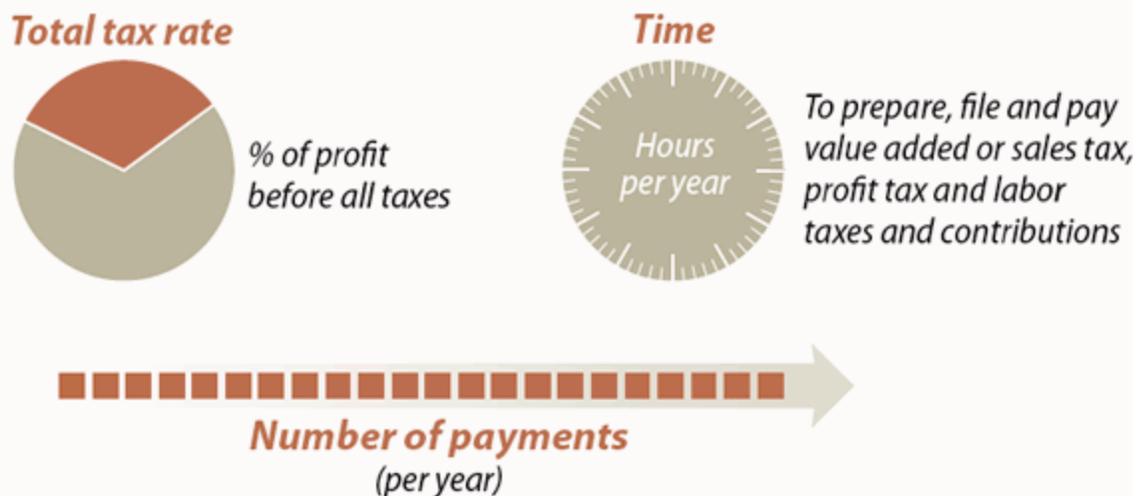
2. Historical data: Paying Taxes in Uzbekistan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	152	154
Total tax rate (% profit)	90.3	89.8	94.8	95.6
Payments (number per year)	44	44	44	44
Time (hours per year)	196	205	205	205

3. The following graphs illustrate the Paying Taxes sub indicators in Uzbekistan 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 Uzbekistan, 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
Water tax	4			various rates	water consumption		
Value added tax (VAT)	4		58	20.0%	value added		
Tax on interest	0	withheld		10.0%	interest income	0.30	
Infrastructure development tax	4			8.0%	taxable income after corporate income tax	0.70	
Corporate income tax	4		66	10.0%	taxable income	0.90	
Land tax	4			various rates	land area	4.80	
Contribution to pension fund from sales	4		4	1.0%	sales	17.70	
School Education Development Fund	4		4	1.0%	sales	17.70	
Contributions to road fund	4		4	1.5%	sales	26.50	

Unified social payment	12	69	24.0%	gross salaries	27.10
Totals	44	205			95.6

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

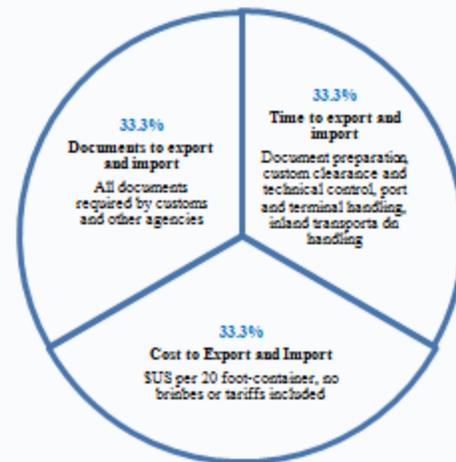
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

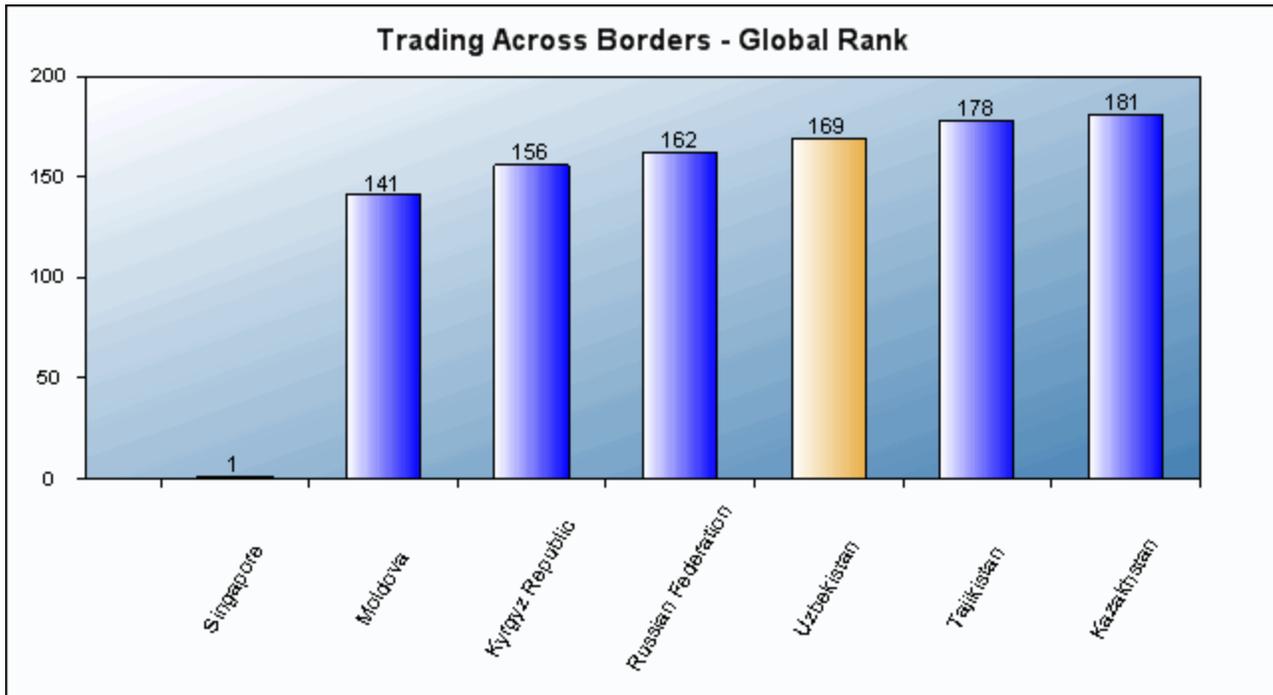
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Uzbekistan is ranked 169 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Uzbekistan	7	71	3150	9	92	4650

<i>Comparator Economies</i>						
Kazakhstan	10	81	3005	12	67	3055
Kyrgyz Republic	7	63	3010	7	72	3280
Moldova	6	32	1765	7	35	1960
Russian Federation	8	36	1850	13	36	1850
Tajikistan	10	82	3350	9	83	4550

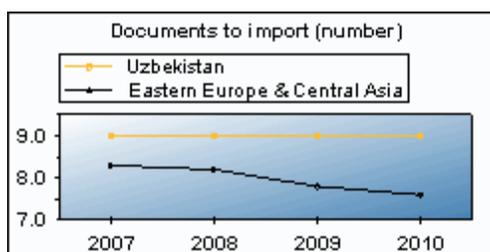
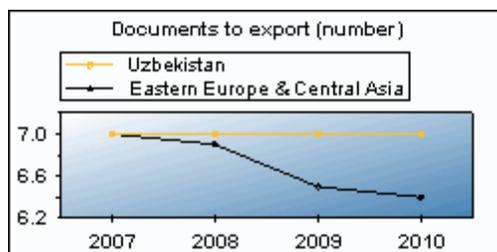
* The following economies are also good practice economies for :

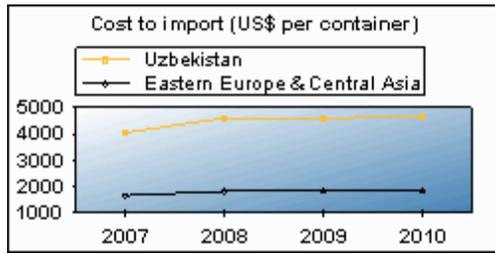
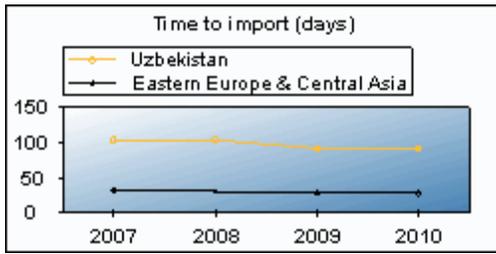
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Uzbekistan

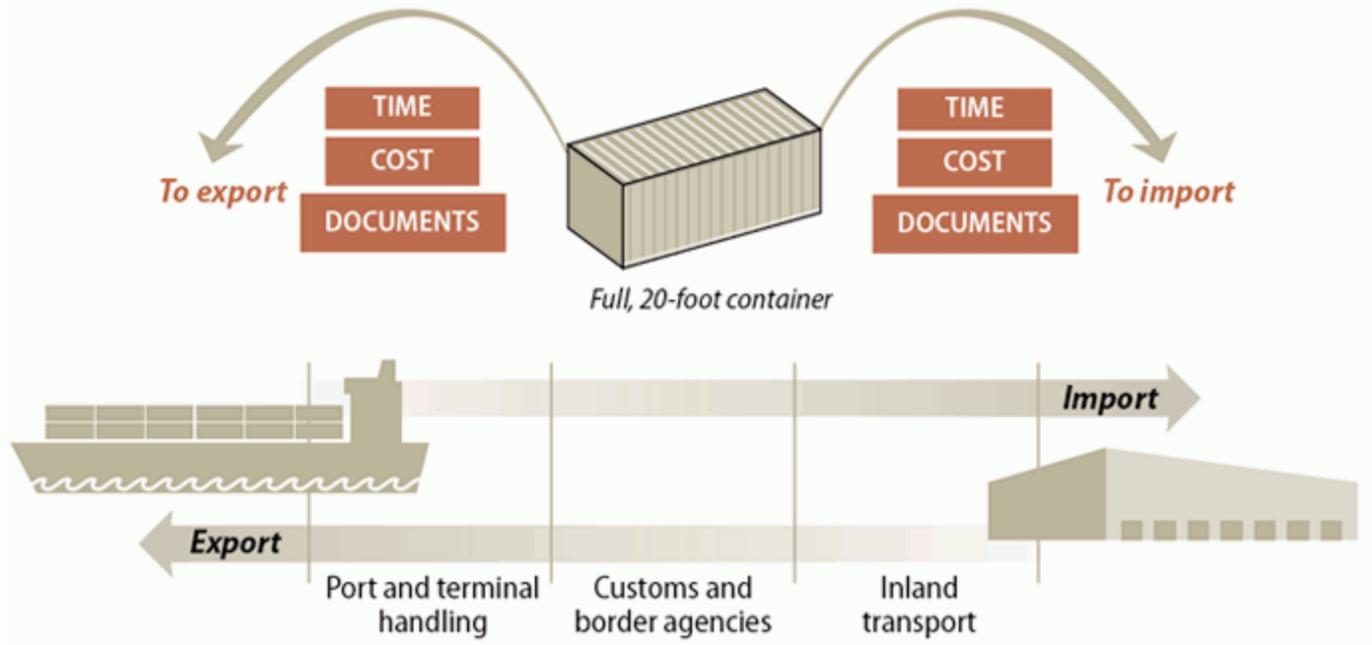
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	171	169
Cost to export (US\$ per container)	2550	3100	3100	3150
Cost to import (US\$ per container)	4050	4600	4600	4650
Documents to export (number)	7	7	7	7
Documents to import (number)	9	9	9	9
Time to export (days)	80	80	71	71
Time to import (days)	104	104	92	92

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	32	250
Customs clearance and technical control	4	200
Ports and terminal handling	8	200
Inland transportation and handling	27	2500
Totals	71	3150

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	50	250
Customs clearance and technical control	8	200
Ports and terminal handling	11	200
Inland transportation and handling	23	4000
Totals	92	4650

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

Import

- Bill of lading
- Certificate of origin
- Commercial contract
- Commercial invoice
- Packing list
- Import transaction passport
- Customs import declaration
- Inspection report
- Technical standard/health certificate

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)

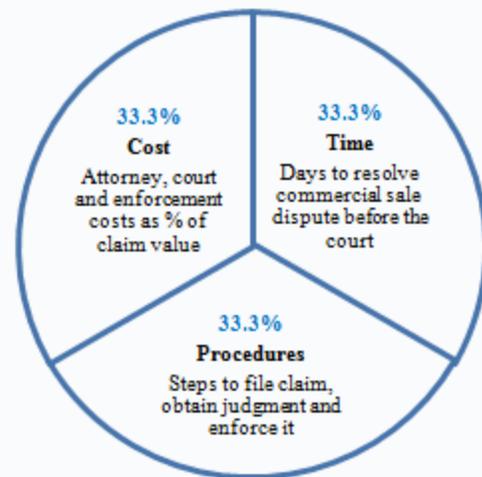
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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



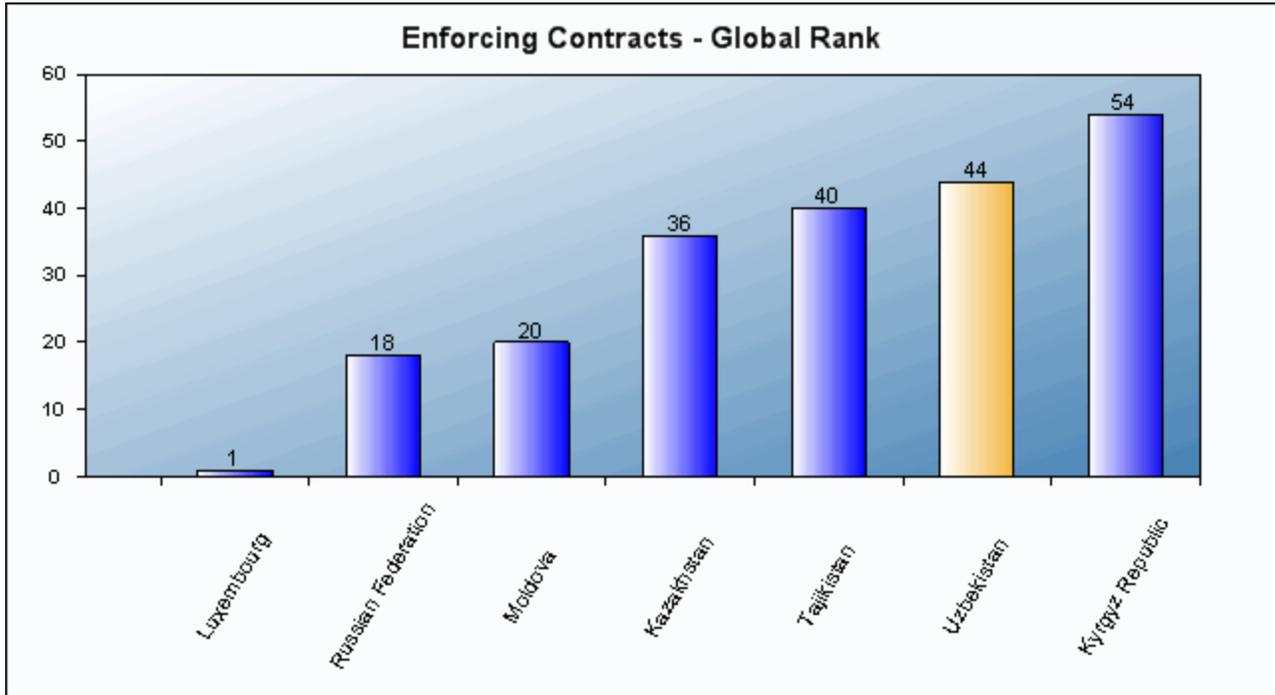
Case Study Assumptions

- 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:

Uzbekistan is ranked 44 overall for Enforcing Contracts.

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



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

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

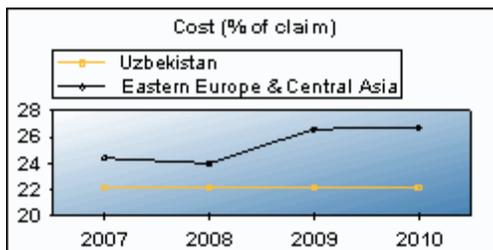
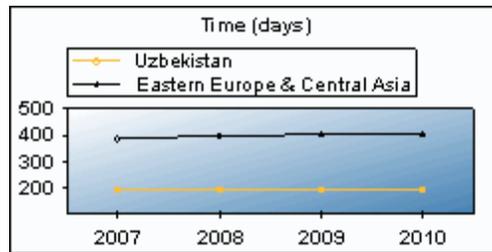
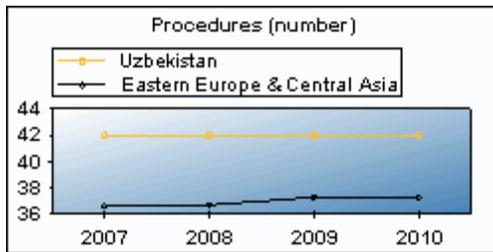
<i>Selected Economy</i>			
Uzbekistan	42	195	22.2

<i>Comparator Economies</i>			
Kazakhstan	38	390	22.0
Kyrgyz Republic	39	260	29.0
Moldova	31	365	20.9
Russian Federation	37	281	13.4
Tajikistan	34	430	25.5

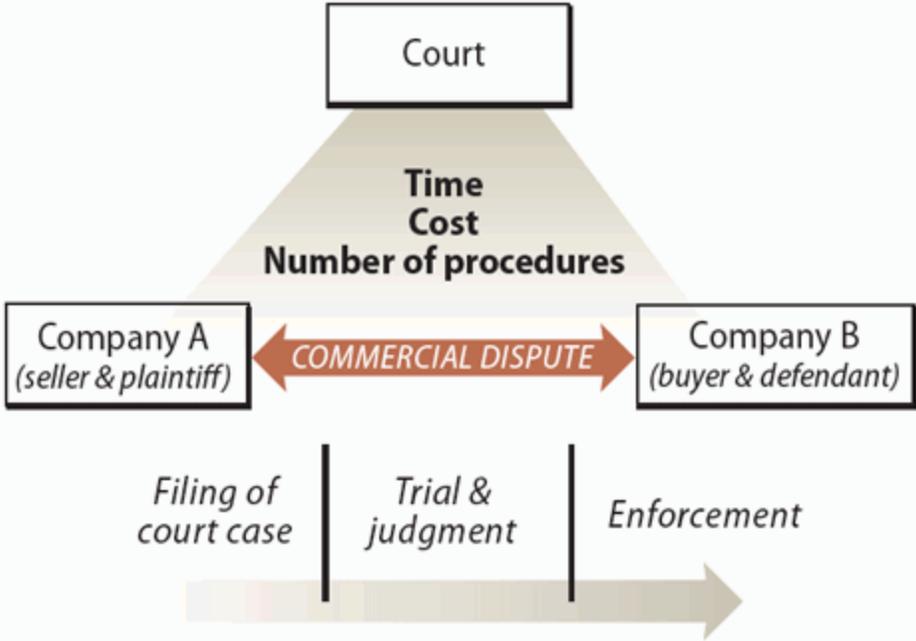
2. Historical data: Enforcing Contracts in Uzbekistan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	44
Procedures (number)	42	42	42	42
Time (days)	195	195	195	195
Cost (% of claim)	22.2	22.2	22.2	22.2

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

Nature of Procedure (2010)	Indicator
Procedures (number)	42
Time (days)	195
Filing and service	30.0
Trial and judgment	60.0
Enforcement of judgment	105.0
Cost (% of claim)*	22.20
Attorney cost (% of claim)	10.0
Court cost (% of claim)	3.5
Enforcement Cost (% of claim)	8.7

Court information: Tashkent Commercial Court ("Хозяйственный суд города Ташкента")

* 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)

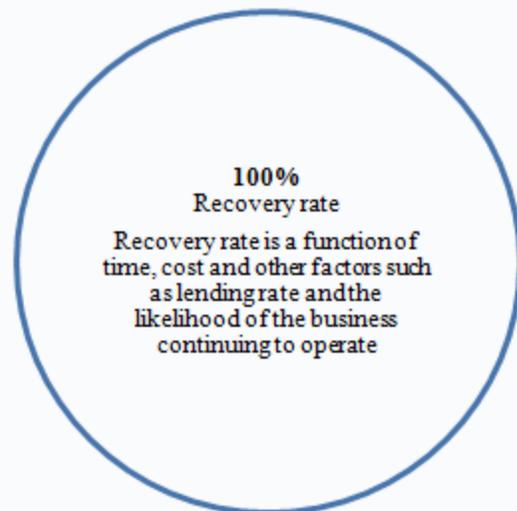
- Measured in calendar years
- Appeals and requests for extension are included

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

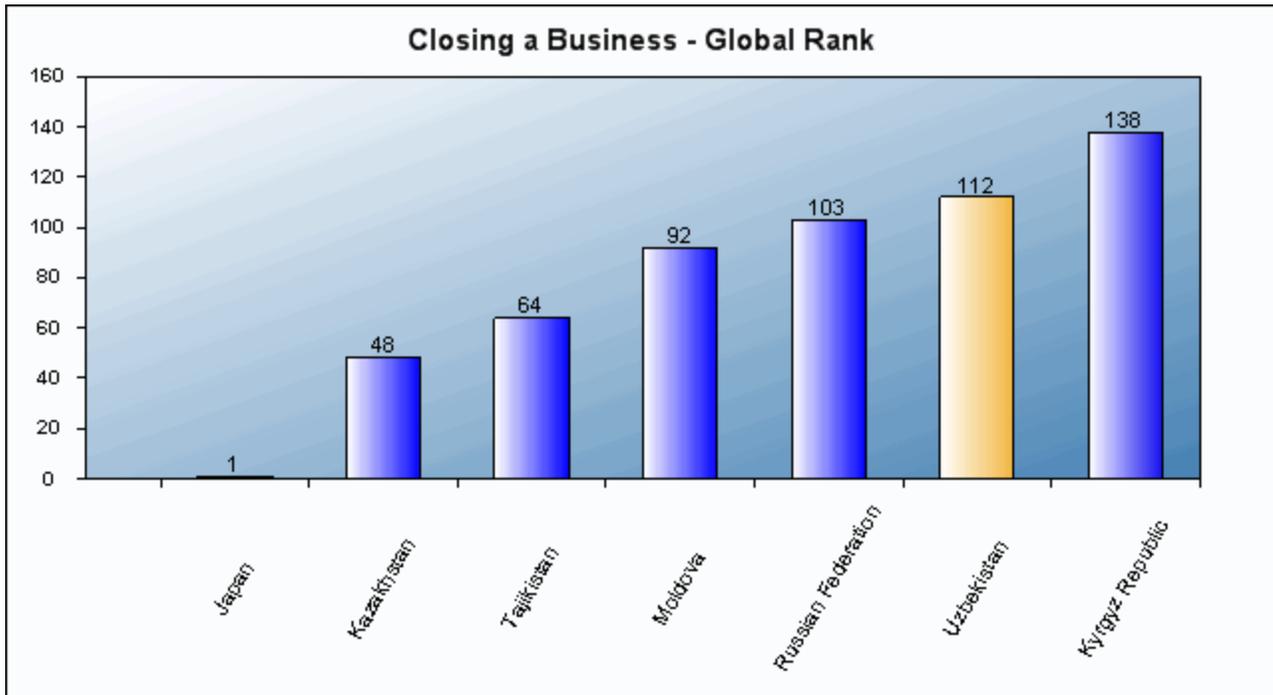
The Company

- 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:

Uzbekistan is ranked 112 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Uzbekistan	22.2	4.0	10

<i>Comparator Economies</i>			
Kazakhstan	43.3	1.5	15
Kyrgyz Republic	15.3	4.0	15
Moldova	28.2	2.8	9
Russian Federation	25.3	3.8	9
Tajikistan	37.4	1.7	9

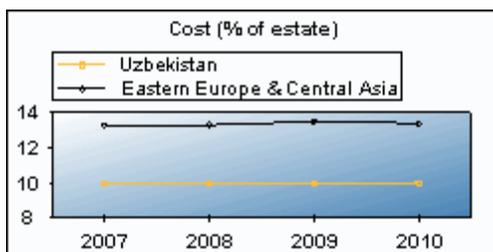
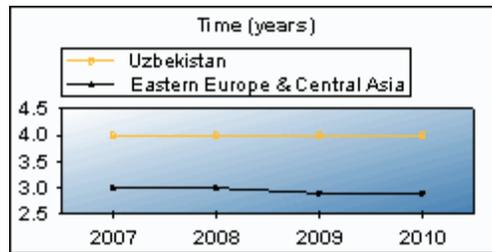
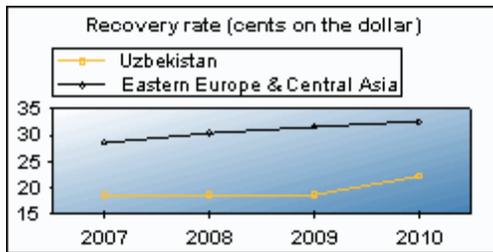
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Uzbekistan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	123	112
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	10	10	10	10
Recovery rate (cents on the dollar)	18.7	18.7	18.7	22.2

3. The following graphs illustrate the Closing Business sub indicators in Uzbekistan 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.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Kyrgyz Republic	The Kyrgyz Republic eased business start-up by eliminating the requirement to have the signatures of company founders notarized. The Kyrgyz Republic streamlined insolvency proceedings and updated requirements for administrators, but new formalities added to prevent abuse of proceedings made closing a business more difficult.
Moldova	Moldova reduced employer contribution rates for social security.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Russian Federation	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Uzbekistan

Uzbekistan increased all fees for procedures relating to construction permits.

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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