

# Doing Business 2010

## Liberia

COMPARING REGULATION IN 183 ECONOMIES



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1818 H Street NW  
Washington, D.C. 20433  
Telephone 202-473-1000  
Internet [www.worldbank.org](http://www.worldbank.org)  
E-mail [feedback@worldbank.org](mailto:feedback@worldbank.org)

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# Introduction

*Doing Business 2010: Reforming Through Difficult Times* is the seventh 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 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009\*. 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, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Liberia. The data used for this country 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 2010: Reforming Through Difficult Times* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website ([www.doingbusiness.org](http://www.doingbusiness.org)).

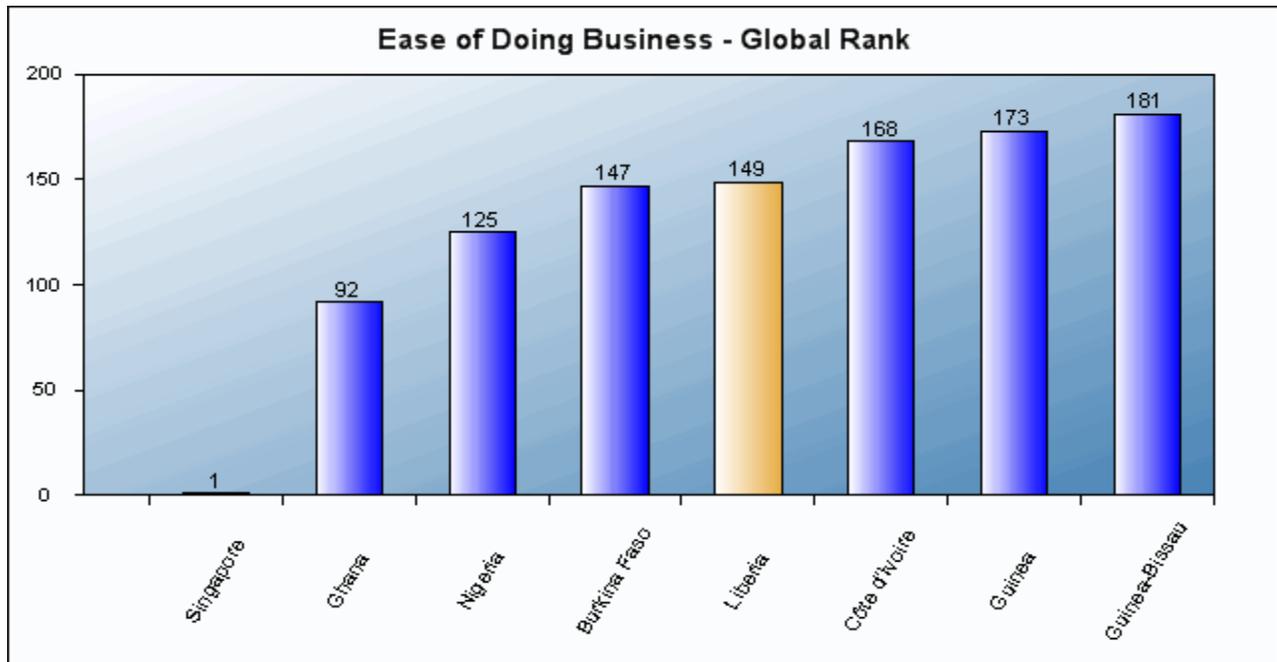
\* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

*Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).*

## Economy Rankings - Ease of Doing Business

Liberia is ranked 149 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Liberia's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	149
Starting a Business	57
Dealing with Construction Permits	135
Employing Workers	121
Registering Property	174
Getting Credit	135
Protecting Investors	147
Paying Taxes	85
Trading Across Borders	112
Enforcing Contracts	166
Closing a Business	148

## Summary of Indicators - Liberia

<b>Starting a Business</b>	Procedures (number)	5
	Time (days)	20
	Cost (% of income per capita)	52.9
	Min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	24
	Time (days)	77
	Cost (% of income per capita)	28295.9
<b>Employing Workers</b>	Difficulty of hiring index (0-100)	22
	Rigidity of hours index (0-100)	20
	Difficulty of redundancy index (0-10)	40
	Rigidity of employment index (0-100)	27
	Redundancy costs (weeks of salary)	84
<b>Registering Property</b>	Procedures (number)	10
	Time (days)	50
	Cost (% of property value)	13.2
<b>Getting Credit</b>	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	1
	Public registry coverage (% of adults)	0.3
	Private bureau coverage (% of adults)	0.0
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	4
	Extent of director liability index (0-10)	1
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	3.7
<b>Paying Taxes</b>	Payments (number per year)	32
	Time (hours per year)	158
	Profit tax (%)	0.0
	Labor tax and contributions (%)	5.4
	Other taxes (%)	38.3
	Total tax rate (% profit)	43.7

<b>Trading Across Borders</b>	Documents to export (number)	10
	Time to export (days)	17
	Cost to export (US\$ per container)	1232
	Documents to import (number)	9
	Time to import (days)	15
	Cost to import (US\$ per container)	1212
<b>Enforcing Contracts</b>	Procedures (number)	41
	Time (days)	1280
	Cost (% of claim)	35.0
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	8.3
	Time (years)	3.0
	Cost (% of estate)	43

# Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed up the process or may decide to run their businesses informally.

Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

## Methodology

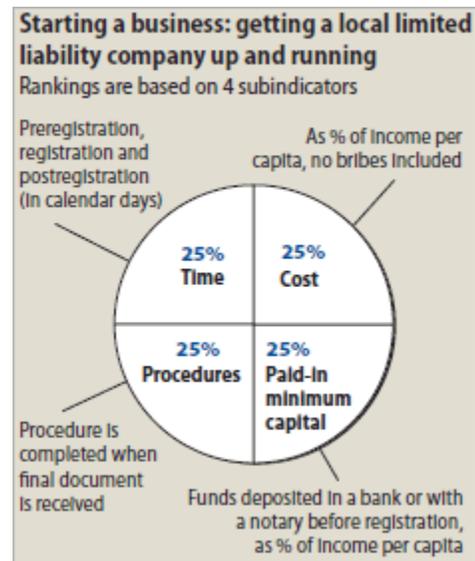
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

## Survey Case Study

*The business:*

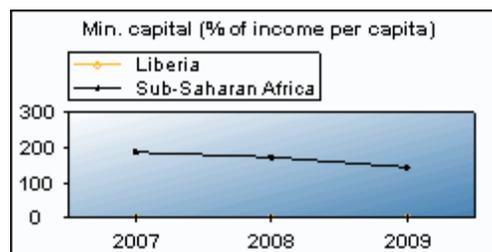
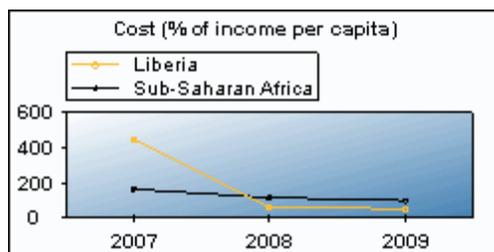
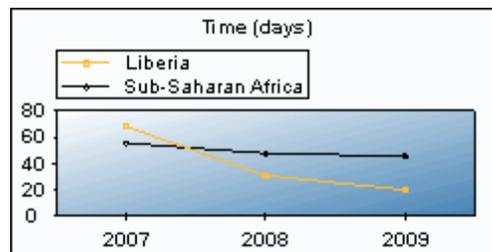
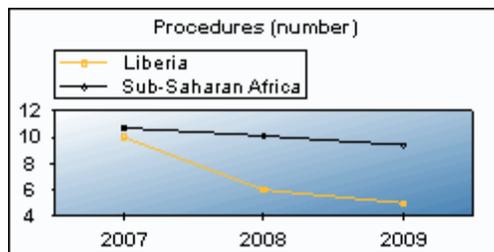
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



## 1. Historical data: Starting a Business in Liberia

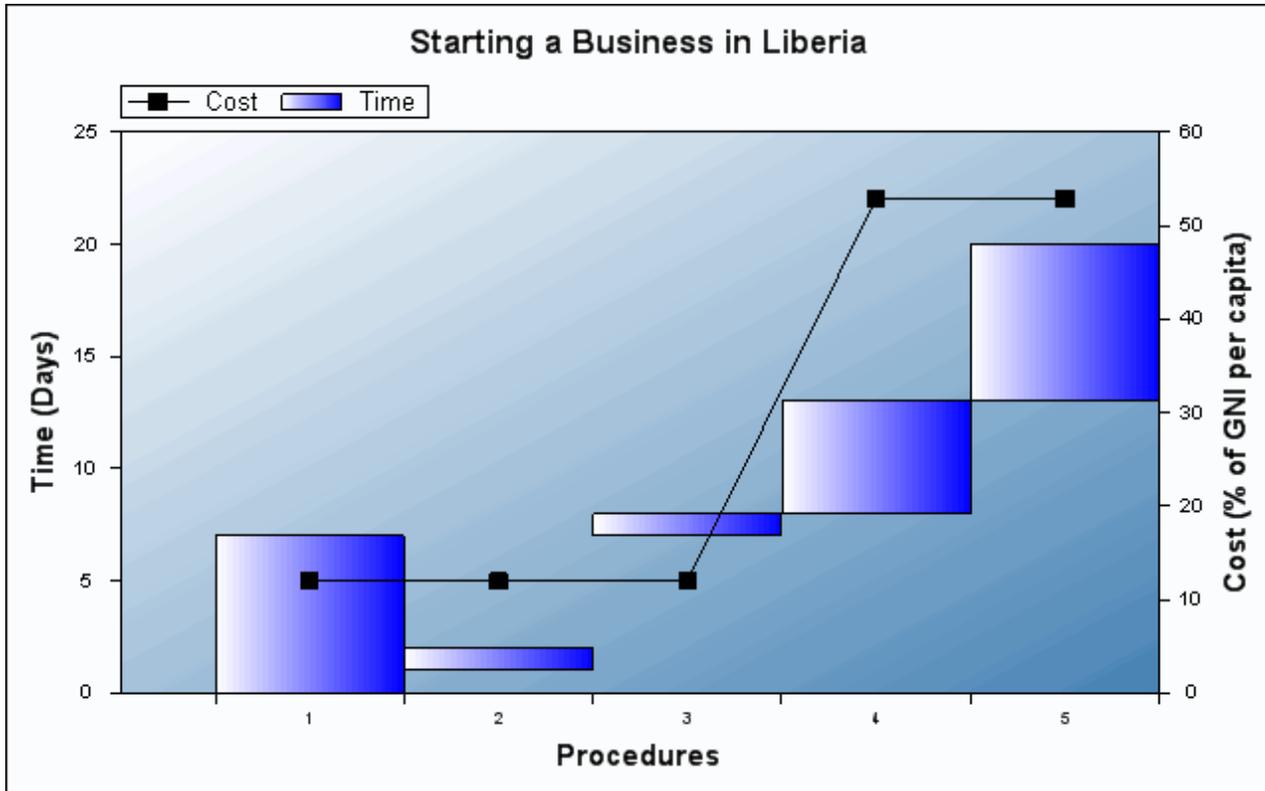
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	62	57
Procedures (number)	10	6	5
Time (days)	68	31	20
Cost (% of income per capita)	447.3	61.6	52.9
Min. capital (% of income per capita)	0.0	0.0	0.0

## 2. The following graphs illustrates the Starting a Business indicators in Liberia over the past 3 years:



### 3. Steps to Starting a Business in Liberia

It requires 5 procedures, takes 20 days, and costs 52.85 % GNI per capita to start a business in Liberia.



#### List of Procedures:

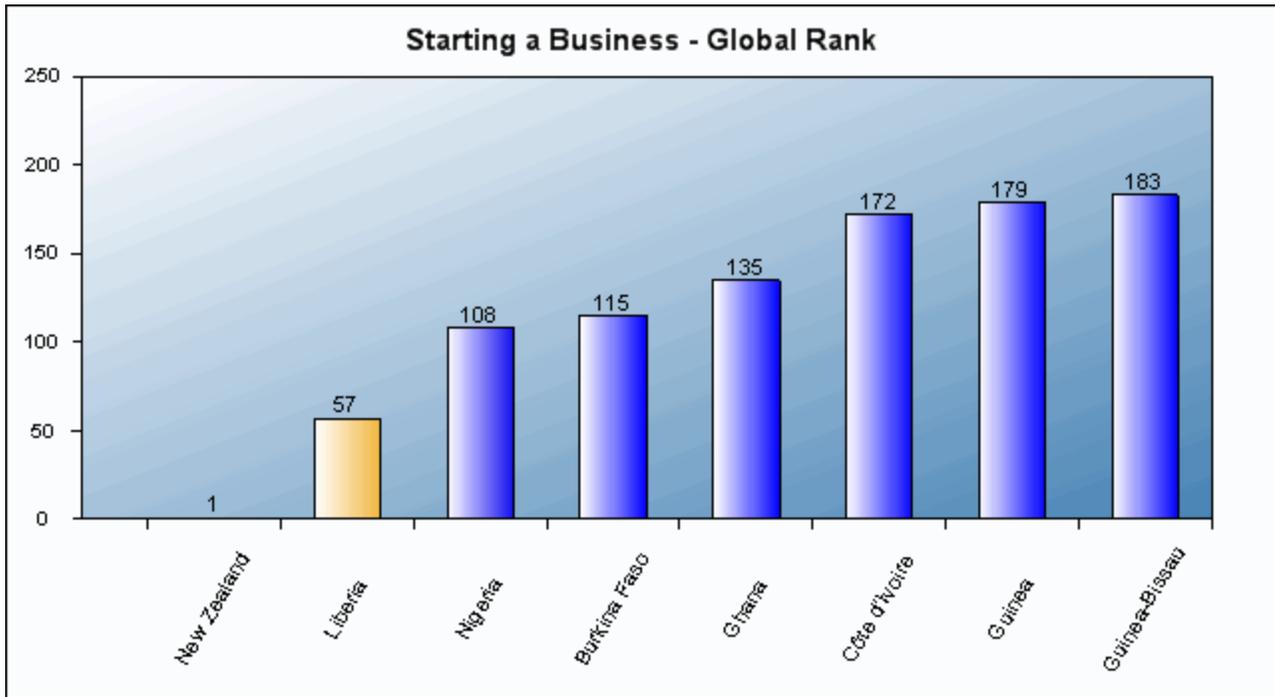
1. Reserve company name and file Articles of Incorporation at the Ministry of Foreign Affairs desk at the Ministry of Finance
2. pay fees at the Ministry of Finance annex of the central bank
3. Obtain TIN
4. Submit registration application to Ministry of Commerce (MOCI) and pick up payment slip
5. Register with Social Security

More detail is included in the appendix.

#### 4. Benchmarking Starting a Business Regulations:

Liberia is ranked 57 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Liberia</b>	5	20	52.9	0.0

<i>Comparator Economies</i>				
<b>Burkina Faso</b>	4	14	50.3	428.2
<b>Côte d'Ivoire</b>	10	40	133.3	204.9
<b>Ghana</b>	8	33	26.4	13.4
<b>Guinea</b>	13	41	139.2	489.7
<b>Guinea-Bissau</b>	16	213	323.0	779.9
<b>Nigeria</b>	8	31	76.7	0.0

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

**Procedures (number): Canada**

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

# Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor 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.

## Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

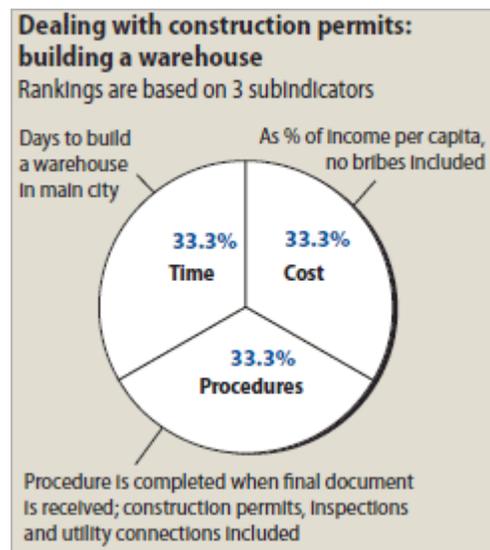
## Survey Case Study

### The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

### The warehouse to be built:

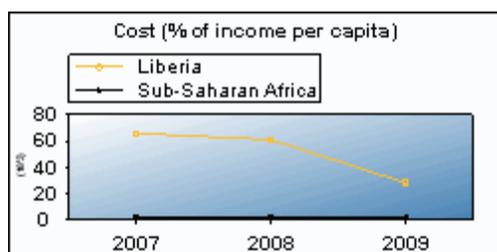
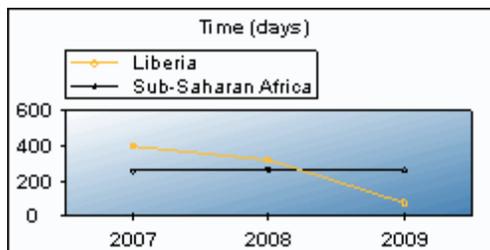
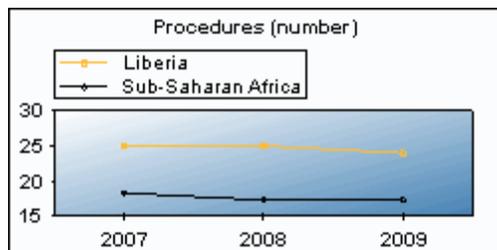
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



## 1. Historical data: Dealing with Construction Permits in Liberia

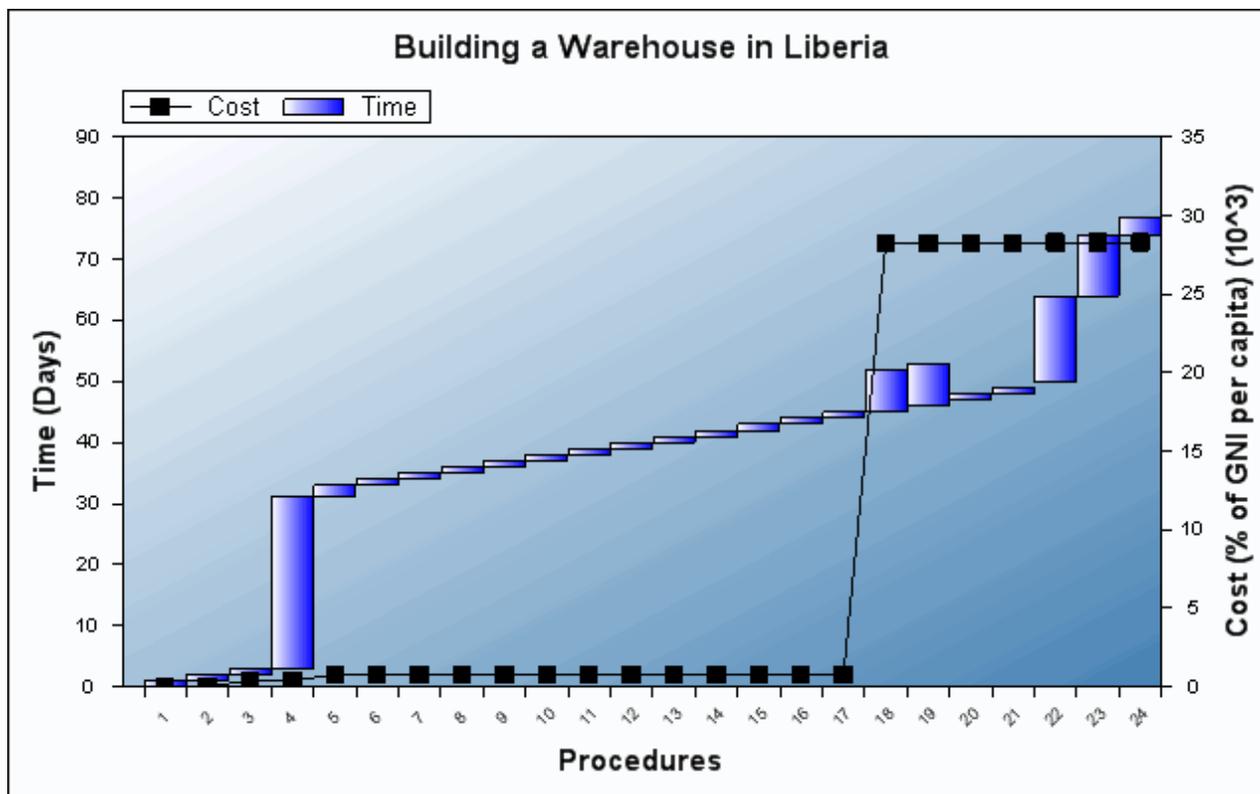
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	179	135
Procedures (number)	25	25	24
Time (days)	398	321	77
Cost (% of income per capita)	65845.6	60988.7	28295.9

2. The following graphs illustrates the Dealing with Construction Permits indicators in Liberia over the past 3 years:



### 3. Steps to Building a Warehouse in Liberia

It requires 24 procedures, takes 77 days, and costs 28,295.89 % GNI per capita to build a warehouse in Liberia.



#### List of Procedures:

- |  |  |
|--|--|
| 1. Submit plans to Ministry of public works                          | 12. Receive inspection from MPW - VII                    |
| 2. Receive inspection from Zoning division, Ministry of public works | 13. Receive inspection from MPW - VIII                   |
| 3. Obtain payment slip from the MPW and pay fees at the Central Bank | 14. Receive inspection from MPW - IX                     |
| 4. Obtain design approval from MPW                                   | 15. Receive inspection from MPW - X                      |
| 5. Obtain construction permit from the City Corporation of Monrovia  | 16. Receive inspection from MPW - XI                     |
| 6. Receive inspection from MPW - I                                   | 17. Receive inspection from MPW - XII                    |
| 7. Receive inspection from MPW - II                                  | 18. Buy and install generator to obtain power connection |
| 8. Receive inspection from MPW - III                                 | 19. Request and obtain fixed line from LIBTELCO          |
| 9. Receive inspection from MPW - IV                                  | 20. Register with water company                          |
| 10. Receive inspection from MPW - V                                  | 21. Receive inspection from Water and Sewer Corporation  |
| 11. Receive inspection from MPW - VI                                 | 22. Obtain water and sewage connection                   |
|  | 23. Request and obtain occupancy permit                  |

24. Register the building at Probate Court

More detail is included in the appendix.

#### 4. Benchmarking Dealing with Construction Permits Regulations:

Liberia is ranked 135 overall for Dealing with Construction Permits.

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



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

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of income per capita)</b>
<b>Denmark</b>	6		
<b>Qatar</b>			0.6
<b>Singapore</b>		25	

<i>Selected Economy</i>			
<b>Liberia</b>	24	77	28295.9

<i>Comparator Economies</i>			
<b>Burkina Faso</b>	15	132	721.2
<b>Côte d'Ivoire</b>	22	629	230.9
<b>Ghana</b>	18	220	1099.0
<b>Guinea</b>	32	255	249.6
<b>Guinea-Bissau</b>	15	167	2020.0
<b>Nigeria</b>	18	350	573.4

# Employing Workers

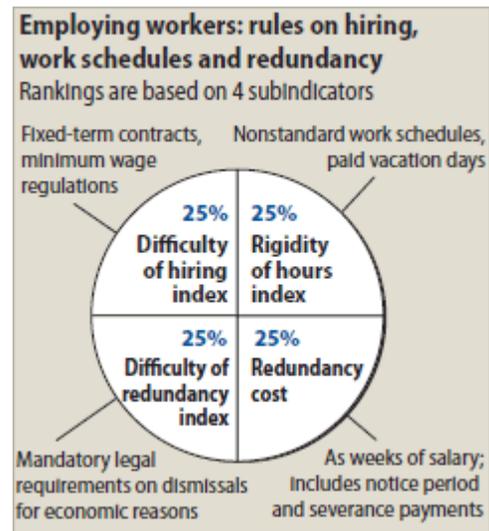
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth.

## Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



The Redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

## Survey Case Study

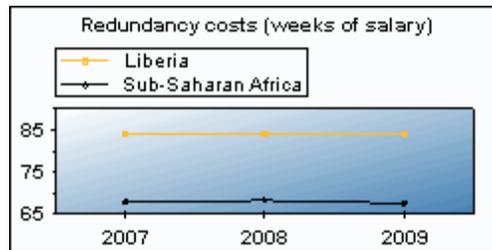
*The business:*

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

## 1. Historical data: Employing Workers in Liberia

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	118	121
Redundancy costs (weeks of salary)	84	84	84
Rigidity of employment index (0-100)	27	27	27

2. The following graphs illustrates the Employing Workers indicators in Liberia over the past 3 years:



### 3. Benchmarking Employing Workers Regulations:

Liberia is ranked 121 overall for Employing Workers.

Ranking of Liberia in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for Liberia compared to good practice and comparator economies:

<b>Good Practice Economies</b>	<b>Rigidity of employment index (0-100)</b>	<b>Redundancy costs (weeks of salary)</b>
<b>Hong Kong, China*</b>	0	
<b>New Zealand*</b>		0

<i>Selected Economy</i>		
<b>Liberia</b>	27	84

<i>Comparator Economies</i>		
<b>Burkina Faso</b>	21	34
<b>Côte d'Ivoire</b>	33	49
<b>Ghana</b>	27	178
<b>Guinea</b>	24	26
<b>Guinea-Bissau</b>	54	87
<b>Nigeria</b>	7	50

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

**Rigidity of employment index (0-100):** Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

**Redundancy costs (weeks of salary):** Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

# Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

## Methodology

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

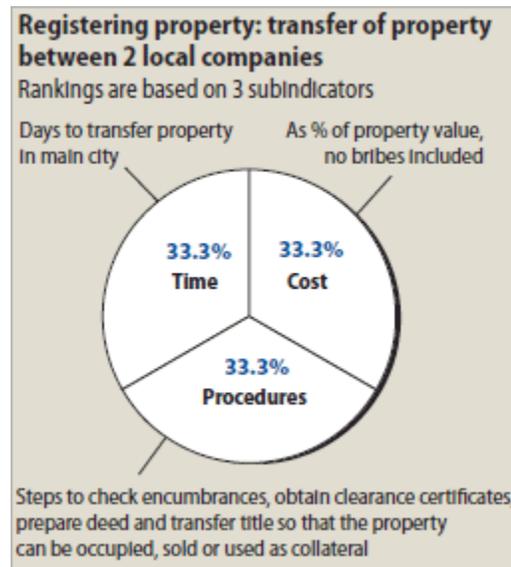
## Survey Case Study

*The buyer and seller:*

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

*The property:*

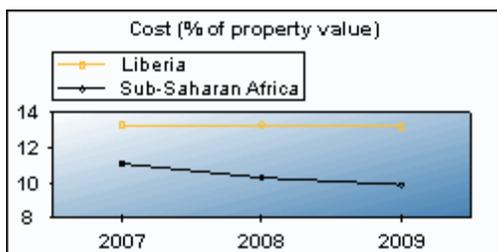
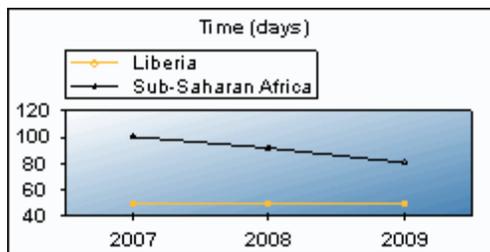
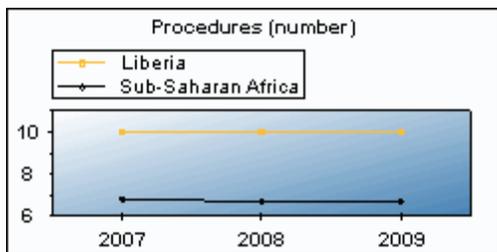
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m<sup>2</sup> (6,000 square feet).
- The warehouse has a total area of 929 m<sup>2</sup> (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



## 1. Historical data: Registering Property in Liberia

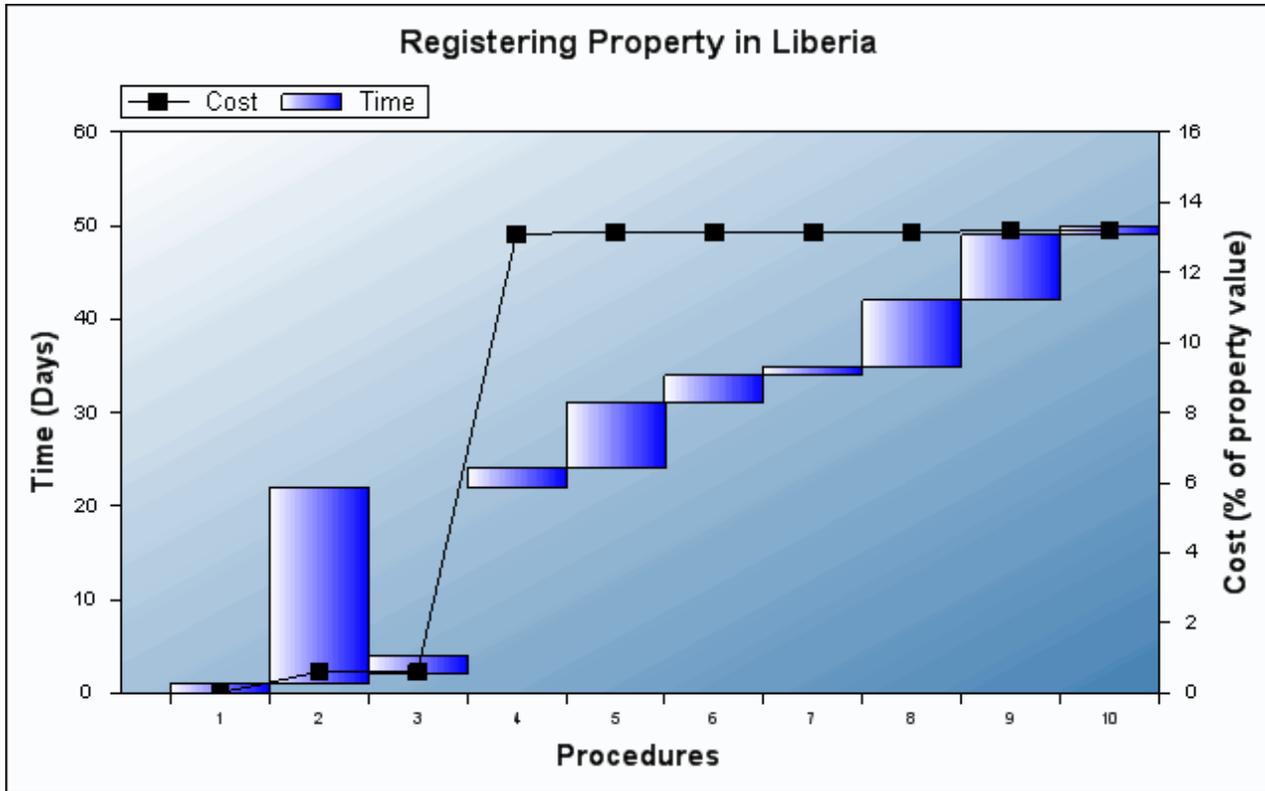
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	172	174
Procedures (number)	10	10	10
Time (days)	50	50	50
Cost (% of property value)	13.3	13.3	13.2

2. The following graphs illustrates the Registering Property indicators in Liberia over the past 3 years:



### 3. Steps to Registering Property in Liberia

It requires 10 procedures, takes 50 days, and costs 13.21 % of property value to register the property in Liberia.



#### List of Procedures:

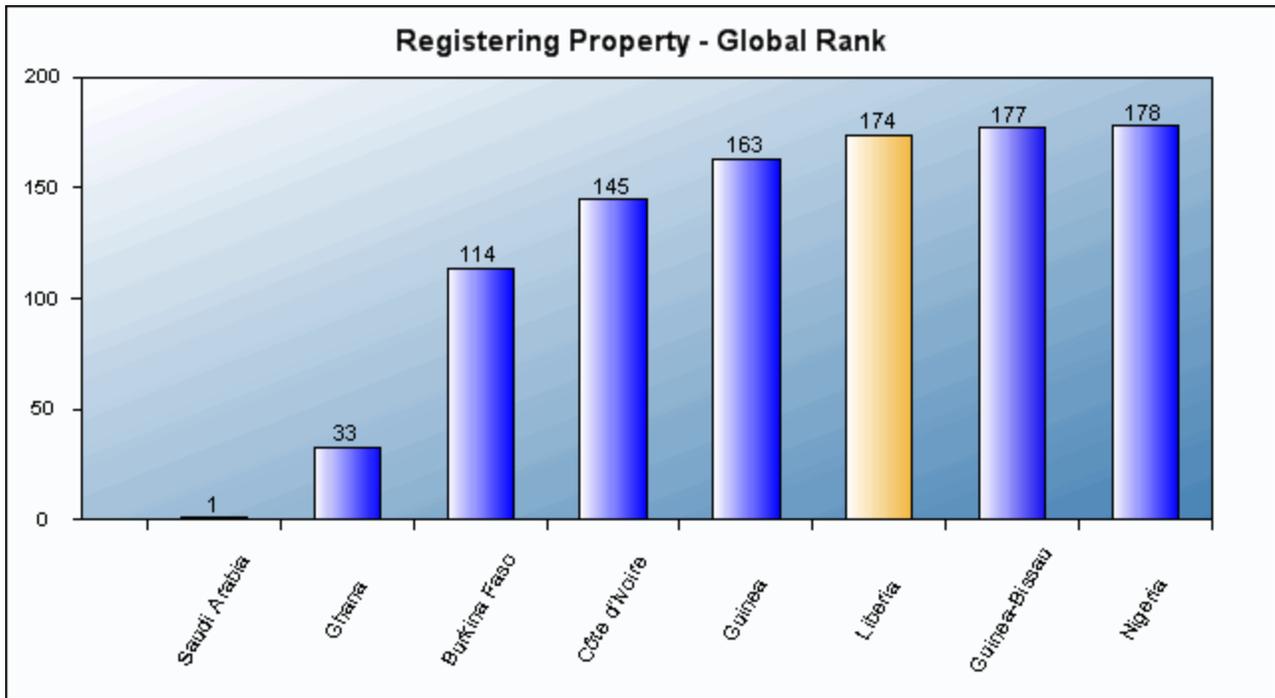
1. Obtain a Transfer deed form
2. Buyer contacts a surveyor to conduct the survey of the property
3. Publication of survey in newspaper and radio by surveyor
4. Parties contract a lawyer to start official transfer process.
5. Lawyer visits Registry to check the status and ownership of the property
6. Lawyer visits Bureau of Internal Revenue of the Ministry of Finance (Real Estate Division) to check for outstanding taxes on the property
7. Parties sign the deed form at the lawyer's office
8. Lawyer visits Probate Court to request the transfer
9. Parties register the deed at the Registry
10. Seller goes to Bureau of Internal Revenues to change the owner's name on the property

More detail is included in the appendix.

#### 4. Benchmarking Registering Property Regulations:

Liberia is ranked 174 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Liberia</b>	10	50	13.2

<i>Comparator Economies</i>			
<b>Burkina Faso</b>	4	59	13.2
<b>Côte d'Ivoire</b>	6	62	13.9
<b>Ghana</b>	5	34	1.1
<b>Guinea</b>	6	104	13.9
<b>Guinea-Bissau</b>	9	211	7.6
<b>Nigeria</b>	13	82	20.9

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

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

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

# Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. They also free entrepreneurs from having to rely on personal connections alone when trying to obtain credit.

## Methodology

Credit information: three indicators are constructed

- depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information
- public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population
- private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties?
- Is a collateral registry in operation that is unified geographically and by asset type as well as being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

## Legal Rights Survey Case Study

*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 debtor and creditor are 100% domestically owned.

## Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%  
Strength of legal rights index  
(0-10)

37.5%  
Depth of credit information index  
(0-6)

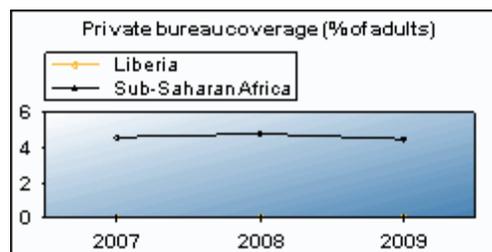
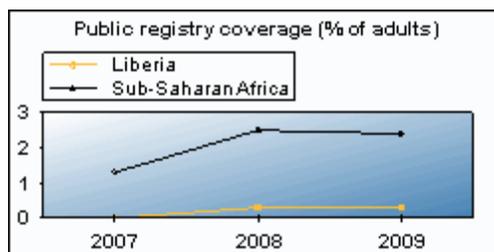
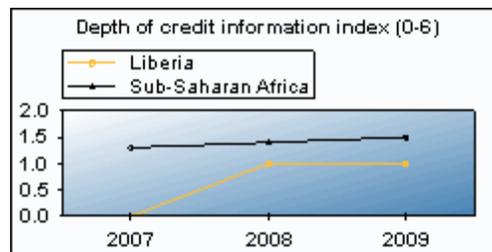
Scope, quality and accessibility of credit information through public and private credit registries

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

## 1. Historical data: Getting Credit in Liberia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	131	135
Strength of legal rights index (0-10)	4	4	4
Depth of credit information index (0-6)	0	1	1
Private bureau coverage (% of adults)	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.3	0.3

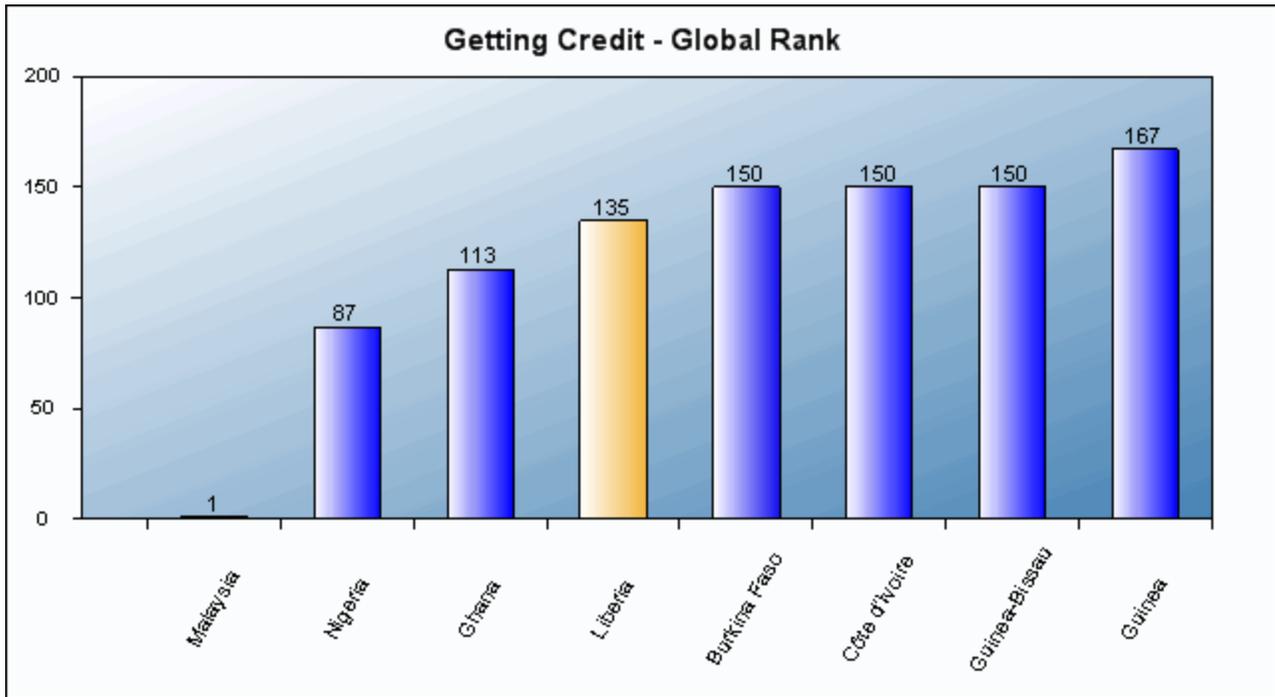
## 2. The following graphs illustrates the Getting Credit indicators in Liberia over the past 3 years:



### 3. Benchmarking Getting Credit Regulations:

Liberia is ranked 135 overall for Getting Credit.

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



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

<b>Good Practice Economies</b>	<b>Strength of legal rights index (0-10)</b>	<b>Depth of credit information index (0-6)</b>	<b>Public registry coverage (% of adults)</b>	<b>Private bureau coverage (% of adults)</b>
<b>New Zealand*</b>				100.0
<b>Portugal</b>			81.3	
<b>Singapore*</b>	10			
<b>United Kingdom</b>		6		

<i>Selected Economy</i>				
<b>Liberia</b>	4	1	0.3	0.0

<i>Comparator Economies</i>				
<b>Burkina Faso</b>	3	1	1.9	0.0
<b>Côte d'Ivoire</b>	3	1	2.7	0.0
<b>Ghana</b>	7	0	0.0	0.0
<b>Guinea</b>	3	0	0.0	0.0
<b>Guinea-Bissau</b>	3	1	1.1	0.0
<b>Nigeria</b>	8	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.**

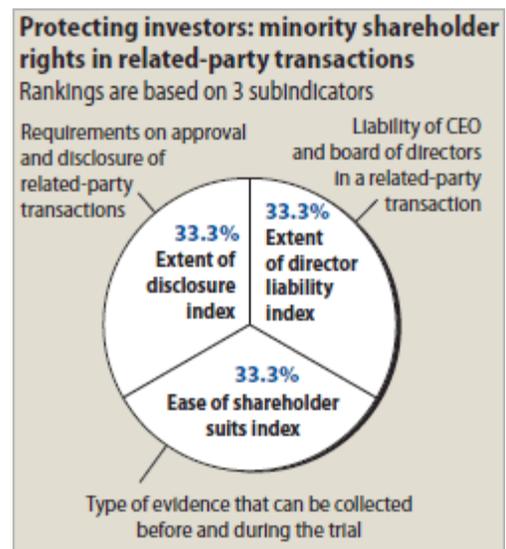
# Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. However, investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%\*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections.

## Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure. The three indices are:

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.



These three indices are averaged to create the strength of investor protection index.

## Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. 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.

Several questions arise:

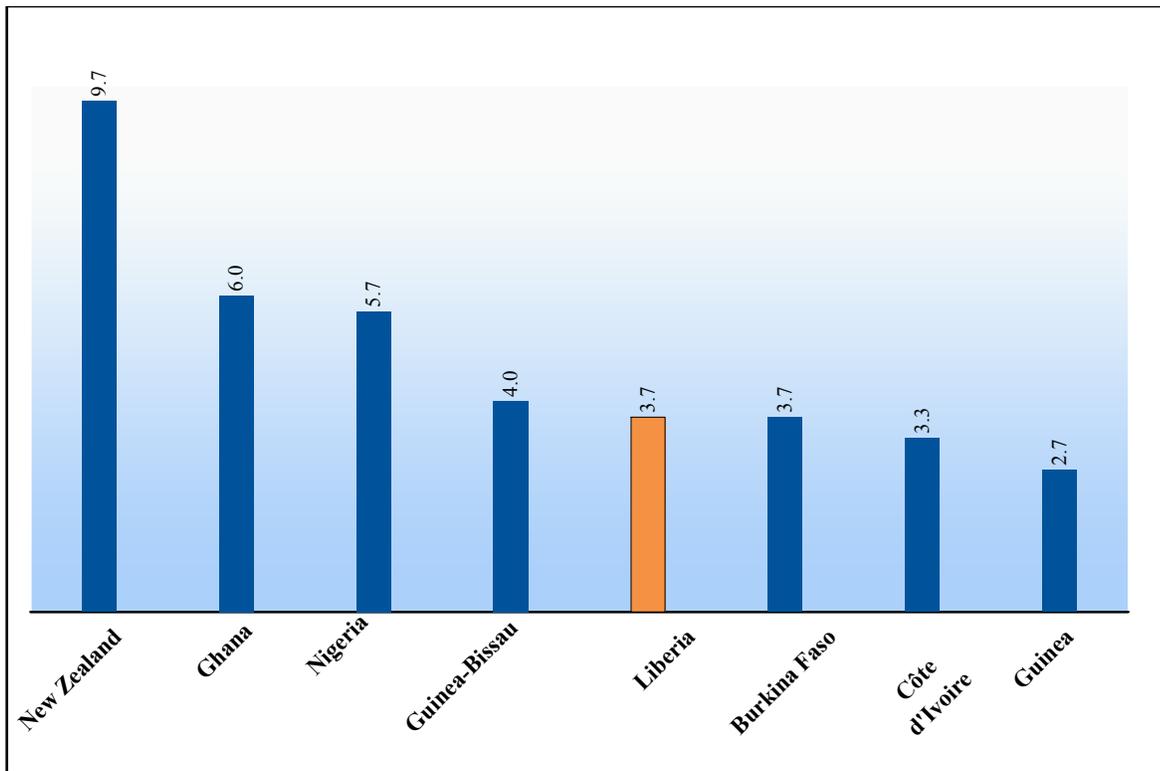
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

\*Dojidge, Kardy and Stulz (2007)

**1. Historical data: Protecting Investors in Liberia**

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	143	147
Strength of investor protection index (0-10)	3.7	3.7	3.7

**2. The following graph illustrates the Protecting Investors index in Liberia compared to best practice and selected Economies:**

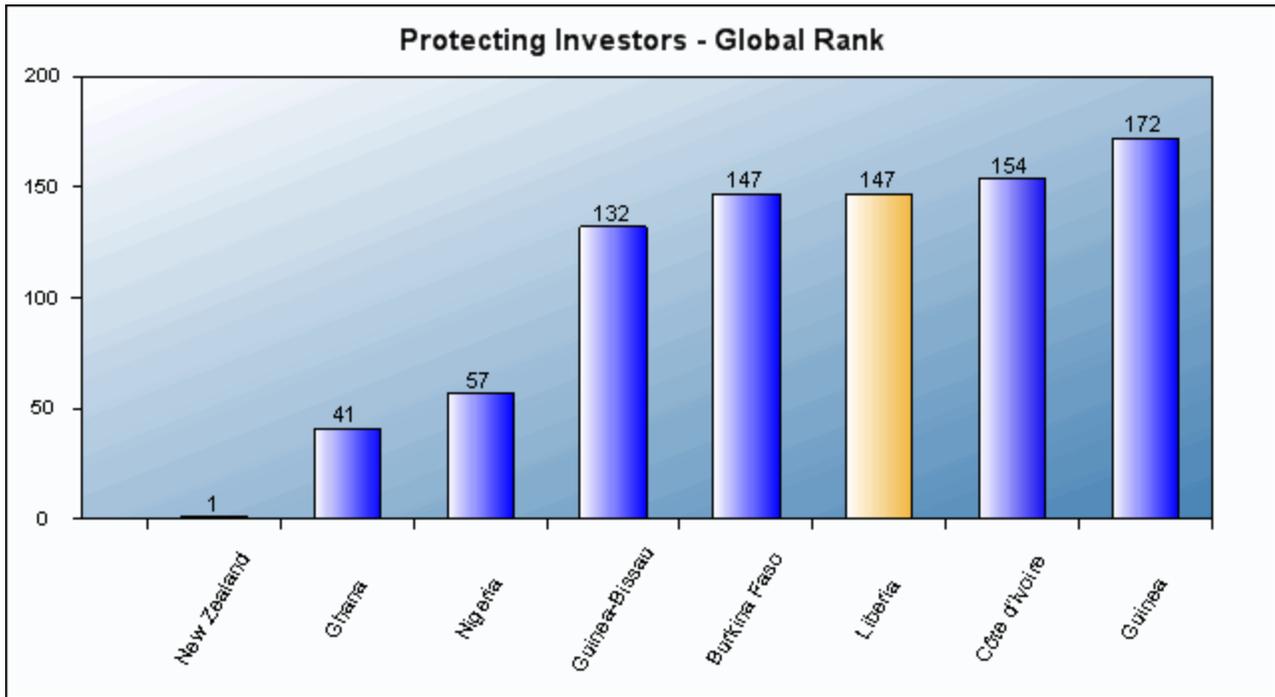


Note: The higher the score, the greater the investor protection.

### 3. Benchmarking Protecting Investors Regulations:

Liberia is ranked 147 overall for Protecting Investors.

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



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

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

<i>Selected Economy</i>	
<b>Liberia</b>	3.7

<i>Comparator Economies</i>	
<b>Burkina Faso</b>	3.7
<b>Côte d'Ivoire</b>	3.3
<b>Ghana</b>	6.0
<b>Guinea</b>	2.7
<b>Guinea-Bissau</b>	4.0
<b>Nigeria</b>	5.7

# Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

## Methodology

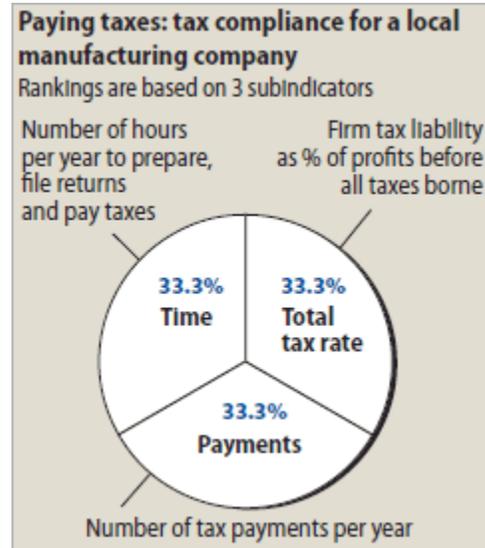
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

- number of tax payments, which takes in to account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

## Survey case study

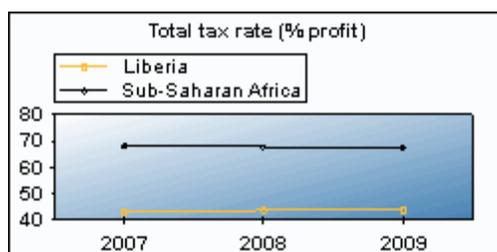
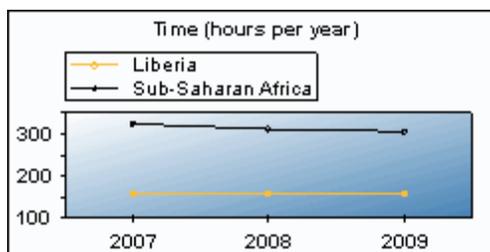
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory 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 and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



## 1. Historical data: Paying Taxes in Liberia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	79	85
Total tax rate (% profit)	43.0	43.7	43.7
Payments (number per year)	32	32	32
Time (hours per year)	158	158	158

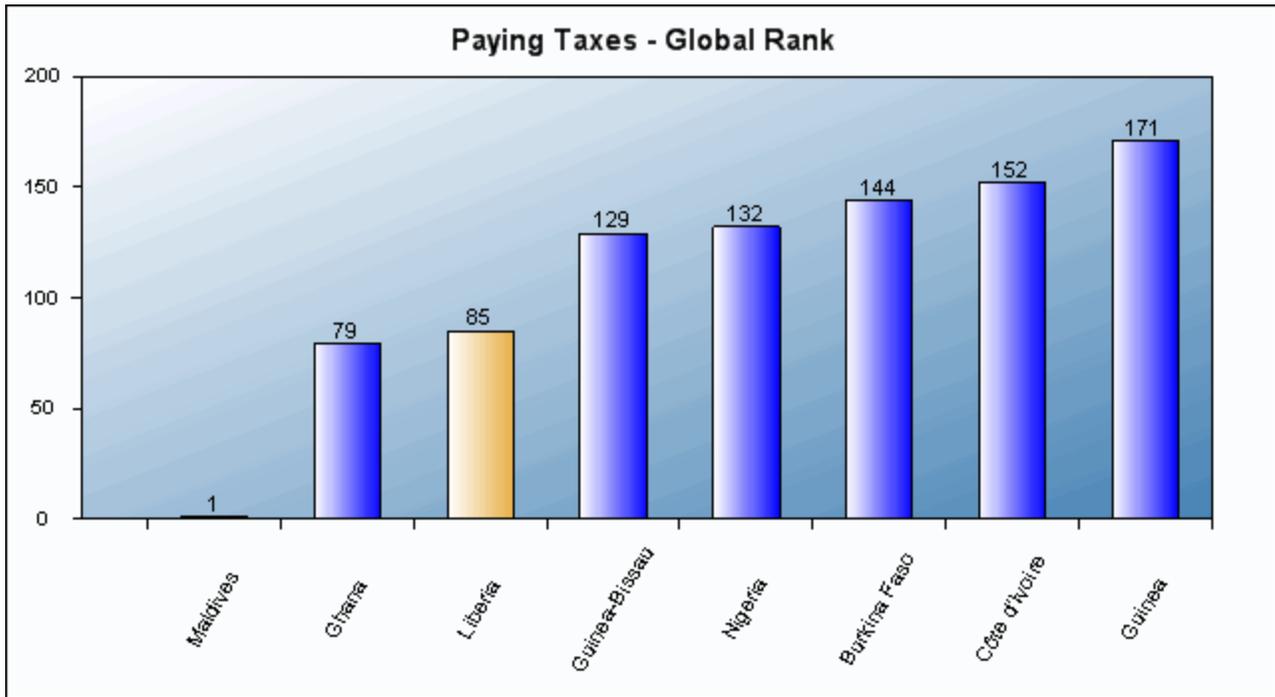
## 2. The following graphs illustrates the Paying Taxes indicators in Liberia over the past 3 years:



### 3. Benchmarking Paying Taxes Regulations:

Liberia is ranked 85 overall for Paying Taxes.

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



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

<b>Good Practice Economies</b>	<b>Payments (number per year)</b>	<b>Time (hours per year)</b>	<b>Total tax rate (% profit)</b>
<b>Maldives*</b>	1	0	
<b>Timor-Leste</b>			0.2

<i>Selected Economy</i>			
<b>Liberia</b>	32	158	43.7

<i>Comparator Economies</i>			
<b>Burkina Faso</b>	46	270	44.9
<b>Côte d'Ivoire</b>	66	270	44.7
<b>Ghana</b>	33	224	32.7
<b>Guinea</b>	56	416	49.9
<b>Guinea-Bissau</b>	46	208	45.9
<b>Nigeria</b>	35	938	32.2

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

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

# Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

## Methodology

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

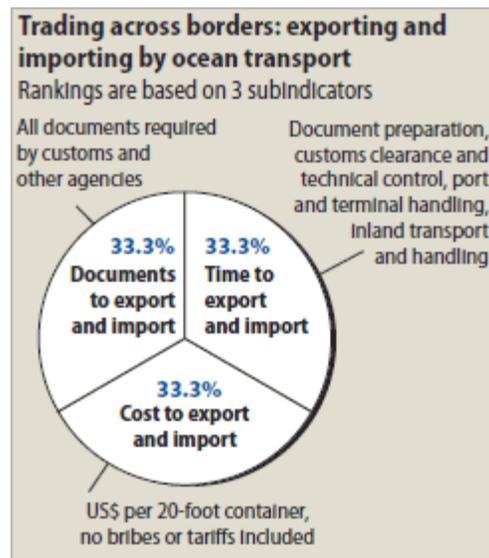
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

## Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

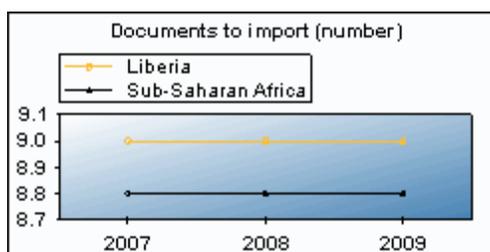
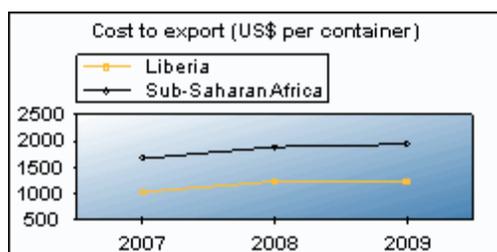
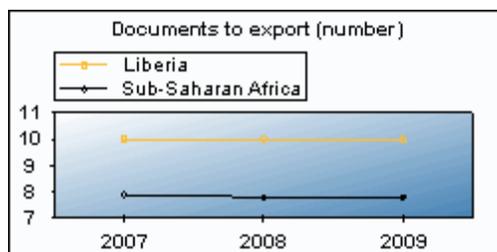
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

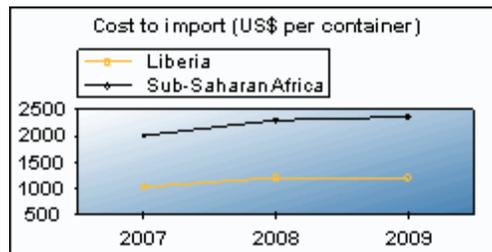
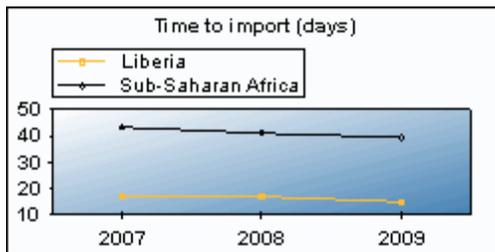


## 1. Historical data: Trading Across Borders in Liberia

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	117	112
Cost to export (US\$ per container)	1032	1232	1232
Cost to import (US\$ per container)	1032	1212	1212
Documents to export (number)	10	10	10
Documents to import (number)	9	9	9
Time to export (days)	20	20	17
Time to import (days)	17	17	15

2. The following graphs illustrates the Trading Across Borders indicators in Liberia over the past 3 years:

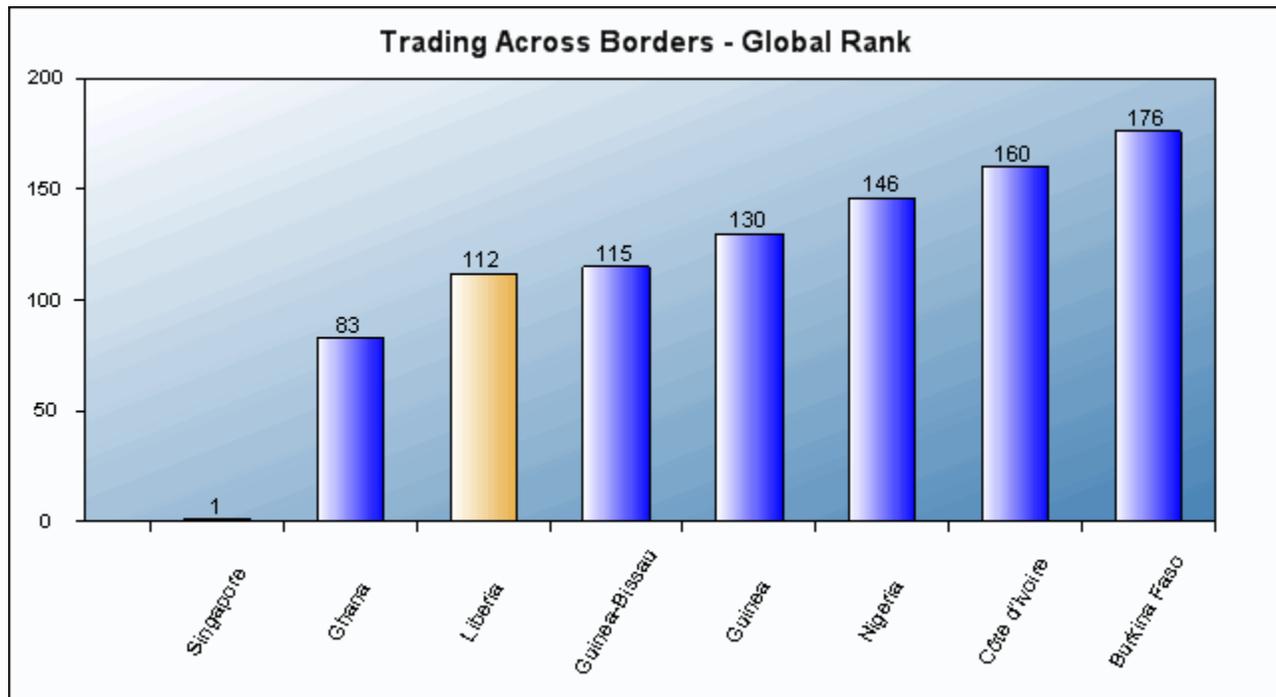




### 3. Benchmarking Trading Across Borders Regulations:

Liberia is ranked 112 overall for Trading Across Borders.

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



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

<b>Good Practice Economies</b>	<b>Documents to export (number)</b>	<b>Time to export (days)</b>	<b>Cost to export (US\$ per container)</b>	<b>Documents to import (number)</b>	<b>Time to import (days)</b>	<b>Cost to import (US\$ per container)</b>
<b>Denmark*</b>		5				
<b>France</b>	2			2		
<b>Malaysia</b>			450			
<b>Singapore</b>					3	439

<i>Selected Economy</i>						
<b>Liberia</b>	10	17	1232	9	15	1212

<i>Comparator Economies</i>						
<b>Burkina Faso</b>	11	41	2262	11	49	3830
<b>Côte d'Ivoire</b>	10	25	1969	9	36	2577
<b>Ghana</b>	6	19	1013	7	29	1203
<b>Guinea</b>	7	33	855	9	32	1391
<b>Guinea-Bissau</b>	6	23	1545	6	22	2349
<b>Nigeria</b>	10	25	1263	9	41	1440

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

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

# Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is 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).

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

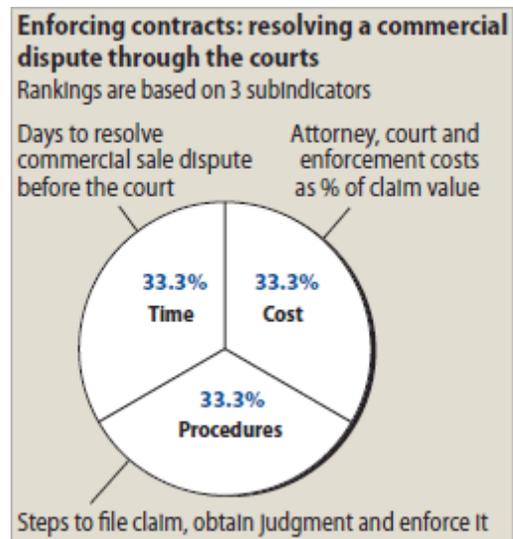
## Methodology

Rankings on enforcing contracts are based on 3 sub-indicators:

- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

## Survey case Study

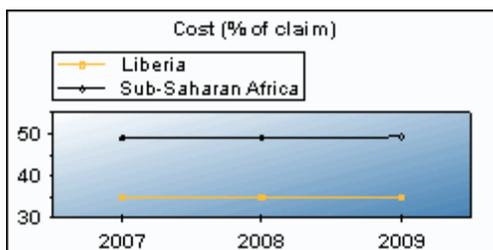
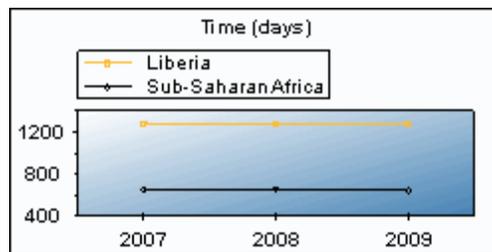
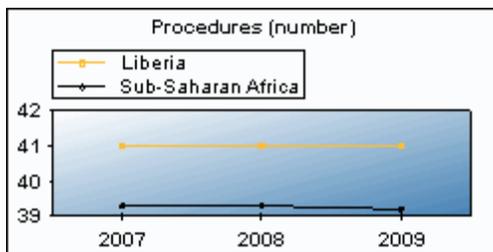
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



## 1. Historical data: Enforcing Contracts in Liberia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	167	166
Procedures (number)	41	41	41
Time (days)	1280	1280	1280
Cost (% of claim)	35.0	35.0	35.0

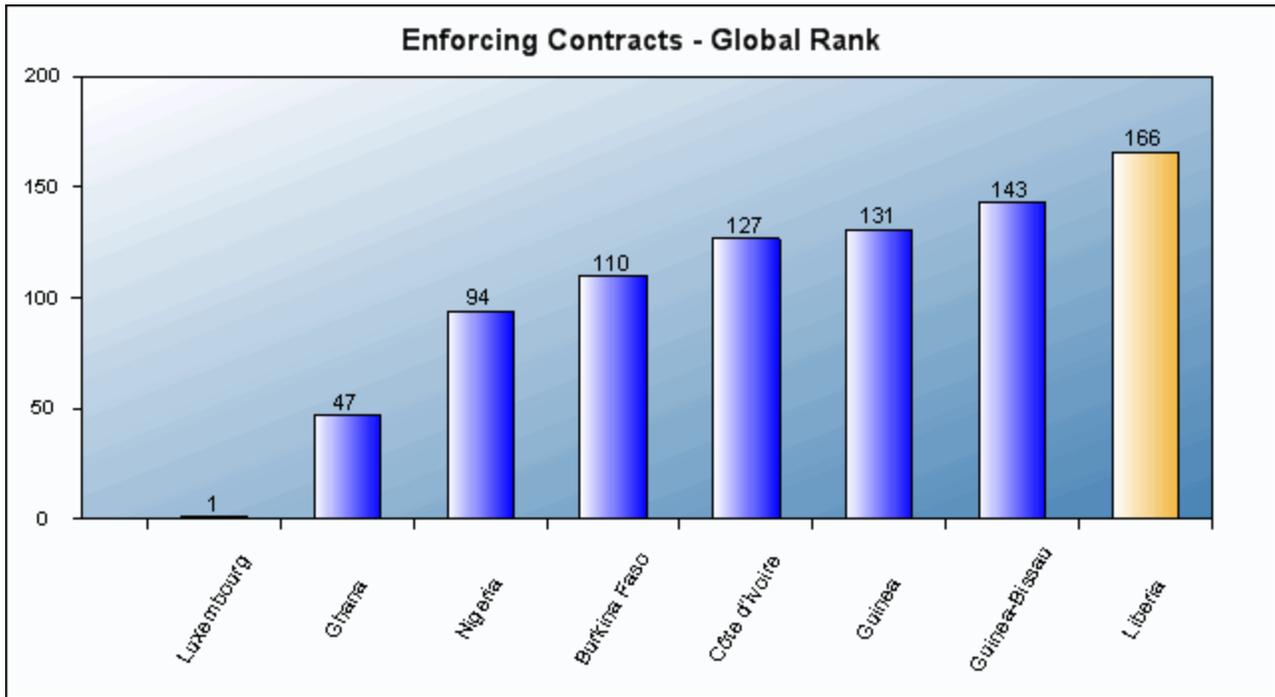
2. The following graphs illustrates the Enforcing Contracts indicators in Liberia over the past 3 years:



### 3. Benchmarking Enforcing Contracts Regulations:

Liberia is ranked 166 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
<b>Liberia</b>	41	1280	35.0

<i>Comparator Economies</i>			
<b>Burkina Faso</b>	37	446	83.0
<b>Côte d'Ivoire</b>	33	770	41.7
<b>Ghana</b>	36	487	23.0
<b>Guinea</b>	50	276	45.0
<b>Guinea-Bissau</b>	41	1140	25.0
<b>Nigeria</b>	39	457	32.0

# Closing a Business

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

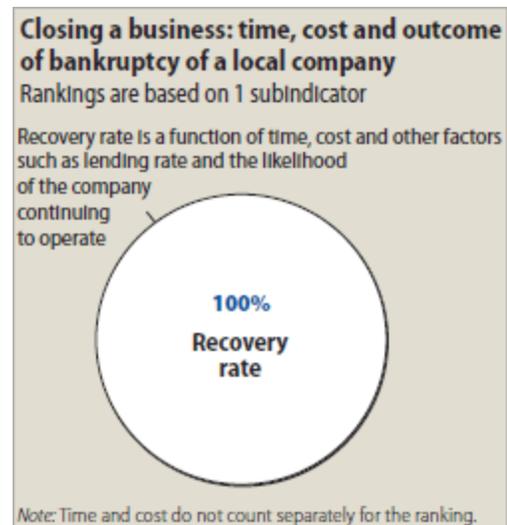
## Methodology

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

## Survey case study

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that:

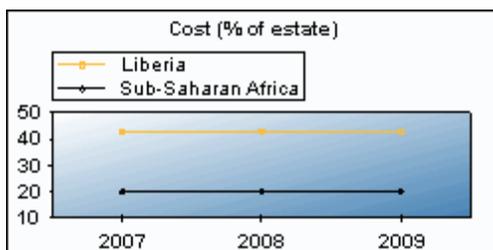
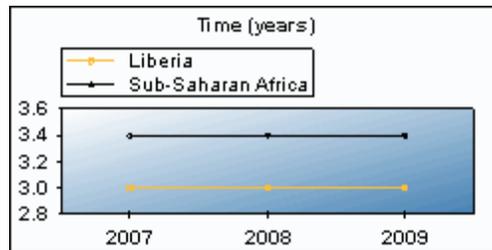
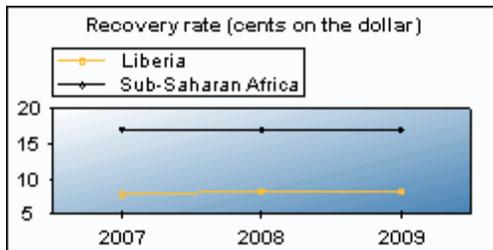
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.
- The data are derived from questionnaires answered by attorneys at private law firms.



## 1. Historical data: Closing Business in Liberia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	148	148
Time (years)	3.0	3.0	3.0
Cost (% of estate)	43	43	43
Recovery rate (cents on the dollar)	7.8	8.3	8.3

## 2. The following graphs illustrates the Closing Business indicators in Liberia over the past 3 years:



### 3. Benchmarking Closing Business Regulations:

Liberia is ranked 148 overall for Closing a Business.

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



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

<b>Good Practice Economies</b>	<b>Recovery rate (cents on the dollar)</b>	<b>Time (years)</b>	<b>Cost (% of estate)</b>
<b>Ireland</b>		0.4	
<b>Japan</b>	92.5		
<b>Singapore*</b>			1

<i>Selected Economy</i>			
<b>Liberia</b>	8.3	3.0	43

<i>Comparator Economies</i>			
<b>Burkina Faso</b>	21.7	4.0	9
<b>Côte d'Ivoire</b>	34.0	2.2	18
<b>Ghana</b>	24.0	1.9	22
<b>Guinea</b>	22.0	3.8	8
<b>Guinea-Bissau</b>	0.0	no practice	no practice
<b>Nigeria</b>	28.0	2.0	22

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

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

# Doing Business 2010 Reforms

## Number of reforms in Doing Business 2010

Rank	Economy	Reforms									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Rwanda	✓		✓	✓	✓	✓		✓	✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓			7
4	Belarus	✓	✓	✓	✓			✓	✓		6
5	United Arab Emirates	✓	✓						✓		3
6	Moldova	✓			✓			✓			3
7	Colombia	✓	✓		✓	✓	✓	✓	✓	✓	8
8	Tajikistan	✓	✓		✗	✓	✓			✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓		4
10	Liberia	✓	✓					✓			3
	Côte d'Ivoire										
	Guinea										
	Ghana	✓									1
	Guinea-Bissau	✓									1
	Nigeria					✓					1
	Burkina Faso	✓	✓		✓				✓	✓	5

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

<b>Belarus</b>	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
<b>Burkina Faso</b>	Burkina Faso eased the process for construction permits by establishing a one-stop shop in Ouagadougou. Contract enforcement was improved by lowering fees and introducing alternative dispute resolution mechanisms. Property registration was streamlined by allowing transfer taxes to be paid at the land registry. In addition, new regulations reorganized the land registry and set time limits for procedures. Property valuation by government officials after inspections was simplified by using tables of values for properties based on the materials used. Business start-up was eased by allowing publication to be done directly on the Web site of the one-stop shop, reducing the registration cost, and streamlining tax registration. The creation of a one-stop shop for commercial trade documents has expedited trade across borders.
<b>Colombia</b>	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
<b>Côte d'Ivoire</b>	In Côte d'Ivoire no major reform was recorded.
<b>Egypt, Arab Rep.</b>	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
<b>Ghana</b>	Ghana simplified business start-up by further streamlining registration procedures through the creation of a customer service desk at the one-stop shop.
<b>Guinea</b>	In Guinea no major reform was recorded.
<b>Guinea-Bissau</b>	In Guinea-Bissau business start-up was simplified by making company name searches electronic, introducing computers and flash drives, and lowering registration fees.

<b>Kyrgyz Republic</b>	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.
<b>Liberia</b>	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
<b>Macedonia, FYR</b>	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
<b>Moldova</b>	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
<b>Nigeria</b>	Nigeria's central bank issued a guideline in October 2008 defining the licensing, operational, and regulatory requirements for a private credit bureau.
<b>Rwanda</b>	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

**Tajikistan**

Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

**United Arab Emirates**

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

## APPENDICES

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### Starting a Business in Liberia

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

#### STANDARDIZED COMPANY

Legal Form: Private Limited Company

Minimum Capital Requirement:

City: Monrovia

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Reserve company name and file Articles of Incorporation at the Ministry of Foreign Affairs desk at the Ministry of Finance	7	20
2	* pay fees at the Ministry of Finance annex of the central bank	1	0
3	Obtain TIN	1	0
4	Submit registration application to Ministry of Commerce (MOCI) and pick up payment slip	5	4553.45
5	Register with Social Security	7	0

\* Takes place simultaneously with another procedure.

**Procedure 1 Reserve company name and file Articles of Incorporation at the Ministry of Foreign Affairs desk at the Ministry of Finance**

**Time to complete:** 7

**Cost to complete:** 20

**Comment:** The Ministry of Foreign Affairs (MOFA) relocated an official to the Ministry of Finance to facilitate the business registration process. The applicant visits the Ministry of Finance, search and reserve the company name, and files Articles of Incorporation. The MOFA reviews Articles of Incorporation and provides applicant with payment assessment. Then the applicant pays associated calculated based on the company's shared capital (20%).

**Procedure 2 pay fees at the Ministry of Finance annex of the central bank**

**Time to complete:** 1

**Cost to complete:** 0

**Comment:**

**Procedure 3 Obtain TIN**

**Time to complete:** 1

**Cost to complete:** 0

**Comment:** The applicant obtains Tax Identification Number (TIN) and bank payment slip from the Ministry of Finance and then makes payment at the central bank annex at the Ministry of Finance fees and obtain receipt.

**Procedure 4 Submit registration application to Ministry of Commerce (MOCI) and pick up payment slip**

**Time to complete:** 5

**Cost to complete:** 4553.45

**Comment:** After approval from the MFA, the applicant also has to register his business with MOCI by submitting a copy of the official (signed) Articles of Incorporation as well as a completed Business Registration Application and receives payment assesment.The costs associated with the MOCI registration amount to LRD 8200. The break down of the fee is as follows:  
Business License fee: LRD 4200  
Business Registration: LRD 353.45

**Procedure 5 Register with Social Security**

**Time to complete:** 7

**Cost to complete:** 0

**Comment:** Employees are enrolled in the Social Security program by paying the required contribution to the National Social Security and Welfare Corporation. Additionally, the employer must send a formal communication of recruitment and commencement to the Ministry of labor.

## Dealing with Construction Permits in Liberia

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

### BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Monrovia

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Submit plans to Ministry of public works	1 day	no charge
2	Receive inspection from Zoning division, Ministry of public works	1 day	no charge
3	Obtain payment slip from the MPW and pay fees at the Central Bank	1 day	USD 700
4	Obtain design approval from MPW	28 days	no charge
5	Obtain construction permit from the City Corporation of Monrovia	2 days	USD 560
6	Receive inspection from MPW - I	1 day	no charge
7	Receive inspection from MPW - II	1 day	no charge
8	Receive inspection from MPW - III	1 day	no charge
9	Receive inspection from MPW - IV	1 day	no charge
10	Receive inspection from MPW - V	1 day	no charge
11	Receive inspection from MPW - VI	1 day	no charge
12	Receive inspection from MPW - VII	1 day	no charge
13	Receive inspection from MPW - VIII	1 day	no charge
14	Receive inspection from MPW - IX	1 day	no charge
15	Receive inspection from MPW - X	1 day	no charge

16	Receive inspection from MPW - XI	1 day	no charge
17	Receive inspection from MPW - XII	1 day	no charge
18	Buy and install generator to obtain power connection	7 days	USD 46,000
19 *	Request and obtain fixed line from LIBTELCO	7 days	LRD 25
20 *	Register with water company	1 day	no charge
21 *	Receive inspection from Water and Sewer Corporation	1 day	no charge
22 *	Obtain water and sewage connection	14 days	USD 54
23	Request and obtain occupancy permit	10 days	no charge
24	Register the building at Probate Court	3 days	LRD 300

\* Takes place simultaneously with another procedure.

**Procedure 1 Submit plans to Ministry of public works**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The application file should include 2 copies of the site plan; letter of request addressed to the Deputy Minister; the land deed; and the architectural, structural, and mechanical drawings. These documents are passed from one official to another for approval at the Ministry of Public Works (MPW) before the building permit is issued. Physically all departments are located in different parts of the city which may delay the approval. It is relevant, given that there is an internal order of approval.

The documents are submitted internally at the MPW in the following order:

1. Office of the Deputy Minister/Technical Service
2. Office of the Assistant Minister, Technical (initial recipient).
3. Land-Use Planning and Zoning Division (initial site plan and document review). There are no thorough checks with the National Archives on the authenticity of the land documents. Ensuring that is the responsibility of the owner of the warehouse.
4. Chief of Zoning (physical site approval).
5. Chief of Architecture (design approval).
6. Chief of Electromechanical Engineering (electrical and mechanical approval).
7. Chief of Engineering (structural approval and billing).
8. Finance Section (payments).
9. Land-Use Planning and Programming (signature on permit).
10. Office of the Deputy Minister, Technical Services (permit attached).

A temporary building permit can be granted after the second step above, when the Land-Use Planning and Zoning Division conducts an initial site plan and document review. This temporary permit could be obtained within a week. It is granted for a maximum of 90 days, but this is an exception rather than the rule. In practice, a permit is accorded after all steps mentioned above have been completed. As a result of the weak enforcement of building regulations, partly a result of the post-conflict situation, many private construction projects take place without following the official guidelines.

**Procedure 2 Receive inspection from Zoning division, Ministry of public works**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** It takes about 3 days for the Zoning Division to process an application. The zoning division will contact the applicant to inform them that they will need an inspection. There are only 4 inspectors and resources are limited, so the applicant has to provide transportation for them.

**Procedure 3 Obtain payment slip from the MPW and pay fees at the Central Bank**

**Time to complete:** 1 day

**Cost to complete:** USD 700

**Comment:** Once all the technical departments have reviewed the application, the Finance Department creates a payment slip. The applicant must come pick up the payment slip and then go the Central Bank to pay the fees. The fee for design approval for commercial buildings is 5 cents/sq.ft.

**Procedure 4 Obtain design approval from MPW**

**Time to complete:** 28 days

**Cost to complete:** no charge

**Comment:** The applicant must return to MPW with payment receipt and the application is processed for final approval. The process at the Ministry of Public Works from submission of plans (procedure 1) to approval used to take 3 months, but reforms introduced in 2008 reduced the processing time for simple building permits to 1 month. The MPW established a 30 day statutory time limit for the issuance of building permits. The MPW also introduced a checklist to clearly define all of the documents required to complete the application. Now, all applications are scrutinized on submission to check for completeness and accuracy before being forwarded to processing. The reform eliminated the Minister's signature on building permits for simple construction projects. By rule, the Minister's consent is only required for projects with a value greater than USD 1 Million or that involve an international government. However, in practice the Minister or Deputy Minister still approve projects that are less than USD 1 Million in value.

#### **Procedure 5 Obtain construction permit from the City Corporation of Monrovia**

**Time to complete:** 2 days

**Cost to complete:** USD 560

**Comment:** After obtaining the design approval from MPW, BuildCo must obtain a separate construction permit from the Planning Department at City Hall. The Planning Department takes 1 day to review the plans and then prepares a payment slip which is usually paid the next day.

City Corporation of Monrovia as of May 1, 2009 abolished 3% fee charge, based on project value, for issuing a building permit and replaced it with a fixed fee of USD 0.04/sq.ft. for new commercial and industrial construction projects.

However, practitioners note that this fee is "negotiable." Applicants can pay less amount, which is official, but the permit is for less period of time. There are no fee schedules posted at City Hall and often, builders are asked to pay much higher fees.

#### **Procedure 6 Receive inspection from MPW - I**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The construction of the warehouse can commence after the building permit is obtained. There is no requirement to request inspections at any stage of the construction process. However, building inspectors and engineers are often dispatched from the Ministry of Public Works to inspect construction sites to see to what extent the construction conforms with the originally submitted drawings. Over the course of 6–7 months, inspections occur randomly at a rate of every 3 weeks or as often as every week. The work stops only if there has been noncompliance with the plans.

#### **Procedure 7 Receive inspection from MPW - II**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 8 Receive inspection from MPW - III**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 9 Receive inspection from MPW - IV**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 10 Receive inspection from MPW - V**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 11 Receive inspection from MPW - VI**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 12 Receive inspection from MPW - VII**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 13 Receive inspection from MPW - VIII**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 14 Receive inspection from MPW - IX**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 15 Receive inspection from MPW - X**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 16 Receive inspection from MPW - XI**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 17 Receive inspection from MPW - XII**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 18 Buy and install generator to obtain power connection**

**Time to complete:** 7 days

**Cost to complete:** USD 46,000

**Comment:** Because of the war, much of Liberia's infrastructure was destroyed or dilapidated. Most of the electricity is still generated through private generators. The electricity corporation provides power for very limited public use such as street lights although an expansion project is planned for 2008. People buy their own generators.

In the early years the generator market was underdeveloped and with few vendors. This situation has changed in the recent years. A large number of companies started supplying generators at faster speed and lower cost. Today it takes on average 1 week to obtain a generator and a backup and finalize all installation works. Cost for one 150 kVA diesel generator is USD 30,000 and for a backup 70 kVA diesel generator- USD 16,000.

**Procedure 19 Request and obtain fixed line from LIBTELCO**

**Time to complete:** 7 days

**Cost to complete:** LRD 25

**Comment:** A complete renovation of the telecommunication system of Monrovia was undertaken. Deployment started in September 2007 and the installation was completed in January 2009. The new Liberia Telecommunications Corporation (LIBTELCO) had its grand opening in February 2009 and is the sole fixed line provider in Liberia. LIBTELCO offered a test pilot phase, from February 1, 2009 to April 30, 2009, during which the public was offered a two-month free service (March – April: 60 days). Services became commercially available as of May 1, 2009. The fixed lines are only available in Monrovia. There is a project to extend the services to other counties in the future.

LIBTELCO offers four services as follows:

1. Fixed lines

Voice only: 180 000 subscribers, and there is the capability to expand to 600 000.

Voicemail: there are 60 000 subscribers.

SMS: 60 000 subscribers and expansion of this service is very easy

2. Faxes

3. High Speed Internet (2 speed: 2 MEGA and 153.6 KB)

4. Push to Talk (PTT), has 5000 subscribers and this service can be expanded by another 5000

TELCO also support 4 GSM operators, LoneStar, Comium, LIBEGEL and CELCOM.

The internal gateway for LIBTELCO is located in Norway.

As a result of this reform, time to obtain a land line in Monrovia is one week and there is no more need to register with LIBTELCO. Official cost for installation of fixed line is USD 25.

#### **Procedure 20 Register with water company**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

#### **Procedure 21 Receive inspection from Water and Sewer Corporation**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The Water and Sewer Corporation inspects the site to prepare a cost estimate for the pipes and installation.

#### **Procedure 22 Obtain water and sewage connection**

**Time to complete:** 14 days

**Cost to complete:** USD 54

**Comment:** Water connections can be made if existing pipelines pass through the construction site. If that is the case, then water connection should take 1– 2 weeks. The cost for water connection includes LRD 250 for the connection itself and USD 50 for the meter. If a

water pipeline does not pass through the area, then BuildCo must buy all the necessary materials to extend an existing pipeline to the construction site before the connection is made. This will inevitably add cost and time to the utility connection process. In the case considered here, it is assumed that it is not necessary to purchase materials because the site is 10 meters from the water main.

**Procedure 23 Request and obtain occupancy permit**

**Time to complete:** 10 days

**Cost to complete:** no charge

**Comment:** In the recent year the Ministry of Public Works started more rigorously enforcing the regulations of the Zoning Law. According to article 5. A of the Zoning Law all new building must obtain an occupancy permit before being used. Stricter enforcement has led to wider practice by companies to obtain the occupancy permit. This is issued within 10 days.

**Procedure 24 Register the building at Probate Court**

**Time to complete:** 3 days

**Cost to complete:** LRD 300

**Comment:** This registration of the completed building occurs in two stages. First BuildCo must register the building with the Probate Court, similar to a notarization procedure. Registration at the Probate Court takes 3 days and costs LRD 300. The case considered here assumes that BuildCo does not employ a lawyer (lawyer's fees would amount to USD 250). Registration is not required, but companies do so to increase the resale value.

## Employing Workers in Liberia

Employing workers indices are based on responses to survey questions. The table below shows these responses in Liberia.

Employing Workers Indicators (2009)	Answer	Score
<b>Difficulty of hiring index (0-100)</b>		<b>22.2</b>
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.58	0.67
<b>Difficulty of redundancy index (0-10)</b>		<b>40.0</b>
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
<b>Redundancy costs (weeks of salary)</b>		<b>84.3</b>
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		4.3
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		80.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
<b>Rigidity of employment index (0-100)</b>		<b>27.4</b>
<b>Rigidity of hours index (0-100)</b>		<b>20.0</b>
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	No	0.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	No	0.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	24	1

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

## Registering Property in Liberia

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

### STANDARDIZED PROPERTY

Property Value: 556,784.90

City: Monrovia

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a Transfer deed form	1 day	no cost
2 *	Buyer contacts a surveyor to conduct the survey of the property	21 days	USD 50
3 *	Publication of survey in newspaper and radio by surveyor	1 day (simultaneous with procedure 2)	included in procedure 2
4	Parties contract a lawyer to start official transfer process.	2 days	10 - 15% property value
5	Lawyer visits Registry to check the status and ownership of the property	7 days	USD 4 (250 LB\$)
6	Lawyer visits Bureau of Internal Revenue of the Ministry of Finance (Real Estate Division) to check for outstanding taxes on the property	3 days	no cost
7	Parties sign the deed form at the lawyer's office	1 day	no cost
8	Lawyer visits Probate Court to request the transfer	7 days	no cost
9	Parties register the deed at the Registry	7 days	5 USD (300 LD\$)
10	Seller goes to Bureau of Internal Revenues to change the owner's name on the property	1 day	no cost

\* Takes place simultaneously with another procedure.

**Procedure 1 Obtain a Transfer deed form**

**Time to complete:** 1 day

**Cost to complete:** no cost

**Comment:** The parties obtain a Transfer deed to provide to the surveyor who will be conducting the survey of that property. At that time, the seller will also provide a copy of his deed to the new owner. The transfer deed can be obtained in shops.

**Procedure 2 Buyer contacts a surveyor to conduct the survey of the property**

**Time to complete:** 21 days

**Cost to complete:** USD 50

**Comment:** One of the requirements prior to transferring a property in Liberia is to conduct a survey of that property by a licensed surveyor. The potential buyer will contact a certified surveyor to conduct the survey of the property to be transferred. The property cannot be surveyed during the notice period. Any person wishing to introduce a claim of ownership on that property must come forward during the notice period. If there are no disputes recorded after the notice period, then the surveyor will conduct the survey of the property with the potential buyer as a witness, and anyone else who wishes to be present.

**Procedure 3 Publication of survey in newspaper and radio by surveyor**

**Time to complete:** 1 day (simultaneous with procedure 2)

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

**Comment:** By law, the surveyor must inform the public that the survey or re-survey of a particular property will be conducted on a set date. The notice will also provide the location of that property. The notice is published in local newspapers and is also aired for a period of 15 days. But the law is silent as to the length of this notice.

**Procedure 4 Parties contract a lawyer to start official transfer process.**

**Time to complete:** 2 days

**Cost to complete:** 10 - 15% property value

**Comment:** The parties give the lawyer the deed on which the sketch of the property has been done by the licensed surveyor. The transfer process will then start

**Procedure 5 Lawyer visits Registry to check the status and ownership of the property**

**Time to complete:** 7 days

**Cost to complete:** USD 4 (250 LBS)

**Comment:** The records are kept in ledgers and the search for ownership is done manually by checking the ledgers. An application for search for Deeds/Titles document is completed. It takes a week for CNDRA to search for the deeds. CNDRA will contact MOFA in case they do not have the entire file.

**Procedure 6** Lawyer visits Bureau of Internal Revenue of the Ministry of Finance (Real Estate Division) to check for outstanding taxes on the property

**Time to complete:** 3 days

**Cost to complete:** no cost

**Comment:** Bureau of Internal Revenue (Real Estate Tax Division) at the Ministry of Finance  
Comments: The Real Estate Tax division will issue an official Tax Receipt evidencing that all delinquent real property taxes have been paid in full. This Tax Receipt is mandatory, as of June 1st, 2009 in order to have the deed probated at the Probate Court.

**Procedure 7** Parties sign the deed form at the lawyer's office

**Time to complete:** 1 day

**Cost to complete:** no cost

**Comment:** Once all verifications are done by the lawyer to ensure that the property is free of all encumbrances and established the rightful ownership of the property, both parties can now sign the deed, which will be probated at the Probate Court. The deed must have a vivid description of the building.

**Procedure 8** Lawyer visits Probate Court to request the transfer

**Time to complete:** 7 days

**Cost to complete:** no cost

**Comment:** The lawyer visits the Probate Court to request the transfer (1 business day). The Court will then publish a notice of the transaction for 4 business days. If there are no objections, on the fifth business day, the lawyer can pick up the deed with the seal of approval from the Court.

**Procedure 9** Parties register the deed at the Registry

**Time to complete:** 7 days

**Cost to complete:** 5 USD (300 LD\$)

**Comment:** The buyer will complete the Registration Form for Deeds and Titles Documents. A bill form will be provided at that time and payment is made at the MOF.  
Documents to be provided at time of registration:

1. A copy of the Real Estate Tax receipt (obtained in procedure 5)
2. Flag receipt from the Ministry of Finance as proof of payment
3. Original and Two copies of Bill form
4. Probated Deed

**Time to complete:** 1 day

**Cost to complete:** no cost

**Comment:** The parties will change the ownership name at the Bureau of Internal Revenues. It is in the interest of the seller to ensure that the name is changed so that the new owner is responsible for future taxes.

## Getting Credit in Liberia

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	1
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
<b>Coverage</b>		0.0	0.3
Number of individuals		0	..
Number of firms		0	..

Strength of legal rights index (0-10)		4
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 revolving movable assets, without requiring a specific description of the secured assets ?		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 the secured assets ?		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?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

Yes

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

Yes

## Protecting Investors in Liberia

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

Protecting Investors Data (2009)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>4</b>
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
<b>Extent of director liability index (0-10)</b>	<b>1</b>
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
<b>Ease of shareholder suits index (0-10)</b>	<b>6</b>
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

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

3.7

#### Notes:

#### Extent of Disclosure Index

*What corporate body provides legally sufficient approval for the transaction?*

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

*Immediate disclosure to the public and/or shareholders*

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

*Disclosures in published periodic filings*

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

*Disclosures by Mr. James to board of directors*

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

#### Director Liability Index

*Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company*

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

*Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company*

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

*Whether a court can void the transaction upon a successful claim by a shareholder plaintiff*

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

*Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company*

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

#### Shareholder Suits Index

*Documents available to the plaintiff from the defendant and witnesses during trial*

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

*Ability of plaintiffs to directly question the defendant and witnesses during trial*

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

## Paying Taxes in Liberia

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Liberia, 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
Corporate income tax	4		57	35%	profitable income		
Stamp duty	1						
VAT	12		41	7%	value added		
Tax on interest	0			10%	Money market account interest	0.26	
Municipal tax	1			fee scale	type of business	0.67	
Fuel tax	1				value of fuel consumption	0.81	
Property tax	1			1%	Assessed Value of building	1.48	
Social security	12		59	6% split 50:50 employer:employee	gross salaries	5.36	
Turnover tax	0			2%	last year's turnover	35.35	
<b>Totals</b>	<b>32</b>		<b>158</b>			<b>43.7</b>	

**Notes:**

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

## Trading Across Borders in Liberia

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	9	225
Customs clearance and technical control	3	355
Ports and terminal handling	2	252
Inland transportation and handling	3	400
Totals	17	1232

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	9	480
Customs clearance and technical control	1	355
Ports and terminal handling	3	127
Inland transportation and handling	2	250
Totals	15	1212

### Export

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs export declaration

Export license

Inspection report

Packing list

Tax certificate

Terminal handling receipts

### Import

Bill of lading

Cargo release order
Certificate of origin
Commercial invoice
Customs import declaration
Import license
Inspection report
Packing list
Terminal handling receipts

## Enforcing Contracts in Liberia

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

Nature of Procedure (2009)	Indicator
Procedures (number)	41
Time (days)	1280
Filing and service	10.0
Trial and judgment	730.0
Enforcement of judgment	540.0
Cost (% of claim)*	35.00
Attorney cost (% of claim)	25.1
Court cost (% of claim)	6.9
Enforcement Cost (% of claim)	3.0

**Court information:** Monrovia Magisterial Court

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





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