

**Doing
Business
2011**

**Making
a Difference for
Entrepreneurs**

Doing Business in Cape Verde

Svetlana Bagaudinova

Sr. Private Sector Development Specialist

Leonardo Iacovone

Economist

Cape Verde
November 23-24, 2010

What does Doing Business measure?



Doing Business indicators:

- ✓ Focus on regulations relevant to the life cycle of a small to medium-sized domestic business.
- ✓ Are built on standardized case scenarios.
- ✓ Are measured for the most populous city in each country.
- ✓ Are focused on the formal sector.

DO NOT measure all aspects of the business environment such as macroeconomic stability, corruption, level of labor skills, proximity to markets, or of regulation specific to foreign investment or financial markets.

Doing Business indicators – 11 areas of business regulation (9 included in the ranking)

Start-up	Expansion	Operations	Closing
<ul style="list-style-type: none"> Starting a business <p><i>Minimum capital requirement, procedures, time and cost</i></p>	<ul style="list-style-type: none"> Registering property <i>Procedures, time and cost</i> Getting credit <i>Credit information systems</i> <i>Movable collateral laws</i> Protecting investors <i>Disclosure and liability in related party transactions</i> Enforcing contracts <i>Procedures, time and cost to resolve a commercial dispute</i> 	<ul style="list-style-type: none"> Dealing with construction permits <i>Procedures, time and cost</i> Paying taxes <i>Payments, time and Total Tax Rate</i> Trading across borders <i>Documents, time and cost</i> Getting electricity (annex I) <i>Procedures, time and cost</i> Employing workers (annex II) 	<ul style="list-style-type: none"> Closing a business <p><i>Time, cost and recovery rate</i></p>
Entry	Property rights Investor protection Access to credit	Administrative burden Flexibility in hiring	Recovery rate Reallocation of assets

Top 30 economies on the ease of Doing Business 2009/10

Doing
Business
2011

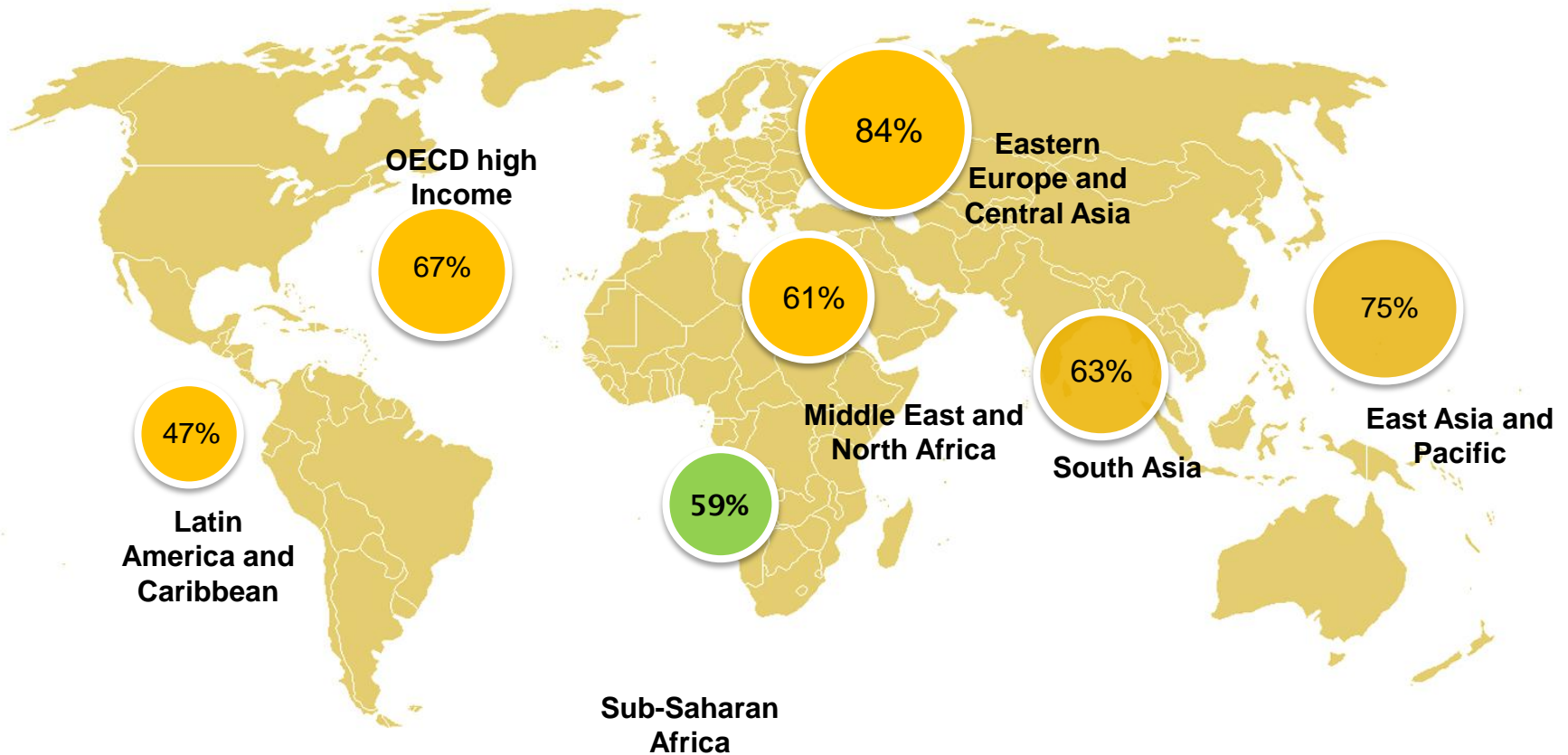


- | | | | |
|---|-------------------------|---|------------------------|
|  | 1. Singapore |  | 16. Korea, Rep. |
|  | 2. Hong Kong SAR, China |  | 17. Estonia |
|  | 3. New Zealand |  | 18. Japan |
|  | 4. United Kingdom |  | 19. Thailand |
|  | 5. United States |  | 20. Mauritius ← |
|  | 6. Denmark |  | 21. Malaysia |
|  | 7. Canada |  | 22. Germany |
|  | 8. Norway |  | 23. Lithuania |
|  | 9. Ireland |  | 24. Latvia |
|  | 10. Australia |  | 25. Belgium |
|  | 11. Saudi Arabia |  | 26. France |
|  | 12. Georgia |  | 27. Switzerland |
|  | 13. Finland |  | 28. Bahrain |
|  | 14. Sweden |  | 29. Israel |
|  | 15. Iceland |  | 30. Netherlands |

10 economies improving the most in the ease of doing business in 2009/10

Economy	Starting a business	Dealing with construction permits	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
Kazakhstan	✓	✓			✓		✓		
Rwanda		✓		✓			✓		
Peru	✓	✓	✓				✓		
Vietnam	✓	✓		✓					
Cape Verde	✓		✓			✓			
Tajikistan	✓				✓	✓			
Zambia	✓						✓	✓	
Hungary		✓	✓			✓			✓
Grenada	✓		✓				✓		
Brunei Darussalam	✓					✓	✓		

Strong global pace of reforms making business easier: 216 in 117 economies

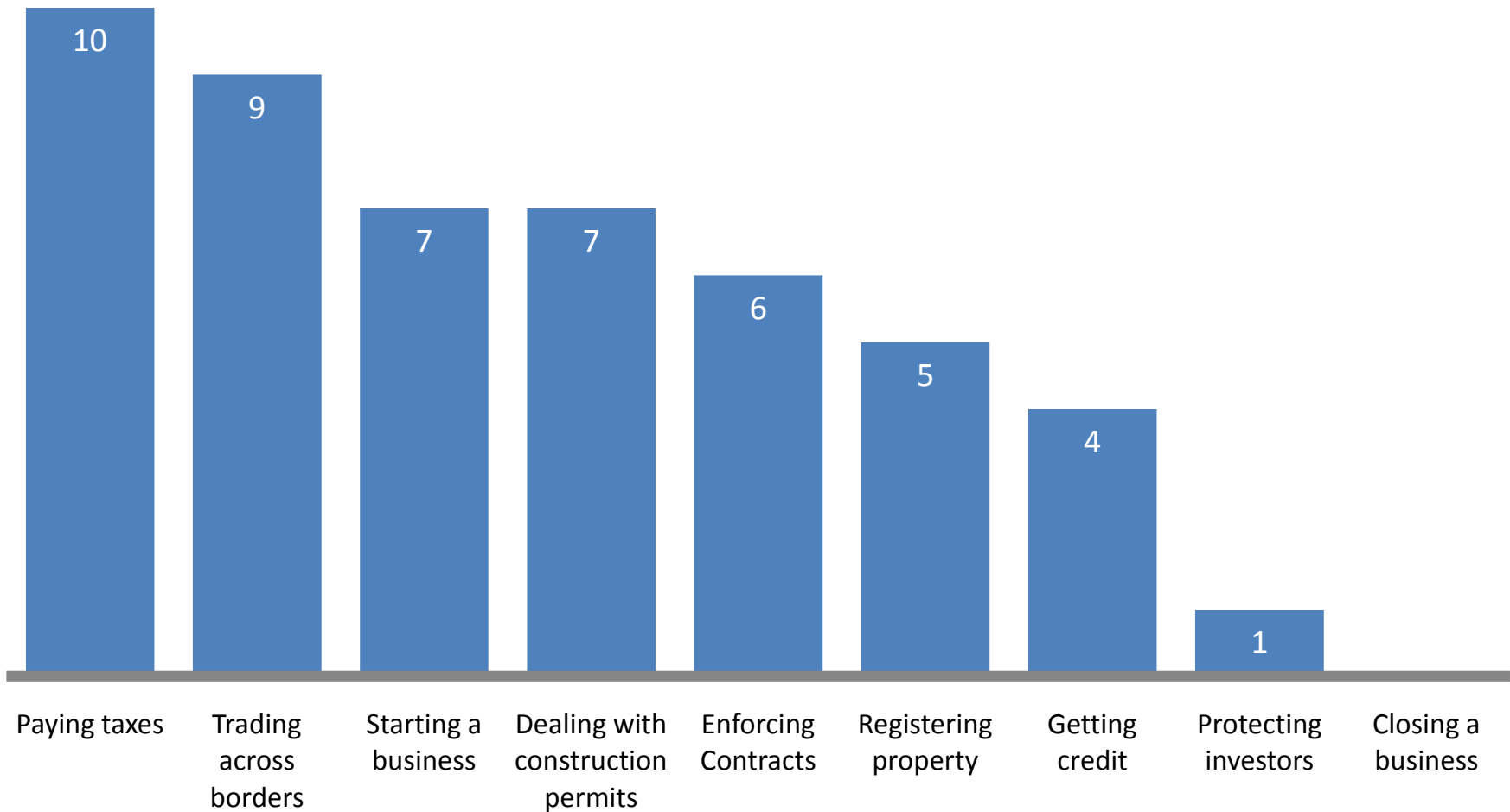


Percentage of countries with at least one positive reform in 2009/10

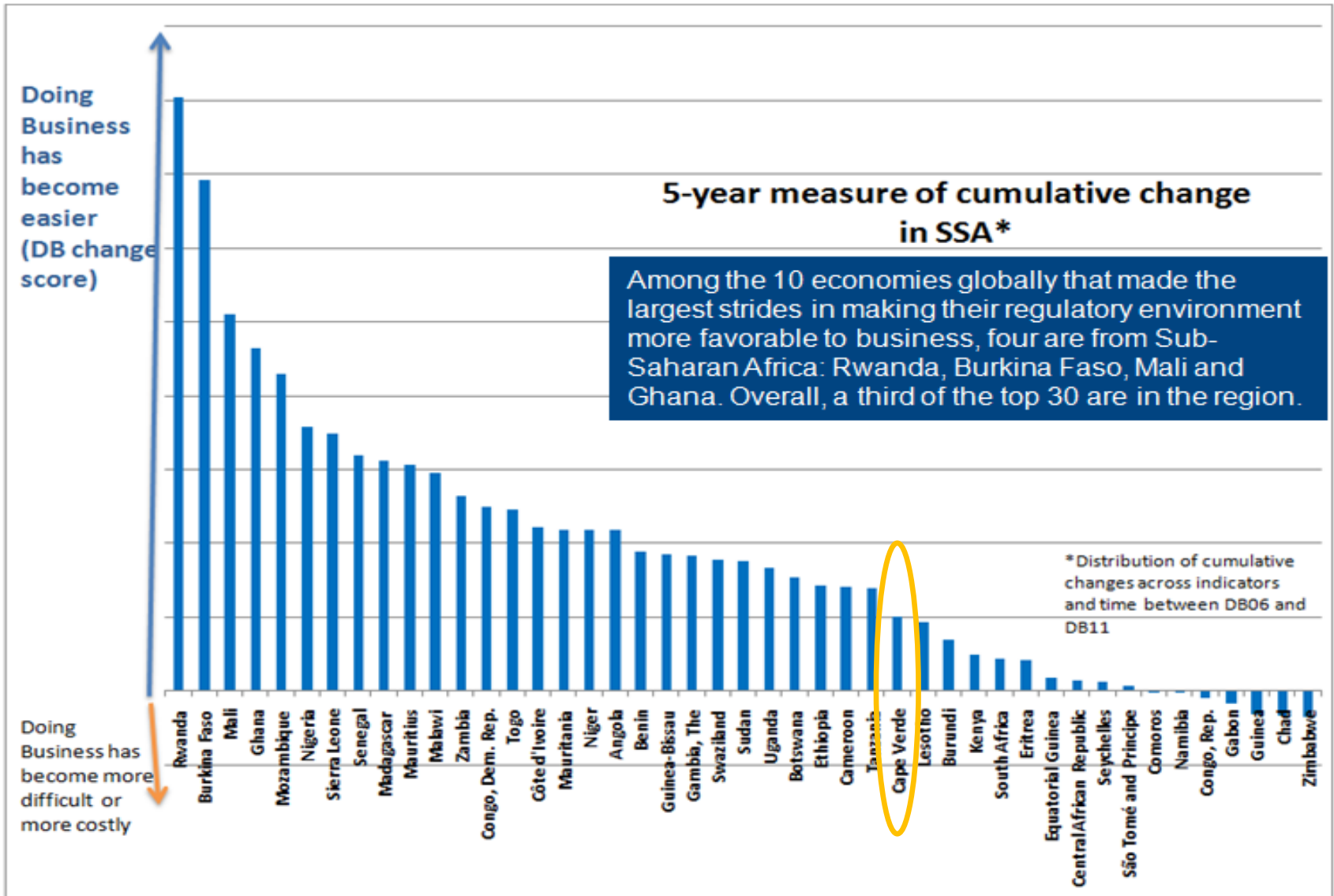
Sub-Saharan Africa, second fastest reforming region: 27 economies improved business regulations

Doing
Business
2011

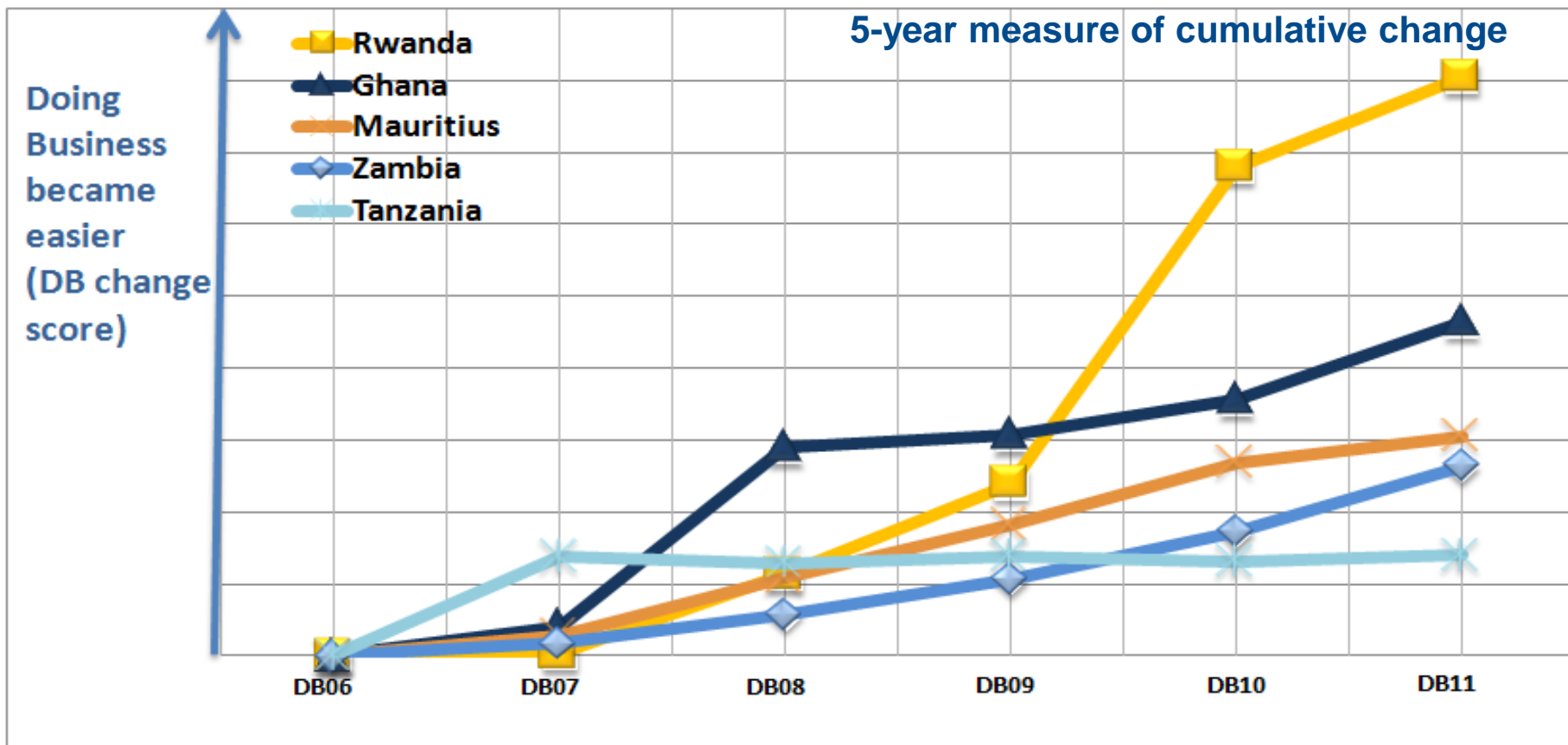
49 reforms in 8 areas with *Paying taxes* and *Trading across borders* the most popular



84% of economies in Sub-Saharan Africa improved their business environment over the past 5 years



Rwanda leads by reform pace in Sub-Saharan Africa



Rwanda is the front runner in the region with a big jump in reforms in DB10

Ghana made considerable progress with 5 reforms in DB08.

Mauritius reformed its regulations at a steady pace from DB07 to DB10

Zambia made more progress recently and is among the DB11 top reforming economies

Tanzania mainly improved its business regulatory environment in DB07.

Number of reforms after DB06: 19

12

18

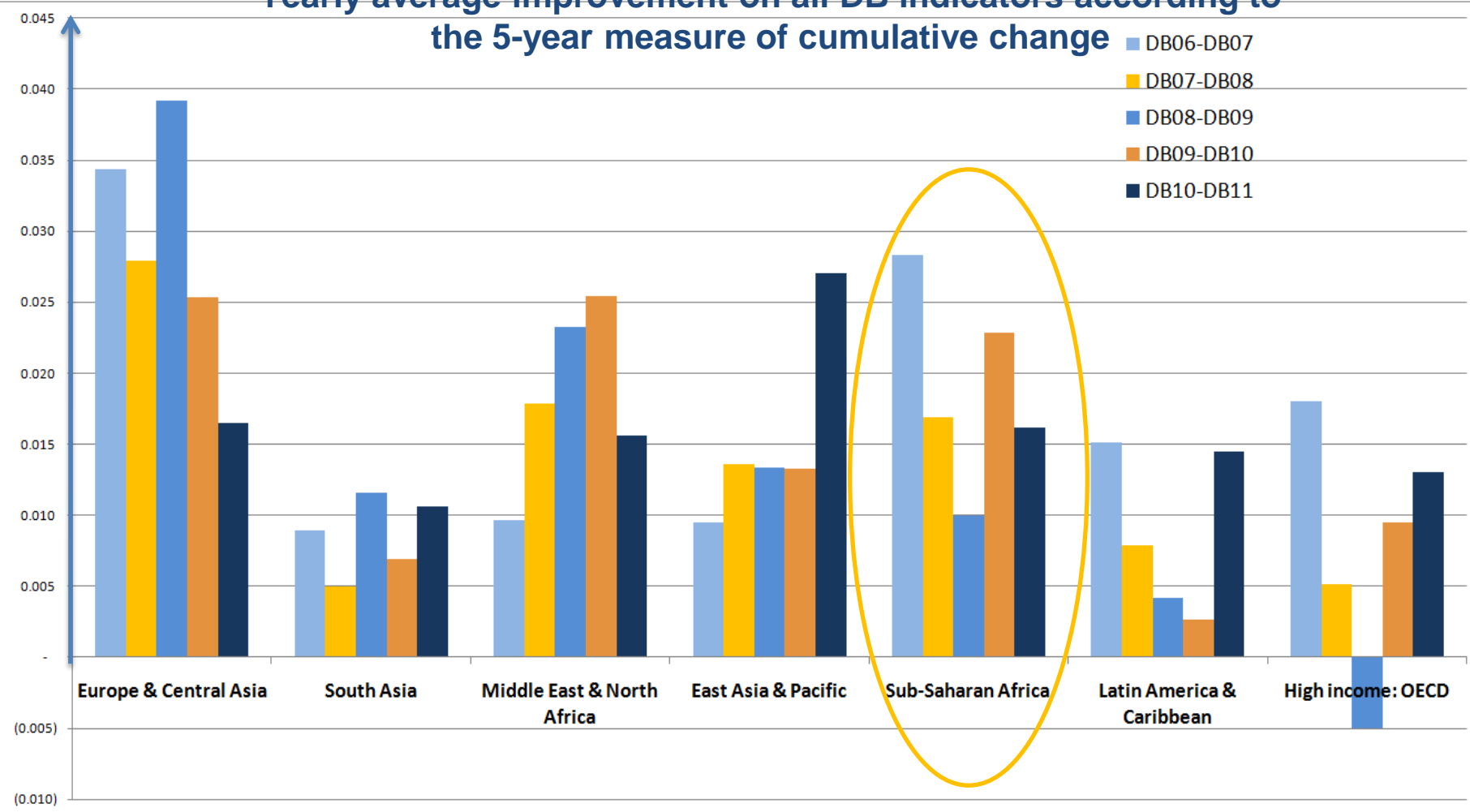
7

5

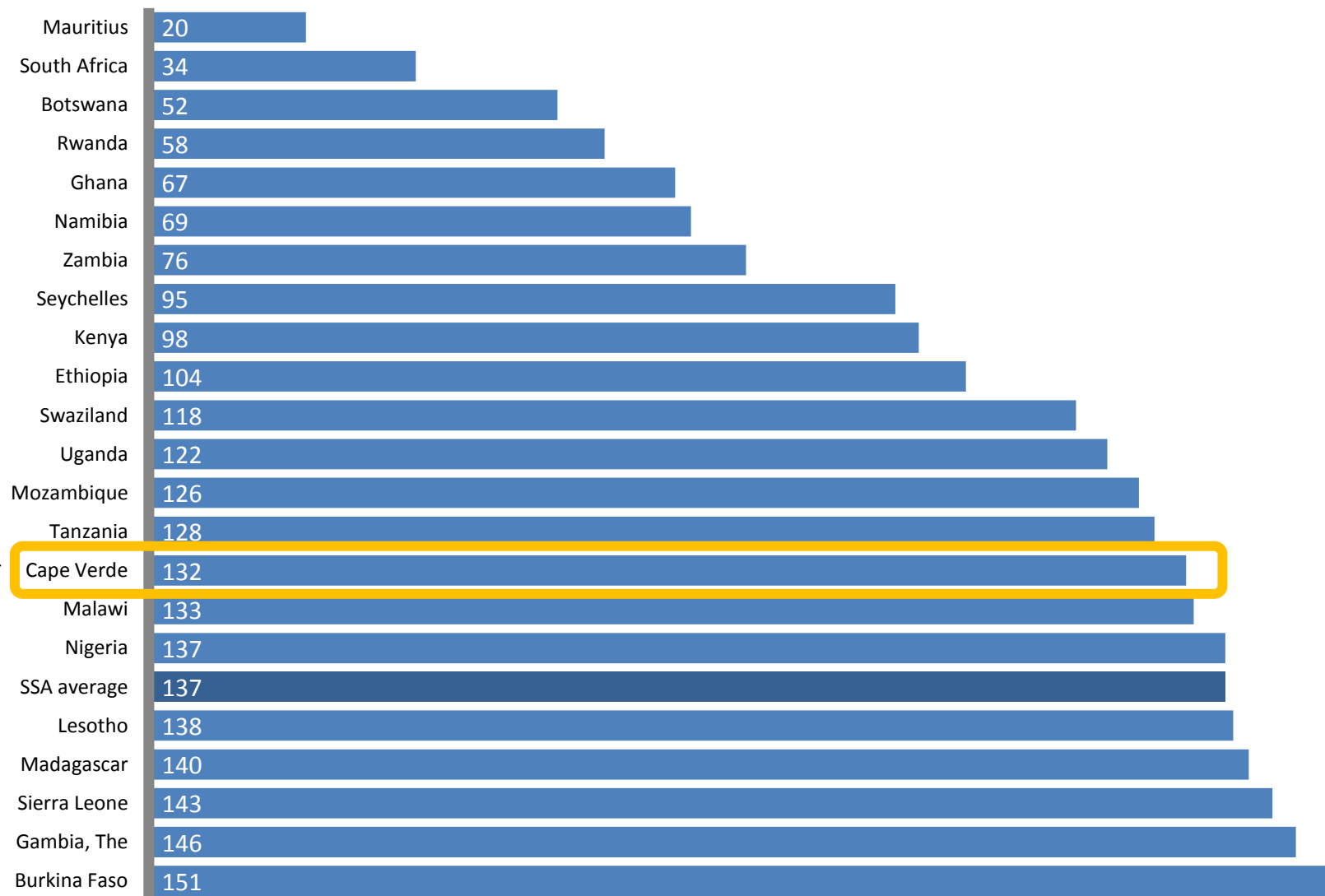
In Sub-Saharan Africa, the biggest improvements took place in DB07 and DB10

Average change per year and per region

Yearly average improvement on all DB indicators according to the 5-year measure of cumulative change

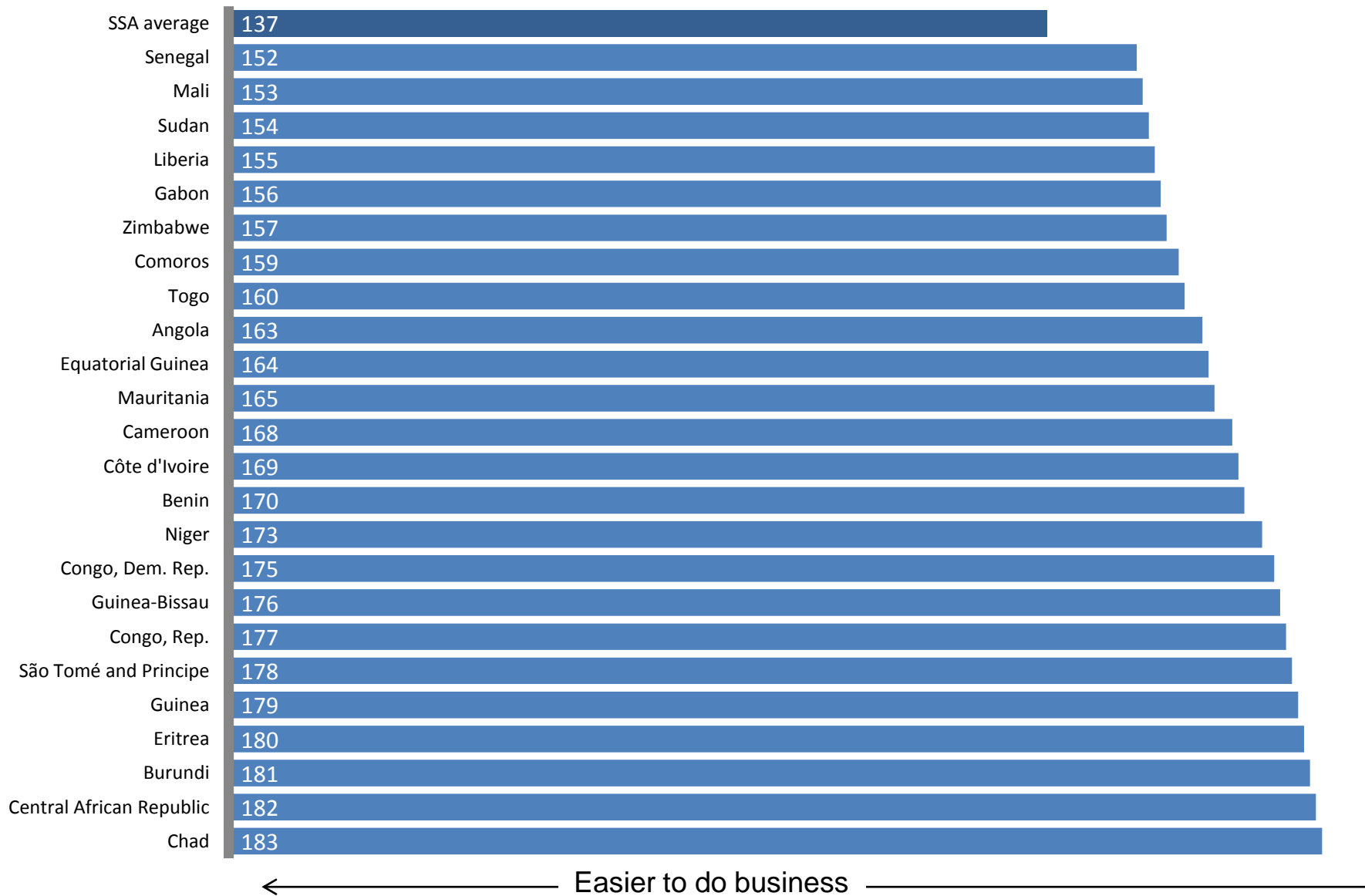


Sub-Saharan Africa's rankings in Doing Business 2011

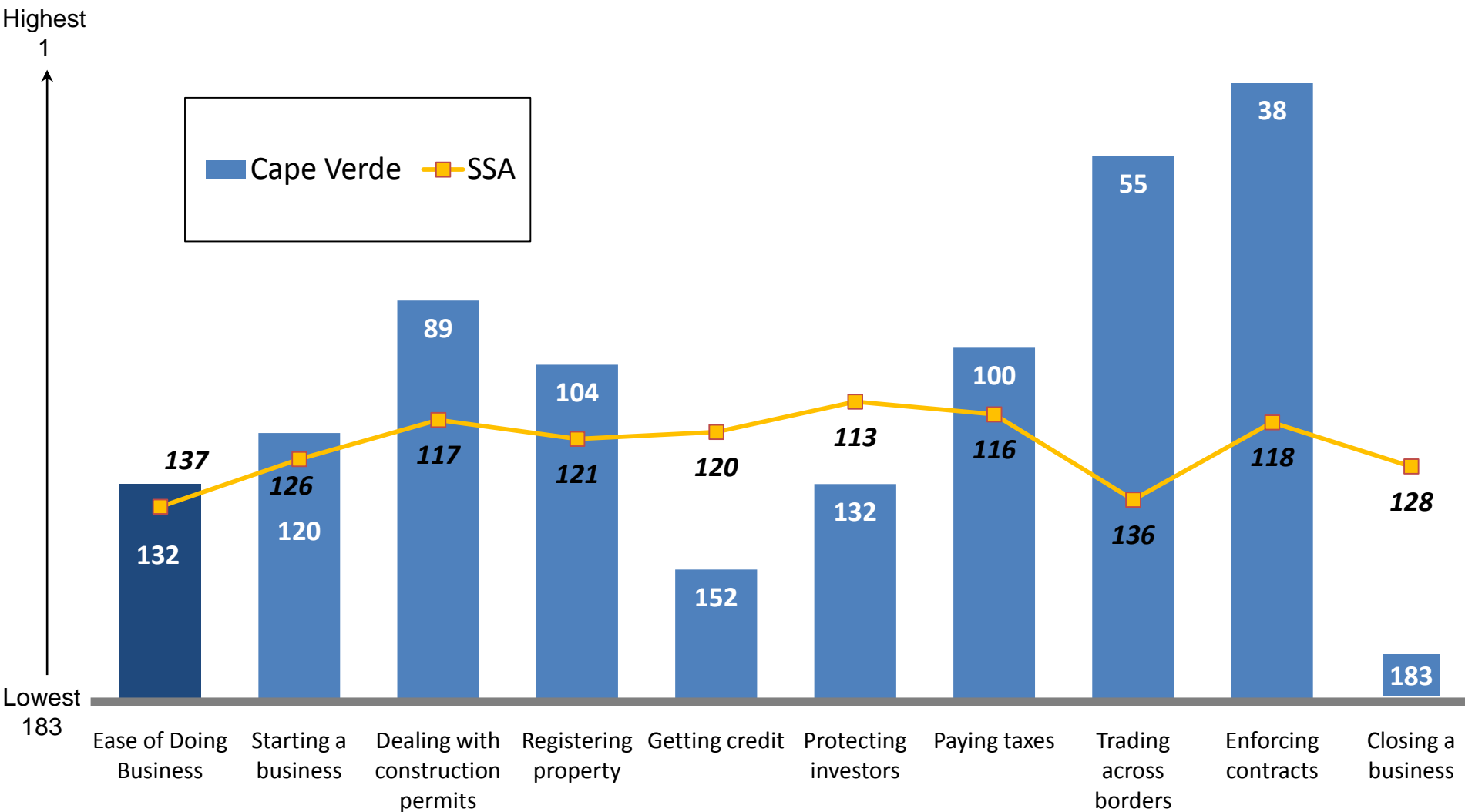


← Easier to do business →

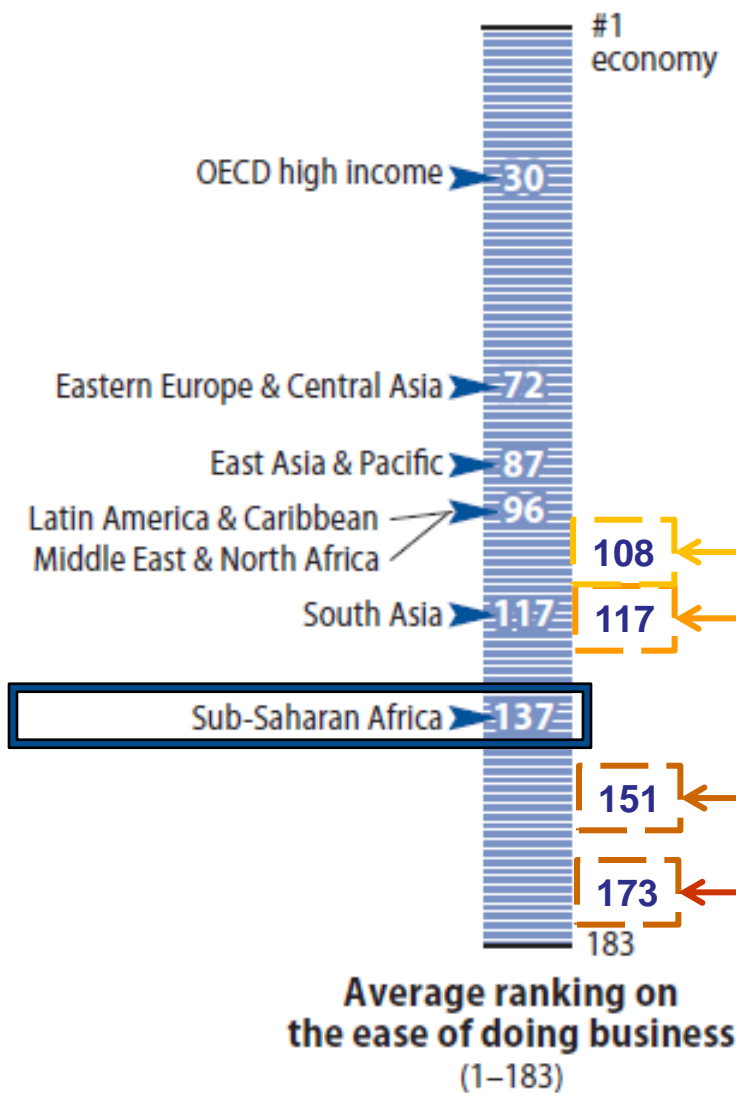
Sub-Saharan Africa's rankings in Doing Business 2011



Cape Verde's performance in 2009/10 stands out in 6 areas measured by Doing Business



Southern and East African economies rank higher on the ease of doing business for local firms



Southern African Development Community (average ranking):

Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe

East African Community (average ranking):

Burundi, Kenya, Rwanda, Tanzania, Uganda

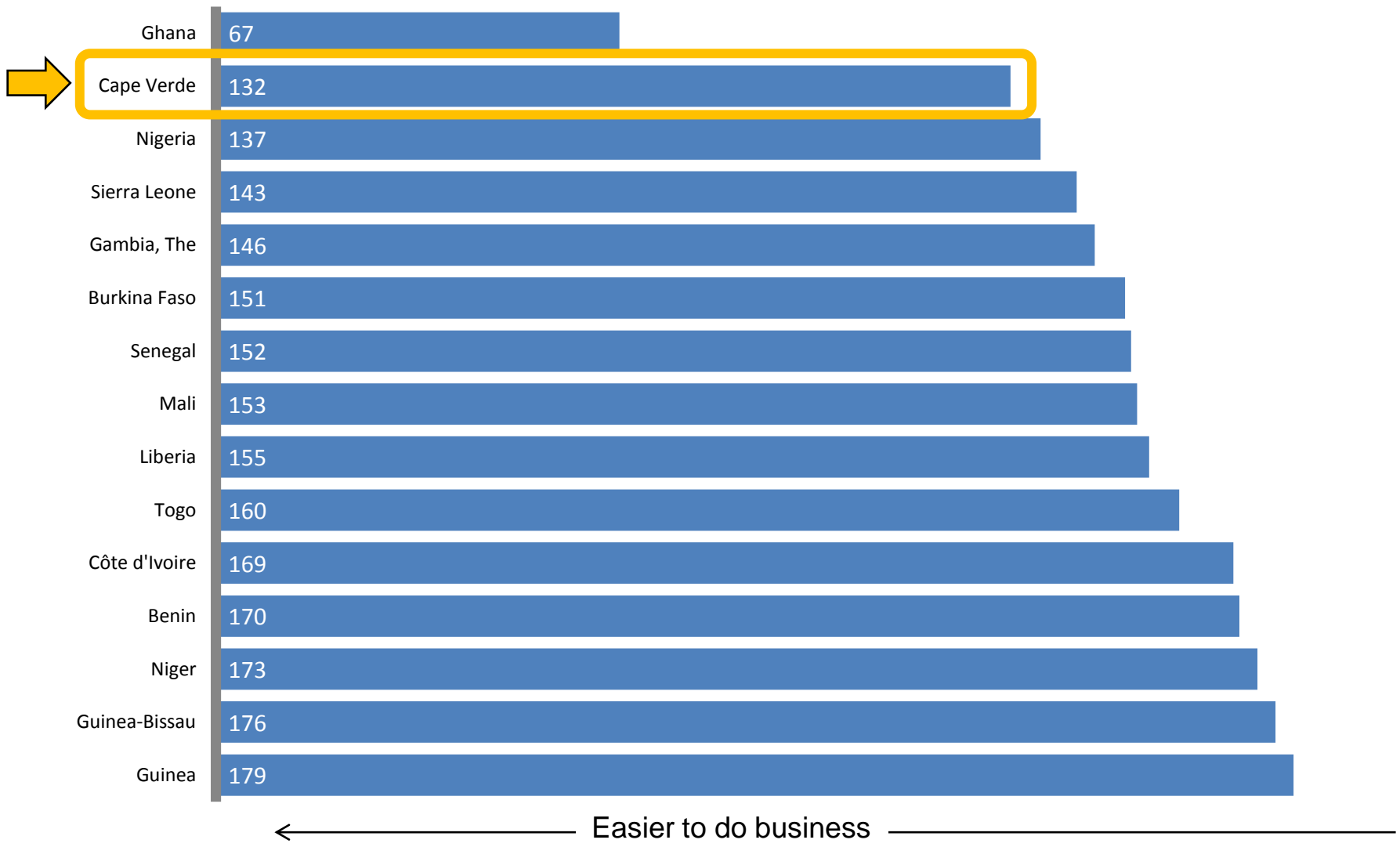
Economic Community of West African States (average ranking):

Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo

Economic Community of Central African States (average ranking):

Angola, Burundi, Cameroon, Central African Republic, Chad, the Democratic Republic of Congo, the Republic of Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe

Cape Verde is #2 among West African Sates rankings in Doing Business 2011



Cape Verde implemented 5 business easing reforms in 3 areas measured since DB2007

DB Report Year	Starting a business	Dealing with construction permits	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
2011	✓		✓			✓			
2010	✓					✓			
2009									
2008									
2007									

In 2009/2010 Cape Verde made doing business easier in 3 areas measured by Doing Business.

Africa rankings in Doing Business 2011 by topic

Doing
Business
2011

Topic	World's top ranked 2009/10	Sub-Saharan Africa's top ranked 2009/10
Starting a business	New Zealand	Rwanda (9) Mauritius (12)
Dealing with construction permits	Hong Kong SAR, China	Kenya (35) Namibia (36)
Registering property	Saudi Arabia	Ghana (36) Sudan (40)
Getting credit	Malaysia	South Africa (2) Kenya (6) Zambia (6)
Protecting investors	New Zealand	South Africa (10) Mauritius (12)
Paying taxes	Maldives	Mauritius (12) Botswana (21)
Trading across borders	Singapore	Mauritius (22) Seychelles (36)
Enforcing contracts	Luxembourg	Tanzania (32) Cape Verde (38) ←
Closing a business	Japan	Botswana (27) Namibia (53)

- Cape Verde ranked 132th in the ease of Doing Business in DB11 – in DB10 it was ranked 146th

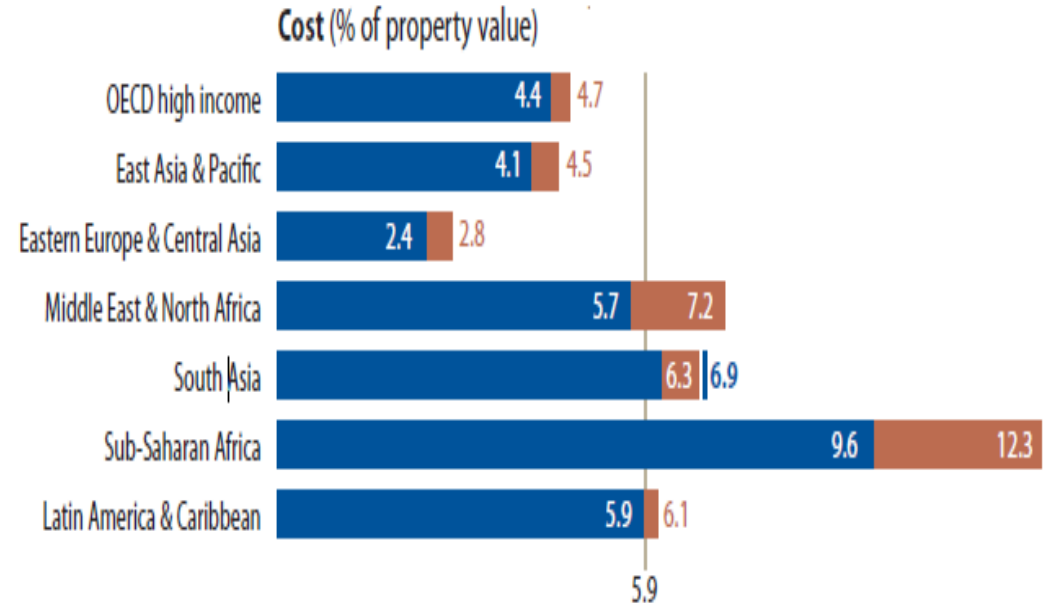
CAPE VERDE

Ease of doing business (rank)	132	Sub-Saharan Africa	GNI per capita (US\$)	3,010	
✓ Starting a business (rank)	120	Lower middle income	Population (m)	0.5	
Procedures (number)	8	Getting credit (rank)	152	Trading across borders (rank)	55
Time (days)	11	Strength of legal rights index (0-10)	2	Documents to export (number)	5
Cost (% of income per capita)	18.5	Depth of credit information index (0-6)	2	Time to export (days)	19
Minimum capital (% of income per capita)	42.4	Public registry coverage (% of adults)	22.1	Cost to export (US\$ per container)	1,200
		Private bureau coverage (% of adults)	0.0	Documents to import (number)	5
				Time to import (days)	18
Dealing with construction permits (rank)	89	Protecting investors (rank)	132	Cost to import (US\$ per container)	1,000
Procedures (number)	18	Extent of disclosure index (0-10)	1		
Time (days)	120	Extent of director liability index (0-10)	5	Enforcing contracts (rank)	38
Cost (% of income per capita)	570.7	Ease of shareholder suits index (0-10)	6	Procedures (number)	37
		Strength of investor protection index (0-10)	4.0	Time (days)	425
✓ Registering property (rank)	104			Cost (% of claim)	21.8
Procedures (number)	6	✓ Paying taxes (rank)	100		
Time (days)	73	Payments (number per year)	43	Closing a business (rank)	183
Cost (% of property value)	3.9	Time (hours per year)	186	Time (years)	NO PRACTICE
		Total tax rate (% of profit)	37.1	Cost (% of estate)	NO PRACTICE
				Recovery rate (cents on the dollar)	0.0

Cape Verde ranks 104th in Registering Property in DB11 – In DB10 it was ranked 126th

Who improved the most in registering property?

1. Samoa
2. Maldives
3. Cape Verde
4. Malaysia
5. Grenada
6. Malawi
7. Portugal
8. Hungary
9. Jamaica
10. Denmark



➤ Cape Verde eased property registration by switching from fees based on a percentage of property (2% of the property value) to lower fixed rates (\$256)

➤ Costs are lower than the regional average and global average

Cape Verde ranks 120th in Starting a Business in DB11 – In DB10 it was ranked 136th

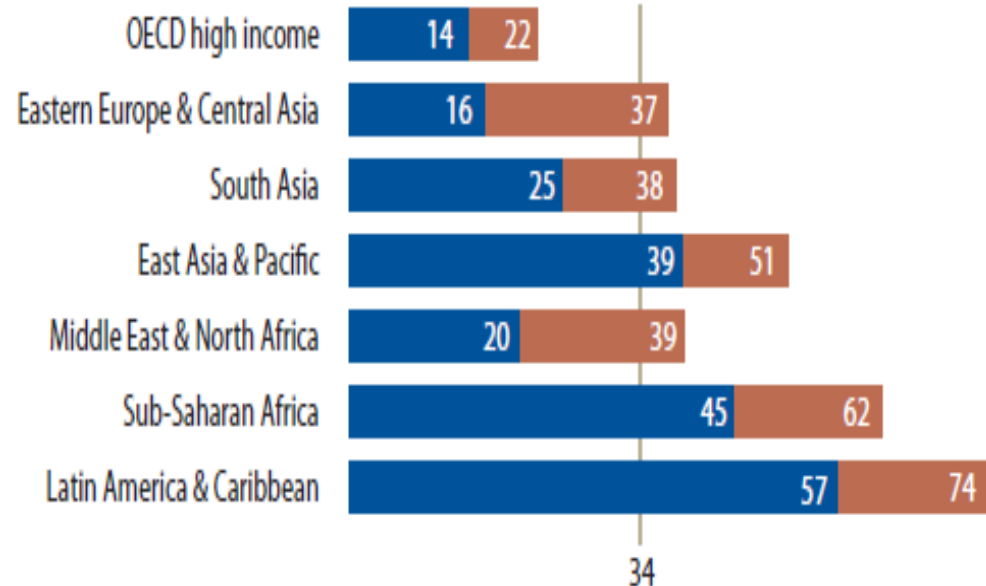
Who improved the most in starting a business?

1. *Peru*
2. *Croatia*
3. *Kazakhstan*
4. *Zambia*
5. *Cameroon*
6. *Mozambique*
7. *Montenegro*
8. *Mexico*
9. *Bangladesh*
10. *Cape Verde*



➤ Cape Verde made start-up easier by eliminating a municipal inspection before a business begins operations and computerizing the system for delivering a municipal license

Time (days)

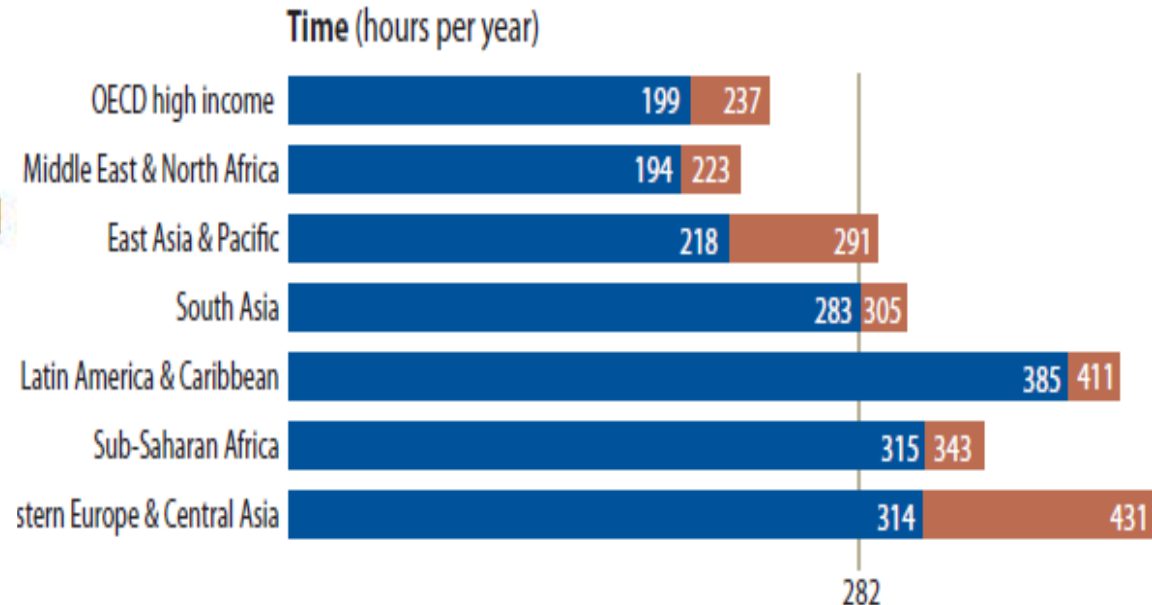


➤ Cape Verde's average time to start-up a business (11 days) is better than the Sub-Saharan Africa regional average (45 days) and the global average (34 days)

Cape Verde ranks 100th in Paying Taxes in DB11 - In DB10 it was ranked 112th

Who improved the most in paying taxes?

1. Tunisia
2. Cape Verde
3. São Tomé and Príncipe
4. Canada
5. Macedonia, FYR
6. Bulgaria
7. China
8. Hungary
9. Taiwan, China
10. Netherlands



➤ The time needed for a local medium-sized company to pay all taxes in Cape Verde (186 hours per year) is lower than the Sub-Saharan average (315 hours per year) and the global average (282 hours per year)

➤ Cape Verde eased tax compliance by abolishing stamp duties on sales and checks

- Establishing bankruptcy and insolvency procedures
 - This will help firms that are viable, but under too much debt, to restructure
 - And help minimize losses by closing failing firms quickly and in orderly fashion.
- Establishing rules that allow banks to accept a wider range of assets as collateral
 - This will help those with dormant assets to use these to secure credit; and
- Expanding the information that banks have about the financial history of firms and individuals
 - This will aid most those with excellent financial management histories, that have never secured a loan to get one.

- Eliminating minimum capital requirements for starting a business
 - DB 11 reports a cost of 42.4% of per capita income as a minimum capital requirement.
 - Eliminating minimum capital requirements would move Cape Verde up six spots, from 132 to 126.
- Expanding coverage of credit information systems using ICT
 - DB 11 reports that approximately 22% of citizens are covered.
 - Covering all citizens will move Cape Verde up six spots, from 132 to 126.
- Reducing the costs of getting a construction permit
 - DB 11 report records a cost of 570% of per capita income to get a construction license.
 - If it is reduced to around 33%, like in Mauritius, and Cape Verde moves up six spots, from 132 to 126.
- Do all three and Cape Verde moves up 27 spots to 105.

Thank you. For more information: www.doingbusiness.org

Doing
Business
2011

 International Finance Corporation
 THE WORLD BANK

English | Español | Français | Português | Русский | 中文 | العربية

DOING BUSINESS

MEASURING BUSINESS REGULATIONS

Q Search Text... GO ▶

HOME | DATA | RANKINGS | REPORTS | METHODOLOGY | RESEARCH | REFORMS | LAW LIBRARY | ABOUT US | LOCAL PARTNERS | PRESS

COMING SOON!



Doing Business 2011: Making a Difference for Entrepreneurs

- ▶ Release date: November 4th (00:01 GMT)
- ▶ New data from 183 economies

Explore Economy Data

Select an economy ▼

- OR -

Select a topic ▼

OTHER OPTIONS

- ▶ Get all data
- ▶ Use reform simulator

The **Doing Business** project provides objective measures of business regulations and their enforcement across 183 economies and selected cities at the subnational level. | [ABOUT US »](#)



2010 Doing Business Report

[DOWNLOAD NOW »](#)

RECENT PUBLICATIONS



Doing Business in Pakistan finds business is easiest in Faisalabad

Doing Business in Pakistan 2010 compares the regulatory environment for business in 13 Pakistani cities. The report focuses on 6 stages of the life of a small to medium-size domestic enterprise.

[Read More »](#)

EVENTS

Upcoming Events

- Georgia: Eastern Europe workshop, Nov 2010
- Malaysia: East Asia workshop, Dec 2010
- Egypt: Middle East workshop, Jan 2011

Past Events

- Doing Business in Africa 2010



Finding Business Laws & Regulations

We offer the largest free online resource for business laws and regulations.

[Law Library »](#)



Doing Business Reform Simulator

How would a country's or city's ranking change if it reformed in the areas