

Doing Business 2011

Djibouti

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



© 2010 The International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

All rights reserved.
1 2 3 4 08 07 06 05

A copublication of The World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

Rights and Permissions

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone 978-750-8400; fax 978-750-4470; Internet www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax 202-522-2422; e-mail pubrights@worldbank.org.

Additional copies of *Doing Business 2011: Making a Difference for Entrepreneurs*, *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org.

ISBN: 978-0-8213-7960-8
E-ISBN: 978-0-8213-8630-9
DOI: 10.1596/978-0-8213-7960-8
ISSN: 1729-2638

Library of Congress Cataloging-in-Publication data has been applied for.
Printed in the United States

Current features

News on the *Doing Business* project

<http://www.doingbusiness.org>

Rankings

How economies rank-from 1 to 183

<http://www.doingbusiness.org/rankings/>

Reformers

Short summaries of DB2011 reforms, lists of reformers since DB2004 and a ranking simulation tool

<http://www.doingbusiness.org/reforms/>

Historical data

Customized data sets since DB2004

<http://www.doingbusiness.org/custom-query/>

Methodology and research

The methodologies and research papers underlying *Doing Business*

<http://www.doingbusiness.org/Methodology/>

Download reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized country and regional profiles

<http://www.doingbusiness.org/reports/>

Subnational and regional projects

Differences in business regulations at the subnational and regional level

<http://www.doingbusiness.org/subnational-reports/>

Law Library

Online collection of business laws and regulations relating to business and gender issues

<http://www.doingbusiness.org/law-library/>

<http://wbl.worldbank.org/>

Local partners

More than 8,200 specialists in 183 economies who participate in *Doing Business*

<http://www.doingbusiness.org/Local-Partners/Doing-Business/>

Business Planet

Interactive map on the ease of doing business

<http://rru.worldbank.org/businessplanet>

Contents

Introduction
and Aggregate Rankings

5 - Year Measure of
Cumulative Change

Starting a Business

Dealing with
Construction Permits

Registering Property

Getting Credit

Protecting Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Closing a Business

Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

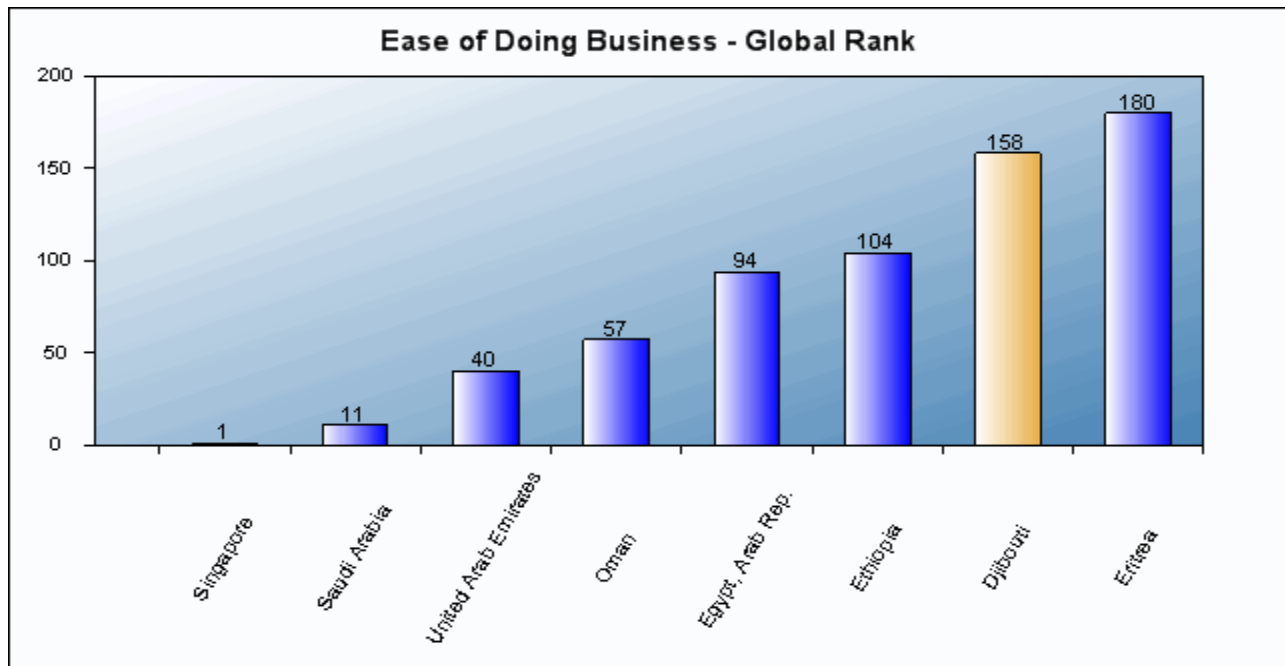
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Djibouti is ranked 158 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Djibouti's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	158
Starting a Business	175
Dealing with Construction Permits	125
Registering Property	140
Getting Credit	176
Protecting Investors	179
Paying Taxes	60
Trading Across Borders	38
Enforcing Contracts	160
Closing a Business	137

Summary of Indicators - Djibouti

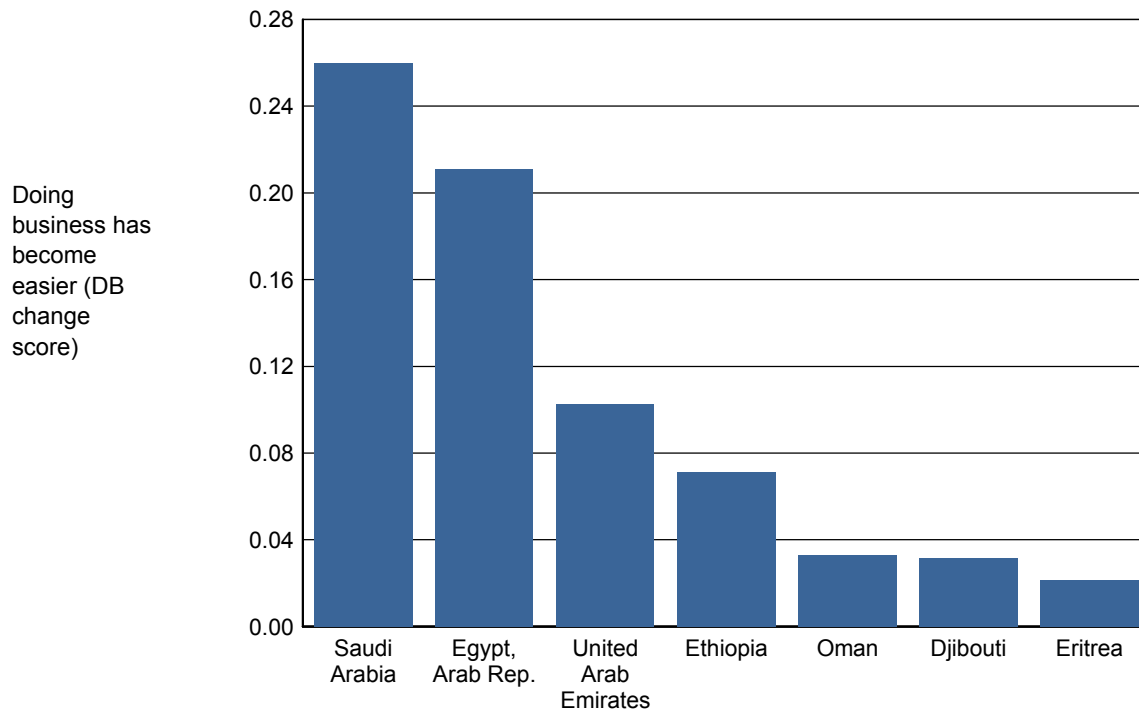
Starting a Business	Procedures (number)	11
	Time (days)	37
	Cost (% of income per capita)	169.9
	Min. capital (% of income per capita)	434.1
Dealing with Construction Permits	Procedures (number)	16
	Time (days)	179
	Cost (% of income per capita)	1862.8
Registering Property	Procedures (number)	7
	Time (days)	40
	Cost (% of property value)	13.0
Getting Credit	Strength of legal rights index (0-10)	1
	Depth of credit information index (0-6)	1
	Public registry coverage (% of adults)	0.2
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	0
	Strength of investor protection index (0-10)	2.3
Paying Taxes	Payments (number per year)	35
	Time (hours per year)	90
	Profit tax (%)	17.7
	Labor tax and contributions (%)	17.7
	Other taxes (%)	3.3
	Total tax rate (% profit)	38.7
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	19
	Cost to export (US\$ per container)	836
	Documents to import (number)	5
	Time to import (days)	18
	Cost to import (US\$ per container)	911

Enforcing Contracts	Procedures (number)	40
	Time (days)	1225
	Cost (% of claim)	34.0
Closing a Business	Recovery rate (cents on the dollar)	15.6
	Time (years)	5.0
	Cost (% of estate)	18

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

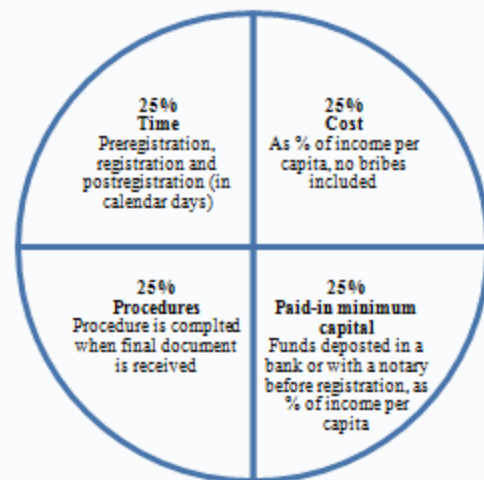
Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

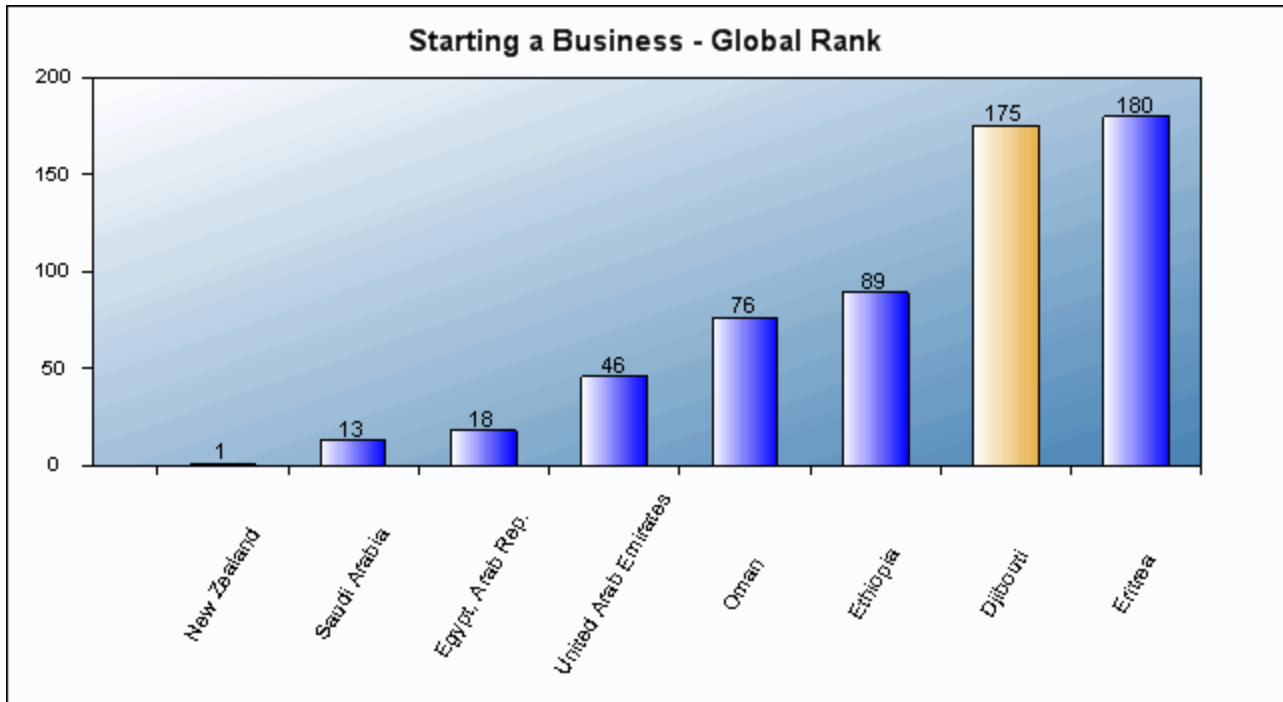
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Djibouti is ranked 175 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Djibouti	11	37	169.9	434.1

<i>Comparator Economies</i>				
Egypt, Arab Rep.	6	7	6.3	0.0
Eritrea	13	84	69.2	268.4
Ethiopia	5	9	14.1	367.7
Oman	5	12	3.3	288.4
Saudi Arabia	4	5	7.0	0.0
United Arab Emirates	8	15	6.4	0.0

* The following economies are also good practice economies for :

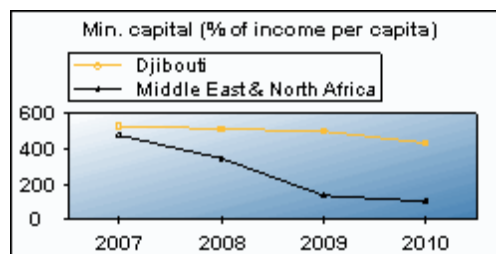
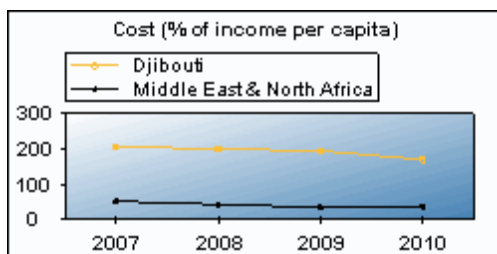
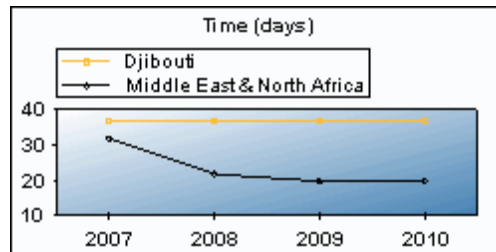
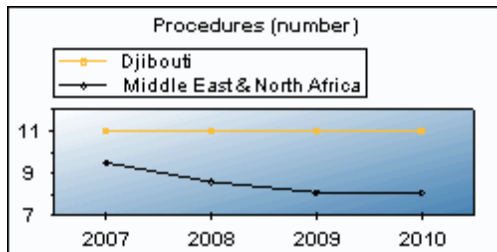
Procedures (number): Canada

Cost (% of income per capita): Slovenia

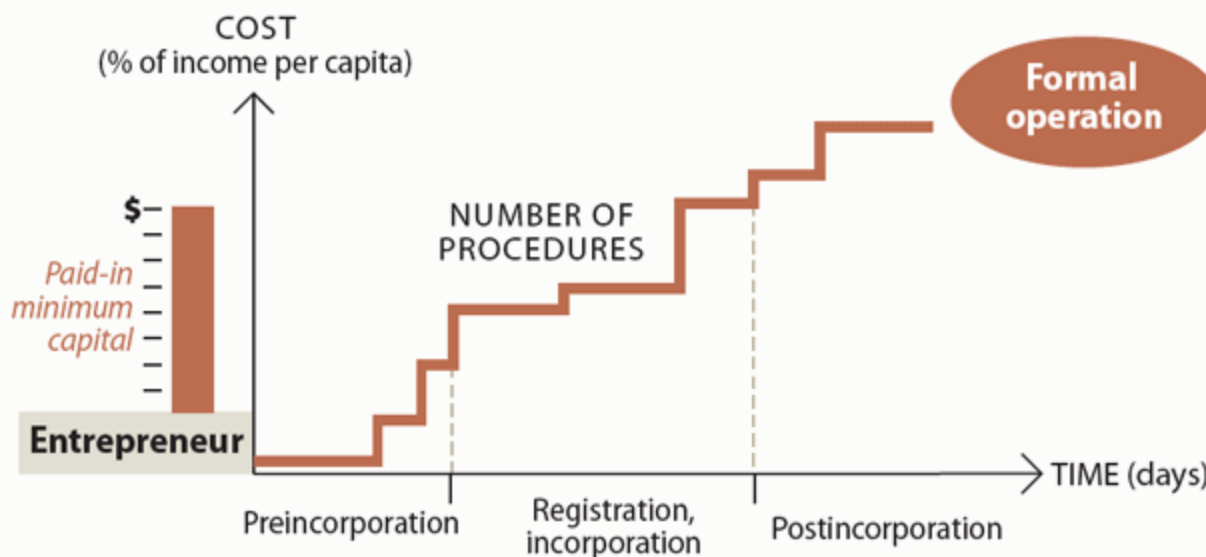
2. Historical data: Starting a Business in Djibouti

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	177	175
Procedures (number)	11	11	11	11
Time (days)	37	37	37	37
Cost (% of income per capita)	206.6	200.2	195.1	169.9
Min. capital (% of income per capita)	530.8	514.0	500.5	434.1

3. The following graphs illustrate the Starting a Business sub indicators in Djibouti over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



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

STANDARDIZED COMPANY

Legal Form: Limited Liability Company

City: Djibouti Ville

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the initial capital at the bank and obtain a receipt	2	no charge
2	Verify the uniqueness of the company name	5	no charge
3	Notarize company statutes	3	DJF 100,000
4	Obtain criminal record of managers	2	DJF 500
5	Register statutes with the Direction des Impôts	3	DJF 19,518
6	Publish notice in La Nation	7	DJF 30,000
7	File documents with the Commercial Registry at the Greffe du Tribunal	8	DJF 32,800
8	Register for taxes and obtain professional license (patente)	2	DJF 200,000

9	Create a company seal, letterhead and books	3	DJF 8,500
10	Obtain signature of the President of the Court on the company books	2	no charge
11 *	Register employees with Organisation de Protection Sociale (OPS)	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - Djibouti

Procedure 1 Deposit the initial capital at the bank and obtain a receipt

Time to complete: 2

Cost to complete: no charge

Comment: The bank must check the origin of the funds and the purpose of the initial capital. The parties must submit a document stating their intent to start a new business. If during the company's life the capital should change, the company's registrar must be notified.

Procedure 2 Verify the uniqueness of the company name

Time to complete: 5

Cost to complete: no charge

Comment: The uniqueness of company name is searched manually. It takes about 5 days to search by number and longer to search by name.

The following documents are required to verify the uniqueness of company name: proposed company name; address of company headquarters; list of client(s); description of business activities; name of manager; duration (up to 99 years); capital (each share must represent a minimum of DJF 25,000; if capital is the minimum of DJF 1 million, it can be divided into 40 shares at most).

Procedure 3 Notarize company statutes

Time to complete: 3

Cost to complete: DJF 100,000

Comment: Fees to notarize company statutes are negotiated between the notary public and the client.

Procedure 4 Obtain criminal record of managers

Time to complete: 2

Cost to complete: DJF 500

Comment: This procedure is obligatory.

Procedure 5 Register statutes with the Direction des Impôts

Time to complete: 3

Cost to complete: DJF 19,518

Comment:

Procedure 6 Publish notice in La Nation**Time to complete:** 7**Cost to complete:** DJF 30,000**Comment:** A notice should be published twice, with a company description including its capital, the name of the manager, and the nature of its activities. La Nation is published twice a week.**Procedure 7 File documents with the Commercial Registry at the Greffe du Tribunal****Time to complete:** 8**Cost to complete:** DJF 32,800**Comment:** The entrepreneur must bring a certificate of deposit and receipt from the Service des Domaines. Time: 7 days (plus 1 day to go back to the Service des Domaines for confirmation of the registration).**Procedure 8 Register for taxes and obtain professional license (patente)****Time to complete:** 2**Cost to complete:** DJF 200,000**Comment:** Entrepreneurs must go to the Service des Patentes to obtain a license, using the registration number obtained at the registrar. This registration also serves as tax registration.**Procedure 9 Create a company seal, letterhead and books****Time to complete:** 3**Cost to complete:** DJF 8,500**Comment:****Procedure 10 Obtain signature of the President of the Court on the company books****Time to complete:** 2**Cost to complete:** no charge**Comment:****Procedure 11 Register employees with Organisation de Protection Sociale (OPS)****Time to complete:** 1**Cost to complete:** no charge**Comment:** The company must register each employee.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

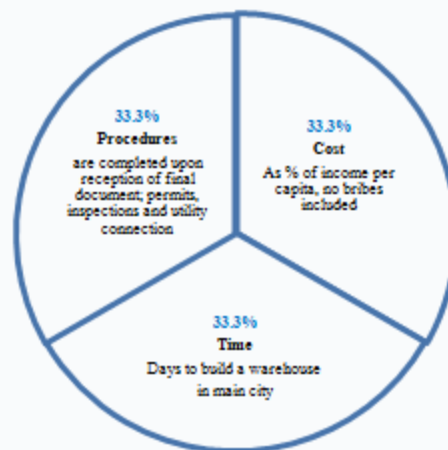
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

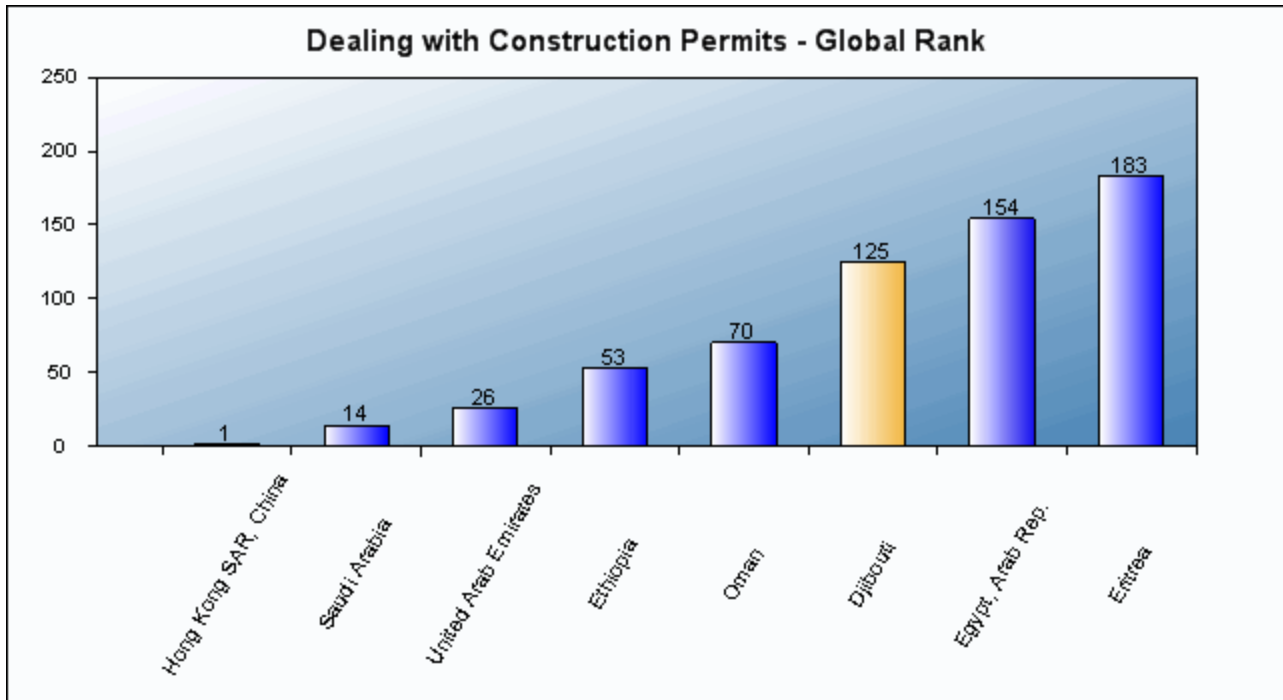
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Djibouti is ranked 125 overall for Dealing with Construction Permits.

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



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

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

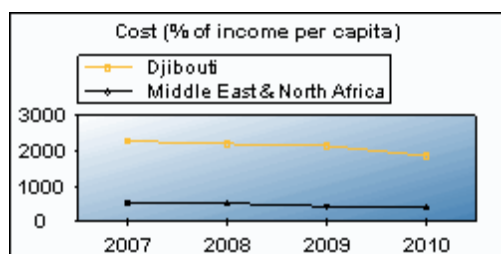
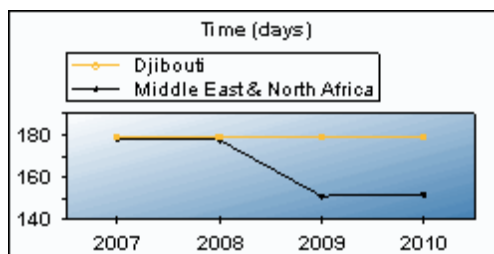
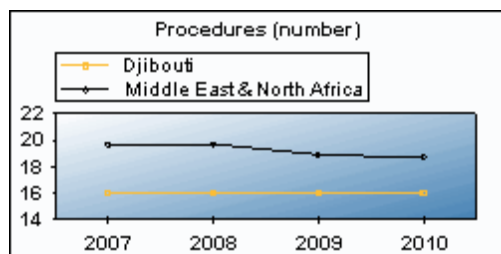
<i>Selected Economy</i>			
Djibouti	16	179	1862.8

<i>Comparator Economies</i>			
Egypt, Arab Rep.	25	218	293.7
Eritrea	no practice	no practice	no practice
Ethiopia	12	128	419.6
Oman	15	186	106.2
Saudi Arabia	12	89	43.8
United Arab Emirates	17	64	35.8

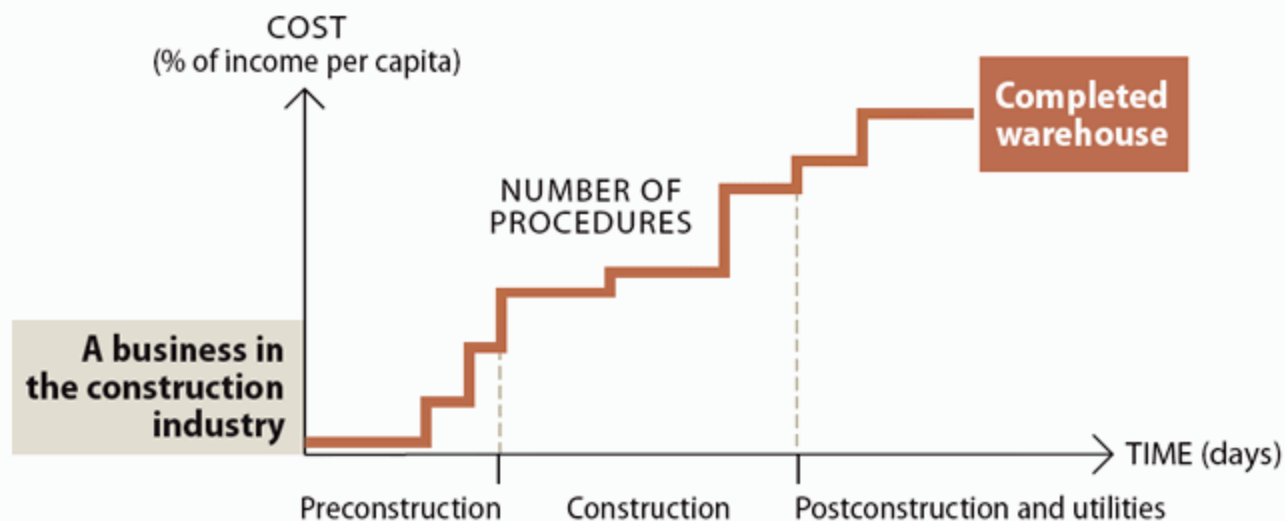
2. Historical data: Dealing with Construction Permits in Djibouti

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	125	125
Procedures (number)	16	16	16	16
Time (days)	179	179	179	179
Cost (% of income per capita)	2276.5	2204.7	2145.6	1862.8

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Djibouti over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



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

BUILDING A WAREHOUSE

City: Djibouti Ville

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certified zoning map and a certificate of registration	7 days	no charge
2	Apply and obtain a "permis de remblai" (embankment) at the Ministry of Public Works	7 days	no charge
3	Apply for the certificate of compliance for embankment	1 day	DJF 44,000
4	Receive inspection from the LBCE and obtain certificate of compliance for the embankment - certificat de conformite de remblai	14 days	DJF 9,290
5	Obtain final ground plans	7 days	USD 0
6	Obtain building permit	60 days	DJF 3,984,150
7	Request and receive foundation inspection from the Ministry of Housing (Ministère de l'Habitat)	14 days	USD 300

8	Request and receive concrete test from the Ministry of Housing (Ministère de l'Habitat)	3 days	USD 300
9	Request and receive first resistance test from the Ministry of Housing (Ministère de l'Habitat)	7 days	no charge
10	Request and receive final resistance test from the Ministry of Housing (Ministère de l'Habitat)	28 days	no charge
11	Obtain certificate of conformity (certificat de conformité)	7 days	no charge
12 *	Apply for electricity connection	1 day	USD 200
13 *	Receive inspection and obtain electricity connection	21 days	no charge
14 *	Apply for water and sewage connection	1 day	USD 500
15 *	Receive inspection and obtain water connection	21 days	no charge
16 *	Obtain fixed telephone line	15 days	DJF 20,000

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Djibouti

Procedure	1	Obtain a certified zoning map and a certificate of registration
Time to complete:	7 days	
Cost to complete:	no charge	
Agency:	Cadastre - Direction des Domaines et Conservation foncière	
Comment:	BuildCo must obtain a certified zoning map and a certificate of registration in order to apply to the permis de remblai	
Procedure	2	Apply and obtain a "permis de remblai" (embankment) at the Ministry of Public Works
Time to complete:	7 days	
Cost to complete:	no charge	
Agency:	Ministry of Housing (Ministère de l'Habitat)	
Comment:	BuildCo must submit a letter, the certified zoning map and certificate of registration.	
Procedure	3	Apply for the certificate of compliance for embankment
Time to complete:	1 day	
Cost to complete:	DJF 44,000	
Agency:	Ministry of Housing (Ministère de l'Habitat)	
Comment:	BuildCo must submit a copy of the permis de remblai and an application letter. The payment for the inspection has to be done at this stage: DJF 5,500 per well	
Procedure	4	Receive inspection from the LBCE and obtain certificate of compliance for the embankment - certificat de conformite de remblai
Time to complete:	14 days	
Cost to complete:	DJF 9,290	
Agency:	Laboratoire Central du Batiment et de l'Equipement	
Comment:	This document is required in the building permit application and obtained after the permis de remblai has been delivered. An inspection on the ground is conduction by the LBCE, which issues a certificate of compliance for the embankment at the end of the inspection. The cost is paid in the previous procedure.	
Procedure	5	Obtain final ground plans
Time to complete:	7 days	
Cost to complete:	USD 0	

Agency: Sous Direction de la Conservation fonciere

Comment: This is another document required for the building permit application. After obtaining the permit and certificate of compliance for the embankment, the builder has to request and obtain the final ground plans at the Cadastre. A tax on embankment has to be paid: 100 LCU per m3.

Procedure 6 Obtain building permit

Time to complete: 60 days

Cost to complete: DJF 3,984,150

Agency: Ministry of Housing (Ministère de l’Habitat)

Comment: BuildCo must submit a copy of the property title, six copies of building plans, and six copies of the “divides.”

Procedure 7 Request and receive foundation inspection from the Ministry of Housing (Ministère de l’Habitat)

Time to complete: 14 days

Cost to complete: USD 300

Agency: Ministry of Housing (Ministère de l’Habitat)

Comment: This inspection takes place when slabs are laid. This procedure is not mandatory but is standard practice.

Procedure 8 Request and receive concrete test from the Ministry of Housing (Ministère de l’Habitat)

Time to complete: 3 days

Cost to complete: USD 300

Agency: Ministry of Housing (Ministère de l’Habitat)

Comment: Construction testing occurs at each phase of the building process. Construction work does not must be stopped during the concrete test; however, if the test fails, the construction must be removed and redone.

Procedure 9 Request and receive first resistance test from the Ministry of Housing (Ministère de l’Habitat)

Time to complete: 7 days

Cost to complete: no charge

Agency: Ministry of Housing (Ministère de l’Habitat)

Comment:

Procedure 10 Request and receive final resistance test from the Ministry of Housing (Ministère de l’Habitat)

Time to complete: 28 days
Cost to complete: no charge
Agency: Ministry of Housing (Ministère de l’Habitat)
Comment:

Procedure 11 Obtain certificate of conformity (certificat de conformité)

Time to complete: 7 days
Cost to complete: no charge
Agency: Ministry of Housing (Ministère de l’Habitat)
Comment:

Procedure 12 Apply for electricity connection

Time to complete: 1 day
Cost to complete: USD 200
Agency: Electricité de Djibouti (EDD)
Comment:

Procedure 13 Receive inspection and obtain electricity connection

Time to complete: 21 days
Cost to complete: no charge
Agency: Electricité de Djibouti (EDD)
Comment:

Procedure 14 Apply for water and sewage connection

Time to complete: 1 day
Cost to complete: USD 500
Agency: Office Nationale des Eaux de Djibouti (ONED)
Comment:

Procedure 15 Receive inspection and obtain water connection

Time to complete: 21 days

Cost to complete: no charge

Agency: Office Nationale des Eaux de Djibouti (ONED)

Comment: The water company provides the counter at no charge, and BuildCo lays down the pipes to connect it to the main line.

Procedure 16 Obtain fixed telephone line

Time to complete: 15 days

Cost to complete: DJF 20,000

Agency: Djibouti Telecom SA.

Comment: A BuildCo representative must submit an application form along with a copy of identification papers, the company seal, or a signature of a company representative (un responsable de la société). Once the application is processed, BuildCo receives a tracking number so it can track application status. The fixed telephone line costs DJF 20,000 (application and installation fees). If technically feasible, Djibouti Telecom installs the fixed telephone line within 15 days.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

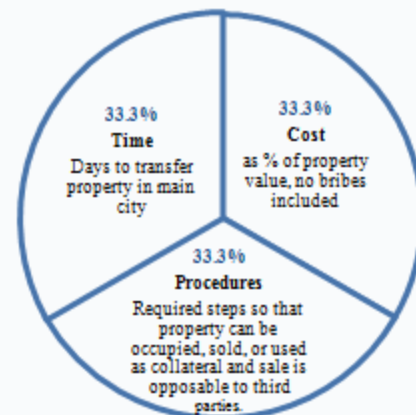
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

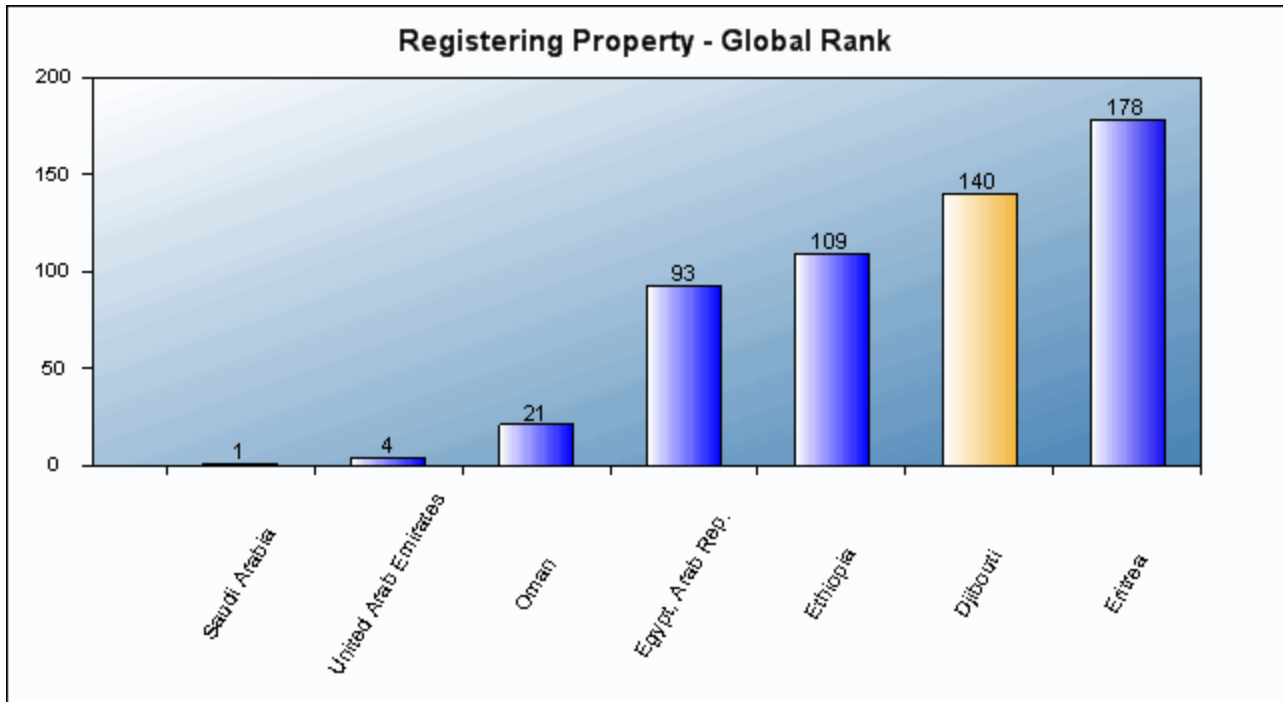
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Djibouti is ranked 140 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Djibouti	7	40	13.0

<i>Comparator Economies</i>			
Egypt, Arab Rep.	7	72	0.8
Eritrea	11	78	9.1
Ethiopia	10	41	2.1
Oman	2	16	3.0
Saudi Arabia	2	2	0.0
United Arab Emirates	1	2	2.0

* The following economies are also good practice economies for :

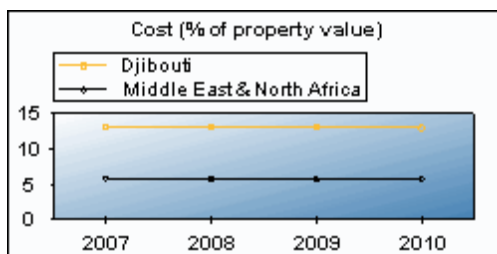
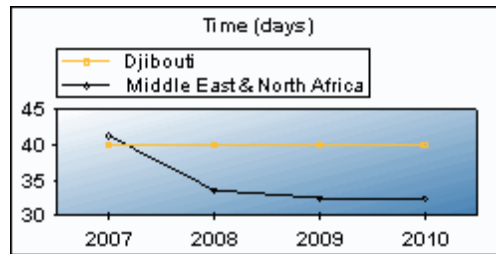
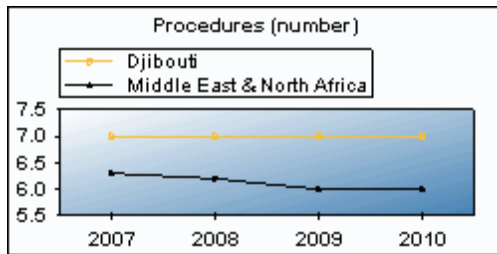
Procedures (number): United Arab Emirates

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

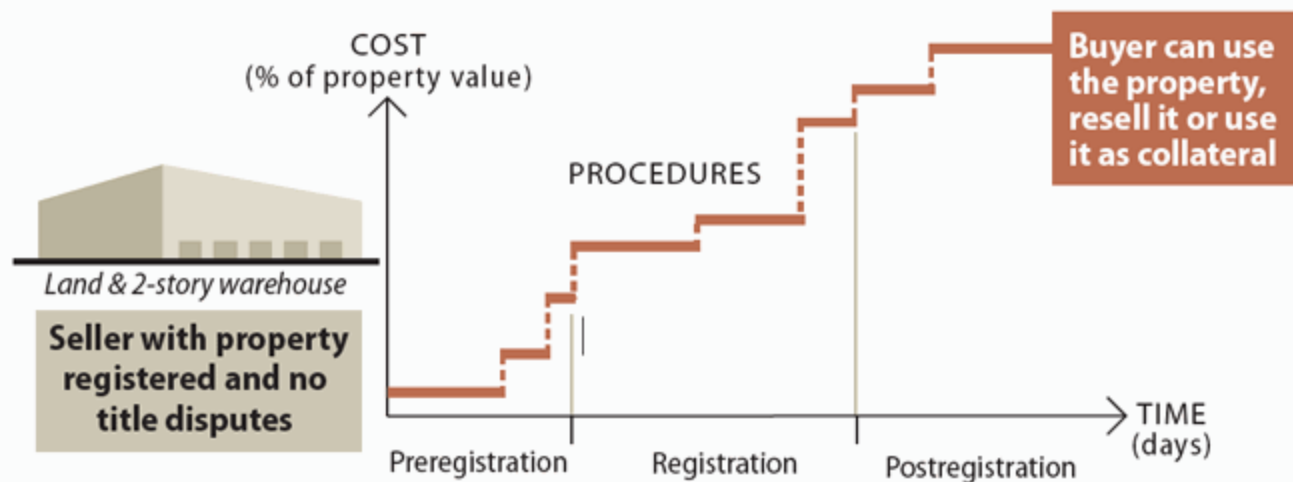
2. Historical data: Registering Property in Djibouti

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	143	140
Procedures (number)	7	7	7	7
Time (days)	40	40	40	40
Cost (% of property value)	13.2	13.2	13.2	13.0

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



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



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

STANDARDIZED PROPERTY

Property Value: 11,518,487.71

City: Djibouti Ville

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Buyer and seller go to the notary with the title to draft the sale-purchase agreement	1 day	2% + 10% (for second transfer or thereafter) property value, + (40,000 F to 180,000 F (notary fees)) + 500 F per page (x 6, stamp duties)
2	Notary checks for mortgages or liens on the property	1 day	DJF 1,500
3	Notary proceeds to tax authorities to check status of the property and capital gains	2 - 3 days	no cost
4	Parties return to the notary to sign the sale-purchase agreement	1 day	(already paid in procedure 1)
5	Notary proceeds to the registry for registration and to attach stamps to the title	up to 1 month	10% property value (already paid in procedure 1) + 500 F per page (x 6, stamp duties already paid in procedure 1)

6	Notary goes to the Service des Domaines to change the name of the proprietor	7 - 10 days	2% property value (Already paid in procedure 1)
7	Notary returns to the Service des Domaines to pick up new title file	1 day	no cost

Registering Property Details - Djibouti

Procedure	1	Buyer and seller go to the notary with the title to draft the sale-purchase agreement
Time to complete:	1 day	
Cost to complete:	2% + 10% (for second transfer or thereafter) property value, + (40,000 F to 180,000 F (notary fees)) + 500 F per page (x 6, stamp duties)	
Comment:	The title file contains the following, and will already be in the possession of the seller: the title, the cadastral plan, the sale value, the names of the proprietors, and the surface area. It is obligatory that the notary draft the sale-purchase agreement. The transfer cost for a first time transfer of the property would be 2% + 7% property value.	
Procedure	2	Notary checks for mortgages or liens on the property
Time to complete:	1 day	
Cost to complete:	DJF 1,500	
Agency:	Service des Domaines	
Comment:	This is conducted at the Service des Domaines.	
Procedure	3	Notary proceeds to tax authorities to check status of the property and capital gains
Time to complete:	2 - 3 days	
Cost to complete:	no cost	
Agency:	Tax Authority	
Comment:	If there are capital gains to be paid, notary will collect them from the seller	
Procedure	4	Parties return to the notary to sign the sale-purchase agreement
Time to complete:	1 day	
Cost to complete:	(already paid in procedure 1)	
Comment:	At this point the buyer pays the seller a deposit. If there are capital gains to be paid the seller will pay them at a rate of 5%.	
Procedure	5	Notary proceeds to the registry for registration and to attach stamps to the title
Time to complete:	up to 1 month	
Cost to complete:	10% property value (already paid in procedure 1) + 500 F per page (x 6, stamp duties already paid in procedure 1)	

Agency: Tax Authority

Comment: Sometimes this procedure can take up to 2 or 3 months.

Procedure 6 Notary goes to the Service des Domaines to change the name of the proprietor

Time to complete: 7 - 10 days

Cost to complete: 2% property value (Already paid in procedure 1)

Agency: Service des Domaines

Comment: This procedure is a mere conversion, not a new act of registration and it will take place approximately 10 months after provisional registration. The procedure involves checking all records, which are paper-based, and all history of transactions relevant to the property.

Procedure 7 Notary returns to the Service des Domaines to pick up new title file

Time to complete: 1 day

Cost to complete: no cost

Agency: Service des Domaines

Comment: The new title file contains the name change. The buyer remains holds the new title file from here forward.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

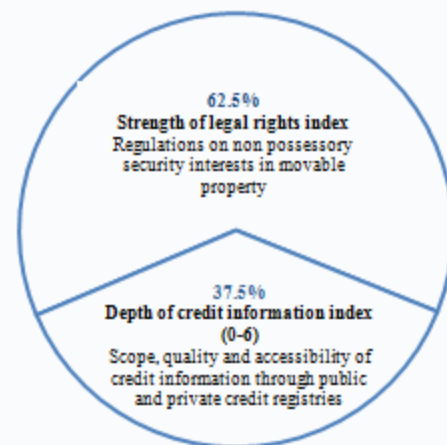
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



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

Case Study Assumptions (applying to the Legal Rights Index only)

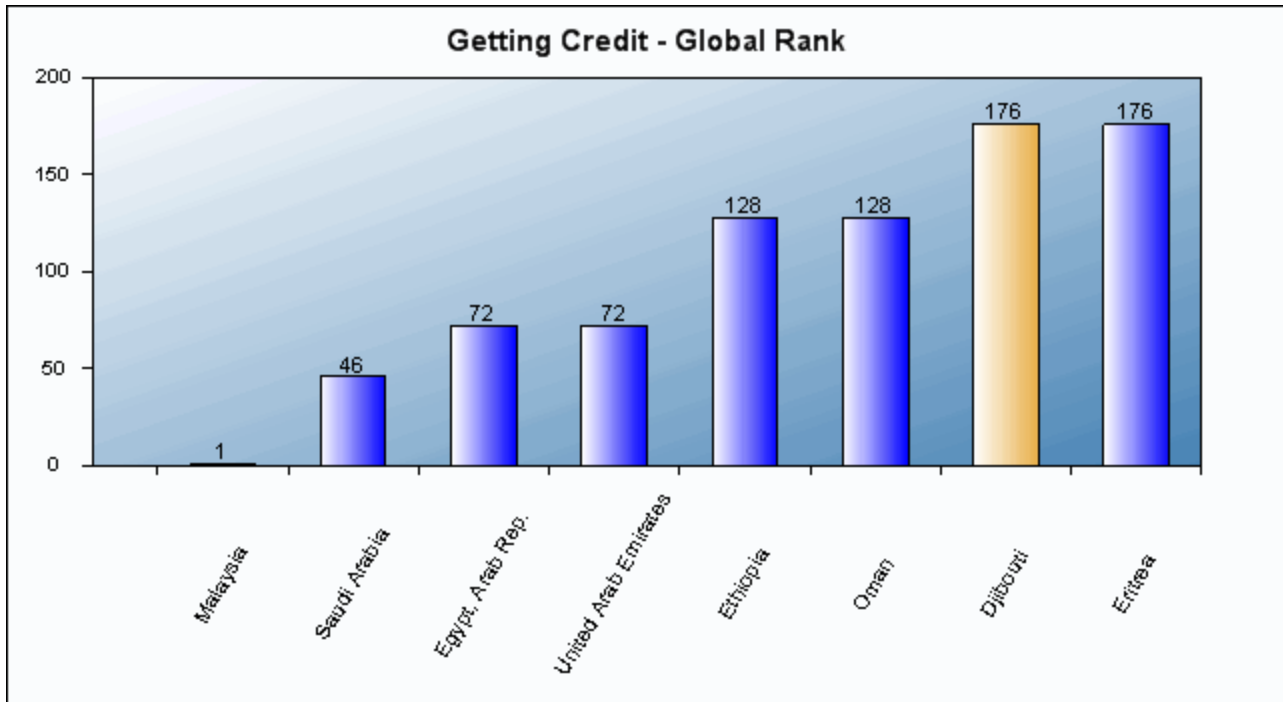
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Djibouti is ranked 176 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Djibouti	1	1	0.2	0.0

<i>Comparator Economies</i>				
Egypt, Arab Rep.	3	6	2.9	10.3
Eritrea	2	0	0.0	0.0
Ethiopia	4	2	0.1	0.0
Oman	4	2	19.6	0.0
Saudi Arabia	5	6	0.0	18.0
United Arab Emirates	4	5	8.4	17.7

* The following economies are also good practice economies for :

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

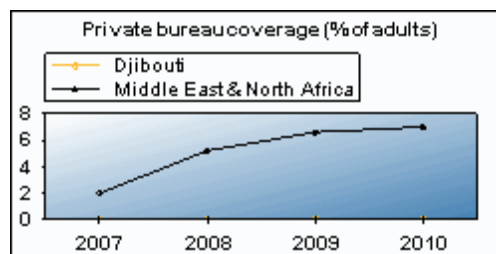
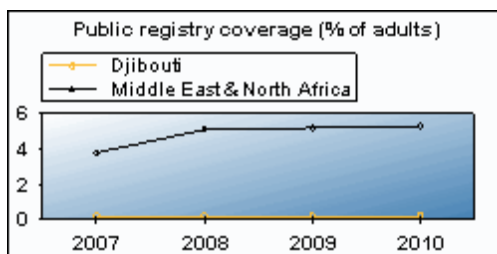
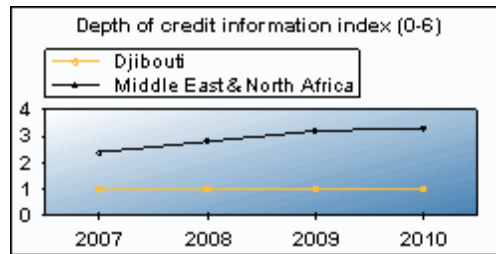
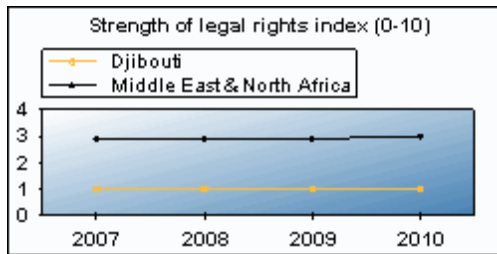
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

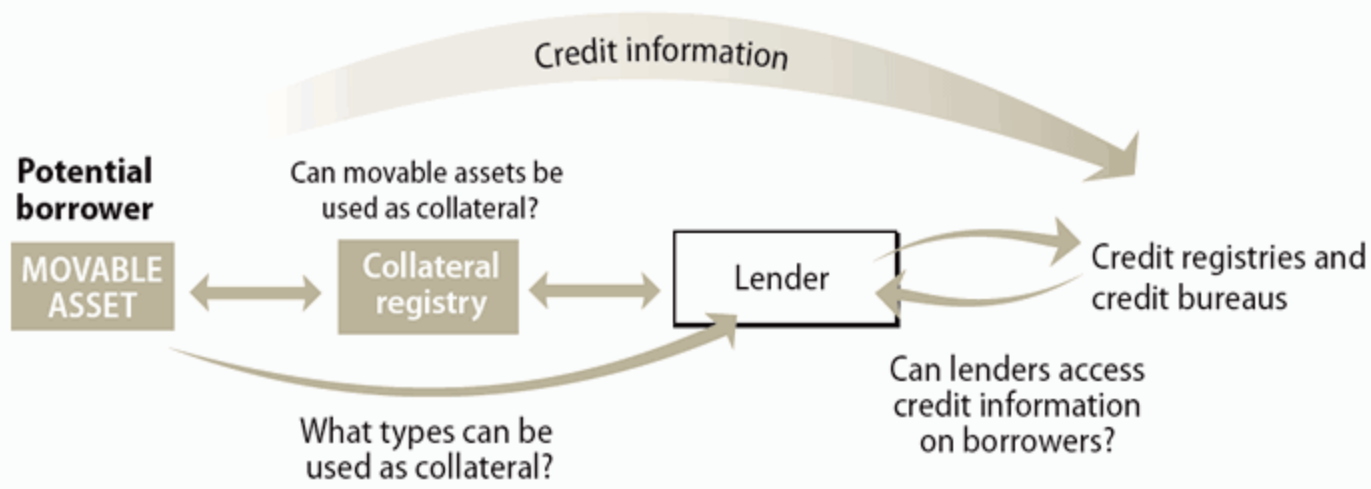
2. Historical data: Getting Credit in Djibouti

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	176	176
Strength of legal rights index (0-10)	1	1	1	1
Depth of credit information index (0-6)	1	1	1	1
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.2	0.2	0.2	0.2

3. The following graphs illustrate the Getting Credit sub indicators in Djibouti over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



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

Getting Credit Indicators (2010)			Indicator
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
Coverage	0.0	0.2	
Number of individuals		0	588
Number of firms		0	524

Strength of legal rights index (0-10)**1**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No
Does the law authorize parties to agree on out of court enforcement?	No

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

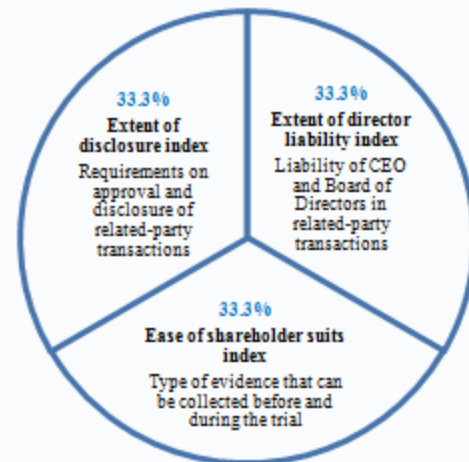
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

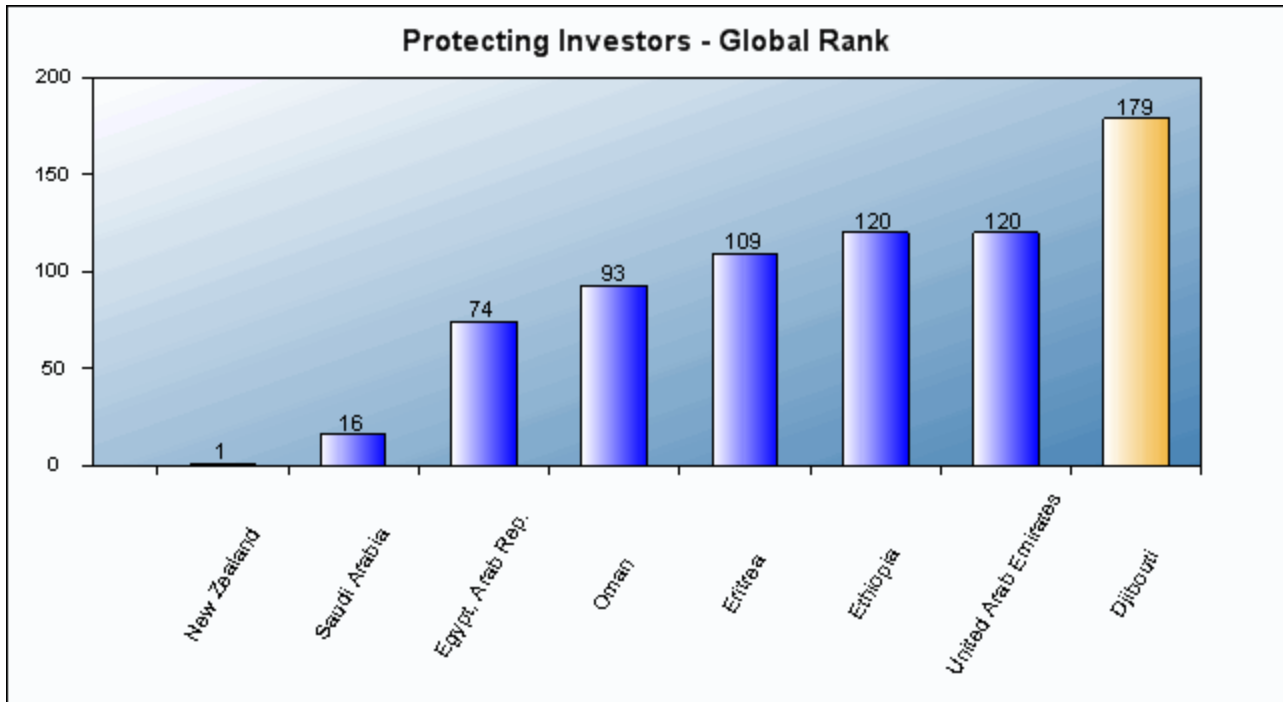
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Djibouti is ranked 179 overall for Protecting Investors.

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



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

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

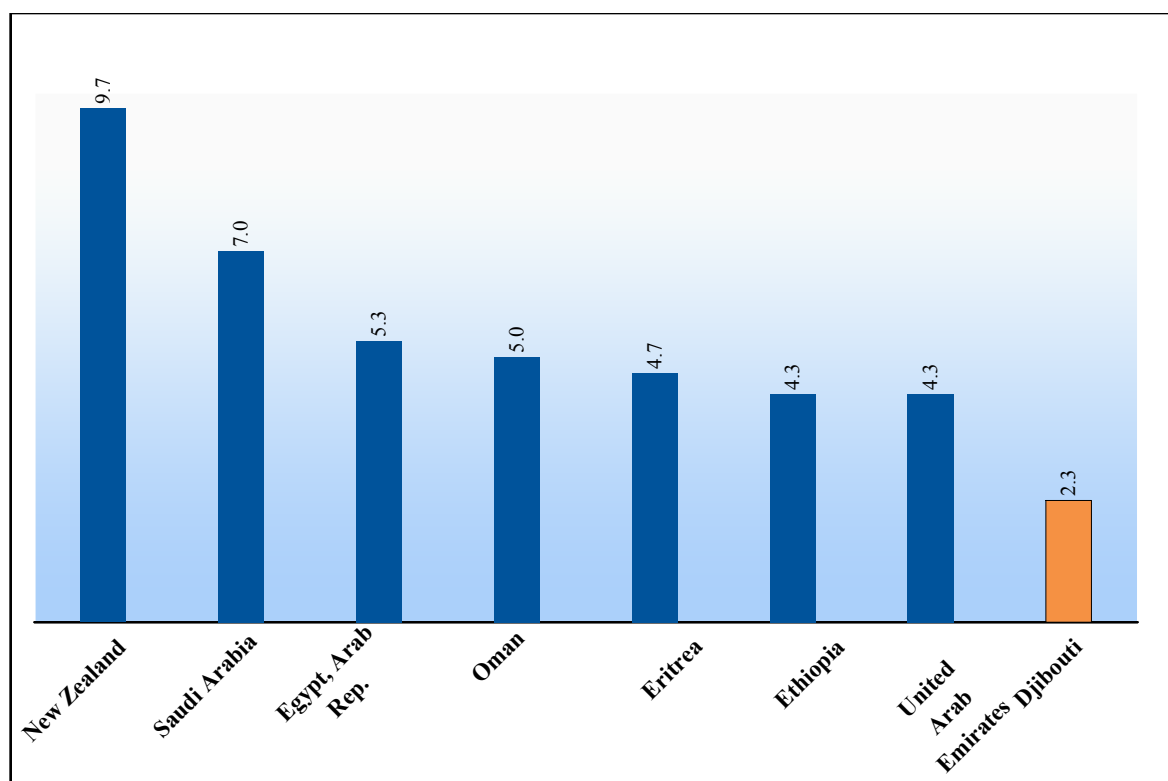
<i>Selected Economy</i>	
Djibouti	2.3

<i>Comparator Economies</i>	
Egypt, Arab Rep.	5.3
Eritrea	4.7
Ethiopia	4.3
Oman	5.0
Saudi Arabia	7.0
United Arab Emirates	4.3

2. Historical data: Protecting Investors in Djibouti

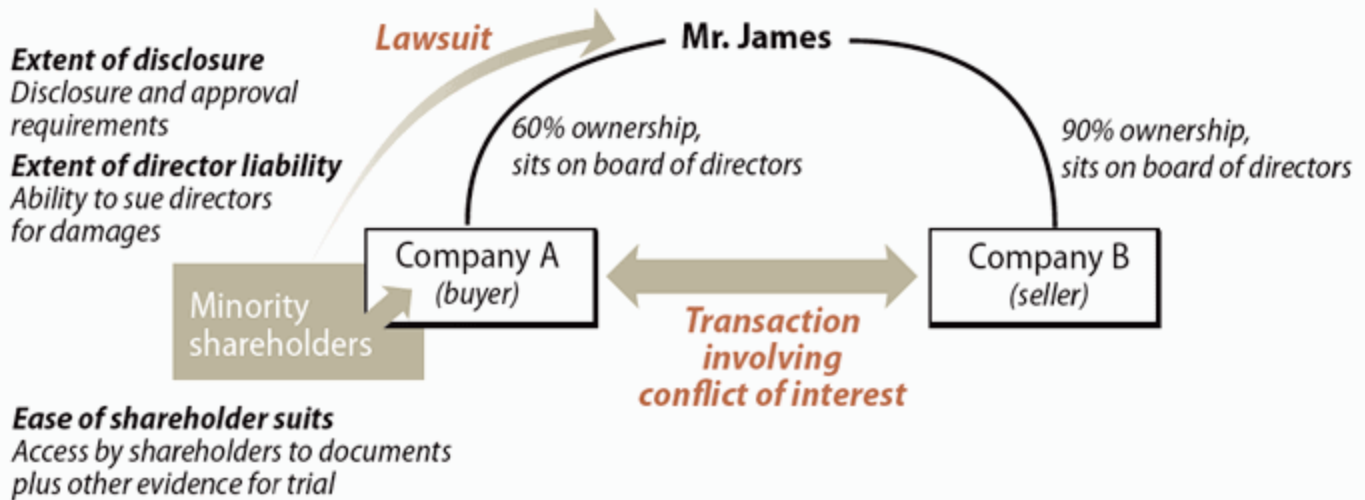
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	178	179
Strength of investor protection index (0-10)	2.3	2.3	2.3	2.3

3. The following graph illustrates the Protecting Investors index in Djibouti compared to best practice and selected Economies:



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

How well are minority shareholders protected against self-dealing in related-party transactions?



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

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

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Ease of shareholder suits index (0-10)	0
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	2.3

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

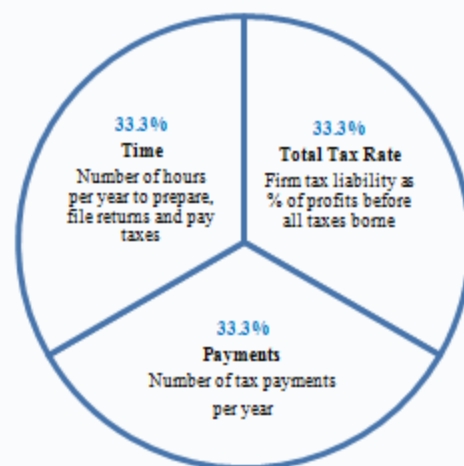
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



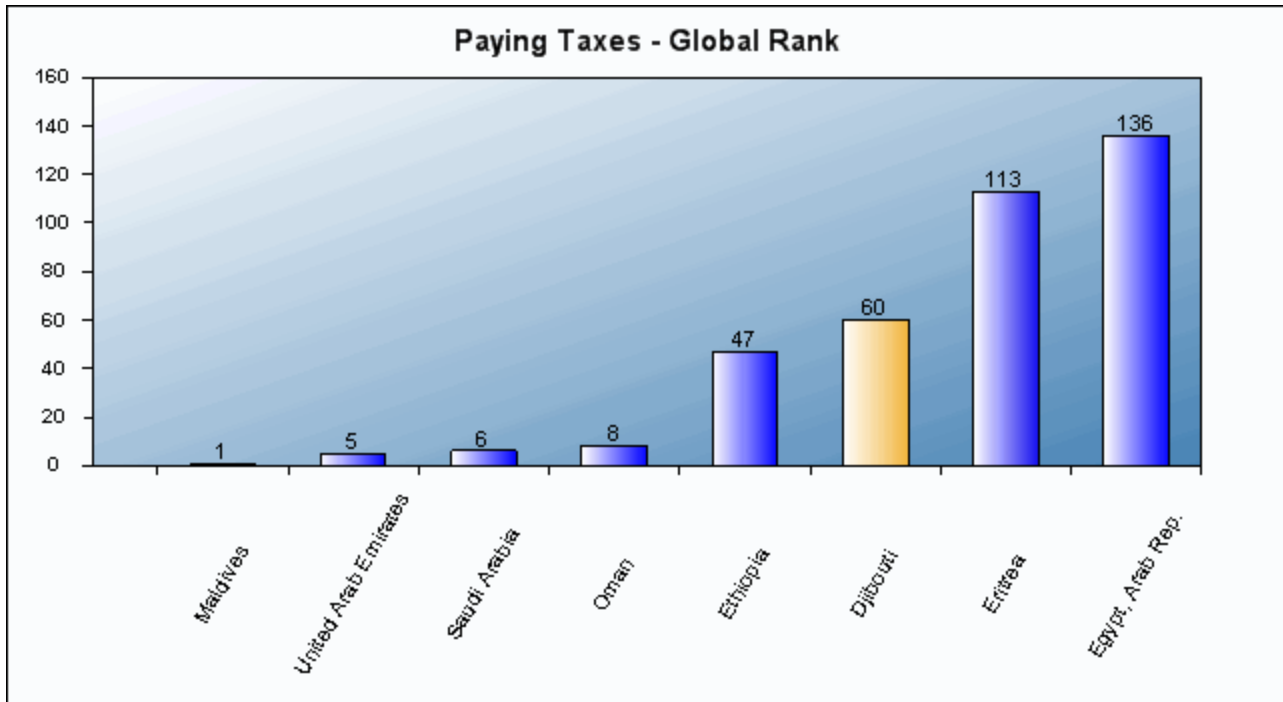
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Djibouti is ranked 60 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Djibouti	35	90	38.7

<i>Comparator Economies</i>			
Egypt, Arab Rep.	29	433	42.6
Eritrea	18	216	84.5
Ethiopia	19	198	31.1
Oman	14	62	21.6
Saudi Arabia	14	79	14.5
United Arab Emirates	14	12	14.1

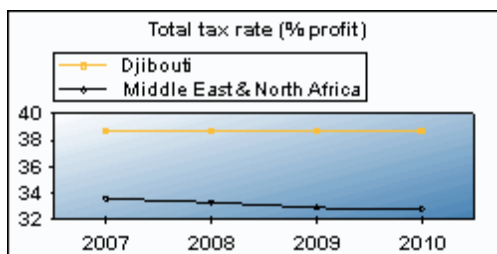
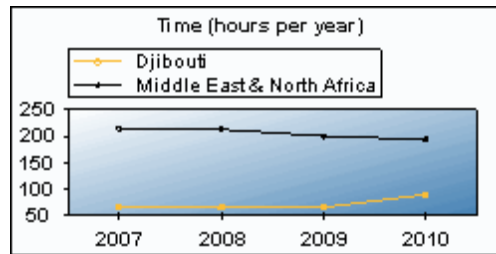
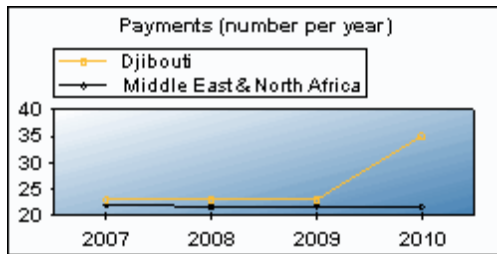
* The following economies are also good practice economies for :

Payments (number per year): Qatar

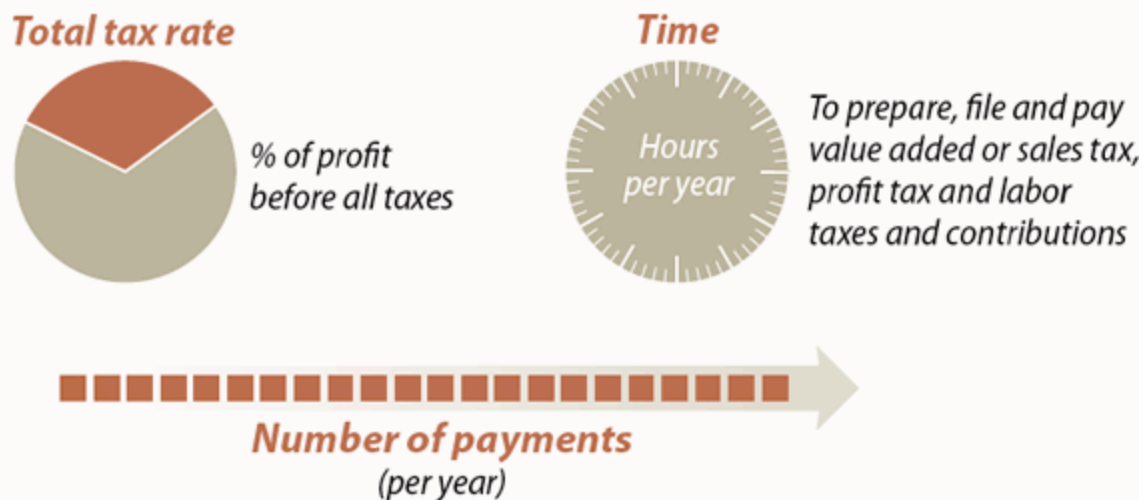
2. Historical data: Paying Taxes in Djibouti

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	38	60
Total tax rate (% profit)	38.7	38.7	38.7	38.7
Payments (number per year)	23	23	23	35
Time (hours per year)	66	66	66	90

3. The following graphs illustrate the Paying Taxes sub indicators in Djibouti over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Djibouti, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			various rates	per page or transaction		
Value Added Tax (VAT)	12		24	7.0%	value added		
Local tax (trash collection etc)	1			4.5%	built property rental value	0.10	
Vehicle tax	1			various rates	FD 30,000	0.30	
Unbuilt property tax	1			25.0%	rental value	0.80	
Fuel tax	1				included in price of fuel	0.90	
Business license (patente)	1			various rates	FD 120,000	1.20	
Social security contributions	12		36	15.7%	gross salaries	17.70	
Corporate income tax	5		30	25% or 1%	profit or turnover	17.70	
Totals	35		90			38.7	

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

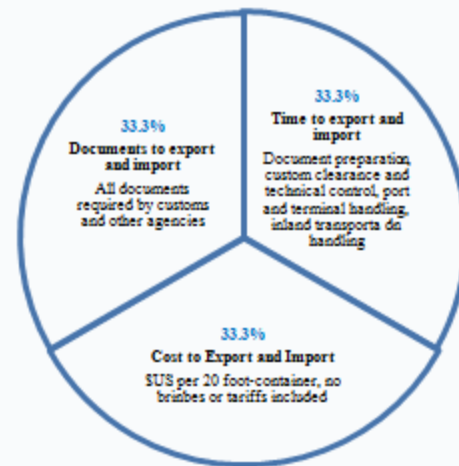
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

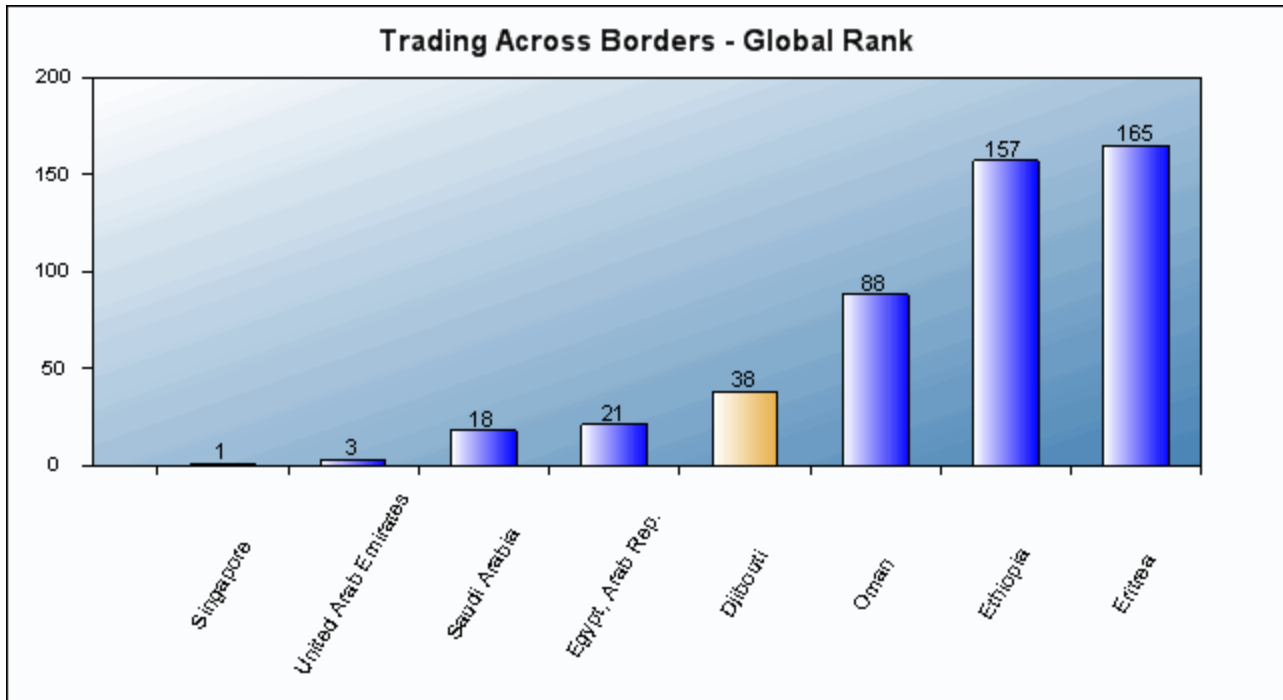
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Djibouti is ranked 38 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Djibouti	5	19	836	5	18	911

<i>Comparator Economies</i>						
Egypt, Arab Rep.	6	12	613	6	12	698
Eritrea	9	50	1431	13	59	1581
Ethiopia	8	44	1890	8	45	2993
Oman	9	14	766	9	17	890
Saudi Arabia	5	13	580	5	17	686
United Arab Emirates	4	7	521	5	7	542

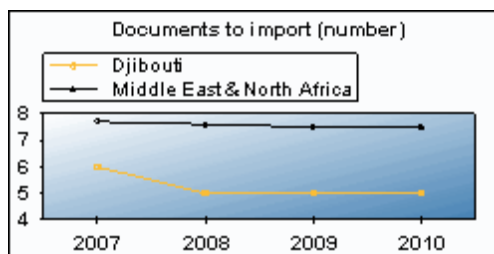
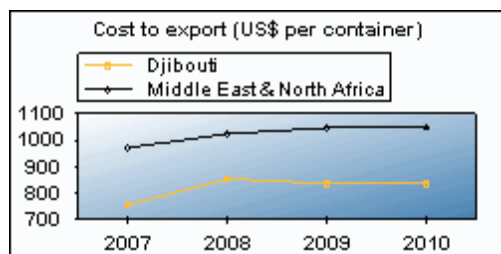
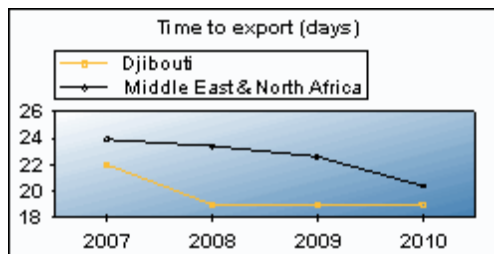
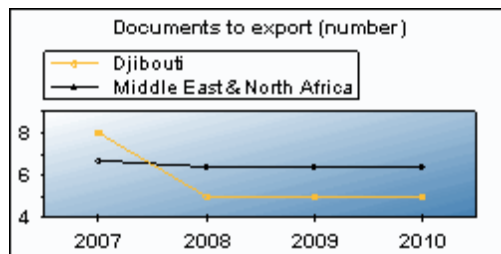
* The following economies are also good practice economies for :

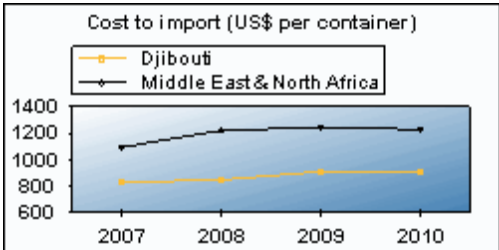
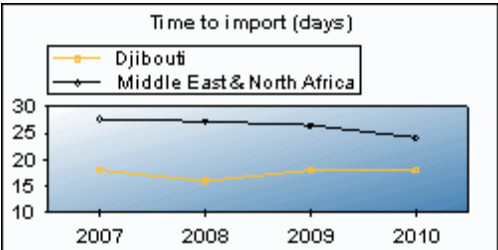
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Djibouti

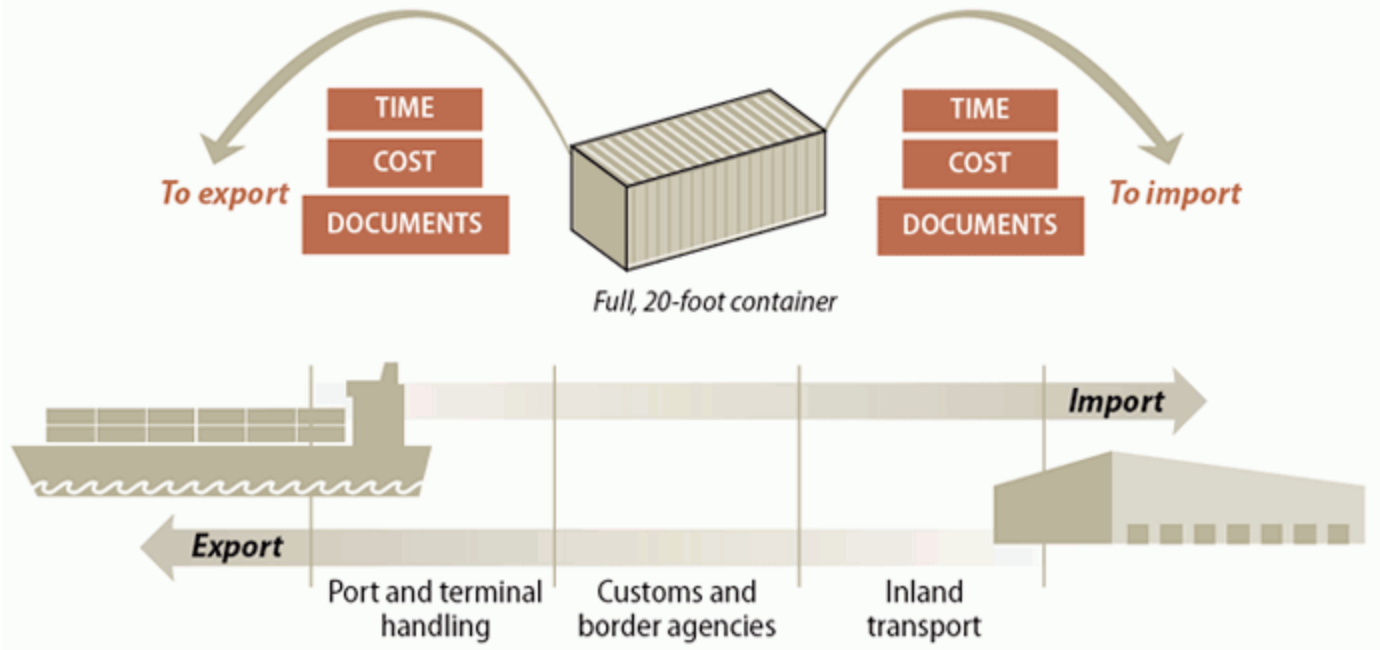
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	36	38
Cost to export (US\$ per container)	756	854	836	836
Cost to import (US\$ per container)	831	849	911	911
Documents to export (number)	8	5	5	5
Documents to import (number)	6	5	5	5
Time to export (days)	22	19	19	19
Time to import (days)	18	16	18	18

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





How much time, how many documents and what cost to export and import across borders by ocean transport?



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	11	246
Customs clearance and technical control	2	170
Ports and terminal handling	4	270
Inland transportation and handling	2	150
Totals	19	836

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	11	321
Customs clearance and technical control	2	170
Ports and terminal handling	3	270
Inland transportation and handling	2	150
Totals	18	911

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Customs export declaration - Form N° 5
- Packing list
- Terminal handling receipts / Gate Pass

Import

- Bill of lading
- Commercial invoice
- Customs import declaration (Declaration # 1)
- Delivery order electronic
- Terminal handling receipts / Gate pass

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

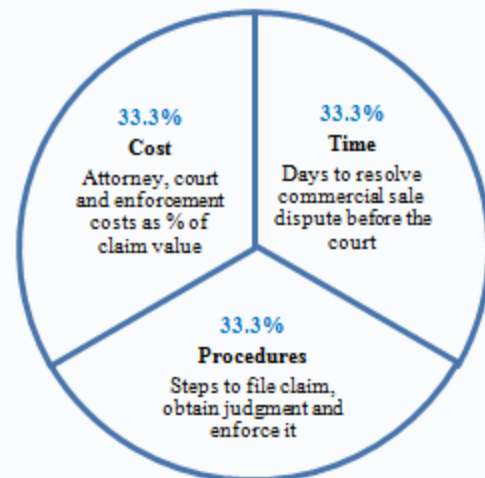
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



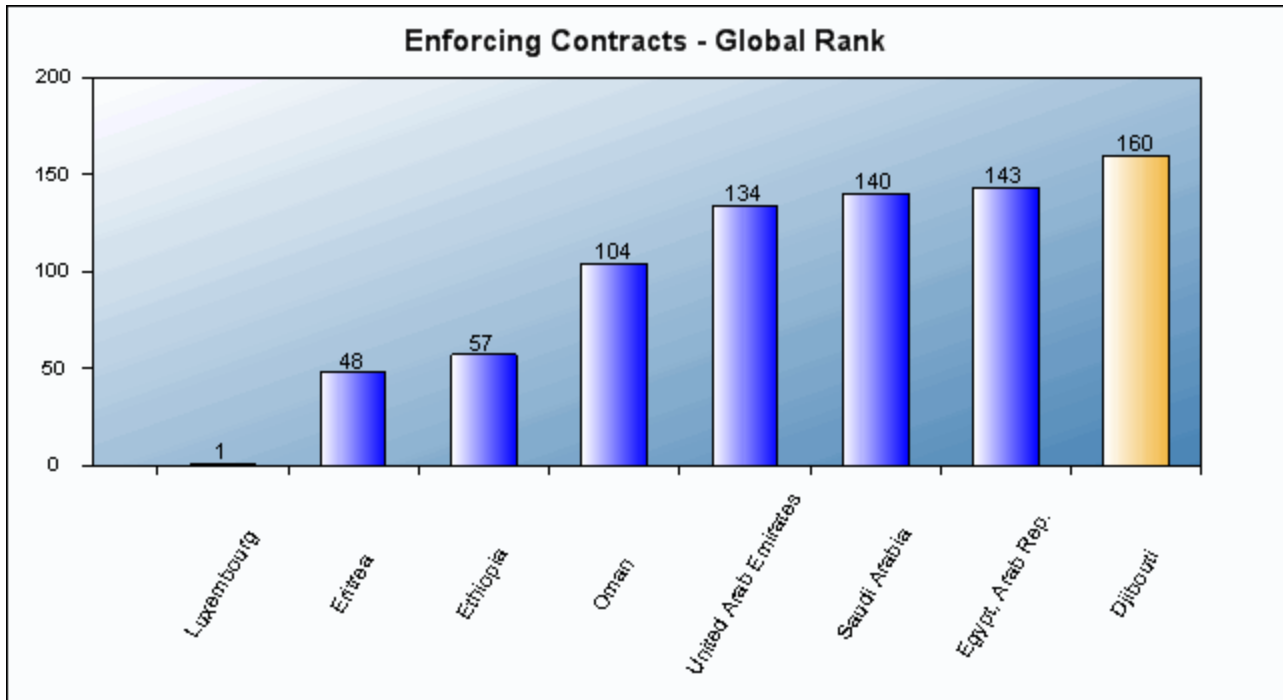
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Djibouti is ranked 160 overall for Enforcing Contracts.

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



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

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

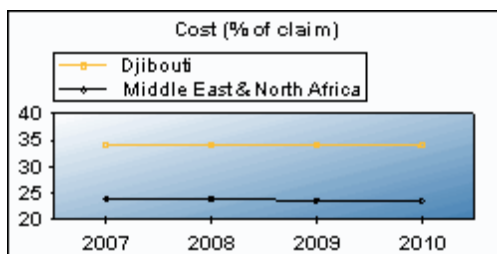
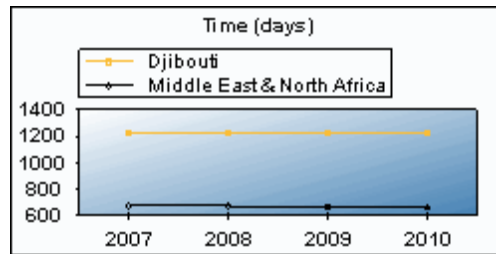
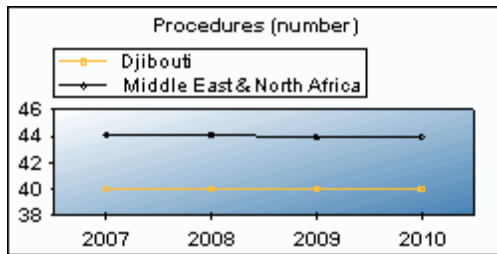
<i>Selected Economy</i>			
Djibouti	40	1225	34.0

<i>Comparator Economies</i>			
Egypt, Arab Rep.	41	1010	26.2
Eritrea	39	405	22.6
Ethiopia	37	620	15.2
Oman	51	598	13.5
Saudi Arabia	43	635	27.5
United Arab Emirates	49	537	26.2

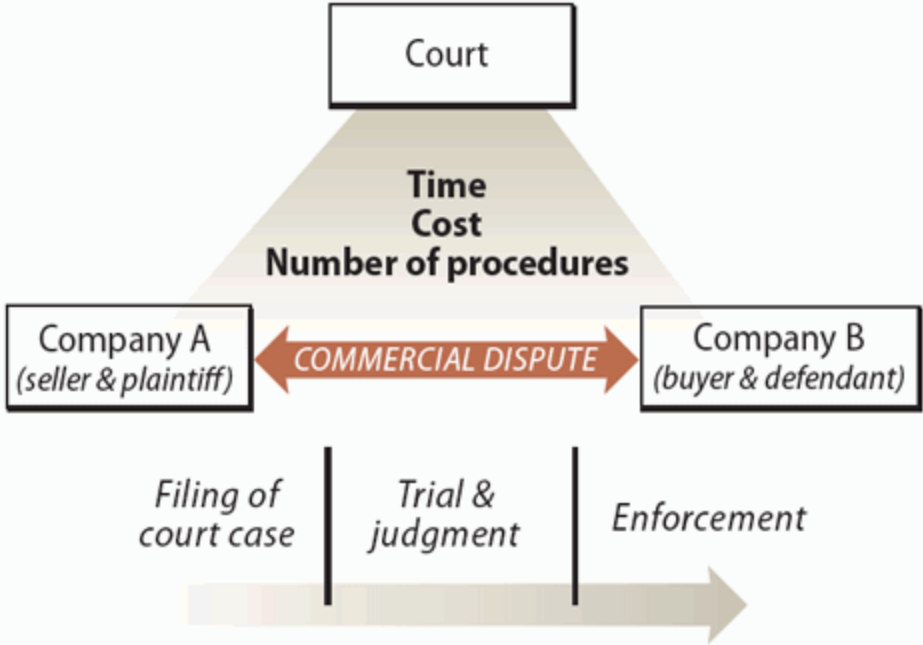
2. Historical data: Enforcing Contracts in Djibouti

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	160	160
Procedures (number)	40	40	40	40
Time (days)	1225	1225	1225	1225
Cost (% of claim)	34.0	34.0	34.0	34.0

3. The following graphs illustrate the Enforcing Contracts sub indicators in Djibouti over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



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

Nature of Procedure (2010)	Indicator
Procedures (number)	40
Time (days)	1225
Filing and service	30.0
Trial and judgment	750.0
Enforcement of judgment	445.0
Cost (% of claim)*	34.00
Attorney cost (% of claim)	17.0
Court cost (% of claim)	10.0
Enforcement Cost (% of claim)	7.0

Court information: Djibouti First Instance Court ("Tribunal de Première Instance")

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

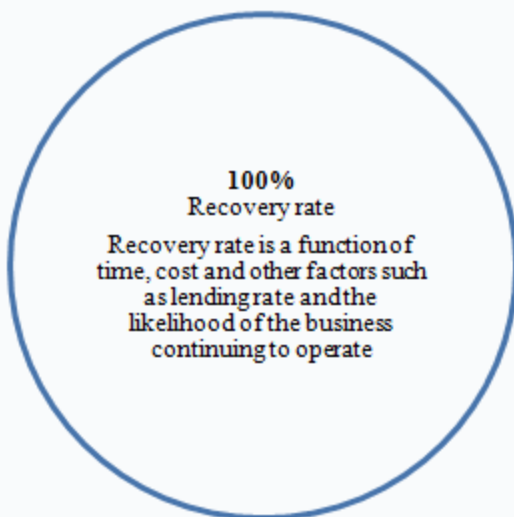
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

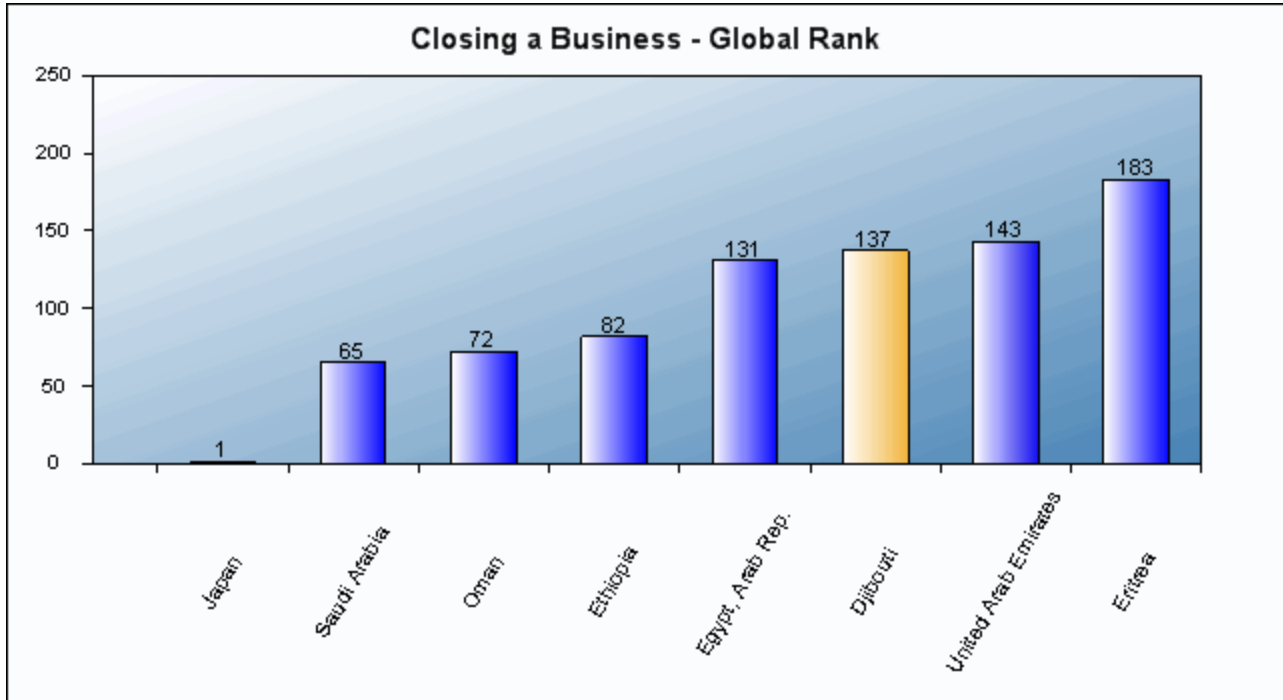
The Company

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

1. Benchmarking Closing Business Regulations:

Djibouti is ranked 137 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Djibouti	15.6	5.0	18

<i>Comparator Economies</i>			
Egypt, Arab Rep.	17.4	4.2	22
Eritrea	0.0	no practice	no practice
Ethiopia	31.3	3.0	15
Oman	34.9	4.0	4
Saudi Arabia	36.8	1.5	22
United Arab Emirates	11.2	5.1	30

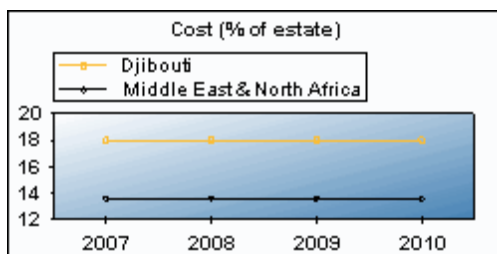
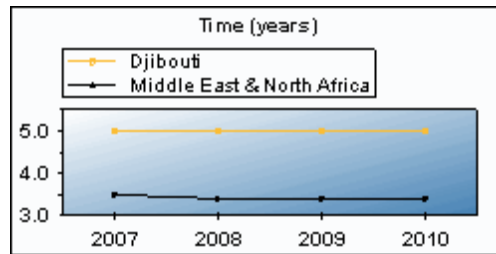
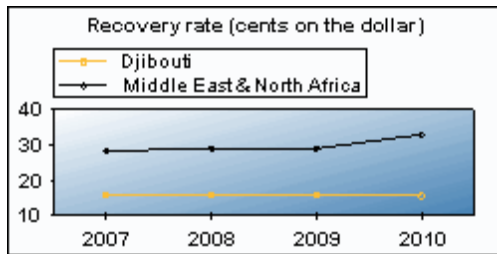
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Djibouti

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	134	137
Time (years)	5.0	5.0	5.0	5.0
Cost (% of estate)	18	18	18	18
Recovery rate (cents on the dollar)	15.9	15.9	15.9	15.6

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

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

United Arab Emirates

The United Arab Emirates enhanced access to credit by setting up a legal framework for the operation of the private credit bureau and requiring that financial institutions share credit information. The United Arab Emirates streamlined document preparation and reduced the time to trade with the launch of Dubai Customs' comprehensive new customs system, Mirsal 2.

Vietnam

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

Zambia

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



WWW.DOINGBUSINESS.ORG