

Doing Business 2011

Madagascar

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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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 Madagascar. 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).

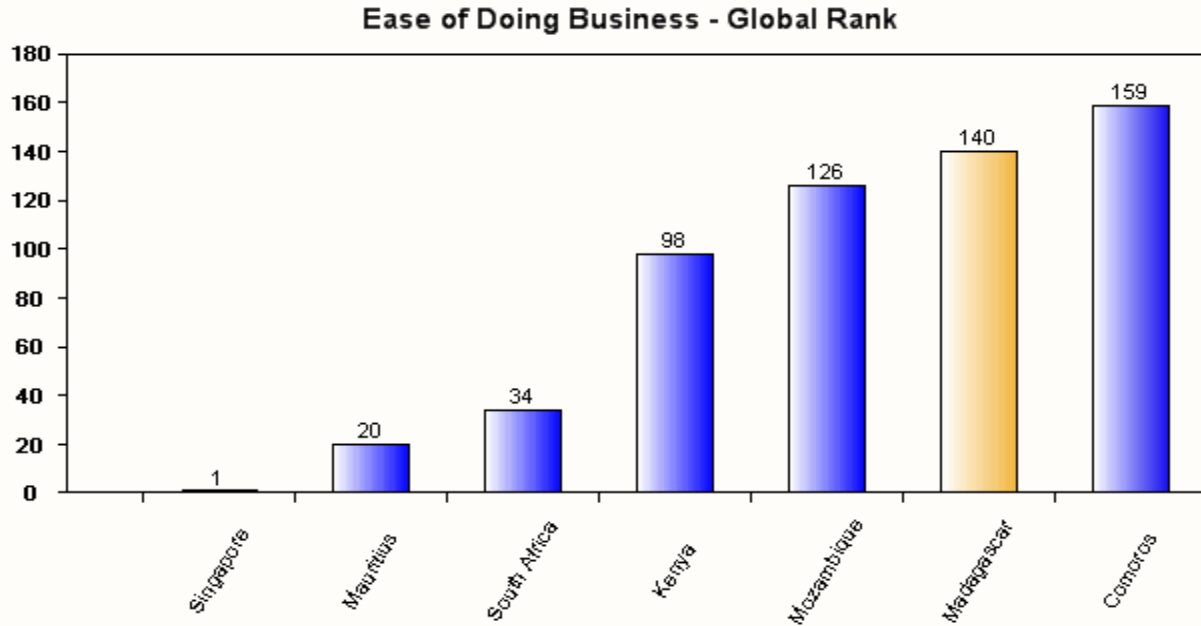
* Except for the Paying Taxes indicator, which covers the period January to December of 2009.

Note: *Doing Business 2010* data and rankings have been recalculated to reflect changes to the methodology.

Economy Rankings - Ease of Doing Business

Madagascar is ranked 140 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Madagascar's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	140
Starting a Business	70
Dealing with Construction Permits	110
Registering Property	162
Getting Credit	176
Protecting Investors	59
Paying Taxes	72
Trading Across Borders	106
Enforcing Contracts	153
Closing a Business	183

Summary of Indicators - Madagascar

Starting a Business	Procedures (number)	2
	Time (days)	7
	Cost (% of income per capita)	12.9
	Paid-in Min. Capital (% of income per capita)	248.1
Dealing with Construction Permits	Procedures (number)	16
	Time (days)	178
	Cost (% of income per capita)	654.9
Registering Property	Procedures (number)	7
	Time (days)	74
	Cost (% of property value)	9.8
Getting Credit	Strength of legal rights index (0-10)	2
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	6
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	23
	Time (hours per year)	201
	Profit tax (%)	15.8
	Labor tax and contributions (%)	20.3
	Other taxes (%)	1.6
	Total tax rate (% profit)	37.7
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	21
	Cost to export (US\$ per container)	1197
	Documents to import (number)	9
	Time to import (days)	24
	Cost to import (US\$ per container)	1555 ₃

Enforcing Contracts	Procedures (number)	38
	Time (days)	871
	Cost (% of claim)	42.4
Closing a Business	Recovery rate (cents on the dollar)	0.0
	Time (years)	no practice
	Cost (% of estate)	no practice

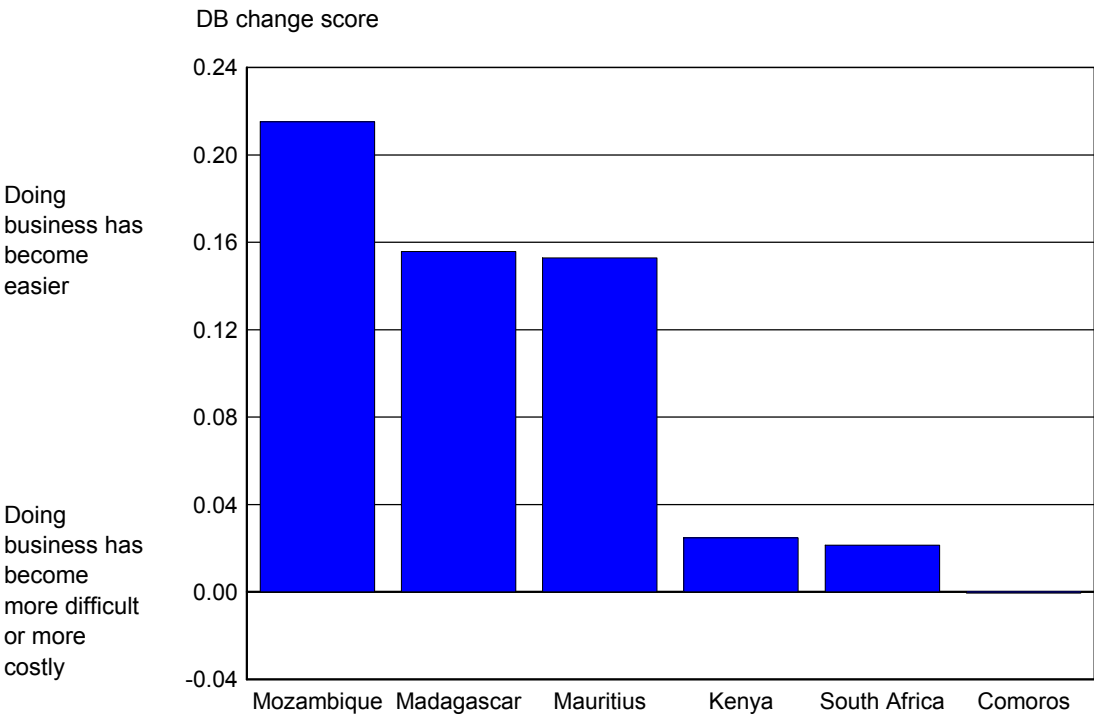


5 - Year Measure of Cumulative Change

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 economies 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*.



Note: This year's DB change score ranges from -0.1 to 0.54. More details on how the DB change score is constructed can be found in the methodology section of the website.

* Bahrain, The Bahamas, Brunei, Cyprus, Kosovo, Liberia, Luxembourg, Montenegro and Qatar do not feature in the new metric because they were included in the *Doing Business* report in years subsequent to the *Doing Business 2005* report and hence, 5 years of data are not yet available.

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

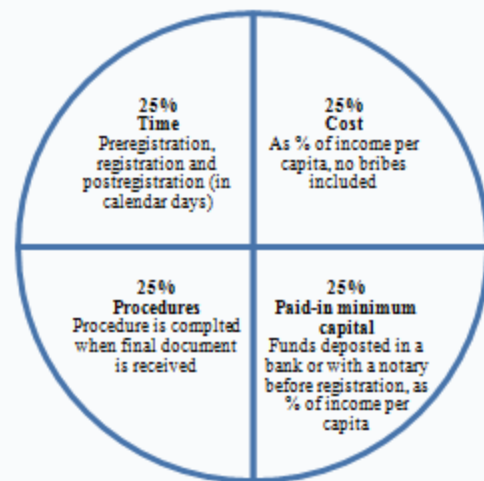
Cost required to complete each procedure (% of income per capita)

- 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.

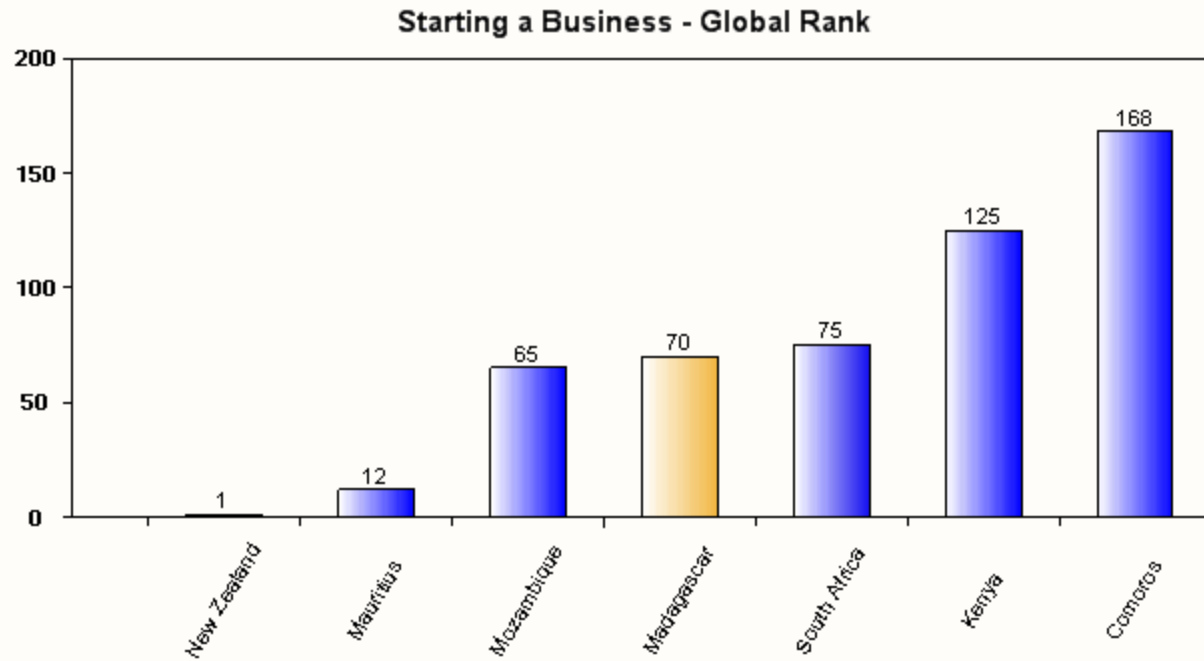
The business:

- 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

Madagascar is ranked 70 overall for Starting a Business.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)
Denmark			0.0	
New Zealand	1	1		0.0

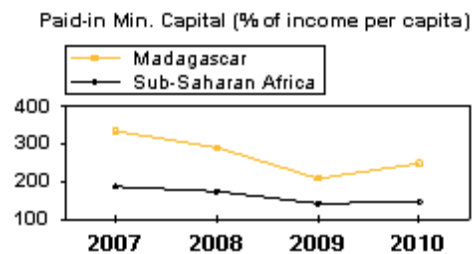
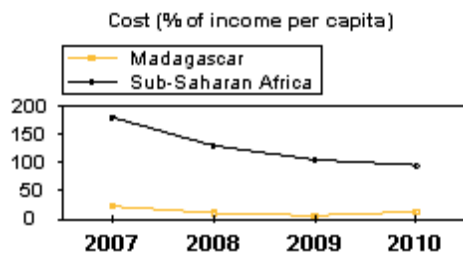
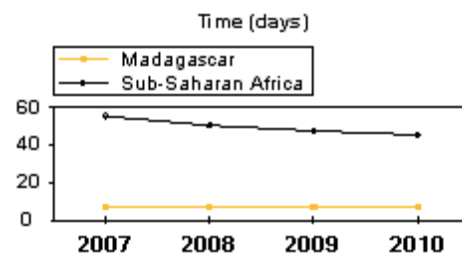
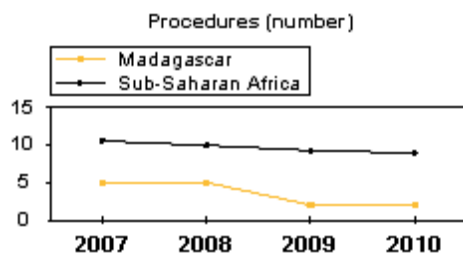
<i>Selected Economy</i>				
Madagascar	2	7	12.9	248.1

<i>Comparator Economies</i>				
Comoros	11	24	176.5	245.5
Kenya	11	33	38.3	0.0
Mauritius	5	6	3.8	0.0
Mozambique	9	13	13.9	0.0
South Africa	6	22	6.0	0.0

2. Historical data: Starting a Business in Madagascar

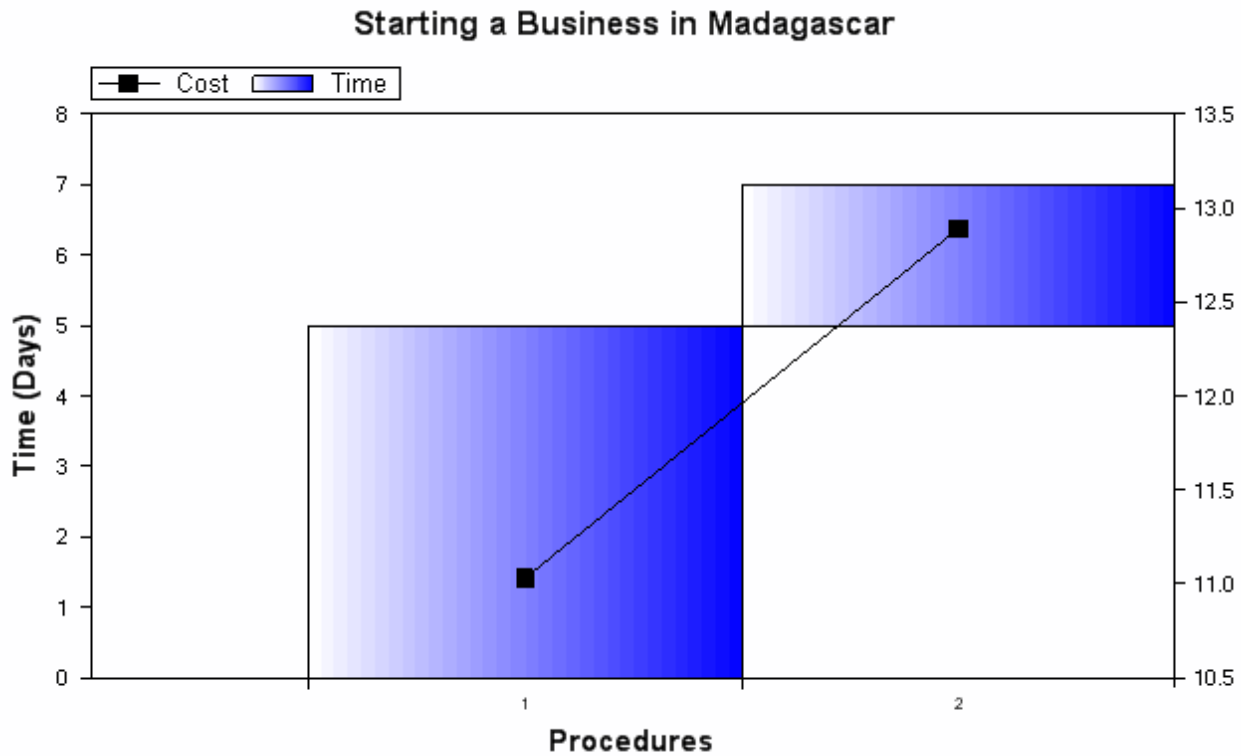
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	52	70
Procedures (number)	5	5	2	2
Time (days)	7	7	7	7
Cost (% of income per capita)	22.7	11.0	6.2	12.9
Paid-in Min. Capital (% of income per capita)	333.4	289.8	207.4	248.1

3. Starting a Business sub indicators in Madagascar over the past 4 years



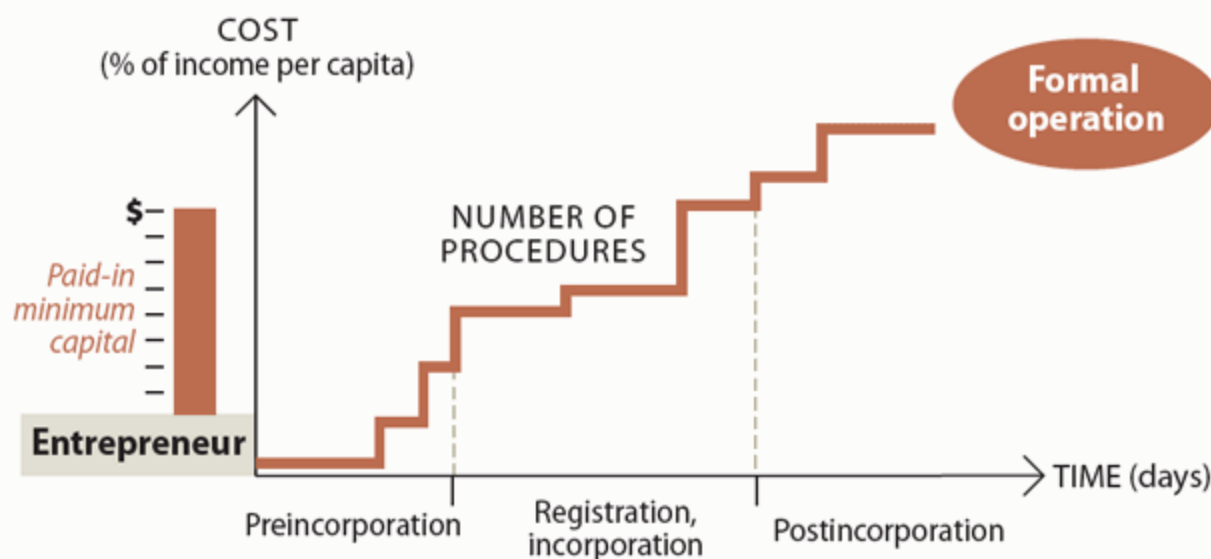
4. Overview of the steps to Starting a Business in Madagascar

It requires 2 procedures, takes 7 days, and costs 12.89 % GNI per capita to start a business in Madagascar.



No:	Procedure	Time to complete (days)	Cost to complete
1	Deposit registered statuts and apply for license (carte professionnelle), and statistical identifications	5	MGA 88,899
2	File a notice of constitution to be published in a daily newspaper in French	2	MGA 15,000

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



5. Details on Starting a Business in Madagascar

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

STANDARDIZED COMPANY

Legal Form: Société à Responsabilité Limitée (SARL)

Paid-in Minimum Capital: 248.1 (% of income per capita)

City: Antananarivo

Procedure 1 Deposit registered statuts and apply for license (carte professionnelle), and statistical identifications

Time to complete(days): 5

Cost to complete: MGA 88,899

Comment: The k-bis, statistical card, tax registration confirmation, commercial registration number, and professional card (carte professionnelle) can be obtained in about 2 days. Owing to reforms, a notice of publication is no longer needed to obtain the k-bis. Since 2007, the one stop-shop (Guichet Unique, GUIDE) sends the company the certificate for the deposit of statuts (certificat de dépôt d'actes). (When filing all documents needed to obtain the k-bis, the company must provide GUIDE with a stamped envelope.) The company can continue with subsequent procedures in the meantime. It takes on average 4 to 8 days to get registered with the EDBM. The firm's management also needs to file forms for each employee with the National Social Security Fund (Caisse Nationale de Prevoyance Sociale). The required forms, the registration application (demande d'immatriculation) and the application for workers affiliation (demande 'affiliation travailleur) must be filed along with the corporate registration certificate and notarized copies of each employee's passport and birth certificate, if under age 18. To file for health insurance, the company promoters must file two copies of an application form (bulletin d'adhesion nouveau-membre) along with a list of names of all employees and their

identity cards.

According to "Nouvelles N°1534 du 21 mars 2009" it is possible to register at the one stop shop (at the EDBM) for the Caisse Nationale de Prevoyance Sociale and the Organization Sanitaire Tananarivienne Inter-Entreprise.

It takes on average 4 to 8 days to get registered with the EDBM

Fee schedule:

- Commercial registration fee: MGA 15,500.
- Institut National de la Statistique Malgache (INSTAT) (see Decree 2005-380, dated June 22, 2005): MGA 20,000.
- K-bis: MGA 2,000.
- Deed registration costs : MGA 9,100
- registration fees: 0.5% of the start up capital
- lease registration: 2% of the lease

Procedure 2 File a notice of constitution to be published in a daily newspaper in French

Time to complete(days): 2

Cost to complete: MGA 15,000

Comment: The fee to publish a notice of constitution in a daily newspaper varies between MGA 10,000 and MGA 20,000.

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

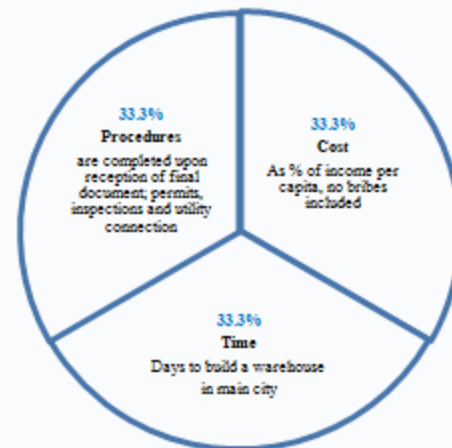
The warehouse:

- 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

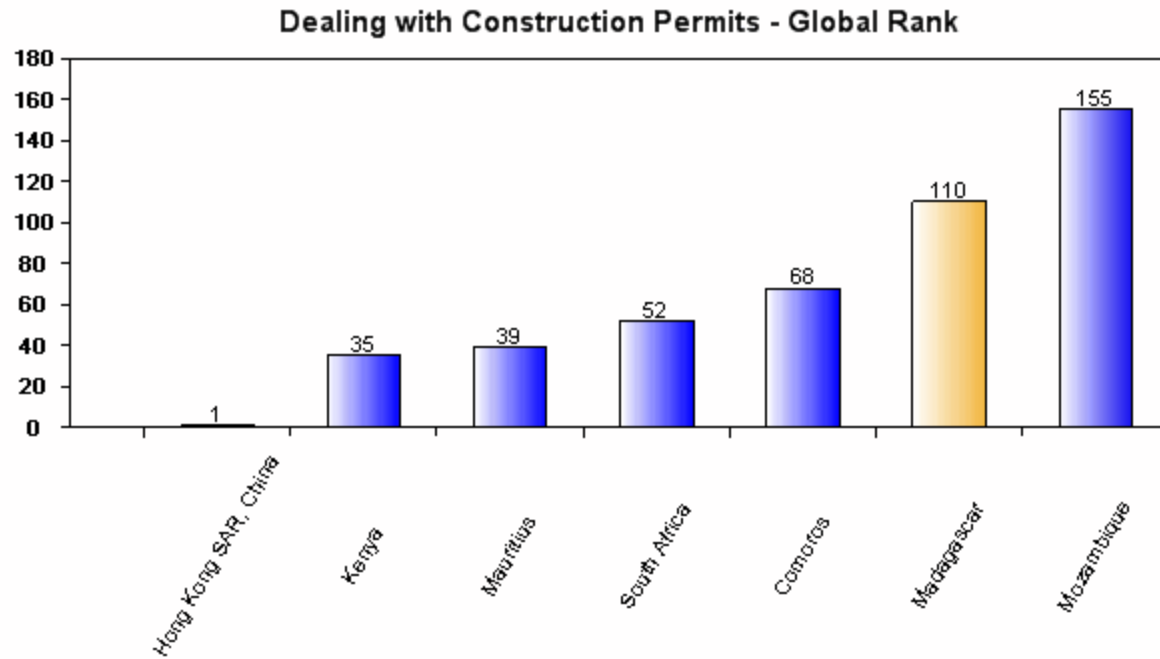
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations

Madagascar is ranked 110 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Madagascar 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	

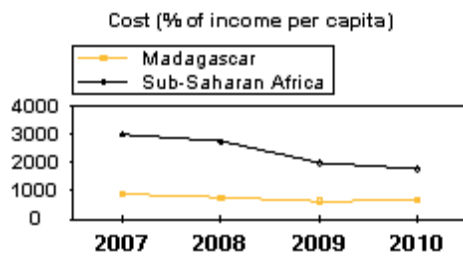
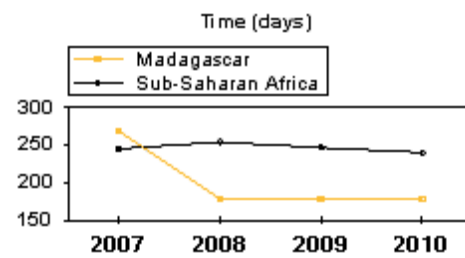
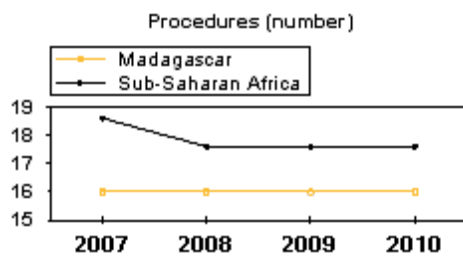
<i>Selected Economy</i>			
Madagascar	16	178	654.9

<i>Comparator Economies</i>			
Comoros	18	164	68.1
Kenya	11	120	167.8
Mauritius	18	107	32.3
Mozambique	17	381	530.3
South Africa	17	174	23.1

2. Historical data: Dealing with Construction Permits in Madagascar

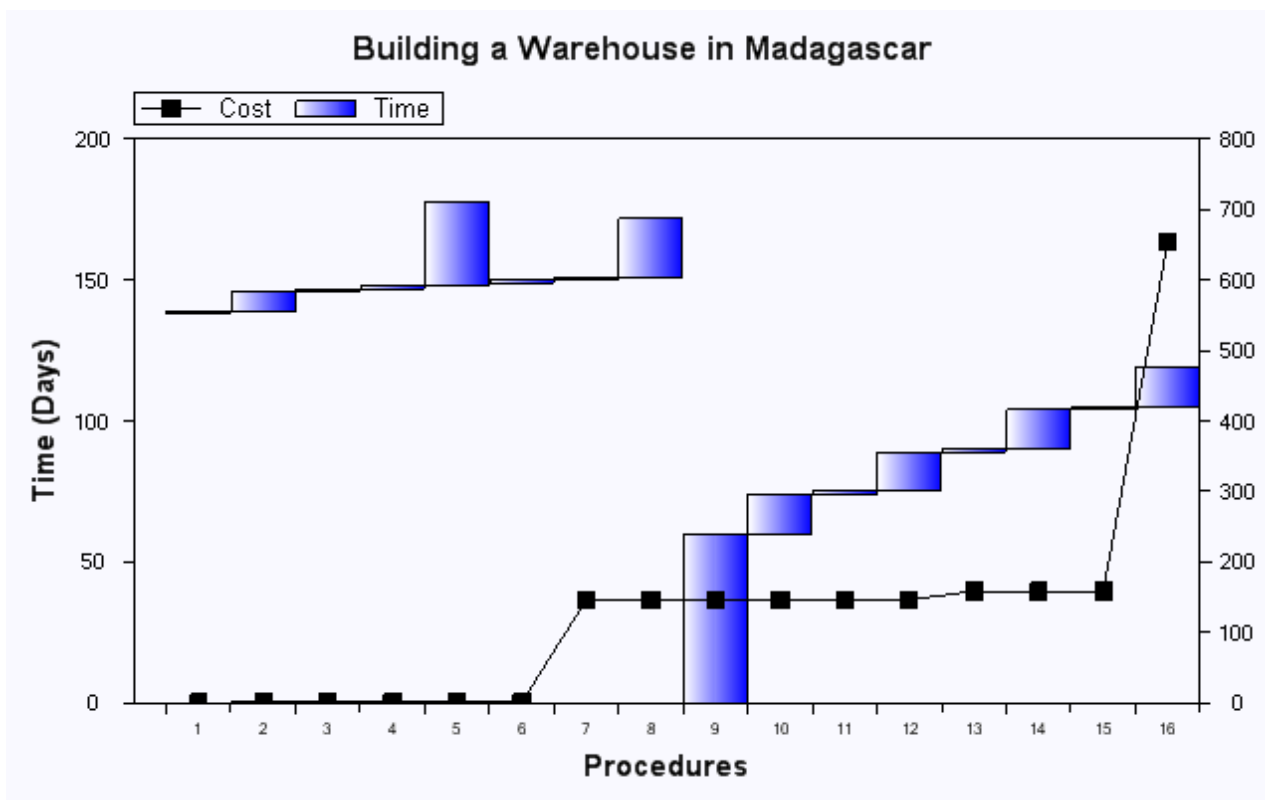
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	107	110
Procedures (number)	16	16	16	16
Time (days)	268	178	178	178
Cost (% of income per capita)	880.0	764.8	630.7	654.9

3. Dealing with Construction Permits sub indicators in Madagascar over the past 4 years



4. Overview of the steps to Building a Warehouse in Madagascar

It requires 16 procedures, takes 178 days, and costs 654.92 % GNI per capita to build a warehouse in Madagascar.

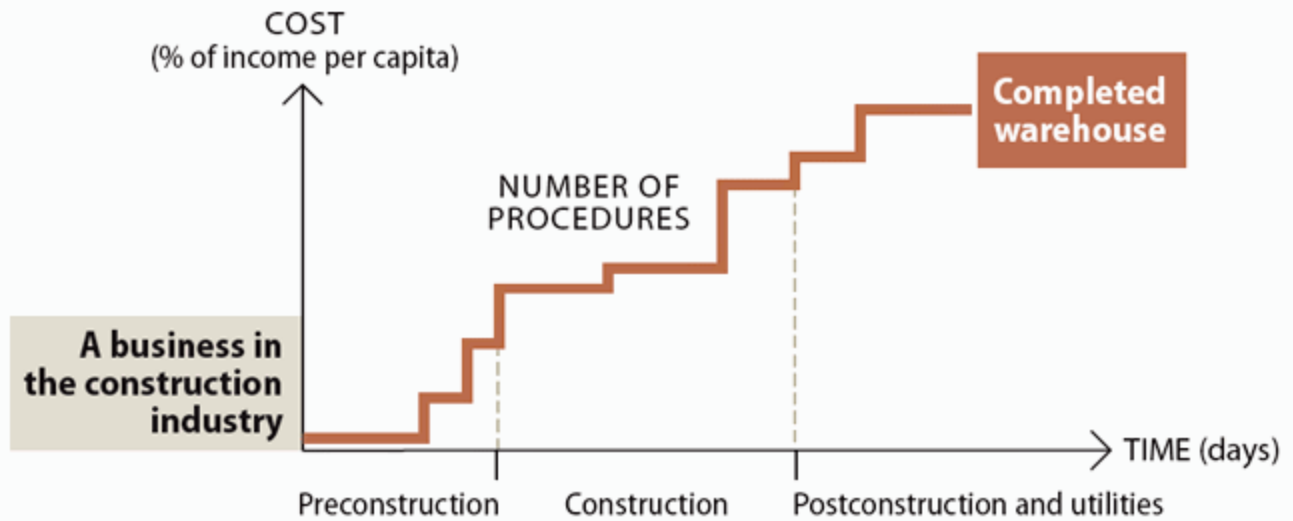


No:	Procedure	Time to complete (days)	Cost to complete
1	Acquire property registration certificates	30 days	MGA 2,000
2	Obtain official topographical plan of the plot	7 days	MGA 6,000
3	Acquire lot plan with municipal seal	7 days	no charge
4	Obtain preliminary approval from the urban municipality	1 day	no charge
5	Submit application for a building permit	1 day	no charge
6	Receive an inspection by the Provincial Service of Land Development (SPAT)	1 day	no charge
7	Obtain a building permit	90 days	MGA 1,170,540
8	Receive final inspection at the end of construction by SPAT	1 day	no charge
9	Receive an inspection by the fire protection service	1 day	no charge

10	Obtain an occupancy certificate	7 days	no charge
11	* Apply for a telephone line	1 day	no charge
12	* Receive an inspection by Malagasy Telecom to prepare an estimate	1 day	no charge
13	* Obtain a telephone connection	30 days	MGA 100,000
14	* Apply for electricity and water connections	1 day	no charge
15	* Receive an inspection by JIRAMA to prepare an estimate	1 day	no charge
16	* Obtain water and electricity connections	21 days	MGA 4,000,000

* Takes place simultaneously with another procedure.

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



5. Details on Building a Warehouse in Madagascar

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

BUILDING A WAREHOUSE

Estimated warehouse value: MGA 530,000,000

City: Antananarivo

Procedure 1 Acquire property registration certificates

Time to complete: 30 days

Cost to complete: MGA 2,000

Agency: Land Administration Department (Service des Domaines)

Comment: BuildCo must obtain two copies of all the property registration documents. This procedure usually takes a month. It might take 3 months if the necessary book is missing from the registry, but this is not the rule.

Procedure 2 Obtain official topographical plan of the plot

Time to complete: 7 days

Cost to complete: MGA 6,000

Agency: Topographical services (Service Topographique)

Comment: Two copies of the official topographical plan for the property with coordinates are needed. The cost of each copy varies between MGA 5,000 and MGA 7,500.

Procedure 3 Acquire lot plan with municipal seal

Time to complete: 7 days

Cost to complete: no charge

Agency: City services at Anosipatrana (Bureau de la Commune à Anosipatrana)

Comment: The documents needed are completed layout forms with the Commune's seal.

Procedure 4 Obtain preliminary approval from the urban municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Commune of Antananarivo (Commune D'Antananarivo)

Comment: The Urban Commune checks the design plans and supporting documents to ensure that no documents are missing.

Procedure 5 Submit application for a building permit

Time to complete: 1 day

Cost to complete: no charge

Agency: Commune of Antananarivo (Commune D'Antananarivo)

Comment:

Procedure 6 Receive an inspection by the Provincial Service of Land Development (SPAT)

Time to complete: 1 day

Cost to complete: no charge

Agency: SRAT

Comment: The inspection is carried out by the Provincial Service of Land Development Aménagement du territoire, SPAT) and the land owner. These inspections are necessary to obtain SPAT's approval of the building permit. In addition to the first inspection before the start of construction work, SPAT may carry out several other random inspections. Technical directives for construction work include, among other things, a check of the center line of the street, of the street boundaries, of blind walls, and of openings in walls.

Procedure 7 Obtain a building permit

Time to complete: 90 days

Cost to complete: MGA 1,170,540

Agency: Commune of Antananarivo (Commune D'Antananarivo)

Comment: After approval by the Urban Commune of Antananarivo, the file is forwarded to the following services: - Bureau of the Commune at Anosipatrana (15 days). - Municipal

Bureau of Sanitation (Bureau Municipal d'Hygiène, BMH) (15 days). - SPAT (2 months). After SPAT has checked the information in the file with the land owner (see Procedure 7), it issues its approval of the file, then prepares the file for forwarding to the Directorate of Land Development (at the Ministerial Commission) (15 days). Two months later, SPAT issues the building permit to BuildCo. The cost is calculated based on the volume of the building before SPAT gives its opinion. The cost can vary from MGA 1,000 to MGA 2,000 per cubic meter.

Procedure 8 Receive final inspection at the end of construction by SPAT

Time to complete: 1 day

Cost to complete: no charge

Agency: SRAT

Comment: The final inspection and approval by SPAT are required to obtain the certificate of occupancy.

Procedure 9 Receive an inspection by the fire protection service

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire service (pompiers)

Comment:

Procedure 10 Obtain an occupancy certificate

Time to complete: 7 days

Cost to complete: no charge

Agency: Commission

Comment:

Procedure 11 Apply for a telephone line

Time to complete: 1 day

Cost to complete: no charge

Agency: Malgasy Telecom (teleco Malgache)

Comment:

Procedure 12 Receive an inspection by Malagasy Telecom to prepare an estimate

Time to complete: 1 day

Cost to complete: no charge

Agency: Malgasy Telecom (teleco Malgache)

Comment: The inspection takes only a day.

Procedure 13 Obtain a telephone connection

Time to complete: 30 days

Cost to complete: MGA 100,000

Agency: Malgasy Telecom (teleco Malgache)

Comment:

Procedure 14 Apply for electricity and water connections

Time to complete: 1 day

Cost to complete: no charge

Agency: JIRAMA

Comment: The fees for water and electricity connections are MGA 1.5 million and MGA 2.5 million respectively. BuildCo receives the cost estimates 2 weeks after the inspections and can pay them immediately and acquire connection a week later.

Procedure 15 Receive an inspection by JIRAMA to prepare an estimate

Time to complete: 1 day

Cost to complete: no charge

Agency: JIRAMA

Comment:

Procedure 16 Obtain water and electricity connections

Time to complete: 21 days

Cost to complete: MGA 4,000,000

Agency: JIRAMA (jiro sy Rano Malagasy)

Comment: The fees for water and electricity connections are MGA 1.5 million and MGA 2.5 million, respectively. BuildCo receives the cost estimates 2 weeks after the inspections and can pay them immediately and acquire connection a week later.

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)

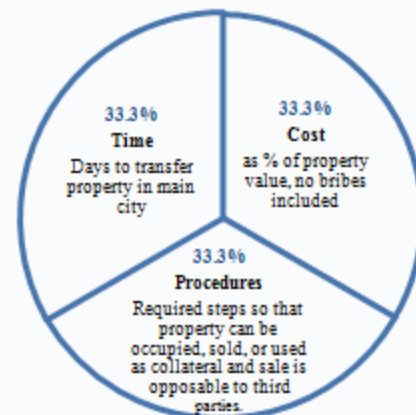
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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

Madagascar is ranked 162 overall for Registering Property.

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



The following table shows Registering Property data for Madagascar 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

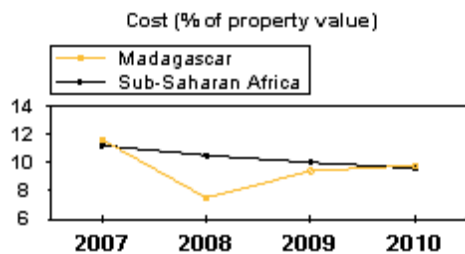
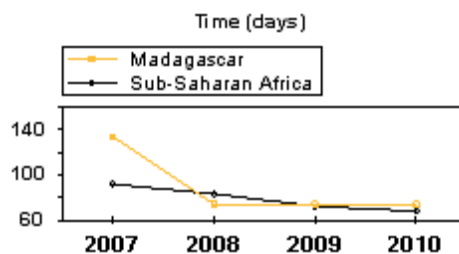
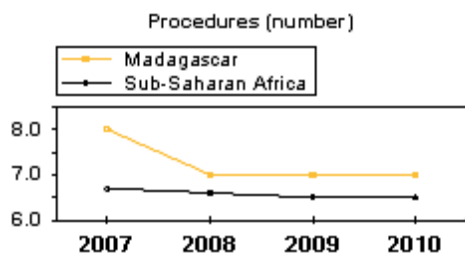
<i>Selected Economy</i>			
Madagascar	7	74	9.8

<i>Comparator Economies</i>			
Comoros	5	24	20.8
Kenya	8	64	4.2
Mauritius	4	26	10.6
Mozambique	8	42	9.9
South Africa	6	24	8.8

2. Historical data: Registering Property in Madagascar

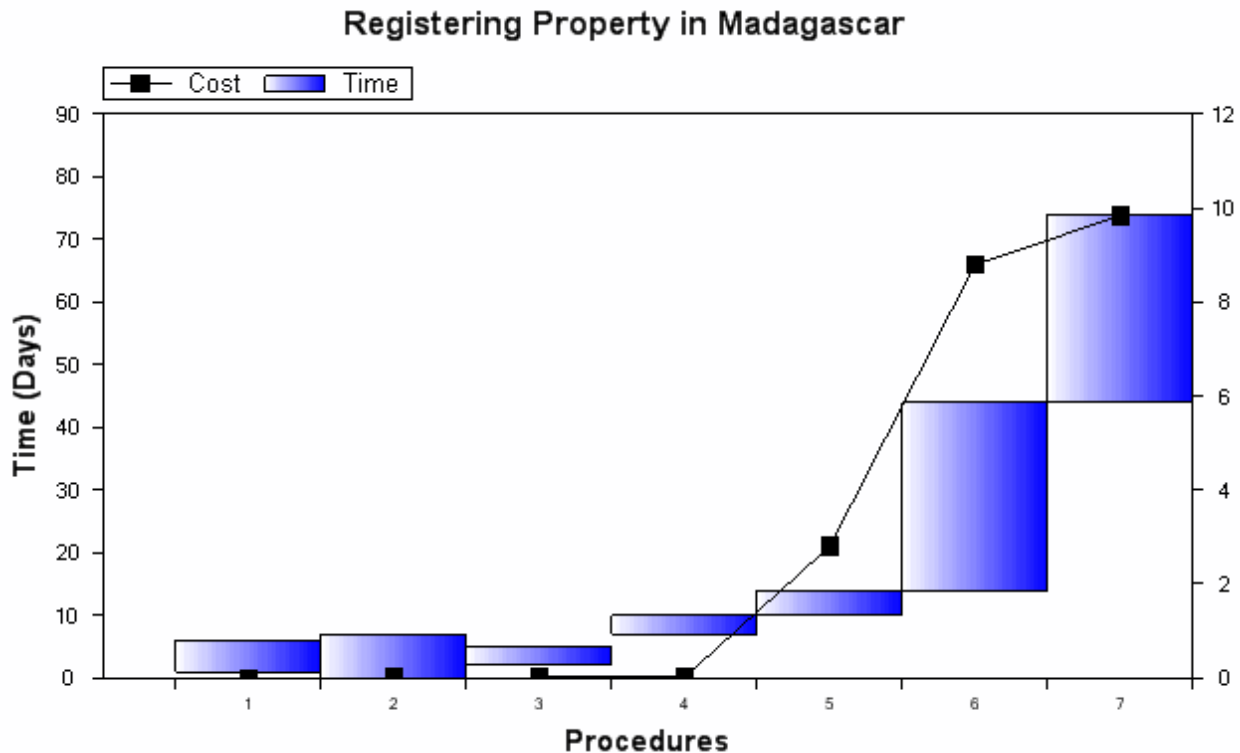
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	156	162
Procedures (number)	8	7	7	7
Time (days)	134	74	74	74
Cost (% of property value)	11.6	7.5	9.4	9.8

3. Registering Property sub indicators in Madagascar over the past 4 years



4. Overview of the steps to Registering Property in Madagascar

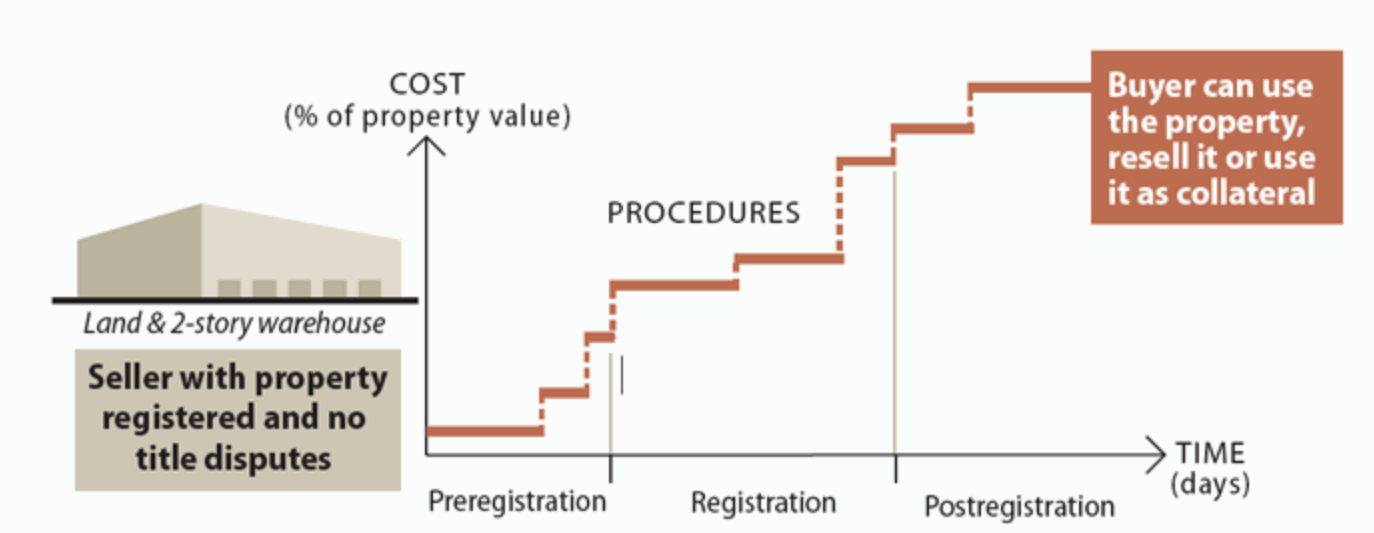
It requires 7 procedures, takes 74 days, and costs 9.84 % of property value to register the property in Madagascar.



No:	Procedure	Time to complete (days)	Cost to complete
1	* Request two topographical extracts with coordinates at the 'Service de la Topographie'	5 days (simultaneous with procedures 2 and 3)	MGA 1,000 per plan
2	* Request two copies of the certificate of registration and the legal situation of the land at the Registrar of the Property Registry	7 days (simultaneous with procedures 1 and 3)	MGA 2,000 (MGA 1,000 per copy)
3	* Request authorization to conduct a real estate transaction at the Ministry of Urban Planning (Ministere de l'Urbanisme)	3 days (simultaneous with procedures 1 and 2)	no cost
4	Notary draft and notarize the sale agreement	2 – 7 days	1,125,000 Mga of the property value
5	Registration of sale agreement at the Office of Property Registry	4 days	6 % property value for registration fees
6	Request transfer to be recorded in the books at the Registrar of the Property Registry	30 days	1% property value (transfer tax) + MGA 15,000 (fixed fee)
7	Obtain the new certificate of transfer and legal standing and the "Duplicata" at the Registrar of the Property Registry	30 days	no cost

* Takes place simultaneously with another procedure.

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



5. Details on Registering Property in Madagascar

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

STANDARDIZED PROPERTY

Property Value: MGA 40,299,187.15

City: Antananarivo

Procedure	1	Request two topographical extracts with coordinates at the 'Service de la Topographie'
Time to complete:	5 days (simultaneous with procedures 2 and 3)	
Cost to complete:	MGA 1,000 per plan	
Agency:	Topographic service (Service de la Topographie)	
Comment:	These coordinates allow the marking of the property and are expressed in 'x' and 'y'. This plan is to be signed by both parties and is annexed to the request for authorization of the real estate transaction. This extract can also be traced by a sworn surveyor to delimit the part of the land to be ceded, in case the transaction does not cede the property in its entirety. The cost and time noted here are for a simple plan, intended for a transfer whereby the buyer is not planning on making changes or constructions to the property. For more complex uses of the property, a more detailed plan would have to be drawn, costing between MGA 5000 and 15000, depending on whether a government or private surveyor was used.	
Procedure	2	Request two copies of the certificate of registration and the legal situation of the land at the Registrar of the Property Registry
Time to complete:	7 days (simultaneous with procedures 1 and 3)	
Cost to complete:	MGA 2,000 (MGA 1,000 per copy)	

Agency: Property Registry

Comment: This certificate is an extract from the property registry books and must have been obtained in the past three months maximum. It gives the situation of the (past) registrations on the Registry books and indicates the identity of the proprietor of the land who has registered his rights to it. It also indicates any encumbrances on the land.

Procedure 3 Request authorization to conduct a real estate transaction at the Ministry of Urban Planning (Ministere de l'Urbanisme)

Time to complete: 3 days (simultaneous with procedures 1 and 2)

Cost to complete: no cost

Agency: Ministry of Urban Planning (Ministere de l'Urbanisme)

Comment: This request is for an administrative document that indicates, by way of a report on the urban plan, if the property is located in specific zones and if it has zoning issues or encumbrances. It is necessary to attach the certificate of the legal situation (less than 3 months old) and 5 copies of the plan. Only the Director of the Urban Planning Department is authorized to approve the file. Sometimes, if the Director is away, this can cause delays.

Procedure 4 Notary draft and notarize the sale agreement

Time to complete: 2 – 7 days

Cost to complete: 1,125,000 Mga of the property value

Comment: In 2007, Madagascar adopted a new law: "Loi 2007.026 du 12/12/2007 portant statut du notariat a Madagascar". This law, published in the Official gazette N° 3181 on April 14th, 2008, makes it mandatory to use the services of a notary for all property transaction for a value above 15 000 000 MGA. It is no longer required to the signatures of both parties to be legalized at the Municipality by either the Mayor or an authorized employee. The notary cost is approximately 3.25% of the property value. An official fee schedule for notary fees might be published in mid 2009.

Procedure 5 Registration of sale agreement at the Office of Property Registry

Time to complete: 4 days

Cost to complete: 6 % property value for registration fees

Agency: Property Registry

Comment: This step is a fiscal procedure, in light of paying the registration fees on the property and the tax on the appreciation of the property. Capital gains tax for companies transferring property is no longer applicable according to the Loi des Finances 2007.

Procedure 6 Request transfer to be recorded in the books at the Registrar of the Property Registry

Time to complete: 30 days

Cost to complete: 1% property value (transfer tax) + MGA 15,000 (fixed fee)

Agency: Property Registry

Comment: This is the most important procedure in the process. The property right on a land is unassailable until it has been transcribed onto the books at the Registry.

Procedure 7 Obtain the new certificate of transfer and legal standing and the "Duplicata" at the Registrar of the Property Registry

Time to complete: 30 days

Cost to complete: no cost

Agency: Property Registry

Comment: The property transfer is recorded in the books and the change made on the duplicate. Both the new title and the duplicate are handed over at the same time.

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

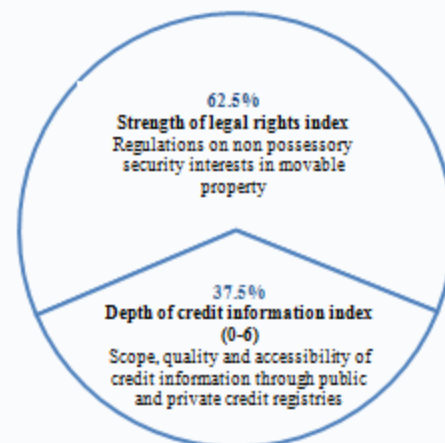
Public credit registry coverage (% of adults)

- 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)

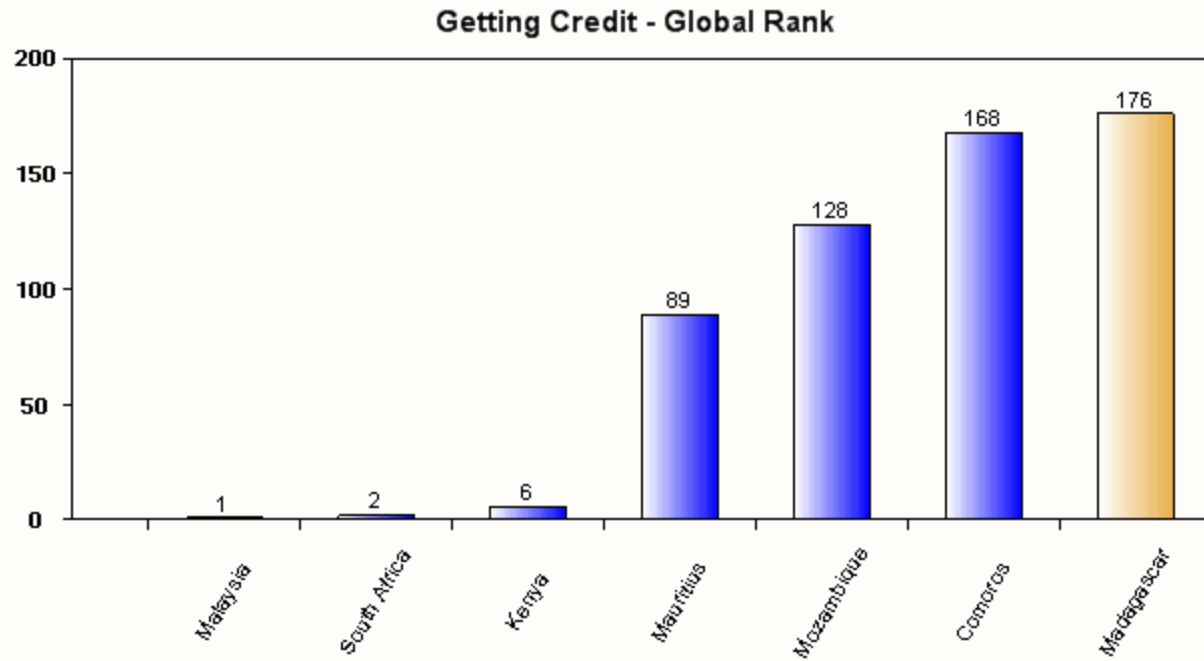
The Debtor

- 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

Madagascar is ranked 176 overall for Getting Credit.

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



The following table shows Getting Credit data for Madagascar 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		

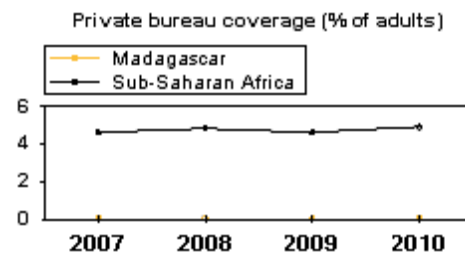
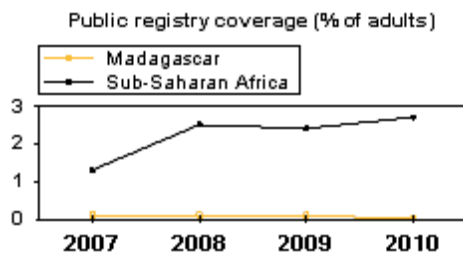
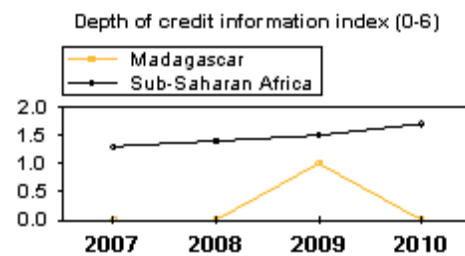
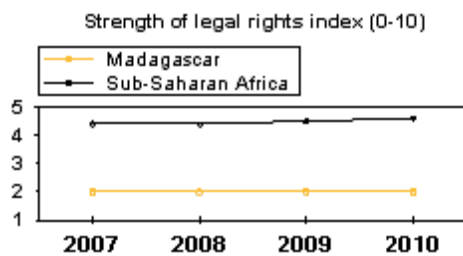
<i>Selected Economy</i>				
Madagascar	2	0	0.0	0.0

<i>Comparator Economies</i>				
Comoros	3	0	0.0	0.0
Kenya	10	4	0.0	3.3
Mauritius	5	3	49.8	0.0
Mozambique	2	4	2.2	0.0
South Africa	9	6	0.0	54.9

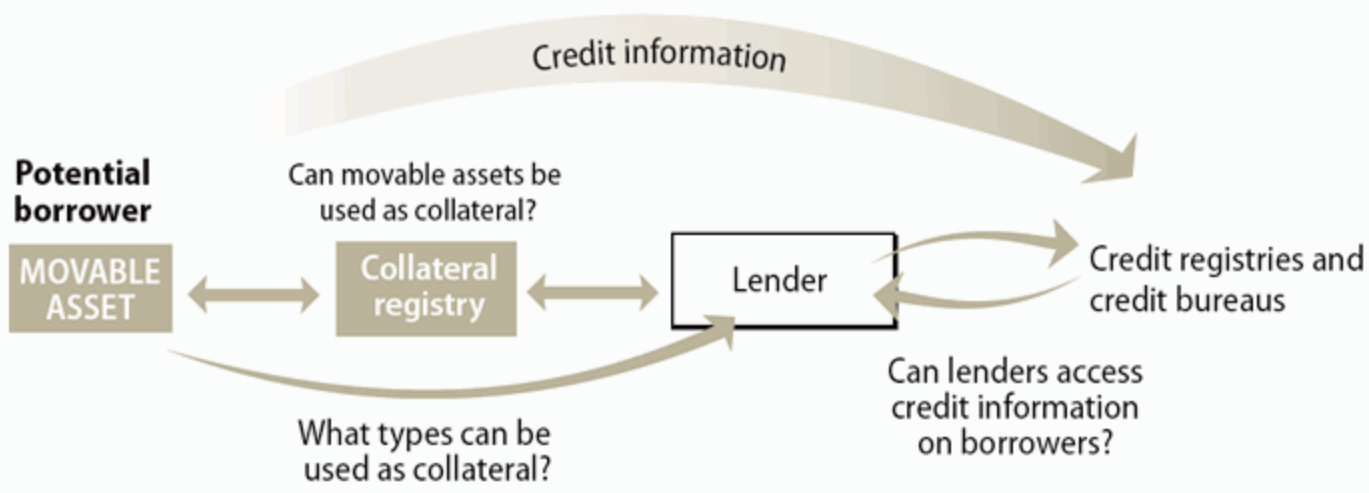
2. Historical data: Getting Credit in Madagascar

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	167	176
Strength of legal rights index (0-10)	2	2	2	2
Depth of credit information index (0-6)	0	0	1	0
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.1	0.1	0.1	0.0

3. Getting Credit sub indicators in Madagascar 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?



4. Details on Getting Credit in Madagascar

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
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	0.0	
Number of individuals	0	..	
Number of firms	0	..	

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?

Yes

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)

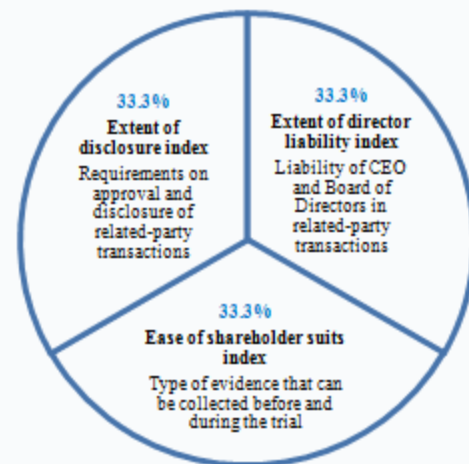
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

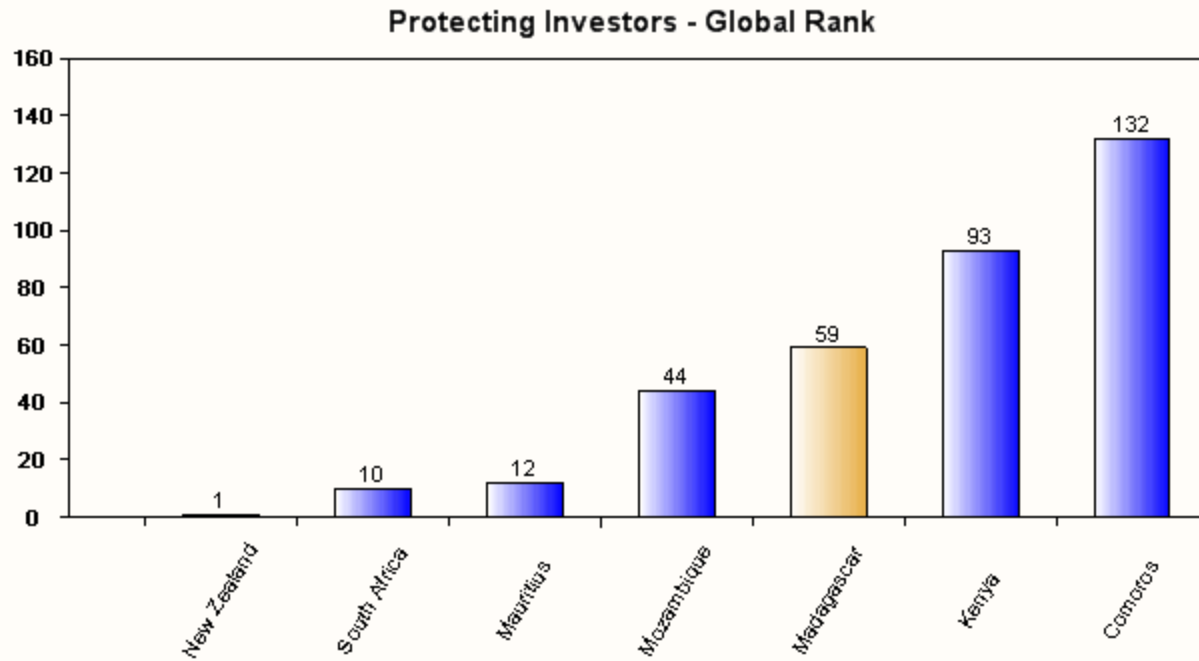
The transaction

- 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

Madagascar is ranked 59 overall for Protecting Investors.

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



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

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

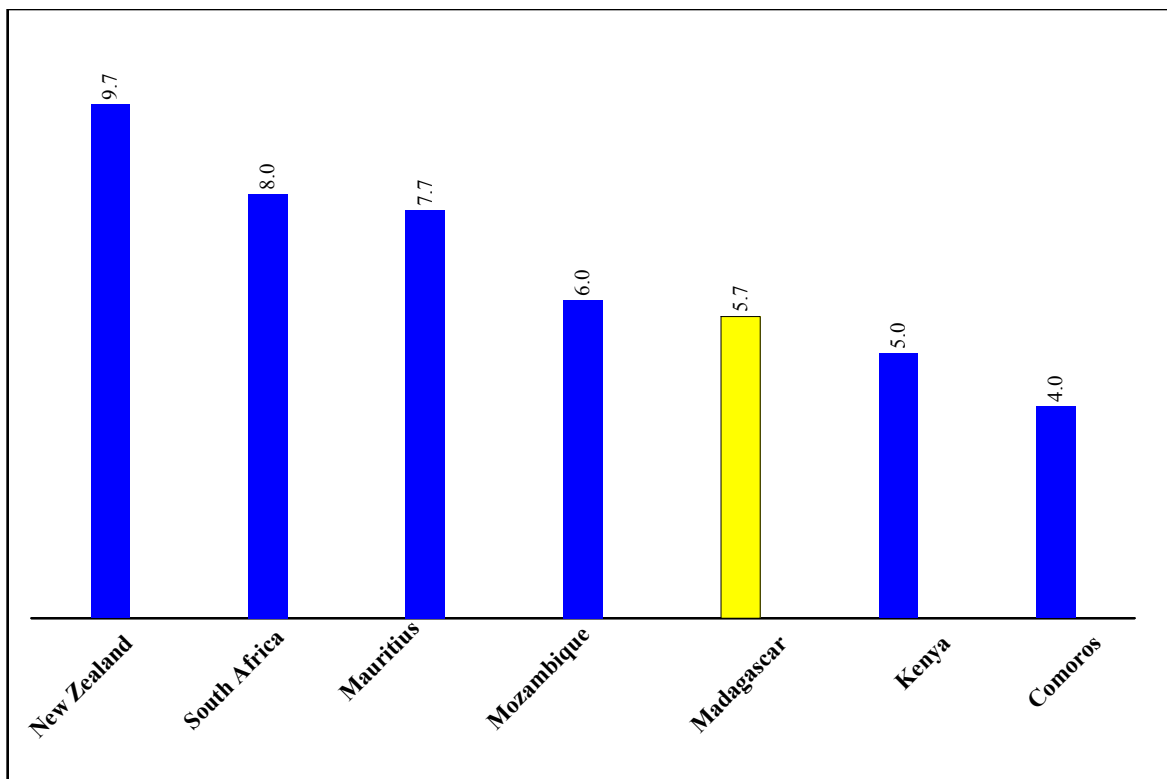
<i>Selected Economy</i>	
Madagascar	5.7

<i>Comparator Economies</i>	
Comoros	4.0
Kenya	5.0
Mauritius	7.7
Mozambique	6.0
South Africa	8.0

2. Historical data: Protecting Investors in Madagascar

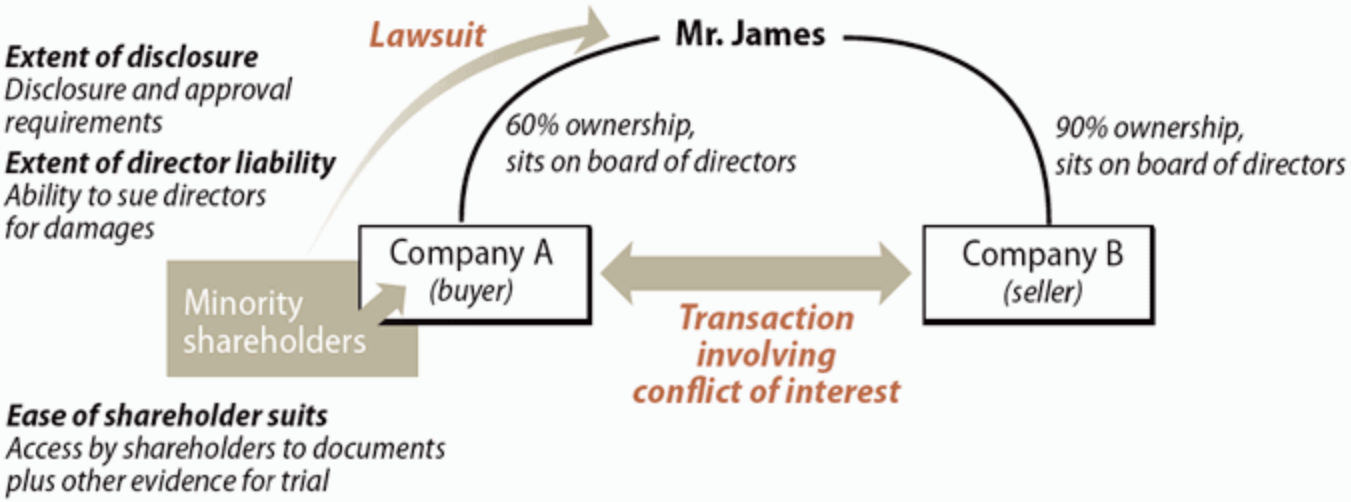
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	59
Strength of investor protection index (0-10)	5.7	5.7	5.7	5.7

3. The following graph illustrates the Protecting Investors index in Madagascar 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?



4. Details on Protecting Investors in Madagascar

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	0
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	6
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
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?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
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?	1
Strength of investor protection index (0-10)	5.7

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)

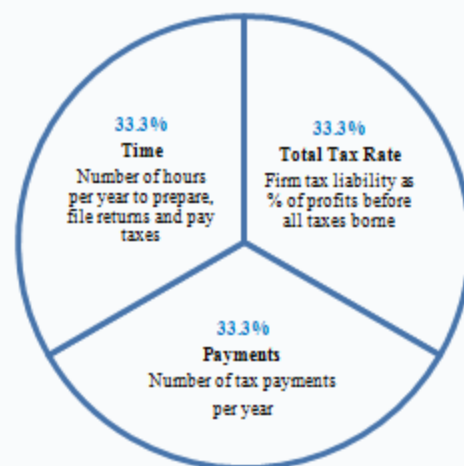
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



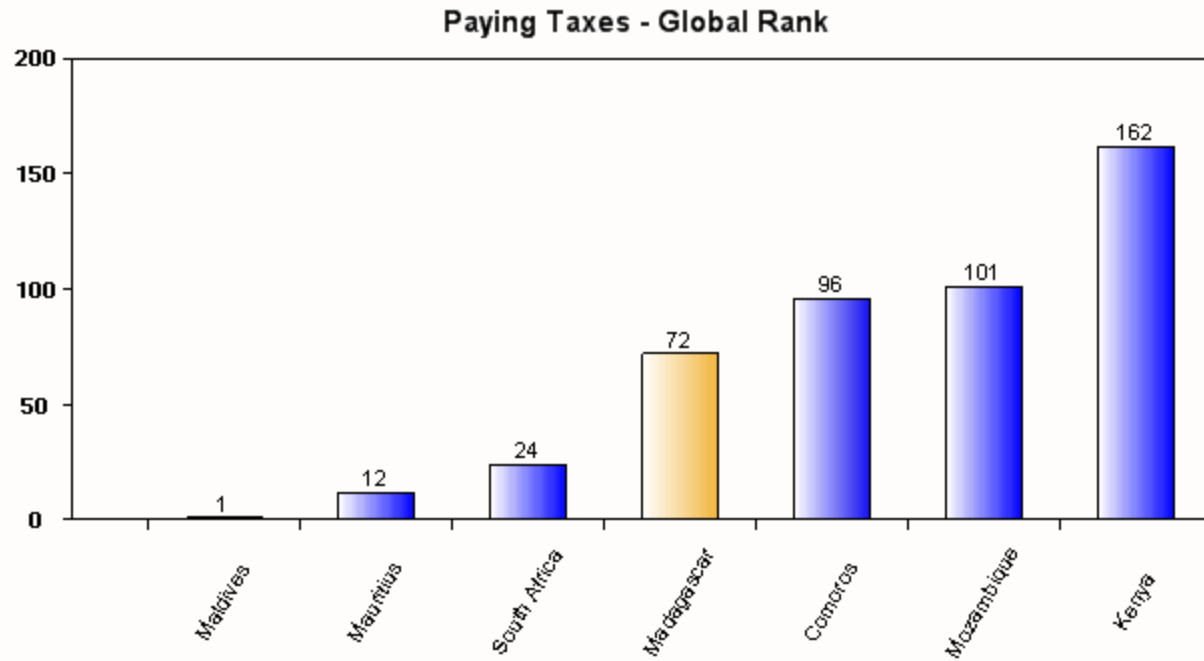
Case Study Assumptions

- 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

Madagascar is ranked 72 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Madagascar 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

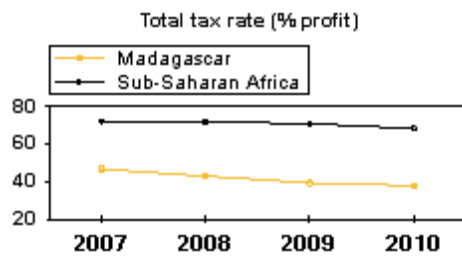
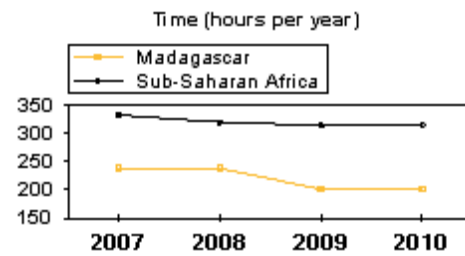
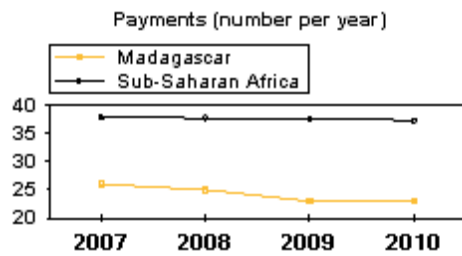
<i>Selected Economy</i>			
Madagascar	23	201	37.7

<i>Comparator Economies</i>			
Comoros	20	100	217.9
Kenya	41	393	49.7
Mauritius	7	161	24.1
Mozambique	37	230	34.3
South Africa	9	200	30.5

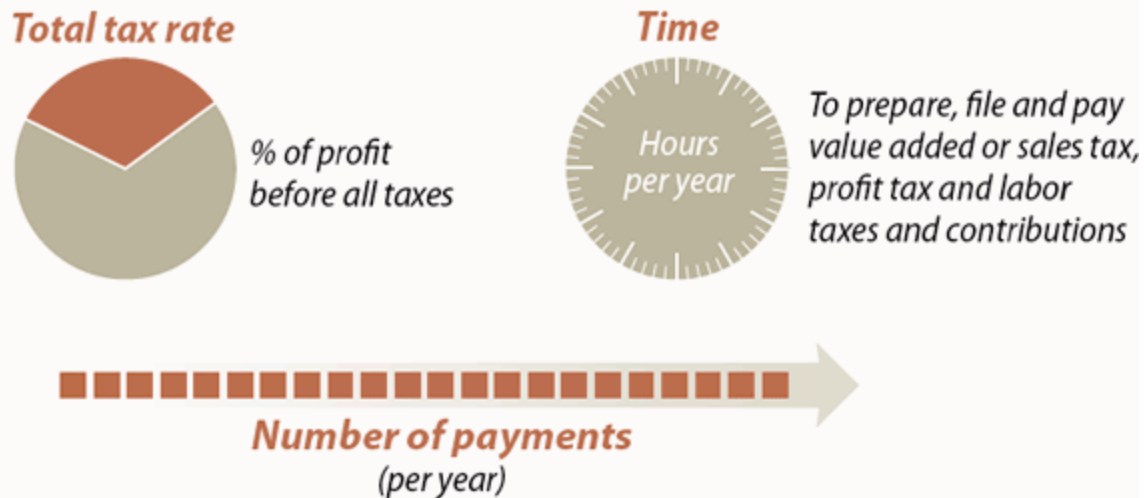
2. Historical data: Paying Taxes in Madagascar

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	72	72
Total tax rate (% profit)	46.5	42.8	39.2	37.7
Payments (number per year)	26	25	23	23
Time (hours per year)	238	238	201	201

3. Paying Taxes sub indicators in Madagascar 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?



4. Details on Paying Taxes in Madagascar

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Madagascar, 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
Value added tax (VAT)	12		120	20.0%	value added and land sale		
fuel tax	1				included in the fuel price	0.10	
Tax on interest	0	withheld		24.0%	interest income	0.60	
Property tax	1			10.0%	rental value	1.50	
Health insurance contributions	4			5.0%	gross salaries	5.60	
Social security contributions	4		72	13.0%	gross salaries	14.70	
Corporate income tax (CIT)	1		9	24% or 0.5% of annual gross revenue +100000	taxable profits or turnover	15.80	
Totals	23		201			37.7	

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)

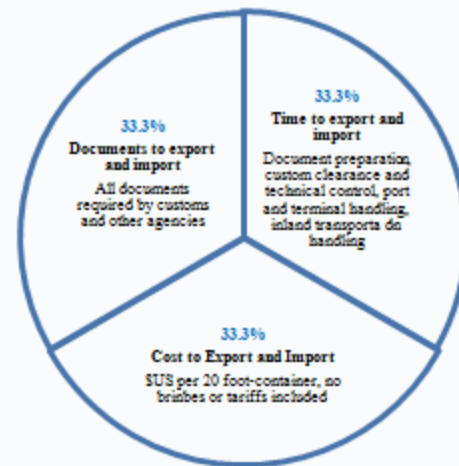
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

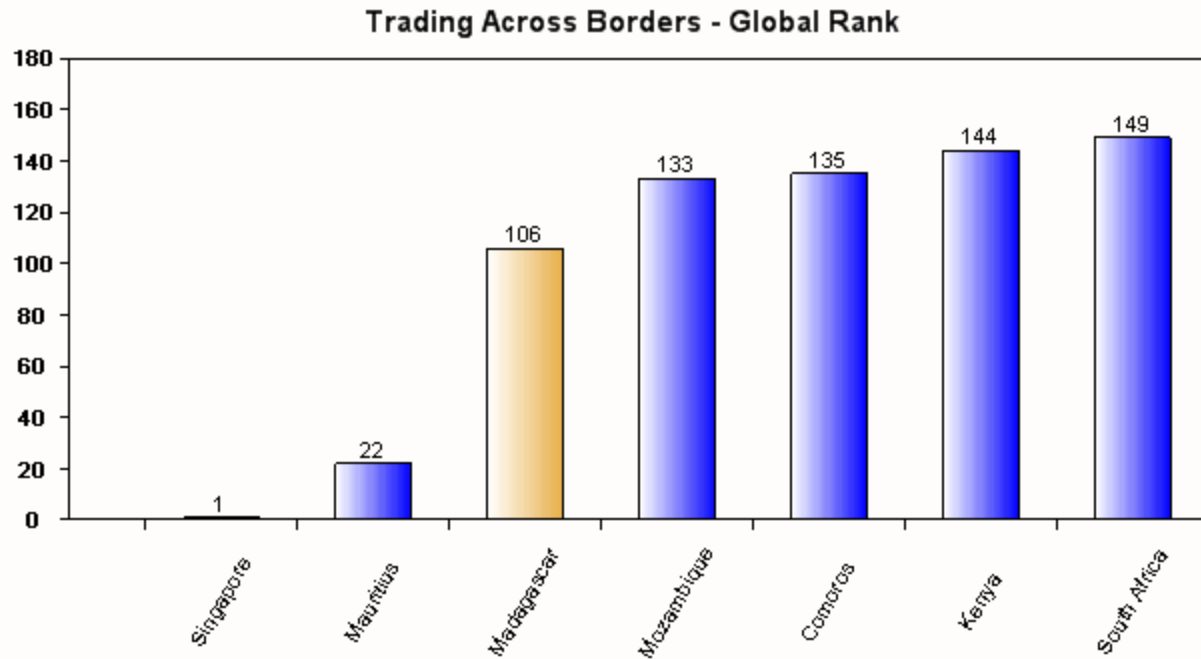
The traded product

- 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

Madagascar is ranked 106 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Madagascar 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

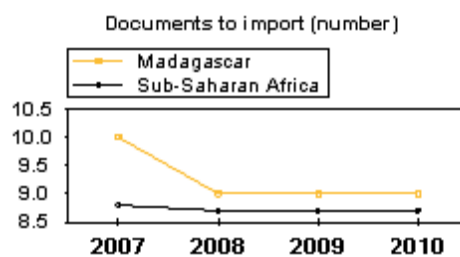
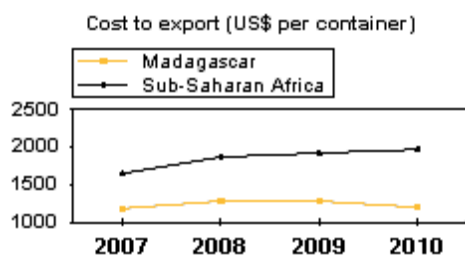
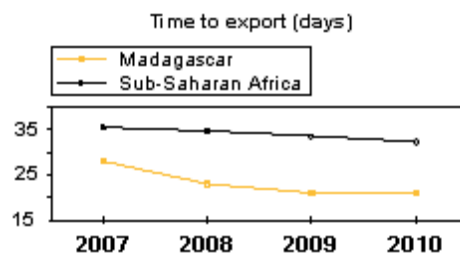
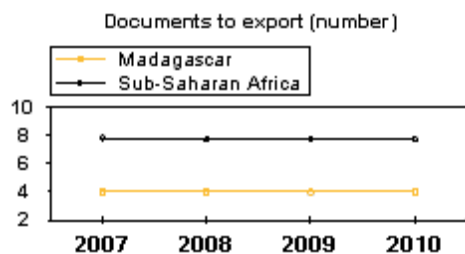
<i>Selected Economy</i>						
Madagascar	4	21	1197	9	24	1555

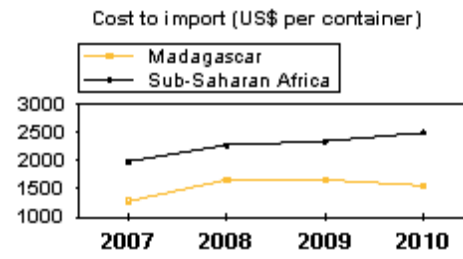
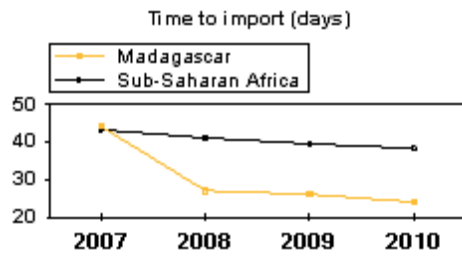
<i>Comparator Economies</i>						
Comoros	10	30	1073	10	21	1057
Kenya	8	26	2055	7	24	2190
Mauritius	5	13	737	6	13	689
Mozambique	7	23	1100	10	30	1475
South Africa	8	30	1531	9	35	1807

2. Historical data: Trading Across Borders in Madagascar

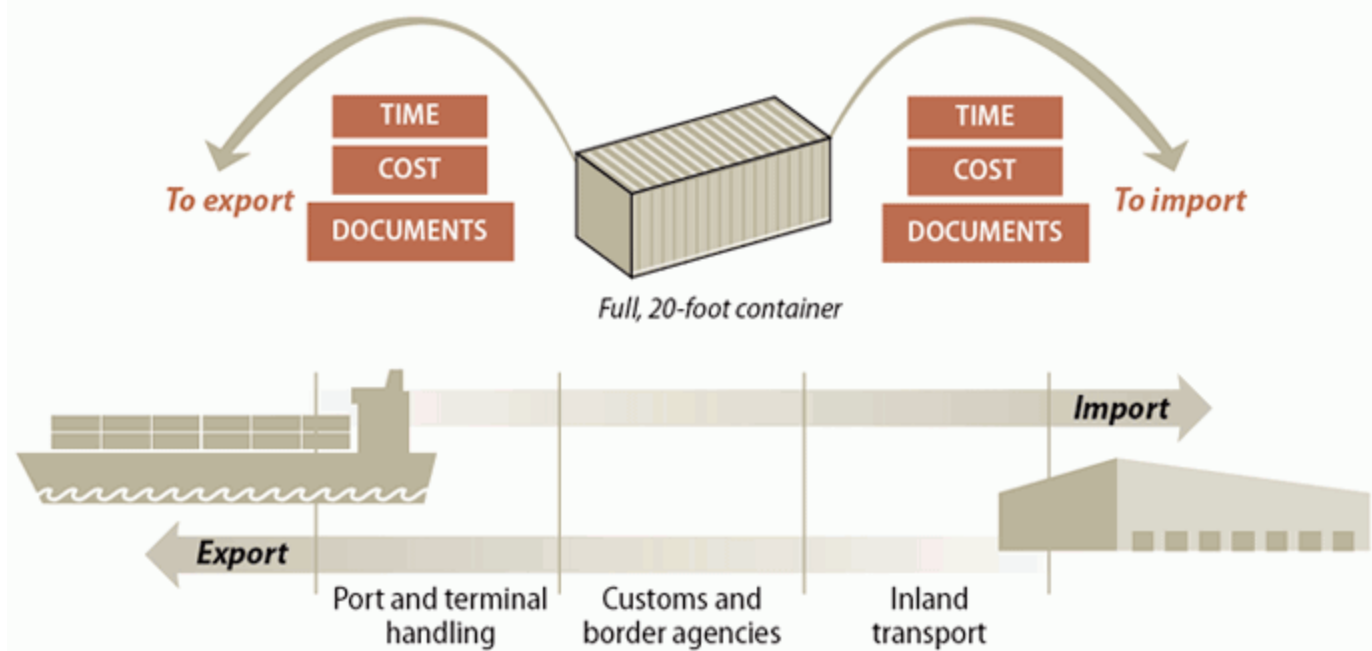
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	114	106
Cost to export (US\$ per container)	1182	1279	1279	1197
Cost to import (US\$ per container)	1282	1660	1660	1555
Documents to export (number)	4	4	4	4
Documents to import (number)	10	9	9	9
Time to export (days)	28	23	21	21
Time to import (days)	44	27	26	24

3. Trading Across Borders sub indicators in Madagascar over the past 4 years





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



4. Details on Trading Across Borders in Madagascar

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	14	200
Customs clearance and technical control	2	272
Ports and terminal handling	2	225
Inland transportation and handling	3	500
Totals	21	1197

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	17	189
Customs clearance and technical control	3	315
Ports and terminal handling	2	551
Inland transportation and handling	2	500
Totals	24	1555

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration

Import

- Bill of lading
- Cargo release order
- Commercial invoice
- Customs import declaration
- Delivery order
- Cargo Tracking Note
- Insurance certificate
- Packing list
- Terminal handling receipts

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?

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)

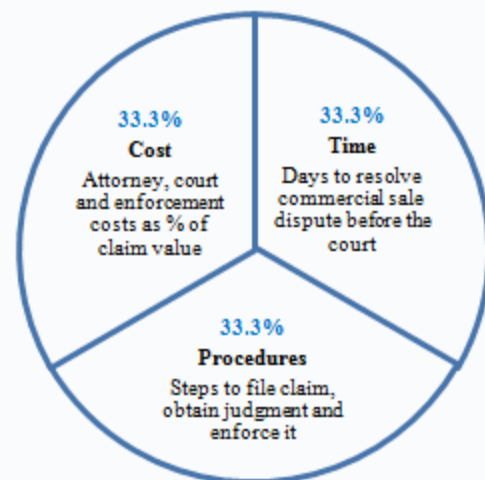
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

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

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



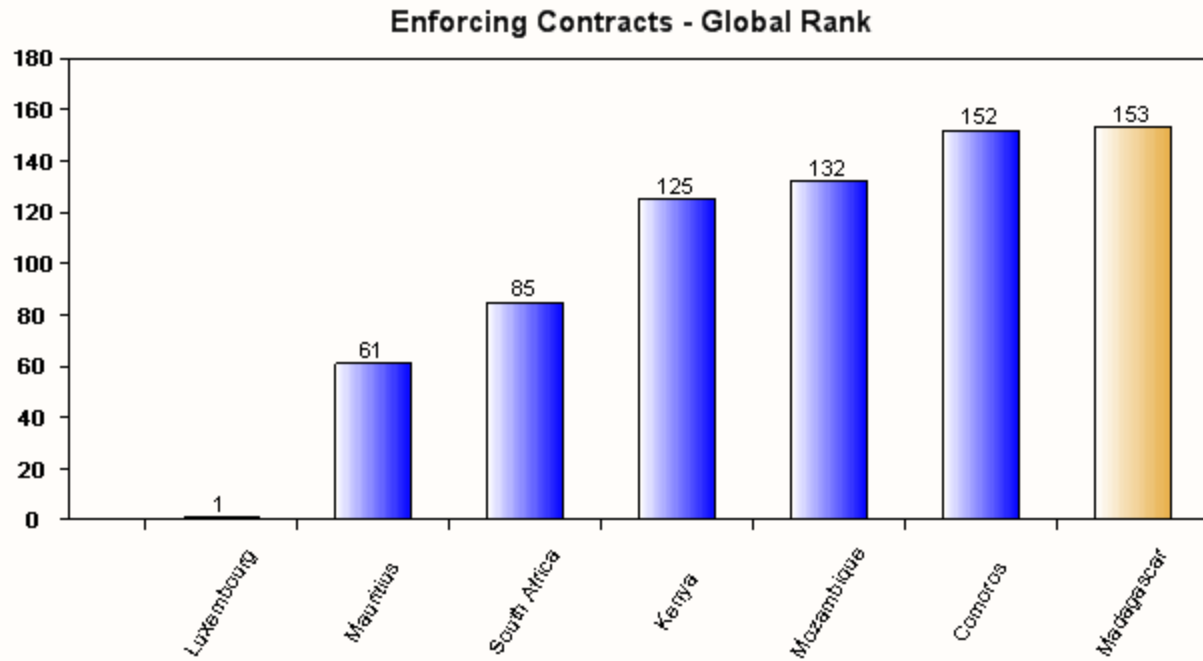
Case Study Assumptions

- 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

Madagascar is ranked 153 overall for Enforcing Contracts.

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



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

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

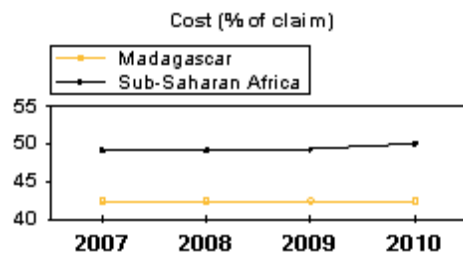
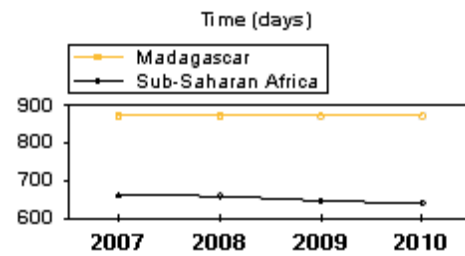
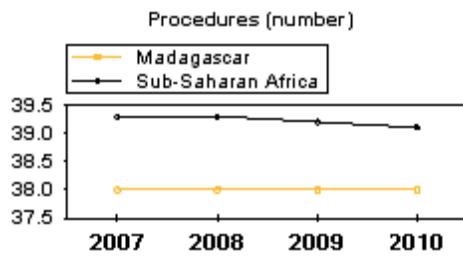
<i>Selected Economy</i>			
Madagascar	38	871	42.4

<i>Comparator Economies</i>			
Comoros	43	506	89.4
Kenya	40	465	47.2
Mauritius	36	645	17.4
Mozambique	30	730	142.5
South Africa	30	600	33.2

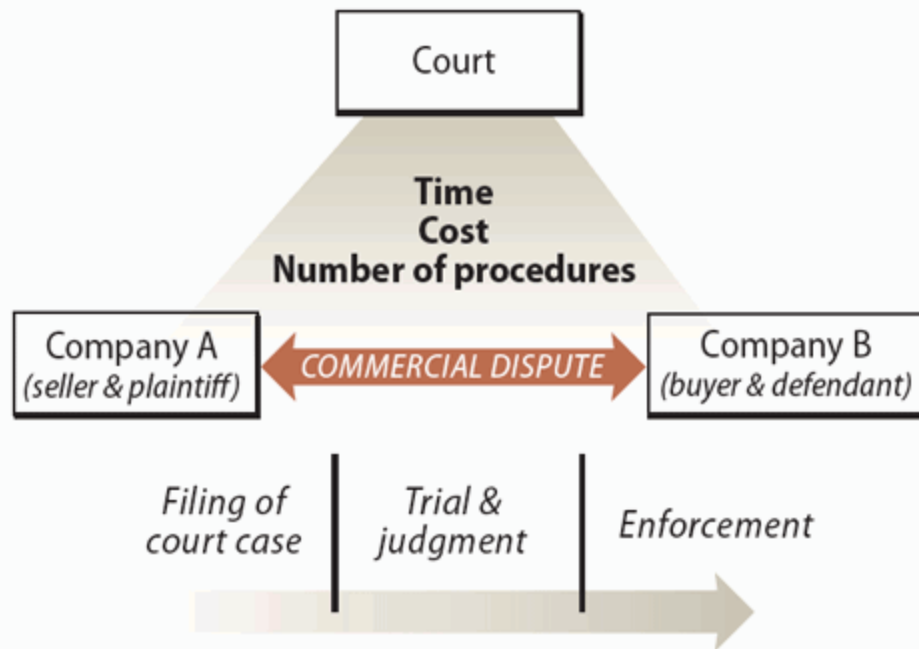
2. Historical data: Enforcing Contracts in Madagascar

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	154	153
Procedures (number)	38	38	38	38
Time (days)	871	871	871	871
Cost (% of claim)	42.4	42.4	42.4	42.4

3. Enforcing Contracts sub indicators in Madagascar over the past 4 years



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



4. Details on Contract Enforcement in Madagascar

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

Court information: Antananarivo First Instance Court ("Tribunal de première Instance d'Antananarivo (TPI)")

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	871
Filing and service	21.0
Trial and judgment	700.0
Enforcement of judgment	150.0
Cost (% of claim)*	42.40
Attorney cost (% of claim)	19.8
Court cost (% of claim)	7.0
Enforcement Cost (% of claim)	15.6

* 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)

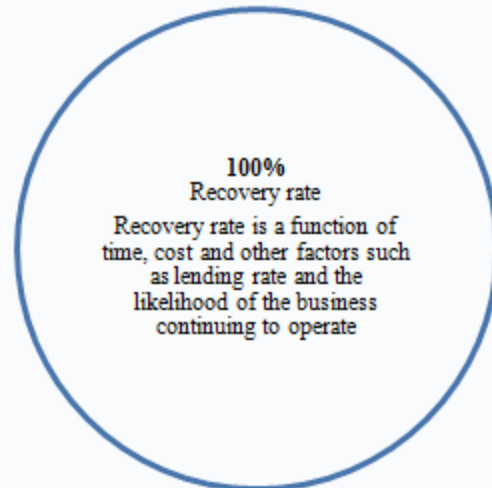
- Measured in calendar years
- Appeals and requests for extension are included

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

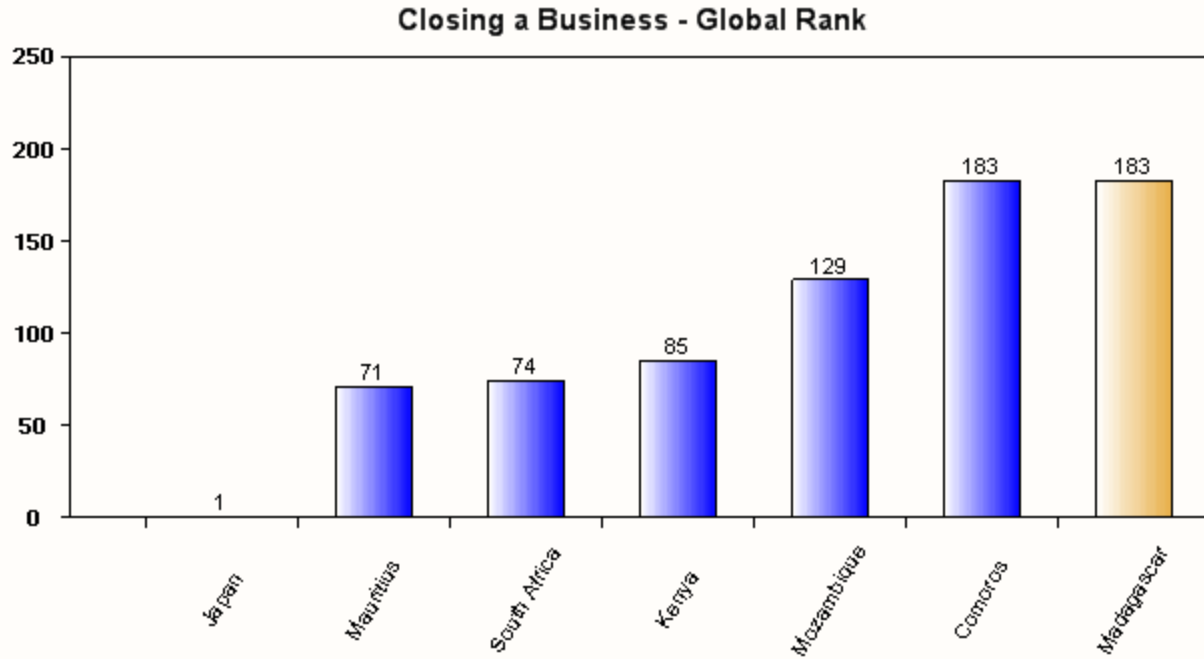
The Company:

- 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

Madagascar is ranked 183 overall for Closing a Business.

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



The following table shows Closing Business data for Madagascar 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

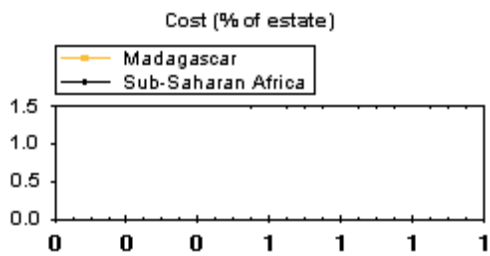
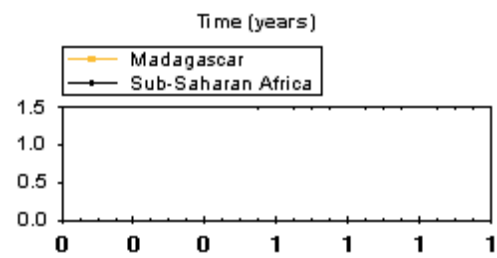
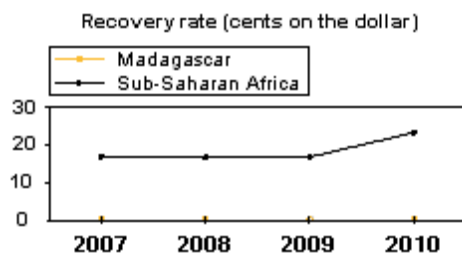
<i>Selected Economy</i>			
Madagascar	0.0	no practice	no practice

<i>Comparator Economies</i>			
Comoros	0.0	no practice	no practice
Kenya	29.8	4.5	22
Mauritius	35.1	1.7	15
Mozambique	17.7	5.0	9
South Africa	34.4	2.0	18

2. Historical data: Closing Business in Madagascar

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	183	183
Time (years)	no practice	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0.0	0.0	0.0	0.0

3. Closing Business sub indicators in Madagascar over the past 4 years



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

The top 10 most-improved in *Doing Business 2011*

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Kenya	Kenya eased business start-up by reducing the time it takes to get the memorandum and articles of association stamped, merging the tax and value added tax registration procedures and digitizing records at the registrar. Kenya increased the administrative burden of paying taxes by requiring quarterly filing of payroll taxes. Kenya speeded up trade by implementing an electronic cargo tracking system and linking this system to the Kenya Revenue Authority's electronic data interchange system for customs clearance.
Madagascar	Madagascar continued to reduce corporate tax rates. Madagascar improved communication and coordination between customs and the terminal port operators through its single-window system (GASYNET), reducing both the time and the cost to export and import.
Mauritius	Mauritius introduced a new corporate social responsibility tax. Mauritius speeded up the resolution of commercial disputes by recruiting more judges and adding more courtrooms.
Mozambique	Mozambique eased business start-up by introducing a simplified licensing process.
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.

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.

Vietnam

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

Zambia

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



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