

Doing Business

2009

Country Profile for Nicaragua

COMPARING REGULATION IN 181 ECONOMIES

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Introduction

Doing Business 2009 is the sixth 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 181 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured : starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in Doing Business 2009 are current as of June 1, 2008*. 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 181 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, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

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

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

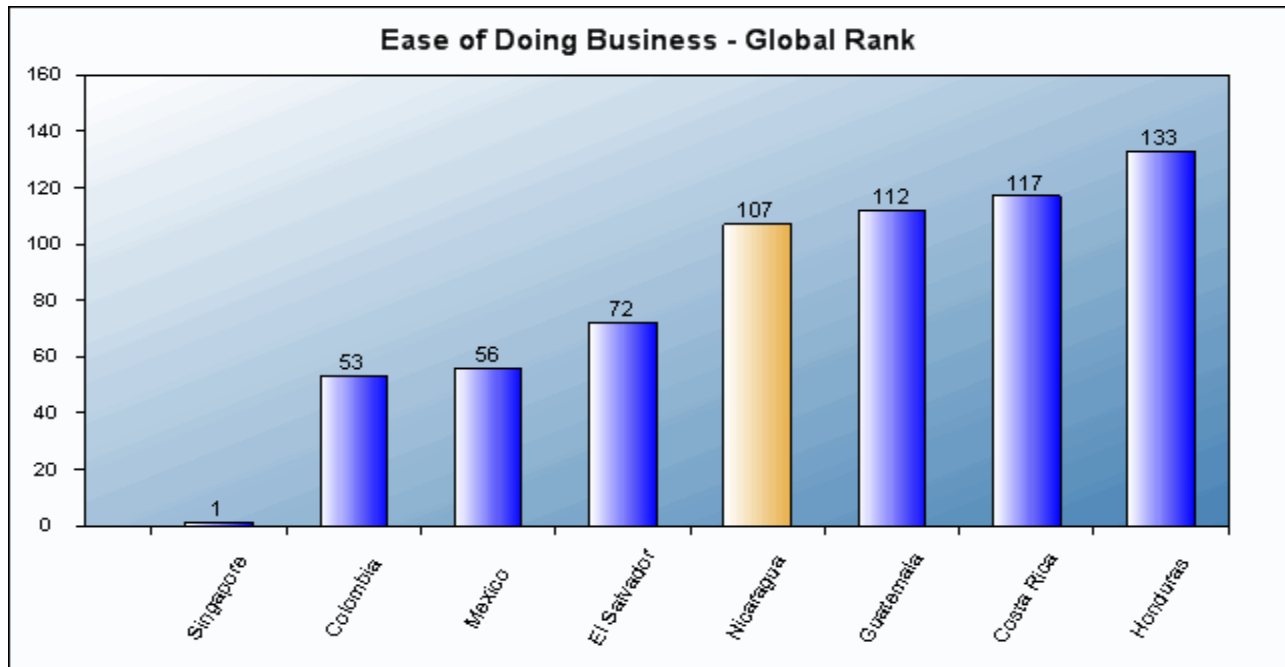
More information is available in the full report. Doing Business 2009 presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

* Except for the Paying Taxes indicator that refers to the period January to December of 2007.

Economy Rankings - Ease of Doing Business

Nicaragua is ranked 107 out of 181 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Nicaragua's ranking in Doing Business 2009

Rank	Doing Business 2009
Ease of Doing Business	107
Starting a Business	85
Dealing with Construction Permits	134
Employing Workers	66
Registering Property	136
Getting Credit	84
Protecting Investors	88
Paying Taxes	162
Trading Across Borders	99
Enforcing Contracts	66
Closing a Business	67

Summary of Indicators - Nicaragua

Starting a Business	Procedures (number)	6
	Duration (days)	39
	Cost (% GNI per capita)	121.0
	Paid in Min. Capital (% of GNI per capita)	0.0
Dealing with Construction Permits	Procedures (number)	17
	Duration (days)	219
	Cost (% of income per capita)	866.0
Employing Workers	Difficulty of Hiring Index	22
	Rigidity of Hours Index	60
	Difficulty of Firing Index	0
	Rigidity of Employment Index	27
	Firing costs (weeks of salary)	24
Registering Property	Procedures (number)	8
	Duration (days)	124
	Cost (% of property value)	3.5
Getting Credit	Legal Rights Index	3
	Credit Information Index	5
	Public registry coverage (% adults)	13.4
	Private bureau coverage (% adults)	100.0
Protecting Investors	Disclosure Index	4

Protecting Investors	Director Liability Index	5
	Shareholder Suits Index	6
	Investor Protection Index	5.0
Paying Taxes	Payments (number)	64
	Time (hours)	240
	Profit tax (%)	24.9
	Labor tax and contributions (%)	19.2
	Other taxes (%)	19.2
	Total tax rate (% profit)	63.2
Trading Across Borders	Documents for export (number)	5
	Time for export (days)	29
	Cost to export (US\$ per container)	1300
	Documents for import (number)	5
	Time for import (days)	29
	Cost to import (US\$ per container)	1420
Enforcing Contracts	Procedures (number)	35
	Duration (days)	540
	Cost (% of claim)	26.8
Closing a Business	Time (years)	2.2
	Cost (% of estate)	15
	Recovery rate (cents on the dollar)	34.3



Starting a Business

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

The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

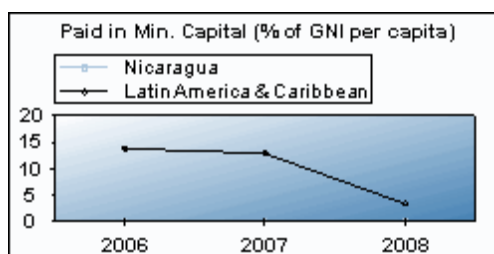
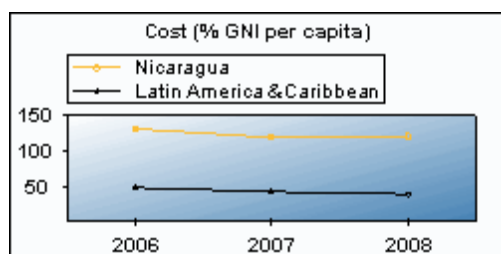
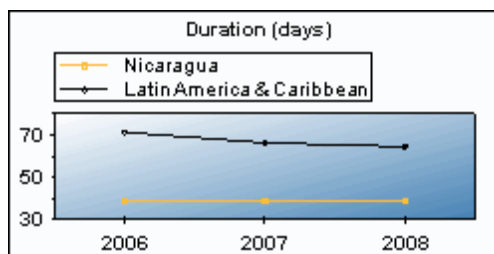
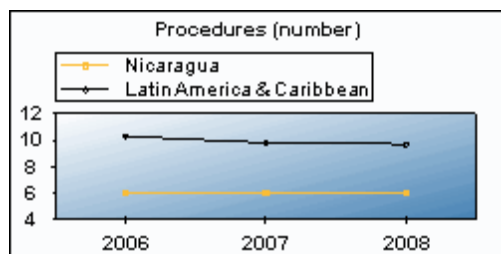
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up capital of 10 times income per capita, a turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing economies. Each procedure is a point of contact, a potential opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

1. Historical data: Starting a Business in Nicaragua

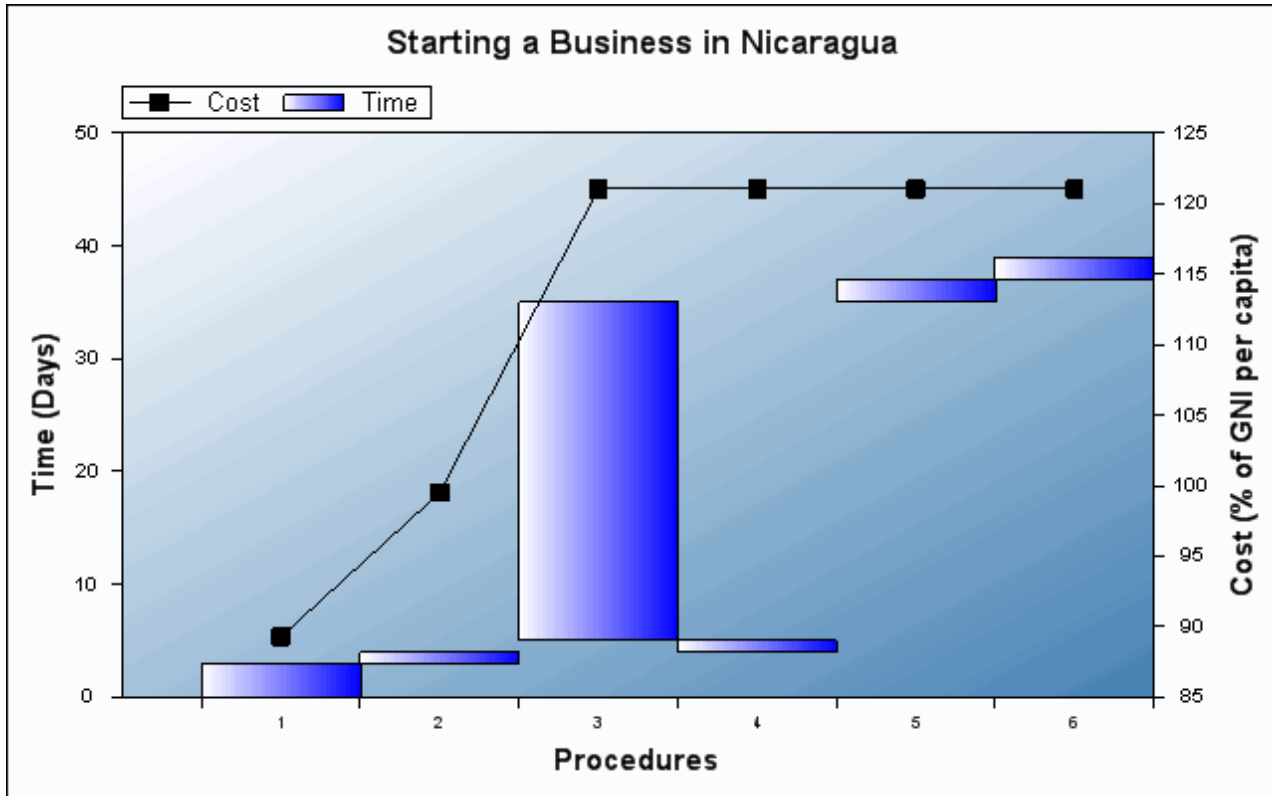
Starting a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		74	85
Procedures (number)	6	6	6
Duration (days)	39	39	39
Cost (% GNI per capita)	131.6	119.1	121.0
Paid in Min. Capital (% of GNI per capita)	0.0	0.0	0.0

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



3. Steps to Starting a Business in Nicaragua

It requires 6 procedures, takes 39 days, and costs 121.04 % GNI per capita to start a business in Nicaragua.



List of Procedures:

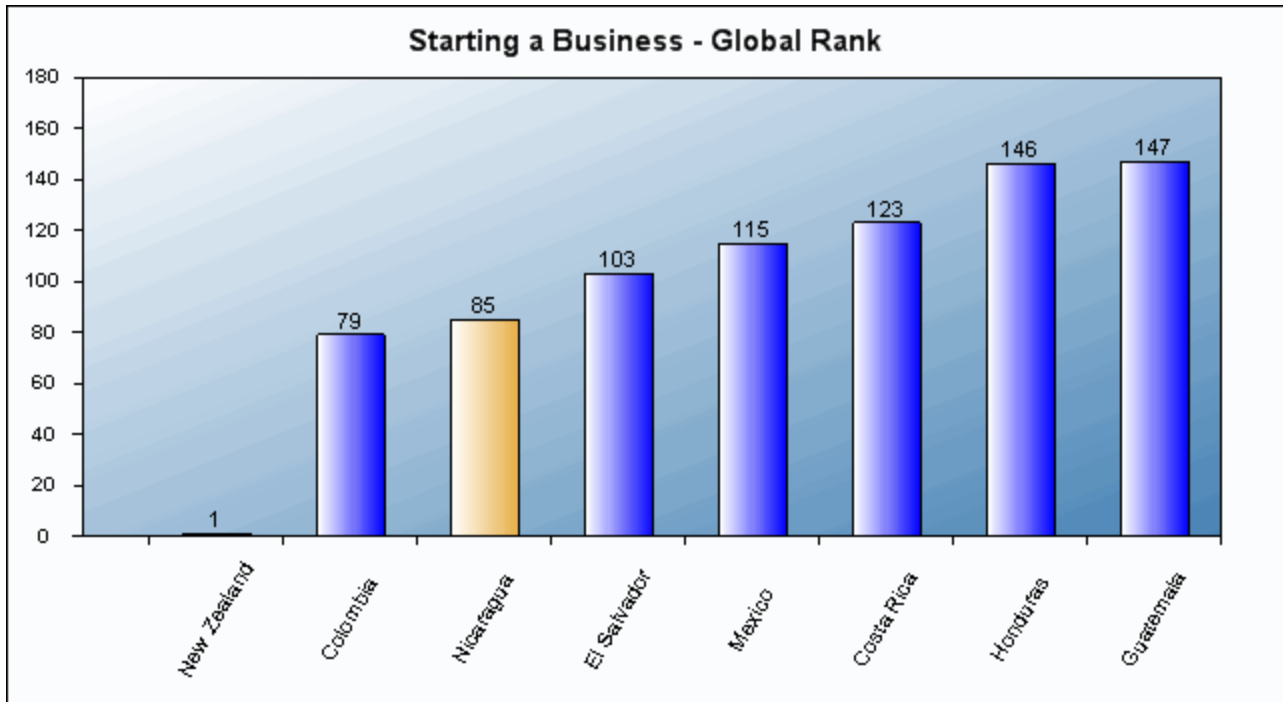
1. Sign the incorporation papers before a notary public
2. Buy company accounting books, corporate books, and invoices from a bookstore
3. File incorporation statutes for commercial registration and apply for tax and municipal registration at the one-stop shop in Managua
4. Pay the inscription fees
5. Register for general sales tax (Impuesto al Valor Agregado, IVA) at the local Administración de Renta; register accounting books
6. Register for social security and public health with Instituto Nicaragüense de Seguridad Social (INSS)

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Nicaragua is ranked 85 overall for Starting a Business.

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



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

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per capita)
Denmark			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Nicaragua	6	39	121.0	0.0

<i>Comparator Economies</i>				
Colombia	9	36	14.1	0.0
Costa Rica	12	60	20.5	0.0
El Salvador	8	17	49.6	3.5
Guatemala	11	26	50.6	26.3
Honduras	13	20	52.6	20.0
Mexico	9	28	12.5	11.0

* The following economies are also good practice economies for :

Procedures (number): Canada

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure; from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable. Striking the right balance is a challenge when it comes to construction regulations. Good regulations ensure safety standards that protect the public while making the permitting process efficient, transparent and affordable for both building authorities and the private professionals who use it. If procedures are overly complicated or costly, builders build without a permit, leading to hazardous construction.

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included (bribes not included). Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law. To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 60 qualified employees. The warehouse to be built:

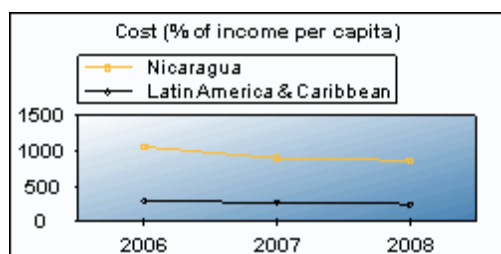
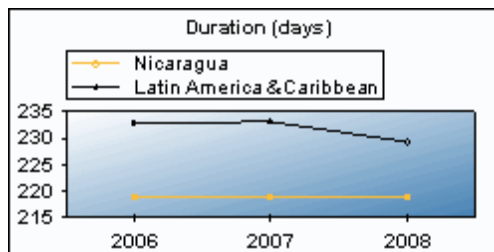
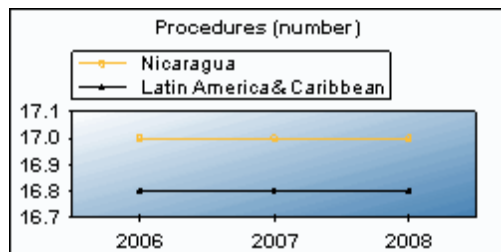
- Is a new construction (there was no previous construction on the land).
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Construction Permits in Nicaragua

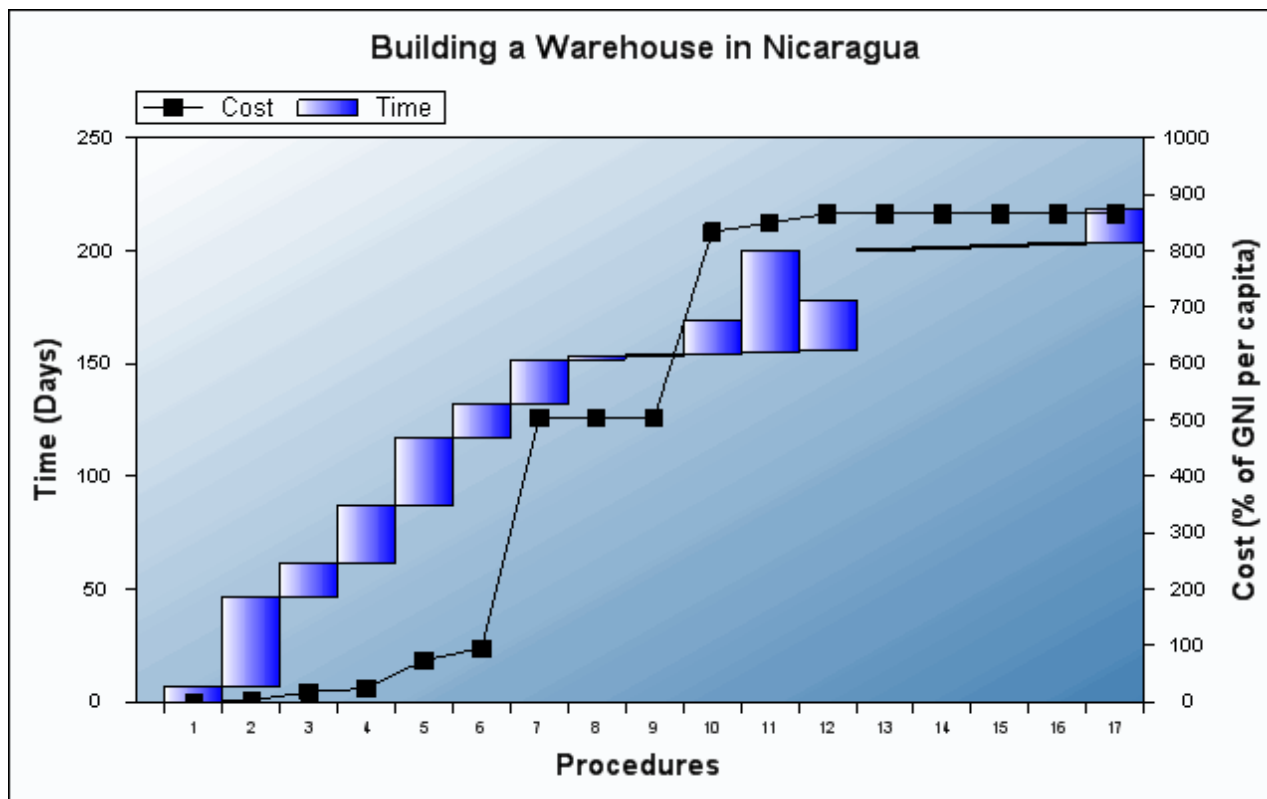
Dealing with Construction Permits data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		128	134
Procedures (number)	17	17	17
Duration (days)	219	219	219
Cost (% of income per capita)	1056.5	898.6	866.0

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



3. Steps to Building a Warehouse in Nicaragua

It requires 17 procedures, takes 219 days, and costs 866.01 % GNI per capita to build a warehouse in Nicaragua.



List of Procedures:

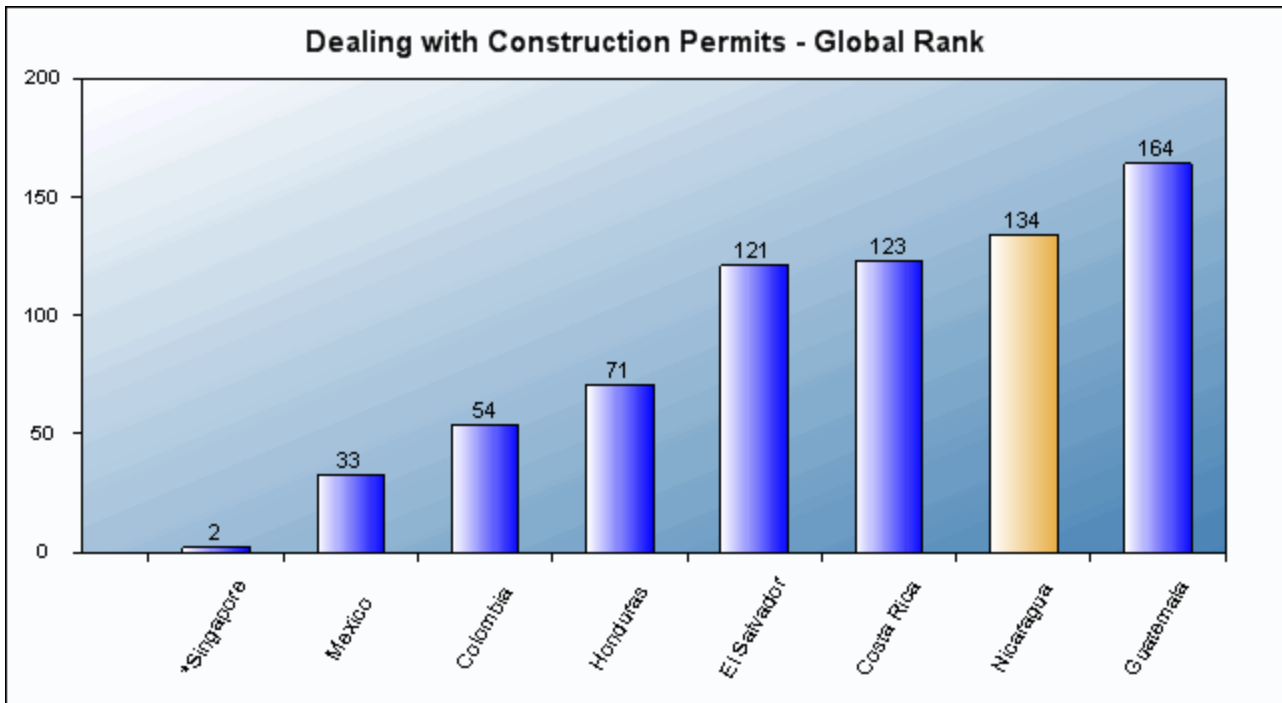
- | | |
|--|--|
| 1. Request and obtain consultations with Municipality of Managua (Alcaldía de Managua - ALMA) over the Urban Plans | 9. Receive fire and electricity inspection |
| 2. Request and obtain the land use certificate (constancia de uso de suelo) from the Municipality of Managua (Alcaldía de Managua – ALMA)) | 10. Connect to electrical power from Union FENOSA |
| 3. Request feasibility analysis from ENACAL and UNION FENOSA, at ALMA (One-Stop Shop) | 11. Request and connect to water and sewage services |
| 4. Request and obtain preliminary design approval from ALMA | 12. Request and connect to a fixed telephone line |
| 5. Request and obtain project approval, INE approval (electrical power), and ENACAL approval (water and sewage), all at ALMA (One-Stop Shop) | 13. Receive inspection from Municipality |
| 6. Request and obtain approval from DGB (Dirección General de Bomberos) | 14. Receive inspection from Ministry of Labor |
| 7. Request and obtain building permit from ALMA | 15. Receive inspection from National Commission of Hygiene and Occupational Security |
| 8. Request fire and electricity inspection | 16. Receive inspection from National Social Security Institute |
| | 17. Register the building with the Real Estate Appraisal Office (Avalúo de Bienes Inmuebles, ALMA) |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Nicaragua is ranked 134 overall for Dealing with Construction Permits.

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



* The following economies are also good practice economies for Building a Warehouse: Belize, New Zealand, St. Vincent and the Grenadines

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

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
Malaysia*			7.9

<i>Selected Economy</i>			
Nicaragua	17	219	866.0

<i>Comparator Economies</i>			
Colombia	13	114	661.6
Costa Rica	23	191	211.7
El Salvador	34	155	176.3
Guatemala	22	215	1204.1
Honduras	17	125	464.6
Mexico	12	138	131.0

* The following economies are also good practice economies for :

Cost (% of income per capita): Brunei, Palau, Qatar, St. Kitts and Nevis, Trinidad and Tobago, United Arab Emirates



Employing Workers

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

Two measures are presented: a rigidity of employment index and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.

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

To make the data comparable across economies, a range of assumptions about the worker and the company are used. The company is assumed to be a limited liability manufacturing corporation that operates in the economy's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

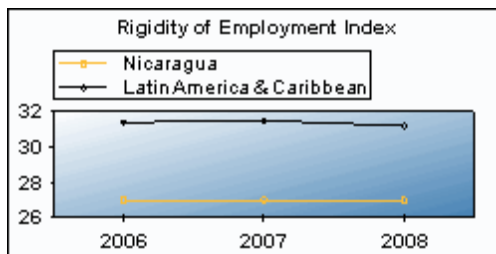
Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, Doing Business measures flexibility in the regulation of hiring, working hours and dismissal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

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

1. Historical data: Employing Workers in Nicaragua

Employing Workers data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		65	66
Rigidity of Employment Index	27	27	27
Firing costs (weeks of salary)	24	24	24

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



3. Benchmarking Employing Workers Regulations:

Nicaragua is ranked 66 overall for Employing Workers.

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



* The following economies are also good practice economies for Employing Workers: Marshall Islands, Singapore

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

Good Practice Economies	Rigidity of Employment Index	Firing costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Nicaragua	27	24

<i>Comparator Economies</i>		
Colombia	24	59
Costa Rica	28	35
El Salvador	24	86
Guatemala	28	101
Honduras	53	74
Mexico	48	52

* The following economies are also good practice economies for :

Rigidity of Employment Index: Maldives, Marshall Islands, Singapore, United States

Firing costs (weeks of salary): Afghanistan, Denmark, Iraq, Marshall Islands, Micronesia, Palau, Puerto Rico, Tonga, United States



Registering Property

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

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

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

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

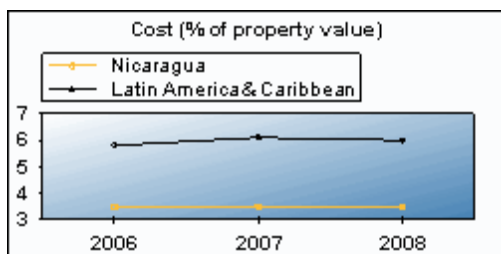
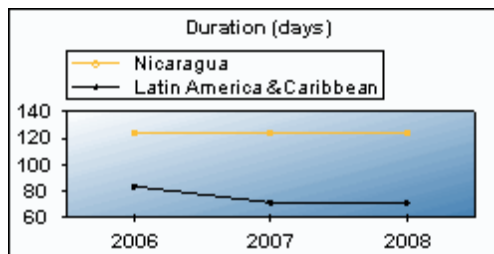
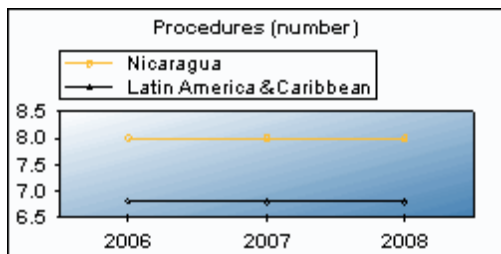
Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African economy cost 10% of the value of the property and takes on average 90 days. Worse, the property registries are so poorly organized that they provide little security of ownership.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this. Twenty-four economies made it easier to register property in 2007/08. The most popular reform: lowering the cost of registration by reducing the property transfer tax, registration fees or stamp duty.

1. Historical data: Registering Property in Nicaragua

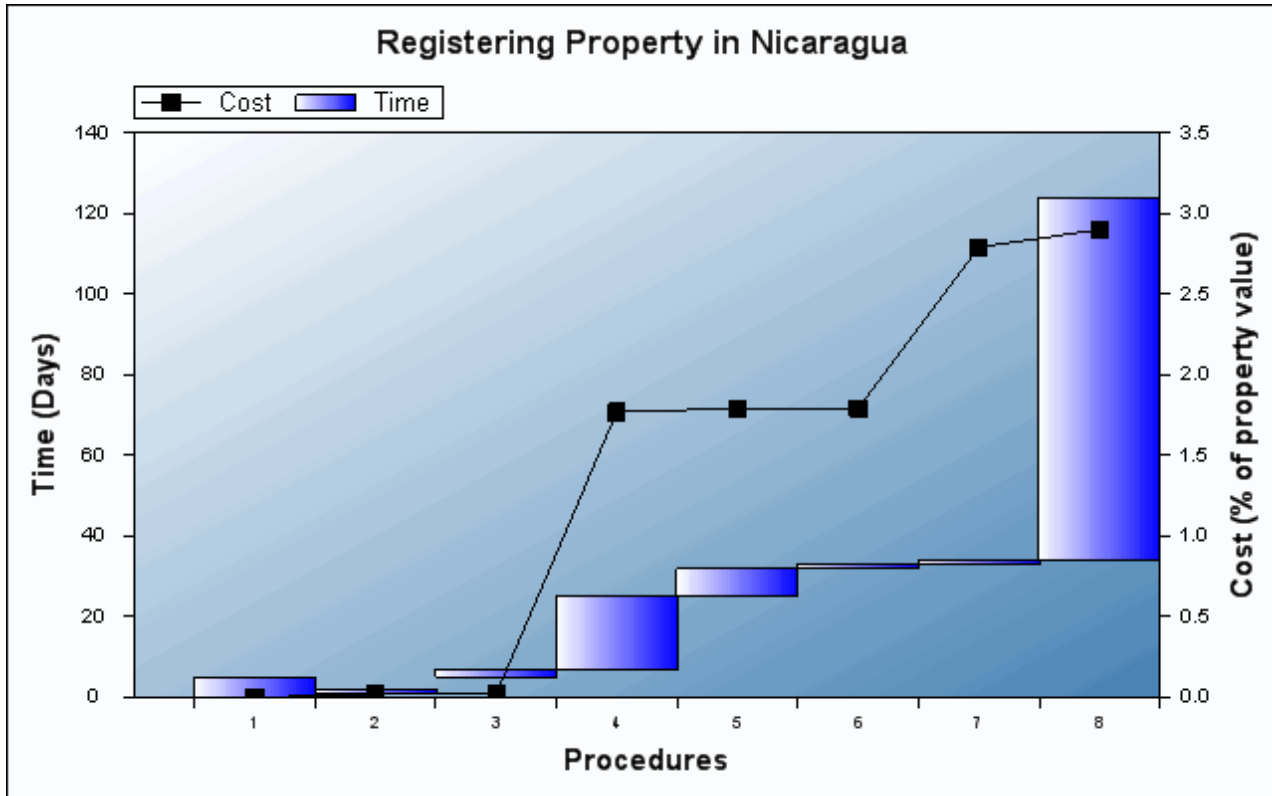
Registering Property data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		132	136
Procedures (number)	8	8	8
Duration (days)	124	124	124
Cost (% of property value)	3.5	3.5	3.5

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



3. Steps to Registering Property in Nicaragua

It requires 8 procedures, takes 124 days, and costs 3.46 % of property value to register the property in Nicaragua.



List of Procedures:

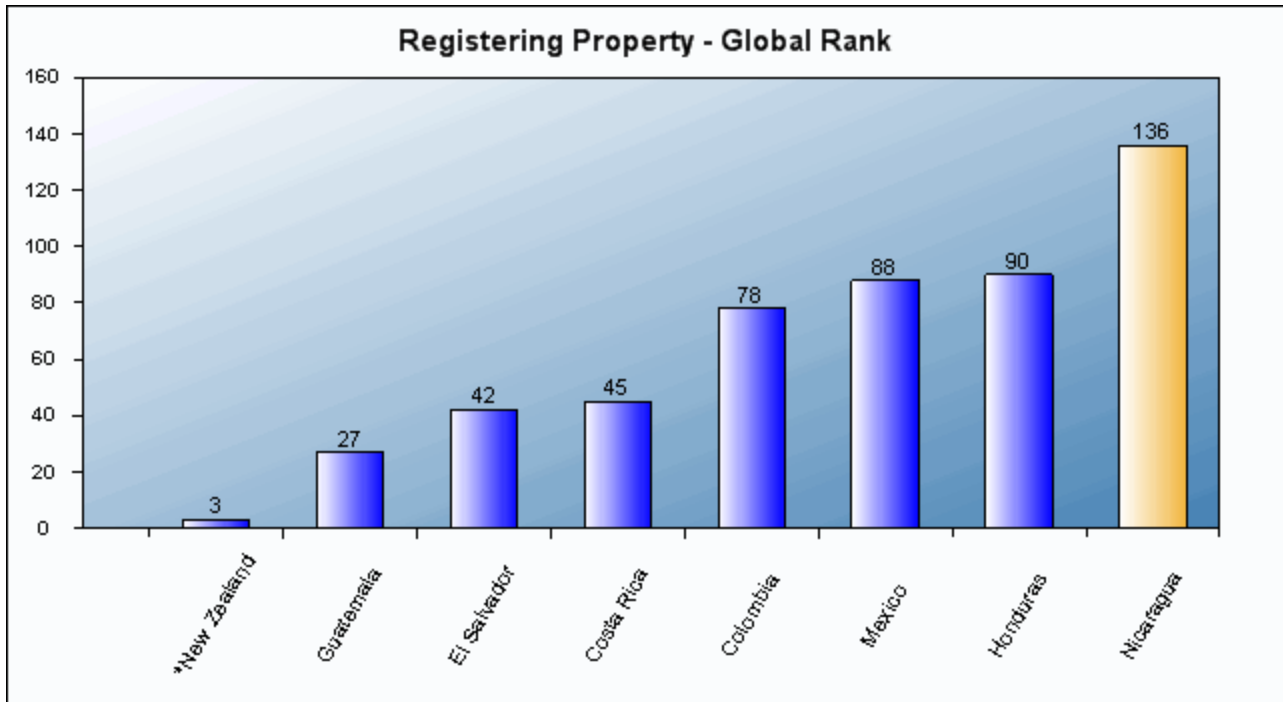
1. Obtain a non-encumbrance certificate and folio from registry of book
2. Obtain tax clearance from the Municipality
3. A notary prepares and signs the public deed
4. Obtain the Cadastre Certificate and valuation at the Cadastre
5. Inspector visits property to assess value
6. Payment of Income/Transfer Tax
7. The documents obtained from the Office of Cadastre are inserted in the public deed
8. Apply for registration of the public deed at the Land Registry

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Nicaragua is ranked 136 overall for Registering Property.

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



* The following economies are also good practice economies for Registering Property: Georgia, Saudi Arabia

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

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

<i>Selected Economy</i>			
Nicaragua	8	124	3.5

<i>Comparator Economies</i>			
Colombia	9	23	2.4
Costa Rica	6	21	3.4
El Salvador	5	31	3.7
Guatemala	5	30	1.1
Honduras	7	23	5.6
Mexico	5	74	4.8

* The following economies are also good practice economies for :

Procedures (number): Sweden

Duration (days): Saudi Arabia, Sweden, Thailand



Getting Credit

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

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

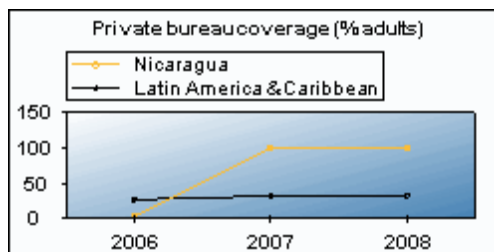
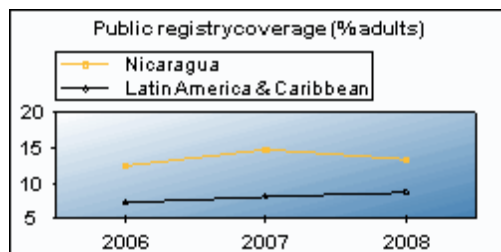
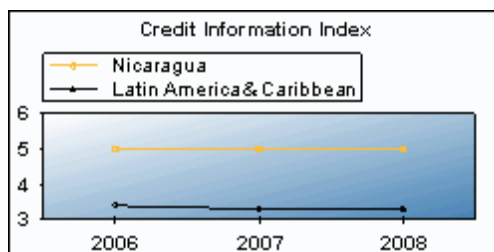
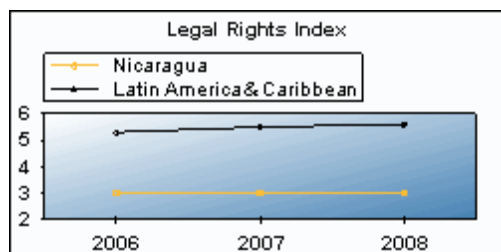
The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. This year, three main changes were made; first, a standardized case scenario with specific assumptions was introduced to bring this indicator into line with other Doing Business indicators. Second, the indicator now focuses not on tangible movable collateral, such as equipment, but on revolving movable collateral, such as accounts receivable and inventory. Third, the indicator no longer considers whether management remains in place during a reorganization procedure, better accommodating economies that adopt reorganization procedures. The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law:

- Any business may use movable assets as collateral while keeping possession of the assets, and any financial institution may accept such assets as collateral.
- The law allows a business to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets.
- The law allows a business to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets.
- A security right may extend to future or after-acquired assets and may extend automatically to the products, proceeds or replacements of the original assets.
- General description of debts and obligations is permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties.
- A collateral registry is in operation that is unified geographically and by asset type and that is indexed by the name of the grantor of a security right.
- Secured creditors are paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated.
- Secured creditors are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

1. Historical data: Getting Credit in Nicaragua

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		79	84
Legal Rights Index	3	3	3
Credit Information Index	5	5	5
Public registry coverage (% adults)	12.5	14.8	13.4
Private bureau coverage (% adults)	3.4	100.0	100.0

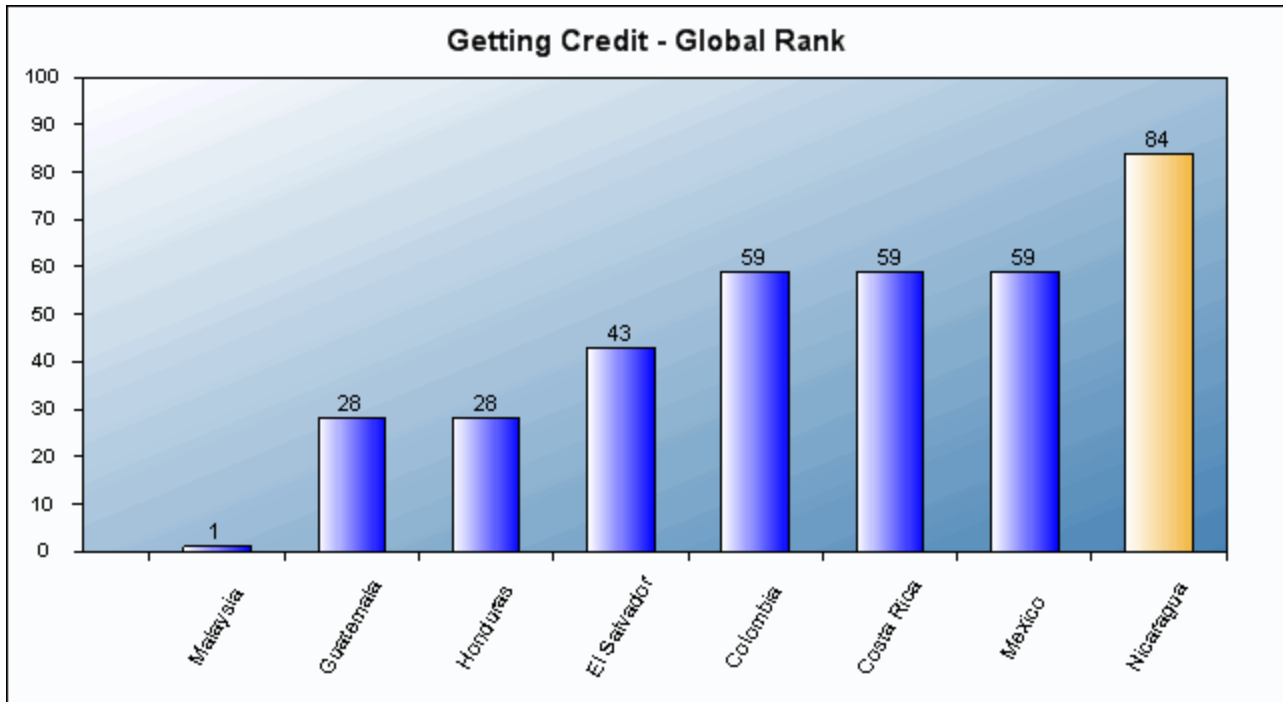
2. The following graphs illustrates the Getting Credit indicators in Nicaragua over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Nicaragua is ranked 84 overall for Getting Credit.

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



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

Good Practice Economies	Legal Rights Index	Credit Information Index	Public registry coverage (% adults)	Private bureau coverage (% adults)
Malaysia*	10			
New Zealand*				100.0
Portugal			76.4	
United Kingdom		6		

<i>Selected Economy</i>				
Nicaragua	3	5	13.4	100.0

<i>Comparator Economies</i>				
Colombia	5	5	0.0	42.5
Costa Rica	5	5	5.9	51.6
El Salvador	5	6	18.4	83.0
Guatemala	7	5	16.1	19.7
Honduras	6	6	11.3	60.5
Mexico	4	6	0.0	70.8

* The following economies are also good practice economies for :

Legal Rights Index: Hong Kong, China, Kenya, Singapore

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

24 countries have the highest credit information index.

Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. But investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections. To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain.

The case facts are straightforward. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors. Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

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

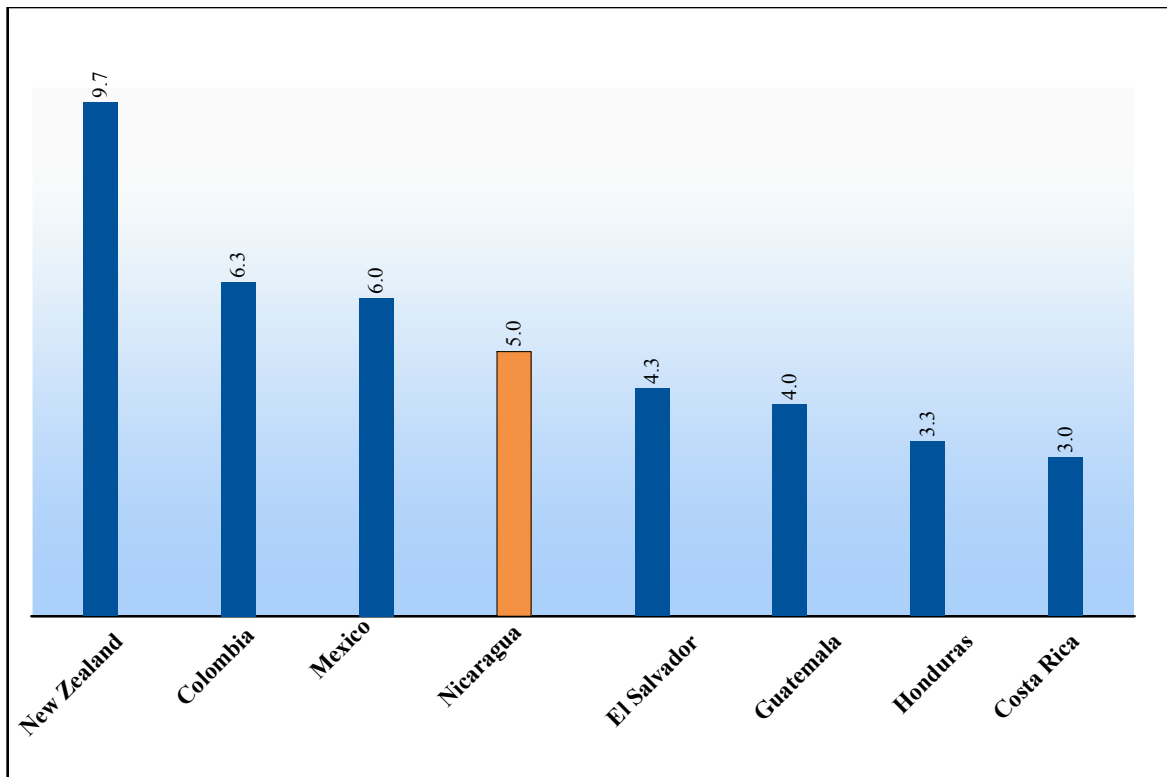
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

*Doidge, Karayi and Stulz (2007)

1. Historical data: Protecting Investors in Nicaragua

Protecting Investors data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		84	88
Investor Protection Index	5.0	5.0	5.0

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

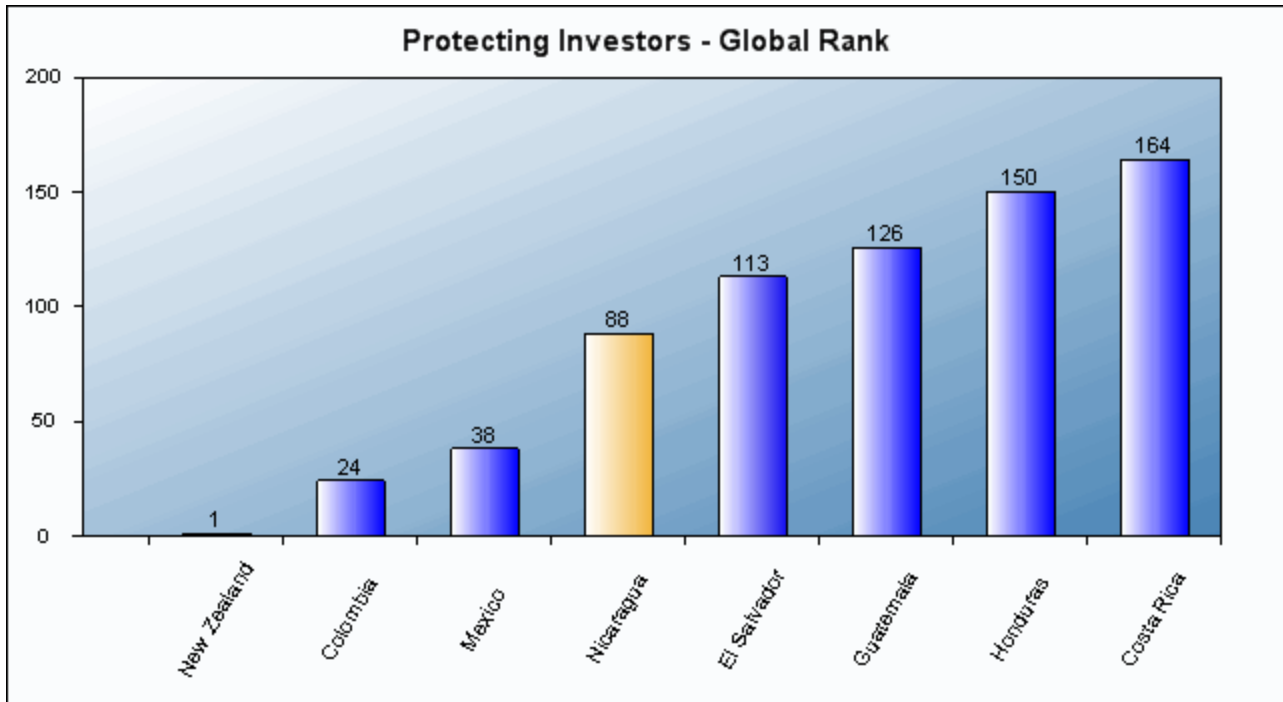


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Nicaragua is ranked 88 overall for Protecting Investors.

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



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

Good Practice Economies	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Nicaragua	5.0

<i>Comparator Economies</i>	
Colombia	6.3
Costa Rica	3.0
El Salvador	4.3
Guatemala	4.0
Honduras	3.3
Mexico	6.0



Paying Taxes

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

The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asks tax practitioners in 181 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.

The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded. Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

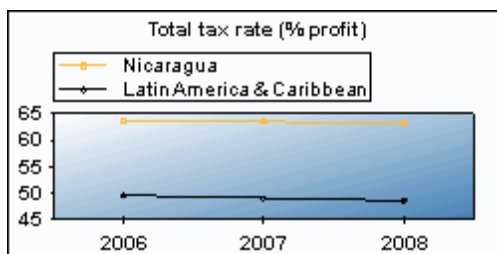
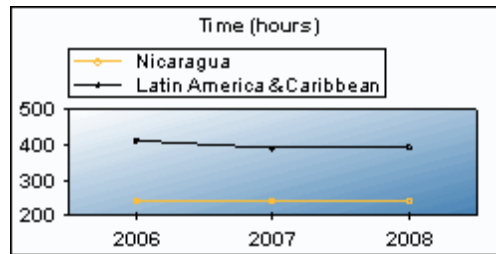
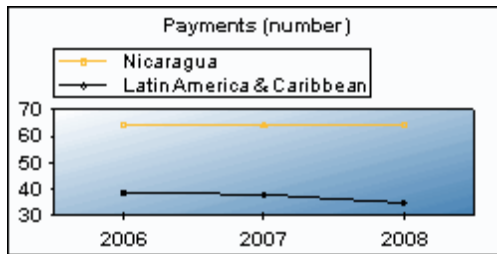
- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value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

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Efficient tax systems tend to have less complex tax arrangements, comprising of straightforward compliance procedures and clear laws. Taxpayers in such economies often get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses, and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Nicaragua

Paying Taxes data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		157	162
Time (hours)	240	240	240
Total tax rate (% profit)	63.5	63.5	63.2
Payments (number)	64	64	64

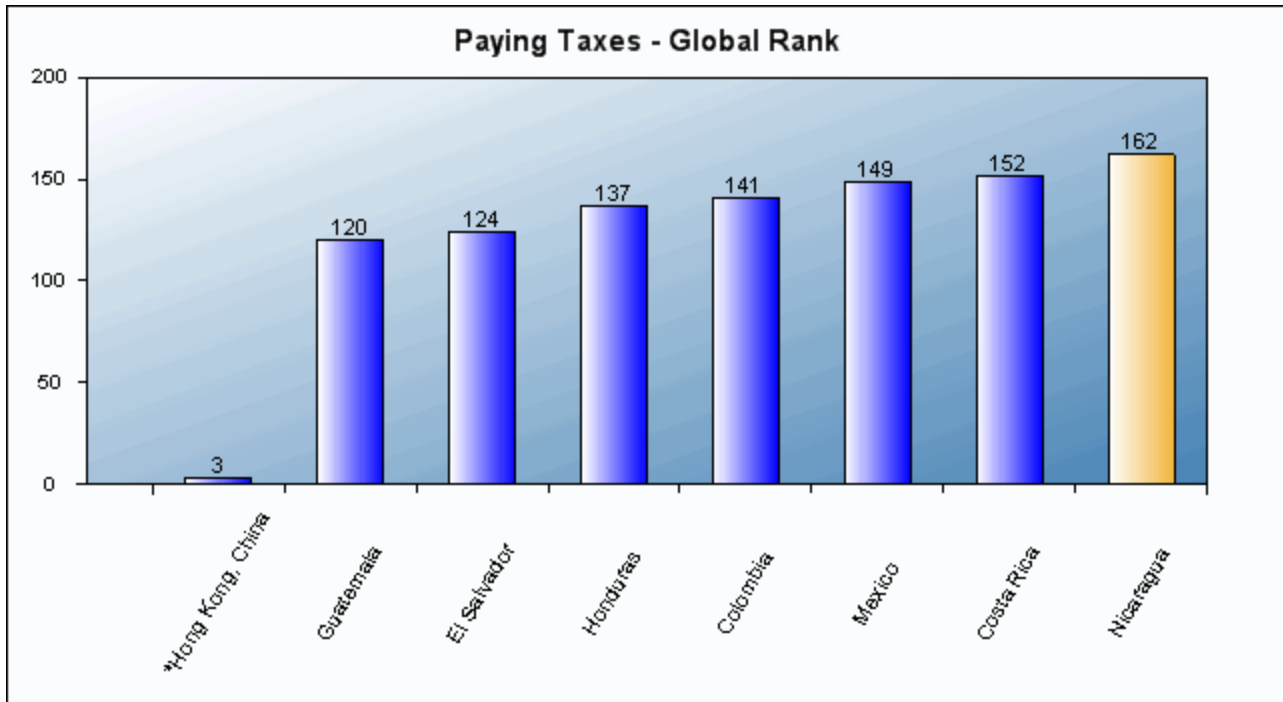
2. The following graphs illustrates the Paying Taxes indicators in Nicaragua over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Nicaragua is ranked 162 overall for Paying Taxes.

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



* The following economies are also good practice economies for Paying Taxes: Maldives, Qatar

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

Good Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Luxembourg*		59	
Sweden*	2		
Vanuatu			8.4

<i>Selected Economy</i>			
Nicaragua	64	240	63.2

<i>Comparator Economies</i>			
Colombia	31	256	78.4
Costa Rica	43	282	55.7
El Salvador	53	320	34.9
Guatemala	39	344	36.5
Honduras	47	224	49.3
Mexico	27	549	51.5

* The following economies are also good practice economies for :

Payments (number): Maldives, Qatar

Time (hours): Bahamas, Bahrain, Maldives, Qatar, United Arab Emirates



Trading Across Borders

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

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

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, employs 60 people, and is located in the periurban area of the economy's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy. The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

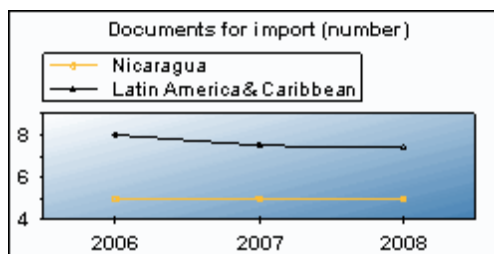
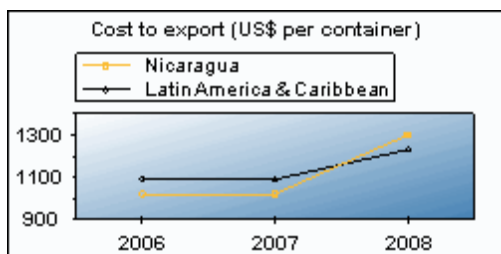
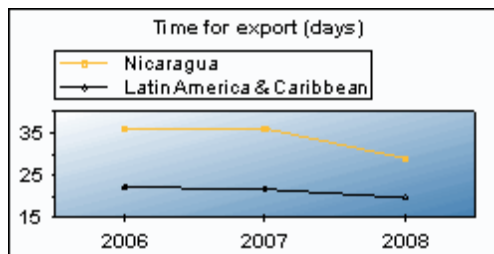
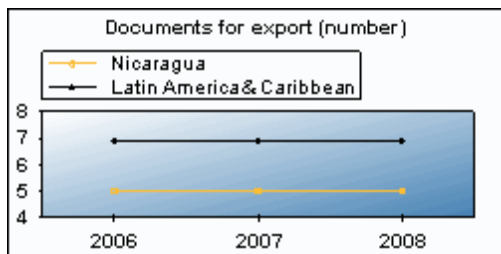
Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

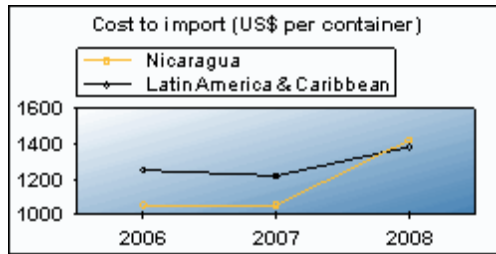
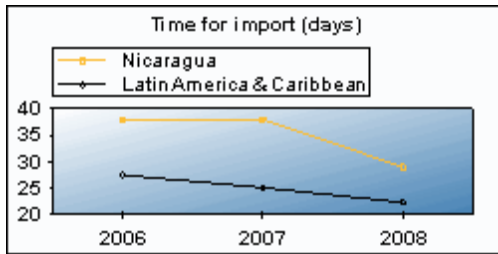
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely,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

1. Historical data: Trading Across Borders in Nicaragua

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		91	99
Documents for export (number)	5	5	5
Time for export (days)	36	36	29
Cost to export (US\$ per container)	1021	1021	1300
Documents for import (number)	5	5	5
Time for import (days)	38	38	29
Cost to import (US\$ per container)	1054	1054	1420

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

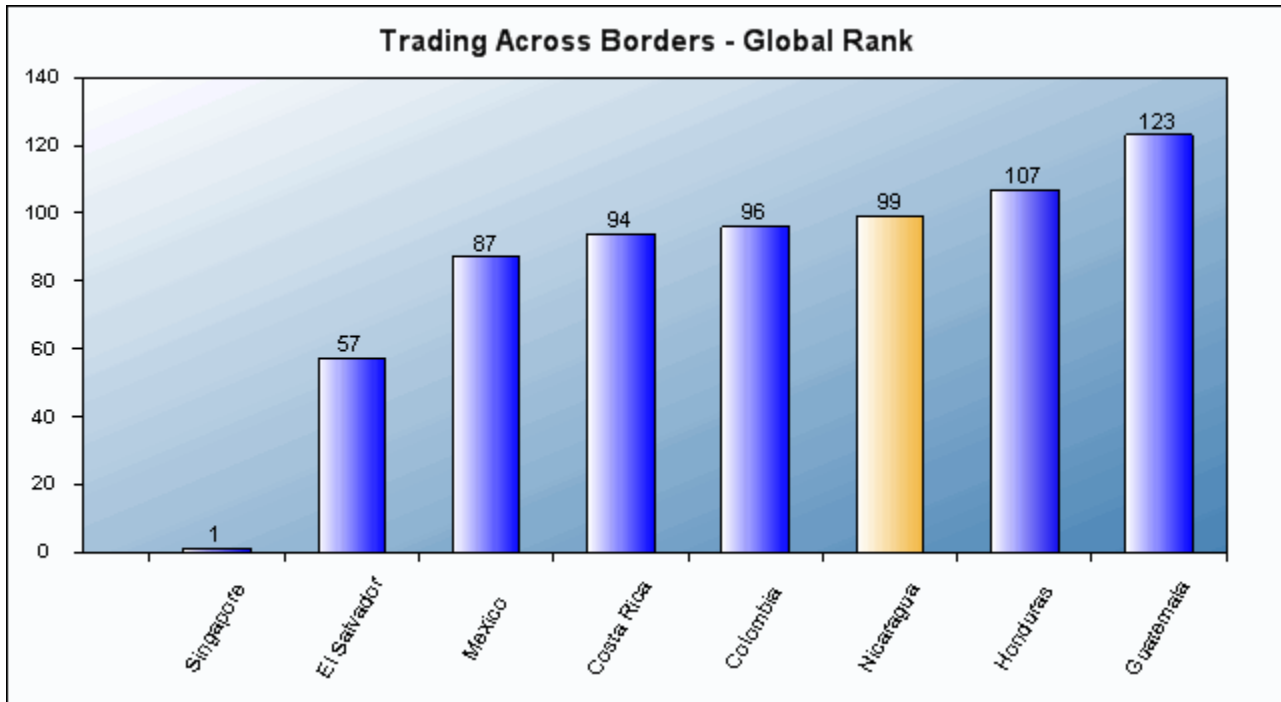




3. Benchmarking Trading Across Borders Regulations:

Nicaragua is ranked 99 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Nicaragua	5	29	1300	5	29	1420

<i>Comparator Economies</i>						
Colombia	6	14	1690	8	15	1640
Costa Rica	7	18	1050	8	25	1050
El Salvador	8	14	880	9	10	820
Guatemala	10	19	1182	10	18	1302
Honduras	7	20	1163	10	23	1190
Mexico	5	17	1472	5	23	2700

* The following economies are also good practice economies for :

Time for export (days): Estonia, Singapore



Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is collected through study of the codes of civil procedure and other court regulations as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer) both located in the economy's largest business city.

The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.

The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita). The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits. Judgment is 100% in favor of the Seller and is not appealed. Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.

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

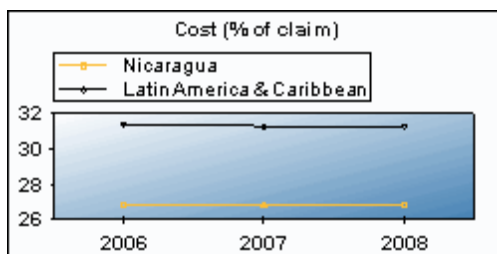
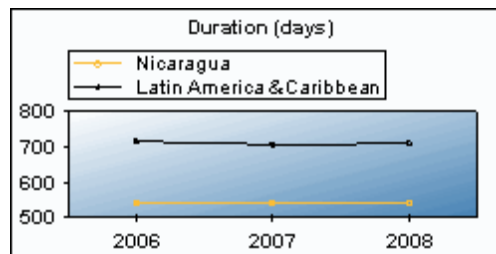
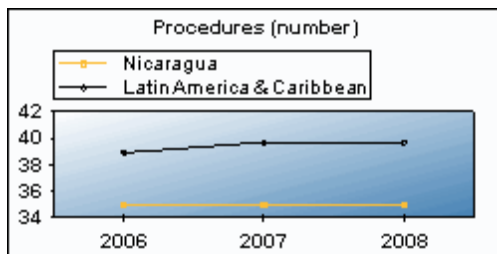
- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment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

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

1. Historical data: Enforcing Contracts in Nicaragua

Enforcing Contracts data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		65	66
Procedures (number)	35	35	35
Duration (days)	540	540	540
Cost (% of claim)	26.8	26.8	26.8

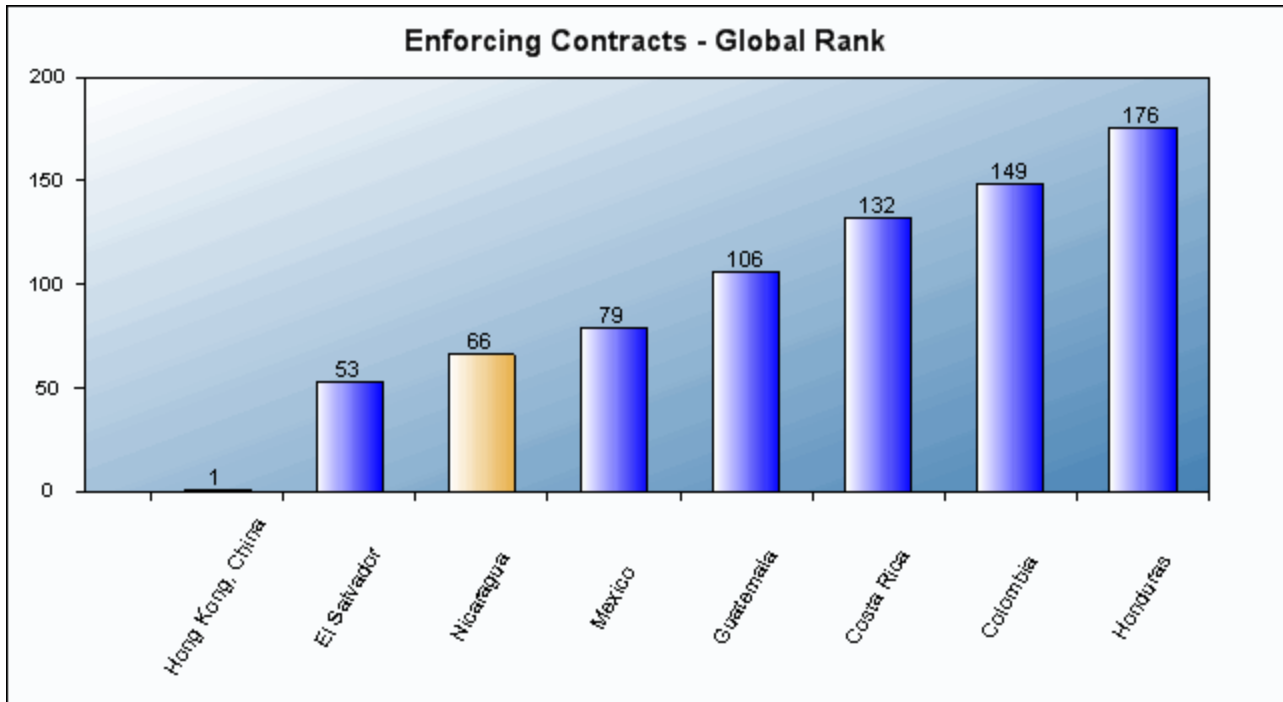
2. The following graphs illustrates the Enforcing Contracts indicators in Nicaragua over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Nicaragua is ranked 66 overall for Enforcing Contracts.

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



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

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Iceland*			6.2
Ireland	20		
Singapore		150	

<i>Selected Economy</i>			
Nicaragua	35	540	26.8

<i>Comparator Economies</i>			
Colombia	34	1346	52.6
Costa Rica	40	877	24.3
El Salvador	30	786	19.2
Guatemala	31	1459	26.5
Honduras	45	900	35.2
Mexico	38	415	32.0

* The following economies are also good practice economies for :

Cost (% of claim): Bhutan



Closing Business

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

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

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

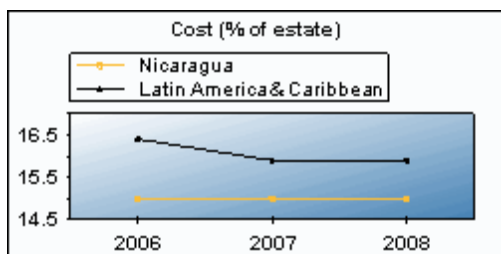
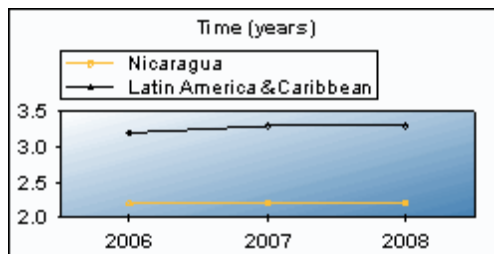
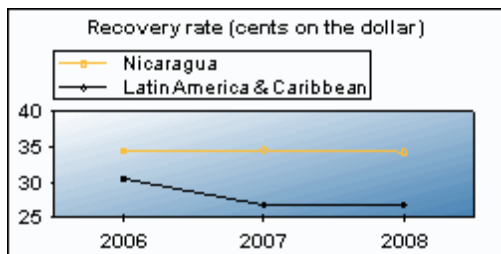
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

1. Historical data: Closing Business in Nicaragua

Closing a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		66	67
Time (years)	2.2	2.2	2.2
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	34.5	34.6	34.3

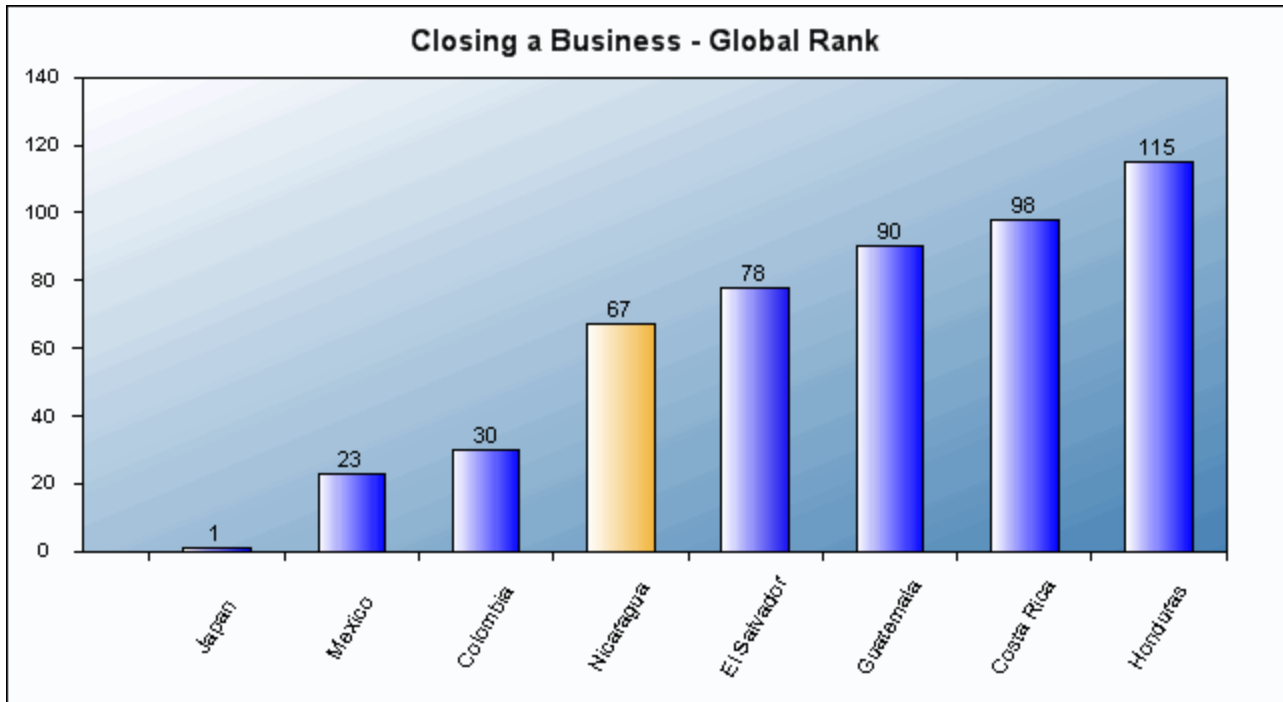
2. The following graphs illustrates the Closing Business indicators in Nicaragua over the past 3 years:



3. Benchmarking Closing Business Regulations:

Nicaragua is ranked 67 overall for Closing a Business.

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



The following table shows Closing Business data for Nicaragua 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	92.5		
Singapore*			1

<i>Selected Economy</i>			
Nicaragua	34.3	2.2	15

<i>Comparator Economies</i>			
Colombia	52.8	3.0	1
Costa Rica	25.4	3.5	15
El Salvador	30.8	4.0	9
Guatemala	28.2	3.0	15
Honduras	20.8	3.8	15
Mexico	64.2	1.8	18

* The following economies are also good practice economies for :

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

DB2009 Reforms

Number of reforms in Doing Business 2009

Rank	Economy	Reform Categories									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Azerbaijan	✓		✓	✓	✓	✓	✓		✓	7
2	Albania	✓				✓	✓	✓			4
3	Kyrgyz Republic	✓	✓				✓				3
4	Belarus	✓	✓		✓	✓		✓	✓		6
5	Senegal	✓			✓				✓		3
6	Burkina Faso		✓	✓	✓			✓			4
7	Botswana	✓					✓	✗	✓		3
8	Colombia	✓	✓					✓	✓	✓	5
9	Dominican Republic	✓			✓			✓	✓		4
10	Egypt	✓	✓		✓	✓	✓		✓		6
	Nicaragua										
	Costa Rica	✓									1
	Guatemala					✓					1
	El Salvador	✓							✓		2
	Honduras							✓	✓		2
	Mexico							✓		✓	2

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

Albania

Albania, a top reformer globally and regionally, established a public credit registry allowing financial institutions to share credit information and covering 8.3 percent of the adult population. This reform allows banks to better evaluate the creditworthiness of potential borrowers, facilitating access to credit for firms and individuals. Albania also strengthened investor protections. A new company law requires that disinterested shareholders approve transactions between interested parties and obligates those parties to disclose all information on the transaction to the public. The law also reinforces directors' duties and requires directors, when found liable, to pay damages and return profits to the company. Starting a business became easier with online publication, reduction of the registration cost, and the consolidation of tax, health insurance, and labor registration into a single application. The corporate income tax rate was reduced from 20 percent to 10 percent effective January 1, 2008.

Azerbaijan

Azerbaijan, the top reformer globally and regionally, eliminated the minimum threshold for reporting loans to the public credit registry in September 2007. The public registry now records information on all loans made by the financial system, more than doubling the coverage of borrowers with a credit history. Substantial amendments to the labor code in May 2007 made hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, easing restrictions on night work, and reducing requirements for redundancy dismissals. Azerbaijan created a second commercial court in Baku, increasing the number of judges dealing with commercial cases from five to nine. The average time to enforce a contract through the courts fell from 267 days to 237. A new law strengthens investor protections by requiring that transactions between interested parties be approved by shareholders. Interested parties are allowed to vote on the matter. Other provisions protect investors because directors who are held liable must pay damages and disgorge profits. Azerbaijan introduced a new unified property registry, reducing the number of procedures required to register property from seven to four. In addition, the State Register Service introduced the option of expediting two of the four procedures, making it possible to register property in 11 days. Similarly, the country created a one-stop shop for company registration, cutting the number of procedures from 13 to six and reducing the time required by half. Azerbaijan reduced the tax burden by introducing an online filing and payment system with advanced accounting software for calculating taxes due. This saves more than 500 hours a year on average in dealing with paperwork.

Belarus

In Belarus, a top reformer globally and regionally, the public credit registry expanded credit information by eliminating the minimum threshold for loans recorded in its database. It also guaranteed the right of borrowers to review their data, improving accuracy. Starting a business became easier: a unified registry database was created, a time limit was introduced for registration, and the minimum capital requirement was cut by half. Belarus created a one-stop shop for property registration and introduced a broad administrative simplification program that set strict time limits at the registry and computerized its records. As a result, the time required to register property in Minsk fell from 231 days to 21. The time required for dealing with construction permits fell by 140 days, thanks to new statutory time limits for preapproval clearances and building permits. Belarus eased the tax burden by abolishing the "Chernobyl tax" (3 percent) and unemployment tax (1 percent) and amending the simplified tax system for small businesses. A new customs code and new banking regulations reduced the time to export

Botswana

Botswana improved its business environment by speeding the start-up process through computerization. A similar effort, which included training customs officers in using an electronic data interchange system, sped the processing of trade documents and reduced the time to export by two days and the time to import by a day. A new Company Act has come into force, requiring that shareholders approve related-party transactions and that directors repay damages and surrender profits if held liable. Finally, since January 2008, companies have been required to pay 0.2 percent of turnover for the training of workers.

Burkina Faso

Burkina Faso eliminated random inspections during construction. It also introduced a new one-stop shop for construction permits, which reduced approval fees and combined five separate payments into a single one. A new labor code, approved in May 2008, makes hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, removing the 48-month limit on the duration of such contracts, and easing restrictions on determining the weekly rest day. Requirements for redundancy dismissals were also eased: third-party notification and consent are no longer required for dismissal of a single worker, and priority rules for dismissals were abolished. Burkina Faso made it easier to transfer property by eliminating the requirement for authorization from the municipality, merging two taxes at the Land Registry (Conservation Foncière), and reducing the transfer tax. The changes reduced the time required by 46 days and the cost by 2 percent of the property value. Finally, Burkina Faso reduced the corporate income tax rate from 35 percent to 30 percent (effective January 1, 2008), and the tax on dividends from 15 percent to 12.5 percent.

Colombia	Colombia, a top global and regional reformer, improved in five of the 10 Doing Business indicators. It reduced the time and cost to start a business by simplifying registration formalities, including speeding up processes at the registry and eliminating the need to obtain a certificate of compliance with zoning regulations. A silence-is-consent principle for building permits is now applied, reducing the total time for dealing with construction permits by 32 days. A new unified application form was introduced. Colombia made electronic social security contributions mandatory for companies with more than 30 employees and created unified electronic forms for filing taxes. Trading across borders was expedited: better banking services and the implementation of e-payments, electronic data interchange, and coordinated inspections in customs reduced the time to export by 10 days and the time to import by five. Authorities also introduced two new insolvency proceedings: a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure. Its new insolvency law tightens time limits for negotiating reorganization agreements. Before, the term allowed was six months, with a possible extension of eight months. The new law limits the term to four months, and the extension to two.
Costa Rica	Costa Rica digitized tax registration records and company books, reducing the time required to start a business by 17 days.
Dominican Republic	The Dominican Republic, a top global and regional reformer, sped up formalities in several areas by making them electronic. An online system for filing and paying taxes, piloted in 2006, is now fully operational. And entrepreneurs can complete several start-up formalities online, including name verification, and commercial and tax registration. The Dominican Republic also reduced the corporate income tax rate from 29% to 25%, and abolished several taxes, including the stamp duty. The cost of property registration fell, thanks to a reduction in the transfer tax from 4.3% to 3%. Transferring property now costs 3.8% of the property value, down from 5.1%. In addition, authorities reduced the time to export by three days by improving the online portal for customs documentation and payment.
Egypt	Egypt was once again among the top 10 global reformers—the third time in 4 years—and top regional reformer this year. Egypt made starting a business easier by reducing the paid-in minimum capital requirement by more than 80%, abolishing bar association fees, and automating tax registration. A new building code introduced in 2008 is aimed at reducing the procedures and time required to deal with construction permits by establishing a single window for processing construction-related approvals. Simplified administrative procedures for registering property and new time limits have reduced the time to transfer property in Cairo from 193 days to 72. The port of Alexandria continued to upgrade its facilities and sped customs clearance, reducing the time to export by 1 day and the time to import by 3. New listing rules for the Cairo Stock Exchange strengthened protections for minority shareholders: now an independent body must assess transactions between interested parties before they are approved. And thanks to new regulations issued by the Central Bank of Egypt, borrowers have the right to inspect their data in the private credit bureau.
El Salvador	El Salvador implemented a new commercial code that simplified business start-up by reducing the minimum capital requirement, simplifying the legalization of accounting books, and publication requirements. In trade, modernization of the customs system, a reduction in physical inspections, continued benefits from the single window reduced the time to export by seven days and the time to import by eight.
Guatemala	Guatemala enacted a new secured transactions law (Ley de Garantías Mobiliarias), creating new forms of pledges over movable assets and a registry for the pledges. Under the new law, accounts receivable and inventory may be described in general terms when used as collateral and parties may agree to out-of-court enforcement of the security right at the time the security interest is created.
Honduras	Honduras improved the efficiency of its tax system by introducing electronic filing and payment. It also made it easier to import by abolishing a requirement for consular legalization of trade documents.

Kyrgyz Republic

The Kyrgyz Republic, a top reformer globally and regionally, strengthened investor protections through legal amendments allowing minority investors to take legal actions as shareholders. The amendments also require an independent assessment of a related-party transaction before it is approved. Moreover, directors can be held liable for negligence if they harm minority shareholders and will be forced to pay damages and disgorge profits. A new one-stop shop made it easier to start a business by streamlining and simplifying business registration processes and eliminating certain requirements such as proof of residence. Obtaining a company seal became optional. Dealing with construction permits also became easier, thanks to a one-stop shop making it possible to obtain a designing permit, construction license, and occupancy permit at a single place. This reform eliminated nine steps, reduced the time required by almost 6 months, and lowered the cost from 759 percent of income per capita to 406 percent.

Mexico

Mexico introduced a new tax law that abolishes the asset tax (IMPAC) and the possible eventual amalgamation of income tax applicable to corporations and individuals with business activities. A new withholding tax on cash deposit interest is being implemented, and new reporting rules were introduced for value-added tax. Mexico also amended its bankruptcy law to make reorganization more accessible. Now debtors and creditors may enter into a reorganization agreement at any stage of the insolvency procedure, which is expected to speed the process.

Nicaragua

In Nicaragua no major reform was recorded.

Senegal

Senegal's one-stop shop for business start-up became fully operational, merging more than half the procedures and speeding the process as a result. Similarly, the introduction of time limits at the Land Registry and the Directorate of Taxes and Property sped property registration. The top reformer globally in easing trade, Senegal introduced a single window for customs clearance, cutting document requirements in half. It also set up an electronic data interchange system, implemented risk-based inspections, extended the operating hours of customs, and improved port and road infrastructure.

APPENDICES

Starting a Business in Nicaragua

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

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (S.A.) - Corporation

Minimum Capital Requirement:

City: Managua

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Sign the incorporation papers before a notary public	3 days	USD 875
2	Buy company accounting books, corporate books, and invoices from a bookstore	1 day	USD 100
3	File incorporation statutes for commercial registration and apply for tax and municipal registration at the one-stop shop in Managua	30 days	see comments
4	Pay the inscription fees	1 day	included in following procedure
5	Register for general sales tax (Impuesto al Valor Agregado, IVA) at the local Administración de Renta; register accounting books	2 days	no charge
6	Register for social security and public health with Instituto Nicaragüense de Seguridad Social (INSS)	2 days	no charge

Procedure 1 Sign the incorporation papers before a notary public

Time to complete: 3 days

Cost to complete: USD 875

Comment: The documents of incorporation and the company bylaws must be drafted by a notary public. It is customary to include the company bylaws in the document of incorporation. Most notaries will also perform the remaining steps (explained in the following steps) in the incorporation process, for a fee of USD 200 (average). The notary cost is USD 750–1,000.

Procedure 2 Buy company accounting books, corporate books, and invoices from a bookstore

Time to complete: 1 day

Cost to complete: USD 100

Comment: All companies must keep four corporate books: two accounting books (diary and ledger) and two corporate books (minutes book and shares book). Invoices must meet printing legal requirements including company information. The books and initial invoices would cost approximately USD 100.

Procedure 3 File incorporation statutes for commercial registration and apply for tax and municipal registration at the one-stop shop in Managua

Time to complete: 30 days

Cost to complete: see comments

Comment: In January 2004, the government created in the Ministry of Commerce (Ministerio de Fomento, Industria y Comercio) a one-stop shop, the Unique Office for Investment (Ventanilla Unica de Inversiones), in which companies can file commercial and tax registrations. The one-stop shop cannot process any registrations but forwards the documentation daily to the relevant agencies. The one-stop shop provides information on four procedures and rationalizes them: (a) company registration; (b) tax registration at the Dirección General de Ingresos (DGI); (c) municipal registration; and (d) for foreign companies, the Foreign Secretary (Secretario Exterior).

The cost for commercial registration is 1% of capital (with a minimum of NIO 500, maximum of NIO 20,000) and the following fees:

- Inscription of constitution of internal books: NIO 60.
- Registration fee for books: up to 50 pages is NIO 25.00; up to 100 pages is NIO 50.00.
- Application: NIO 100.
- Registration of power of attorney (if applicable): NIO 110.
- Form for municipal license (matricula): NIO 5.
- Municipal license: for social capital lower than NIO 50,000 is NIO 500; higher than NIO 50,000 is 1% of capital.
- Municipal license document (constancia de matricula): 1% of license fee.

The payment must be made in any bank, and the payment receipt must be presented at the one-stop shop. Regardless whether the company has income, it must declare before the Nicaraguan Tax Authority (DGI) each month. If the company has no sales, it will not pay any taxes. However, it will have to pay the fees for the services performed by their representative in Nicaragua before the DGI. Fees are USD 5.

Registration with the City Hall (Alcaldia) of Managua: Regardless of whether the company has sales, it must declare before the City Hall each month. If the company has

no sales it will not pay any taxes; it will pay only the fees for the services performed by their representative in Nicaragua.

Procedure 4 Pay the inscription fees

Time to complete: 1 day

Cost to complete: included in following procedure

Comment: Fees must be paid into any bank and the receipt presented to the one-stop shop (see Procedure 5).

Procedure 5 Register for general sales tax (Impuesto al Valor Agregado, IVA) at the local Administración de Renta; register accounting books

Time to complete: 2 days

Cost to complete: no charge

Comment: Companies with an annual income higher than NIO 240,000 will be levied general sales tax (impuesto al valor agregado, IVA). The accounting books must be registered at the local office of the Tax Collector's Office (Administración de Rentas).

Procedure 6 Register for social security and public health with Instituto Nicaragüense de Seguridad Social (INSS)

Time to complete: 2 days

Cost to complete: no charge

Comment:

Dealing with Construction Permits in Nicaragua

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

BUILDING A WAREHOUSE

Date as of: January 2,008

Estimated Warehouse Value:

City: Managua

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain consultations with the municipality of Managua (Alcaldía de Managua, ALMA) regarding Urban Plans	7 days	no charge
2	Request and obtain occupancy permit (constancia de uso de suelo) from the municipality of Managua (Alcaldía de Managua, ALMA)	40 days	NIO 500
3	Request feasibility analysis from the ENACAL and UNION FENOSA, at the ALMA (one-stop shop)	15 days	NIO 2,800
4	Request and obtain preliminary design approval from the ALMA	25 days	NIO 1,000
5	Request and obtain project approval, INE approval (electrical power), and ENACAL approval (water and sewage), all at the ALMA (one-stop shop)	30 days	NIO 9,212
6	Request and obtain approval from the DGB (Dirección General de Bomberos)	15 days	NIO 3,902
7	Request and obtain a building permit from the ALMA	20 days	NIO 74,522
8	Request fire and electricity inspection	1 day	no charge
9 *	Receive a fire and electricity inspection	1 day	no charge
10 *	Connect to electrical power through Union FENOSA	15 days	NIO 60,000
11 *	Request and connect to water and sewage services	45 days	NIO 3,000
12 *	Request and connect to a fixed telephone line	22 days	NIO 2,920
13	Receive an inspection by the municipality	1 day	no charge
14	Receive an inspection by the Ministry of Labor	1 day	no charge

15	Receive an inspection by the National Commission of Hygiene and Occupational Safety	1 day	no charge
16	Receive an inspection by the National Social Security Institute	1 day	no charge
17	Register the building with the Real Estate Appraisal Office (Avalúo de Bienes Inmuebles, ALMA)	15 days	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain consultations with the municipality of Managua (Alcaldía de Managua, ALMA) regarding Urban Plans

Time to complete: 7 days

Cost to complete: no charge

Comment: It is common practice to have an initial consultation with the Technical Urban Planning Committee (Comité Técnico Urbanístico) to verify all conditions before submitting any document.

Procedure 2 Request and obtain occupancy permit (constancia de uso de suelo) from the municipality of Managua (Alcaldía de Managua, ALMA)

Time to complete: 40 days

Cost to complete: NIO 500

Comment: After the certificate is received, a record number is created (to be used for the following procedures until the project is approved). The documents to be submitted at this stage are an application form, a copy of the location map, a site map, and the cadastral number of the property.

If the applicant does not agree with the decision, an appeal may be filed with the Technical Urban Planning Committee (Comité Técnico Urbanístico).

Procedure 3 Request feasibility analysis from the ENACAL and UNION FENOSA, at the ALMA (one-stop shop)

Time to complete: 15 days

Cost to complete: NIO 2,800

Comment: A feasibility analysis from the Union FENOSA is required to determine whether the site can be connected to the electrical network. The following documents are needed: the (original) location map, a specification of the electrical capacity to be installed, and the estimated starting date of construction work.

The feasibility analysis is done at no charge, while the pressure measurement costs NIO 500 and other costs come to NIO 2,300.

A feasibility analysis (ENACAL) is required to determine whether the site can be connected to water and sewerage services. If no sewerage system exists, an alternative would be a treatment system approved by the MARENA (Environmental Impact Assessment, Ministry of the Environment and Natural Resources).

The documents to be submitted are an application form, the land use certificate, a project description (physical modulation and activities), a plot plan on a scale of 1:10,000, the water demand and use statement, and specifications of the inflow rate and the sewage characteristics.

Procedure 4 Request and obtain preliminary design approval from the ALMA

Time to complete: 25 days

Cost to complete: NIO 1,000

Comment: The company must obtain an approval stating that the proposed preliminary designs conform to the Regulating Plan of the Municipality of Managua and to the land-use certificate.

The required documents are the land-use certificate; a notarized deed certifying ownership of the land; the feasibility analyses by the Nicaraguan Institute of Energy (INE) and the Nicaraguan Company of Water and Sewage (ENACAL); a local fault study endorsed by the Nicaraguan Institute of Territorial Studies INETER, if required by the land use certificate; and two sets of maps, each consisting of a location map on a scale of 1:10,000; a site map on a scale of 1:10,000, 1:500, or 1:200; a contour map; an architectural layout; exterior work drawings; and area frames.

Procedure 5 Request and obtain project approval, INE approval (electrical power), and ENACAL approval (water and sewage), all at the ALMA (one-stop shop)

Time to complete: 30 days

Cost to complete: NIO 9,212

Comment: A project approval is a decision stating that the project conforms to the Regulating Plan of the Municipality of Managua. The fee for obtaining the approval is NIO 3 per square meter, and payment can be made either in cash or in two equal installments. The required documents are three sets of plans and the approved preliminary designs.

Union FENOSA provides a review, design approval, and authorization, and issues a decision stating that the proposed project conforms with the Manual of Norms of Construction of Distribution (Manual de Normas de Construcción de Distribución) of the Unión FENOSA, the electrical power supply company. The following documents are required:

- Design license.
- Electrical specifications.
- Stack-out sheet.
- List of materials.
- Project drawings.
- Photocopy of the electrical power and light contract.
- Photocopy of the feasibility certificate.

The INE approves projects that involve heating system or the use of hydrocarbon materials for this purpose.

The ENACAL approval certificate covers the project conceptualization and indicates that the project is compliant with the standards and regulations. The required documents are a project identification title page, topographic maps, an urban development plan, an existing infrastructure plan, design drawings, detail drawings, and a descriptive report.

Procedure 6 Request and obtain approval from the DGB (Dirección General de Bomberos)

Time to complete: 15 days

Cost to complete: NIO 3,902

Comment: Indoor electrical layout drawings must be reviewed and be found to conform to all fire protection standards. For construction projects with commercial and service purposes, the fee is NIO 3 per square meter.

The required documents are electrical installation layouts, fire protection system plans, safety measures, or plans provided for the construction work. Because the national firefighting system (SINACOI) no longer exists, the institution in charge of this procedure is now DGB (Dirección General de Bomberos).

Procedure 7 Request and obtain a building permit from the ALMA

Time to complete: 20 days

Cost to complete: NIO 74,522

Comment: The building permit authorizes the start of construction.

The cost of a building permit includes a tax of 1.1 % of the total market value of the construction (NIO 70,620.20, in this case). This tax must be paid in full at the start of construction work.

Buildings are also subject to an inspection fee, as follows:

- NIO 2 per square meter for areas between 100 and 200 sq. m.
- NIO 3 per square meter for areas between 201 and 1,000 sq. m. (in the care considered here, NIO 3 x 1,300.6 = NIO 3,901.80).

The required documents are a project approval, an annual real estate tax (solvenca de bienes inmuebles), the registration number with ALMA (the business registration), a tax clearance certificate (solvenca municipal) for the project owner and builder, a builder's license granted by the Ministry of Transportation and Infrastructure (Ministerio de Transporte e Infraestructura, MTI), the builder's signature on the construction plans, bank guarantees, and official payment receipts. The building permit carries the same weight as a public deed.

Inspections may occur during construction. However, these are rare due to a shortage of inspectors. Even if an inspection is carried out, the inspector would simply verify that the building permit is valid.

Procedure 8 Request fire and electricity inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The cost of a fire and electricity inspection is included in the inspection fee, which is paid at the Dirección General de Bomberos (DGB). A site visit may be scheduled, but it is not a rigid procedure.

Procedure 9 Receive a fire and electricity inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Connect to electrical power through Union FENOSA

Time to complete: 15 days

Cost to complete: NIO 60,000

Comment: This cost covers only the connection of the meter to the public electrical grid and will be refunded to the owner. It is a security deposit.

Procedure 11 Request and connect to water and sewage services

Time to complete:	45 days
Cost to complete:	NIO 3,000
Comment:	This cost covers the installation and can be higher or lower depending on a possible rupture of pipelines.

Procedure 12 Request and connect to a fixed telephone line

Time to complete:	22 days
Cost to complete:	NIO 2,920
Comment:	<p>For telephone service connection, the following steps must be taken:</p> <ol style="list-style-type: none"> 1. Apply for a new telephone line at ENITEL (cell phone provider). 2. Submit an identity card. 3. Complete a form. 4. Pay USD 45 for the procedure, which may take up to a month.

If no telephone line is available, the money is refunded. Otherwise, the remainder of the installation fee must be paid, which in this case would be USD 135. Thus, the total cost amounts to USD 180.

Another option would be to buy a cellular phone or a cellular telephone plan, with either a post-payment plan (12 to 50 minutes, free equipment, pre-paid cards) or a pre-payment plan (coded cards costing between USD 5 and USD 50 and equipment costing from USD 99 to USD 300).

Procedure 13 Receive an inspection by the municipality

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Municipal inspection is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction work is not stopped during the inspection, and no costs are associated with this procedure.

Procedure 14 Receive an inspection by the Ministry of Labor

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Inspection by the Ministry of Labor is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction work is not stopped during the inspection, and no costs are associated with this procedure.

Procedure 15 Receive an inspection by the National Commission of Hygiene and Occupational Safety

Time to complete:	1 day
Cost to complete:	no charge

Comment: Inspection by the National Commission of Hygiene and Occupational Safety is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction is not stopped during the inspection, and no costs are associated with this procedure.

Procedure 16 Receive an inspection by the National Social Security Institute

Time to complete: 1 day

Cost to complete: no charge

Comment: Inspection by the National Social Security Institute is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction work is not stopped during the inspection, and no costs are associated with this procedure.

Procedure 17 Register the building with the Real Estate Appraisal Office (Avalúo de Bienes Inmuebles, ALMA)

Time to complete: 15 days

Cost to complete: no charge

Comment:

Employing Workers in Nicaragua

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

Employing Workers Indicators (2008)	Answer	Score
Rigidity of Employment Index		27.4
Difficulty of Hiring Index		22.2
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.64	0.67
Rigidity of Hours Index		60.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	30	1
Difficulty of Firing Index		0.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	No	0
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0

Firing costs (weeks of salary)	23.8
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)	2.1
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	21.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0

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

Registering Property in Nicaragua

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

STANDARDIZED PROPERTY

Property Value: 911,394.93

City: Managua

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a non-encumbrance certificate and folio from registry book	5 days (simultaneous with procedure 2)	NIO 100 (Registry of Books) + NIO 50 (Non-Encumbrance)
2 *	Obtain tax clearance from the Municipality	1 day (simultaneous with procedure 1)	NIO 20
3	A notary prepares and signs the public deed	2 days	1.5 – 2.0% of property value (notary's fees)
4	Obtain the Cadastre Certificate and valuation at the Cadastre	14 – 21 days	NIO 150 for urban land + NIO 80 for rural land + NIO 65 for cadastral certificate
5	Inspector assesses property value	7 days	no cost (but must provide transportation to inspect)
6	Payment of Income/Transfer Tax	1 day	1% of property price
7	The documents obtained from the Office of Cadastre are inserted in the public deed	1 day	NIO 1,000 (Notary's fees)
8	Apply for registration of the public deed at the Land Registry	90 days	0.5% of cadastral value (registration fee) + NIO 50 (Notary's fees)

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a non-encumbrance certificate and folio from registry book

Time to complete: 5 days (simultaneous with procedure 2)

Cost to complete: NIO 100 (Registry of Book) + NIO 50 (Non-Encumbrance)

Comment: The registry book is an official document that shows all the owners of the real property since its first annotation or since the time that the interested person wants to know. Both certificates must be obtained by the seller before starting the transaction formally.

Procedure 2 Obtain tax clearance from the Municipality

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

Cost to complete: NIO 20

Comment: A tax clearance certificate (Municipal Solvency) must be obtained by the seller from the municipality. The timing of 1 day assumes that the seller is up-to-date with tax payments on the property, and that he pays a fee of NIO 20. If he were to wait till the next business day to obtain it, it would be free of charge.

Procedure 3 A notary prepares and signs the public deed

Time to complete: 2 days

Cost to complete: 1.5 – 2.0% of property value (notary's fees)

Comment: A notary public prepares and notarizes the public deed of purchase and sell between seller and buyer. The preparation of the deed is an exclusive act of the notary. The notary compares the record book on the Land Registry with the documents obtained above, to revise all the record of the property on the Registry.
In practice, the notaries estimate their fees for this type of contract based on a percent, which varies between 1.5 and 2% of the property value according to agreement between the parties and notary.

Procedure 4 Obtain the Cadastre Certificate and valuation at the Cadastre

Time to complete: 14 – 21 days

Cost to complete: NIO 150 for urban land or NIO 80 for rural land + NIO 65 for cadastral certificate.

Comment: Parties must obtain the Cadastre Certificate and request a valuation from an inspector. In practice, the Cadastre requires a special power granted to notaries or any other person when the interested parties cannot realize this procedure. The parties can go to the Cadastre directly, in which case they do not need to present a special power.
In case a special power is needed, the costs rise about C\$ 2,000 as the fees for the person who will go to the Cadastre, and C\$ 1,000 for the notary who will previously authorize and issue the special power.

Procedure 5 Inspector assesses property value

Time to complete: 7 days

Cost to complete: no cost (but must provide transportation to inspector)

Comment: After the cadastral certificate is obtained, an inspector visits the property to assess the value. In practice, one picks up the inspector and drives him/her to the property. It will take the inspector about one week to write the report on the value.

Procedure 6 Payment of Income/Transfer Tax

Time to complete: 1 day

Cost to complete: 1% of property price

Comment: Payment of one percent (1%) of Income/Transfer Tax at the Tax Administration Office, an agency of the Treasury Ministry. This percent is established depending on the Cadastre Value.
The Cadastre value generally is not the same of the market price. For the payment of the transfer taxes, the fiscal authority takes as a base of calculation the highest value between the agreed in the public deed of purchase and sell and the appraisal issued by the Cadastre. In 2005, the transfer tax increase of 2003 from 1% to 4% was rescinded and consequently returned to its previous rate of 1%. This was the result of an amparo filed against the Ley de Queda Fiscal (2003) declaring the previous increase unconstitutional.

Procedure 7 The documents obtained from the Office of Cadastre are inserted in the public deed

Time to complete: 1 day

Cost to complete: NIO 1,000 (Notary's fees)

Comment: A notary will insert the documents obtained from the Offices of Cadastre in the public deed.

Procedure 8 Apply for registration of the public deed at the Land Registry

Time to complete: 90 days

Cost to complete: 0.5% of cadastral value (registration fee) + NIO 500 (Notary's fees)

Comment: Parties file the public deed at the Land Registry for its proper registration. The amount is calculated based on 0.5% of the cadastral value, with a maximum fee of NIO 5,000. This payment is made directly in the branch of a commercial bank that is located inside the Land Registry Office. The notary applying for registration will charge C\$500 as fees.

Getting Credit in Nicaragua

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

Getting Credit Indicators (2008)			Indicator
			score
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage		100.0	13.4
Number of individuals		..	469,206
Number of firms		..	3,331

Legal Rights Index		3
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

Yes

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

No

Protecting Investors in Nicaragua

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

Protecting Investors Data (2008)	Indicator
Disclosure Index	4
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	0
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	5
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	6
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes) 1

Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes) 1

Investor Protection Index

5.0

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Nicaragua

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Nicaragua, 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		80	15.0%	value added		
Fuel tax	1				included in fuel price	0.00	
Property tax	1			1.0%	property value	1.48	
Training tax	12			2.0%	gross salaries	2.26	
Asset tax	1			1.0%	assessed total asset value	4.78	
Social security contributions	12		80	15.0%	gross salaries	16.92	
Turnover tax	12			1.0%	sales (purchase cost)	17.68	
Corporate income tax	13		80	30.0%	taxable profit	24.89	
Totals	64		240			63.2	

Notes:

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

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

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

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

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

Trading Across Borders in Nicaragua

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

Nature of Export Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	11	300
Customs clearance and technical control	6	80
Ports and terminal handling	7	120
Inland transportation and handling	5	800
Totals	29	1300

Nature of Import Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	12	300
Customs clearance and technical control	8	200
Ports and terminal handling	6	120
Inland transportation and handling	3	800
Totals	29	1420

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Export license

Import

Bill of lading

Certificate of origin

Commercial invoice

Manifest

Packing list

Enforcing Contracts in Nicaragua

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

Nature of Procedure (2008)	Indicator
Procedures (number)	35
Duration (days)	540
Filing and service	89.0
Trial and judgment	331.0
Enforcement of judgment	120.0
Cost (% of claim)*	26.80
Attorney cost (% of claim)	16.3
Court cost (% of claim)	5.5
Enforcement Cost (% of claim)	5.0

Court information: Managua District Civil Court ("Juzgado Civil de Distrito de Managua")

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



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