

Doing Business 2008

Bolivia

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Bolivia**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the 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 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. 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 a country'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, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a 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 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Bolivia along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-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 economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

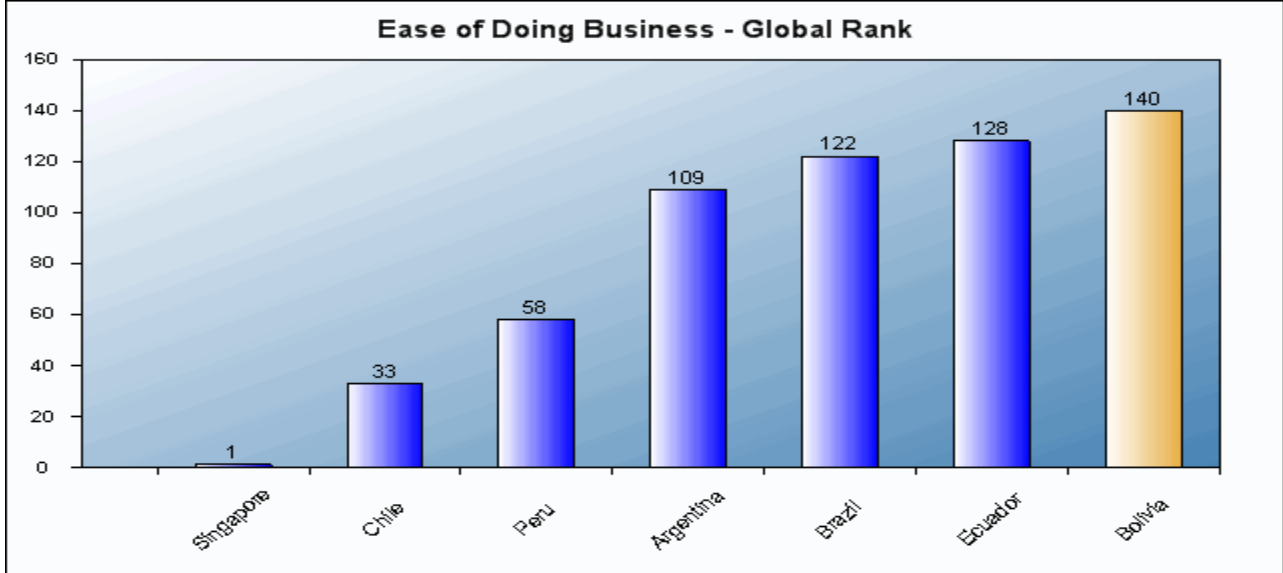
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Bolivia is ranked 140 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Bolivia - Compared to Global Best / Selected Economies:



Bolivia's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	140
Starting a Business	157
Dealing with Licenses	106
Employing Workers	177
Registering Property	120
Getting Credit	97
Protecting Investors	122
Paying Taxes	172
Trading Across Borders	115
Enforcing Contracts	112
Closing a Business	52

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Bolivia											0
	Argentina										✗	-1
	Brazil								✓	✓		2
	Chile											0
	Ecuador											0
	Peru											0

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.

Summary of Indicators - Bolivia

Starting a Business	Procedures (number)	15
	Duration (days)	50
	Cost (% GNI per capita)	134.1
	Paid in Min. Capital (% of GNI per capita)	3.4
Dealing with Licenses	Procedures (number)	17
	Duration (days)	249
	Cost (% of income per capita)	198.6
Employing Workers	Difficulty of Hiring Index	78
	Rigidity of Hours Index	60
	Difficulty of Firing Index	100
	Rigidity of Employment Index	79
	Nonwage labor cost (% of salary)	14
	Firing costs (weeks of wages)	not possible
Registering Property	Procedures (number)	7
	Duration (days)	92
	Cost (% of property value)	4.9
Getting Credit	Legal Rights Index	1
	Credit Information Index	5
	Public registry coverage (% adults)	12.1
	Private bureau coverage (% adults)	22.6
Protecting Investors	Disclosure Index	1
	Director Liability Index	5
	Shareholder Suits Index	6
	Investor Protection Index	4.0
Paying Taxes	Payments (number)	41
	Time (hours)	1080
	Profit tax (%)	0.0
	Labor tax and contributions (%)	15.5
	Other taxes (%)	62.7
	Total tax rate (% profit)	78.1

Trading Across Borders	Documents for export (number)	8
	Time for export (days)	24
	Cost to export (US\$ per container)	1110
	Documents for import (number)	7
	Time for import (days)	36
	Cost to import (US\$ per container)	1230
Enforcing Contracts	Procedures (number)	37
	Duration (days)	591
	Cost (% of claim)	33.2
Closing a Business	Time (years)	1.8
	Cost (% of estate)	15
	Recovery rate (cents on the dollar)	38.7

Starting a Business in Bolivia: Entry Regulation

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 are 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.

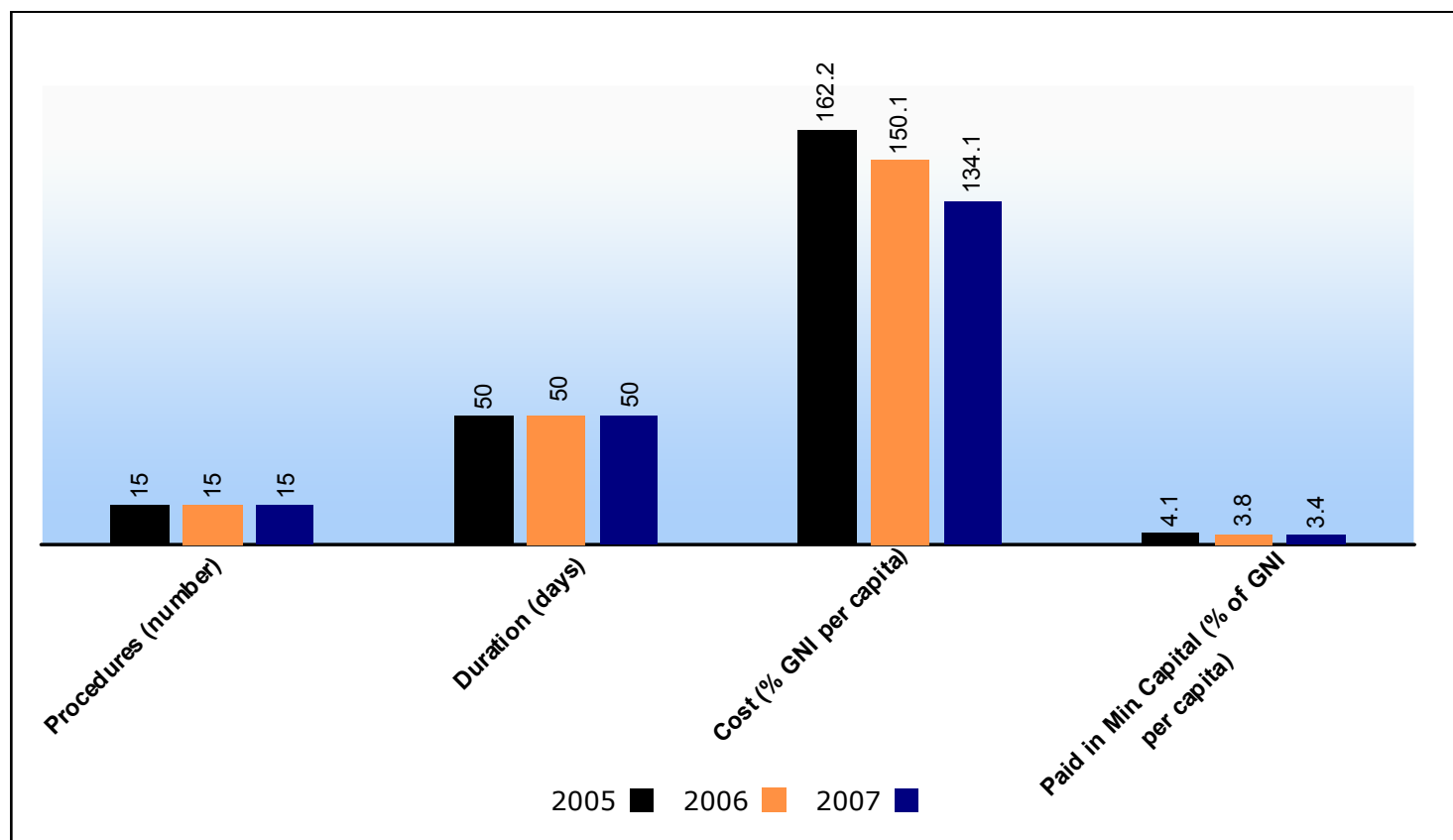
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, 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 countries. Each procedure is a point of contact—an 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 Bolivia

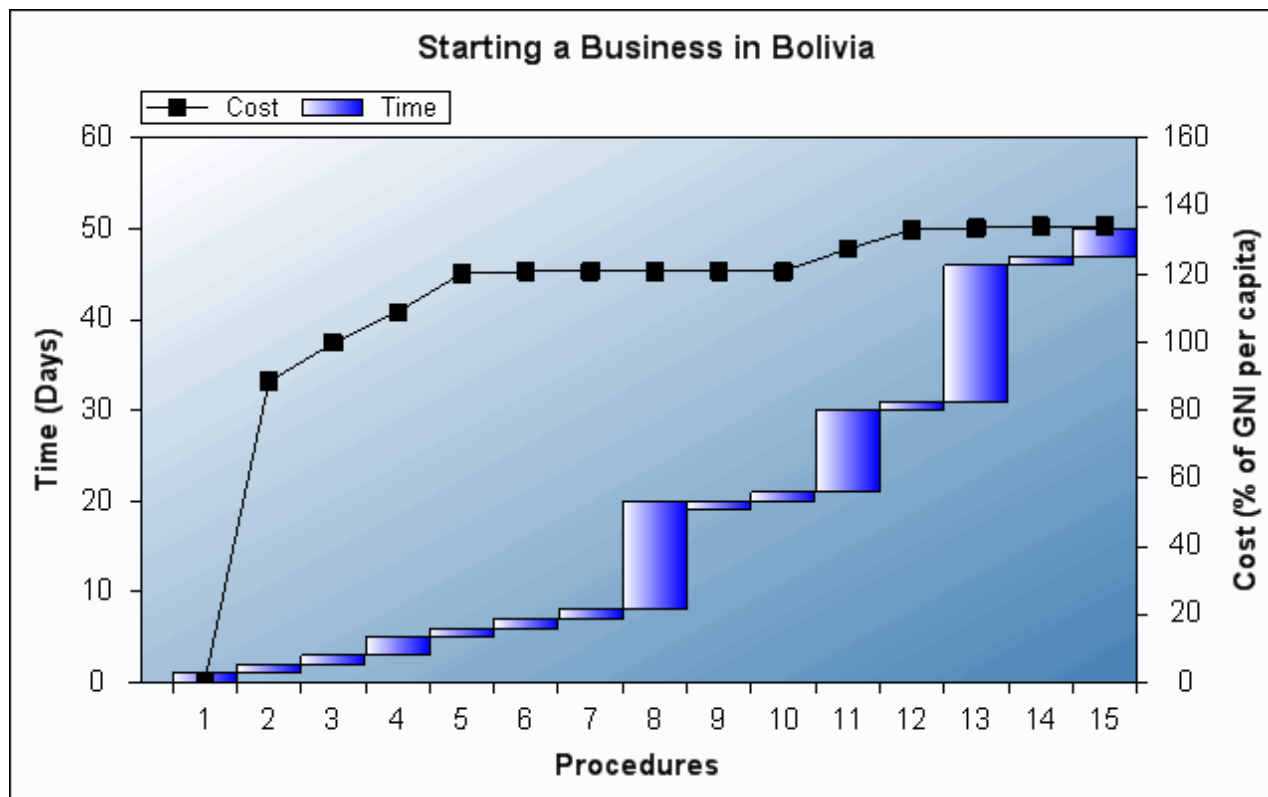
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		156	157
Procedures (number)	15	15	15
Duration (days)	50	50	50
Cost (% GNI per capita)	162.2	150.1	134.1
Paid in Min. Capital (% of GNI per capita)	4.1	3.8	3.4

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



3. Steps to Starting a Business in Bolivia

It requires 15 procedures, takes 50 days, and costs 134.15% GNI per capita to start a business in Bolivia.



List of Procedures:

1. Check uniqueness of name at the Commerce Registry
2. An attorney prepares deed and application
3. Notarize the articles of incorporation
4. Publish deed
5. Prepare the Opening Statement of Accounts (OSA)
6. Seal the OSA
7. Get unified tax registration card
8. Obtain municipal license
9. Municipality's inspection
10. Get evidence of deposit of capital
11. Register deed at the FUNDEMPRESA
12. Register at the Chamber of Commerce

13. Register at the Caja nacional de Salud

14. Register at the Ministry of Labor

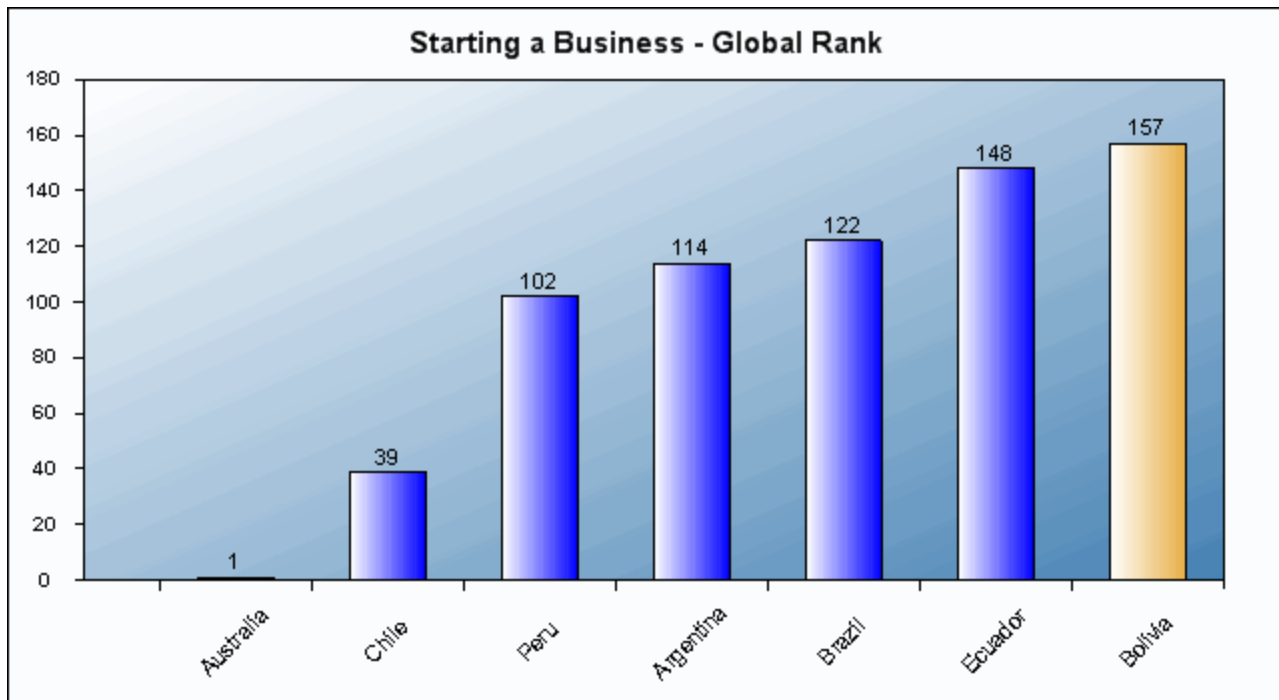
15. Register with the pension system

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Bolivia is ranked 157 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Bolivia in Starting a Business - Compared to best practice and selected economies:



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

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

Selected Economy				
Bolivia	15	50	134.1	3.4

Comparator Economies				
Argentina	14	31	9.7	4.8
Brazil	18	152	10.4	0.0
Chile	9	27	8.6	0.0
Ecuador	14	65	29.2	7.0
Peru	10	72	29.9	0.0

* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

Paid in Min. Capital (% of GNI per capita): **Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States**

Dealing with Licenses in Bolivia: Building a Warehouse

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.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

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

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 20 qualified employees. The warehouse to be built:

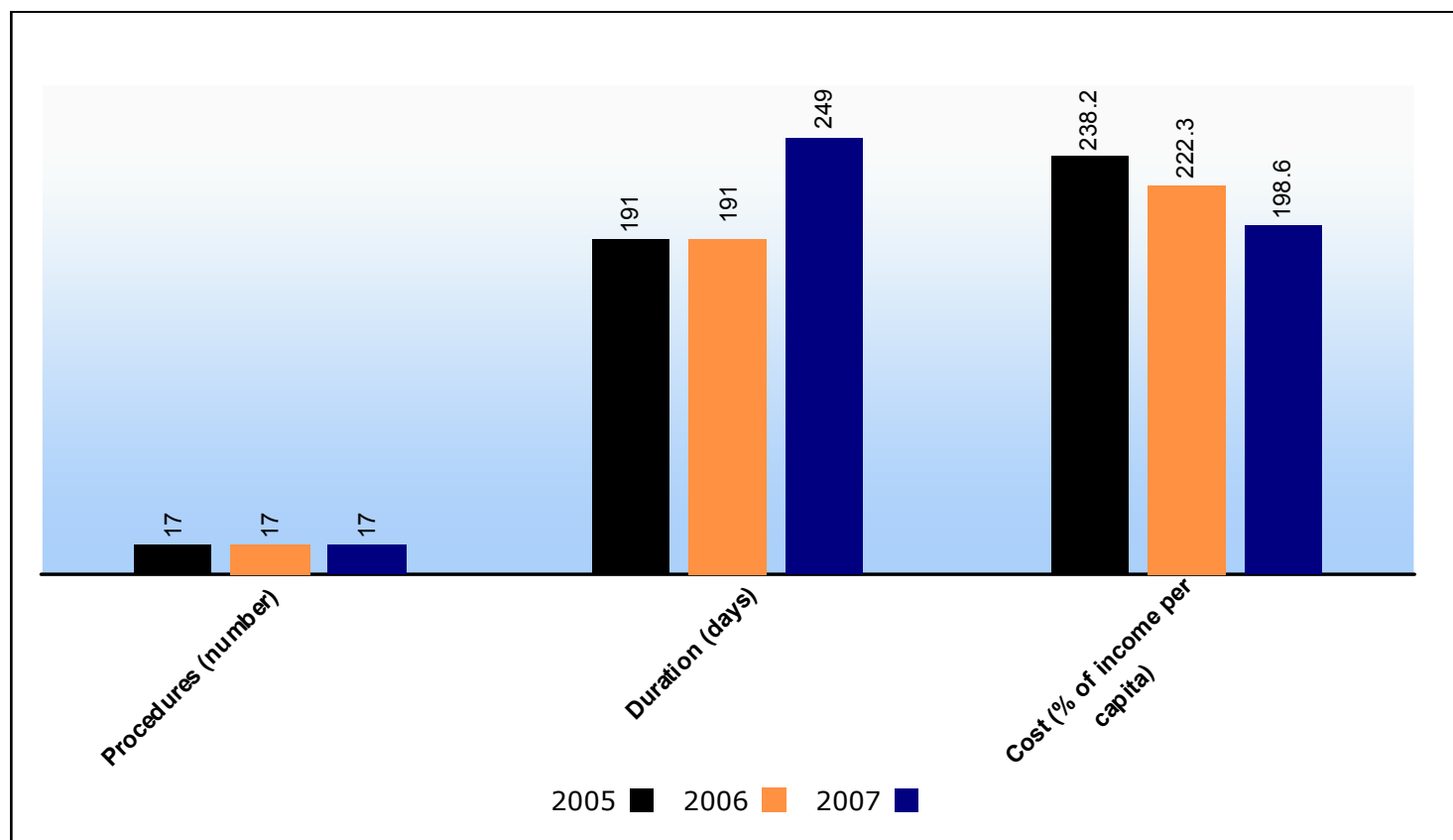
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to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

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 Licenses in Bolivia

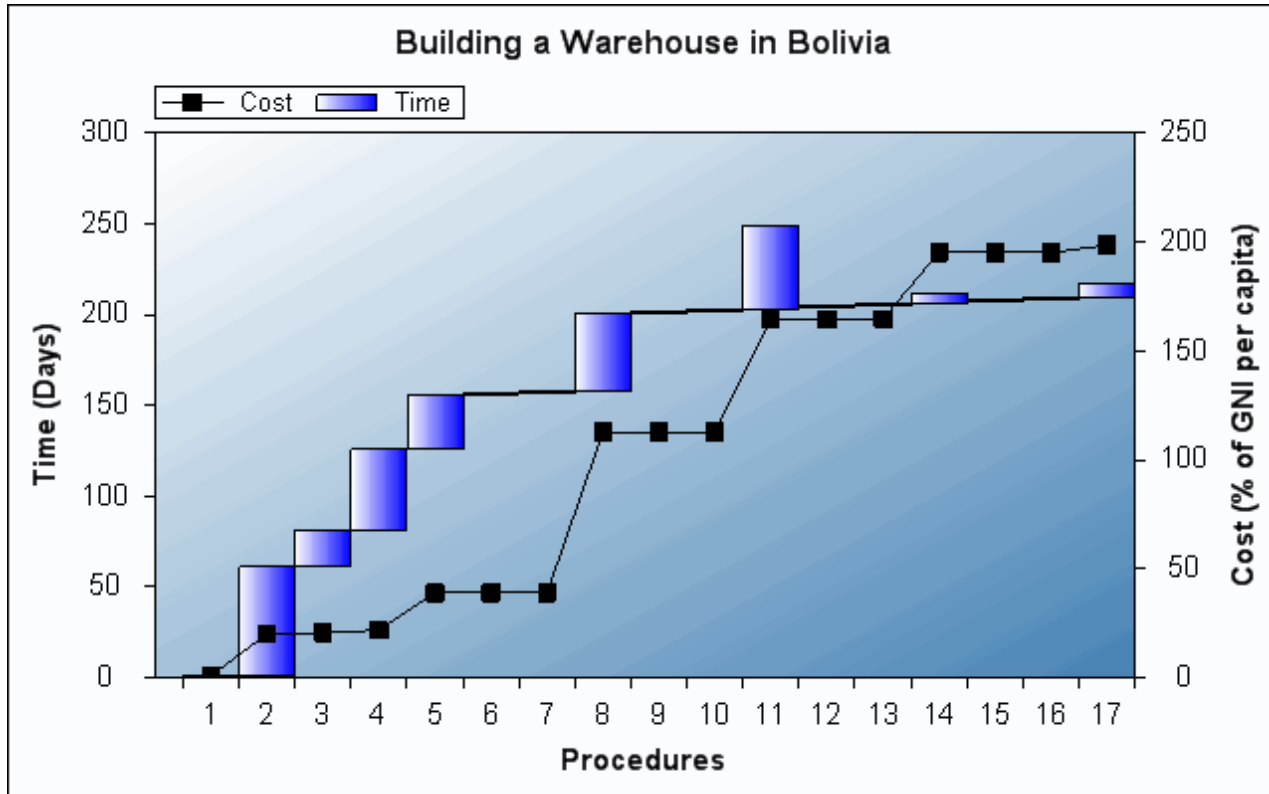
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		78	106
Procedures (number)	17	17	17
Duration (days)	191	191	249
Cost (% of income per capita)	238.2	222.3	198.6

2. The following graph illustrates the Dealing with Licenses indicators in Bolivia over the past 3 years:



3. Steps to Building a Warehouse in Bolivia

It requires 17 procedures, takes 249 days, and costs 198.62% GNI per capita to build a warehouse in Bolivia.



List of Procedures:

1. Request and obtain (or download) a form from the municipality
2. Request and obtain a cadastre certificate
3. Request and obtain royal folio (Folio Real en Oficina de Derechos Reales)
4. Request and obtain a zoning permit (Traso Vial) from municipality
5. Submit and obtain approval of plans by Architects' Association
6. Request construction permit
7. Receive inspection by the municipality
8. Obtain the construction permit at the municipality
9. Request water and sewage connection
10. Receive a technical inspection (water connection feasibility study)
11. Connect to water and sewage services
12. Request electrical connection from ELECTROPAZ

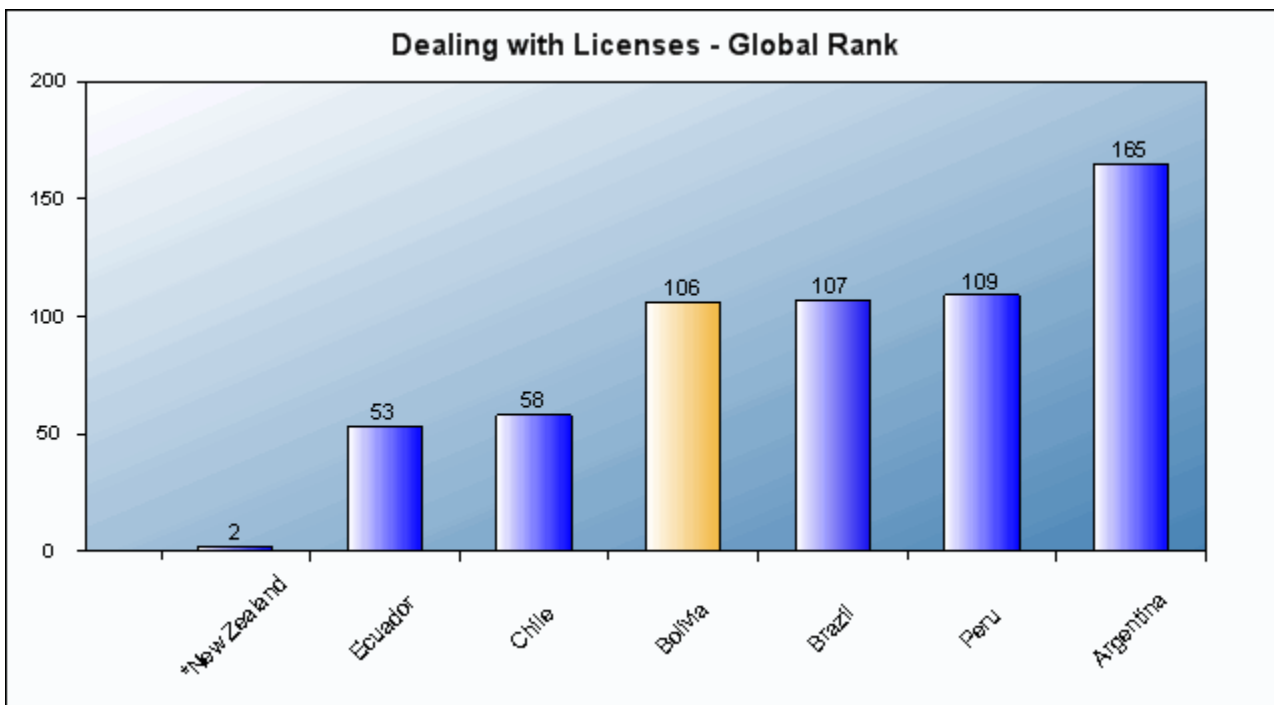
13. Receive inspection by electricity provider
14. Receive connection to electricity services by ELECTROPAZ
15. Request telephone line services from COTEL
16. Receive telephone line inspection
17. Connect to telephone line

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Bolivia is ranked 106 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Bolivia in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Bolivia compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
Bolivia	17	249	198.6

Comparator Economies			
Argentina	28	338	234.1
Brazil	18	411	59.4
Chile	18	155	128.1
Ecuador	19	148	55.3
Peru	21	210	165.0

Employing Workers in Bolivia: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system 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 and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure 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).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. 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.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

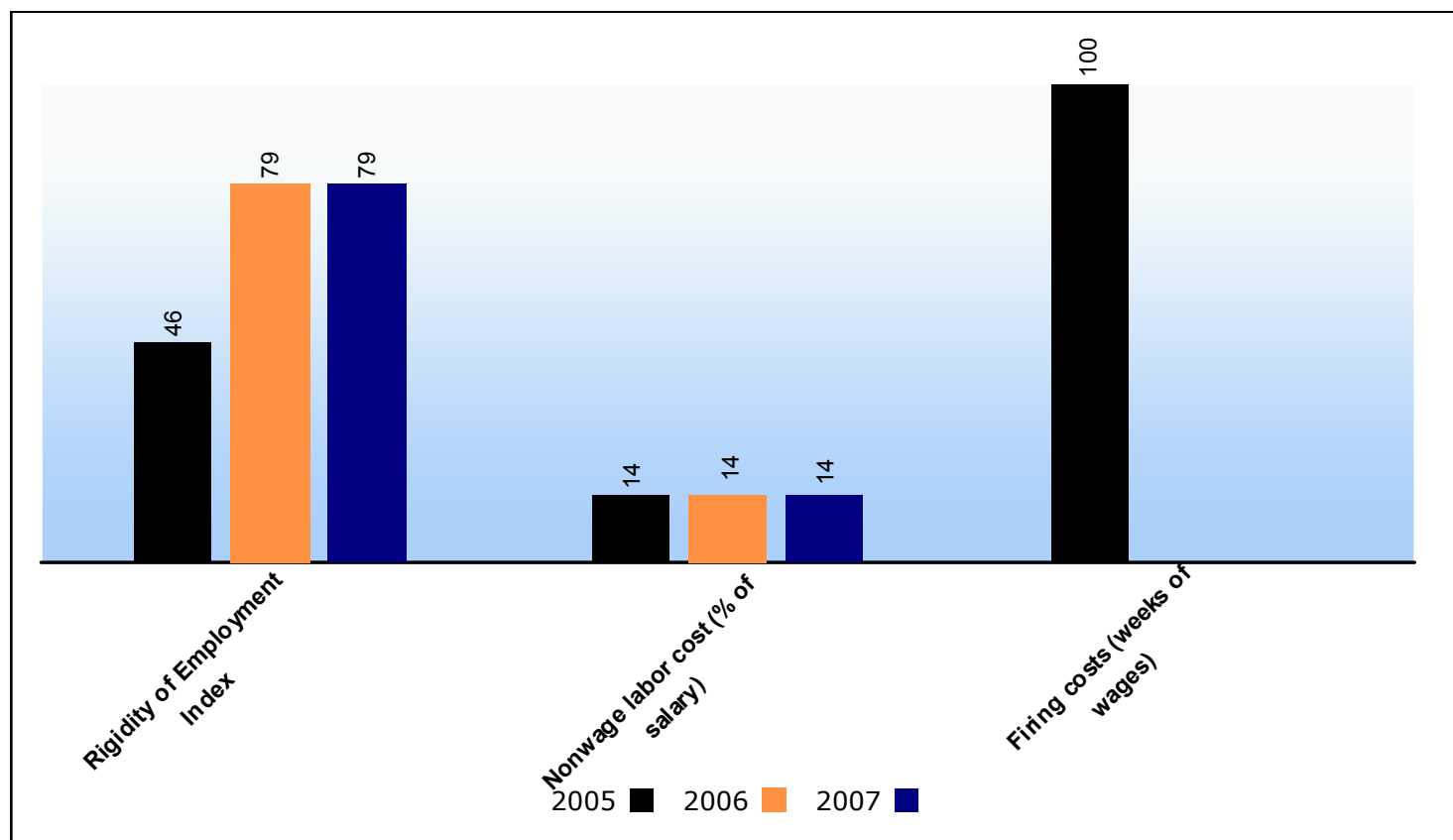
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country'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 countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many 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. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Bolivia

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		178	177
Rigidity of Employment Index	46	79	79
Nonwage labor cost (% of salary)	14	14	14
Firing costs (weeks of wages)	100	not possible	not possible

2. The following graph illustrates the Employing Workers indicators in Bolivia over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Bolivia is ranked 177 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Bolivia in Employing Workers - Compared to best practice and selected economies:



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

The following table shows Employing Workers data for Bolivia compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Bolivia	79	14	not possible

Comparator Economies			
Argentina	41	26	139
Brazil	46	37	37
Chile	24	3	52
Ecuador	51	12	135
Peru	55	10	52

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Bolivia: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

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 countries 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).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

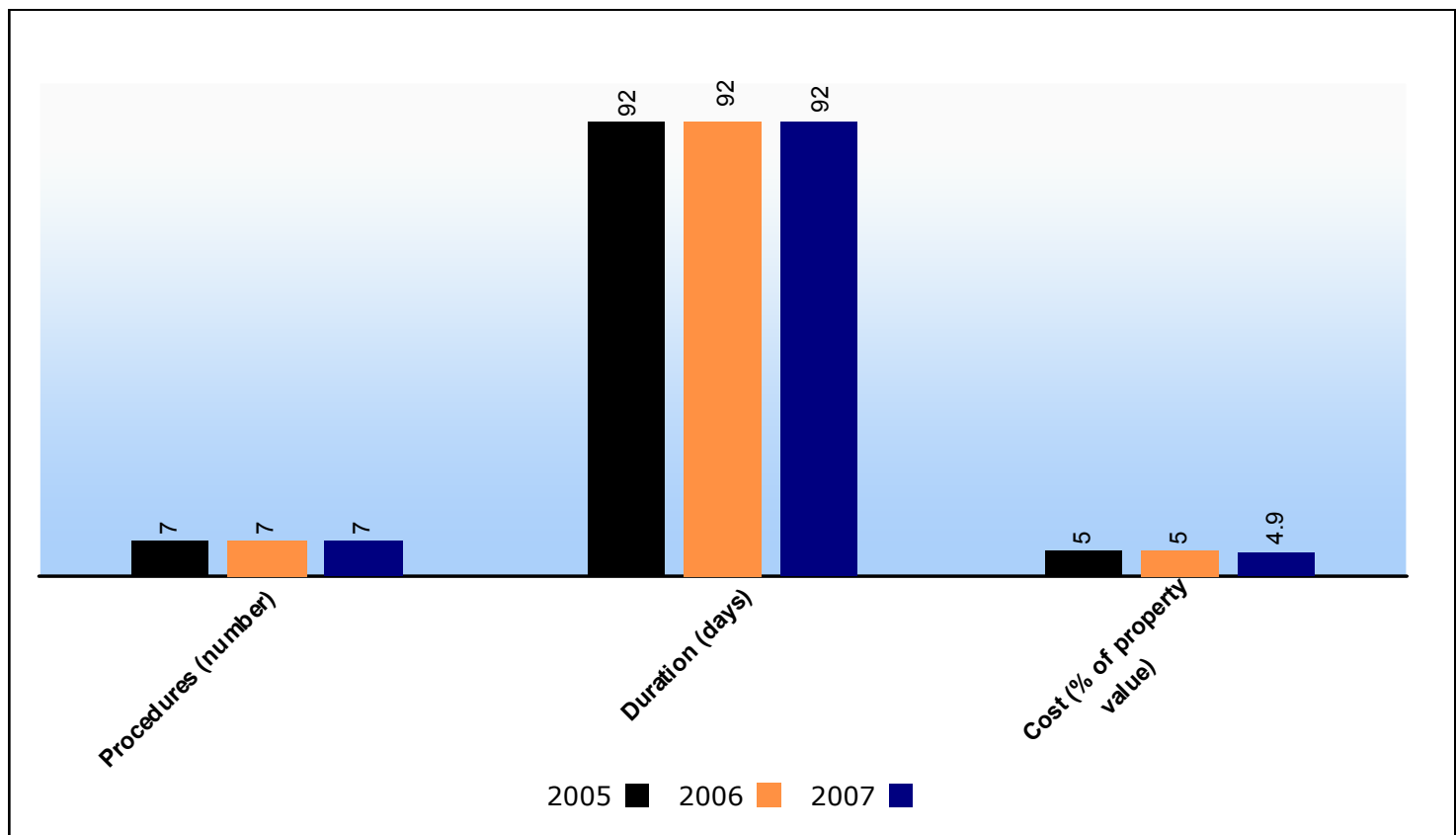
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. 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.

1. Historical data: Registering Property in Bolivia

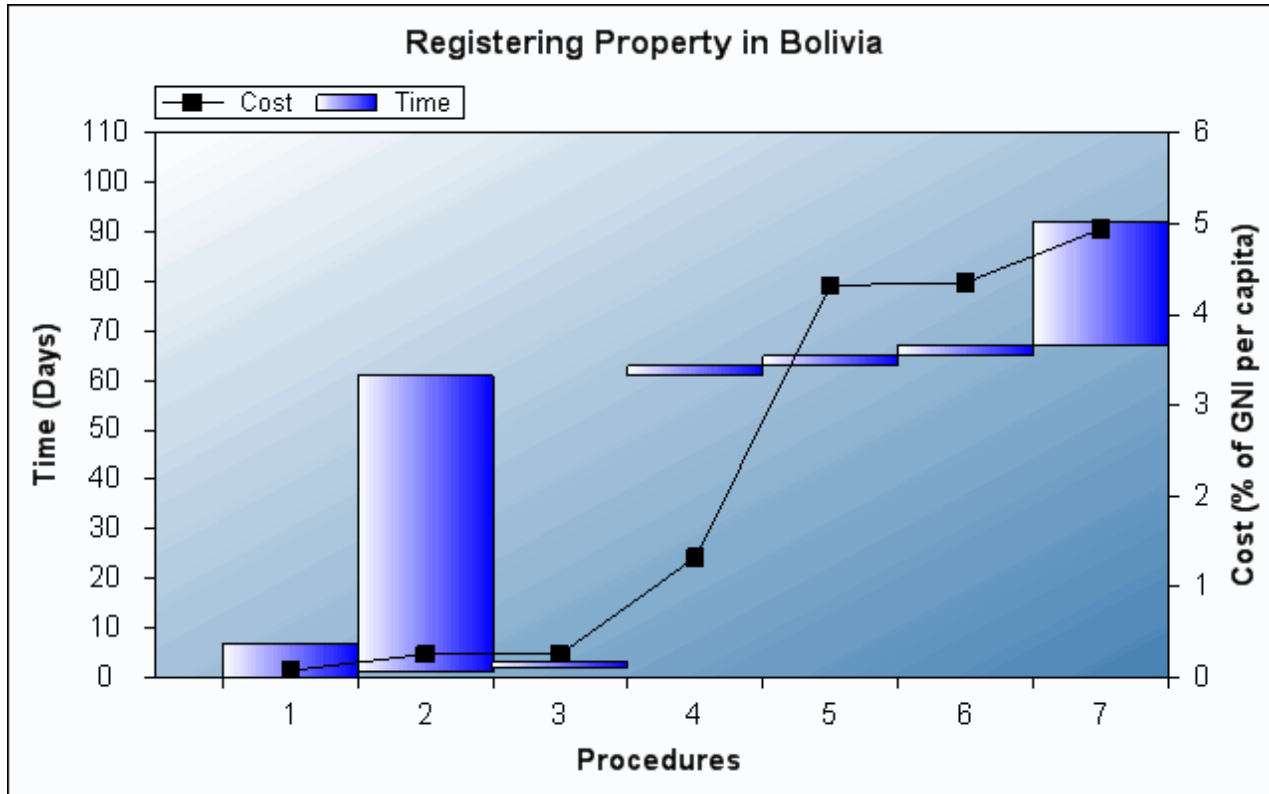
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		117	120
Procedures (number)	7	7	7
Duration (days)	92	92	92
Cost (% of property value)	5.0	5.0	4.9

2. The following graph illustrates the Registering Property indicators in Bolivia over the past 3 years:



3. Steps to Registering Property in Bolivia

It requires 7 procedures, takes 92 days, and costs 4.94% GNI per capita to register the property in Bolivia.



List of Procedures:

1. Obtain a non-encumbrance certificate ("Certificado Alodial") and a 10-year certificate of the property ("Certificado Decenal") at the F
2. An architect of the Municipality inspects the property and prepares the cadastral plan
3. The seller must obtain the Cadastral Unified Form at the Municipality including the cadastral value of the property
4. Lawyer prepares the sale agreement ("minuta")
5. The "minuta" is delivered to the Municipality for payment of transfer taxes and the name of buyer is recorded
6. The notary notarizes the "minuta" and prepares the public deed
7. The public deed is delivered to the Real Estate Office for its recording under the name of the buyer

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Bolivia is ranked 120 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Bolivia in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Bolivia compared to best practice and comparator economies:

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

Selected Economy			
Bolivia	7	92	4.9

Comparator Economies			
Argentina	5	65	7.6
Brazil	14	45	2.8
Chile	6	31	1.3
Ecuador	10	17	3.0
Peru	5	33	3.3

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Bolivia: Legal Rights and Credit Information

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:

- 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.
- 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.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

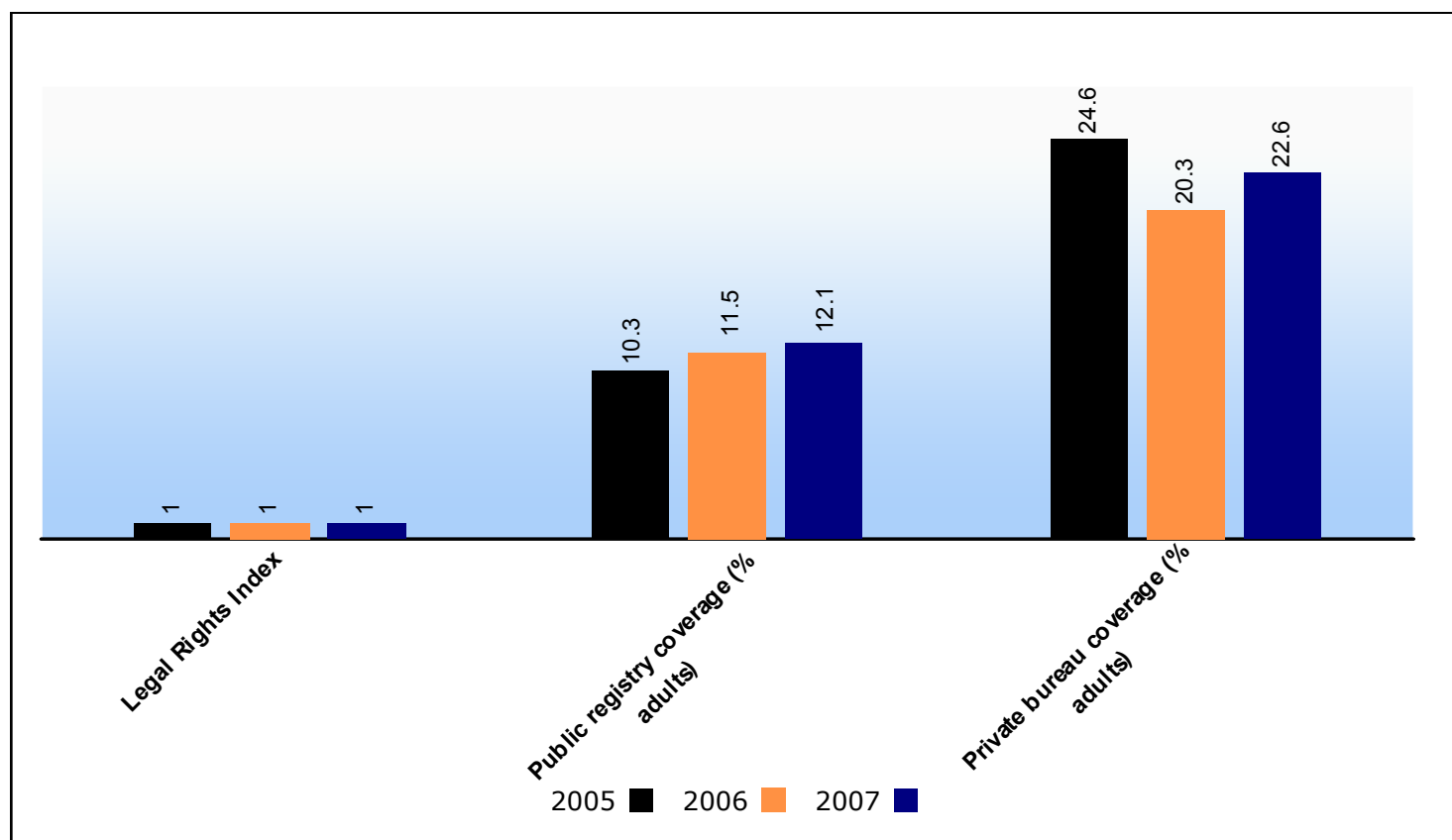
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Bolivia

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		94	97
Legal Rights Index	1	1	1
Public registry coverage (% adults)	10.3	11.5	12.1
Private bureau coverage (% adults)	24.6	20.3	22.6

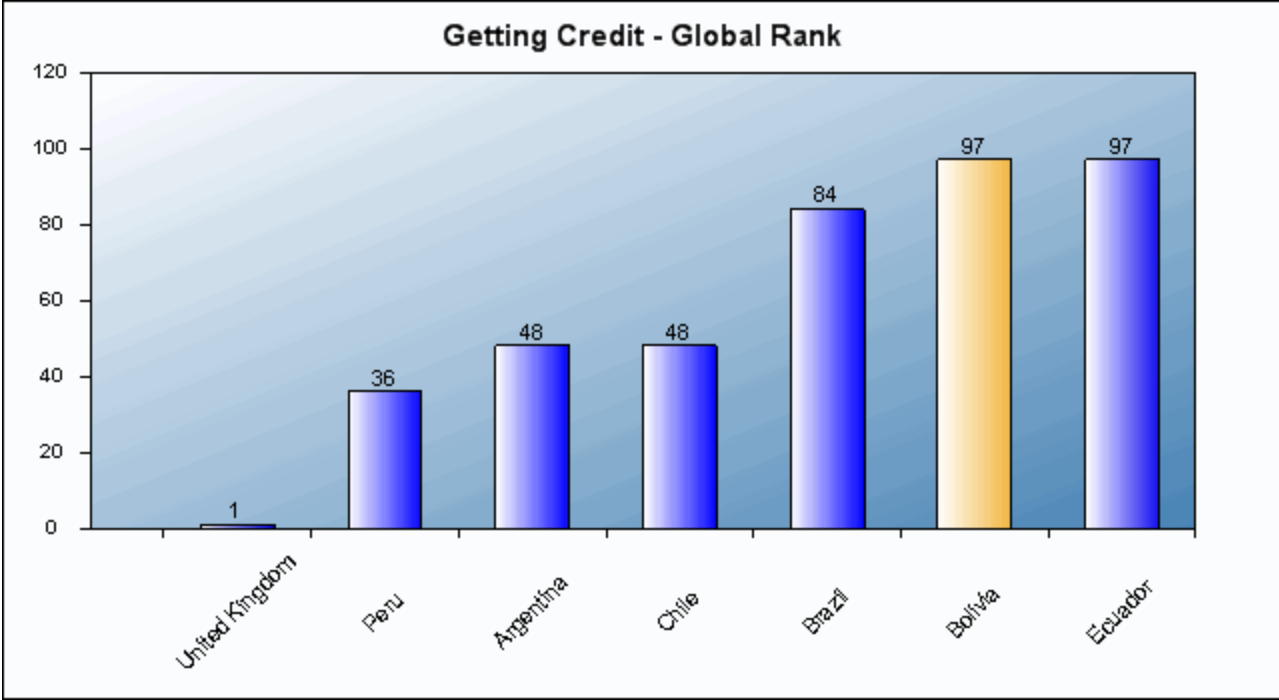
2. The following graph illustrates the Getting Credit indicators in Bolivia over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Bolivia is ranked 97 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Bolivia in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Bolivia compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Bolivia	1	12.1	22.6

Comparator Economies			
Argentina	3	25.5	100.0
Brazil	2	17.1	46.4
Chile	4	26.2	33.5
Ecuador	1	37.9	44.1
Peru	4	20.7	33.0

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

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

Protecting Investors in Bolivia

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. 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 unfair 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.

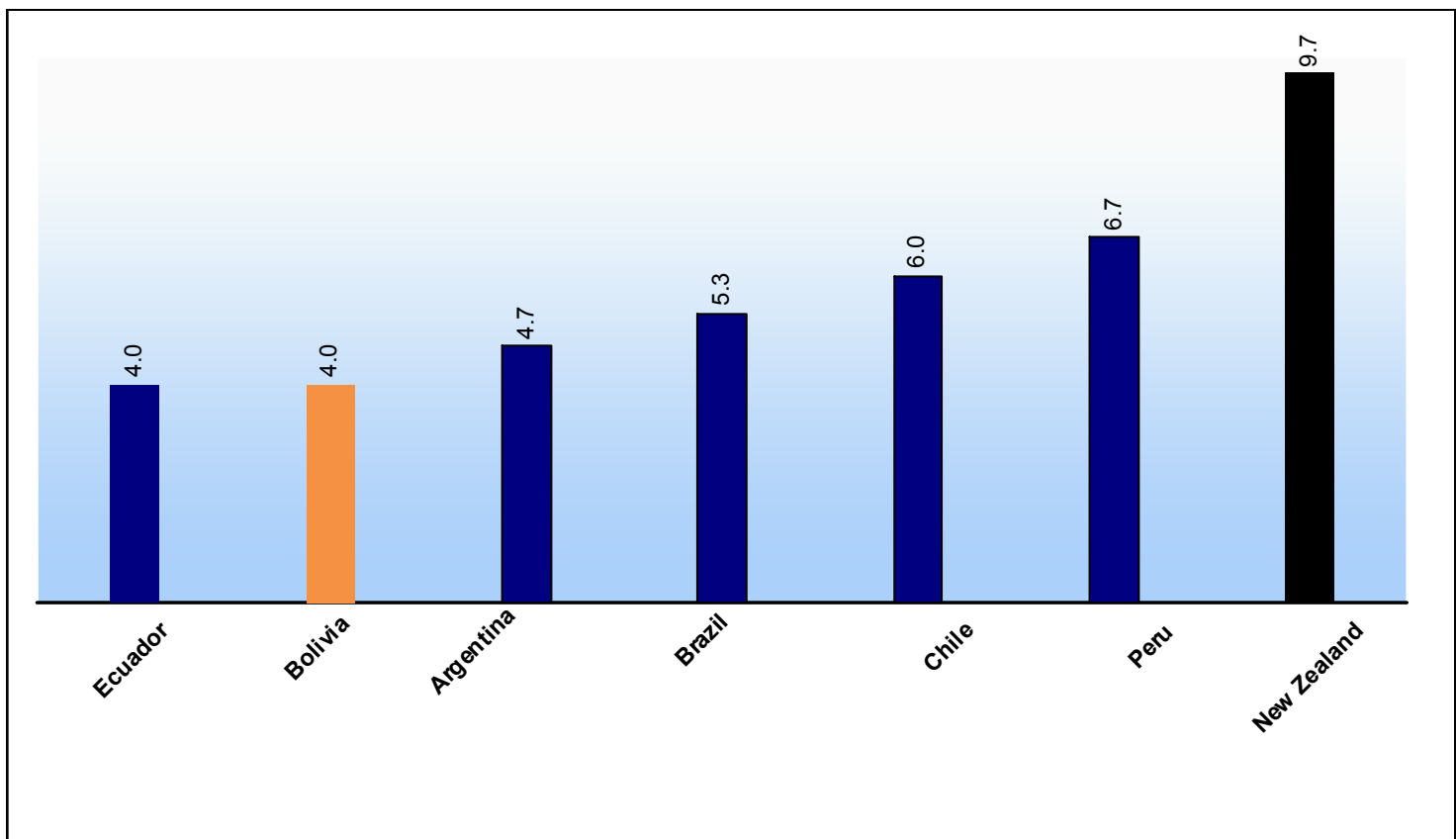
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Bolivia

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		120	122
Investor Protection Index	4.0	4.0	4.0

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

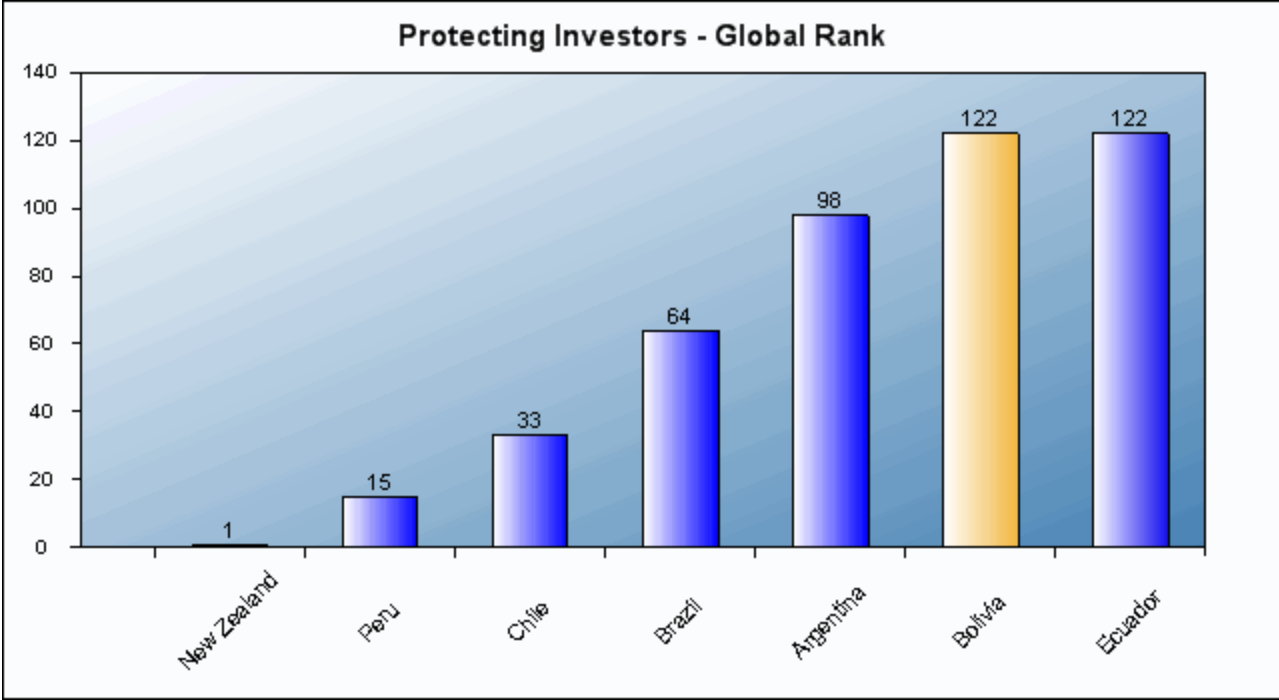


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Bolivia is ranked 122 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Bolivia in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Bolivia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Bolivia	4.0

<i>Comparator Economies</i>	
Argentina	4.7
Brazil	5.3
Chile	6.0
Ecuador	4.0
Peru	6.7

Paying Taxes: Tax Payable and Compliance in Bolivia

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor 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 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:

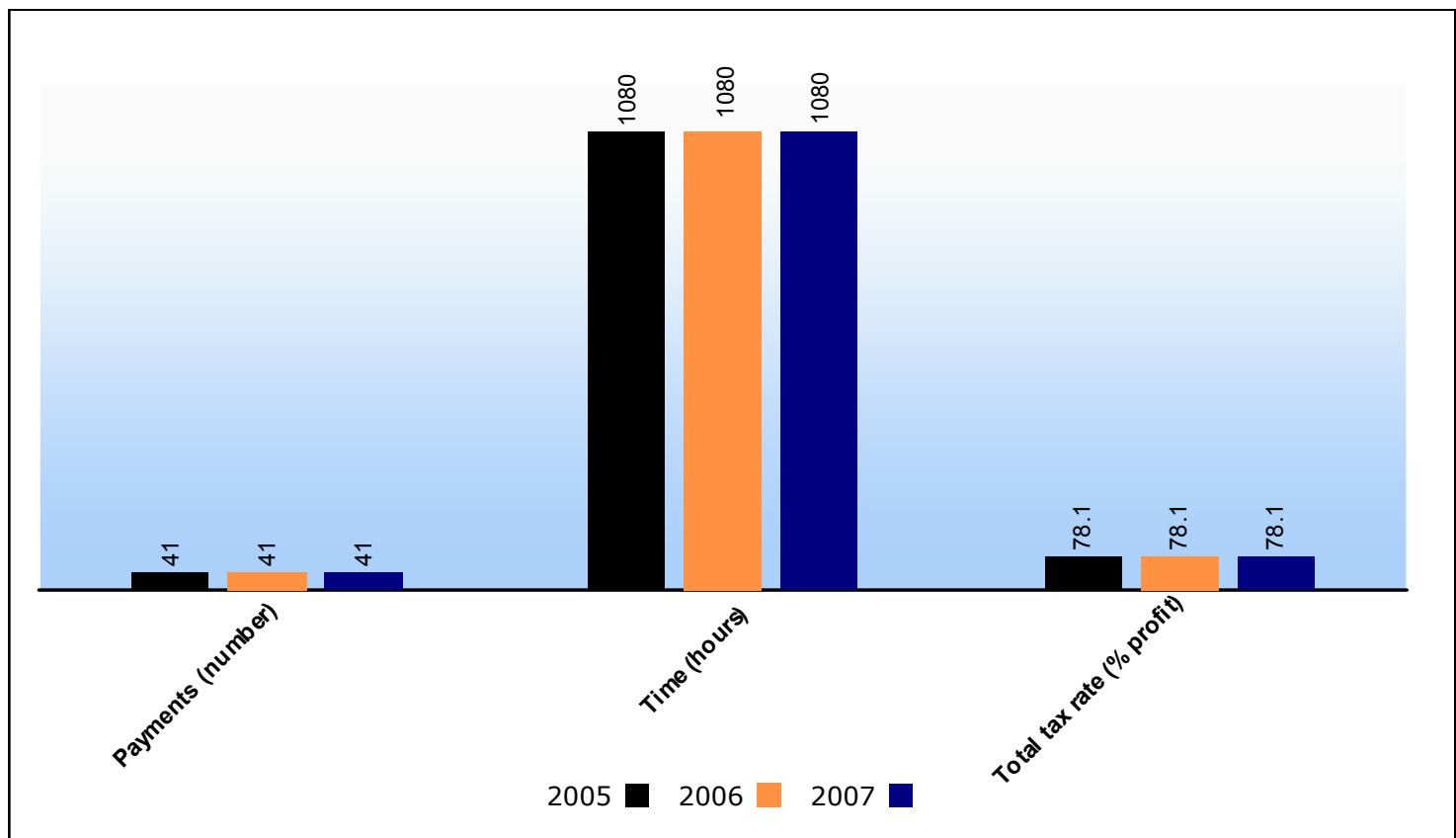
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes 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. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries 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 Bolivia

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		170	172
Time (hours)	1080	1080	1080
Total tax rate (% profit)	78.1	78.1	78.1
Payments (number)	41	41	41

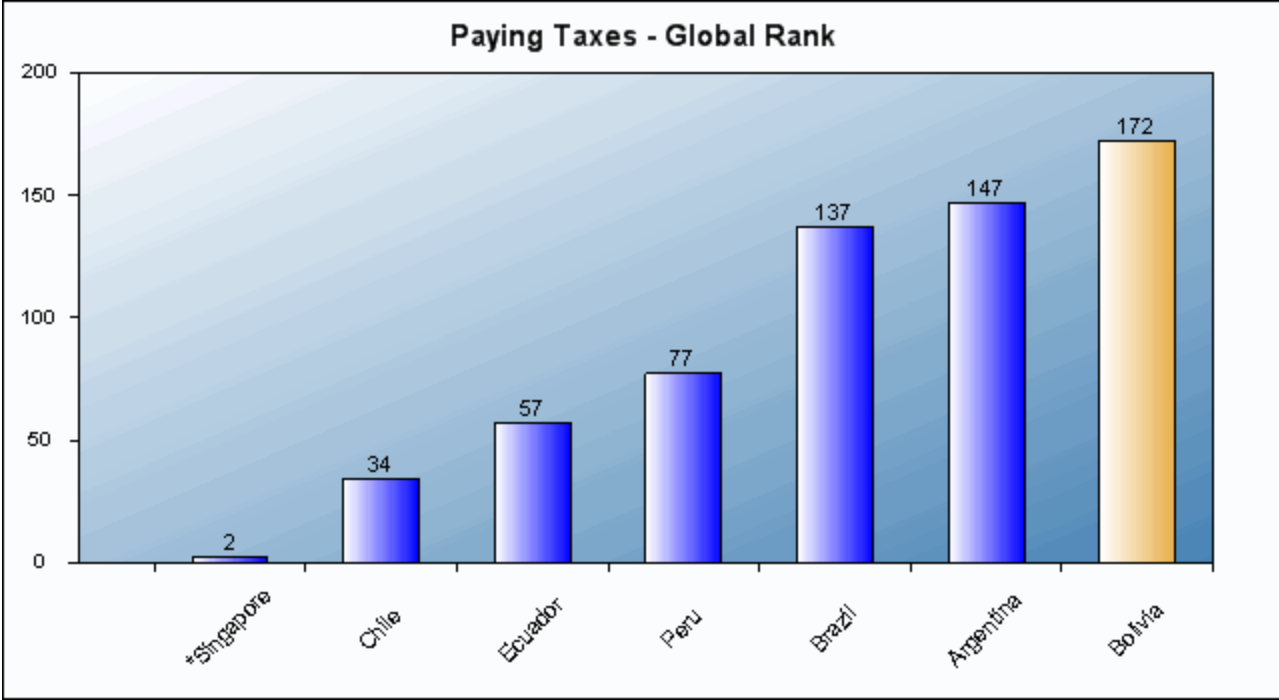
2. The following graph illustrates the Paying Taxes indicators in Bolivia over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Bolivia is ranked 172 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Bolivia in Paying Taxes - Compared to best practice and selected economies:



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Bolivia compared to best practice and comparator economies:

Best Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

Selected Economy			
Bolivia	41	1080	78.1

Comparator Economies			
Argentina	19	615	112.9
Brazil	11	2600	69.2
Chile	10	316	25.9
Ecuador	8	600	35.3
Peru	9	424	41.5

* The following economies are also best practice economies for :

Payments (number): Maldives

Time (hours): Maldives

Trading Across Borders: Importing and Exporting from Bolivia

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 faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down 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. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official 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 factory 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.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

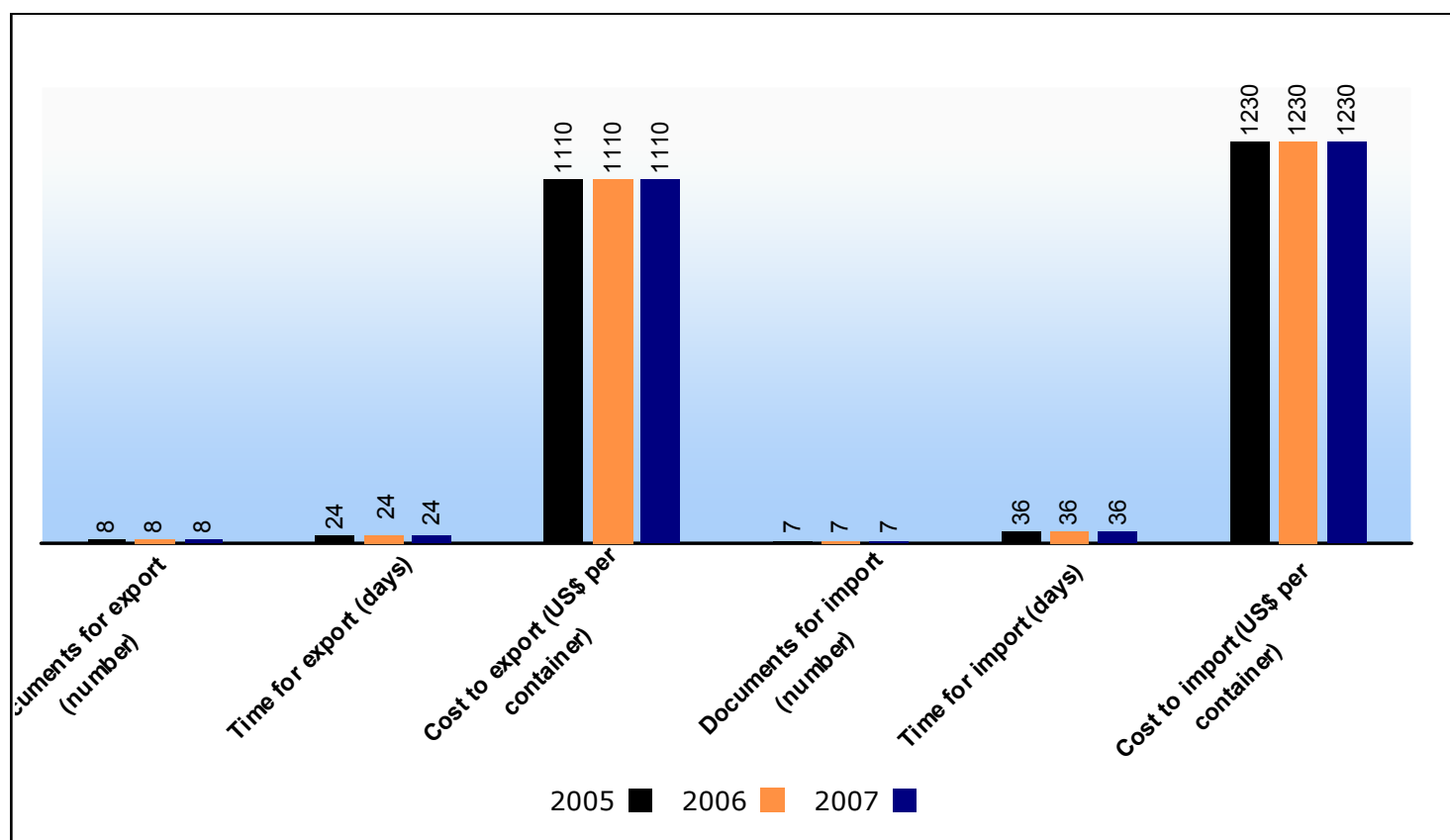
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. 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 trade taxes.

Countries 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 leads 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 avoid customs altogether. Instead, they smuggle goods across the border. That 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 Bolivia

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		109	115
Documents for export (number)	8	8	8
Time for export (days)	24	24	24
Cost to export (US\$ per container)	1110	1110	1110
Documents for import (number)	7	7	7
Time for import (days)	36	36	36
Cost to import (US\$ per container)	1230	1230	1230

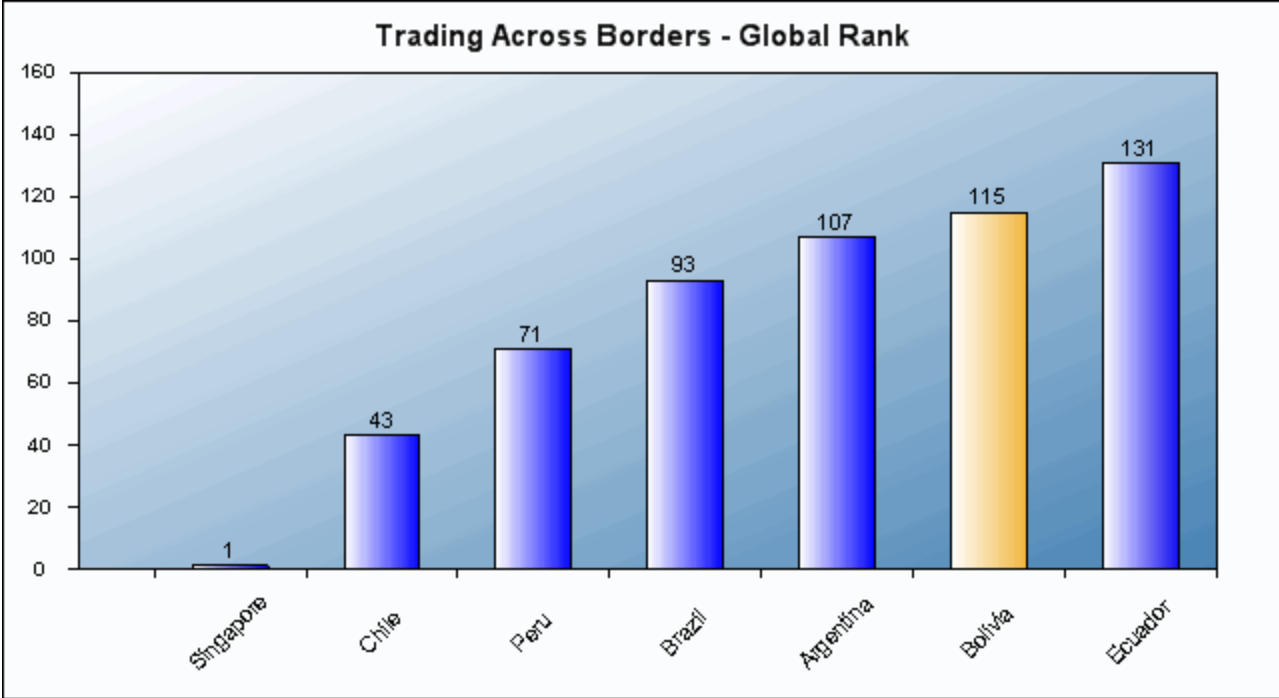
2. The following graph illustrates the Trading Across Borders indicators in Bolivia over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Bolivia is ranked 115 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Bolivia in Trading Across Borders - Compared to best practice and selected economies:



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

<i>Best Practice Economies</i>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<i>Selected Economy</i>						
Bolivia	8	24	1110	7	36	1230

<i>Comparator Economies</i>						
Argentina	9	16	1325	7	20	1825
Brazil	8	18	1090	7	22	1240
Chile	6	21	645	7	21	685
Ecuador	10	22	1090	8	44	1090
Peru	7	24	590	8	31	670

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in Bolivia

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 are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

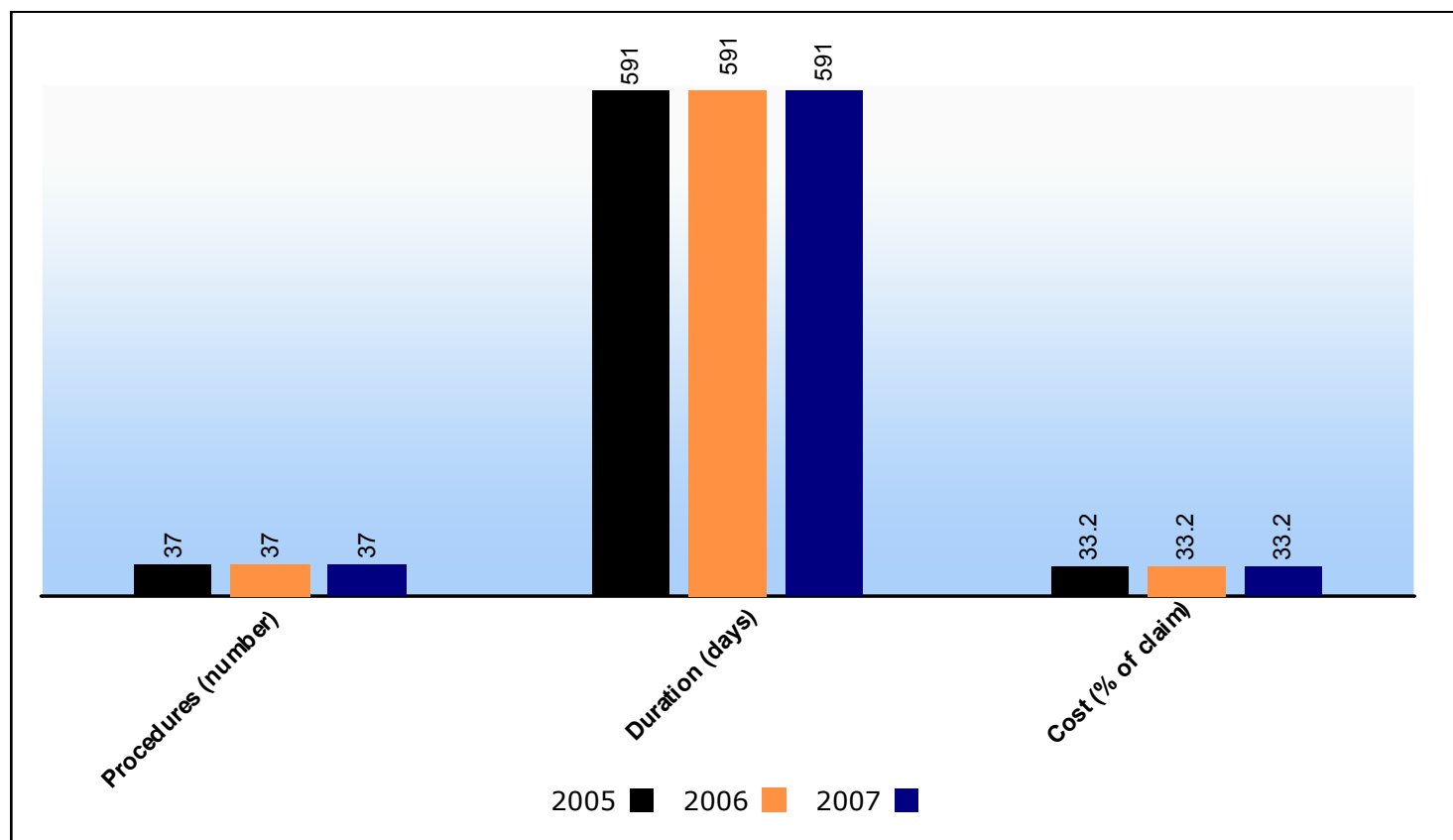
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Bolivia

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		110	112
Procedures (number)	37	37	37
Duration (days)	591	591	591
Cost (% of claim)	33.2	33.2	33.2

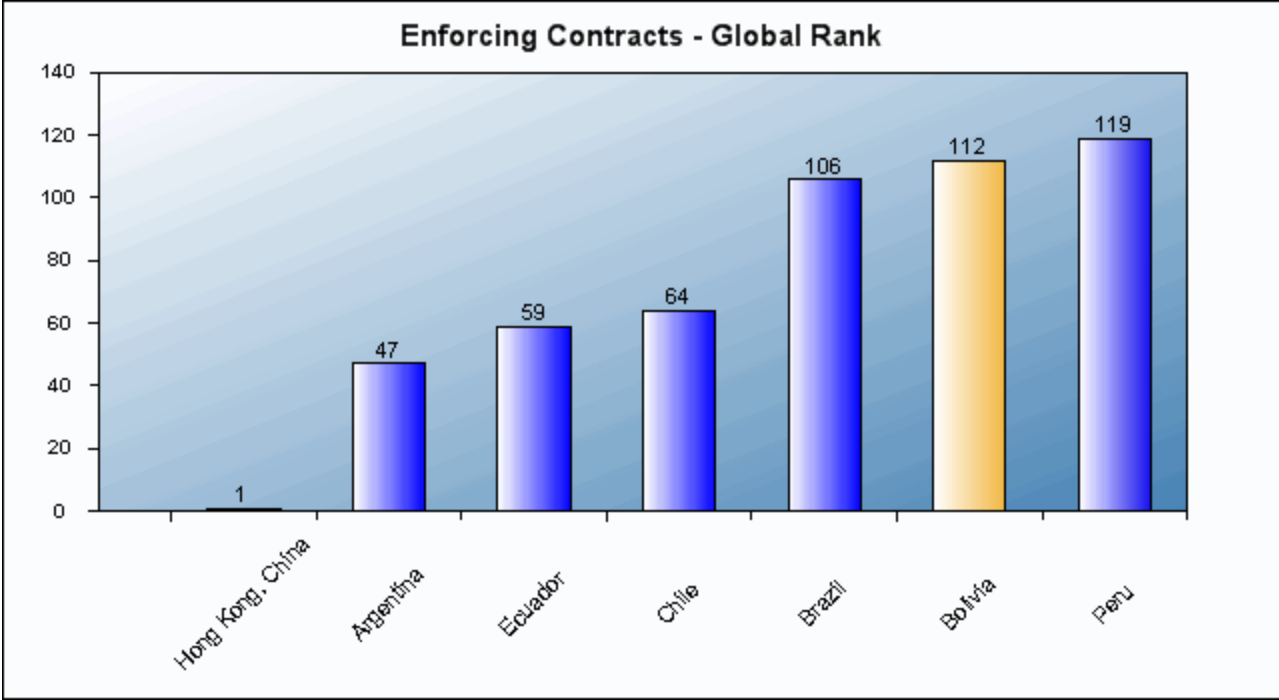
2. The following graph illustrates the Enforcing Contracts indicators in Bolivia over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Bolivia is ranked 112 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Bolivia in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Bolivia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

<i>Selected Economy</i>			
Bolivia	37	591	33.2

<i>Comparator Economies</i>			
Argentina	36	590	16.5
Brazil	45	616	16.5
Chile	36	480	28.6
Ecuador	39	498	20.8
Peru	41	468	35.7

Closing Business in Bolivia: Bankruptcy

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 creditors 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.

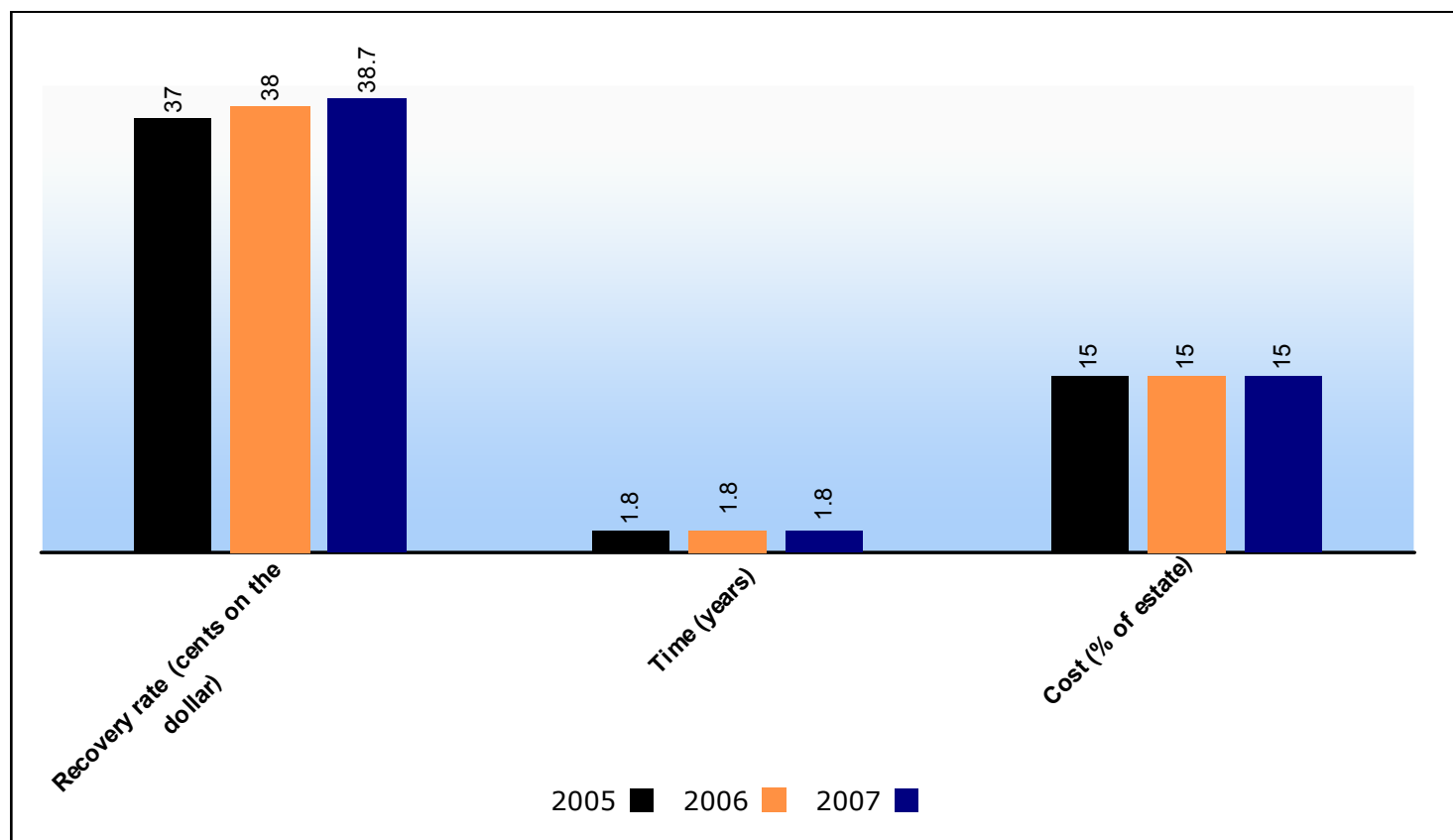
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, 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 Bolivia

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		55	52
Time (years)	1.8	1.8	1.8
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	37	38	38.7

2. The following graph illustrates the Closing Business indicators in Bolivia over the past 3 years:



3. Benchmarking Closing Business Regulations:

Bolivia is ranked 52 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Bolivia in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Bolivia compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of estate)
Colombia			1
Ireland		0.4	
Japan	92.6		

Selected Economy			
Bolivia	38.7	1.8	15

Comparator Economies			
Argentina	34.4	2.8	12
Brazil	14.6	4.0	12
Chile	23.8	4.5	15
Ecuador	16.9	5.3	18
Peru	24.7	3.1	7

Starting a Business in Bolivia

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

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima

Minimum Capital Requirement: BOB 300

City: La Paz

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check uniqueness of name at the Registry of Commerce in FUNDEMPRESA	1 day	no charge
2	An attorney draws the articles of incorporation, bylaws and constitution act, which includes the appointment of the provisory board.	1 day	BOB 6,500 legal fee + BOB 1,300 procurement for processing of documents with Registry = BOB 7,800
3	Notarize the articles of incorporation	1 day	BOB 1,000
4	Publish company deed (bylaws and statutes) in a national newspaper	2 days	BOB 80 per page
5	An accredited accountant prepares the opening balance sheet	1 day	BOB 1,000
6	The opening balance sheet is administered by the seal of the Colegio de Contadores	1 day	BOB 50 for each balance sheet
7	Register at the National Tax Service to obtain the tax identification number (Número de Identificación Tributaria, NIT)	1 day	no charge
8	Obtain a municipal business license and a municipal registration card (Padrón Municipal) from the municipality where the business is located	12 days	no charge
9 *	Municipal Government inspects the technical and environmental characteristics of the venue	1 day, included in the previous procedure	no charge
10	Obtain evidence of a bank deposit equivalent to at least 25% of subscribed and no less than 50% of authorized capital	1 day	no charge
11	Register company deed (bylaws and statutes) with the Fundación para el Desarrollo Empresarial – FUNDEMPRESA and obtain legal capacity	9 days	BOB 584.5
12	Register at the appropriate Chamber of Commerce or Industry	1 day	BOB 493

13	Register for national health insurance and short-term disability coverage	15 days	BOB 15 per form, 3 forms
14	Register at the Ministry of Labor, enroll in the Kardex Nacional de Establecimientos	1 day	BOB 50
15	Register employees with the pension fund managers (AFPs)	3 days	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Check uniqueness of name at the Registry of Commerce in FUNDEMPRESA

Time to complete: 1 day

Cost to complete: no charge

Comment: The existence of the company name can be verified by telephone at no cost. However, if a name reservation certificate is obtained, the fee is BOB 175.

Procedure 2 An attorney draws the articles of incorporation, bylaws and constitution act, which includes the appointment of the provisory board.

Time to complete: 1 day

Cost to complete: BOB 6,500 legal fee + BOB 1,300 procurement for processing of documents with Registry = BOB 7,800

Comment: Professional fees may vary. The lawyers association's fee schedule (Colegio de Abogados) establishes that the minimum fee for the company incorporation should be BOB 3,000 plus 2% of the company's capital. The fee for processing the formalities at the registry may also vary.

Procedure 3 Notarize the articles of incorporation

Time to complete: 1 day

Cost to complete: BOB 1,000

Comment: Several notarized copies of public deeds are required for filing according to the procedures discussed here. Most other documents required for registration must also be notarized. The notary cost is BOB 480–1,500 a copy.

Procedure 4 Publish company deed (bylaws and statutes) in a national newspaper

Time to complete: 2 days

Cost to complete: BOB 80 per page

Comment: According to Administrative Resolution SNRC–DN No. 254/2003 (issued by the National Service of Registry of Commerce, SENAREC, on May 30, 2003), the published announcement of a public deed of incorporation must contain a summary of the following shareholder characteristics, whether shareholders are natural persons or companies:

- For natural persons: age, name, profession, nationality, and marital status.
- For companies: bylaws; proof of incorporation; power of attorney; tax identification number (TIN); new company's denomination; corporate object or purpose; the amount of authorized, subscribed, and paid-in capital; the number, value, and nature of shares; and term.

The firm must wait until the documents are actually published before filing the request to obtain legal capacity with the Registry of Commerce.

Procedure 5 An accredited accountant prepares the opening balance sheet

Time to complete: 1 day

Cost to complete: BOB 1,000

Comment:

Procedure 6 The opening balance sheet is administered by the seal of the Colegio de Contadores

Time to complete: 1 day

Cost to complete: BOB 50 for each balance sheet

Comment:

Procedure 7 Register at the National Tax Service to obtain the tax identification number (Número de Identificación Tributaria, NIT)

Time to complete: 1 day

Cost to complete: no charge

Comment: Board Regulation Resolution No. 10-0032-04 (dated November 19, 2004) details the requirements and the procedures to obtain the tax identification number (TIN), which is mandatory for all commercial entities. The required documents to obtain that number are a notarized copy of the company's articles of incorporation, a utility (electricity or water) bill to evidence the venue, and a notarized copy of (a) the power of attorney in favor of the company's legal representative; and (b) that representative's identification.

Procedure 8 Obtain a municipal business license and a municipal registration card (Padrón Municipal) from the municipality where the business is located

Time to complete: 12 days

Cost to complete: no charge

Comment: This procedure requires that the respective form be filed at the sole municipal window along with the TIN document (photocopy), the last utility bill and a floor map of the venue, the power of attorney (photocopy), the legal representatives' identification cards, and the constitution deed (photocopy). For granting business licenses, the municipal government performs an onsite inspection to verify the venue's technical and environmental characteristics.

Procedure 9 Municipal Government inspects the technical and environmental characteristics of the venue

Time to complete: 1 day, included in the previous procedure

Cost to complete: no charge

Comment:

Procedure 10 Obtain evidence of a bank deposit equivalent to at least 25% of subscribed and no less than 50% of authorized capital

Time to complete: 1 day

Cost to complete: no charge

Comment: Of the authorized capital for a limited liability company (sociedad anónima), at least 50% of shares must be subscribed. At least 25% of all subscribed shares must be effectively paid in at incorporation, and the balance must be effectively paid within 2 years.

Procedure 11 Register company deed (bylaws and statutes) with the Fundación para el Desarrollo Empresarial – FUNDEMPRESA and obtain legal capacity

Time to complete: 9 days

Cost to complete: BOB 584.5

Comment: Since 2002 a concession for the Registry of Commerce has been granted to a private operator (Fundación para el Desarrollo Empresarial, FUNDEMPRESA).

Registering the company deed requires filing the bylaws; application for new registration; opening balance sheet, certified by the Colegio de Contadores; public deed of the constitution, comprising the charter documents and the deed whereby the provisional board of directors is appointed; and the bank certificate or deposit stub, certifying the deposit of the paid-in capital; and the publication made thereof.

Procedure 12 Register at the appropriate Chamber of Commerce or Industry

Time to complete: 1 day

Cost to complete: BOB 493

Comment: Pursuant to Article 54 of Supreme Decree 16833 (dated July 19, 1979) and to Supreme Decree 17242 (dated March 3, 1980), all companies must be registered at their respective chambers of commerce.

Procedure 13 Register for national health insurance and short-term disability coverage

Time to complete: 15 days

Cost to complete: BOB 15 per form, 3 forms

Comment: The employer may register with any health insurance institution (Caja Nacional de Salud, Caja Petrolera de Salud, Caja de Salud de la Banca Privada, etc.). The employer fills and submits the required forms, attaching copies of the proof of identification for the company's legal representative, the articles of incorporation, the commercial registry certificate, the tax identification number (TIN), the opening balance sheet (duly registered) and payroll, and employees' civil status (along with names, proof of identity, and names of dependents). Three forms must be completed for the employer and two for each employee.

Procedure 14 Register at the Ministry of Labor, enroll in the Kardex Nacional de Establecimientos

Time to complete: 1 day

Cost to complete: BOB 50

Comment: According to Resolution No. 002/04, issued by the Ministry of Labor on January 13, 2004, the employer registration process was simplified, requiring the filing of the following:

- Unified employers registry form.
- Presentation of first monthly payroll.
- Bank deposit of BOB 50.

The employer must complete this procedure within 3 months from the date of employee hire.

Procedure 15 Register employees with the pension fund managers (AFPs)

Time to complete: 3 days

Cost to complete: no charge

Comment: New employees must register within 10 days of entry into duty. If the employee refuses to register during this time, the employer must fulfill the requirement.

Actual contributions are 1.71% for employers and 12–21% for employees.

Fill out the employer registration form, the TIN document (photocopy), proof of identification for the legal representative (photocopy), and documents attesting the initiation of company activities (photocopy) (for example, the go-ahead given by the social security, labor contracts of its employees with a photocopy of the identification of each, a signed document whereby the employees state their first

contribution; note that one of these documents will suffice).

Dealing with Licenses in Bolivia

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

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: La Paz

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain (or download) a form from the municipality	1 day	BOB 70
2	Request and obtain a cadastre certificate	60 days	BOB 1,690
3	Request and obtain royal folio (Folio Real en Oficina de Derechos Reales)	20 days	BOB 53
4	Request and obtain a zoning permit (Traso Vial) from municipality	45 days	BOB 96
5	Submit and obtain approval of plans by Architects' Association	30 days	BOB 1,522
6	Request construction permit	1 day	no charge
7	Receive inspection by the municipality	1 day	no charge
8	Obtain the construction permit at the municipality	43 days	BOB 6,503
9	Request water and sewage connection	1 day	no charge
10 *	Receive a technical inspection (water connection feasibility study)	1 day	no charge
11 *	Connect to water and sewage services	46 days	BOB 4,581
12 *	Request electrical connection from ELECTROPAZ	1 day	no charge
13 *	Receive inspection by electricity provider	1 day	no charge
14 *	Receive connection to electricity services by ELECTROPAZ	6 days	BOB 2,689
15 *	Request telephone line services from COTEL	1 day	no charge
16 *	Receive telephone line inspection	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain (or download) a form from the municipality

Time to complete: 1 day

Cost to complete: BOB 70

Comment: The relevant application form may be downloaded from the municipality's Web site (www.lapaz.bo).
(see Procedure 2 comment).

Procedure 2 Request and obtain a cadastre certificate

Time to complete: 60 days

Cost to complete: BOB 1,690

Comment: To request the cadastre certificate, a form must be picked up at the municipality (where stamps must be purchased) for a fee of BOB 70). The form must be completed by an architect recognized by the municipality (the architect is assumed to be a BuildCo employee). Typically, such an architect would charge about BOB 200 to BOB 500. Finally, a topographic plot plan must be acquired and attached to the form. Such plan costs about BOB 1,620. Fees are paid at the municipality and amount to BOB 1,620 + BOB 70 = BOB 1,690.

Fee schedule for cadastre certificate request:

- Form: BOB 70.
- Topographic plot plan: BOB 1,620.
- Architect fee: BOB 200 to BOB 500.

Procedure 3 Request and obtain royal folio (Folio Real en Oficina de Derechos Reales)

Time to complete: 20 days

Cost to complete: BOB 53

Comment: The royal folio indicates the land's location, surface and limits, and ownership history. To obtain this folio, BuildCo must present an application letter, attaching two copies of the testimony of property from the real estate office and two copies of the owner's identity card.

Procedure 4 Request and obtain a zoning permit (Traso Vial) from municipality

Time to complete: 45 days

Cost to complete: BOB 96

Comment: To obtain a zoning permit (Traso Vial) a special form must be completed by a professional licensed by the College of Architects of La Paz. The professional may be a BuildCo staff member. La Paz does not have updated, comprehensive maps of some zones (particularly industrial zones). The current maps date back to 1986. This document defines construction impact on adjacent zones.

Owing to the backlog created by newly hired professionals, the procedure takes on average 45–60 days.

Procedure 5 Submit and obtain approval of plans by Architects' Association

Time to complete: 30 days

Cost to complete: BOB 1,522

Comment: The actual cost is based on a table of fees determined by the Architects Association. Given the characteristics of the warehouse, the following cost formula applies: $A * B * C = R$, where
 A = Area of the terrain (expressed in square meters).
 B = USD 2.76 (may vary, depending on the actual area of the terrain).
 C = 0.055 (a percentage given by the Architects Association).
 R = The real cost (assumed to be USD 197.43 or its equivalent in BOB).

Procedure 6 Request construction permit

Time to complete: 1 day

Cost to complete: no charge

Comment: To request a construction permit, BuildCo must submit the following documentation:

- Written letter to the municipality.
- Single registration form (formulario único de administración predial) (download at the municipality Web site).
- Cadastre certificate (Procedure 3).
- Property title (copy).
- Royal folio (Procedure 5).
- Receipt of last five property tax payments.
- Identification card (copy).
- Plans (original and copy).

Cost is calculated by the square meter (about BS 0.85/ sq. m.).

The municipality reviews the documents and enters the application data into the electronic system SITR@M. After 5 business days, the architect in charge returns to the Municipality to arrange a date for the on-site inspection (preferably scheduled more than 2 business days later). In case of objections or observations, all documents are returned to the architect, and the rejection is documented on the single form (FUAP). After the inspection, the municipality informs BuildCo of the fee assessed and fills out the single municipal form (formulario unico municipal). After the inspection, GENISIS (the computerized system) calculates the overall fees and produces the single municipal form (formulario unico municipal).

Procedure 7 Receive inspection by the municipality

Time to complete: 1 day

Cost to complete: no charge

Comment: The inspectors confirm that the plans and the site fulfill all regulatory requirements.

Procedure 8 Obtain the construction permit at the municipality

Time to complete: 43 days

Cost to complete: BOB 6,503

Comment: Fees are paid at the municipality after the plans have been approved. Owing to backlogs at the municipality, the total time is 45 days (from date of request to receipt of permit).

Procedure 9 Request water and sewage connection

Time to complete: 1 day

Cost to complete: no charge

Comment: To request a water and sewage connection, BuildCo must submit the following required documents:

- Royal folio (folio real en derechos reales).
- Identification.
- Location plan.
- Sanitary plan (if the building has two or more floors).

Procedure 10 Receive a technical inspection (water connection feasibility study)

Time to complete: 1 day

Cost to complete: no charge

Comment: Once the application form has been received, the technical inspection determines the feasibility of service. Following the inspection, @ the water utility provider, Aguas de Illimani, calculates the water and sewage connection fee.

Procedure 11 Connect to water and sewage services

Time to complete: 46 days

Cost to complete: BOB 4,581

Comment:

Procedure 12 Request electrical connection from ELECTROPAZ

Time to complete: 1 day

Cost to complete: no charge

Comment: To request an electrical connection, BuildCo must submit the following:

- Identification.
- Proof of ownership.
- Attestation of no pending debts for electricity services.

Procedure 13 Receive inspection by electricity provider

Time to complete: 1 day

Cost to complete: no charge

Comment: Once the application form has been received, ELECTROPAZ visits the site the next business day.

Procedure 14 Receive connection to electricity services by ELECTROPAZ

Time to complete: 6 days

Cost to complete: BOB 2,689

Comment: The cost depends on which of the two types of meters (monophasic or triphasic), as follows:

1. Monophasic meters, used for buildings with a relatively low rate of electricity consumption. The cost of installation varies with the zone where the building is located. In this example, the fee would be BOB 450, in addition to a special fee, paid only once and added to the first bill, of BOB 53.

2 Triphasic meters, used for buildings with a relatively high rate of electricity consumption. Because the warehouse will have air conditioning and electrical heat systems, this type of meter would probably be required. The installation cost is BOB 600 plus the special fee, paid only once and added to the first bill, of BOB 89.

When a triphasic meter is required, BuildCo must purchase its own meter, the cost of which depends on specific technical conditions and varies between BOB 2,000 and BOB 3,000.

The cost is thus BOB 2,000+ BOB 689 = BOB 2,689.

Procedure 15 Request telephone line services from COTEL

Time to complete: 1 day

Cost to complete: no charge

Comment: The telephone line should be requested at COTEL, where a technician conducts an inspection and decides on the availability of a connection. If available, the line would be installed in 7 working days. Otherwise, it might take up to 2 months until a connection is available. In this case, it is assumed that a connection is available.

Procedure 16 Receive telephone line inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 17 Connect to telephone line

Time to complete: 8 days

Cost to complete: BOB 300

Comment:

Employing Workers in Bolivia

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

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		79.3
Difficulty of Hiring Index		77.8
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	24	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.39	0.33
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		100.0
Is the termination of workers due to redundancy legally authorized?	No	10
Must the employer notify a third party before terminating one redundant worker?	N/A	0
Does the employer need the approval of a third party to terminate one redundant worker?	N/A	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	N/A	0
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	N/A	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	N/A	0
Are there priority rules applying to redundancies?	N/A	0
Are there priority rules applying to re-employment?	N/A	0
Firing costs (weeks of wages)		
What is the notice period for redundancy dismissal after 20 years of continuous employment (weeks of salary)		not possible

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary) not possible

What is the legally mandated penalty for redundancy dismissal? (weeks of salary) not possible

Nonwage labor cost (% of salary)	13.7
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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 Bolivia

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

STANDARDIZED PROPERTY

Property Value: 55,000.00

City: La Paz

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a non-encumbrance certificate ("Certificado Alodial") and a 10-year certificate of the property ("Certificado Decenal") at the Real Estate Office	7 days (simultaneous with procedures 2 and 3)	BOB 165 each certificate
2 *	An architect of the Municipality inspects the property and prepares the cadastral plan	60 days (simultaneous with procedures 1 and 3)	BOB 800 (architect's fees)
3 *	The seller must obtain the Cadastral Unified Form at the Municipality including the cadastral value of the property	1 day (simultaneous with procedures 1 and 2)	no cost
4	Lawyer prepares the sale agreement ("minuta")	2 days	BOB 300 + 1% of the price of the transaction
5	The "minuta" is delivered to the Municipality for payment of transfer taxes and the name of buyer is recorded	2 days	3% transfer tax levied on the cadastral value of the property or purchase price, whichever is higher
6	The notary notarizes the "minuta" and prepares the public deed	2 days	BOB 30 for each page of the "minuta" (assuming 4 pages)
7	The public deed is delivered to the Real Estate Office for its recording under the name of the buyer	25 days	BOB 400 + 0.5% on the cadastral value of the property or purchase price, whichever is higher (registration fee)

* Takes place simultaneously with another procedure.

Procedure 1	Obtain a non-encumbrance certificate (“Certificado Alodial”) and a 10-year certificate of the property (“Certificado Decenal”) at the Real Estate Office
Time to complete:	7 days (simultaneous with procedures 2 and 3)
Cost to complete:	BOB 165 each certificate
Comment:	Both certificates must be obtained by the seller before starting the transaction formally. The 10-year certificate shows all the owners of the property in the last 10 years. The documentation shall include application forms.
Procedure 2	An architect of the Municipality inspects the property and prepares the cadastral plan
Time to complete:	60 days (simultaneous with procedures 1 and 3)
Cost to complete:	BOB 800 (architect’s fees)
Comment:	An architect of the Municipality must go and verify the property to determine its cadastral value and prepare a cadastral plan. This plan is required to obtain the Cadastral Unified Form in the Municipality.
Procedure 3	The seller must obtain the Cadastral Unified Form at the Municipality including the cadastral value of the property
Time to complete:	1 day (simultaneous with procedures 1 and 2)
Cost to complete:	no cost
Comment:	The seller picks up the map prepared by the architect at the Municipality, and at the same time obtains Cadastral Unified Form, including the cadastral value of the property. This form is usually not in possession of the seller or it is not up to date due to modifications on the property. The documentation shall include: Public Deed of the purchase of the property Public Deed of the purchase by the previous owner Property Title issued by the Real Estate Office Yearly property taxes for the last 5 years ID of the seller Proof of payments of electricity services Cadastral map/plan of the property prepared by an architect (obtained in Procedure 2)
Procedure 4	Lawyer prepares the sale agreement (“minuta”)
Time to complete:	2 days
Cost to complete:	BOB 300 + 1% of the price of the transaction
Comment:	The seller is responsible for gathering all the documentation, which includes: Property title issued by the Real Estate Office Non-encumbrance and 10 years certificate of the property (obtained in Procedure 1) Yearly property taxes proof of payment for the last 5 years Public deed of the purchase of the property Photocopy of the ID of seller Cadastral Unified Form issued by the Municipality (obtained in Procedure 3)
Procedure 5	The “minuta” is delivered to the Municipality for payment of transfer taxes and the name of buyer is recorded

Time to complete: 2 days

Cost to complete: 3% transfer tax levied on the cadastral value of the property or purchase price, whichever is higher

Comment: A sales tax certificate is obtained, and the name of the buyer is registered at the Municipality. The documentation shall include the sale agreement or “minuta.”

Procedure 6 The notary notarizes the “minuta” and prepares the public deed

Time to complete: 2 days

Cost to complete: BOB 30 for each page of the “minuta” (assuming 4 pages)

Comment: The “minuta” is executed by a Public Notary, who prepares the public deed. The number of pages of the “minuta” or sale agreement depends on the lawyer and the clauses in the contract between the buyer and the seller.
The documentation shall include:
Sales tax certificate
Certificate that buyer is registered at the Municipality

Procedure 7 The public deed is delivered to the Real Estate Office for its recording under the name of the buyer

Time to complete: 25 days

Cost to complete: BOB 400 + 0.5% on the cadastral value of the property or purchase price, whichever is higher (registration fee)

Comment: Even though the Real Estate Office has been computerized recently, most of the information on previous titles is not in the system, requiring large amounts of time to search physically for old titles. This step would require a considerable less amount of time when all the information is included on the system.
The documentation shall include:
The “minuta” notarized
Public deed

Getting Credit in Bolivia

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

Getting Credit Indicators (2007)			Indicator
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?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
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	No	1
Coverage	22.6	12.1	
Number of individuals	1,299,160	699,103	
Number of firms	7,522	4,087	
Legal Rights Index			1
Does the law allow all natural and legal persons to be party to collateral agreements?			No
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			No
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			No
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			No
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in Bolivia

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

Protecting Investors Data (2007)	Indicator
Disclosure Index	1
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	1
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	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 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)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
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)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	1
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	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 Bolivia

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Bolivia, 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		480	13% (effective rate 14.94%)	value added		not included
Tax on financial transactions	1			0.0%	bank transactions	0.02	
Vehicle tax	1			varies	vehicle value	0.13	
Local tax	1			varies		0.60	
Property tax	1			varies	property value	0.96	
Social security contributions	12		480	13.7%	gross salaries	15.46	
Corporate income tax	1		120	25.0%	taxable profits	18.68	included in other taxes
Transactions tax	12			3.0%	turnover including VAT	60.96	
Totals	41		1080			78.1	

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 Bolivia

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	15	
Customs clearance and technical control	1	35
Ports and terminal handling	1	75
Inland transportation and handling	7	1000
Totals	24	1110

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	29	100
Customs clearance and technical control	2	55
Ports and terminal handling	1	75
Inland transportation and handling	4	1000
Totals	36	1230

Export

Certificate of origin

Collection order

Commercial invoice

Customs export declaration

Export license (from CAMEX)

Inspection Report from Fuerza Especial de Lucha Contra el Narcotráfico

Packing list

Technical standard/health certificate

Import

Bill of lading

Certificate of origin

Commercial invoice

Customs import declaration

Customs transit document

Import license

Packing list

Enforcing Contracts in Bolivia

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

Nature of Procedure (2007)	Indicator
Procedures (number)	37.00
Duration (days)	591.00
Filing and service	21.0
Trial and judgment	420.0
Enforcement of judgment	150.0
Cost (% of claim)*	33.19
Attorney cost (% of claim)	10.0
Court cost (% of claim)	20.4
Enforcement Cost (% of claim)	2.8

Court information: La Paz Civil Court ("Juzgado de Instruccion")

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