

Doing Business 2010 Released by World Bank.

In a year that saw fast paced reforms with 67 regulatory reforms recorded in 29 of 46 countries in sub-Saharan Africa, the *Doing Business 2010: Reforming through Difficult Times*, the seventh in a series of annual reports published by the IFC and the World Bank was launched on September 8th 2009.

The *Doing Business* series measures the regulatory cost of doing business in 183 economies. It aims at investigating the regulations that enhance business activity and those that constrain it. It looks at the impact of regulation on businesses at ten stages of a typical business's life cycle: Starting a business, Dealing with construction permits, Employing workers, Registering property, Getting credit, Protecting investors, Paying taxes, Trading across borders, Enforcing contracts and Closing a business¹. Data for each economy is updated annually and *Doing Business* publishes rankings for each economy according to its performance on the 10 indicator sets and the overall ease of doing business.²

Uganda currently ranks 112th out of the 183 economies measured by the newly released *Doing Business 2010* report on the overall ease of doing business. On six areas, Uganda ranks in the bottom half: Starting a business (129th), Registering property (149th), Getting Credit (113th), Protecting investors (132nd), Trading across borders (145th) and Enforcing contracts (116th). Uganda's top performance is in the Employing workers indicator, where it ranks 7th. Ranked among African countries, Uganda is in the 11th position out of 46 African countries surveyed. Rwanda was the top most performing country in Africa having moved from the 147th position in 2009 to the 67th position. Presently in Rwanda; entrepreneurs can start a business in 2 procedures and 3 days. In Uganda, it takes 18 procedures and 25 days to start a business.

Low performance in the rankings on several topics indicates that there are numerous opportunities for further reforms in Uganda.

¹ The *Doing Business* methodology has its limitations. Other areas important to a 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, macroeconomics conditions or the underlying strength of institutions – are not measured directly by *Doing Business*.

² The ease of doing business ranking is a simple average of the country percentile rankings on each of the 10 topics covered by *Doing Business*.

Table 1: Doing Business Comparison of Uganda's performance 2010 and 2009.

Indicator	2010	2009³	Change
Ease of doing Business	112	106	-6
Starting a Business	129	129	0
Dealing with Licenses	84	80	-4
Employing Workers	7	8	+1
Registering Property	149	156	+7
Getting Credit	113	109	-4
Protecting Investors	132	127	-5
Paying Taxes	66	71	+5
Trading Across Borders	145	145	0
Enforcing Contracts	116	118	+2
Closing a Business	53	53	0

Source: Doing Business 2010

Uganda has performed relatively well according to the paying taxes and employing workers indicators. This implies that Uganda with non-rigid/flexible labor regulations had many business start-ups compared to other countries. Uganda through ongoing improvements in the Land Registry made a 7-point improvement from 156th position in the Doing Business 2009 Report to 149th. Uganda also sped up trading times through better customs processes, increased operating hours at the port of Mombasa, and improved cooperation at the border.

However, there is a need to improve the performance of the other Doing Business indicators. Having flexible labor regulations with low labor costs doesn't translate to high productivity. Uganda is now focusing its reforms for improvement that will ultimately lead to the following:

1. Simplification of business registration formalities. This calls for consolidating procedures for start-up and launching online services for Company Registration. Online name searches, and the computerization of registration records will halve the time of business registration by over 50%.

³ Doing Business 2009 rankings have been recalculated to reflect changes in methodology and the addition of two new countries.

2. Streamlined property registration procedures. Ongoing reforms that are focusing on turning the land registry electronic will lead to shorter land title processing times. This is being undertaken through the Private Sector Competitiveness Project (PSCP II).
3. Launching a one stop shop for traders at major borders to support filling in of relevant documentation. This will greatly cut the time and cost to import and export. The VAT and TIN application forms will be collapsed into one application form to reduce on the procedures involved to import and export goods.
4. Improving the efficiency of public institutions.
5. Passing key commercial laws e.g. the Draft Companies Bill, Capital Markets Amendment Bill and the Insolvency Bill.
6. Introduction of a Small Claims Procedure at the Commercial Court to reduce delays in solving commercial disputes.

A reform memorandum that describes potential reforms that Uganda could implement to improve the ease of doing business has been developed spearheaded by the CICS Secretariat and key implementing agencies including URA, the Land Registry, the Company Registry and Commercial Court among others. Successful implementation of the suggested reforms will lead to an improved environment for doing business in Uganda and will be reflected in the *Doing Business* indicators.

For more information, please contact

The Competitiveness and Investment Climate Strategy
CICS Secretariat,
Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala Uganda
Tel: 256-41-4-349806, Fax: 256-41-4-349807
Email: cics@finance.go.ug
Website: www.cics.go.ug