

# DOING BUSINESS 2019

## Training for Reform

Economy Profile  
Kenya



## ***Economy Profile of Kenya***

*Doing Business 2019 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as post-filing processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Labor market regulation</b>	Flexibility in employment regulation and aspects of job quality

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

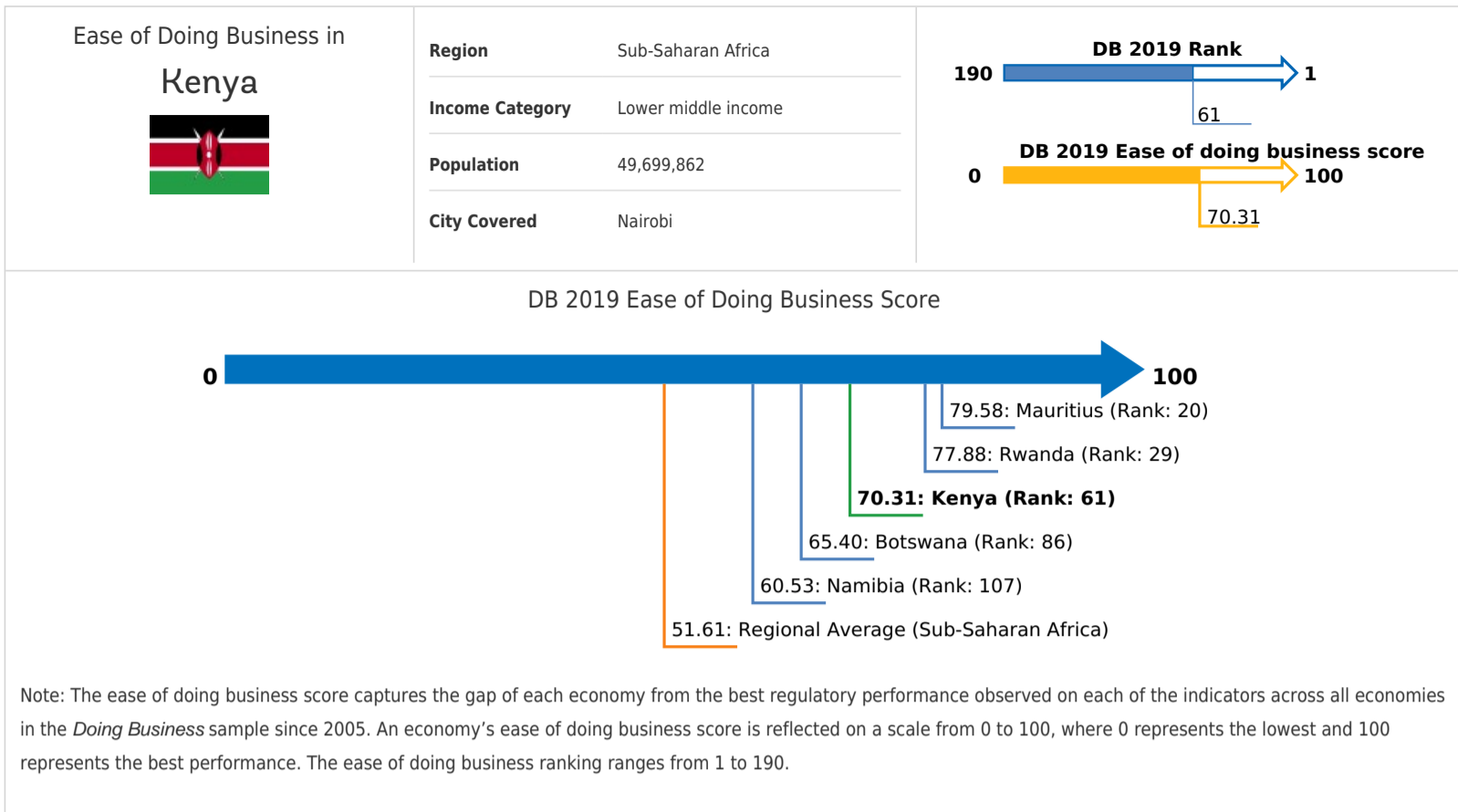
*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

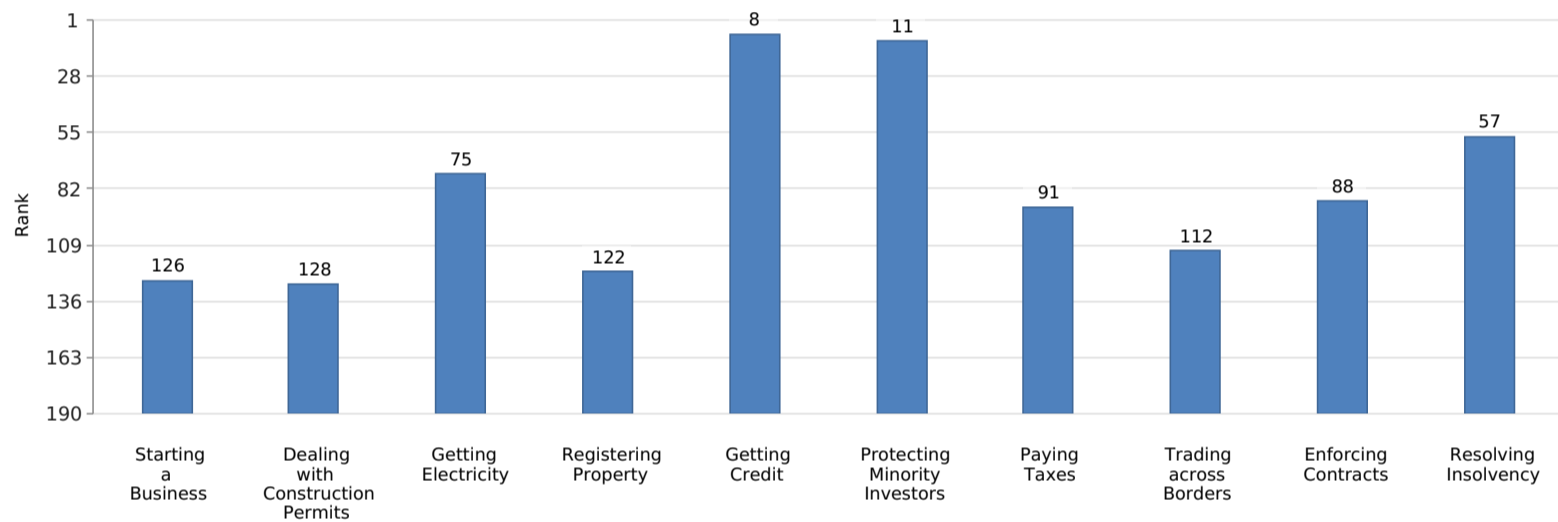
In addition, *Doing Business* offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

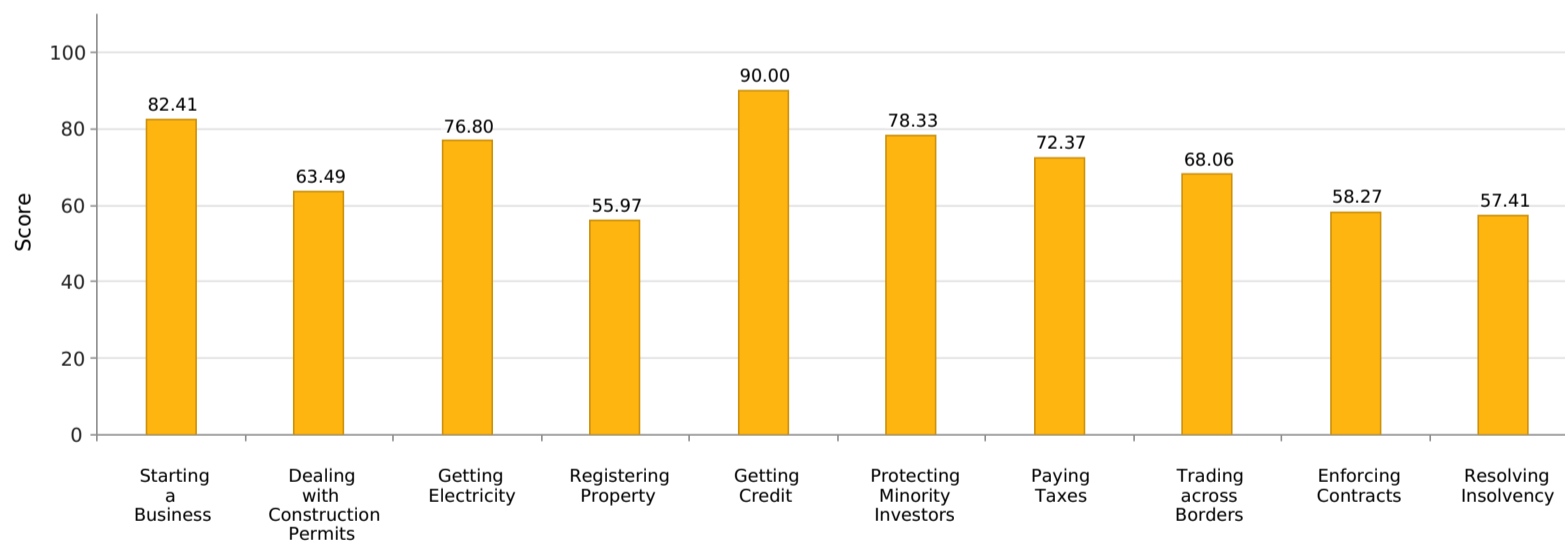
More about [Doing Business](#) (PDF, 5MB)



**Rankings on Doing Business topics - Kenya**



**Ease of Doing Business Score on Doing Business topics - Kenya**



## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally start and formally operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city
- Postregistration (for example, social security registration, company seal)
- Obtaining approval from spouse to start a business or to leave the home to register the company
- Obtaining any gender specific document for company registration and operation or national identification card

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

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

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

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

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

### Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

#### The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The entire office space is approximately 929 square meters (10,000 square feet).
- Is 100% domestically owned and has five owners, none of whom is a legal entity; has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to the income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed that is 10 pages long.

#### The owners:

- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

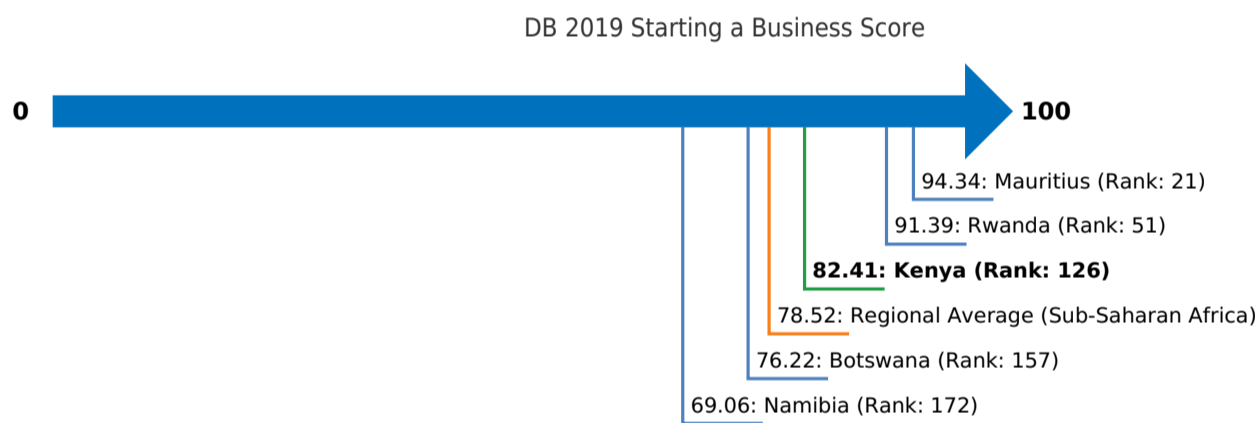
Starting a Business - Kenya

Standardized Company

Legal form	Private Company
Paid-in minimum capital requirement	KES 0
City Covered	Nairobi

Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Procedure - Men (number)	7	7.4	4.9	1 (New Zealand)
Time - Men (days)	23	23.3	9.3	0.5 (New Zealand)
Cost - Men (% of income per capita)	24.9	44.4	3.1	0.0 (Slovenia)
Procedure - Women (number)	7	7.6	4.9	1 (New Zealand)
Time - Women (days)	23	23.4	9.3	0.5 (New Zealand)
Cost - Women (% of income per capita)	24.9	44.4	3.1	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	0.0	10.0	8.6	0.0 (117 Economies)

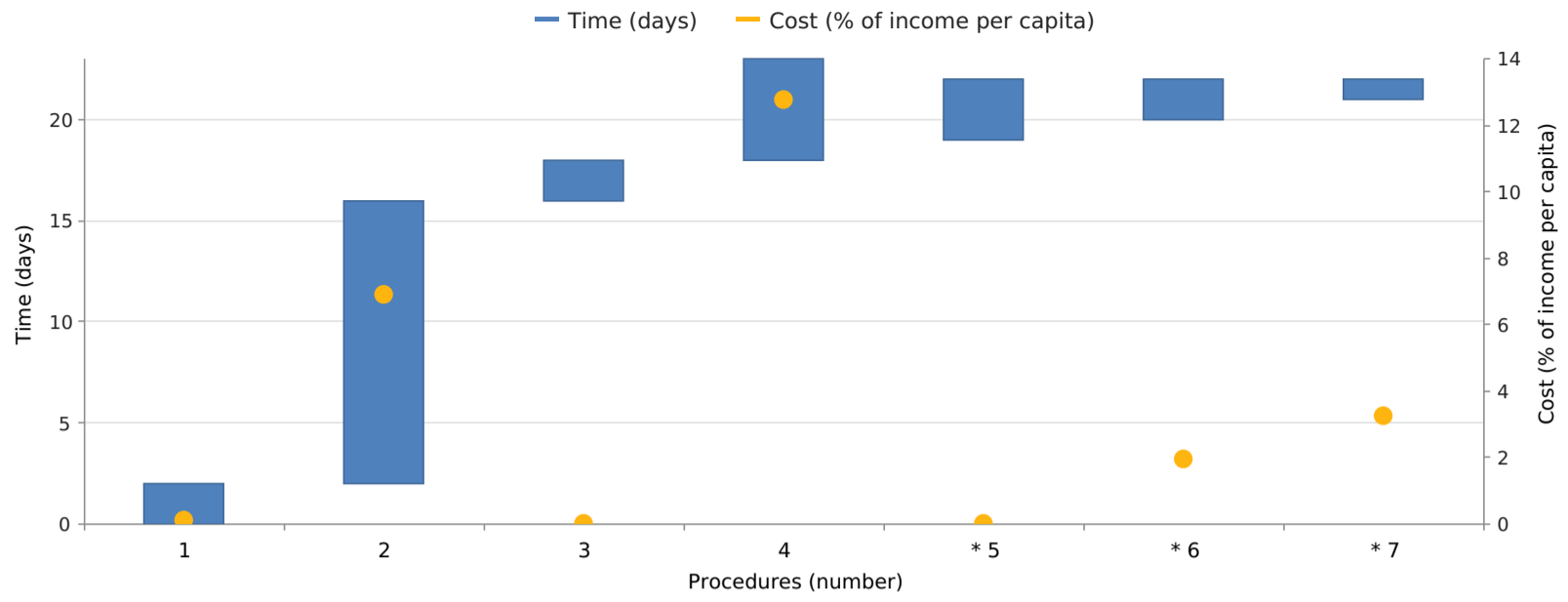
Figure - Starting a Business in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.



Figure - Starting a Business in Kenya - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

## Details - Starting a Business in Kenya - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Reserve a unique company name using the eCitizen Portal</b>  <i>Agency</i> : Business Registration Service (eCitizen portal)            The name reservation is regulated by the Companies Act 2015 (Part V, Section 48). As of December 2016, the Business Registration Service has made it easier for applicants to reserve company names by making it mandatory to use the online name reservation system on eCitizen. Applicants can search and reserve company names online at <a href="https://ag.ecitizen.go.ke/index.php/forms/view?id=463">https://ag.ecitizen.go.ke/index.php/forms/view?id=463</a>. After an applicant submits the name search and reservation application, they make payment via mobile money and receive a confirmation of the name reservation within the same day.</p> <p>The name is reserved for 30 days and can be extended to a maximum period of 60 days from the time of reservation.</p>	2 days on average	KES 100 (name reservation fee) + KES 50 (convenience fee)
2	<p><b>Apply for company registration, PIN, NSSF and NHIF through the online eCitizen portal</b>  <i>Agency</i> : Business Registration Service (eCitizen portal)            An applicant is required to submit the application for registration of a company on the eCitizen platform by entering details of the required information in the fields provided. The Applicant has an option of adopting the model Articles of Association provided under the Companies Act 2015. The applicant may also supplement or modify the model Articles of Association and provide these for purposes of registering the company.</p> <p>Payment for the registration of the company is also made online using the stipulated payment methods that include mobile money payment, debit/credit/prepaid cards, local bank transfer and E-citizen agents. Once payment is made, the following forms are generated by the online system:</p> <ol style="list-style-type: none"> <li>Details of the First Directors, Secretary and Authorized Signatory of the Company-This form needs to be signed by all the first directors, secretary and authorized signatory of the company</li> <li>Form CR 2 (Memorandum and Articles of Association)-This form is to be signed by all the subscribers to the shares of the company</li> <li>Form CR 8 (Notice of Residential Address/Change of Address of Director of a Company)-This form is to be signed by the applicant</li> <li>Statement of Nominal Capital-This is to be signed by any of the first directors of the company.</li> </ol> <p>The forms should be downloaded and signed as required and scans of the signed forms should be uploaded into the system.</p> <p>The application for registration of the company shall be considered complete when all the above mentioned forms are scanned back into the system. The application shall then be reviewed by the Registry officials and if it is in order, a Certificate of Incorporation together with an Official Search shall be generated online.</p> <p>According to the Official Gazette Notice Legal 61 published April 2016, there is a flat fee of 10,000 shillings for new company incorporation. The fee for using the online system is currently 50 shillings and the fee for completing the check at the end of the incorporation process is 600 shillings.</p>	14 days on average	KES 10,000 (registration fee) + KES 600 (CR2 or company search fee) + KES 50 (convenience fee)
3	<p><b>Register for VAT and Pay As You Earn (PAYE) Income Tax</b>  <i>Agency</i> : Kenya Revenue Authority (KRA)            Companies must register for VAT and with the Pay As You Earn (PAYE) Income Tax.</p> <p>Section 34 of the VAT Act 2013 requires that any person who in the course of a business has made or is expecting to make taxable supplies the value of which is KES 5,000,000 or more in any period of twelve months must be registered for VAT. Registration is conducted online through KRA online services portal;<a href="http://www.kra.g.ke/portal">http://www.kra.g.ke/portal</a>. Once the company is registered, they are required by the VAT Law to display the registration certificate in a clearly visible place within the business premises. Failing to do so will result in a default penalty of Kenya shillings 20,000 and in addition the company shall be guilty of an offence and liable to a fine not exceeding Kenya shillings 200,000 or imprisonment for a term not exceeding two years, or both.</p> <p>Under the Income Tax Act Cap 470, where a person has employees, they are required to deduct tax due from any remuneration paid to their employees (PAYE tax) and remit this to the Revenue Authority (KRA). All employers are thus required to register for PAYE once they have employees. The applications for VAT and PAYE can be both completed at the same time.</p>	2 days	no charge



4	<p><b>Apply for a unified business permit</b>  <i>Agency</i> : Nairobi City County  The Nairobi City County has introduced the new unified business permit online in order to make it easier and simpler for applicants to obtain the unified business permit. The unified business permit consolidates 5 permits i.e. the single business permit, fire clearance certificate, advertising signage, health certificate and food hygiene into one permit. Applicants apply for a unified business permit online at, <a href="https://epayments.nairobi.go.ke/sbp/reg_new">https://epayments.nairobi.go.ke/sbp/reg_new</a> with an option to make payments online. An assessment of the payable fee for the trading licence can only be done at the agency. Only after the assessment has been done can an invoice be generated and paid online. The applicant can also go in person to submit the application for the unified permit. The applicant then obtains the provisional unified business permit and can display it at their business premises.</p> <p>Cost:  KES 15,000 single business permit fee (varied fees based on the size, type of business and number of employees)  KES 200 for the application fee  KES 4,500 for the inter alia a Fire Clearance Certificate</p>	5 days	see procedure details
⇒ 5	<p><b>Register with the National Industrial Training Authority (NITA)</b>  <i>Agency</i> : National Industrial Training Authority (NITA)  Through Legal Notice No. 113 of 2007, it became a mandatory requirement for all employers to register and contribute to the industrial training levy (charged at KES 50 per employee per month).</p> <p>The applicant must complete the application form and attach the necessary documents. The supporting documents are as follows:  1 the employer's KRA PIN Certificate; and  2 the employer's Certificate of Incorporation.</p> <p>There is no application fee for registration with NITA. The application and supporting documents are submitted to the NITA physically at the NITA headquarters in Nairobi. All documents submitted along with the application form shall be certified by NITA as true copies of originals.</p>	3 days, simultaneous	no charge
⇒ 6	<p><b>Make a company seal</b>  <i>Agency</i> : Seal maker  The requirement for companies to obtain a company seal has been made optional as a result of passing the Companies Act, 2015. However, in practice companies still get seals made. Seal makers request a copy of the certificate of incorporation in order to make a company seal.</p>	2 days, simultaneous	between KES 2,500 and KES 3,500
⇒ 7	<p><b>Register the workplace with the Directorate of Occupational Safety and Health Services</b>  <i>Agency</i> : Directorate of Occupational Safety and Health Services (DOSHS)  The purpose of the Occupational Safety and Health Act 2007 is to provide a legal framework to promote, stimulate and encourage high standards of safety and health in the workplace. As such employers must:</p> <ul style="list-style-type: none"> <li>• Prepare and, revise a written safety and health policy statement for the workplace giving consideration to the organisation and arrangements for carrying out that policy;</li> <li>• Notify employees any revision of the policy statement;</li> <li>• To establish a safety and health committee in the workplace where there are twenty or more persons employed in the workplace;</li> <li>• not to penalize an employee who is a member of a work place safety and health committee for doing anything in pursuit of safety and health;</li> </ul> <p>A company must obtain a Certificate of Registration of a Workplace from the Directorate of Occupational Health and Safety Services in respect of each of the premises used by the company as a workplace.</p>	1 day, simultaneous	KES 5,000

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2018. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul>
<p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul>	<p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.</li> <li>- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul>
<p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.</li> <li>- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.</li> <li>- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.</li> </ul>

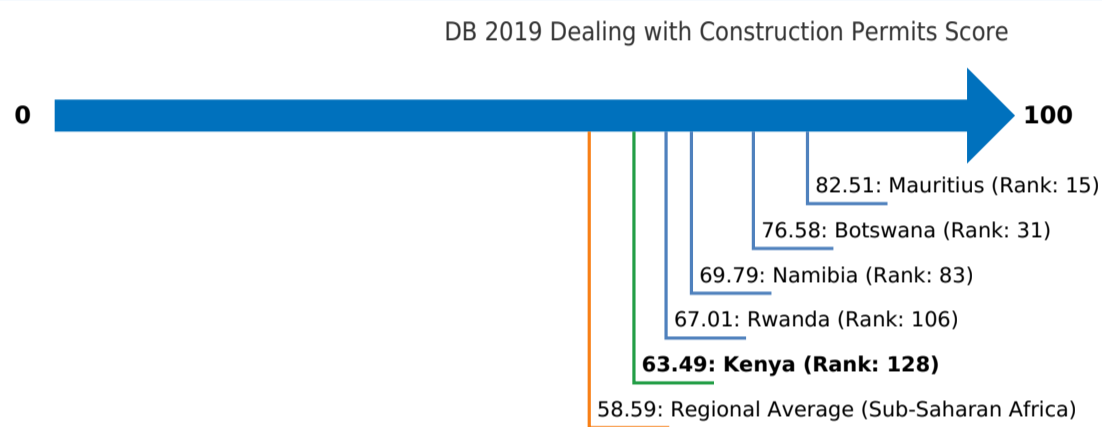
Dealing with Construction Permits - Kenya

Standardized Warehouse

Estimated value of warehouse	KES 7,726,713.60
City Covered	Nairobi

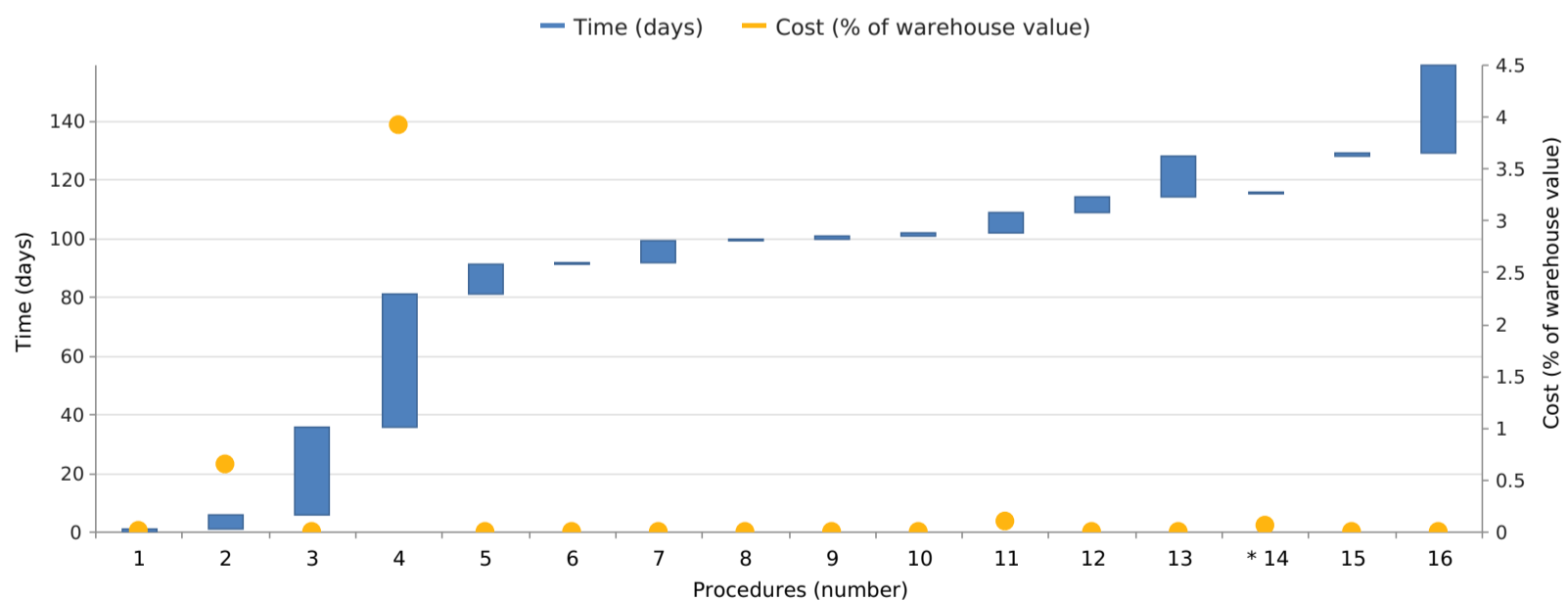
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Procedures (number)	16	14.7	12.7	None in 2017/18
Time (days)	159	145.7	153.1	None in 2017/18
Cost (% of warehouse value)	4.7	8.8	1.5	None in 2017/18
Building quality control index (0-15)	9.0	8.5	11.5	15.0 (3 Economies)

Figure - Dealing with Construction Permits in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

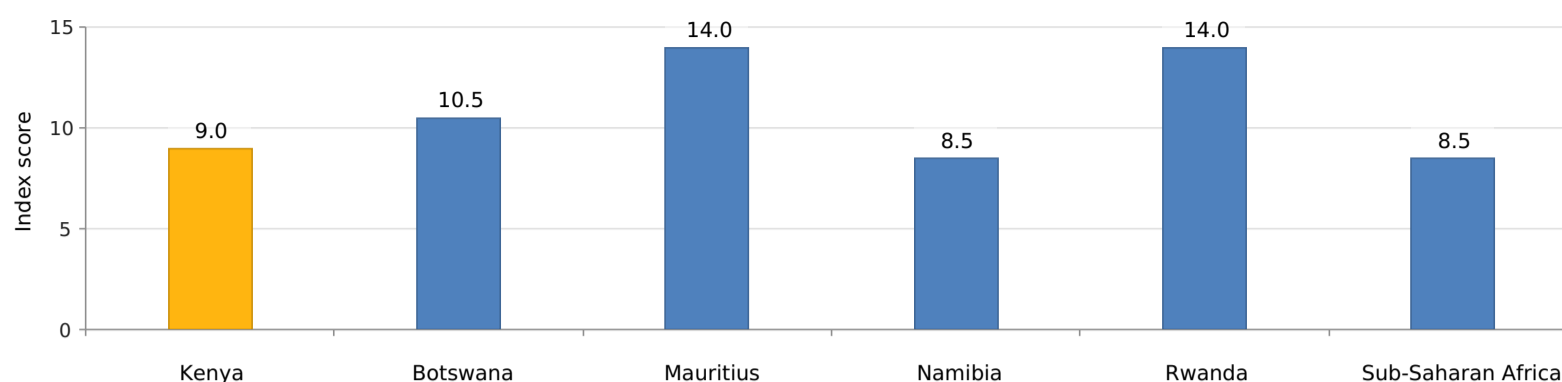
Figure - Dealing with Construction Permits in Kenya - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Kenya and comparator economies - Measure of Quality



## Details - Dealing with Construction Permits in Kenya - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a survey plan from Survey Kenya</b>  <i>Agency : Survey Kenya</i>            A survey plan from Survey of Kenya is a required document when applying for a building permit.</p>	1 day	KES 500
2	<p><b>Obtain a project report from an environmental expert</b>  <i>Agency : Private Expert</i>            Once the survey plan has been obtained, a licensed environmental expert must be hired to prepare a project report to be submitted to NEMA.</p>	5 days	KES 50,000
3	<p><b>Obtain approval of the environmental impact study</b>  <i>Agency : National Environment Management Authority (NEMA)</i>            Following the enactment of new Environmental Management and Co-ordination Act on February 27, 2009, companies now have to obtain approval of projects from the National Environment Management Authority. Projects of all risk categories are subject to approval and an environmental impact assessment (EIA), including the BuildCo warehouse. It takes 30 days on average. EIA fees has been eliminated effective from January 2017</p>	30 days	KES 10,000
4	<p><b>Submit and obtain approval of the architectural plans</b>  <i>Agency : Nairobi City County - Development Control Section</i>            The structural engineer submits all the structural and architectural drawings to be approved using an online platform <a href="https://ccn-ecp.or.ke/">https://ccn-ecp.or.ke/</a>. The required documents to be submitted are the following:            i. The proposed development;            ii. A survey plan from Survey of Kenya;            iii. Ownership documents            iv. Up-to-date rates payment receipts.            v. Structural plans</p> <p>The City Council will issue an invoice that must be paid, this can take up to 2—3 weeks to be obtained. The drawings are reviewed by all relevant departments simultaneously. Once the structural and architectural drawings are approved, they will be signed on by the governor of Nairobi. When all signatures have been obtained, the approved plans are scanned and uploaded in the system so that they can be retrieved by the architect.</p> <p>On June 27, 2013 the Nairobi City County adopted the new Financial Act 2013 which became effective as of October 1, 2013. The Act modified the method of assessing the building permit fees and consolidated several costs into one. The building permit fee is now based on the size of the building. The Joint Building Council Rates provide the estimated cost per square meter which varies depending on the type of building (e.g. office block, residential, industrial complex, etc.).</p> <p>For the Doing Business case study, the estimated cost is KES 21,000 / sq. m.            The fees are as follows:            (i) Building plan approval fee: 1% of the estimated cost of construction            (ii) Construction sign board fee: KES 25,000            (iii) Application fee: KES 5,000            (iv) Inspection of building file: KES 5,000            (v) Occupation certificate: KES 5,000</p>	45 days	KES 303,126

5	<p><b>Submit and obtain approval of the structural plans</b>  <i>Agency : Nairobi City County - Development Control Section</i>  When construction is about to commence, the Contractor will apply for a construction permit. However, with approved drawings construction may start while the application for a building permit is being processed.</p> <p>BuildCo must have the following items approved: project plans, architectural drawings, location survey of property documents and others.</p>	10 days	no charge
6	<p><b>Obtain stamps on architectural and structural plans from the Nairobi City County - Development Control Section</b>  <i>Agency : Nairobi City County - Development Control Section</i>  Once the plans have been approved, the architect must submit hard copies of the plans to be stamped by the Nairobi City County, even after submitting the documents online. The engineer must also do the same after the architect's plans have been stamped. The engineer does not have to wait one month like the architect to bring in the hard copies.</p>	1 day	no charge
7	<p><b>Apply and received the Project Registration Certificate from the National Construction Authority (NCA)</b>  <i>Agency : National Construction Authority (NCA)</i>  BuildCo has to register the proposed construction project with the National Construction Authority (NCA) and fill a project registration form providing details of the construction work (that can be downloaded from the NCA website since 2012, <a href="http://www.nca.go.ke">www.nca.go.ke</a>). This is in line with the adoption of the National Construction Authority Regulations (2014) that mandate contractors to register their construction projects and obtain compliance certificate from NCA before construction. It takes around a week to obtain the compliance certificate. Upon submission of the application, BuildCo receives a temporary certificate that testifies the registration is under process.</p> <p>Most of the time, construction companies start building just after submission at NCA without waiting to receive the compliance certificate as they should be doing. NCA conducts periodic inspections during the construction looking for registration certificates and structural flaws. NCA ensures that the safety of the workers on site and the general public is respected.</p> <p>BuildCo submits the project registration form to the authority with several documents listed below. BuildCo is issued with an invoice on the amount of levy it should pay the authority at selected bank accounts, which are posted on the NCA website. The levy is 0.5% of the total cost of the project (percentage applicable to projects with a value of over KES 5,000,000).</p> <p>The following documents must be provided for the registration application</p> <ol style="list-style-type: none"> <li>1. Authenticated architectural plans (original)</li> <li>2. Authenticated structural plans (original)</li> <li>3. Nema approval (Simple copy)</li> <li>4. Bill of quantities (Simple copy)</li> <li>5. contract/agreement (Simple copy) It should be duly signed by both the contractor and the client</li> <li>6. Contractor's registration certificate (Simple copy)</li> <li>7. Quantity surveyor's practicing certificate (Simple copy)</li> <li>8. Architect's practicing certificate (Simple copy)</li> <li>9. Engineer's practicing certificate (Simple copy)</li> </ol>	7 days	no charge
8	<p><b>Notify the Nairobi City Council of commencement of work</b>  <i>Agency : Nairobi City Council</i>  According to the Planning and Building Regulations 2009 - Volume I- Section A-101, AA 54, BuildCo must complete a form to notify the Nairobi City Council of the commencement of work.</p>	1 day	no charge
9	<p><b>Request and receive set out inspection</b>  <i>Agency : Nairobi City County - Development Control Section</i>  According to the Planning and Building Regulations 2009 - Volume I - A-102, AA 55, BuildCo must complete a form and request an inspection from the Building Control Section.</p>	1 day	no charge
10	<p><b>Request and receive foundation excavation inspection</b>  <i>Agency : Nairobi City County - Development Control Section</i>  According to the Planning and Building Regulations 2009 - Volume I- Section A-103, AA 56, the Development Control Section of the Nairobi City Council must be informed that the foundation /excavation is complete and request an inspection by completing a form and submitted it.</p>	1 day	no charge
11	<p><b>Apply for permit to connect to the city sewage system</b>  <i>Agency : Nairobi City County - Development Control Section</i>  According to the Planning and Building Regulations 2009 - Volume 1, Section A-110, AA 63, a permit to connect to the City sewage system. It will take about a week to obtain the permission.</p>	7 days	KES 7,500

12	<p><b>Request and receive final inspection by the Municipal Authority after construction</b></p> <p><i>Agency : Nairobi City County - Development Control Section</i></p> <p>Once the construction is completed alongside statutory inspections, BuildCo applies for an occupancy certificate. The Structural engineer will file a form AA65, according to the Planning and Building Regulations 2009, certifying that the "that the structural work of the building mentioned below has been carried out as per my structural design and details and that the said structure is safe and stable for the purpose for which it is intended".</p> <p>This certificate is issued to completed developments that have complied to all approval conditions and have undergone the regular inspections at the required stages. The application has to be accompanied by: Copy of approved building plans; Copy of approved structural plans; Structural Engineer's indemnity form; Architect's report; Plumbers certificate; and Kenya Bureau of Statistics form duly filled.</p> <p>The occupancy certificate is given when the City Council deems the building is in compliance with the approved architectural drawings.</p> <p>The application is then forwarded to the Assistant Director Enforcement so that an inspector is assigned for the final inspection of the construction. Normally it should be a combined visit from several other departments.</p>	5 days	no charge
13	<p><b>Obtain occupancy certificate</b></p> <p><i>Agency : Nairobi City County - Development Control Section</i></p>	14 days	no charge
⇒	<p><b>Apply for water connection</b></p>	1 day	KES 5,000
14	<p><i>Agency : Nairobi City Water and Sewerage Company (NairobiWater)</i></p> <p>BuildCo is required to submit an "application for water and sewerage supply form" obtained from the Nairobi City Water and Sewerage Company. Afterwards, BuildCo is required to pay KES 5000 for a survey and estimate of fees and attach the receipt of payment to the application form. BuildCo must also attach the company's certificate of registration and its PIN number. The Nairobi Water Company may approve the application after all these documents have been submitted.</p> <p>Two to three weeks after the application has been received Nairobi City Water and Sewerage Company will send a team to assess the connection cost.</p> <p>The final connection will be made once payment of the estimated connection cost has been paid and this will take about 2—3 weeks to be done.</p>		
15	<p><b>Receive inspection for assessment of connection fees</b></p> <p><i>Agency : Nairobi City Water and Sewerage Company (NairobiWater)</i></p> <p>Once an application has been submitted by BuildCo, an inspector will visit the property to make a cost assessment for labor and materials for the connection. This inspection will happen in about 2--3 weeks.</p>	1 day	no charge
16	<p><b>Obtain water connection</b></p> <p><i>Agency : Nairobi City Water and Sewerage Company (NairobiWater)</i></p>	30 days	no charge

⇒ Takes place simultaneously with previous procedure.



## Details - Dealing with Construction Permits in Kenya - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>9.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>1.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid.	0.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>1.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Unscheduled inspections; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not done in practice during construction.	0.0
<b>Quality control after construction index (0-3)</b>		<b>2.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection does not always occur in practice.	0.0
<b>Liability and insurance regimes index (0-2)</b>		<b>0.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	No party is held liable under the law.	0.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>4.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.	2.0

What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)

Minimum number of years of experience; 2.0  
University degree in engineering, construction or construction management;  
Being a registered architect or engineer;  
Passing a certification exam.

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

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

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

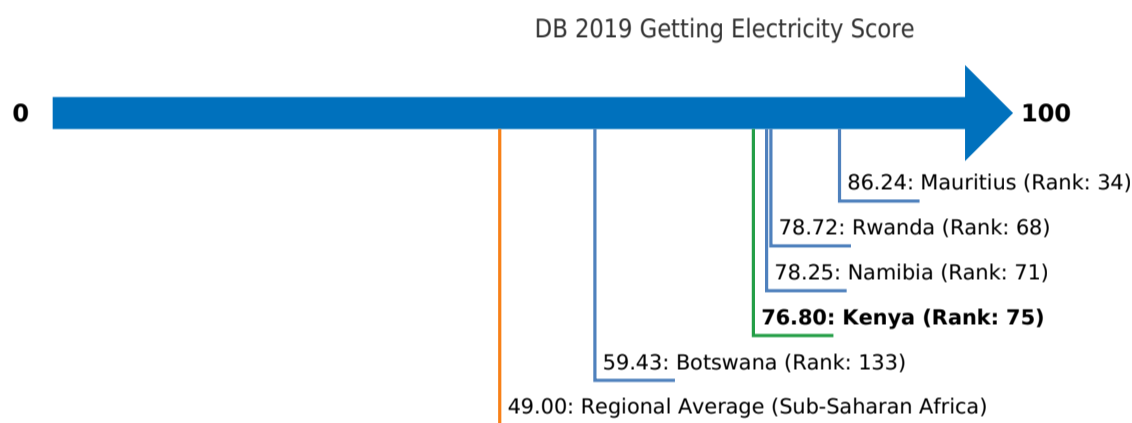
Getting Electricity - Kenya

Standardized Connection

Price of electricity (US cents per kWh)	21.5
Name of utility	Kenya Power and Lighting Co. Ltd
City Covered	Nairobi

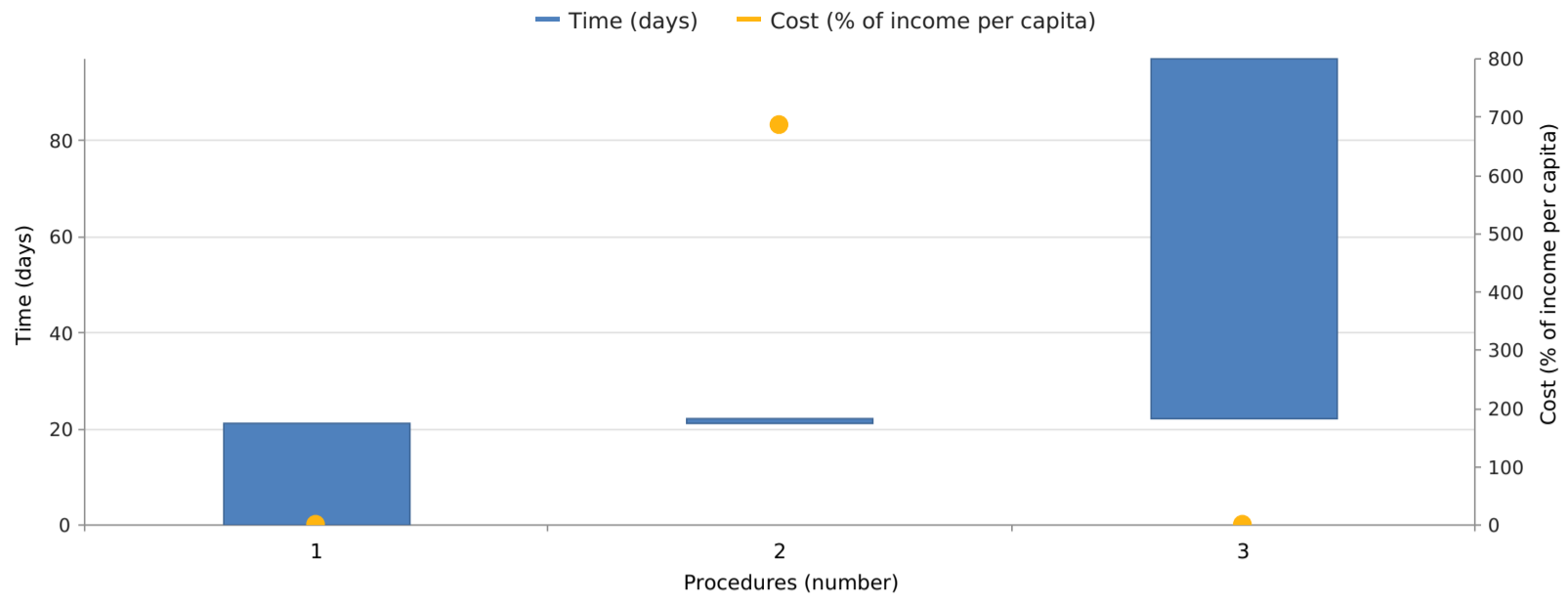
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Procedures (number)	3	5.2	4.5	3 (25 Economies)
Time (days)	97	112.0	77.2	18 (3 Economies)
Cost (% of income per capita)	685.9	3456.5	64.2	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	4	1.6	7.5	8.0 (27 Economies)

Figure - Getting Electricity in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

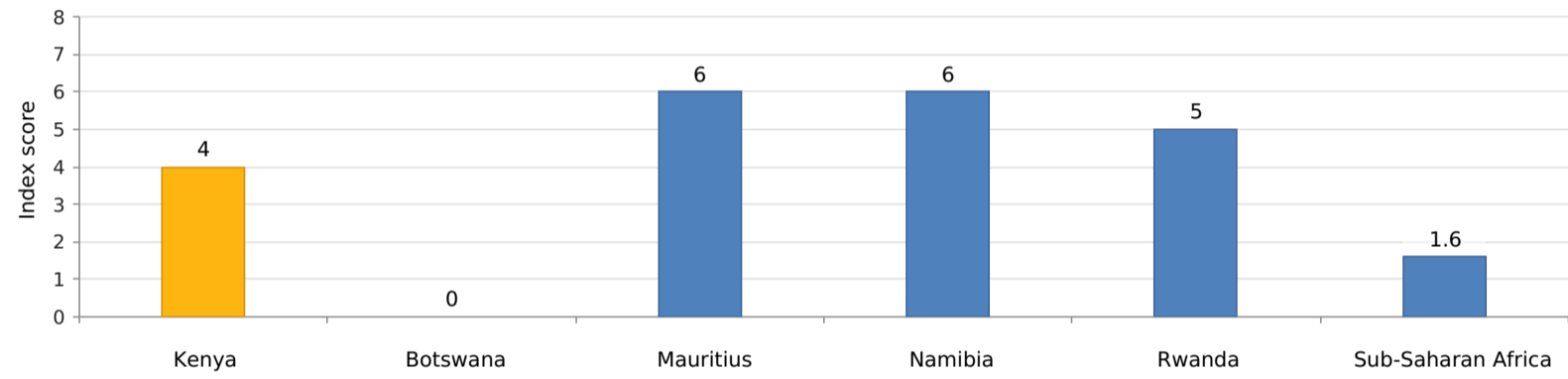
Figure - Getting Electricity in Kenya - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Getting Electricity in Kenya and comparator economies - Measure of Quality



## Details - Getting Electricity in Kenya - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application to Kenya Power and Lighting Company (KPLC) and await quotation</b></p> <p><i>Agency : Kenya Power and Lighting Company Ltd</i> The client submits the following documents:</p> <ul style="list-style-type: none"> <li>• Inquiry for supply of electricity form –Collected from KPLC and duly filled out</li> <li>• Copy of Certificate of registration</li> <li>• Copy of PIN Certificate</li> <li>• Sketch Map to the Premises</li> <li>• Permit from city council to show that the land is occupied legally and structure is correctly done and approved by city council</li> </ul> <p>KPLC locates the building using GIS technology and looks at some key aspects that determine the price estimate that the client will receive, and prepares estimate.</p> <ul style="list-style-type: none"> <li>• Amount of power required for the building.</li> <li>• Existing infrastructure (Poles and transformers) and their proximity to the premises. It is important to note that if the premise is within 600m of existing infrastructure, this considerably lowers the cost.</li> <li>• Way leaves clearance –Pathways for laying down infrastructure and any permits or notifications needed to facilitate this.</li> </ul>	21 calendar days	KES 0
2	<p><b>Pay estimate and sign supply contract</b></p> <p><i>Agency : Kenya Power and Lighting Company Ltd</i> Connection costs include capital contribution charges for network reinforcement for up to 1000 meters. Customer fills in the Supply Contract form and submits to the Meter Installation section through the customer service department. Customer also submits internal wiring clearance certificate from electrician.</p>	1 calendar day	KES 1,060,000
3	<p><b>Receive external works, meter installation and electricity flow</b></p> <p><i>Agency : Kenya Power and Lighting Company Ltd</i> External connection works are done by Distribution Department, and while reaching completion, they inform the Meter Installation Section in Customer Service Department to complete metering.</p>	75 calendar days	KES 0

→ Takes place simultaneously with previous procedure.



## Details - Getting Electricity in Kenya - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	4
<b>Total duration and frequency of outages per customer a year (0-3)</b>	0
System average interruption duration index (SAIDI)	60.1
System average interruption frequency index (SAIFI)	13.3
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	1.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.kplc.co.ke/">http://www.kplc.co.ke/</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

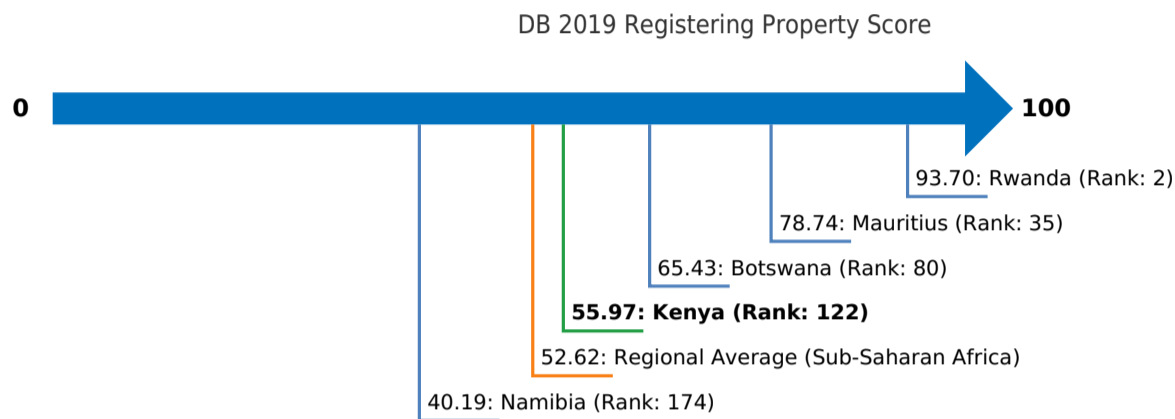
This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally transfer title on immovable property (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)</li> <li>• Registration procedures in the economy's largest business city.</li> <li>• Postregistration procedures (for example, filling title with municipality)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The parties (buyer and seller):</b></p> <ul style="list-style-type: none"> <li>- Are limited liability companies (or the legal equivalent).</li> <li>- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Are 100% domestically and privately owned.</li> <li>- Have 50 employees each, all of whom are nationals.</li> <li>- Perform general commercial activities.</li> </ul>
<p><b>Cost required to complete each procedure (% of property value)</b></p> <ul style="list-style-type: none"> <li>• Official costs only (such as administrative fees, duties and taxes).</li> <li>• Value Added Tax, Capital Gains Tax and illicit payments are excluded</li> </ul>	<p><b>The property (fully owned by the seller):</b></p> <ul style="list-style-type: none"> <li>- Has a value of 50 times income per capita, which equals the sale price.</li> <li>- Is fully owned by the seller.</li> <li>- Has no mortgages attached and has been under the same ownership for the past 10 years.</li> <li>- Is registered in the land registry or cadastre, or both, and is free of title disputes.</li> <li>- Is located in a periurban commercial zone, and no rezoning is required.</li> <li>- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.</li> <li>- Will not be subject to renovations or additional construction following the purchase.</li> <li>- Has no trees, natural water sources, natural reserves or historical monuments of any kind.</li> <li>- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.</li> <li>- Has no occupants, and no other party holds a legal interest in it.</li> </ul>
<p><b>Quality of land administration index (0-30)</b></p> <ul style="list-style-type: none"> <li>• Reliability of infrastructure index (0-8)</li> <li>• Transparency of information index (0-6)</li> <li>• Geographic coverage index (0-8)</li> <li>• Land dispute resolution index (0-8)</li> <li>• Equal access to property rights index (-2-0)</li> </ul>	

Registering Property - Kenya

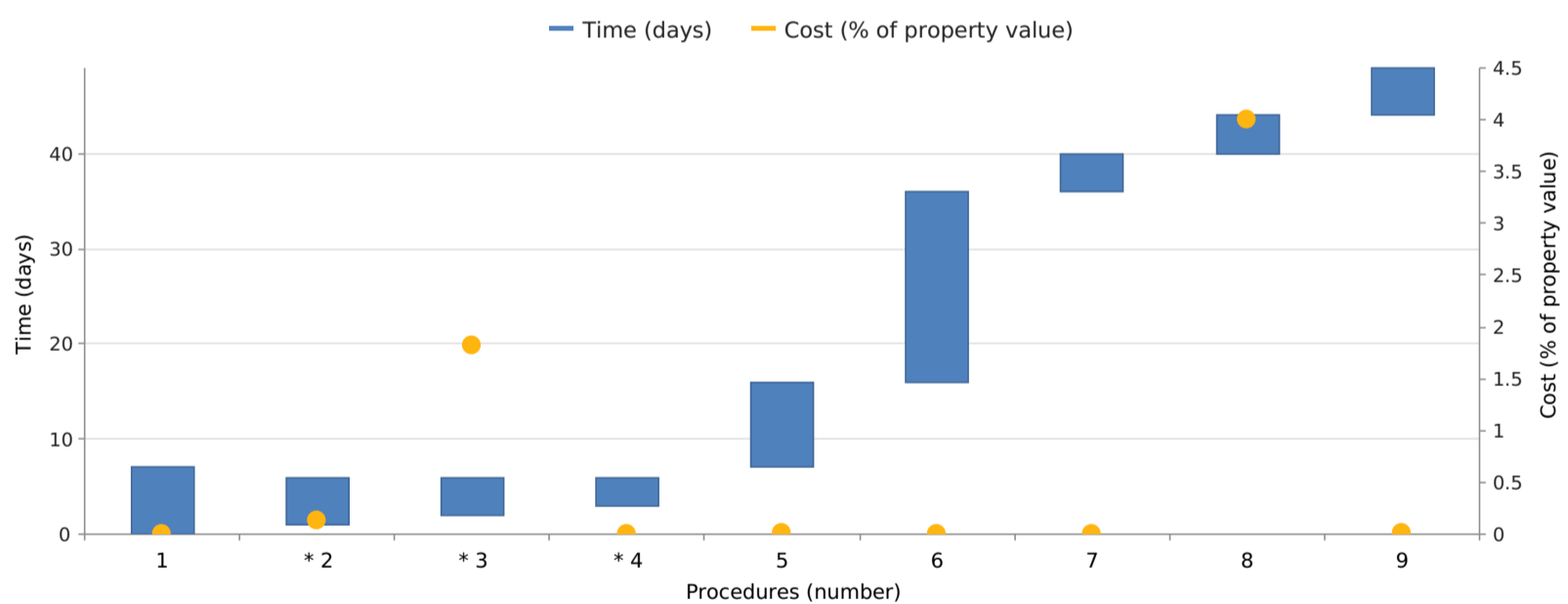
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Procedures (number)	9	6.2	4.7	1 (4 Economies)
Time (days)	49	53.9	20.1	1 (New Zealand)
Cost (% of property value)	6.0	7.6	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	16.0	8.8	23.0	None in 2017/18

Figure - Registering Property in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

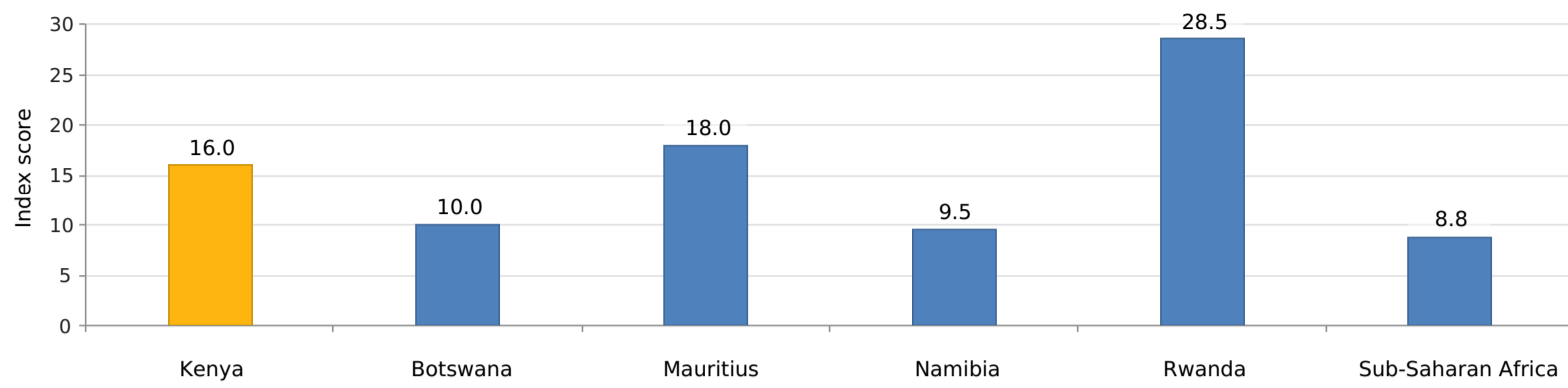
Figure - Registering Property in Kenya - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Kenya and comparator economies - Measure of Quality



Details - Registering Property in Kenya - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Apply and Obtain Land Rent Clearance Certificate from the Commissioner of Lands</b></p> <p><i>Agency : Lands Office (through ecitizen.go.ke)</i></p> <p>The Seller's lawyer obtains the Land Rent Clearance Certificate from the lands office at no cost. Since early 2018, it is possible to apply, process and receive the Land Rent rates receipt to pay for any outstanding debts at ecitizen.com. Once the applicant has paid, and the property is free of charges, the system will generate digitally the Land Rent Clearance Certificate.</p>	7 days	no charge
2	<p><b>Apply, pay and obtain Rates Clearance Certificate from the Nairobi City Council</b></p> <p><i>Agency : Nairobi City County Government</i></p> <p>The Seller's lawyer obtains the Rates Clearance Certificate from the Nairobi City County Government. This certificate is important proof that there are no outstanding fees to be paid to the Nairobi City County Government.</p>	5 days	KES 10,000

⇒ 3	<p><b>Draft the transfer instrument and file it at the Lands Office to obtain an appointment for valuation</b></p> <p><i>Agency : Lawyer's office</i></p> <p>The transfer instrument is prepared by the buyer's lawyer and needs to be approved by the seller's counterpart. Lawyers' fees are calculated based on a fixed scale published under the Advocates (Remuneration) Order depending on the value of the property. Lawyers are also permitted to charge on alternative billing methods subject to the minimum fees set out under the scaled provided for under the Advocates (Remuneration) Order.</p> <p>The transfer instrument is filed at the Land office to be assessed for Stamp duty.</p> <p>In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.</p>	4 days	<p>KES 140,900.69;</p> <p>(According to the Advocates Remuneration Order for 2014 the lawyer's fee is calculated cumulatively, based on the property's value:</p> <p>(i) from Kshs. 1 to Kshs. 5,000,000, 2% of the consideration or the value of the subject matter or Kshs. 35,000 whichever is higher.</p> <p>(ii) from Kshs. 5,000,001 to Kshs.100,000,000, the fee prescribed in (i) plus 1.5% of the balance.</p> <p>(iii) from Kshs.100,000,001 to Kshs. 250,000,000, the fee prescribed in (ii) plus 1.25 % of the balance.</p> <p>(iv) from Kshs. 250,000,001 to Kshs.1,000,000,000, the fee prescribed in (iii) plus 1% of the balance</p> <p>(v) in respect of an amount where the consideration or value is more than Kshs.1,000,000,000, the fee set out in (iv) plus 0.1% of the balance.)</p>
⇒ 4	<p><b>Apply for a search on the title at the Lands Office</b></p> <p><i>Agency : Lands Office</i></p> <p>The Registered Land Act has been repealed by the Land Registration Act (Act No. 3 of 2012). For land previously registered under the Registered Land Act, it is still necessary to provide a copy of the title document at the time of applying for the search. The position reported last year i.e. one cannot carry out a personal search but must instead apply for an official search still applies.</p> <p>In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.</p>	3 days	no charge

5	<p><b>Apply and obtain consent to transfer from the Lands Office</b>  <i>Agency : Lands office</i>            With effect from August 27, 2010 when the Constitution of Kenya, 2010 was promulgated, the Land Registration Act (No. 3 of 2012) repealed the Government Lands Act (Cap. 280) and consent to transfer leasehold land held by the Government of the Republic of Kenya under the repealed Act is now required to be obtained from the lands office. Previously, such consent was required to be obtained from the Commissioner of Lands and that office was abolished by the repeal of the Government Lands Act.</p> <p>In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.</p>	9 days	KES 1,000
6	<p><b>Receive site inspection by Government valuer and obtain valuation report</b>  <i>Agency : Lands office Valuer</i>            Once the draft transfer has been filed at the land office, an inspector visits the site to verify the development and state of the property. Due to lack of transport, in practice, the inspector often has to be picked up in person and driven to the site. Previously, such inspections were conducted on a random basis, but now every transaction requires such an inspection. The issues involved are similar to the inspections by the land officer and, therefore, may happen within 1 day to up to over one month. Once the valuer has inspected the property to assess its value, a report is compiled after which the value is endorsed on the transfer and then it is submitted for assessment of the Stamp duty.</p>	20 days	no charge
7	<p><b>Endorsement of value for stamp duty purposes and assessment of Stamp duty</b>  <i>Agency : Lands Office</i>            The Stamp Duty Assessment form is completed including the purchase price (in quadruplet). The stamp duty assessment officer stationed at the Ministry of Lands banking hall will then assess the stamp duty payable and indicate the amount on the Forms. Stamping of the document takes on average 3 days.</p> <p>In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.</p>	4 days	no charge
8	<p><b>Payment of Stamp Duty at Commercial Bank and receive confirmation of payment from Kenya Revenue Authority</b>  <i>Agency : Commercial Bank</i>            The payment of Stamp Duty is made at a Commercial Banks designated by the Ministry of Land. If the amount exceed k.shs. 1 million, payment is made by RTGS bank transfer. It takes about 4 days for the Kenya Revenue Authority to confirm receipt of payment after which the transfer agreement can be franked or embossed evidencing payment of stamp duty.</p>	4 days	KES 309,178.54; (KES 110 (charge for Banker's check) + 4% of property value (stamp Duty))



9 **Lodge stamped transfer document for registration and receive duly registered documents** 5 days KES 500

*Agency* : Lands Office

The stamped transfer documents are lodged for registration at the Lands Office. These documents are generally obtained from seller's lawyers, these being original Certificate of Title, Rates Clearance Certificate, Land Rent Clearance Certificate, and the Consent Transfer. Inform seller's lawyers of registration and pay balance of the purchase price. The certificate of the registered transfer is collected at the Lands Office.

In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.

In April 2018, the Ministry of Lands introduced a new online platform for processing the application of property transfers, including obtaining consent, evaluate the value of the property, pay stamp duty and apply for registration. However, the Law Society of Kenya challenged the notice introducing this system, and obtained Court Order in April 18 to suspend the implementation of the notice. Consequently, the majority of transactions were not carried out through this platform as of May 1, 2018.

→ Takes place simultaneously with previous procedure.

## Details - Registering Property in Kenya - Measure of Quality

	Answer	Score
<b>Reliability of infrastructure index (0-8)</b>		<b>7.0</b>
What is the institution in charge of immovable property registration?	Lands Office	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Survey of Kenya	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
<b>Transparency of information index (0-6)</b>		<b>4.0</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf">http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf</a>	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf">http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf</a>	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	<a href="http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf">http://www.lands.go.ke/wp-content/uploads/2018/03/Registration-of-transfer-of-Land-revised.pdf</a>	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0

Number of property transfers in the largest business city in 2017:		
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.lands.go.ke/">http://www.lands.go.ke/</a>	
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	<a href="http://www.lands.go.ke/">http://www.lands.go.ke/</a>	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>5.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary; Lawyer;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary; Lawyer;	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	Environment and Land Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 2 and 3 years	1.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2017:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

## Getting Credit

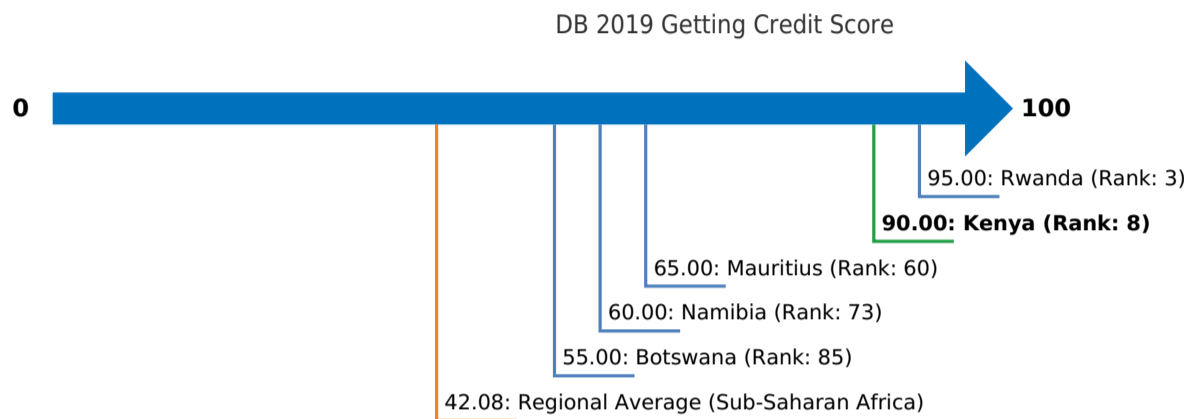
This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Strength of legal rights index (0-12)</b></p> <ul style="list-style-type: none"> <li>• Rights of borrowers and lenders through collateral laws (0-10)</li> <li>• Protection of secured creditors' rights through bankruptcy laws (0-2)</li> </ul> <p><b>Depth of credit information index (0-8)</b></p> <ul style="list-style-type: none"> <li>• Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)</li> </ul> <p><b>Credit bureau coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in largest credit bureau as a percentage of adult population</li> </ul> <p><b>Credit registry coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in credit registry as a percentage of adult population</li> </ul>	<p><i>Doing Business</i> assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.</p> <p>In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.</p> <p><b>Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:</b></p> <ul style="list-style-type: none"> <li>- ABC is a domestic limited liability company (or its legal equivalent).</li> <li>- ABC has up to 50 employees.</li> <li>- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Both ABC and BizBank are 100% domestically owned.</li> </ul> <p>The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).</p> <p>In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.</p>

Getting Credit - Kenya

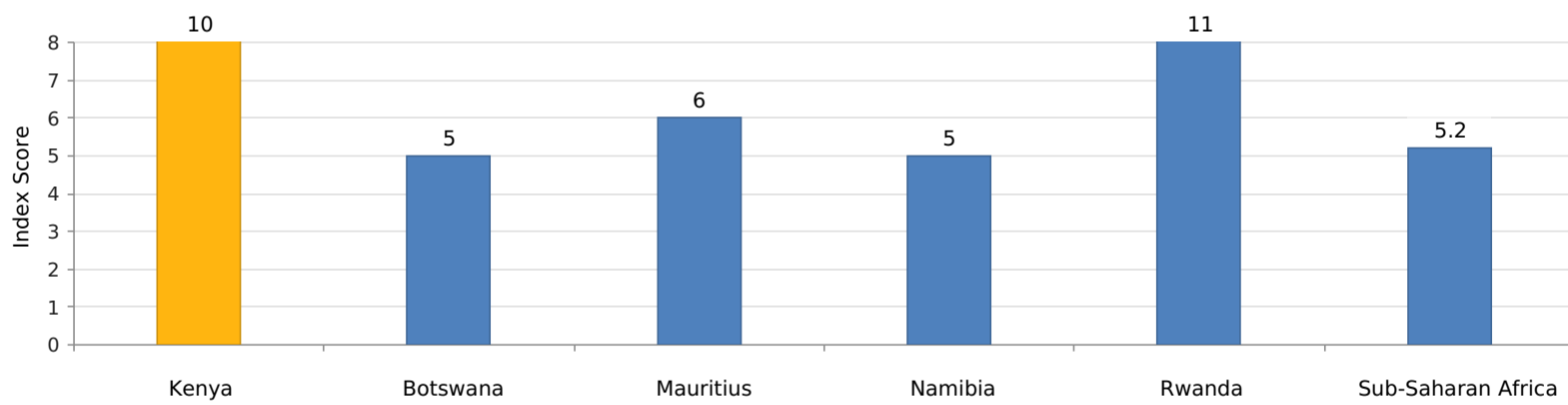
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	10	5.2	6.1	12 (5 Economies)
Depth of credit information index (0-8)	8	3.3	6.7	8 (42 Economies)
Credit registry coverage (% of adults)	0	7.0	21.8	100.0 (4 Economies)
Credit bureau coverage (% of adults)	29.9	8.9	65.3	100.0 (25 Economies)

Figure - Getting Credit in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

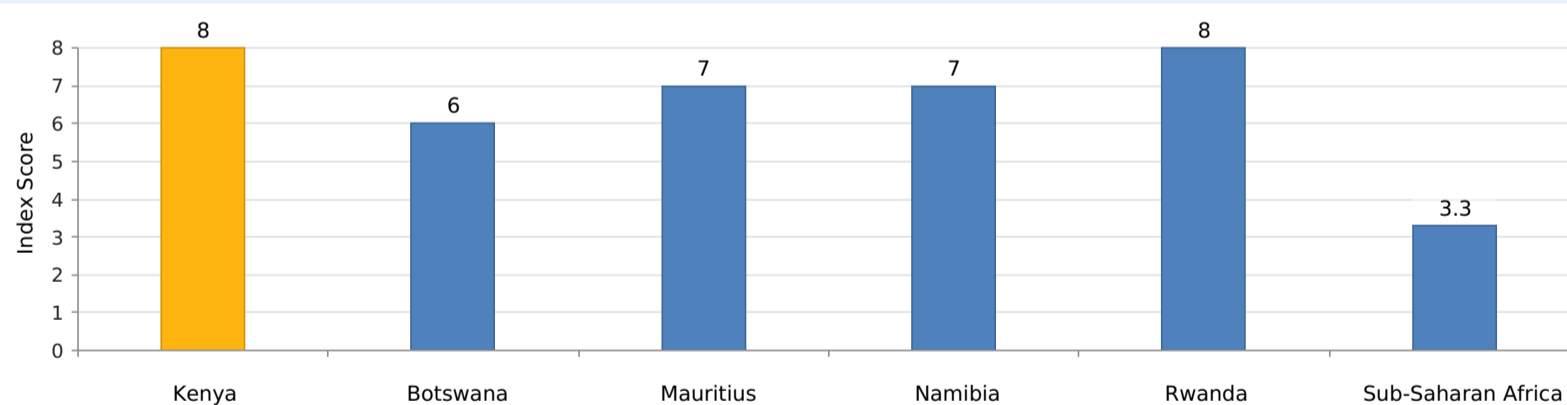
Figure - Legal Rights in Kenya and comparator economies



Details - Legal Rights in Kenya

<b>Strength of legal rights index (0-12)</b>	<b>10</b>
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	Yes
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	Yes
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure - Credit Information in Kenya and comparator economies



## Details - Credit Information in Kenya

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1
<b>Total Score ("yes" to either public bureau or private registry)</b>			<b>8</b>

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	8,134,175	0
Number of firms	304,032	0
Total	8,438,207	0
<b>Percentage of adult population</b>	<b>29.9</b>	<b>0</b>



## Protecting Minority Investors

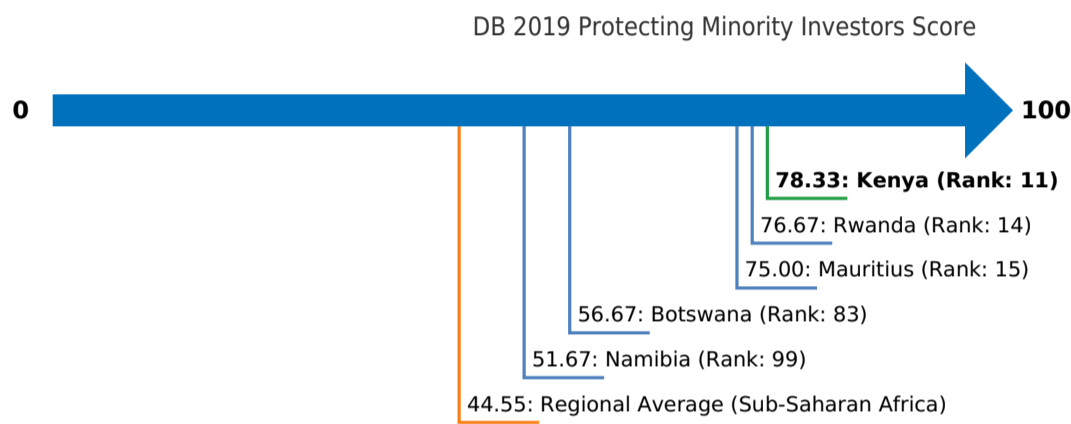
This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<ul style="list-style-type: none"> <li>• <b>Extent of disclosure index (0-10):</b> Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions</li> <li>• <b>Extent of director liability index (0-10):</b> Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)</li> <li>• <b>Ease of shareholder suits index (0-10):</b> Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses</li> <li>• <b>Extent of conflict of interest regulation index (0-10):</b> Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices</li> <li>• <b>Extent of shareholder rights index (0-10):</b> Shareholders' rights and role in major corporate decisions</li> <li>• <b>Extent of ownership and control index (0-10):</b> Governance safeguards protecting shareholders from undue board control and entrenchment</li> <li>• <b>Extent of corporate transparency index (0-10):</b> Corporate transparency on ownership stakes, compensation, audits and financial prospects</li> <li>• <b>Extent of shareholder governance index (0-10):</b> Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices</li> <li>• <b>Strength of minority investor protection index (0-10):</b> Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices</li> </ul>	<p>To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.</p> <p><b>The business (Buyer):</b></p> <ul style="list-style-type: none"> <li>- Is a publicly traded corporation listed on the economy's most important stock exchange. If there are fewer than ten listed companies or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.</li> <li>- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.</li> <li>- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.</li> <li>- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.</li> <li>- Is a manufacturing company with its own distribution network.</li> </ul> <p><b>The transaction involves the following details:</b></p> <ul style="list-style-type: none"> <li>- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.</li> <li>- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.</li> <li>- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.</li> <li>- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.</li> <li>- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.</li> <li>- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.</li> </ul>

Protecting Minority Investors - Kenya

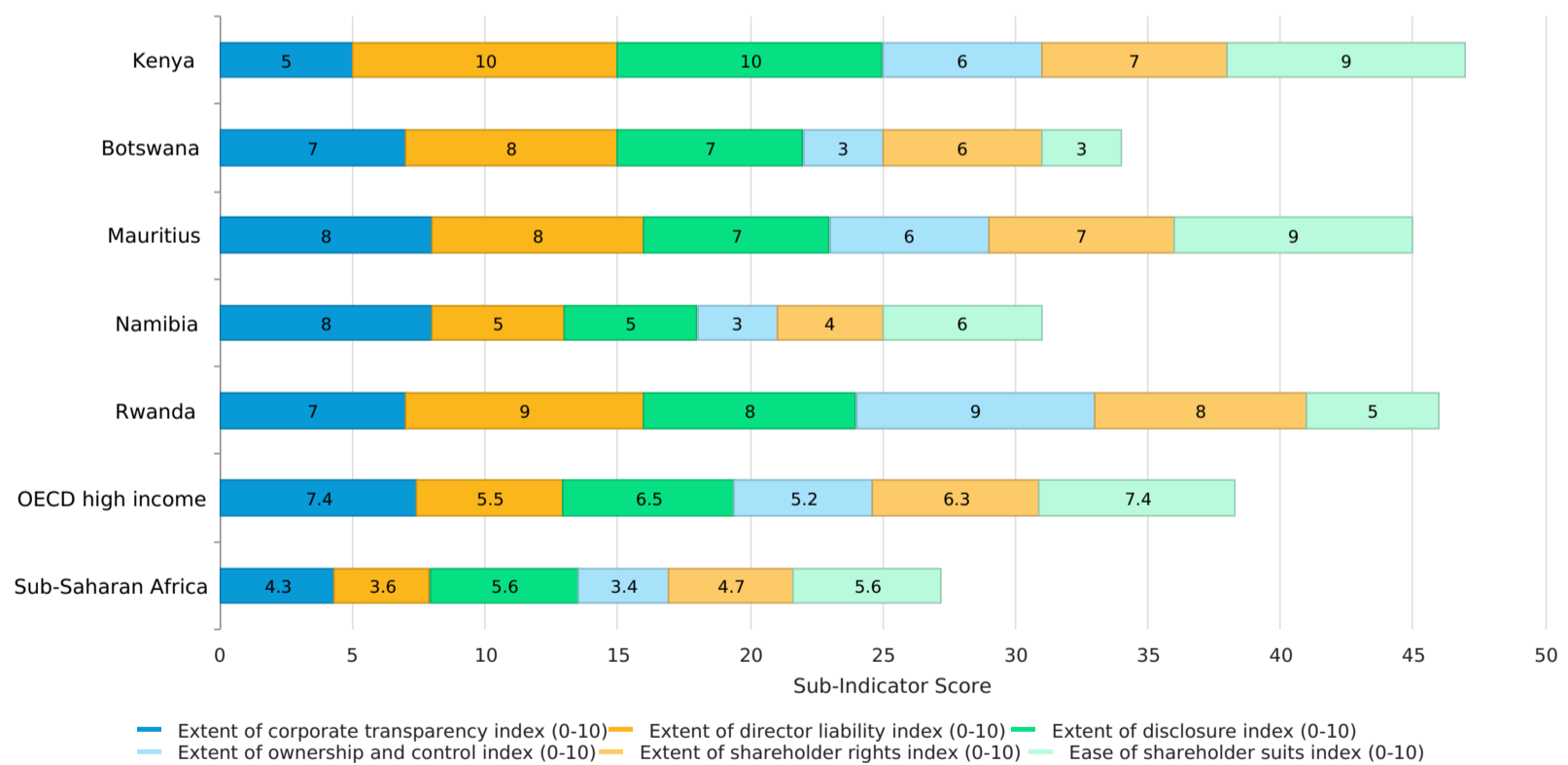
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	10.0	5.5	6.5	10 (13 Economies)
Extent of director liability index (0-10)	10.0	3.5	5.3	10 (Cambodia)
Ease of shareholder suits index (0-10)	9.0	5.5	7.3	10 (Djibouti)
Extent of shareholder rights index (0-10)	7.0	4.6	6.4	10 (Kazakhstan)
Extent of ownership and control index (0-10)	6.0	3.4	5.4	None in 2017/18
Extent of corporate transparency index (0-10)	5.0	4.1	7.6	10 (6 Economies)

Figure - Protecting Minority Investors in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Kenya and comparator economies - Measure of Quality



## Details - Protecting Minority Investors in Kenya - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>9.7</b>
<b>Extent of disclosure index (0-10)</b>		<b>10.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders excluding interested parties	3.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
<b>Extent of director liability index (0-10)</b>		<b>10.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if unfair or prejudicial	2.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if unfair or prejudicial	2.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if unfair or prejudicial	2.0
<b>Ease of shareholder suits index (0-10)</b>		<b>9.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-10)</b>		<b>6.0</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>7.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0

Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all or almost all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	No	0.0
<b>Extent of ownership and control index (0-10)</b>		<b>6.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	No	0.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
<b>Extent of corporate transparency index (0-10)</b>		<b>5.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	No	0.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2017 (number per year adjusted for electronic and joint filing and payment)

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

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

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

#### Total tax and contribution rate (% of commercial profits)

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

#### Postfiling Index

- Time to comply with a VAT refund (hours)
- Time to obtain a VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2016. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2017). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2017, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2017.

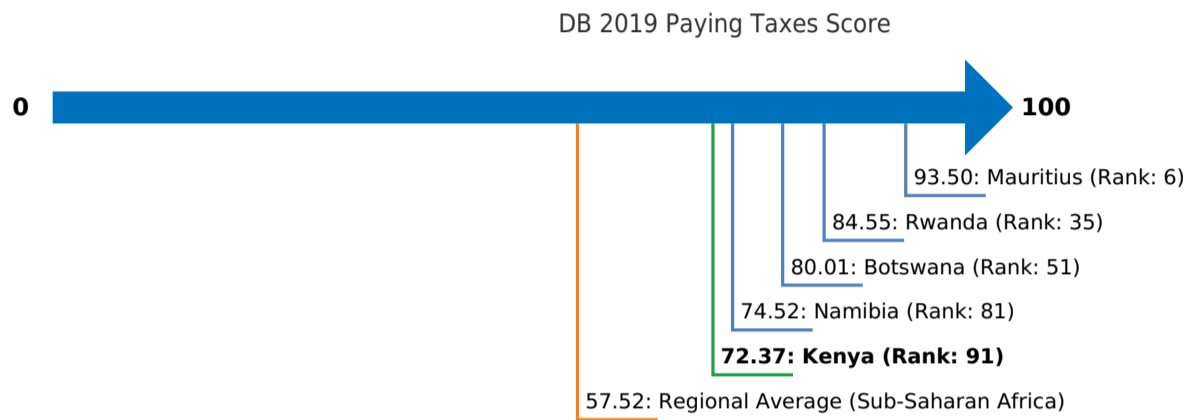
#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

**Paying Taxes - Kenya**

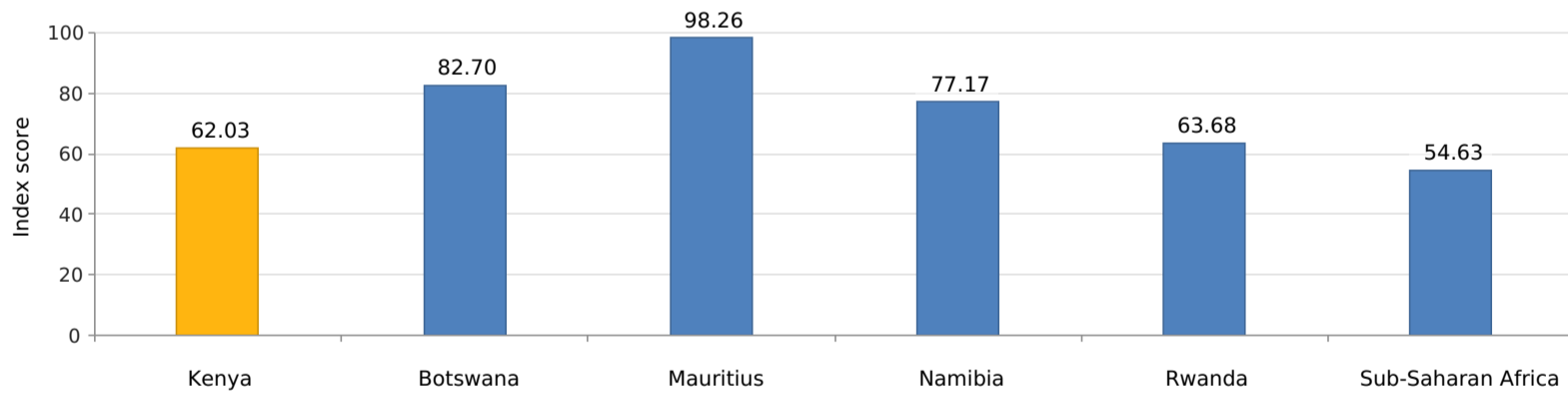
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Payments (number per year)	25	37.4	11.2	3 (Hong Kong SAR, China)
Time (hours per year)	179.5	280.6	159.4	49 (Singapore)
Total tax and contribution rate (% of profit)	37.2	46.8	39.8	26.1% (32 Economies)
Postfiling index (0-100)	62.03	54.63	84.41	None in 2017/18

**Figure - Paying Taxes in Kenya and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

**Figure - Paying Taxes in Kenya and comparator economies - Measure of Quality**



## Details - Paying Taxes in Kenya

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Corporate income tax	1.0	online	41.5	30%	taxable profit	29.88	
Standards levy	1.0			0.2%	net sales	3.54	
Employer paid - Social security contributions (NSSF)	12.0		63.0	5% up to KES200 per person per month	gross salaries	1.52	
Unified Business Permit	1.0			KES 100,000	fixed fee	1.06	
Tax on interest	0.0			15%	interest income	0.38	included in other taxes
Employer paid - Training or apprentice tax	2.0			KES 50 per employee per month	number of employees	0.38	
Land rates	1.0			0.6%	land value	0.30	
Road maintenance levy	0.0	jointly		KES 9 per liter	fuel consumption	0.28	
Capital Gains Tax	1.0			5%	capital gains	0.25	
Advance motor vehicle tax	1.0			KES 1,500 per ton	vehicle weight	0.24	included in other taxes
Land rent	1.0			various rates		0.01	
Petroleum development duty	0.0	jointly		KES 0.4 per liter	fuel consumption	0.01	
Tax on check transactions	1.0			KES 2 per check	number of checks	0.01	
Stamp duty on contracts	1.0			various rates	type of contract	0.00	small amount
Value added tax (VAT)	1.0	online	75.0	16%	value added	0.00	not included
Fuel tax - excise duty	1.0			KES 10.31 per liter	fuel consumption	0.00	small amount
Employee paid - National hospital insurance fund (NHIF)	0.0	jointly		various rates	gross salaries	0.00	withheld
Employee paid - Social security contributions (NSSF)	0.0	jointly		5% up to KES 200 per person per month	gross salaries	0.00	withheld



Totals	25	179.5	37.2
--------	----	-------	------

## Details - Paying Taxes in Kenya - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	30.1
Labor tax and contributions (% of profit)	1.9
Other taxes (% of profit)	5.2

## Details - Paying Taxes in Kenya - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>62.03</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Purchase of machine exempted from VAT	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT	No VAT
Time to obtain a VAT refund (weeks)	No VAT	No VAT
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax correction (hours)	20.5	65.14
Time to complete a corporate income tax correction (weeks)	13.1	58.93

**Notes:** Names 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.

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.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

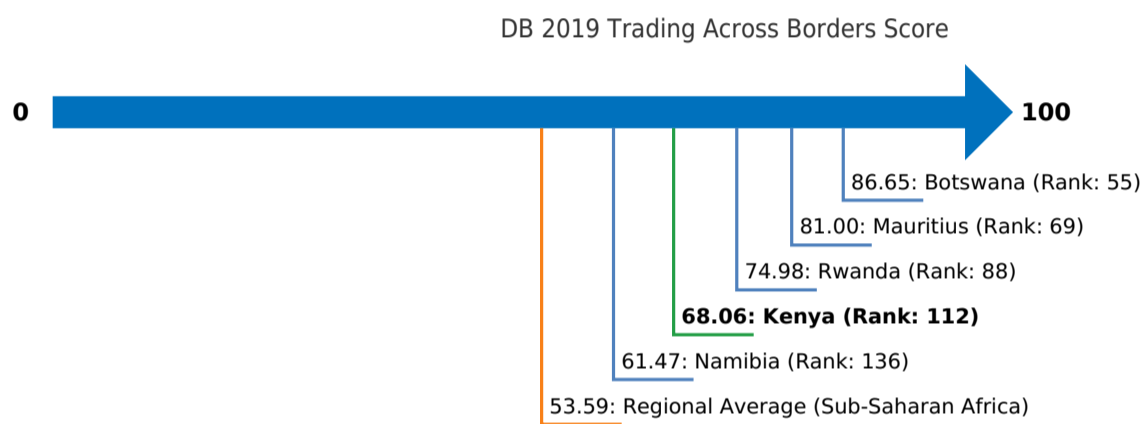
#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Kenya

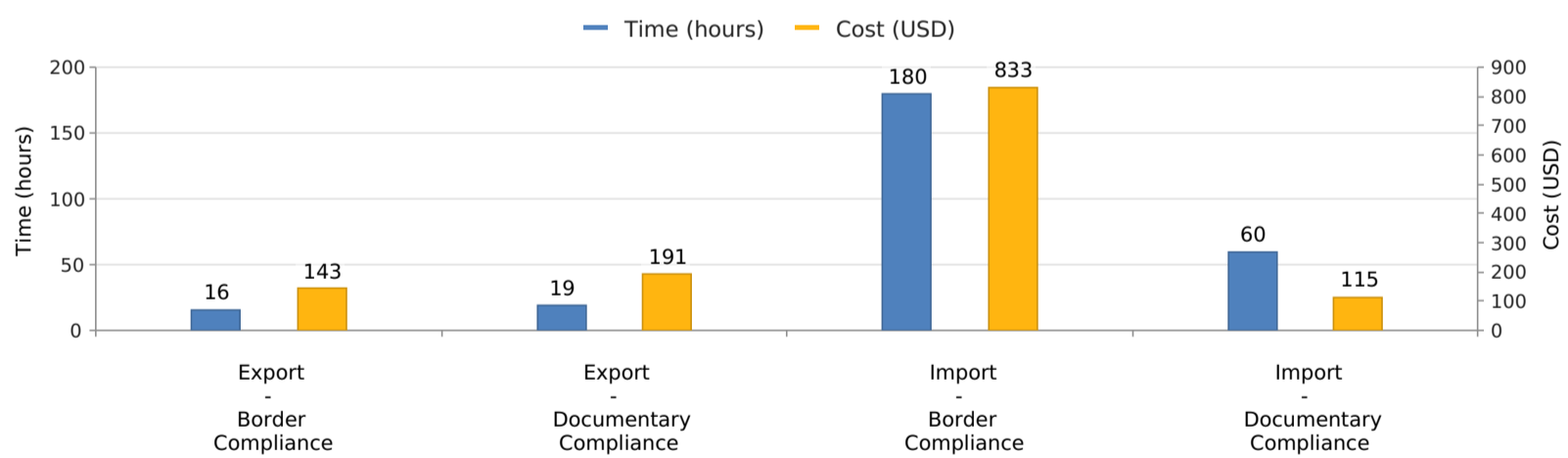
Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	16	97.3	12.5	1 (19 Economies)
Cost to export: Border compliance (USD)	143	605.8	139.1	0 (19 Economies)
Time to export: Documentary compliance (hours)	19	72.8	2.4	1 (26 Economies)
Cost to export: Documentary compliance (USD)	191	168.8	35.2	0 (20 Economies)
Time to import: Border compliance (hours)	180	126.3	8.5	0 (25 Economies)
Cost to import: Border compliance (USD)	833	684.3	100.2	0 (28 Economies)
Time to import: Documentary compliance (hours)	60	97.7	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	115	283.5	24.9	0 (30 Economies)

Figure - Trading across Borders in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Kenya - Time and Cost



## Details - Trading across Borders in Kenya

Characteristics	Export	Import
Product	HS 09 : Coffee, tea, mati and spices	HS 8708: Parts and accessories of motor vehicles
Trade partner	Uganda	Japan
Border	Malaba border crossing	Mombasa port
Distance (km)	440	481
Domestic transport time (hours)	9	11
Domestic transport cost (USD)	967	1100

## Details - Trading across Borders in Kenya - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	11.0	122.5
Export: Clearance and inspections required by agencies other than customs	4.5	20.0
Export: Port or border handling	2.0	0.0
Import: Clearance and inspections required by customs authorities	60.0	200.0
Import: Clearance and inspections required by agencies other than customs	72.0	250.0
Import: Port or border handling	108.0	382.5

## Details - Trading across Borders in Kenya - Trade Documents

Export	Import
Inland Bill of lading	Bill of lading
Release order	Cargo release order
Certificate of origin (COMESA)	Pre-Import Verification of Conformity (PVoC)
Commercial invoice	Commercial invoice
Exit note	Import Declaration Form (IDF Form C-61)
Certificate of export	Packing list
Export Declaration	Proof of payments of Customs Duties
Packing list	Terminal handling receipts
Phytosanitary certificate	Declaration of customs value (Form C- 52)
	SOLAS certificate

---



## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to enforce a contract through the courts (calendar days)</b></p>	<p>The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.</p>
<ul style="list-style-type: none"> <li>• Time to file and serve the case</li> <li>• Time for trial and to obtain the judgment</li> <li>• Time to enforce the judgment</li> </ul>	<p>To make the data comparable across economies, <i>Doing Business</i> uses several assumptions about the case:</p>
<p><b>Cost required to enforce a contract through the courts (% of claim)</b></p>	<ul style="list-style-type: none"> <li>- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> </ul>
<ul style="list-style-type: none"> <li>• Attorney fees</li> <li>• Court fees</li> <li>• Enforcement fees</li> </ul>	<ul style="list-style-type: none"> <li>- The buyer orders custom-made goods, then fails to pay alleging that the goods are not of adequate quality.</li> </ul>
<p><b>Quality of judicial processes index (0-18)</b></p>	<ul style="list-style-type: none"> <li>- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.</li> </ul>
<ul style="list-style-type: none"> <li>• Court structure and proceedings (-1-5)</li> </ul>	<ul style="list-style-type: none"> <li>- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.</li> </ul>
<ul style="list-style-type: none"> <li>• Case management (0-6)</li> </ul>	<ul style="list-style-type: none"> <li>- The seller requests the pretrial attachment of the defendant's movable assets to secure the claim.</li> </ul>
<ul style="list-style-type: none"> <li>• Court automation (0-4)</li> </ul>	<ul style="list-style-type: none"> <li>- The dispute on the quality of the goods requires an expert opinion.</li> </ul>
<ul style="list-style-type: none"> <li>• Alternative dispute resolution (0-3)</li> </ul>	<ul style="list-style-type: none"> <li>- The judge decides in favor of the seller; there is no appeal.</li> </ul>
	<ul style="list-style-type: none"> <li>- The seller enforces the judgment through a public sale of the buyer's movable assets.</li> </ul>

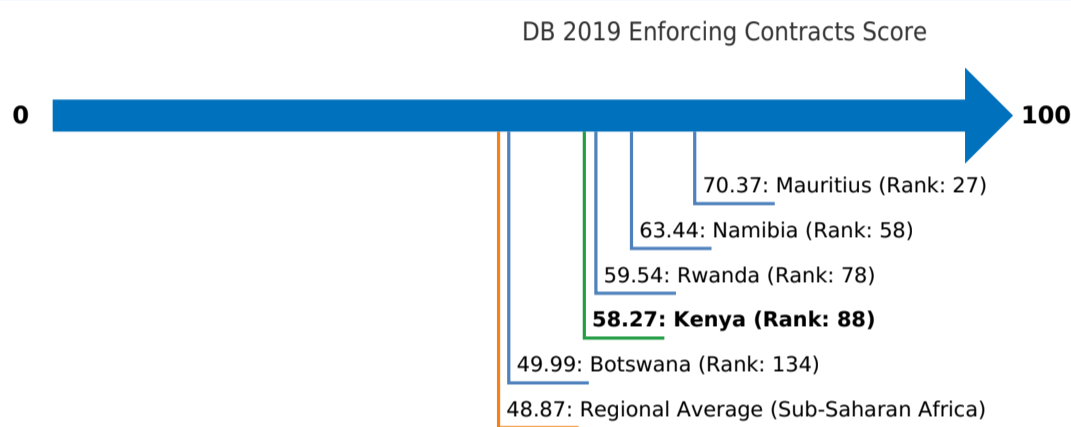
Enforcing Contracts - Kenya

Standardized Case

Claim value	KES 529,953
Court name	Nairobi Resident Magistrates Court
City Covered	Nairobi

Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Time (days)	465	655.1	582.4	None in 2017/18
Cost (% of claim value)	41.8	42.3	21.2	None in 2017/18
Quality of judicial processes index (0-18)	9.0	6.7	11.5	None in 2017/18

Figure - Enforcing Contracts in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Kenya - Time and Cost

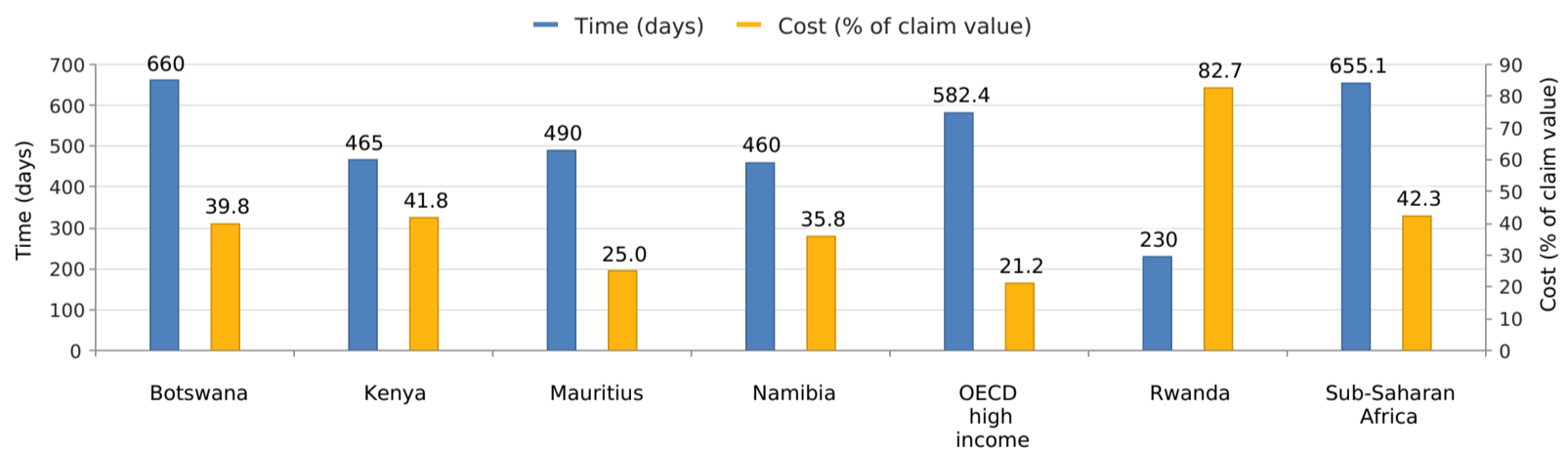
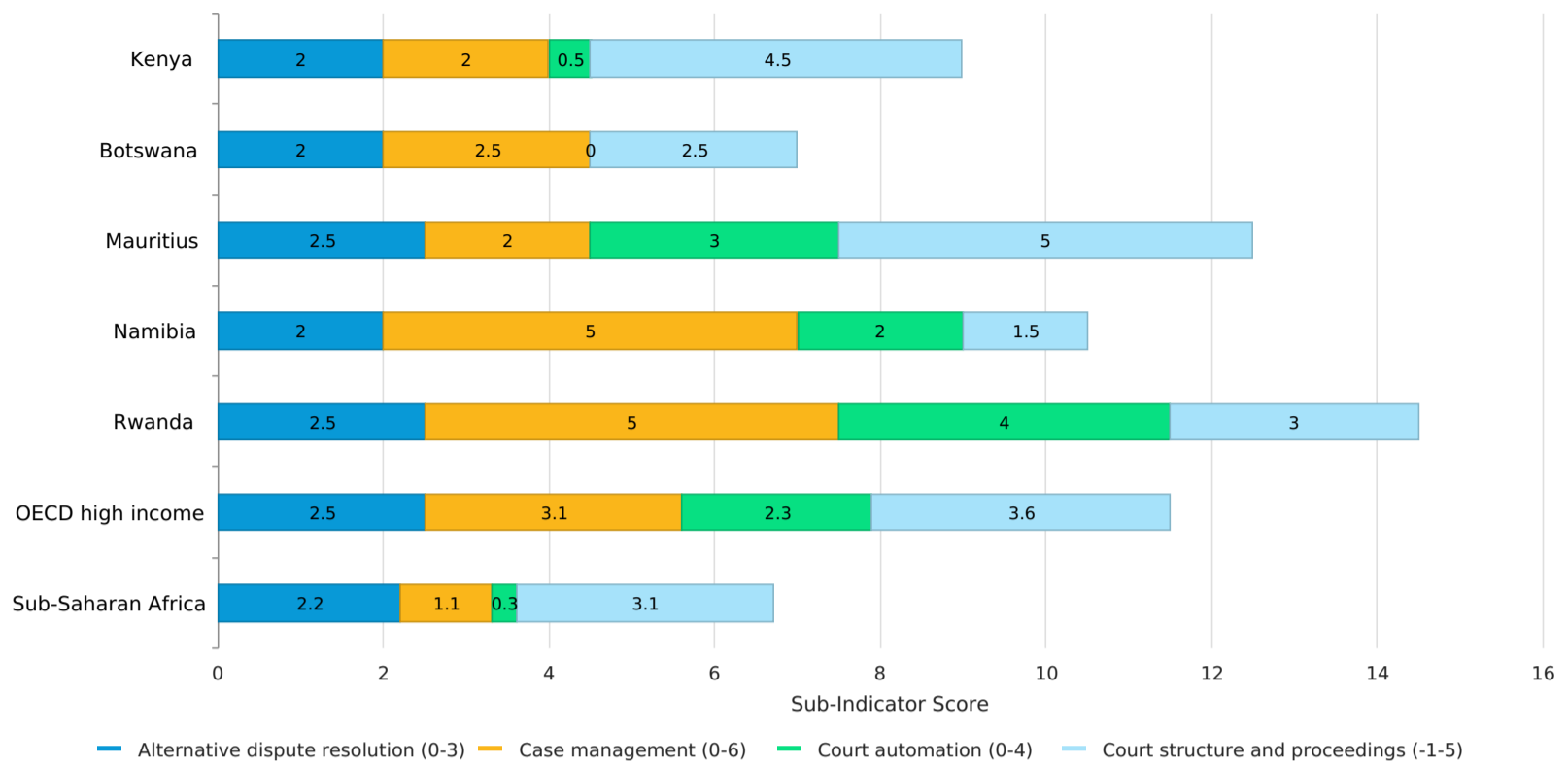


Figure - Enforcing Contracts in Kenya and comparator economies - Measure of Quality



Details - Enforcing Contracts in Kenya

	Indicator
<b>Time (days)</b>	<b>465</b>
Filing and service	40
Trial and judgment	365
Enforcement of judgment	60
<b>Cost (% of claim value)</b>	<b>41.8</b>
Attorney fees	27.5
Court fees	11.6
Enforcement fees	2.7
<b>Quality of judicial processes index (0-18)</b>	<b>9.0</b>
Court structure and proceedings (-1-5)	4.5
Case management (0-6)	2.0
Court automation (0-4)	0.5
Alternative dispute resolution (0-3)	2.0

## Details - Enforcing Contracts in Kenya - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>9.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>4.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>2.0</b>
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>0.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	no	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.5
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.0</b>
1. Arbitration		1.5

1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		0.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	No	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

## Resolving Insolvency

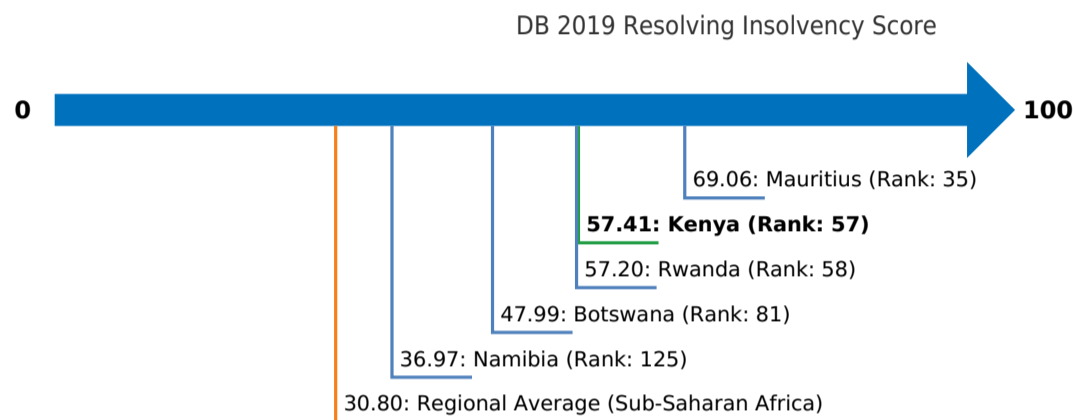
*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to recover debt (years)</b></p> <ul style="list-style-type: none"> <li>• Measured in calendar years</li> <li>• Appeals and requests for extension are included</li> </ul>	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p>
<p><b>Cost required to recover debt (% of debtor's estate)</b></p> <ul style="list-style-type: none"> <li>• Measured as percentage of estate value</li> <li>• Court fees</li> <li>• Fees of insolvency administrators</li> <li>• Lawyers' fees</li> <li>• Assessors' and auctioneers' fees</li> <li>• Other related fees</li> </ul>	<ul style="list-style-type: none"> <li>- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.</li> <li>- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.</li> <li>- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.</li> </ul>
<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>• Whether business continues operating as a going concern or business assets are sold piecemeal</li> </ul>	<p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>
<p><b>Recovery rate for creditors</b></p> <ul style="list-style-type: none"> <li>• Measures the cents on the dollar recovered by secured creditors</li> <li>• Outcome for the business (survival or not) determines the maximum value that can be recovered</li> <li>• Official costs of the insolvency proceedings are deducted</li> <li>• Depreciation of furniture is taken into account</li> <li>• Present value of debt recovered</li> </ul>	
<p><b>Strength of insolvency framework index (0- 16)</b></p> <ul style="list-style-type: none"> <li>• Sum of the scores of four component indices:</li> <li>• Commencement of proceedings index (0-3)</li> <li>• Management of debtor's assets index (0-6)</li> <li>• Reorganization proceedings index (0-3)</li> <li>• Creditor participation index (0-4)</li> </ul>	

Resolving Insolvency - Kenya

Indicator	Kenya	Sub-Saharan Africa	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	31.2	20.3	70.5	None in 2017/18
Time (years)	4.5	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	22.0	22.7	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	1	..	..	..
Strength of insolvency framework index (0-16)	13.0	6.4	11.9	None in 2017/18

Figure - Resolving Insolvency in Kenya and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Kenya - Time and Cost

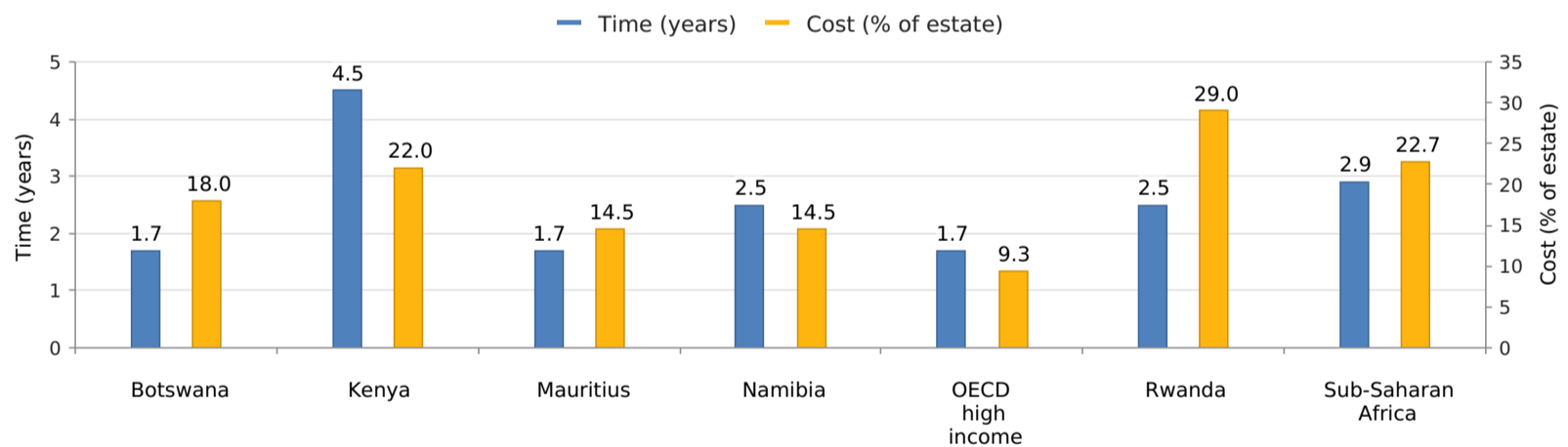
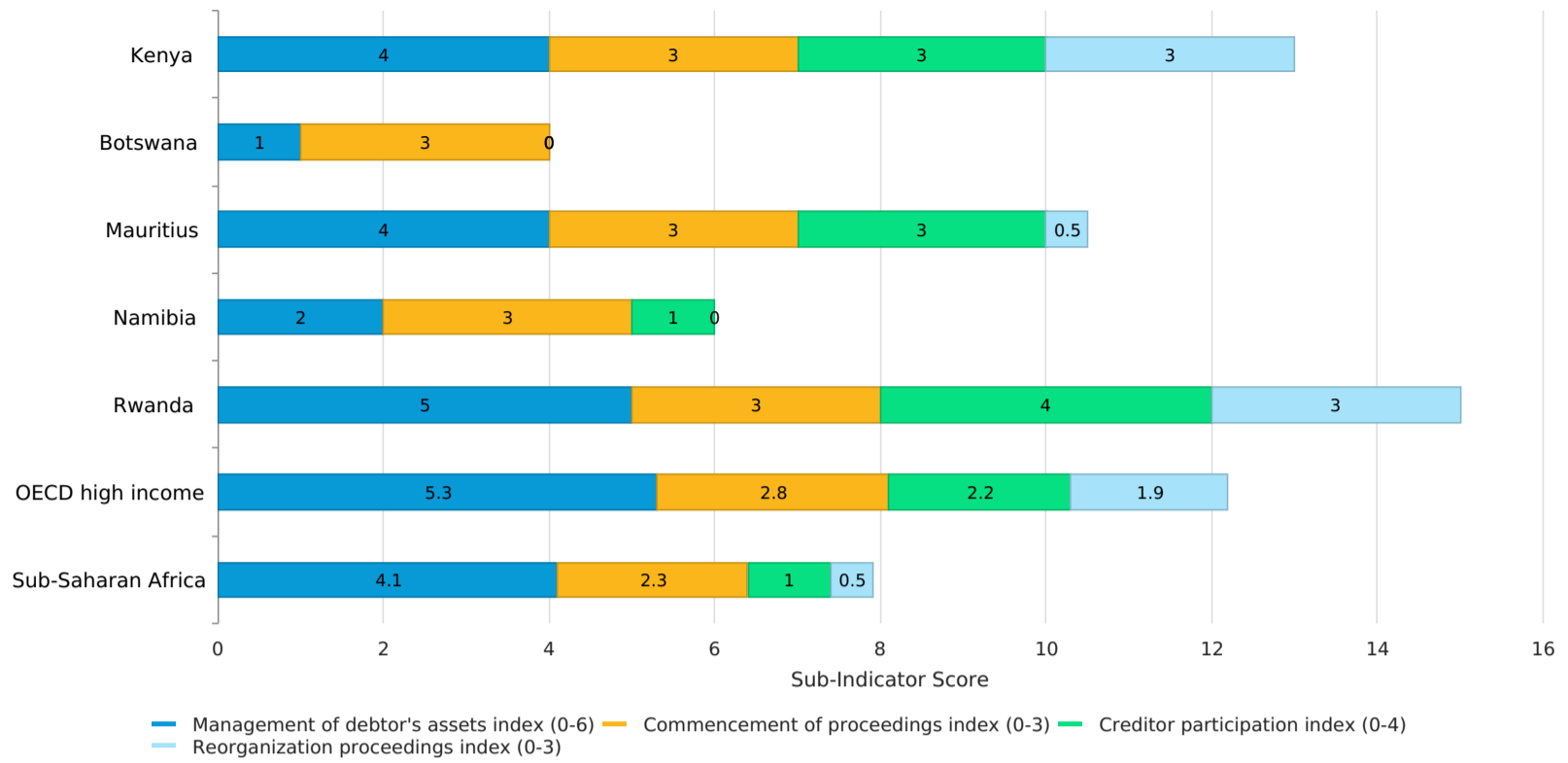


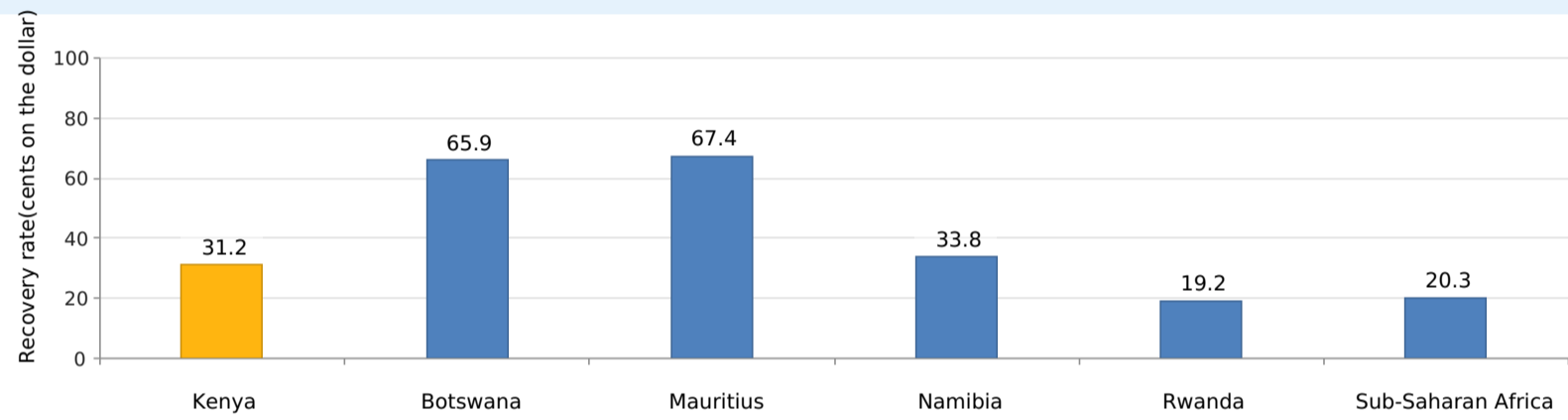


Figure - Resolving Insolvency in Kenya and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Kenya and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Kenya

Indicator	Answer	Score
Proceeding	receivership	After Mirage's default on payment, as the debenture holder, BizBank would initiate receivership by filing an application requiring the High Court of Kenya to verify an identified receiver pursuant to Part VII Receivers and Managers of the Companies Act. Mirage or other unsecured creditors may appeal against the appointment before the Court, and according to Section 223 of the Companies Act, the Court can stay or restrain proceedings accordingly based on relevant parties' application, then the receivership proceeding can be converted into liquidation. However, the conversion is unlikely to happen for Mirage's case as BizBank holds 74% of the total outstanding debt and it's likely that the Court would approve its receivership request.
Outcome	going concern	The hotel will continue operating as a going concern after the BizBank appointed receiver sell it as a going concern to a third party.
Time (in years)	4.5	The receivership will approximately take 4.5 years until BizBank is repaid some or all of the money owed to it upon the completion of the proceeding. The delay is largely due to the inefficiency of court and difficulty to organize hearings. It takes about 2 years until the final judgment is made to approve BizBank's receivership appointment. This takes consideration of all possible delaying tactics adopted by Mirage or other unsecured creditors who are likely to defense BizBank's application and stop the receivership proceeding. Then it would take additional 2.5 years to find a potential buyer of the company, sell it as a going concern and receive the sale proceeds.
Cost (% of estate)	22.0	The costs associated with the case would amount to approximately 22% of the value of the debtor's estate. Cost incurred during the entire insolvency process mainly include court or government agency fees (1.4%), attorney fees (up to 10%), receiver fees (up to 10%), and fees of accountants, assessors, inspectors and other professionals (2%), other costs (2%).
Recovery rate (cents on the dollar)		31.2

## Details - Resolving Insolvency in Kenya - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>13.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>3.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>4.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>3.0</b>
Which creditors vote on the proposed reorganization plan?	(b) Only creditors whose rights are affected by the proposed plan	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
<b>Creditor participation index (0-4)</b>		<b>3.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Labor Market Regulation

*Doing Business* presents detailed data for the labor market regulation indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The report does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

#### Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Labor Market Regulation - Kenya

## Details - Labor Market Regulation in Kenya

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	271.8
Ratio of minimum wage to value added per worker	1.3
Maximum length of probationary period (months)	12.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	21.0
Paid annual leave for a worker with 5 years of tenure (working days)	21.0
Paid annual leave for a worker with 10 years of tenure (working days)	21.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	21.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	2.1

Severance pay for redundancy dismissal for a worker with 5 years of tenure	10.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	21.4
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	11.4
<b>Job quality</b>	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	90.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

## Business Reforms in Kenya

In the past year, *Doing Business* observed a peaking of reform activity worldwide. From June 2, 2017, to May 1, 2018, 128 economies implemented a record 314 regulatory reforms improving the business climate. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

---

DB2019

- ✓ **Registering Property:** Kenya made registering property easier by introducing an online system to clear land rent rates.
- ✓ **Getting Credit:** Kenya strengthened access to credit by introducing a new Secured Transactions Law creating a unified secured transactions legal framework, and establishing a new unified and notice-based collateral registry.
- ✓ **Protecting Minority Investors:** Kenya strengthened minority investor protections by increasing disclosure requirements, regulating the approval of transactions with interested parties and increasing available remedies if said transactions are prejudicial, increasing shareholders' rights and role in major corporate decisions and requiring greater corporate transparency.
- ✓ **Paying Taxes:** Kenya made paying taxes easier by merging all permits into a single unified business permit and by simplifying the value added tax schedule on its iTax platform.
- ✓ **Resolving Insolvency:** Kenya made resolving insolvency easier by facilitating the continuation of the debtor's business during insolvency proceedings, providing for equal treatment of creditors in reorganization proceedings and granting creditors greater participation in the insolvency proceedings.

---

DB2018

- ✓ **Starting a Business:** Kenya made starting a business easier by merging procedures required to start-up and formally operate a business.
- ✓ **Dealing with Construction Permits:** Kenya made dealing with construction permits less expensive by eliminating fees for clearances from the National Environment Management Authority (NEMA) and the National Construction Authority.
- ✓ **Getting Electricity:** Kenya improved the reliability of electricity by investing in its distribution lines and transformers and by setting up a specialized squad to restore power when outages occur.
- ✓ **Getting Credit:** Kenya improved access to credit information by starting to distribute data from two utility companies.
- ✓ **Paying Taxes:** Kenya made paying taxes easier by implementing an online platform, iTax, for filing and paying corporate income tax and the standards levy.
- ✓ **Trading across Borders:** Kenya reduced the time for import documentary compliance by utilizing its single window system, which allows for electronic submission of customs entries.

---

DB2017

- ✓ **Starting a Business:** Kenya made starting a business easier by removing stamp duty fees required for the nominal capital, memorandum and articles of association. Kenya also eliminated requirements to sign compliance declarations before a commissioner of oaths. However, Kenya also made starting a business more expensive by introducing a flat fee for company incorporation.
- ✓ **Getting Electricity:** Kenya streamlined the process of getting electricity by introducing the use of a geographic information system which eliminates the need to conduct a site visit, thereby reducing the time and interactions needed to obtain an electricity connection.
- ✓ **Registering Property:** Kenya made Registering property easier by increasing the transparency at its land registry and cadastre.
- ✓ **Protecting Minority Investors:** Kenya strengthened minority investor protections by clarifying ownership and control structures, by introducing greater requirements for disclosure of related-party transactions to the board of directors, by making it easier to sue directors in cases of prejudicial related-party transactions and by allowing the rescission of related-party transactions that are shown to harm the company.
- ✓ **Resolving Insolvency:** Kenya made resolving insolvency easier by introducing a reorganization procedure, facilitating continuation of the debtor's business during insolvency proceedings and by introducing regulations for insolvency practitioners.

---

DB2016

- ✓ **Starting a Business:** Kenya made starting a business easier by reducing the time it takes to assess and pay stamp duty.
- ✗ **Dealing with Construction Permits:** Kenya made dealing with construction permits more difficult by requiring an additional approval before issuance of the building permit and by increasing the costs for both water and sewerage connections
- ✓ **Getting Electricity:** The utility in Kenya reduced delays for new connections by enforcing service delivery timelines and hiring contractors for meter installation.
- ✓ **Registering Property:** Kenya made property transfers faster by improving electronic document management at the land registry and introducing a unified form for registration.
- ✓ **Getting Credit:** Kenya improved access to credit information by passing legislation that allows the sharing of positive information and by expanding borrower coverage.

---

DB2015

- ✗ **Dealing with Construction Permits:** Kenya made dealing with construction permits more costly by increasing the building permit fees.
- ✓ **Getting Credit:** Kenya improved its credit information system by passing legislation that allows the sharing of both positive and negative credit information and establishes guidelines for the treatment of historical data.
- ✗ **Paying Taxes:** Kenya made paying taxes more costly for companies by increasing employers' social security contribution rate.

---

DB2013

- ✓ **Paying Taxes:** Kenya made paying taxes faster for companies by enhancing electronic filing systems.

---

DB2012

- ✓ **Enforcing Contracts:** Kenya introduced a case management system that will help increase the efficiency and cost-effectiveness of commercial dispute resolution.

---

DB2011

- ✓ **Starting a Business:** Kenya eased business start-up by reducing the time it takes to get the memorandum and articles of association stamped, merging the tax and value added tax registration procedures and digitizing records at the registrar.
- ✗ **Paying Taxes:** Kenya increased the administrative burden of paying taxes by requiring quarterly filing of payroll taxes.
- ✓ **Trading across Borders:** Kenya speeded up trade by implementing an electronic cargo tracking system and linking this system to the Kenya Revenue Authority's electronic data interchange system for customs clearance.

---

DB2010

- ✗ **Dealing with Construction Permits:** Kenya made dealing with construction permits more costly by raising fees.
- ✓ **Getting Credit:** Kenya improved access to credit information through a new law on credit bureaus providing a framework for a regulated and reliable system of credit information sharing.

---

DB2009

- ✓ **Starting a Business:** Kenya reduced the time required to start a business through improvements at the registry and better communication between relevant agencies.
- ✓ **Trading across Borders:** Kenya made trading across borders easier by extending the operating hours of customs and port authorities, reducing the number of inspection points between Nairobi and Mombasa and introducing an electronic system allowing traders to submit their documents online.



DB2008

- ✓ **Starting a Business:** Kenya reduced the time and cost to register a company through an ambitious licensing reform program that eliminated 110 types of business permits and simplified 8 others.
  
- ✓ **Dealing with Construction Permits:** Kenya made dealing with construction permits easier by simplifying procedures, improving efficiency in issuing permits and reducing the cost of obtaining a telephone connection.
  
- ✓ **Registering Property:** Kenya speeded up property registration by allowing private practitioners (in addition to government valuers) to carry out land valuations, which reduced the time required for a valuation from a month to a week.
  
- ✓ **Getting Credit:** Kenya's private credit bureau expanded the coverage of its database by adding retailers and utility companies as providers of credit information.

*Doing Business 2019* is the 16th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

ISBN 978-1-4648-1146-3



SKU 211146

[www.doingbusiness.org](http://www.doingbusiness.org)