LAO PDR - XAO BAN GROUP (Yogurt Lady)

- Insert Lao video.
1. Why Does the World Bank Group Focus on Secured Transactions Reform?
1. Why is IFC focusing in this area?:

**Clear Market Failure**

- **SME Finance Gap**
  - 400 million SMEs in developing world
  - 50% unserved or underserved
  - 14% with loan or line of credit

*Source: IFC Enterprise Finance Gap Database (2011)*
COLLATERAL GAP

Mismatch between assets owned by companies and collateral required

- Vehicles/machinery/equipment: 22%
- Accounts Receivable: 34%
- Land / Real Estate: 44%

- Land / Real Estate: 73%
- Movable property: 27%

Source: World Bank Enterprise Surveys
ACCESS TO CREDIT CONSTRAINTS

Access to a Line of Credit or Loans from Financial Institutions (% of Firms)

- Eastern Europe & Central Asia: 56.92%
- Latin America & Caribbean: 54.97%
- South Asia: 45.02%
- Sub-Saharan Africa: 37.54%
- Middle East & North Africa: 25.07%

Use of Bank Loans to Finance Investments (% of Firms)

- Eastern Europe & Central Asia: 49.85%
- OECD: 34.18%
- Latin America & Caribbean: 28.77%
- South Asia: 27.20%
- Sub-Saharan Africa: 26.21%
- Middle East & North Africa: 16.45%
2. Potential Impact of Secured Transactions Reforms in Access to Credit
<table>
<thead>
<tr>
<th>Variable</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to finance</td>
<td>8 percentage points ↑</td>
</tr>
<tr>
<td>Access to a loan</td>
<td>7 percentage points ↑</td>
</tr>
<tr>
<td>% of working capital financed by banks</td>
<td>10 percentage points ↑</td>
</tr>
<tr>
<td>Interest rates</td>
<td>3 percentage points ↓</td>
</tr>
<tr>
<td>Loan maturity</td>
<td>6 months ↑</td>
</tr>
</tbody>
</table>

Study also provides evidence that the impact of the introduction of movable registries on firms’ access to finance is larger among smaller firms, who also report a reduction in subjective, perception-based measure of finance obstacles.
BENEFITS OF A SOLID SECURED TRANSACTIONS SYSTEM

**INCREASES ACCESS TO CREDIT REDUCING THE RISK OF CREDIT**
- Underserved MSMEs and women entrepreneurs
- Promotes risk management, prudent lending

**INCREASES MARKET COMPETITION**
- Development of industries (factoring and leasing)
- NBFIs

**REDUCES THE COST OF CREDIT**
- Better interest rates
- Move from informal to formal financing
- Cost savings for businesses

**PROMOTES CREDIT DIVERSIFICATION**
- Credit risk diversification: immovable and movable
- Sector diversification in the portfolio

- Development of industries (factoring and leasing)
- NBFIs
3. Secured Transactions Programs: Business and Delivery Model
CURRENT GLOBAL PORTFOLIO STCR

AFRICA
Burundi
Ghana
Liberia
Malawi
Nigeria
Sierra Leone
South Africa
Zambia
Kenya,

MENA
Afghanistan
Jordan
Lebanon
Palestine
Morocco
Egypt

EAST ASIA & PACIFIC
Cambodia
China
Lao PDR
Mongolia
Philippines
Vietnam
Indonesia
Myanmar

SOUTH ASIA
India
Sri Lanka
Bangladesh
Nepal
Bhutan

ECA
Azerbaijan
Belarus
Tajikistan
Uzbekistan
Kyrgyzstan

LAC
Belize
Chile
Colombia
Costa Rica
Dominican Republic
Haiti
Trinidad and Tobago

Pipeline
Regional West & Central Africa, South Sudan, Uganda, Pakistan
BUSINESS AND DELIVERY MODEL - HOLISTIC APPROACH

1. Legal and Regulatory Framework
   - Create Committee
   - Draft new STCR Law
   - Raise awareness
   - Submit Law to Parliament
   - Draft regulations
   - Revise Central Bank regulations

2. Creation of Electronic Registry
   - Support drafting of technical specifications
   - Support procurement process
   - Support operation of the registry
   - Training/awareness

3. Building the Capacity of Stakeholders
   - Training and awareness raising stakeholders (public & private stakeholders), including law and registry
   - Technical training to industry players

4. Monitoring Impact & Communication
   - Develop M&E plan including baseline information
   - Conduct periodic monitoring of impact through registry indicators & surveys
   - Independent evaluations
   - Communications

World Bank Group
OUR MODEL BASED ON INTERNATIONAL STANDARDS

- UNCITRAL Registry Guide and Legislative Guide on Secured Transactions
- World Bank Principles on Insolvency and Creditors Rights
- IFC Guide on Secured Transactions and Collateral Registries
SECURED TRANSACTIONS PROGRAM MODEL

**Impact / Results:**
1. Value of financing facilitated secured with movable property (US$) and;
2. Number of Firms/MSMEs with increased access to credit

**Clients**
- Governments (Central Banks, Ministry of Finance/Economy/Justice/Trade)

**Beneficiaries**
- Financial Institutions, NBFIs, Firms (mostly MSMEs), Households and Consumers

**Funding Model**
- WBG/IFC funds, Pooled donor funds, client contributions

**Value Added**
- In house expertise, global local presence, developed methodology and M&E standards, demonstrated impact.

**World Bank Group**
Potential effect of intervention

The benefits of secured transactions reform would include:

- Improved legislative framework governing secured transactions which is more transparent, efficient and comprehensive;
- New registry with robust platforms, proper capacity and wide usage;
- Increased capacity of financial institutions to design and offer new products where movable assets are used as collateral.

The end result would be greater access to credit to SMEs; more jobs created and increased competition in the financial marketplace.
Program Highlights- Knowledge Management

Toolkits
Surveys
Impact evaluation
Network Building

Factsheets
Knowledge Sharing
Events - Peer learning
Publications
Preliminary Findings - Global Registry Survey!

http://globalpractices.worldbank.org/finance/Pages/en/AllGSGs.aspx
Global Survey Preliminary Findings

- Surveyed over 100 countries
- 50 Jurisdictions Responded
- Asked 30 Questions
- 8 years of Statistics were captured
- Analysis of the data ongoing
  - Fees
  - Business modes - Outsourced, 3 P’s, etc.,
  - Top 3 Operational Issues
  - Recent trends - early findings
- Publication release date July/August 2016
Key Highlights So Far

- Alignment to International Key Legal Principles
- Business Models
- Identification
- Movables & Immovables
- Fee Structure
PRINCIPLES FOR AN EFFECTIVE SECURED TRANSACTIONS SYSTEM

- Broad scope
- Creation
- Enforcement
- Priority
- Publicity / registration

Effective Secured Transactions System
Nature of the data: public

- Managed by the Government (Central Bank, Ministry)
- Managed by the Private Sector (Chamber of Commerce in Colombia/Honduras, Credit Bureau in Sri Lanka)
- Outsourced management of data: cloud solution

Institutional set-up: stand alone/combined

- Stand alone institution in Central Bank or Government Ministry (Ghana, Liberia)
- Combined platform with other registries/agencies. Business registries (Malawi, Zambia, West Africa), Credit Bureaus (Egypt)
- National Centralized Registry for all security interests in movable and immovable property (mortgages): Ghana
New Filings - Africa

- Mauritius: 0 in 2010, 0 in 2014
- Liberia: 0 in 2010, 33 in 2014
- Zambia: 750 in 2010, 1106 in 2014
- Ghana: 10413 in 2010, 23662 in 2014
New Filings
Type of registration

1. Security interests on movable assets, 71.4%
2. Fiduciary transfer of title[1], 61.9%
3. Financial leases[2], 61.9%
4. Assignment of receivables[3], 71.4%
5. Retention of title sales [4], 61.9%
6. General tax claims, 33.3%
7. Specific tax claims, 33.3%
8. Labor claims, 28.6%
9. Judgment claims[5], 57.1%
Movable Property Types

1. Universal security over all present and future assets, 61.9%
2. Machinery and equipment, 85.7%
3. Motor vehicles, 71.4%
4. Agricultural products, 81.0%
5. Crops and other agricultural yields, 71.4%
6. Livestock etc, 76.2%
7. Investment property, 66.7%
8. Documents of rights, financial instruments, 66.7%
9. Intellectual property, 71.4%
10. A single account receivable, 81.0%
11. Multiple accounts receivables, 85.7%
12. Inventory, 85.7%
13. Membership and partnership interests, 61.9%
14. Futures, 57.1%
15. Other, 33.3%
Collateral registries with at least 3 years of operation seem to be expanding
FINAL THOUGHTS ON GLOBAL SURVEY

- emaceachenr@ifc.org
- mkonidari@worldbank.org
4. Impact of Reforms Globally and Latest Developments
Results of Collateral Registry Projects in Other Regions

- **In Colombia**, new Secured lending Law in 2013 and new centralized collateral registry in March 2014
- In 6 months more loans registered than in the last 30 years. More than 58,000 loans registered for a value of more than US$ 10 billion

- **In China**, legal reform (2007) and new centralized online registry for accounts receivables and leasing (2008)
- More than US$ 6 trillion in financing with receivables (mostly to SMEs 60%)
- Development of the factoring and leasing industries

- **In Vietnam**, legal reform and new centralized online registry (March 2012)
  - 400,000 loans have been granted to more than 215,000 SMEs and 15,000 micro
  - Total volume of financing through the registry is US$ 13.7 billion

- **In Mexico**, Law reform and new centralized online registry (October 2011)
  - Over 150,000 loans have been registered for a total secured amount estimated at over USD$200 billion. Loans secured with movables have multiplied by 4
  - 45% of the loans to the agricultural sector and 95% to SMEs. Businesses have saved US$4 billion in fees
More than 100 local SMEs have received more than US$ 10 million. Created hundreds of new jobs.

SMEs use movable assets (contracts, receivables, equipment) as collateral

No defaults in the 30 months that program has been operating

OVERALL - 60,000 loans registered for a value of US$14 billion. More than 8,000 SMEs and 30,000 Micro received loans. Collateral by type: Inventory & receivables (25%), Household goods (20%), vehicles (19%)
### AFGHANISTAN COLLATERAL REGISTRY STATISTICS (As of May 2015)

<table>
<thead>
<tr>
<th>Indicators</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Bank Users</td>
<td>All</td>
</tr>
<tr>
<td>Government Account (FSD/DAB)</td>
<td>15</td>
</tr>
<tr>
<td>Micro Finance Institutions (MFIs)</td>
<td>1</td>
</tr>
<tr>
<td>Total Number of Registered Notices</td>
<td>3869</td>
</tr>
<tr>
<td>Total Number of Search</td>
<td>9318</td>
</tr>
<tr>
<td><strong>Total Value of Registered Credit</strong></td>
<td><strong>44.3 Billion AF</strong></td>
</tr>
<tr>
<td>Chargor Size (Less than 15 Employees)</td>
<td>2116</td>
</tr>
<tr>
<td>Chargor Size (Less than 30 Employees)</td>
<td>299</td>
</tr>
<tr>
<td>Chargor Size (Less than 50 Employees)</td>
<td>88</td>
</tr>
<tr>
<td>Chargor Size (Less than 100 Employees)</td>
<td>40</td>
</tr>
<tr>
<td>Chargor Size (More than 100 Employees)</td>
<td>42</td>
</tr>
<tr>
<td>Ownership Composition (Male)</td>
<td>2552</td>
</tr>
<tr>
<td>Ownership Composition (Female)</td>
<td>10</td>
</tr>
<tr>
<td>Ownership Composition (Male &amp; Female)</td>
<td>23</td>
</tr>
</tbody>
</table>
### COLLATERAL REGISTRY IN LIBERIA

**Legal framework:**
- Chapter 5 of Commercial Code (2010)
- Central Bank Registry Regulations (2013)

**Launch of collateral registry:** June 18, 2014

**Special characteristics:** None

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of registrations</td>
<td>95</td>
</tr>
<tr>
<td>Number of SMEs:</td>
<td>24</td>
</tr>
<tr>
<td>Number of Micro:</td>
<td>0</td>
</tr>
<tr>
<td>Number of women-borrowers</td>
<td>18</td>
</tr>
<tr>
<td>Total value of financing facilitated:</td>
<td>$230,897,230</td>
</tr>
<tr>
<td>Value of financing to SMEs:</td>
<td>$123,910,382</td>
</tr>
<tr>
<td>Value of financing to women:</td>
<td>$160,039</td>
</tr>
</tbody>
</table>
• Law on Collateral Registry adopted in 2013

• Registry launched in 2014

• Currently more than 270,000 registrations

• New package of legislative amendments to be adopted
MALAWI PERSONAL PROPERTY SECURITY REGISTRY

• Personal Property and Security Act adopted in 2013;
• Registry launched in December 2015;
• Operated by the Department of Registrar General (DRG).
These Countries Also Started Developing Modern Registries:

Decree on Collateral Registry was signed by the President of Belarus in December 2015 and the Registry will become operational by September 2016.

The modern Law on Secured Transactions was enacted in Egypt (a first country in MENA to do so).

Similar to Palestine, Jordan will launch the new registry for lessors’ interests under Leasing Law which can be expended once the Secured Transactions law is enacted by the Parliament.
The 12 areas of business regulation measured by *doing business* affect firms throughout their life cycle:

**At start-up**
- Starting a business
- Labor market regulation

**In daily operations**
- Paying taxes
- Trading across borders

**In getting a location**
- Dealing with construction permits
- Getting electricity
- Registering property

**When things go wrong**
- Enforcing contracts
- Resolving insolvency

**In getting financing**
- Getting credit
- Protecting minority investors
Time and motion VS legal indicators

- Measure procedural efficiency of the regulatory process
- Follow the entrepreneur from the beginning to the end of a basic transaction
- Record every step of the process, and the associated time and cost
- Gather all the relevant laws, regulations, decrees and fee schedules

The Doing Business Law Library is the largest free online collection of business laws and regulations with more than 5,000 business regulatory references. [http://www.doingbusiness.org/law-library](http://www.doingbusiness.org/law-library)
Twelve month project cycle

- **Launch:**
  - Virtual and roadshows

- **Website:**
  - 1 million visits in 2 weeks

- **Media outreach:**
  - 10,500 articles and mentions since launch
  - **Report production**
  - **Translations**
  - **Publication/writing**

- **Questionnaires**
  - Generation
  - 58,000 data points

- **Data analysis and government feedback:**
  - Counterparts for data
  - Questionnaires
  - - Generation
  - - 58,000 data points

- **Data verification:**
  - Correspondence
  - Travel to more than 25 countries

- **Data analysis and government feedback:**
  - Correspondence
  - Travel to more than 25 countries

- **Translations**
  - 10,500 articles and mentions since launch

- **Website:**
  - 1 million visits in 2 weeks

- **Launch:**
  - Virtual and roadshows

- **Report production**
  - June 1st cutoff date for reform
### Top 50 performers on the ease of doing business in 2014/2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>Economy</th>
<th>DTF score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>87.34</td>
</tr>
<tr>
<td>2</td>
<td>New Zealand</td>
<td>86.79</td>
</tr>
<tr>
<td>3</td>
<td>Denmark</td>
<td>84.40</td>
</tr>
<tr>
<td>4</td>
<td>Korea, Rep.</td>
<td>83.88</td>
</tr>
<tr>
<td>5</td>
<td>Hong Kong SAR, China</td>
<td>83.67</td>
</tr>
<tr>
<td>6</td>
<td>United Kingdom</td>
<td>82.46</td>
</tr>
<tr>
<td>7</td>
<td>United States</td>
<td>82.15</td>
</tr>
<tr>
<td>8</td>
<td>Sweden</td>
<td>81.72</td>
</tr>
<tr>
<td>9</td>
<td>Norway</td>
<td>81.61</td>
</tr>
<tr>
<td>10</td>
<td>Finland</td>
<td>81.05</td>
</tr>
<tr>
<td>11</td>
<td>Taiwan, China</td>
<td>80.55</td>
</tr>
<tr>
<td>12</td>
<td>Macedonia, FYR</td>
<td>80.18</td>
</tr>
<tr>
<td>13</td>
<td>Australia</td>
<td>80.08</td>
</tr>
<tr>
<td>14</td>
<td>Canada</td>
<td>80.07</td>
</tr>
<tr>
<td>15</td>
<td>Germany</td>
<td>79.87</td>
</tr>
<tr>
<td>16</td>
<td>Estonia</td>
<td>79.49</td>
</tr>
<tr>
<td>17</td>
<td>Ireland</td>
<td>79.15</td>
</tr>
<tr>
<td>18</td>
<td>Malaysia</td>
<td>79.13</td>
</tr>
<tr>
<td>19</td>
<td>Iceland</td>
<td>78.93</td>
</tr>
<tr>
<td>20</td>
<td>Lithuania</td>
<td>78.88</td>
</tr>
<tr>
<td>21</td>
<td>Austria</td>
<td>78.38</td>
</tr>
<tr>
<td>22</td>
<td>Latvia</td>
<td>78.06</td>
</tr>
<tr>
<td>23</td>
<td>Portugal</td>
<td>77.57</td>
</tr>
<tr>
<td>24</td>
<td>Georgia</td>
<td>77.45</td>
</tr>
<tr>
<td>25</td>
<td>Poland</td>
<td>76.45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Economy</th>
<th>DTF score</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Switzerland</td>
<td>76.04</td>
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<tr>
<td>27</td>
<td>France</td>
<td>75.96</td>
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<tr>
<td>28</td>
<td>Netherlands</td>
<td>75.94</td>
</tr>
<tr>
<td>29</td>
<td>Slovak Republic</td>
<td>75.62</td>
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<tr>
<td>29</td>
<td>Slovenia</td>
<td>75.62</td>
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<tr>
<td>31</td>
<td>United Arab Emirates</td>
<td>75.10</td>
</tr>
<tr>
<td>32</td>
<td>Mauritius</td>
<td>75.05</td>
</tr>
<tr>
<td>33</td>
<td>Spain</td>
<td>74.86</td>
</tr>
<tr>
<td>34</td>
<td>Japan</td>
<td>74.72</td>
</tr>
<tr>
<td>35</td>
<td>Armenia</td>
<td>74.22</td>
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<tr>
<td>36</td>
<td>Czech Republic</td>
<td>73.95</td>
</tr>
<tr>
<td>37</td>
<td>Romania</td>
<td>73.78</td>
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<tr>
<td>38</td>
<td>Bulgaria</td>
<td>73.72</td>
</tr>
<tr>
<td>38</td>
<td>Mexico</td>
<td>73.72</td>
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<tr>
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<td>Croatia</td>
<td>72.71</td>
</tr>
<tr>
<td>41</td>
<td>Kazakhstan</td>
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<tr>
<td>42</td>
<td>Hungary</td>
<td>72.57</td>
</tr>
<tr>
<td>43</td>
<td>Belgium</td>
<td>72.50</td>
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<tr>
<td>44</td>
<td>Belarus</td>
<td>72.33</td>
</tr>
<tr>
<td>45</td>
<td>Italy</td>
<td>72.07</td>
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<tr>
<td>46</td>
<td>Montenegro</td>
<td>71.85</td>
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<tr>
<td>47</td>
<td>Cyprus</td>
<td>71.78</td>
</tr>
<tr>
<td>48</td>
<td>Chile</td>
<td>71.49</td>
</tr>
<tr>
<td>49</td>
<td>Thailand</td>
<td>71.42</td>
</tr>
<tr>
<td>50</td>
<td>Peru</td>
<td>71.33</td>
</tr>
</tbody>
</table>

*Source: Doing Business 2016*
Methodology: Getting Credit

- Getting Credit – **Legal Rights** index: 12 points
- Getting Credit – **Credit Information** index: 8 points

*Note: Relationships are significant at the 5% level and remain significant when controlling for income per capita. Source: Doing Business database; World Bank, World Development Indicators database (2008).*
12 components: 10 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law

Getting Credit - Legal Rights

<table>
<thead>
<tr>
<th>Strength of legal rights index (0-12)</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does an integrated or unified legal framework for secured transactions that extends to the creation,</td>
<td>Yes</td>
</tr>
<tr>
<td>publicity and enforcement of functional equivalents to security interests in movable assets exist in</td>
<td></td>
</tr>
<tr>
<td>the economy?</td>
<td></td>
</tr>
<tr>
<td>Does the law allow businesses to grant a non possessory security right in a single category of movable</td>
<td>Yes</td>
</tr>
<tr>
<td>assets, without requiring a specific description of collateral?</td>
<td></td>
</tr>
<tr>
<td>Does the law allow businesses to grant a non possessory security right in substantially all of its</td>
<td>Yes</td>
</tr>
<tr>
<td>assets, without requiring a specific description of collateral?</td>
<td></td>
</tr>
<tr>
<td>May a security right extend to future or after-acquired assets, and may it extend automatically to</td>
<td>Yes</td>
</tr>
<tr>
<td>the products, proceeds or replacements of the original assets?</td>
<td></td>
</tr>
<tr>
<td>Is a general description of debts and obligations permitted in collateral agreements; can all types</td>
<td>Yes</td>
</tr>
<tr>
<td>of debts and obligations be secured between parties; and can the collateral agreement include a</td>
<td></td>
</tr>
<tr>
<td>maximum amount for which the assets are encumbered?</td>
<td></td>
</tr>
<tr>
<td>Is a collateral registry in operation for both incorporated and non-incorporated entities, that is</td>
<td>Yes</td>
</tr>
<tr>
<td>unified geographically and by asset type, with an electronic database indexed by debtor's name?</td>
<td></td>
</tr>
<tr>
<td>Does a notice-based collateral registry exist in which all functional equivalents can be registered?</td>
<td>Yes</td>
</tr>
<tr>
<td>Does a modern collateral registry exist in which registrations, amendments, cancellations and</td>
<td>Yes</td>
</tr>
<tr>
<td>searches can be performed online by any interested third party?</td>
<td></td>
</tr>
<tr>
<td>Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults</td>
<td>Yes</td>
</tr>
<tr>
<td>outside an insolvency procedure?</td>
<td></td>
</tr>
<tr>
<td>Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is</td>
<td>Yes</td>
</tr>
<tr>
<td>liquidated?</td>
<td></td>
</tr>
<tr>
<td>Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-</td>
<td>Yes</td>
</tr>
<tr>
<td>supervised reorganization procedure? Does the law protect secured creditors’ rights by providing</td>
<td></td>
</tr>
<tr>
<td>clear grounds for relief from the stay and/or sets a time limit for it?</td>
<td></td>
</tr>
<tr>
<td>Does the law allow parties to agree on out of court enforcement at the time a security interest is</td>
<td>Yes</td>
</tr>
<tr>
<td>created? Does the law allow the secured creditor to sell the collateral through public auction and</td>
<td></td>
</tr>
<tr>
<td>private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?</td>
<td></td>
</tr>
</tbody>
</table>

Score (number of "yes" responses): 12
<table>
<thead>
<tr>
<th>Functional approach</th>
<th>Creation</th>
<th>Publicity</th>
<th>Enforcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single law or same principles apply for all security interests and their functional equivalents</td>
<td>Types of movable property that can be used as collateral</td>
<td>Recommended approach: registration</td>
<td>Priority rules outside/inside bankruptcy</td>
</tr>
<tr>
<td>Registration in one collateral registry</td>
<td>Types of obligations that can be secured with collateral</td>
<td>3 questions which reflect the features of a modern collateral registry</td>
<td>Secured creditors protection during reorganization or bankruptcy procedures</td>
</tr>
<tr>
<td></td>
<td>Description requirements of the collateral</td>
<td></td>
<td>Out of court enforcement</td>
</tr>
</tbody>
</table>
Economies with modern collateral registries in 2014/2015

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- 22 economies obtained all three points in the questions relevant to collateral registries.

<table>
<thead>
<tr>
<th>Economy</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Liberia</td>
</tr>
<tr>
<td>Australia</td>
<td>Marshall Islands</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Mexico</td>
</tr>
<tr>
<td>Colombia</td>
<td>Montenegro</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>New Zealand</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Palau</td>
</tr>
<tr>
<td>Honduras</td>
<td>Solomon Islands</td>
</tr>
<tr>
<td>Hungary</td>
<td>Tonga</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Uzbekistan</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Vanuatu</td>
</tr>
</tbody>
</table>

Features measured

- In operation for both incorporated and non-incorporated entities;
- Unified geographically and by asset type;
- Electronic database indexed by debtor’s name;
- Notice-based;
- All functional equivalents can be registered;
- Online meaning that registrations, amendments, cancellations and searches can be performed by any interested third party.
**Reforms to strengthen rights of borrowers and lenders in 2014/2015**

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<table>
<thead>
<tr>
<th>Strengthening legal rights of borrowers and lenders</th>
<th>Costa Rica; El Salvador; Hong Kong SAR, China; Indonesia; Liberia; Russian Federation; Uzbekistan</th>
<th>El Salvador established a registry for security interests in movable property as part of its registry of commerce. The registry commenced operation in December 2014.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Created a unified and/or modern collateral registry for movable property</td>
<td>Costa Rica; El Salvador</td>
<td>Costa Rica approved a new law establishing a modern legal framework for secured transactions. The law allows all types of movable assets, present or future, to be used as collateral to secure a loan. It also regulates functional equivalents to loans secured with movable property.</td>
</tr>
<tr>
<td>Introduced a functional secured transactions system</td>
<td>Costa Rica; El Salvador; Kazakhstan; Mexico; Russian Federation; Uzbekistan</td>
<td>Mexico implemented new laws which allow for the general description of assets granted as collateral.</td>
</tr>
<tr>
<td>Allowed for general description of assets that can be used as collateral</td>
<td>Costa Rica, El Salvador; Kazakhstan; Madagascar; Mexico; Russian Federation; Uzbekistan</td>
<td>Madagascar introduced a new law that broadens the scope of assets which can be used as collateral to secure a loan.</td>
</tr>
<tr>
<td>Expanded range of movable assets that can be used as collateral</td>
<td>Costa Rica, El Salvador; Kazakhstan; Madagascar; Mexico; Russian Federation; Uzbekistan</td>
<td></td>
</tr>
</tbody>
</table>
Top improvers on the strength of legal rights index in 2014/15

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Top improvers in strength of legal rights (0-12), 2014/15

- Costa Rica
- El Salvador
- Uzbekistan
- Liberia
- Mexico
- Russian Federation
- Madagascar
- Hong Kong SAR, China
- Indonesia
- Kazakhstan
Top performers in 2014/15
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Good common practices

1. Colombia
   - Establishing a functional approach to secured transactions

2. Montenegro
   - Allowing a general description of collateral

3. New Zealand
   - Maintaining a unified registry

4. Australia
   - Protecting secured creditors’ rights during an automatic stay when a debtor enters a court-supervised reorganization procedure

5. Cambodia


7. Rwanda

8. United States

9. Costa Rica

10. Hungary
   - Allowing out-of-court-enforcement
THANK YOU