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# MINIMUM CAPITAL REQUIREMENTS

## A COMPARATIVE ANALYSIS

MARCH 9, 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Geoffrey M. Elkind, Global Corporate Governance and Capital Markets Practice, BearingPoint, Inc. Emerging Markets Division.

# **MINIMUM CAPITAL REQUIREMENTS**

## **A COMPARITIVE ANALYSIS**

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND  
QUALITY (SABEQ)

CONTRACT NUMBER: 278-C-00-06-00332-00

BEARINGPOINT, INC.

USAID/JORDAN ECONOMIC OPPORTUNITIES OFFICE (EO)

MARCH 9, 2007

AUTHOR: GEOFFREY M. ELKIND, ESQ.

SO 10 - REMOVAL OF GOVERNMENT CONSTRAINTS

### **DISCLAIMER:**

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# **MEMORANDUM**

March 2, 2007

To: Mohammad Amawi  
SABEQ Program  
Removal of Government Constraints – Component Leader

From: Geoffrey M. Elkind, Esq.  
BearingPoint, Inc.  
Corporate Governance & Capital Markets Practice

Re: Minimum Capital Analysis

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## **1. Understanding of the SOW**

This report provides a high-level summary in tabular format of the results of desk research of publicly available international data, legal research and best practices regarding the reduction or elimination of minimum capital requirements (MCRs) as a pre-requisite for the registration of limited liability companies. Also summarized is a high-level overview of alternative legal structures or approaches utilized to protect investor and creditor interests in cases of insolvency and bankruptcy. More specifically, the SOW asks to:

- 1.1 Identify countries that have eliminated MCRs from its regulations in the past 10 years;
- 1.2 Specify the value of the minimum capital eliminated and the new status after elimination (i.e. if a less minimum capital is still required or if the condition was cancelled altogether);
- 1.3 Detail alternative and other market mechanisms adopted and implemented by legislators, to protect the rights of investors and creditors and society at large in cases of bankruptcy and insolvency;
- 1.4 Compare potential alternatives, and recommend the best options that can be implemented in Jordan based on a high level cost-benefit analysis;
- 1.5 Prepare a report summarizing the results of the research and presenting the alternatives and recommendations in a tabular format.

## **2. SOW Technical Comments**

- 2.1 **No comprehensive compilation of international minimum capital data is available before 2003**, as verified with discussions with the World Bank Doing Business Group. As such, this analysis covers only the time period of 2003-2006, inclusive. The relevant statistical data is attached in the Appendix to this Memorandum.
- 2.2 **This scope of this analysis is confined to MCRs affecting limited liability companies**, which have been universally acknowledged as one of the main constraints to the establishment of small and medium sized businesses.
- 2.3 **Consistent with the World Bank analytical approach to MCR constraints on business formation, the MCR is defined as the amount of minimum capital required to be paid in (Paid In Capital or PIC) before a corporate registration would be granted.** Depending on the country, the PIC requirement may be the same as the MCR or a fractional percentage of the MCR. For country comparison purposes, the World Bank expresses the burden of a PIC requirement as a percentage of that country's gross national income (GNI). Countries which have retained a nominal MCR or PIC requirement (one or two local currency units) with a percentage GNI equal to or less 0.1% are considered to have a zero requirement.
- 2.4 Although the SOW attributes MCRs with providing "protection" to creditors *and* investors, a review of European legal systems - from which, in part, many of the MENA countries (including Jordan, Morocco and Tunisia) have derived their commercial legislation - makes it clear that **MCRs were conceptually designed as a policy matter to protect only creditors, and not investors.**

Notwithstanding this distinction, we have included also in our summary certain protections designed to protect minority shareholders of limited liability companies, which may provide also some degree of indirect protection for creditors as well.

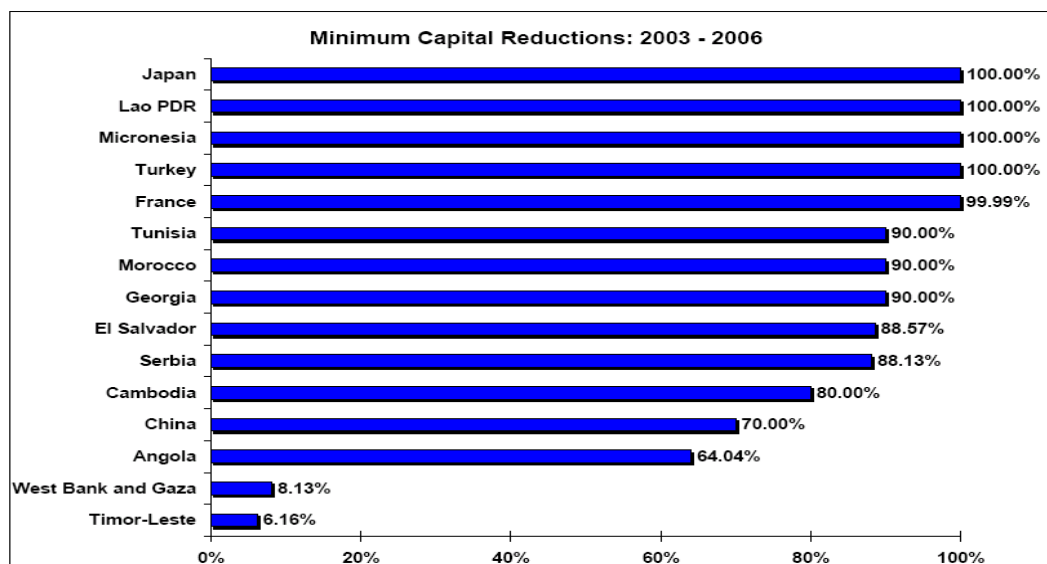
### 3. Findings

**3.1 Minimum Capital Requirements provide no creditor or investor protection benefits** -- regardless of the form of legal system (civil or common law). Although MCRs have historically been viewed as an element of creditor protection policy, it is widely admitted by legal commentators that MCR requirements are ineffective and provide no realistic creditor protection. Instead, MCRs are viewed as imposing unnecessary regulatory costs, which act as a deterrent to new business formation. The ineffectiveness of MCRs is largely attributed to the following:

- MCRs have no relationship to the specific economic activities or risks undertaken by the firm;
- A firm is expected to use its capital in the establishment, infrastructure and operation of the business;
- Operational developments from the moment of incorporation leading to losses are not affected by MCRs. For example, start-up ventures are expected “burn” capital and to operate at a loss in early years; and,
- MCRs provide no protection against opportunistic behavior of shareholders and management who may divert firm assets.

**3.2 As a practical matter, no creditor or investor relies on MCR requirements for protection.** They look instead to a variety of other more efficient, alternative protections, which may be available in their Company, Insolvency and/or Creditor Protection Law frameworks. Depending on the type of creditor and their relationship to the debtor firm, contractually negotiated protections and remedies may represent a preferred approach to fill framework gaps and to tailor terms and conditions to specific circumstances. (These alternatives are categorized together with their related fundamental principles in the Summary Table found in Section 5, below.)

**3.3 Fifteen countries reduced or eliminated their MCR requirement during the 2003-2006 period.**



(See Appendix pp. 6-7 for local currency data for each of the above economies. Appendix pp. 8-11 contains local currency data for all 175 economies tracked by the World Bank.)

**3.4 There appears to be no apparent linkage between the elimination or significant reduction of a country's MCR and the adoption, if any, of a corresponding legislative change to provide alternative creditor protection.** The apparent explanation for this appears to be two-fold: 1. Acceptance of the argument that MCRs provide no realistic creditor protection, and that it constitutes

an unnecessary barrier to business formation; and, 2. No corresponding legislative change was perceived as necessary. Certainly, at a minimum, the elimination of what is considered to be at best an ineffective or inconsequential requirement leaves creditors no worse off from a creditor framework protection point of view. (This certainly appears to be the case with the MCR changes made by France, Japan, Morocco, Tunisia and Turkey.) With respect to the recent significant MCR reductions in Morocco and Tunisia (90%), it was also simply considered administratively easier to avoid amending company laws provisions requiring pre- and post-registration MCR compliance. Egypt also recently announced a significant MCR reduction (98%) from LE 50,000 to LE 1000 by administrative decree with no corresponding legislative changes – see Section 3.7, below. Saudi Arabia, however, is expected to eliminate completely its MCR as part of a complete rewrite of its Company Law – see Section 3.8, below. While it will be instructive to review Saudi Arabia's new Company Law draft to understand what creditor framework improvements are to be implemented, we suspect that the impetus for the redraft to be more related to improving access to credit and firm governance, than a response to replace an illusory MCR protection.

**3.5 66 Countries are considered to have no paid in capital requirement as of 2006.** Of these 66, 7 (Belize, France, Malaysia, Montenegro, Samoa, Singapore and South Africa) are considered to have nominal paid in capital requirements equivalent to zero; 3 (India, Romania and Rwanda) require no paid in capital, but retain a post-registration MCR; and, the remaining 53 have eliminated both minimum and paid in capital requirements. (See Appendix p.4 for the complete list of all 66 countries with no paid in capital requirements.)

**3.6 Jordan's 2006 paid in capital requirement ranks among the World's top seven highest at 864.4% of GNI** -- ranking 101st out of 107 World Economies, and 13th out of the 17 MENA Region Economies. Only six other economies (Guinea-Bissau, Saudi Arabia, Ethiopia, West Bank / Gaza, Yemen and Syria) maintain higher minimum PIC requirements. (See Appendix pp. 2-3 for the complete minimum capital PIC ranking of all 175 economies.) Within the past month, both Egypt and Saudi Arabia have taken concrete steps to significantly reduce or eliminate their MCRs.

Minimum Capital - MENA - 2006			
MENA Rank	Region or Economy	Min. Capital (% GNI per capita)	World Rank
1	Israel	0.00	1*
2	Iran	1.30	4
3	Tunisia	28.30	37
4	Algeria	46.00	50
5	Lebanon	56.50	55
6	Iraq	57.10	56
7	Morocco	66.70	61
8	Oman	84.70	65
9	Kuwait	100.80	67
10	United Arab Emirates	338.20	85
11	Djibouti	571.40	96
12	Egypt <sup>1</sup>	694.70	99
13	Jordan	864.40	101 <sup>#</sup>
14	Saudi Arabia <sup>2</sup>	1,057.50	103 <sup>#</sup>
15	West Bank and Gaza	1,889.60	105 <sup>#</sup>
16	Yemen	2,565.70	106 <sup>#</sup>
17	Syria	4,233.50	107 <sup>#</sup>
* 66 Countries share this rank with no capital requirement			
<sup>1</sup> Capital requirement reduced in 2007 to LE 1000			
<sup>2</sup> Capital requirement to be eliminated entirely in 2007			
<sup>#</sup> Country capital requirement among the top seven highest			

### **3.7 Egypt Significantly Reduced Its MCR for Limited Liability Companies in January 2007.**

According to the Economist Intelligence Unit, Egyptian Minister of Investment (MOI) Mahmoud Moheiddin issued a decree to amend Article 67 of Law No. 159 of 1981 (Joint Stock Company Law) to lower the minimum capital requirement by 98% for limited liability companies from LE 50,000 to LE 1,000. According to an MOI statement, the decision was made to encourage small and medium enterprises to structure themselves according to the government's limited liability company regulations, allowing them to enjoy stronger legal standing and allowing the government to keep closer track of their operations.

### **3.8 Saudi Arabia Will Eliminate Its MCR Entirely in 2007.**

According to the Economist Intelligence Unit (16 February 2007), Asharq Alawsat, a Saudi-owned daily, reported on January 30th that Saudi Arabia will abolish its \$133,000 MCR to form a limited liability company as part of a complete revamp of its 1965 Companies Law. At present, a new company must have paid in capital of at least SR 500,000 before it can be registered. The trade and industry minister, Hashem Yamani, said on January 22nd that the new law had been submitted to the king, Abdullah bin Abdel-Aziz al-Saud, for approval.

## **4. Interim Recommendations**

Given the limited scope of this analysis, it is premature to recommend the adoption of specific creditor protection enhancements as best options for implementation without a more thorough review of Jordan's framework. Notwithstanding this, we make the following interim recommendations for consideration:

### **4.1 Jordan's MCR for limited liability companies should be abolished in its entirety**

in order to encourage small business formation and employment. Among the World's highest requirements, Jordan's MCR represents a significant and artificial barrier to business development. As noted previously, the elimination of what is considered to be an ineffective or inconsequential requirement will leave Jordanian creditors no worse off from a creditor protection perspective than they are presently.

### **4.2 In the alternative, if eliminating the MCR completely is not immediately feasible, for whatever reason, consideration should be given to the following interim approach: 1. Eliminate Jordan's paid in capital requirement; and, 2. Reduce significantly (by at least 90% similar to Morocco or Tunisia) the post-registration minimum capital requirement if this can be achieved without resort to amending the Company Law.**

This interim approach should be considered only if it is coupled with the full elimination of the remaining post-registration requirement within a defined timeframe of not more than 18 months. Based upon a very cursory review of Jordan's Company Law, taking at least the interim step to eliminate the PIC requirement would not necessitate any immediate amendments to the current legislation itself or its conceptual framework. An 18 month timeframe would also provide sufficient time to review, consider and recommend specific enhancements to Jordan's creditor protection framework, as discussed in Section 4.3, below.

### **4.3 Conduct a gap analysis of Jordan's creditor protection framework (i.e. Company, Insolvency and Creditor Protection Laws) to review, consider and recommend specific enhancements to Jordan's creditor protection framework,**

regardless of the specific path chosen to eliminate or reduce Jordan's MCR. Specific alternatives should be based on the high-level framework alternatives summarized in the Section 5 Summary Table, below, and be undertaken from the perspective of improving small and medium enterprise access to credit and firm governance. Such enhancements, if adopted, would potentially provide Jordan with a more meaningful and robust array of creditor and shareholder protection than it appears to have today.

## **5. Summary Table**

The following table presents a high-level overview of the array of alternative legal structures or approaches utilized in many jurisdictions to protect the investor and creditor interests in cases of insolvency and bankruptcy.

Alternatives	Categories	Fundamental Principles
<b>1. Company Law Protections</b>	1.1 Distribution Restrictions <ul style="list-style-type: none"> <li>• Dividends / Stock Repurchases</li> <li>• Subordinated Shareholder Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Standard(s) based on actual economic conditions of the firm – i.e., balance sheet derived tests<sup>1</sup></li> <li>• Ex. 1. Distribution prohibited if the result will leave the firm (a.) unable to pay its debts as they become due; and, (b.) with total assets less than its total liabilities.</li> <li>• Ex 2. Distribution prohibited if the result will leave the firm's total assets less than a specific percentage of total liabilities, such as 125%.</li> </ul>
	1.2 Management/Director Obligations / Liabilities	<ul style="list-style-type: none"> <li>• Required Prudent Behavior</li> <li>• No Self Dealing</li> <li>• Independent Auditing &amp; Accounting</li> <li>• Financial Disclosure</li> </ul>
	1.3 Dissolution Provisions	<ul style="list-style-type: none"> <li>• Based on Failure of Economic Viability</li> <li>• Notice to Creditors</li> <li>• Piercing the Corporate Veil to Recover from Shareholders in Instances Where the Firm Operates with grossly inadequate financial resources<sup>2</sup></li> </ul>
	1.4 Minority Shareholder Protections	<ul style="list-style-type: none"> <li>• Good Corporate Governance</li> <li>• Supermajority Protections</li> <li>• Financial Disclosure</li> </ul>
<b>2. Insolvency / Creditor Law Protections</b>	2.1 Enforceable Security Interests	<ul style="list-style-type: none"> <li>• Secured Asset Priorities</li> <li>• Non-Possessory Lien on Movables</li> <li>• Collateral Registries</li> </ul>
	2.2 Creditor Role / Consent in Insolvency	<ul style="list-style-type: none"> <li>• Creditors should have the right to make claims and participate in the process leading to the adoption and approval of any reorganization or liquidation plan</li> </ul>
	2.3 Asset Recovery for Transactions in Proximity to Insolvency	<ul style="list-style-type: none"> <li>• Recovery of assets improperly transferred out of the enterprise for the benefit of creditors within a timeframe too close to the insolvency</li> <li>• Management / Director Liability for violating insolvency law provisions</li> </ul>
	2.4 Court Appointed Administrator in Liquidation	<ul style="list-style-type: none"> <li>• Management responsible for economic problems of the enterprise should not be left in control of the company and assets</li> </ul>
	2.5 Public Credit Information	<ul style="list-style-type: none"> <li>• System Provides for Sharing and Basic Disclosure of Company Financial and Credit Histories</li> </ul>
<b>3. Contractual Protections</b>	3.1 Security Interests	<ul style="list-style-type: none"> <li>• Creditors Can Determine What Protections are Acceptable<sup>3</sup></li> <li>• Result of a Negotiated Process</li> <li>• System for Enforcement of Contracts is Required</li> </ul>
	3.2 Restrictive Covenants	
	3.3 Financial Disclosure	
	3.4 Acceleration	



### **Footnotes for Minimum Capital Alternative Table**

1. Regulation of legal capital represents a 19<sup>th</sup> century preoccupation designed to insure that the claims of creditors would have priority over the claims of equity shareholders. Although it is widely acknowledged that legal capital rules do not realistically protect creditors, the second pillar of 19<sup>th</sup> century protection continues to be critically important -- i.e., that, post-registration, the firm be barred from jeopardizing creditor interests by distributing to shareholders assets that are needed to pay creditor claims. Modern statutes utilize tests that are based on the actual economic condition of the debtor firm. One widely accepted test prohibits distributions if, after such distribution, the firm: 1. Cannot pay its debts as they become due; and, 2. Will have total assets that are less than total liabilities. Another test would require that after distribution, total assets must exceed total liabilities by some percentage, such as 125%.
2. The legal concept of “piercing the corporate veil” and other similar concepts (e.g. abuse of the corporate form, fraud and/or misrepresentation) are based on the theory of firm “undercapitalization” and permits courts to disregard the limited liability form of the firm and impose liability directly upon shareholders. The focus of the undercapitalization test is whether the corporation, in pursuing its business activities, had sufficient resources to provide for any losses likely to be incurred in that business, given its risks. This issue is raised both in connection with contractual debts and debts arising from negligence (torts).
3. Analyses of the illusory nature of minimum capital requirements as a protection for creditors have examined creditor behavior. It is noted that “adjusting creditors” such as financial institutions, which have leverage and access to information about the actual economic conditions of the firm, have the power to negotiate their own contractual protections. Weaker or “nonadjusting” creditors, such as trade creditors, generally have such a short-term horizon for their debt (often less than 3 months) that for them legal capital is essentially irrelevant. For trade creditors, the availability of information typically maintained by a credit information bureau would be of greater value and benefit.

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9. World Bank / IFC, Minimum Capital Data obtained from the “Doing Business” Group, See <http://www.doingbusiness.org>
10. BearingPoint wishes to acknowledge Simeon Djankov and Rita Ramalho of the World Bank / IFC Doing Business Group for their guidance and assistance in collecting the data used in this analysis.

## **APPENDIX**

Minimum Capital - MENA - 2006			
MENA Rank	Region or Economy	Min. Capital (% GNI per capita)	World Rank
1	Israel	0.00	1 <sup>*</sup>
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3	Tunisia	28.30	37
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5	Lebanon	56.50	55
6	Iraq	57.10	56
7	Morocco	66.70	61
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17	Syria	4,233.50	107 <sup>#</sup>
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<sup>1</sup> Capital requirement reduced in 2007 to LE 1000			
<sup>2</sup> Capital requirement to be eliminated entirely in 2007			
<sup>#</sup> Country capital requirement among the top seven highest			

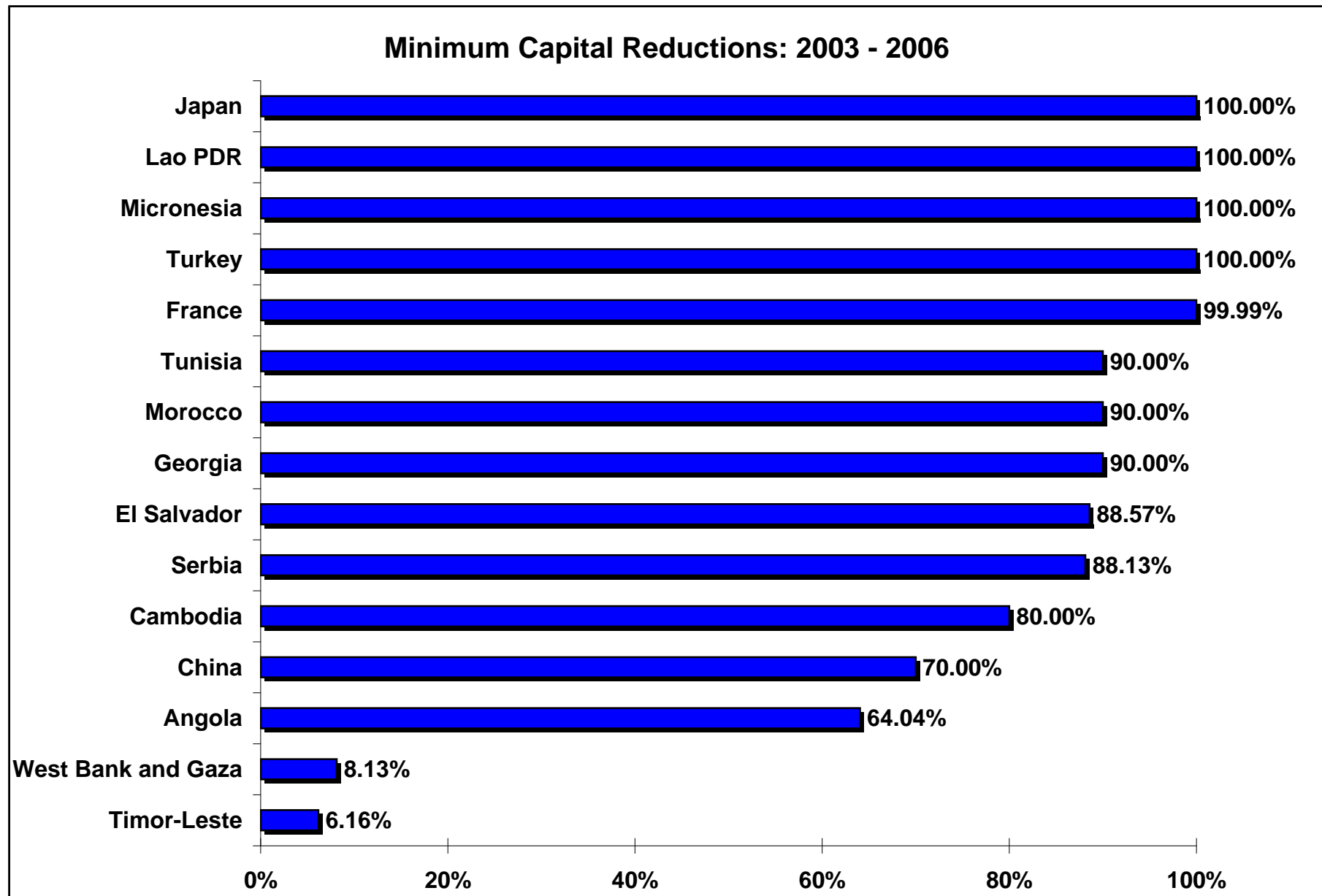
World Bank Doing Business 2006 Data		
Ranking According to Minimum Paid In Capital Required to Register a Limited Liability Company		
Rank	Region or Economy	Min. Capital (% GNI per capita)
1	South Asia	0.8
2	Latin America & Caribbean	18.1
3	OECD	36.1
4	Europe & Central Asia	53.9
5	East Asia & Pacific	60.3
6	Sub-Saharan Africa	209.9
7	Middle East & North Africa	744.5
1	Afghanistan	0
1	Antigua and Barbuda	0
1	Australia	0
1	Azerbaijan	0
1	Bangladesh	0
1	Belize	0
1	Bhutan	0
1	Botswana	0
1	Brazil	0
1	Burundi	0
1	Canada	0
1	Chile	0
1	Colombia	0
1	Costa Rica	0
1	Dominica	0
1	Fiji	0
1	France	0
1	Grenada	0
1	Guyana	0
1	Hong Kong, China	0
1	India	0
1	Ireland	0
1	Israel	0
1	Jamaica	0
1	Japan	0
1	Kenya	0
1	Lao PDR	0
1	Malawi	0
1	Malaysia	0
1	Marshall Islands	0
1	Mauritius	0
1	Micronesia	0
1	Montenegro	0
1	Namibia	0
1	Nepal	0
1	New Zealand	0
1	Nicaragua	0
1	Pakistan	0
1	Panama	0
1	Papua New Guinea	0

World Bank Doing Business 2006 Data		
Ranking According to Minimum Paid In Capital Required to Register a Limited Liability Company		
Rank	Region or Economy	Min. Capital (% GNI per capita)
1	Paraguay	0
1	Peru	0
1	Puerto Rico	0
1	Romania	0
1	Rwanda	0
1	Samoa	0
1	Sao Tome and Principe	0
1	Seychelles	0
1	Sierra Leone	0
1	Singapore	0
1	Solomon Islands	0
1	South Africa	0
1	Sri Lanka	0
1	St. Lucia	0
1	St. Vincent and the Grenadines	0
1	Sudan	0
1	Swaziland	0
1	Thailand	0
1	Tonga	0
1	Trinidad and Tobago	0
1	Uganda	0
1	United Kingdom	0
1	United States	0
1	Vanuatu	0
1	Venezuela	0
1	Vietnam	0
2	Kyrgyz Republic	0.5
3	Dominican Republic	1.1
4	Iran	1.3
5	Suriname	1.4
6	Philippines	1.8
7	Zambia	1.9
8	Armenia	3.3
9	Russia	3.4
10	Georgia	3.7
11	Bolivia	3.8
12	Tanzania	5.5
13	Argentina	5.6
14	Maldives	6.6
15	Serbia	7.6
16	Ecuador	7.7
17	Italy	10.4
17	Mozambique	10.4
18	Mexico	12.5
19	Equatorial Guinea	13.1
19	Palau	13.1
20	Spain	14.6

World Bank Doing Business 2006 Data		
Ranking According to Minimum Paid In Capital Required to Register a Limited Liability Company		
Rank	Region or Economy	Min. Capital (% GNI per capita)
21	Switzerland	15.1
22	Lesotho	15.7
23	Iceland	15.9
24	Slovenia	16.1
25	Turkey	18.7
26	Moldova	18.8
27	Croatia	20.6
28	Belgium	21.8
29	Kazakhstan	23.1
30	Ghana	23.2
31	Uzbekistan	24.7
32	Norway	25.1
33	Latvia	26.1
34	Guatemala	26.4
35	Kiribati	27.0
36	Finland	27.1
37	Tunisia	28.3
38	Honduras	28.6
39	Nigeria	29.0
40	Sweden	33.7
41	Estonia	34.3
42	Gabon	36.1
43	Belarus	36.4
44	Albania	36.7
45	Czech Republic	36.8
46	Portugal	38.7
47	Slovakia	39.1
48	Denmark	44.6
49	St. Kitts and Nevis	45.4
50	Algeria	46.0
51	Germany	46.2
52	Lithuania	48.8
53	Bosnia and Herzegovina	52.0
54	Zimbabwe	53.0
55	Lebanon	56.5
56	Iraq	57.1
57	Austria	59.6
58	Cape Verde	60.7
59	Netherlands	62.3
60	Cambodia	66.2
61	Morocco	66.7
62	Angola	74.1
63	Hungary	74.2
64	Indonesia	83.4
65	Oman	84.7
66	Bulgaria	91.3
67	Kuwait	100.8

World Bank Doing Business 2006 Data		
Ranking According to Minimum Paid In Capital Required to Register a Limited Liability Company		
Rank	Region or Economy	Min. Capital (% GNI per capita)
68	Macedonia, FYR	112.0
69	Mongolia	115.3
70	Greece	116.0
71	El Salvador	119.7
71	Gambia	119.7
72	Haiti	124.7
73	Congo, Dem. Rep.	177.3
74	Uruguay	183.3
75	Cameroon	187.3
76	Congo, Rep.	192.4
77	Ukraine	198.8
78	Taiwan, China	200.0
79	Poland	204.4
80	China	213.1
81	Côte d'Ivoire	226.7
82	Senegal	269.6
83	Comoros	291.7
84	Korea	299.7
85	United Arab Emirates	338.2
86	Madagascar	373.1
87	Tajikistan	378.6
88	Benin	379.1
89	Chad	414.1
90	Guinea	423.4
91	Eritrea	449.8
92	Burkina Faso	481.4
93	Mali	519.8
94	Togo	539.7
95	Central African Republic	554.6
96	Djibouti	571.4
97	Mauritania	632.0
98	Timor-Leste	666.7
99	Egypt	694.7
100	Niger	778.1
101	Jordan	864.4
102	Guinea-Bissau	1,028.9
103	Saudi Arabia	1,057.5
104	Ethiopia	1,083.8
105	West Bank and Gaza	1,889.6
106	Yemen	2,565.7
107	Syria	4,233.5

66 Countries with No Paid In Capital Requirement - 2006	
1. Afghanistan	34. Namibia
2. Antigua and Barbuda	35. Nepal
3. Australia	36. New Zealand
4. Azerbaijan	37. Nicaragua
5. Bangladesh	38. Pakistan
6. Belize*	39. Panama
7. Bhutan	40. Papua New Guinea
8. Botswana	41. Paraguay
9. Brazil	42. Peru
10. Burundi	43. Puerto Rico
11. Canada	44. Romania**
12. Chile	45. Rwanda**
13. Colombia	46. Samoa*
14. Costa Rica	47. São Tomé and Príncipe
15. Dominica	48. Seychelles
16. Fiji	49. Sierra Leone
17. France*	50. Singapore*
18. Grenada	51. Solomon Islands
19. Guyana	52. South Africa*
20. Hong Kong, China	53. Sri Lanka
21. India**	54. St. Lucia
22. Ireland	55. St. Vincent and the Grenadines
23. Israel	56. Sudan
24. Jamaica	57. Swaziland
25. Japan	58. Thailand
26. Kenya	59. Tonga
27. Lao PDR	60. Trinidad and Tobago
28. Malawi	61. Uganda
29. Malaysia*	62. United Kingdom
30. Marshall Islands	63. United States
31. Mauritius	64. Vanuatu
32. Micronesia	65. Venezuela
33. Montenegro*	66. Vietnam
* Nominal capital requirement (one or two local currency units) considered to be zero by World Bank	
**No paid in capital requirement to obtain registration, but minimum capital requirement retained	





### Capital Reductions By Country : 2003-2006 (Local Currency Requirements)

Country	Minimum Capital Local Currency		Paid In Capital Local Currency	
	2003	2006	2003	2006
Japan	3,000,000	0	3,000,000	0
Lao PDR	5,000,000	0	1,000,000	0
Micronesia	1,020	0	1,020	0
Turkey	5,000,000,000	5,000	1,250,000,000	1,250
France	7,500	1	7,500	1
Georgia	2,000	200	1,000	100
Morocco	100,000	10,000	100,000	10,000
Tunisia	10,000	1,000	10,000	1,000
El Salvador	100,000	11,429	25,000	2,857
Serbia	273,200	32,438	136,600	16,219
Cambodia	20,000,000	4,000,000	5,000,000	1,000,000
China	100,000	30,000	100,000	30,000
Angola	293,330	105,473	293,330	105,473
West Bank and Gaza	351,882	323,259	87,970	80,815
Timor-Leste	5,048	4,737	5,048	4,737

### Capital Reductions By Country: 2003-2006 (Local Currency & Percentage Reductions)

Country	Capital Reductions: 2003 - 2006			
	Minimum Capital		Paid In Capital	
	Local Currency	Pecentage	Local Currency	Percentage
Japan	3,000,000	100.00%	3,000,000	100.00%
Lao PDR	5,000,000	100.00%	1,000,000	100.00%
Micronesia	1,020	100.00%	1,020	100.00%
Turkey	4,999,995,000	100.00%	1,249,998,750	100.00%
France	7,499	99.99%	7,499	99.99%
Georgia	1,800	90.00%	900	90.00%
Morocco	90,000	90.00%	90,000	90.00%
Tunisia	9,000	90.00%	9,000	90.00%
El Salvador	88,571	88.57%	22,143	88.57%
Serbia	240,762	88.13%	120,381	88.13%
Cambodia	16,000,000	80.00%	4,000,000	80.00%
China	70,000	70.00%	70,000	70.00%
Angola	187,857	64.04%	187,857	64.04%
West Bank and Gaza	28,623	8.13%	7,156	8.13%
Timor-Leste	311	6.16%	311	6.16%

Economy	Minimum capital (local currency) 2003	Minimum paid-in capital (local currency) 2003	Minimum capital (local currency) 2004	Minimum paid-in capital (local currency) 2004	Minimum capital (local currency) 2005	Minimum paid-in capital (local currency) 2005	Minimum capital (local currency) 2006	Minimum paid-in capital (local currency) 2006
Afghanistan	0	0	0	0	0	0	0	0
Albania	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Algeria	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Angola	293,330	293,330	293,330	293,330	511,471	511,471	105,473	105,473
Antigua and Barbuda					0	0	0	0
Argentina	3,000	750	3,000	750	3,000	750	3,000	750
Armenia	50,000	25,000	50,000	25,000	50,000	25,000	50,000	25,000
Australia	0	0	0	0	0	0	0	0
Austria	35,000	17,500	35,000	17,500	35,000	17,500	35,000	17,500
Azerbaijan	0	0	0	0	0	0	0	0
Bangladesh	0	0	0	0	0	0	0	0
Belarus	3,221,477	1,610,738	3,221,477	1,610,738	4,295,601	2,147,800	4,751,164	2,375,582
Belgium	18,550	6,200	18,550	6,200	18,550	6,200	18,550	6,200
Belize					2	2	2	2
Benin	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bhutan	0	0	0	0	0	0	0	0
Bolivia	300	300	300	300	300	300	300	300
Bosnia and Herzegovina	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Botswana	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Bulgaria	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Burkina Faso	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Burundi	0	0	0	0	0	0	0	0
Cambodia	20,000,000	5,000,000	20,000,000	5,000,000	4,000,000	1,000,000	4,000,000	1,000,000
Cameroon	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Canada	0	0	0	0	0	0	0	0
Cape Verde					200,000	100,000	200,000	100,000
Central African Republic	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Chad	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Chile	0	0	0	0	0	0	0	0
China	100,000	100,000	100,000	100,000	100,000	100,000	30,000	30,000
Colombia	0	0	0	0	0	0	0	0
Comoros					643,803	643,803	725,629	725,629
Congo, Dem. Rep.	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Congo, Rep.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Costa Rica	0	0	0	0	0	0	0	0
Côte d'Ivoire	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Croatia	20,000	10,000	20,000	10,000	20,000	10,000	20,000	10,000
Czech Republic	200,000	100,000	200,000	100,000	200,000	100,000	200,000	100,000
Denmark	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Djibouti					1,000,000	1,000,000	1,000,000	1,000,000
Dominica					0	0	0	0
Dominican Republic	10,000	1,000	10,000	1,000	10,000	1,000	1,000	1,000
Ecuador	800	200	800	200	800	200	800	200
Egypt	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
El Salvador	100,000	25,000	100,000	25,000	100,000	25,000	11,429	2,857
Equatorial Guinea					1,000,000	1,000,000	1,000,000	1,000,000
Eritrea	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Estonia	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

Economy	Minimum capital (local currency) 2003	Minimum paid-in capital (local currency) 2003	Minimum capital (local currency) 2004	Minimum paid-in capital (local currency) 2004	Minimum capital (local currency) 2005	Minimum paid-in capital (local currency) 2005	Minimum capital (local currency) 2006	Minimum paid-in capital (local currency) 2006
Ethiopia	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Fiji	0	0	0	0	0	0	0	0
Finland	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
France	7,500	7,500	1	1	1	1	1	1
Gabon					1,000,000	1,000,000	1,000,000	1,000,000
Gambia					10,000	10,000	10,000	10,000
Georgia	2,000	1,000	2,000	1,000	2,000	1,000	200	100
Germany	25,000	12,500	25,000	12,500	25,000	12,500	25,000	12,500
Ghana	5,000,000	1,000,000	5,000,000	1,000,000	5,000,000	1,000,000	5,000,000	1,000,000
Greece	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Grenada					0	0	0	0
Guatemala	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Guinea	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000
Guinea-Bissau					1,000,000	1,000,000	1,000,000	1,000,000
Guyana	0	0	0	0	0	0	0	0
Haiti	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Honduras	25,000	6,250	25,000	6,250	25,000	6,250	25,000	6,250
Hong Kong, China	0	0	0	0	0	0	0	0
Hungary	3,000,000	1,500,000	3,000,000	1,500,000	3,000,000	1,500,000	3,000,000	1,500,000
Iceland	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
India	100,000	0	100,000	0	100,000	0	100,000	0
Indonesia	20,000,000	10,000,000	20,000,000	10,000,000	20,000,000	10,000,000	20,000,000	10,000,000
Iran	1,000,000	350,000	1,000,000	350,000	1,000,000	350,000	1,000,000	350,000
Iraq					1,000,000	1,000,000	1,000,000	1,000,000
Ireland	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
Italy	10,000	2,500	10,000	2,500	10,000	2,500	10,000	2,500
Jamaica	0	0	0	0	0	0	0	0
Japan	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	0	0
Jordan	30,000	15,000	30,000	15,000	30,000	15,000	30,000	15,000
Kazakhstan	91,900	91,900	91,900	91,900	97,100	97,100	103,000	103,000
Kenya	0	0	0	0	0	0	0	0
Kiribati	500	500	500	500	500	500	500	500
Korea	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Kuwait	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Kyrgyz Republic	100	100	100	100	100	100	100	100
Lao PDR	5,000,000	1,000,000	5,000,000	1,000,000	5,000,000	1,000,000	0	0
Latvia	2,000	1,000	2,000	1,000	2,000	1,000	2,000	1,000
Lebanon	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Lesotho	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Lithuania	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Macedonia, FYR	154,869	92,921	154,869	92,921	306,568	183,941	309,857	154,928
Madagascar	500,000	500,000	500,000	500,000	50,000,000	50,000,000	2,000,000	2,000,000
Malawi	0	0	0	0	0	0	0	0
Malaysia	2	2	2	2	2	2	2	2
Maldives	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Mali	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Marshall Islands	0	0	0	0	0	0	0	0
Mauritania	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Mauritius	0	0	0	0	0	0	0	0

Economy	Minimum capital (local currency) 2003	Minimum paid-in capital (local currency) 2003	Minimum capital (local currency) 2004	Minimum paid-in capital (local currency) 2004	Minimum capital (local currency) 2005	Minimum paid-in capital (local currency) 2005	Minimum capital (local currency) 2006	Minimum paid-in capital (local currency) 2006
Mexico	50,000	10,000	50,000	10,000	50,000	10,000	50,000	10,000
Micronesia	1,020	1,020	1,020	1,020	952	952	0	0
Moldova	5,400	2,160	5,400	2,160	5,400	2,160	5,400	2,160
Mongolia	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Montenegro					1	1	1	1
Morocco	100,000	100,000	100,000	100,000	100,000	100,000	10,000	10,000
Mozambique	1,500,000	750,000	1,500,000	750,000	1,500,000	750,000	1,500,000	750,000
Namibia	0	0	0	0	0	0	0	0
Nepal	0	0	0	0	0	0	0	0
Netherlands	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
New Zealand	0	0	0	0	0	0	0	0
Nicaragua	0	0	0	0	0	0	0	0
Niger	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Nigeria	100,000	25,000	100,000	25,000	100,000	25,000	100,000	25,000
Norway	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Oman	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Pakistan	0	0	0	0	0	0	0	0
Palau	985	985	985	985	948	948	965	965
Panama	0	0	0	0	0	0	0	0
Papua New Guinea	0	0	0	0	0	0	0	0
Paraguay	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Philippines	5,000	1,250	5,000	1,250	5,000	1,250	5,000	1,250
Poland	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Portugal	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Puerto Rico	0	0	0	0	0	0	0	0
Romania	2,000,000	0	2,000,000	0	2,000,000	0	2,000,000	0
Russia	10,000	5,000	10,000	5,000	10,000	5,000	10,000	5,000
Rwanda	500,000	0	500,000	0	500,000	0	500,000	0
Samoa	2	2	2	2	2	2	2	2
São Tomé and Príncipe	0	0	0	0	0	0	0	0
Saudi Arabia	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Senegal	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Serbia	273,200	136,600	273,200	136,600	31,856	15,928	32,438	16,219
Seychelles					0	0	0	0
Sierra Leone	0	0	0	0	0	0	0	0
Singapore	2	2	2	2	2	2	2	2
Slovakia	200,000	100,000	200,000	100,000	200,000	100,000	200,000	100,000
Slovenia	2,100,000	525,000	2,100,000	525,000	2,100,000	525,000	2,100,000	525,000
Solomon Islands	0	0	0	0	0	0	0	0
South Africa	1	1	1	1	1	1	1	1
Spain	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005
Sri Lanka	0	0	0	0	0	0	0	0
St. Kitts and Nevis					0	10,000		10,000
St. Lucia					0	0	0	0
St. Vincent and the Grenadines					0	0	0	0
Sudan	0	0	0	0	0	0	0	0
Suriname					1,000	100	1,000	100
Swaziland					0	0	0	0
Sweden	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000

Economy	Minimum capital (local currency) 2003	Minimum paid-in capital (local currency) 2003	Minimum capital (local currency) 2004	Minimum paid-in capital (local currency) 2004	Minimum capital (local currency) 2005	Minimum paid-in capital (local currency) 2005	Minimum capital (local currency) 2006	Minimum paid-in capital (local currency) 2006
Switzerland	20,000	10,000	20,000	10,000	20,000	10,000	20,000	10,000
Syria	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Taiwan, China	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tajikistan					8,000	4,000	8,000	4,000
Tanzania	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Thailand	0	0	0	0	0	0	0	0
Timor-Leste	5,048	5,048	5,048	5,048	4,759	4,759	4,737	4,737
Togo	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tonga	0	0	0	0	0	0	0	0
Trinidad and Tobago					0	0	0	0
Tunisia	10,000	10,000	10,000	10,000	1,000	1,000	1,000	1,000
Turkey	5,000,000,000	1,250,000,000	5,000,000,000	1,250,000,000	5,000	1,250	5,000	1,250
Uganda	0	0	0	0	0	0	0	0
Ukraine	20,500	6,150	20,500	6,150	26,200	13,100	35,000	17,500
United Arab Emirates	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
United Kingdom	0	0	0	0	0	0	0	0
United States	0	0	0	0	0	0	0	0
Uruguay	649,314	162,329	649,314	162,329	649,314	162,329	840,524	210,131
Uzbekistan	272,000	81,600	272,000	81,600	317,500	95,250	470,000	141,000
Vanuatu	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Vietnam	0	0	0	0	0	0	0	0
West Bank and Gaza	351,882	87,970	351,882	87,970	315,141	78,785	323,259	80,815
Yemen	1,500,000	1,500,000	1,500,000	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000
Zambia	2,000,000	50,000	2,000,000	50,000	2,000,000	50,000	5,000,000	50,000
Zimbabwe	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

**Sustainable Achievement of Business Expansion and Quality (SABEQ)**

**BearingPoint, Inc.**

**Salem Center, Sequleyah Street, Al-Rabiyeh**

**Amman, 11194 Jordan**

**Phone: + 962-6 550-3050**

**Web address: <http://www.SABEQ-Jordan.org>**