

# Executive summary

Ten years after the first *Doing Business* report started analyzing business regulations across the world, one of its main conclusions is that the quality of business regulations contributes to the economic development of countries.<sup>1</sup> Starting in 2005 and with greater emphasis from 2007 on, the Colombian government has improved its regulatory environment by strengthening its policies and institutions with the aim of increasing productivity, accelerating economic growth, and promoting competitiveness. Today, these efforts are evident. As a result of the implementation of 25 business regulatory reforms over the last eight years<sup>2</sup> and the participation of the executive, legislative, and judicial powers as well as the private sector, Colombia is the Latin American economy that has been most successful in narrowing the gap in its efforts to attain the most efficient regulations in the areas measured by *Doing Business*.<sup>3</sup> These reforms were further enhanced with the development of information technologies aimed at making transactions more efficient and reducing their associated costs. As a consequence, Colombia today ranks 43 among 190 countries and second after Chile in Latin America in the E-Government Development Index published by the United Nations.<sup>4</sup> The country's favorable macroeconomic environment over the last few years,<sup>5</sup> which has led it to be considered a new emerging economy,<sup>6</sup> and persistence in efforts to improve its business climate will enable it to take advantage of the market opportunities that are expected from the enactment of the free trade agreement with the United States as well as other agreements currently being negotiated. This will additionally enable Colombia to fulfill its aspiration to become a member of the Organisation for Economic Co-operation and Development (OECD).

The reform process began by focusing on a reduction in transaction burden and cost. Until 2008, the Government focused mainly on driving the expansion and improvement of one-stop shop systems for starting a business, registering property and trading across borders. To support the operation of these one-stop shops and promote simplified procedures, electronic data interchange systems were developed, such as the electronic system for filing and paying national taxes and duties (*Modelo Único de Ingresos, Servicio y Control Automatizado* or MUISCA) and the integrated system for paying social security contributions (*Planilla Integrada de Liquidación de Aportes* or PILA). As these reforms continue to progress, the strengthening of entrepreneurial innovation and the reduction of business informality levels became priorities for the new Government. According to some estimates, informality in Colombia represents close to one half of the country's economic activity.<sup>7</sup> Under the guidelines of the 2010-2014 National Development Plan (*Plan Nacional de Desarrollo*), the Government enacted a formalization and job creation law (*Ley de Formalización y Generación de Empleo*)<sup>8</sup> with the purpose of promoting the entry of small and medium-size enterprises<sup>9</sup> and job creation, especially among the young and more vulnerable population. More recently, in December 2012, the Government passed a new tax reform that will reduce even more the burden faced by entrepreneurs by lowering the costs of hiring workers.<sup>10</sup> Other reforms included the passage of a law that regulates the general royalty system (*Sistema General de Regalías*),<sup>11</sup> aimed at strengthening the development of regions and investment projects, including projects to modernize infrastructure across the country—also a priority area for the Government. In order

## DOING BUSINESS IN COLOMBIA 2013 MAIN FINDINGS

- Between 2009 and 2012, all the cities improved in at least one of the measured areas.
- As a result of their continuous reform effort, Manizales and Ibagué remain at the top of the ranking.
- For the first time, large cities showed the greatest improvements—Medellín, Bucaramanga, Cartagena, and Bogotá made the most progress on the ease of doing business.
- A total of 62 regulatory reforms making starting a business, dealing with construction permits, registering property, and paying taxes easier were implemented.
- Reforms mainly consisted in local implementation of national regulations—but local government initiatives were also carried out, mainly in the starting a business and paying taxes indicators.
- As a result of the progress made by the 23 Colombian cities towards best global practices, the country ranks today between the average performance of high-income OECD countries and Latin America.

to focus on higher procedure efficiency, the Government enacted a new red tape reducing decree (*Decreto Antitrámites*)<sup>12</sup> designed to streamline procedures at public administration offices, the new statute for notaries and registry (*Estatuto de Registro de Instrumentos Públicos*), and regulations governing the issuance of urban development licenses.

The strategy to improve the business climate in the country has expanded to the regions. National reforms have benefited all Colombian cities included in this study and continue encouraging departmental and municipal governments to strengthen their own reform initiatives.

### WHAT DOES DOING BUSINESS IN COLOMBIA 2013 MEASURE?

*Doing Business* studies business regulations from the perspective of domestic small and medium-size enterprises. This approach is particularly relevant in Colombia, where micro, small, and medium-size enterprises (MIPYMES) represent 94% of the business sector and encompass one third of the employed population.<sup>13</sup> Bogotá represents Colombia in the *Doing Business* annual report, which compares 185 economies across the world. However, entrepreneurs face different local regulations and practices depending on the city or region. *Doing Business in Colombia 2008* was the first report to go beyond the capital, Bogotá, to reflect these differences in other Colombian cities. This third edition of the *Doing Business in Colombia* series has been produced under the framework of the 2010-2014 National Development Plan as a strategy to identify improvements in the business environment in the regions and disseminate good practices.<sup>14</sup> *Doing Business in Colombia 2013* updates the results of the 2009 assessment in 23 cities, including for the first time the cities of Dosquebradas and Palmira,<sup>15</sup> and establishes a benchmark comparison among them in 4 business regulation areas: Starting a business, Dealing with construction permits, Registering property, and Paying taxes. In addition, Trading across borders is analyzed for the 4 main ports: Barranquilla, Buenaventura, Cartagena, and Santa Marta.<sup>16</sup>

### WHAT DO RESULTS SHOW?

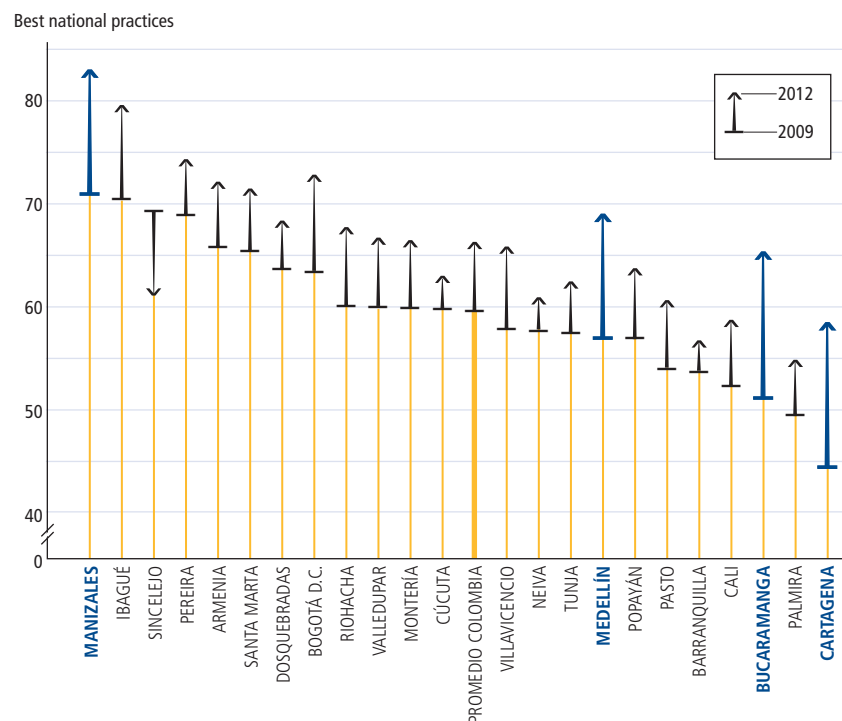
Two conclusions may be drawn from the results. The first is that cities that consistently implement reforms remain among the top performers in the ranking. After three years, Manizales and Ibagué continue to be the Colombian cities where doing business is easier. The second is that the size of the cities—measured by their population—is not necessarily associated with a higher or lower classification in the indicators. Colombian cities that are large business centers and where the demand for entrepreneurial services is higher demonstrated that they can make doing business easier and improve in the ranking. Bogotá moved up 4 places and became the third city in the country where it is easiest to do business. Medellín, Cartagena, and Bucaramanga, three of the five largest cities after Bogotá<sup>17</sup>, were the ones that most improved in the overall ranking. The first was Medellín, which moved

Ranking	
1	Manizales
2	Ibagué
3	Bogotá D.C.
4	Armenia
5	Pereira
6	Santa Marta
7	Dosquebradas
8	Valledupar
9	Neiva
10	Montería
11	Medellín
12	Riohacha
13	Tunja
14	Bucaramanga
15	Popayán
16	Sincelejo
17	Villavicencio
18	Cartagena
19	Pasto
20	Cúcuta
21	Cali
22	Barranquilla
23	Palmira

*Note:* Ranking of cities as of December 31, 2012.  
*Source:* *Doing Business* database.

up 8 places. It was closely followed by Bucaramanga and Cartagena, which moved up 6 and 5 places, respectively (table 1.1).

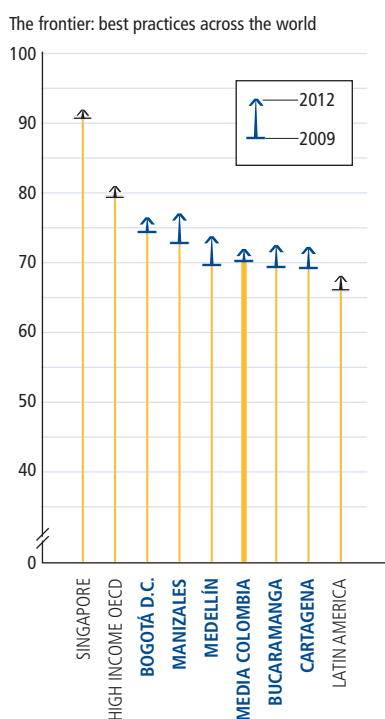
FIGURE 1.1 Distance to frontier in Colombia: between 2009 and 2012 all cities except Sincelejo made progress



*Note:* The indicator "distance to frontier" captures the difference between an economy's performance and the best performance observed (the frontier) in each one of the 4 analyzed indicators (Starting a business, Dealing with construction permits, Registering property, and Paying taxes). For example, the global frontier for Starting a business is determined by New Zealand for time (1 day), Canada and New Zealand for the number of procedures (1), and Denmark and Slovenia for cost (0%). Similarly, the Colombian frontier for this indicator is determined by Armenia and Neiva for time (10 days), 7 cities for number of procedures (9), and Armenia for cost (6.7% of income per capita), and so on for the rest of the indicators.

*Source:* *Doing Business* database.

FIGURE 1.2 How are Colombian cities progressing towards best global practices?



Source: *Doing Business* database.

## WHAT HAS IMPROVED?

In addition to the results obtained by Colombian cities on the ease of *Doing Business* ranking, another way of determining how much they have improved is by comparing the individual results of each city over time. In 2012 *Doing Business* published a new measure denominated “distance to frontier” to determine each economy’s individual progress towards the achievement of more efficient regulations. This indicator measures the improvement in the regulatory environment for entrepreneurs, both in absolute terms and over time, by showing each economy the existing distance between itself and the “frontier”.<sup>18</sup> The application of this measure to Colombian cities between 2009 and 2012 shows that all the cities, except Sincelejo,<sup>19</sup> have improved their business climate (figure 1.1). When considering the progress of the 23 Colombian cities towards the best global practices, their average performance presently places the country halfway between the average of high income OECD countries and Latin America (figure 1.2).

TABLE 1.2 National and local reforms implemented in all cities

	Local implementation of national reforms/local reforms			
	Starting a business	Dealing with construction permits	Registering property	Paying taxes
Armenia	✓	✓		✓
Barranquilla	◆		✓	✓
Bogotá D.C.	✓	✓		✓
Bucaramanga	✓	✓		✓
Cali	✓	✓	✗	✓
Cartagena	✓	✓		✓
Cúcuta	◆			✓
Dosquebradas	✓	✓	✗	✓
Ibagué	✓	✓		✓
Manizales	◆	✓	✓	✓
Medellín	✓	✓		✓
Montería	✓	✓		✓
Neiva	◆	✗		✓
Palmira	◆			✓
Pasto	✓	✓	✓	✓
Pereira	✓	✓	✗	✓
Popayán	✓	✓		✓
Riohacha	✓			✓
Santa Marta	✓	✓		✓
Sincelejo	✓	✗	✗	◆
Tunja	✓	✓		✓
Valledupar	✓	✓	✓	✓
Villavicencio	◆	✓	✓	✓

✓ Reforms making it easier to do business.      ✗ Reform making it more difficult to do business.  
 ◆ Reforms making it easier and others making it more difficult to do business.

Note: The reforms were implemented between July 2009 and December 2012. All the cities improved in the Starting a business indicator thanks to the Law 1429 of 2010. However, all the cities were also affected by the new requirements introduced by the Decree 2645 of 2011 issued by the Ministry of Finance and Public Credit. These regulations, in addition to other local reforms, had a combined impact on the cities. In 17, this resulted in a substantial process improvement, while in the 5 remaining cities, the impact was lower. Concerning the Paying taxes indicator, all the cities reduced by 7 the number of payments through a mandatory requirement for online filing of the income tax and the VAT, which was introduced by the Resolution 1336 of 2010 issued by the tax and customs department (DIAN). However, in Sincelejo, ICA and urban delineation tax rates were increased, and an environmental surcharge was introduced, thereby offsetting the positive effect of the resolution.

Source: *Doing Business* database.

*Doing Business in Colombia 2010* identified good practices, showed existing bottlenecks, and provided reform recommendations. Three years on, a total of 62 reforms that make doing business easier were recorded in 4 areas measured. Seventeen cities improved in the Starting a business indicator, as a result of the regulations implemented by the formalization law and the red tape reducing decree, among other reasons. Dealing with construction permits is easier in 17 cities thanks to the procedures established by Decree 1469 of 2010. Registering property is progressing in 5 cities, partly thanks to the expansion of the single window for property registration (*Ventanilla Única*

*de Registro* or VUR), and implementation of electronic systems improved tax payment in all cities. However, other national and local initiatives added procedures and increased costs (table 1.2).<sup>20</sup>

At the national level, the most significant progress made over the last 3 years in promoting business start-up was the enactment of Law 1429 of 2010, which reduced the cost of starting a business by more than 40% on average. While in 2009 an entrepreneur paid, on average, 15.6% of income per capita to start a business, today the cost is only 8.8%. On the other hand, all the cities were also affected by an additional procedure required for the formalization of the Unified

Tax Registration (*Registro Único Tributario* or RUT) at the national tax and customs authority (*Dirección de Impuestos y Aduanas Nacionales* or DIAN).<sup>21</sup>

Cartagena was the city that most improved business start-up. As a result of an international technical assistance package and a combined effort by the Chamber of Commerce and the city's Municipal Government, the land use certificate was replaced with a virtual consultation. The departmental stamp duty in favor of culture was eliminated, and the response time at the Chamber of Commerce was expedited thanks to an improvement strategy on client service. As a result, Cartagena moved up 16 places to the number 6 in the ranking for this indicator. The Municipality of Cali also made starting a business easier by promoting the purchase of company books at the Chamber of Commerce and eliminating requirements such as the need to previously obtain the forms for company registration and pay stamp duties. Thanks to these reforms, Cali climbed 7 places in the ease of starting a business and reduced associated costs by more than a third. Other cities, such as Riohacha and Sincelejo improved as a result of the opening of new one-stop shops for business registration (*Centros de Atención Empresarial* or CAEs) at their Chambers of Commerce.

Dealing with construction permits improved in 17 cities, mainly as a result of the application at the local level of the provisions contained in Decree 1469 of 2010, which compiled and updated the regulation on urban development licenses. The requirement to obtain a certificate of property tax payment (*certificado de paz y salvo de pago de impuestos*) was eliminated in 17 cities, reducing at least 1 and up to 3 procedures for builders. Bucaramanga, Cali, Ibagué, Manizales, Medellín, and Pereira went even further in improving the process. In Bucaramanga and Manizales, the offices in charge of reviewing and approving construction permits (*Curadurías urbanas*) reduced by 25% and 40%, respectively, the time required for issuing a construction permit by applying the existing rules for categorizing building projects based on risk. In Cali, Manizales, and Pereira, certificates

were eliminated and replaced with internal consultations between entities thanks to agreements between the *Curadurías urbanas*, Chambers of Commerce, and Municipal Governments (*Alcaldías*). The Municipal Planning Office (*Secretaría de Planeación*) of Ibagué reduced from 60 to 15 days the response time for issuing technical certificates that must be obtained prior to a construction permit. In Medellín, the building acceptance certificate is no longer a requirement for connection to public utilities saving builders 45 days out of the total amount required to start operating a warehouse.

The Superintendence of Notaries and Registry continued the expansion of the single window for property registration (VUR) to 10 cities in addition to Bogotá, thereby making property registration easier.<sup>22</sup> However, implementation in these cities has not progressed at the same pace, since it depends on collaboration between local governments and the national authority. The Municipal Government of Barranquilla merged the two procedures required to obtain the certificate of property tax payment. In Manizales, where streamlining of consultations and services at the VUR is in a more advanced stage than in other cities, notaries not only obtain basic data and information on the status of property tax payments, but also file and pay the departmental registration tax at the VUR. Notary offices in both Manizales and Valledupar improved their service by reducing the procedures and costs faced by entrepreneurs for hiring private professionals to prepare sales agreements. Although VURs are still to be implemented in Pasto and Villavicencio, administrative improvements and new electronic consultation systems have led to the elimination or consolidation of procedures to obtain property tax payment certificates.

The number of payments required to comply with the value added tax and the income tax was reduced in all cities from 6 to 1 and from 2 to 1, respectively, thanks to the widespread implementation of the MUISCA online tax return filing and payment system. Reforms at the municipal level in seven cities simplified tax payment even more. Thanks to the implementation of online payment systems for the industry and commerce tax

(ICA), Bogotá and Medellín reduced the number of payments from 6 to 1 and from 13 to 1, respectively. Cali was the only city in Colombia that reformed its tax legislation by issuing a new tax statute that integrated the disperse legislation, an effort that had not been undertaken in the city for more than three decades.

With the enactment of the free trade agreement with the United States, agreements with the European Union and South Korea, and negotiations currently underway with the countries comprising the Pacific Alliance<sup>23</sup> and others, Colombian ports are, more than ever before, a key scenario for the country to take advantage of international trade benefits. The development and implementation of electronic data interchange through the MUISCA system and the single window for foreign trade (VUCE) have largely paved the way, especially to make the preparation of trade documents more efficient. In all, the time required for document preparation, customs clearance and technical control, as well as port and terminal handling is competitive as compared to other Latin American countries and close to high-income OECD economies. At present, the main challenge is reducing export and import costs, which are still high and non-competitive—more than twice the average for high-income OECD countries. As a result of the National Government's investment plans for increasing port capacity and improving transport infrastructure, the recent creation of a national infrastructure agency (*Agencia Nacional de Infraestructura*) and the enactment of Law 1508 of 2012, which promotes the involvement of the private sector in infrastructure projects,<sup>24</sup> there is a favorable scenario for the country to successfully meet this challenge.

## COMPARING REGULATIONS AND THEIR ENFORCEMENT ACROSS COLOMBIAN CITIES

### Starting a Business

While the business start-up process may be completed through 9 procedures in 7 cities,<sup>25</sup> in Tunja and Valledupar, entrepreneurs must complete 17 procedures. Of the 9 minimum procedures required, 8 may be completed in one day in the

cities having the best practices and 6 of them are aimed at complying with social security requirements. The greater number of procedures in some cities is mainly due to the absence of CAEs and the need to obtain technical certificates such as the land use certificate. This is why in Dosquebradas an entrepreneur requires a total of 40 days to start a business, while in Armenia and Neiva this can be done in 10 days. Business start-up costs range from 6.7% of income per capita—COP 836,495 (USD 410)—in Armenia to more than 20%—COP 2,816,315 (USD 1,380)—in Neiva, a city where four departmental stamp duties, adding up to 15% of income per capita, must be paid.

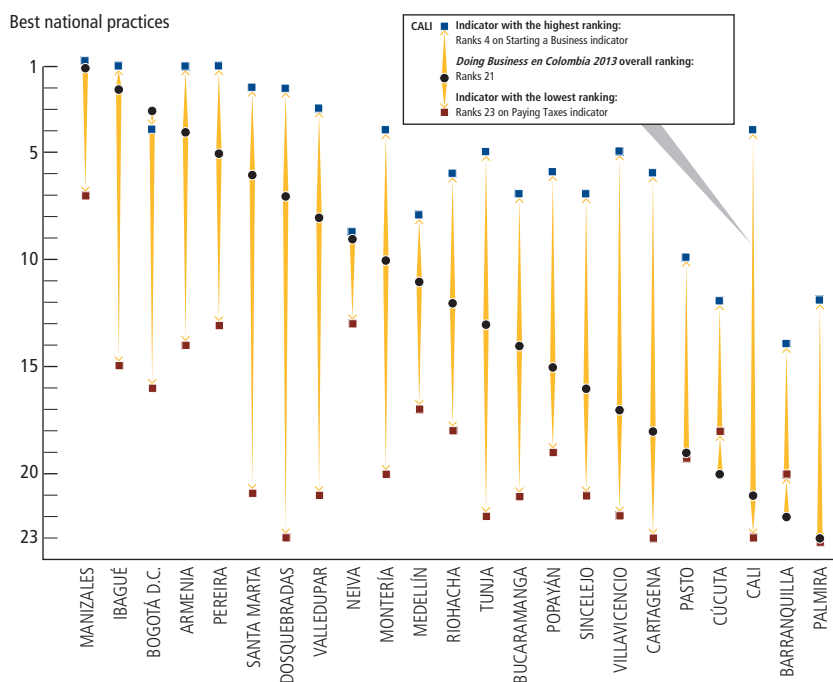
### Dealing with Construction Permits

The number of procedures ranges from 8 in 7 cities<sup>26</sup> to 13 in Neiva and Sincelejo where it is necessary to obtain several certificates prior to the application for a construction permit. The variation in time is even greater. While in Manizales the overall process takes 39 days, builders in Ibagué must wait 3 and a half times longer. In 4 cities, Ibagué, Pasto, Valledupar, and Villavicencio obtaining the construction permit may take up to 2 months. In Barranquilla and Valledupar, issuance of certificates by the Municipal Planning Department before the approval of a construction permit takes 1 month. In Medellín and Bucaramanga, builders must spend more than half of the total time to obtain a construction permit in obtaining the connection to water and sewerage services. In terms of costs, the fees and methods for calculating the municipal tax on urban delineation are the main sources of the variation. The tax cost ranges from approximately COP 820,000 in Bucaramanga (USD 400) to COP 27 million in Bogotá (USD 13,000).

### Registering Property

Bogotá is the city where the least procedures are required to register a property—7—as compared to 13 in Bucaramanga, Cali, and Sincelejo. While property may be registered in 11 days in Manizales, more than 1 month is required in Pasto. The main differences in terms of procedures and time across cities are due to requirements concerning document preparation and procedures prior to notarization (obtaining certificates,

FIGURE 1.3 For several cities, uneven performance between areas reveals improvement opportunities



Source: Doing Business database.

reviewing property titles, and having attorneys prepare the deeds) and the time taken by the Registry Offices (*Oficinas de Registro de Instrumentos Públicos*) to formally register property. The cost ranges from 1.9% of the property value—close to COP 12 million (USD 5,800)—in 6 cities, Ibagué, Manizales, Pasto, Riohacha, Tunja, and Valledupar, to 4% in Barranquilla—COP 25 million (USD 12,200). Cost differences are mainly due to stamp duties. In Barranquilla, 2% of the property value must be paid for stamp duties which go to finance public hospitals and the development of the Department of Atlántico.

### Paying Taxes

Different tax withholding rates and systems and the availability or lack of availability of online payment systems are the determinants in the performance of each city. Differences at the local level are mainly due to the industry and commerce tax or ICA. The number of payments ranges from 10 to 22 across the cities, depending on whether the company is or not an ICA tax withholding agent. ICA tax rates also vary for entrepreneurs, from 3.4 per thousand of sales for the period in Pereira to 11.4 per thousand—almost three times higher—in

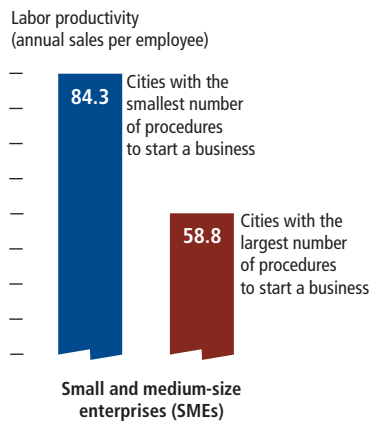
Bogotá. Other municipal taxes, such as the property tax, also contribute to the differences across cities, though in a lesser proportion. Rates for industrial properties range from 6.5 per thousand in Villavicencio to 15.5 per thousand<sup>27</sup> in Medellín.

### LEARNING FROM EACH OTHER

Although regulations are the same throughout the country, the degree of implementation is not the same across cities and departments. The areas where departments or municipalities have regulatory competence accentuate these differences. From a public policy point of view, these differences reveal opportunities to continue reforming at the local level (figure 1.3). In addition to the efforts to improve the business regulatory environment, another way of progressing is by replicating good practices and implementing successful reforms that already exist in other parts of the country. Peer learning not only promotes reforms, but also prevents duplication of efforts.<sup>28</sup>

Some initiatives aimed at encouraging peer learning and good practice sharing were implemented after the publication of *Doing Business in Colombia 2010*. The National Planning Department carried out a peer

**FIGURE 1.4** the efficiency of regulations governing business start-up is associated with higher labor productivity for small and medium-size enterprises



Note: Relationships are significant at a 1% level after controlling for departmental income per capita.

Source: *Doing Business* and *Enterprise Surveys* database.

learning workshop for cities in Manizales, which resulted in the publication of a fact sheet with the best national practices identified. Nineteen of the 21 cities participating in the study requested technical assistance to improve their development in the indicators. More recently, the authorities of Montería visited the Chambers of Commerce of Sincelejo and Pereira to learn about the CAE implementation and operation process in these cities. Likewise, Tunja's Chamber of Commerce executives visited their peers in Pereira during the implementation of their CAE, which was inaugurated in December 2012. For its part, the Chamber of Commerce of Armenia has a specialist consulting service for new CAE implementation, which has been used by cities such as Riohacha, Tunja, and Valledupar.

It is important to promote learning activities across Colombian cities. The adoption of good practices could improve local business productivity. A World Bank Enterprise Survey analysis carried out using 2010 data for the 4 largest cities in Colombia showed a correlation between the number of procedures to be completed by an entrepreneur to start a business and productivity. The labor productivity of small and medium-size enterprises located in

the 3 cities where fewer procedures were required to start a business—Barranquilla, Bogotá, and Medellín—was 43% higher than that of small and medium-size enterprises located in Cali, where 2 more procedures were required (figure 1.4).<sup>29</sup>

## NOTES

- World Bank. 2013. *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*. World Bank Group. Washington, DC.
- To review all the reforms implemented in Colombia that have been recognized and published by *Doing Business* please visit <http://www.doingbusiness.org/reforms/overview/economy/colombia>
- World Bank. 2013. Note 1, *ut supra*.
- United Nations. 2012. *Global E-Government Survey 2012. Government for the People*. Department of Economic and Social Affairs. United Nations. New York, NY.
- Based on figures published by the National Statistics Department (DANE), the country has displayed positive gross domestic product growth rates over the last few years (1.7% in 2009, 4% in 2010, 6.6% in 2011, and 4% in 2012).
- The new emerging economies group, CIVETS, comprises Colombia, Indonesia, Vietnam, Egypt, Thailand, and South Africa. The term CIVET was adopted by the Economist Intelligence Unit (EIU) in 2009.
- Cárdenas, Mauricio and Sandra Rozo. 2007. "Informalidad en Colombia: Nueva Evidencia". Working Document No. 35, Fedesarrollo. If business informality is measured in terms of the percentage of microenterprises not registered in the Registry of Commerce, the average percentage for the last five years is 55%, based on a diagnosis of informality levels presented in the 2010-2014 National Development Plan "Prosperidad para Todos" (Prosperity for All). In accordance with Law 905 of 2004, small enterprises are those whose assets do not exceed 500 current legal minimum monthly wages (SMLMV) and have up to 10 workers.
- Law 1429 of 2010.
- Law 1429 of 2010 defines small enterprises as those having less than 50 workers and total assets not exceeding 5,000 current legal minimum monthly wages.
- The reform reduces labor risk insurance and welfare contributions (payroll taxes or aportes parafiscales) as well as the social security contributions paid by the company for employees earning less than 10 minimum wages. Up to now, labor risk insurance and welfare contributions were equivalent to 9% of an employee's wage (4% for the Family Subsidy, 3% for the Colombian Institute for Family Welfare, and 2% for the National Learning Service). After the reform, companies are exempt from paying contributions to the Colombian Institute for Family Welfare and the National Learning Service (3% and 2%, respectively). Companies are also exempt from paying health contributions to the social security system (8.5%).
- The general royalty system or *Sistema General de Regalías* is defined under Law 1530 of 2012 as the set of income, allowances, agencies, procedures, and regulations for management, execution, control, efficient use, and allocation of income from the exploitation of non-renewable natural resources.
- Decree 0019 of 2012.
- Document MIPYMEs: "Realidades y Oportunidades". Medellín Digital - Cultura E. 2013. Available at: <http://www.culturaemedellin.gov.co/sites/CulturaE/MiEmpresa/Noticias/Paginas>
- 2010-2014 National Development Plan, "Prosperidad para Todos". Chapter III. Available at: <http://www.dnp.gov.co/LinkClick.aspx?fileticket=4-J9V-FE2pl%3d&tabid=1238>
- Based on population projections for 2012 by the National Statistics Department (DANE), the 23 cities considered in the study represent 60% of the country's urban population.
- This third assessment does not include the Enforcing contracts indicator and incorporates changes to the Dealing with construction permits indicator methodology. Finally, the Trading across borders indicator has not been considered in the overall ranking because it only measures the performance of the 4 port cities. For further information about indicators and the methodology, please review the Data Notes.
- In order, Medellín, Cali, Barranquilla, Cartagena, and Bucaramanga based on DANE population projections from the 2005 Population Survey. Available at: [http://www.dane.gov.co/index.php?option=com\\_content&view=article&id=75&Itemid=72](http://www.dane.gov.co/index.php?option=com_content&view=article&id=75&Itemid=72)
- For further information about the overall ranking and the distance to frontier, see the chapter on the Ease of Doing Business and Distance to Frontier in *Doing Business 2013*. Available at <http://doingbusiness.org>

19. Sincelejo increased the number of procedures for dealing with construction permits and registering property and increased the total tax rate.
20. Although the cities of Dosquebradas and Palmira are assessed for the first time, in order for their results to be comparable, indicator data was constructed retroactively as of July 2009.
21. Decree 2645 of 2011 issued by the Ministry of Finance and Public Credit. See the chapter on Starting a Business for more information.
22. The 10 cities are Armenia, Barranquilla, Bucaramanga, Cartagena, Ibagué, Manizales, Medellín, Pereira, Sincelejo, and Valledupar.
23. Data on Colombia free trade agreements signed and under a negotiation process are available at: <http://www.tlc.gov.co>
24. Montenegro, Santiago. Colombia's Infrastructure Challenges. April 23, 2013. University of Miami - Center for Hemispheric Policy.
25. Armenia, Bucaramanga, Cali, Cartagena, Neiva, Pereira, and Santa Marta.
26. Bogotá, Cartagena, Dosquebradas, Manizales, Medellín, Pereira, and Santa Marta.
27. Industrial plot with an appraisal value exceeding COP 11million. Fiscal year 2012.
28. Words expressed by the Sectorial Sub-Director of the National Planning Department at the event "Investment Climate Reforms in Latin America and the Caribbean". June 2013. Panama City.
29. Labor productivity and enterprise size data was obtained from enterprise surveys carried out from August 2009 to June 2010 in 4 Colombian cities (Barranquilla, Bogotá, Cali, and Medellín). Labor productivity is defined as annual sales for the 2009 fiscal year divided by the number of workers under a permanent employment agreement over the same period. Small and medium-size enterprises (PYMES) are those with less than 100 workers. Entities requiring the lowest number of procedures were identified based on the Starting a Business indicator data from *Doing Business in Colombia 2010*. Methodology details may be reviewed on the website <http://www.enterprisesurveys.org>