

# 2021 Incheon Law & Business Forum

## “Navigating the Storm: Helping MSMEs Set Sail with Legal Harmonization”

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# The Project

- 2017 Baseline
  - Transactional nature of business formalities
    - High discretion in interpreting requirements (e.g., ex ante inspections)
  - Merged and complex system to authorize registration and startup licenses (Provincial differences)
- 2018 New Business Startup Vision by MOIC
  - Splitting getting the registration number from operating licenses
  - From ex ante to ex post controls
  - Risk-based Operating licensing
  - Reform of inspection
- But pending Issues
  - Communication at window level
  - Perception by businesses
  - Provincial level situation



# Key aspect of the 2018 reform: splitting the start up objectives

- Business registration should be seen as a public service and not as a mitigation of risks market failures
  - Business registration number is the “birth certificate” of businesses enabling to profit from rule of law
  - “One business – One Number”
- Start up licensing should mostly be focused on preventing market failures
  - The risks of market failures are related to the economic sector, size, location of the future business
- Ex post inspection are better to created incentives to control and mitigate risks

# 2019-2021 reforms of the Lao Registration System

- The targets

Improving Doing Business “Starting business” Indicator

- The 3 pillars implementation strategy

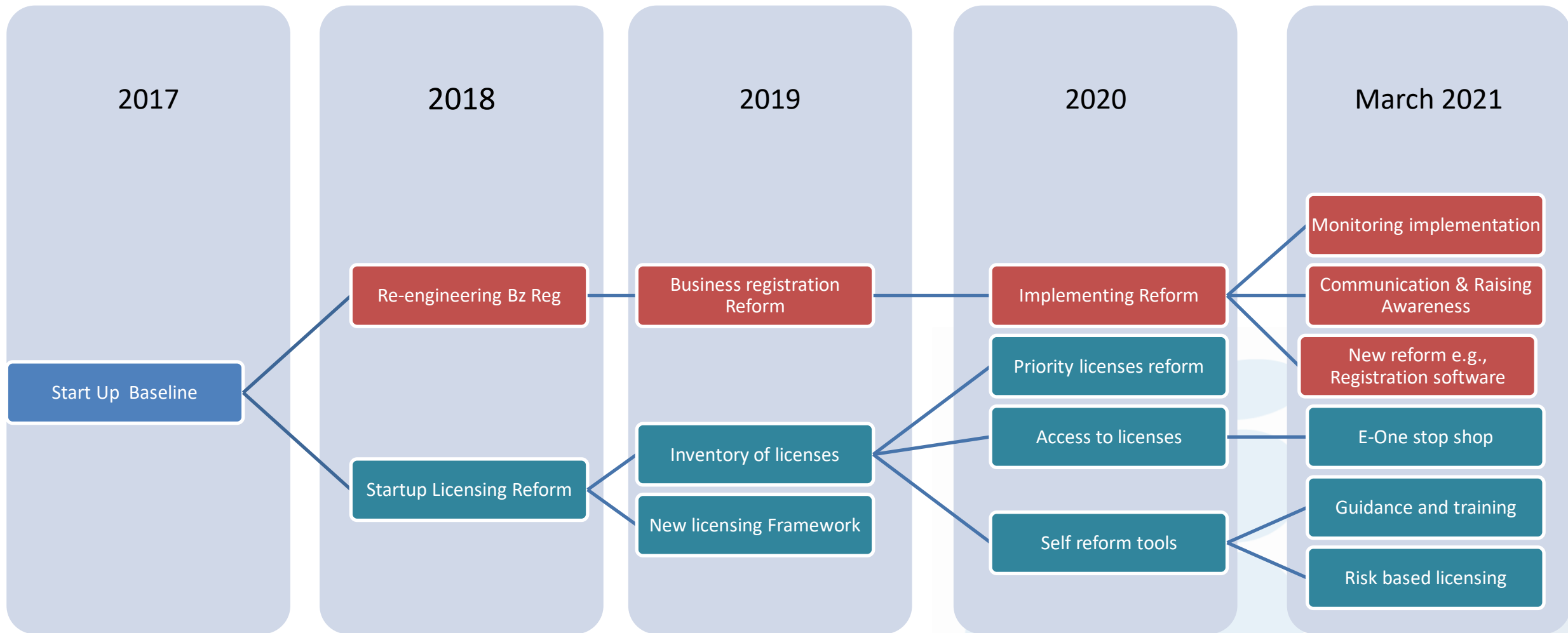
- Monitoring past reforms implementation
- Communication Strategy
- New reforms, (including new software)

|                  | Baseline (2019) | Baseline 2019<br>(in the books) | Target 2021 |
|------------------|-----------------|---------------------------------|-------------|
| Rank             | 181             | 145                             | 47          |
| Time             | 173 days        | 67 days                         | 3           |
| No of Procedures | 9               | 9                               | 3           |

World Bank Doing Business (in Vientiane)



# A coordinated efforts with the reform of operating licenses





# Moving forward on Registration

- Registration
  - Take time
  - Including DB experts and analysis
  - Technical infrastructure (new software)

Training and raising awareness about "registration benefits"

Further streamlining registration

One business, one number

Online registration

17 days

5 days

# Moving Forward on Operating Licenses

- Regulating the licensing powers of ministries and authorities
  - E-platform
  - Transparency, accountability, efficiency
- Are bottom-up reforms too difficult?
  - Informal and SMEs require a new approach based locally and organized around risks
  - See Green and Red Channels





# Green & Red Channel: The “Trust but Verify” Approach

