



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Prime Minister

No. 02 /PM
Vientiane Capital, dated 01 February 2018

Order
on Improvement of Regulations and Coordination Mechanism
for Doing Business in Lao PDR

To: Ministers, Governors of Ministry-Equivalent Organizations, Governors of Vientiane Capital and Provincial.

- Pursuant to Law on Government no. 04/NA, dated 06 November 2016;
- Pursuant to Law on Investment Promotion no. 14/NA, dated 17 November 2016;
- Pursuant to the Report for Seeking Guidance on the Improvement of Climate for Doing Business in Lao PDR no 1825/MPI.DIP2, dated 08 September 2017;
- Pursuant to the Agreement and Guidance of the Ordinary Government Meeting in November 2017;
- Pursuant to the Letter of Request of Ministry of Planning and Investment no. 3150/MPI.DIP2, dated 22 December 2017.

In order to improve the climate for doing business in Lao PDR with the aims of mobilizing and attracting investment quality, promoting and building the competitive capacity of domestic business to a higher level as well as significantly addressing and minimizing difficulties in doing business in the country by reduction of procedures and time of authorization of relevant authorities to ensure speediness, transparency and effectiveness, and reducing cost in the operation of business sector and enhancing the trust of domestic and foreign investors in decision making to operate and expand the business in our country which will become an important force contributing to the implementation of the 8th Five Year National Socio-Economic Development Plan (2016-2020) to achieve the planned targets, and creating infrastructure for strong and stable country's economy in line with guidance of sustainable and green growth stipulated in the Resolution of 10th Party Congress.

The Prime Minister orders:

1. Ministries, Ministry-equivalent State Organizations and Local Government Authorities across the country that directly have the roles, functions, responsibilities and rights related to the ease of doing business indicators in Lao PDR shall implement the reforming and reducing the number of procedures and time of authorization in 2018 and 2019 as following:

1.1 Assigned the Ministry of Planning and Investment to perform as following:

- (1) To implement the investment one-stop service mechanism in practice as soon as possible, by addressing and improving the collaboration process with relevant sectors in the examination, consideration and approval of the application for investment and the service after investment license in a centralized and harmonized manner, shortening

procedures and time of applying for investment license with transparency and compliance with laws and regulations; The One-Stop Service Office, Investment Promotion Department, Ministry of Planning and Investment shall develop the mechanism to keep investors informed about the progress of consideration of their application.

- (2) Act as a focal point in coordinating with relevant sectors to monitor the progress of resolving procedures and difficulties based on 10 indicators identified by the World Bank as described in the Report for Seeking Guidance on the Improvement of Climate for Doing Business in Lao PDR no 1825/MPI.DIP2, dated 08 September 2017, and to report the progress on the reform to the meeting of the Central Committee on Investment Promotion and Management, and to the Government in quarterly basis with the aims of improving the ranking of the ease of doing business in Lao PDR by 2019.
- (3) Improve the disseminating mechanism of laws and policies including regulations related to the investment promotion activities.

1.2 Assigned the Ministry of Industry and Commerce to perform as following:

1.2.1 To take the initiative in coordinating with the Finance sector, Public Security sector, Press, Culture and Tourism sector and relevant sectors to expedite the addressing difficulties involved with the 1st indicator: Starting a Business indicator, such as:

- (1) Revise the regulations and measures regarding the service of declaration for the enterprise registration (individual or legal entity) to make them facilitated, simplified and speedy. After the enterprise registration (individual or legal entity), it is required to apply for the license with relevant sectors before operating certain business.
- (2) Study, revise and promulgate the legislations related to the providing service of declaration for the enterprise registration so that they may be able to enforce at central and local levels in the first quarter of 2018;
- (3) Prepare necessary conditions for introduction of the electronic enterprise registration (or online enterprise registration) which shall be completed by 2019;
- (4) Expedite the procedures of rules and assets registration of the enterprise after full obtaining the tax identification number and licenses to operate relevant businesses.
- (5) Improve the issuance system of tax identification number at the same time as the issuance of enterprise registration certificate, and streamline or remove unnecessary steps such as: bank account of the managing director, list of employees, office rental contract and so on. But the enterprise shall provide full such business operations documents after it has been already received the investment approval.
- (6) Streamline the seal making procedure in line with article 21 (amended) of Law on Enterprise.
- (7) Eliminate the application for installing signage of enterprise (as such signage only indicate the name of enterprise, not an advertisement sign). But it is required to formulate a regulation to determine the standards of the signage in detail (size, character, background of signage and other details), and the management measures to enable the industry and commerce sector to notify business operators on signage compliance after enterprise registration. This regulation shall be formulated in flexible manner (not too rigid) in order to facilitate the compliance of entrepreneurs.

1.2.2 To take the initiative in collaboration with relevant parties involved with activities prescribed in the 8th indicator: Trading across borders indicator in order to reform the legislations and procedures on application for import and export licensing of goods across

borders to ensure streamlining and shortening the import and export licensing processes with the aim of reducing time for import and export at least 50% by 2019, particularly:

- (1) Collaborate with Finance sector, Public Health sector, Public Work and Transport sector, Agriculture and Forestry sector, Science and Technology sector, Energy and Mine sector, Press, Culture and Tourism sectors, Banking sector and other concerned sectors to urgently study and consult in order to further reduce unnecessary procedures, time and documents of import and export licensing of goods;
- (2) Collaborate with Finance sector to reform the clearance procedures of import and export of goods at the border checkpoint to ensure more simplified and expeditious, which procedure that are not unnecessary procedure shall be removed;
- (3) Take the initiative in collaboration with Public Work and Transport sector to identify obstacles of the domestic transport in particular the setting-up of roadside checkpoints by the officers and then submit the proposal for removing the roadside checkpoints which are not necessary.

1.3 Assigned the Ministry of Public Work and Transport to perform as following:

Take the initiative to expedite the addressing and improving difficulties related to the 2nd indicator of the ease of doing business: Dealing with Construction Permits indicator, in particular:

- (1) To review documents and contents of the application form for construction permit, which documents or contents which are not necessary shall be removed;
- (2) Upload the application form for construction permit including relevant regulations available into the website of Public Work and Transport Sector in beginning of 2018 thereby to provide facilities to applicants for construction permit, and it is not necessary to purchase the forms at the relevant division;
- (3) Reduce or remove the unnecessary steps and time in applying for construction permit from 11 steps to 07 steps and from 83 days to 45 days or less by 2018, and to 30 days or less by 2019.

1.4 Assigned the Ministry of Energy and Mine to perform as following:

Take the initiative in guiding Lao State Electricity Enterprise (Electricite' du Laos: EDL) to expedite addressing and improving the difficulties regarding the 3rd indicator of the ease of doing business: Getting Electricity indicator, in particular:

- (1) To further reduce steps and time of getting electricity from the current 06 steps to 05 steps or less and from 134 days to 50 days or less by 2018 and 40 days or less by 2019, particularly for electrical construction and installation contractor companies, to determine standard and time required for providing service of electricity installation including the installation of transformers, which shall be on average, not exceed 30 days by 2018 and not exceed 25 days by 2019. For the construction of electrical grid of 22 KV shall comply with the length and environment requirement of each task.
- (2) To strictly monitor and inspect the service standard of company providing electricity installation service. If it is found the delay of operations and services and not meet the standard required, shall give warnings and take disciplinary measures by proposing the relevant sectors to cancel the operation license of electricity installation services of such companies;
- (3) To expedite the improvement of the electrical supply system therefore make it reliable and to ensure that there is no frequent electricity shortage with the aim of improving ranking of the reliability of supply and transparency of tariff index of Lao PDR.

1.5 Assigned the Ministry of Natural Resource and Environment to perform as following:

Take the initiative in addressing and improving difficulties related to the 4th indicator of the ease of doing business: Registering Property indicator by streamlining procedures and time required for registration of land asset, transfer of land ownership, land lease, land concession in order to make them more expeditious by reducing the procedures less than 04 steps and time less than 53 days by 2018 and less than 40 days by 2019.

1.6 Assigned the Bank of Lao PDR to perform as following:

To take the initiative in coordinating with the Lao Securities and Exchange Commission in addressing and improving of difficulties related to the 5th indicator of the ease of doing business: Getting Credit indicator and the 6th indicator: Protecting Minority Investors and Minority Shareholders indicator, particularly:

- (1) To improve the index on the access to credit activities in particular the index on the strength of law and regulations protecting borrowers and lenders to a score higher than 6, index of the ease of the access to credit information to a score higher than 5, the control rate of state borrowers database to a score lower than 11.2% and the control rate of private borrowers database to a score higher than 0%.
- (2) To improve the index on the quality of the rule on prohibition of the occurrence of conflict benefit which is currently at the score of 3.3 to a higher score of 4.3 and the index on the quality of the shareholders which currently at the score of 3 to a higher score of 6.3. At the same time, the Lao Securities and Exchange Commission shall continue to complete the study and formulation of the corporate governance in the second quarter of 2018.

1.7 Assigned the Ministry of Finance to perform as following:

- (1) To take the initiative in addressing and improving of difficulties related to 7th indicator of the ease of doing business: Paying Taxes indicator, in this, to study and improve the frequency and time of various taxes payment of enterprises by proposing the amendment of relevant law, particularly to improve and reduce the frequency of profit tax payment from 04 times per year to 01 time per year, and to improve mechanism of social security payment to ensure more facilitating and expeditious. At the same time, effort shall be made to reduce the time spent in tax payment from 182 hours per year to the lowest level.
- (2) To improve the procedures of duty and tax collection at the time of importing goods at the border checkpoint to make it more simplified and expeditious.

1.8 Assigned the Ministry of Justice and the Judicial Organization to perform as following:

To take the initiative in studying, making and revising legislation relating to 9th indicator of the ease of doing business: Resolving Insolvency indicator in consistent with their roles and responsibilities, in particular:

- (1) To improve time required for the case proceeding process to ensure the compliance of the contract to less than 443 days, reduce the cost rate of the case proceeding process to ensure the compliance of the contract to less than 31.6% of contract amount, and improve the index of the quality of the court process to a score higher than 5.5.
- (2) To expedite in collaboration with relevant ministries to revise the Law on Bankruptcy of the Enterprise no. 06/94, dated 14 October 1994.

1.9 Assigned the Ministry of Public Security to perform as following:

To study and further reduce procedures and time for issuing the seal for business operation. From 2018, to ensure the issuance of seal faster, the Ministry of Public Security shall assign the responsibility to the Vientiane and Provincial Police Headquarters to produce the business

seal, the Ministry of Public Security shall formulate regulations and issue guidelines for practical implementation in a strictly and speedy manner.

1.10 Assigned the Lao National Chamber of Commerce and Industry to perform as following:

To take the initiative in contributing to the process of study, improvement and revision of the difficulties related to the ranking of the ease of doing business in Lao PDR in accordance with their roles and responsibilities, such as:

- (1) To provide comments and participate actively in the improvement of investment climate in Lao PDR;
- (2) To advertise, disseminate and provide advices on state policy guidelines, laws and regulations in the improvement of facilities for business operation in Lao PDR to its members to enable to have common understanding and collaborate in the implementation in a strictly manner.
- (3) To take the initiative in summarizing issues and proposals of the business in each period as well as to brainstorm and present the recommendations regarding the direction and solutions in constructive manner to the Government for study and consideration.

1.11 The Ministries, Ministry-equivalent State Organizations and relevant parties mentioned above: shall establish a responsible working group with a deputy head of their organizations to take charge of leading the study and formulation of action plan and improving each indicator concerned which is related to their roles and responsibilities and send to Ministry of Planning and Investment for consolidating into the action plan for the implementation of this Order to ensure the monitoring and supervising of the implementation in each period.

2. The Ministries, Ministry-equivalent State Organizations and Local Government Authorities throughout the country which have roles, functions, responsibilities and rights surrounding the implementation of indicators of the ease of doing business in Lao PDR shall facilitate and collaborate in the implementation of the reform and reduction of the procedures and time required for the authorizations.
3. Assigned the Ministry of Planning and Investment to take the initiative monitor the progress of implementation of this Order and summarize and report to the government on the quarterly, half annually and yearly basis.
4. After Ministries, Ministry-equivalent State Organizations and relevant parties have completed the revision of regulations and have consistent regulations, the Local Government Authorities shall be assigned to focus on the reform of procedures and time required for applying for business operations in their locality to ensure the procedures become simplified, expeditious, transparent and traceable.
5. Assigned the Ministries, Ministry-equivalent State Organizations, Local Government Authorities and relevant parties shall acknowledge, collaborate and implement this Order strictly to ensure good results.
6. This Order shall become effective from the date of signature.

Prime Minister,

Thongloun Sisoulith