



# Doing Business Reforms in Laos

**Action Plan  
2020 - 2022**



July 2020

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Prime Minister of Lao PDR  
Thongloun Sisoulith

“... the government has committed to improve the business environment in Lao PDR, making it more convenient by streamlining procedures, reducing time and costs, and increase transparency and effectiveness of the process to issue business licenses by relevant authorities. The government aims to promote and attract quality investments from the domestic and foreign private sector, and to enhance the competitiveness of businesses to become a major force therein. This will continuously contribute to the implementation of the National Socio-Economic Development Plan to achieve established targets, and develop a stable, sustainable and green national economy as stated in the 10th resolution of the General Conference of the Party.”

# Foreword

Annually, the World Bank Group measures the Ease of Doing Business (EODB) in 190 economies worldwide. In the Doing Business Report 2020, Lao PDR was ranked 154<sup>th</sup> in the world and 9<sup>th</sup> in ASEAN, followed only by Myanmar (165<sup>th</sup>).

Based on the ranking, it has encouraged the countries to compete in order to reform regulations and coordinating mechanisms in Doing Business effectively. Lao PDR has issued three important orders to improve the business environment in the country: Order No. 002/PM, dated 01 February 2018, on the improvement of regulations and coordinating mechanisms for the Ease of Doing Business in Lao PDR; Order No. 012/PM, dated 16 October 2019, on import-export facilitation, border crossing, temporary imports, and movements of goods in the country; and Order No. 003/PM, dated 21 January 2020, on the improvement of administrative services for investments and business operating licenses. The Orders have clearly assigned the relevant authorities to proactively improve the indicators within their scope of rights and responsibilities with the aim to enhance the business climate, attract quality investments, promote local products and industries, and enhance the competitiveness of domestic businesses.

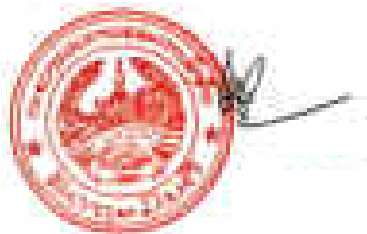
Over the years of implementing the Orders, the relevant authorities have been active in improving the Doing Business in Lao PDR. However, the environment for Doing Business is not yet improved as much as it should be as reflected by an improving trend of the ranking of Lao PDR.

In this regard, it is required that all relevant authorities urgently prioritize the regulatory reforms and coordinating mechanisms to improve the Ease of Doing Business. Since there are still a number of underlying issues to be addressed, we must take actions cohesively according to plans to ensure a continuity and sustainability of the reform.

As a coordinating agency mandated to monitor the progress of the 10 indicators of the World Bank Doing Business Report, the Ministry of Planning and Investment has developed a booklet consolidating the action plan of all indicators to be disseminated to the public and private sector. It also intends to provide information to donors that are interested in providing financial or technical support to improve the Doing Business in Lao PDR.

On behalf of the Ministry of Planning and Investment, I would like to express our sincere gratitude to the relevant authorities for their inputs on the action plan and the German Development Cooperation (GIZ) for contributing funds for developing and printing this booklet.

I hope that this booklet will be a useful tool for monitoring and improving the Ease of Doing Business in Lao PDR. In case there is any error and inconsistency, we are pleased to receive your feedback for future improvement.



Deputy Prime Minister,  
Minister of Planning and Investment  
Sonexay Siphandone



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# Committee and Secretariat on Regulatory Reform and Coordination

Lead Ministry	Indicators Assigned
Ministry of Planning and Investment (MPI)	Coordination function
Ministry of Industry and Commerce (MOIC)	Starting a business Trading across borders
Ministry of Public Works and Transport	Construction permits
Ministry of Energy and Mines	Getting electricity
Ministry of Natural Resources and Environment	Registering property
Bank of Lao PDR	Getting credit Protecting minority investors
Ministry of Finance	Paying taxes
Ministry of Justice and the Judicial Organizations	Enforcing contracts Resolving insolvency
Lao National Chamber of Commerce and Industry	Identifying and commenting on issues



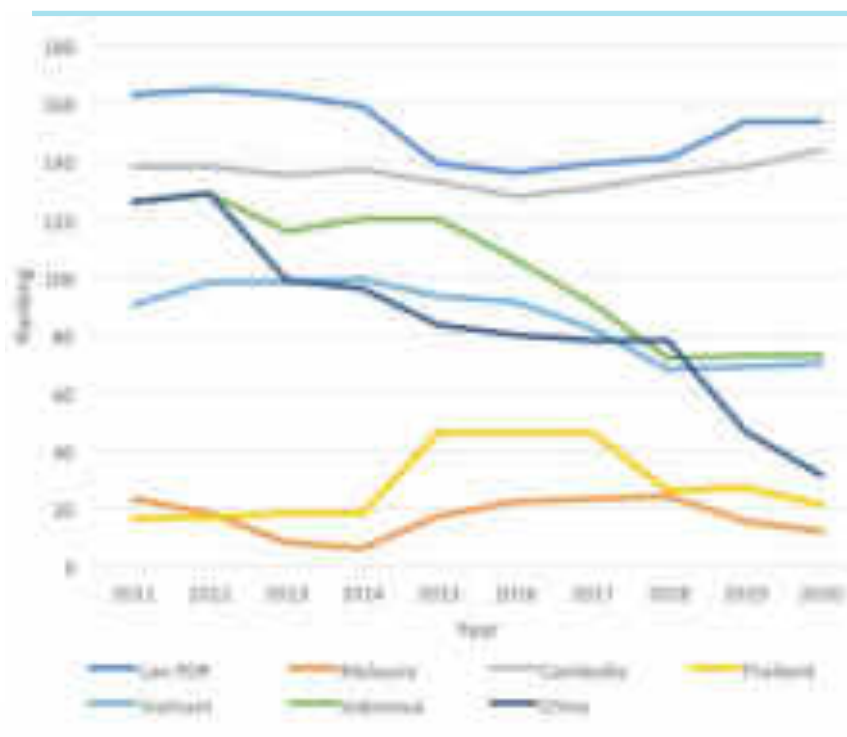
# Doing Business Reform: Laos vs Asia

Over the past 10 years, Thailand and Malaysia have been able to maintain their competitive ranking of Doing Business by continuously streamlining their administrative and regulatory procedures. Malaysia has over the last 60 years developed from a primary commodities exporter to become an attractive regional hub for services. Thailand introduces the policy “Industry 4.0” to facilitate and improve public services to support the private sector. These two countries have transformed to become best reformers and very competitive investment destinations in Asia.

Meanwhile, Vietnam and Indonesia have constantly reformed their policy framework and public services to attract foreign direct investments (FDI). The countries gradually improved their ranking and became emerging investment destinations in the region in recent years.

China has performed an outstanding development and turned the country into one of the fastest-reforming economies in the Doing Business. Despite its huge geography and challenging centralized political system, China has proven that it is possible to proactively reform and to become a more transparent and efficient economy by climbing up from 126th to 31st rank in 10 years.

Lao PDR and Cambodia have been at the lower end of the ranking and viewed as less competitive and unattractive investment destinations in comparison to other ASEAN Member States. Lao PDR needs to substantially reform its legislation and administration to improve its public services for a better business climate and environment.



Source: Trading Economics



# Changes in Ranking and Score 2019-2020

Ranking   
Score 



## Starting a Business

180	181
60.93	62.1



	(2019)	(2020)
Procedures (number)	10	9
Time (days)	174	173
Cost (number)	6.6	4.6
Pai-in min. Capital	0.0	0.0

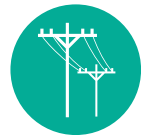


## Dealing with Construction Permits

99	99
67.94	68.3



Procedures (number)	12	12
Time (days)	92	92
Cost (% of warehouse value)	4.9	4.6
Building quality control index (0-15)	6.6	6.5



## Getting Electricity

156	144
52.77	58.0



Procedures (number)	7	7
Time (days)	105	87
Cost (number)	763.4	705.2
Reliability of supply and transparency of tariff index (0-8)	2	3



## Registering Property

85	88
64.93	64.93



Procedures (number)	6	6
Time (days)	28	28
Cost (% of warehouse value)	3.1	3.1
Building quality control index (0-15)	10.5	10.5



## Getting Credit

73	80
60.0	60.0



Strength of legal rights index (0-12)	6	6
Depth of credit information index (0-8)	6	6
Credit registry coverage (% of adults)	14.5	19.8
Credit bureau coverage (% of adults)	0	0



Ranking   
Score 



### Protecting Minority Investors

174	179	▼
31.67	20.0	▼

	(2019)	(2020)
Extent of disclosure index (0-10)	6.0	6.0
Extent of director liability index (0-10)	1.0	1.0
Ease of shareholder suits index (0-10)	3.0	3.0
Extent of shareholder rights index (0-6)	4.0	0.0
Extent of ownership and control index (0-7)	4.0	0.0
Extent of corporate transparency index (0-7)	1.0	0.0
Payments (number per year)	35	35
Time (hours per year)	362	362
Total tax and contribution rate (% of profit)	24.1	24.1
Postfilling index (0-100)	18.57	18.57



### Paying Taxes

155	157	▼
54.22	54.22	=

Payments (number per year)	35	35
Time (hours per year)	362	362
Total tax and contribution rate (% of profit)	24.1	24.1
Postfilling index (0-100)	18.57	18.57



### Trading Across Borders

76	78	▲
78.12	78.12	=

	(2019)	(2020)		(2019)	(2020)
<i>Time to export</i>			<i>Time to import</i>		
Documentary compliance (hours)	60	60	Documentary compliance (hours)	60	60
Border compliance (hours)	9	9	Border compliance (hours)	11	11
<i>Cost to export</i>			<i>Cost to import</i>		
Documentary compliance (USD)	235	235	Documentary compliance (USD)	115	115
Border compliance (USD)	140	140	Border compliance (USD)	224	224



### Enforcing Contracts

162	161	▼
41.99	41.99	=

Time (days)	828	828
Cost (% of claim value)	31.6	31.6
Quality of judicial processes index (0-18)	3.5	3.5



### Resolving Insolvency

168	168	=
0.0	0.0	=

Recovery rate (cents on the dollar)	0	0
Time (years)	No practice	No practice
Cost (% of estate)	No practice	No practice
Outcome (0 as piecemeal sale and 1 as going concern)	0	0
Strength of insolvency framework index (0-16)	0	0

Source: Doing Business Laos 2019 and 2020

Based on the information shown in the tables above, the indicator 1: “Starting a business”, indicator 2: “Dealing with construction permits” and indicator 3: “Getting electricity” made positive changes in the distance to frontier. Indicator 1 successfully eliminated one procedure and reduced the number of days as well as costs. Despite the fact that the distance to frontier of Indicator 1 has been improved, the ranking of this indicator has declined one rank because - in the meantime - other countries implemented more impactful reforms.

It has been made cheaper to deal with construction permits, whereas the score of the policy framework to control the quality of constructions has slightly decreased. As a result, the distance to frontier of indicator 2 has increased slightly, while the ranking remained unchanged.

Indicator 3: “Getting electricity” successfully made a jump in its ranking from 156<sup>th</sup> to 144<sup>th</sup> due to a substantial reduction in time and costs to connect to electricity. However, the positive changes in these 3 indicators are insufficient to move up the overall ranking of Lao PDR. Overall, reforming the Ease of Doing Business in Lao PDR is still challenging to achieve the target of a double-digit ranking. One of the main reasons of this shortfall is that the responsible departments do not have proper action plan to implement the reforms, which address requirements of the World Bank survey and set realistic timelines for achievement. In addition, the lack of financial resources is another main challenge hindering Lao PDR to successfully implement a number of activities that can lead to the improvement of the score and ranking of its doing business indicators.

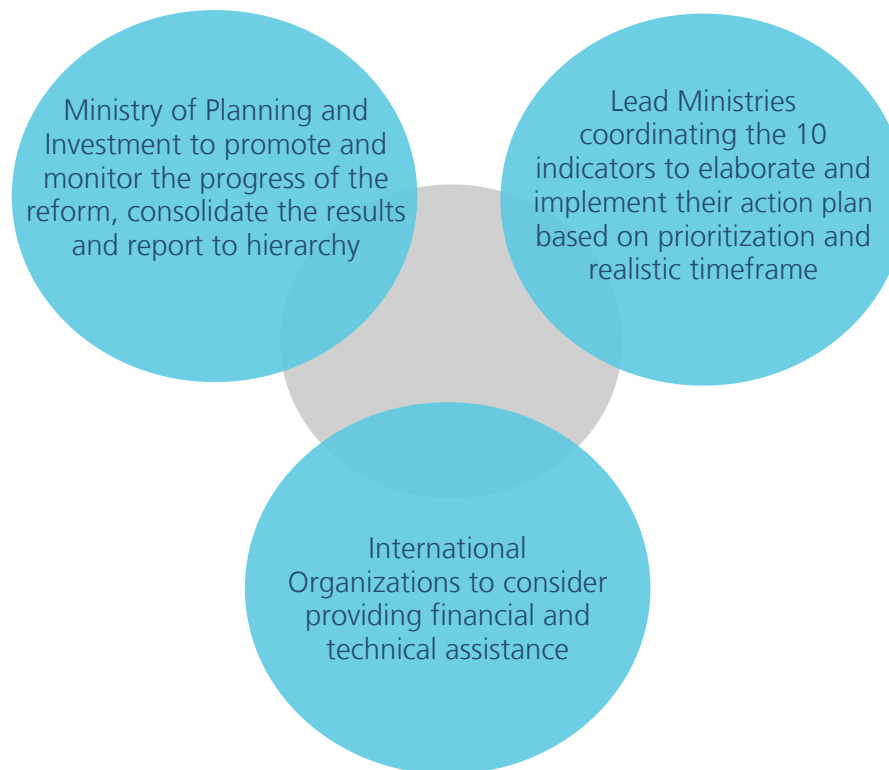


# About the Action Plan

The Investment Promotion Department, Ministry of Planning and Investment, coordinates with the relevant authorities responsible for the 10 indicators to develop an action plan based on their scope of rights and responsibilities. The action plan will serve as the benchmark for relevant structures to monitor and assess the progress of the implementation of their established plans.

The action plan outlines details of activities to be implemented in the short, medium, and long term prioritized according to the extent of their impacts on indicator ranking and realistic timeframe to complete the reform.

## ▶▶ The action plan has the following main objectives:





**Action Plan  
2020 - 2022**





# Starting a Business

**9**  
Procedures  
173 days

**2**  
Procedures  
6-8 days





Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Develop an automatic or online enterprise registration system	1. Study foreign automatic or online registration systems	Q1			LCT Project
	2. Draft Terms of Reference	Q2			
	3. Procure service from foreign expert company	Q2-3			
	4. Jointly design system diagram/structure with foreign expert company	Q4			
	5. Complete the draft system diagram/structure design		Q1		
	6. Organize a consultation meeting with relevant sectors to discuss about the draft diagram/structure		Q2		
	7. Improve the system diagram/structure per the comments from meeting		Q2		
	8. Present the system diagram/structure to the Ministry of Industry and Commerce to request guidance		Q2		
	9. Develop and test the system		Q3-4		
	10. Complete the system development and organize a training for the registrar		Q4	Q1	
	11. Officially launch the system		Q1		
	12. Disseminate the system to the local public and private sectors		Q2-4		
Resolve issues in foreign investors history audits	1. The Ministry of Public Security issues a regulation for nationwide implementation	Q1			None

Q1 Jan-Mar Q2 Apr-Jun Q3 Jul-Sep Q4 Oct-Dec



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Merge the taxpayer identification number and enterprise code into one number	1. Organize a consultation meeting with the Department of Taxation, the Ministry of Finance in view of merging the taxpayer identification number and enterprise code into one number in accordance to international standards	Q1			None
	1. Improve the registration (ERS) and tax (TaxRis) programs	Q2-3			
	2. Issue the regulation for implementation nationwide	Q4			
Amendment of enterprise law	1. Establish a committee responsible for the amendment of law				LCT Project
	2. Consolidate regulation data related to amendment of the law				
	3. Organize technical consultation within responsible committee to discuss and provide comments the draft amended law	Q1			
	4. Conduct a research and amend the law	Q1			
	5. Submit draft amended law to the relevant departments for comment	Q1			
	6. Organize technical consultation with relevant sectors including LNCCI on the draft amended law	Q1			
	7. Revise the draft law per the comments from the meeting as well as develop a proposal and the impact assessment	Q1			
	8. Organize public consultation meeting in the Central, Northern and Southern part of Laos	Q1			
	9. Organize consultation meeting for comments from public and private sector	Q2			
	10. Post the draft amended law, an explanatory note and impact assessment on website for comments	Q1			





Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
	<b>11.</b> Organize technical consultations with committee to revise contents of the draft amended law before submitting them to Ministry of Justice	Q2			
	<b>12.</b> Submit the draft law with its explanatory note and impact assessment to Ministry of Justice	Q2			
	<b>13.</b> Organize a consultation meeting with the Ministry of Justice to review compliance of the draft amended law	Q2			
	<b>14.</b> Organize a meeting with members of government (responsible body) before proposing the draft amended law at government meeting	Q2			
	<b>15.</b> Propose the draft amended law to the Government meeting	Q3			
	<b>16.</b> Organize technical workshop with Ministry of Justice to review the draft amended law	Q3			
	<b>17.</b> Submit the draft amended law to the National Assembly	Q3			
	<b>18.</b> Organize a meeting to check the entire content of the draft amended law with the National Assembly	Q3			
	<b>19.</b> Amend per the comments from the technical workshop with committees of the National Assembly and report to National Assembly Ordinary Session	Q4			
	<b>20.</b> Organize open public consultation workshop for members of the National Assembly (subject to the Standing Committee's suggestion)	Q4			
	<b>21.</b> Submit to the 10th General Assembly of the Seventh National Assembly.	Q4			
	<b>22.</b> Collaborate with the National Assembly Standing Committee to examine the content before entering it into the agenda of the National Assembly	Q4			
	<b>23.</b> The National Assembly approves the resolution	Q4			
	<b>24.</b> The President issues the Presidential Decree to promulgate the amended law		Q1		
	<b>25.</b> Publish the amended law on the Official Gazette		Q1		



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Eliminate “Register the Articles of Association”	1. Consult with the State Asset Department, Ministry of Finance regarding the cancellation of the Articles of Association	Q1-2			None
Improve seal carving work per Article 21 of the Enterprise Law (revised version)	1. Coordinate with the Department of Public Security to modify Notification No. 2140/OIC/MIC, dated 03 October 2019, regarding seal carving, by allowing the seal carving and registration of the seal usage, to be issued together within five business days.				None
	2. Coordinate with the Department of Public Security to promote and monitor the implementation of the relevant notifications/regulation for nationwide harmony.	Q1			
Improve seal carving work per Article 21 of the Enterprise Law (revised version)	1. Coordinate with the Ministry of Information, Culture and Tourism to modify notifications No. 2823/OIC.MIC, dated 26 November 2018 regarding elimination of enterprise sign license.				None
	2. Coordinate with the Information, Culture and Tourism Department to promote and monitor the implementation of relevant notifications/legislation for nationwide harmony.	Q1			
Eliminate “Obtain Approval of Content on the Company Signage”	1. Organize a consultation meeting together with the Social Security Office, the Ministry of Labor and Social Welfare regarding the development of system that links the Department of Industry and Commerce and the Department of Labor and Social Welfare in issuance of Social Security.	Q1			None
	2. Create a USER to use an enterprise data connection system.	Q2-3			
	3. Make MoU as a reference for implementation.	Q4			





# Dealing with Construction Permits

**12**  
**Procedures**  
**92 days**

Building Quality Control Index  
(6.5 out of 15)



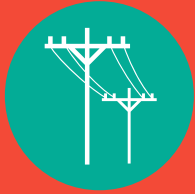
**6**  
**Procedures**  
**62 days**

Building Quality Control Index  
(9.5 out of 15)





Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Develop an electronic system for receiving applications and issuing licenses	1. Collect survey data and design system	Q3-4			None
	2. Collaborate with designers to compile all software used in the design and work with telecommunication organization to build and test systems		Q1-2		
	3. Train and disseminate of the system to relevant staff and the private sectors		Q2		
Increase the awareness of construction regulations nationwide	1. Organize a dissemination meeting on building permit in Vientiane Capital together with all public and businesses	Q1-2			None
	2. Organize national-level meetings to exchange lessons learned on building permit and fee collection in Vientiane Capital	Q1-4			
	3. Organize coordination meetings with various sectors, such as: State Electricity and Water Enterprises, and related sectors, to create conditions to facilitate construction	Q2-4			
Improve mechanisms for proficient architects and engineers to be certified by the Council of Architects and Engineers of Laos	1. Amend survey, construction and building management regulations, and construction law	Q1-4	Q1-2		None
	2. Set standards and conduct tests to determine the level of proficiency of architects and engineers	Q1-4	Q1-2		
Establish a legal framework for construction insurance	1. Organize a meeting between the Ministry of Public Works and Transport, Ministry of Finance, Ministry of Justice, and insurance companies to determine if additional legislation is needed	Q1-4	Q1-2		None
	2. Assign duties to the legislative body, if necessary	Q1-4	Q1-2		
Establish Lao Council of Architects and Engineers to certify professionals	1. Learn from international practices	Q1			None
	2. Establish mechanisms and standardize the proficiency of architect and engineer	Q1-4			
	3. Conduct examinations to measure proficiency		Q1-2		
Develop a curriculum and provide training on construction to onsite inspectors	1. Research and develop training courses in construction work				None
	2. Provide standardized training for relevant provincial and district personnel and conduct examinations to ascertain their qualifications to perform duties	Q2, Q4	Q4		



# Getting Electricity

**7**  
Procedures  
88 days

Reliability of Supply and Transparency  
of Tariff Index (3 out of 8)

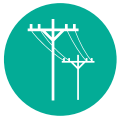


**3**  
Procedures  
27 days

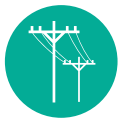
Reliability of Supply and Transparency  
of Tariff Index (4.2 out of 8)

## ELECTRICIAN SERVICES





Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Merge "Submit Application to EDL and await site inspection" and "Receive site inspection by EDL and await estimate and technical conditions"	Develop instructions for the forms	Q1			
Establish an understanding for entrepreneurs and producers regarding regulations and procedures for getting electricity	1. Organize meeting to help producers and consumers understand the procedures and their responsibilities, along with online dissemination, in every task	Q1-4	Q1-4	Q1-4	None
	2. Organize a joint meeting with the Ministry of Energy and Mines on the implementation of the regulations to private sector. Breaches will affect yearly registration renewals	Q1-4	Q1-4	Q1-4	
	3. Publish the regulations through the EDL media platform, "Lao Electricity for Development", and other media platforms				
Develop an application for electricity installation request	1. Establish workplan and request direction from hierarchy on computer-based service system.	Q1-2			None
	2. Set up the committee responsible for the application development in cooperation with outside structures.	Q3-4	Q1-4	Q1-4	
Promote the implementation of "inspect electrical current transmission"	1. Propose the ministry to endorse a regulation on the identification of electricity quality indicator, the inspection and monitoring of the electricity service from EDL and service providers.				None
	2. Develop monitoring mechanisms for branch functions into an electronic system	Q1-4	Q1-2		
Develop a database for calculation of SAIDI/SAIFI and display on the EDL website	1. Develop a database system that will calculate and verify accuracy from service centers to branches	Q1			None
	2. Prioritize the service of each branch and install a team to evaluate results, periodically	Q1-2			
	3. Organize service competitions with rewards for branches or service centers with fast performance or low SAIFI, SAIDI	Q2	Q3	Q3	



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Allow other sectors determine the level of reliability.	1. Propose to the Ministry of Energy and Mines to appoint a department of the Ministry of Energy and Mines to determine the level of reliability each year	Q1	Q1	Q1	None
Develop regulation that allow customers to contract with EDL to receive compensation in cases of power shortages or outages	1. Organize a meeting with the relevant sectors to request guidance on an agreement to elaborate regulations on the compensation for impacts resulting from power shortages and outages	Q1-4			
	2. Elaborate regulations with customer and EDL obligations clearly defined	Q2-4			
Adjust service charges	1. 1) Draft terms on mid-range fees in middle and low power sector	Q2			None
	2. Endorse the terms on fees in middle and low power sectors	Q4			
Inspect the implementation	The Department of Energy Management, the Department of Energy Policy and Planning and EDL evaluate the implementation of all service providers in Laos	Q1, Q4	Q4		None







# Registering Property

**6**  
**Procedures**  
**28 days**

Quality of the Land Administration Index  
(10.5 out of 30)



**6**  
**Procedures**  
**18.5 days**

Quality of the Land Administration Index  
(19.5 out of 30)





Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Increase access to forms	Draft the announcement	Q1			
Promote the Department of Natural Resources and Environment, and the Office of Natural Resources and Environment to comply with Decree No. 6580/MRE	Promotes, monitors and evaluates the implementation of standardized service at the Department of Natural Resources and Environment and the Office of Natural Resources and Environment	Q1, Q3	Q1		None
Improve implementation procedures	1. Develop an instruction on land registration	Q1-3			LCT
	2. Develop an instruction on land data transformation from paper to digital system				
	3. Notify to the public	Q4	Q1-2		
Revise roles and structures of relevant structures	1. Revise the roles and structure of the Land Department				
	2. Revise the roles and structure of the Land Service Center				
Develop the system and design a digital database	1. Write the Terms of Reference (ToR)				
	2. Hire an IT company to write a program	Q1-3			
	3. Hire an IT company to transfer land data from the paper to digital system	Q1-3			
Implementation of system	1. Provide training to central and provincial personnel	Q4			
	2. Provide online service		Q1-2		
Develop and increase the use of digital formats for document storage	1. Improve the digital system for document storage				GIZ-LMPD
	2. Increase the use of digital formats for all document storage	Q1-4	Q1-2		Environmental Protection Fund
Exchange information via the import and export function and update information online		Q1-4	Q1-2		None

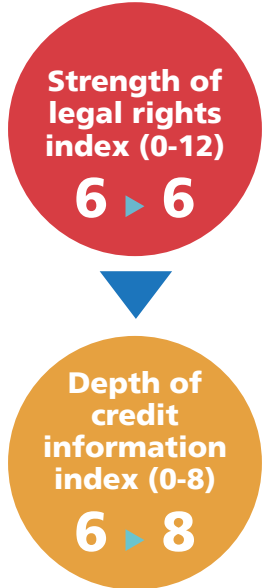


Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Develop a land right database and online registration that (i) list fees for land right transfer, (ii) monitor statistics on land right transactions	1. Write Terms of Reference				LCT
	2. Hire an IT company to develop the program	Q1-3			
Develop the document tracking system	1. Write Terms of Reference				GIZ and World Bank
	2. Hire an IT company to develop the program	Q1-3			
Revise the roles and structure of Provincial and Department of Natural Resource and Environment, District Office of Natural Resource and Environment and the Land Service Center					LCT





# Getting Credit

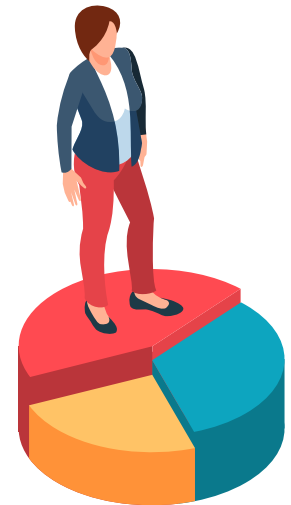
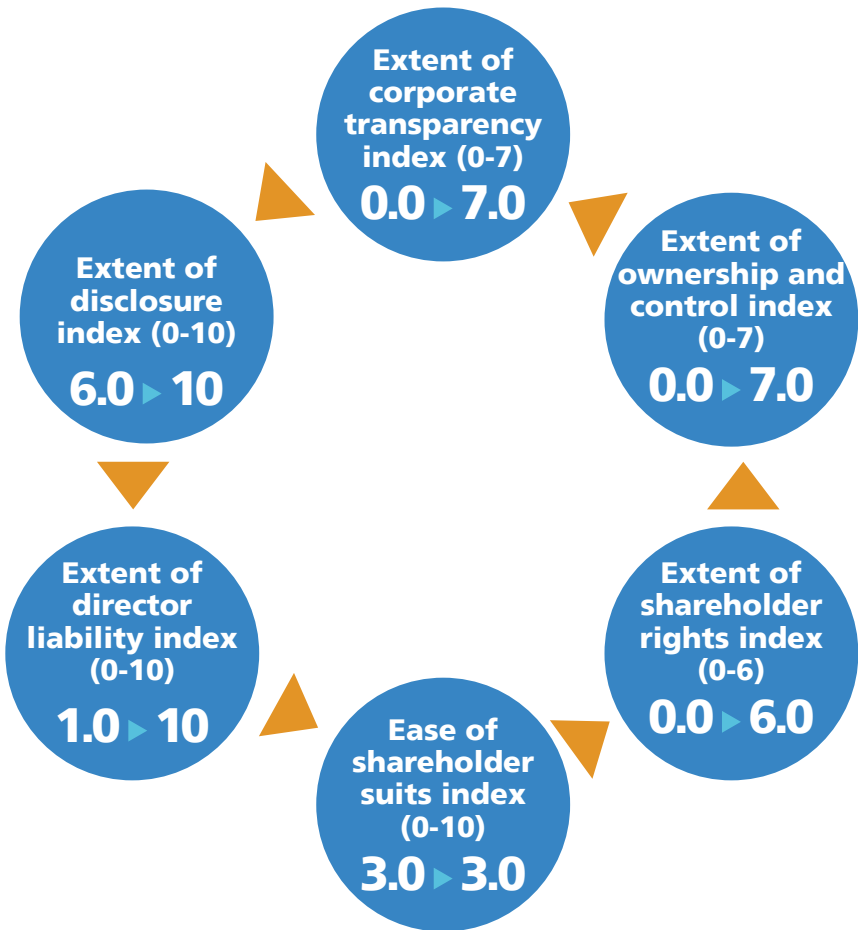




Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Organize dissemination meeting on Decree	1. Organizing dissemination meetings on Decree at the Bank of the Lao PDR in Northern, Central and Southern part of Laos				None
	2. Sign MoU with relevant Ministries (Nowadays, the MoU has been signed with 5 utility companies such as electricity, water supply, ETL, UNITEL, and Lao Telecommunication)				
Sign the MoU with all Ministries and utility companies	1. Technically consult to collect data to enter into the system	Q1			None
	2. Design the system structure for data collection	Q1			
	3. Research data transition models of each sector	Q1-2			
	4. Upgrade the online CIB system to support data	Q2			
	5. Develop a report on utility payment	Q3			
Develop a new system for creating products as the old system is incapable of such	1. Announce an open auction to seek companies to develop a new CIB System for credit rating and scoring	Q1			None
	2. Complete company selection	Q2			
	3. Begin system development	Q2-3			
	4. The company which wins the auction reviews the requirements (BA & TA)	Q2-3			
	5. Develop the system per the new requirements	Q3-4			
	6. Transfer data from the old system to the new	Q4	Q1		
	7. Test system performance (UAT)		Q1-2		
	8. Run the new system alongside the current one		Q3-4		
	9. Utilize the new system			Q1	
	10. Prepare data for product rating report (credit rating and scoring)			Q1-3	
	11. Test the system (UAT)			Q4	
	12. Utilize the product rating system (credit rating and credit scoring)				



# Protecting Minority Investors







Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Amend Civil Procedure Law (based on the Action Plan of indicators 9 and 10)	Consider amendments by the People's Supreme Court	Q1-4	Q1-2		None
Develop the Decision on Enterprise Ownership	Research	Q1-4	Q1		None
	Endorse		Q2		
	Publish		Q3-4	Q1-4	
Establish an IPO agreement	Research	Q1-4	Q1-4	Q1	None
	Endorse			Q2	
	Publish			Q3-4	
Send the relevant content for the amendment of Law on Enterprise to MOIC	According to the workplan of indicator 1 for the amendment of Law on Enterprise	Q1-4	Q1-4	Q1-2	None



# Paying Taxes

**Corporate income tax payment (times per year) from 4 times<sup>1</sup> to once a year<sup>2</sup>**

**Value Added Tax (VAT) and other taxes payment (times per year) to the minimum**

**Time (hour per year) for VAT payment from 182 hours<sup>3</sup>/year to the minimum**

**Time (hour per year) for corporate income tax and other taxes payment to the minimum**

**Improvement of social security contribution mechanism**



Remarks: The above achievement indicators are based on the Prime Minister's Order No. 02/PM, dated 01 February 2018

- 1 Ease of Doing Business Report 2018
- 2 Law on Profit Tax (amended version), No 67/NA, dated 18 June 2019, shows
- 3 Ease of Doing Business Report 2018



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Encourage businesses to file taxes via TaxRIS system (file taxes through the electronic system) at least 70% of all profit taxpayers.	1. Train district and provincial level tax officers on notifying profit taxes via TaxRIS system in Vientiane Capital, Luangprabang, Savanaket and Champasak.	Q2-4			None
	2. Train businesses on filing profit taxes via TaxRIS system in Vientiane Capital, Luangprabang, Savanaket and Champasak.	Q2-4			
	3. Develop advertising media and disseminate regulations and procedures on filing different taxes in print and online, and/or modeling tax payment via TaxRIS system for businesses to file and pay taxes online or via TaxRIS system.	Q2-4			
	4. Develop tax-filing pilot project that users can train themselves to use.	Q3-4			
Develop and implement regulations under 3 laws because Law on Profit Tax (new version) reduces the tax rate from 24% to 20% and the number of filing periods from 4 to 2 times a year.	1. Research and develop regulation under 3 Tax laws: Law on Tax Administration, Tax on Income Tax, and Law on Consumer Tax.	Q2-4	Q1		None
Post-profit tax filing audits.	1. Research and develop the recommendation on risk-based post-profit tax filing audits.	Q2-4			None
	2. Establish units to audit risk-based post-profit tax filing.	Q3-4	Q1-4		
Improve the payment procedure of Social Security	1. Consult with the Social Security Agency and relevant sectors on the possibility of reducing the tax payment number from monthly to quarterly or paying electronically by cooperating with the Social Security Agency.	Q3-4			None
Improve the payment of taxes, service fees and fees associated with transferring property ownership.	1. Review Ordinance No. 03 on Fees and Services; and research and develop Law on Land Tax.	Q3-4	Q1-2		None



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Improve the payment of taxes on vehicles (road fees); and improve road fees collection to be effective.	1. Link data with relevant sectors.	Q2-4	Q1-4		None
	2. Collect vehicle statistics in each village.	Q3-4	Q1-4		
	3. Enforce the payment of road fees via electronic system.	Q2-4	Q1-4		
Improve the payment of tax on land (enhance the revenue allocation between central and local levels).	1. Convert the payment of tax on land via the banking system;	Q2-4	Q1-4		None
	2. Establish clear division of revenue allocation between central and local levels.	Q2-4			
Study the possibility of payment reduction (4 times per year) and amend regulation to implement it.	1. Study the notification mechanism on quarterly basis.	Q3-4			None
	2. Develop regulation to support the implementation.	Q4	Q1-2		
Encourage businesses to file taxes via TaxRIS system (file taxes via electronic system), develop Law on VAT – post – VAT filing audits.	1. Research and improve the system to support VAT filing via the TaxRIS system.	Q4			None
	2. Develop the recommendation for VAT refund based on risks with lessons learnt on the VAT refund audits from neighboring countries.	Q3-4	Q1		
	3. Train and disseminate the recommendation on VAT refund audits to tax officers and businesspeople in Vientiane Capital, Luangprabang, Savannaket and Champasak.		Q1-4		
Develop regulations under Law on VAT and VAT refund.	1. Develop the regulations, mechanisms, and recommendation for VAT refund.	Q2-4			
	2. Consolidate the regulations with regard to VAT refund to disseminate in print and online.	Q2-3			





# Trading Across Border

**Reduction of border compliance time (hours) for import by 50% (from 14 hours)<sup>4</sup>**

**Reduction of border compliance time (hours) for export by 50% (from 12 hours)<sup>5</sup>**

**Reduction of documentary compliance time (hours) for import by 50%<sup>6</sup>**

**Reduction of documentary compliance time (hours) for export by 50% (from 216 hours)<sup>7</sup>**

Remarks: The above achievement indicators are based on the Prime Minister's Order No. 02/PM, dated 01 February 2018



- 4 Ease of Doing Business Report 2018
- 5 No documentary compliance time (hours) for import in the Ease of Doing Business Report 2018
- 6 Ease of Doing Business Report 2018
- 7 Ease of Doing Business Report 2018



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Develop an integrated risk management framework among relevant authorities of border checkpoints (customs, plant and animal quarantine, food and medicine)	1. Improve the risk value of the ASYCUDA system by including other public sector risk values				LCT
	2. Establish inspection mechanisms in collaboration with other public sectors at border checkpoints	Q1			
	3. Publish the results of the TRS 2019 study				
	4. Organize TRS seminar with all relevant public sectors to establish basic understanding and develop plan for joint TRS study	Q1			
	5. Appoint a committee for TRS 2020	Q2			
	6. Study TRS 2020	Q4			
Amend and merge 4 regulations:  1) Decree on the Export of Mineral Products No. 90/PM dated 09/6/2008. 2) Decision on the Import and Export Certification of Minerals and Mineral Products No. 0352/MEM dated 13/3/2012. 3) Decision on Trade of Minerals and Mineral Products No. 0481/MEM dated 20/4/2012 4. Notice on Procedures of Promotion and Distribution of Mineral Products No. 0011/ DMM, dated 04/1/2019	1. Review the content of those regulations	Q1			None
	2. Recruit a legal expert for the amendment of regulations	Q1			
	3. Draft a proposal to the Minister of Energy and Mines to consider the amendment of these regulations. The content of these regulations may be merged into the one decree	Q2			
	4. Develop workplan for the amendment	Q2			
	5. Arrange a meeting with the relevant sectors for consultation on implementation methods	Q4			
	6. Conduct research and amend regulations	Q4			
	7. Send the draft decree to the relevant sectors for comment		Q1		
	8. Amend the draft decree per the comments of the relevant sectors		Q1		
	9. Arrange an open meeting to obtain comments from the public and private sectors		Q2		
	10. Amend per the comments from the meeting			Q1	
	11. Present the draft decree to the government meeting			Q2	
	12. Amend after the government meeting			Q2	

Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
	13. Present at the government meeting for the final time			Q3	
	14. Amend after the government meeting			Q3	
	15. Present the decree to the government for signing			Q4	
	16. Post the signed decree on the Official Gazette			Q4	
Develop a Decision on Automotive Parts Management for Production and Assembly at Factories in Lao PDR.	1. Review the draft decision with the Legal Department	Q2			GIZ-RELATED
	2. Review the draft decision with provincial Department of Industry and Commerce where assembly plants are located	Q3			
	3. Arrange a meeting with relevant sectors and businesses	Q3			
	4. Revise the draft decision per the comments	Q3			
	5. Review and revise with the Department of Legal Affairs for joint agreements and comments	Q4			
	6. Submit to the Minister for endorsement	Q4			
	7. Disseminate the decision after endorsement together with the relevant sectors and businesses	Q4			
Develop Law on Vehicles to comply with actual practice to replace clause No. 4312/MC TPC, and to extend the ASEAN Mutual Recognition Agreement on Automotive Parts	1. Research the draft law on vehicles	Q2			GIZ-RELATED
	2. Recruit national consultants to provide technical advisory	Q2			
	3. Organize the national-level consultation meeting	Q2			
	4. Review the draft law at the government meeting	Q2			
	5. Review the draft law at the National Assembly meeting	Q2			
	6. Amend the regulation on technical standard of automotive parts in accordance to MRA	Q4			





# Enforcing Contract

Enforcement  
of Judgement  
**365**  
days



Less than  
**100**  
days



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Amend the Law on Judgement Enforcement	1. Organize meeting to revise the law				None
	2. Organize validation meeting with drafting and steering committee	Q1			
	3. Organize technical consultation meeting with relevant line ministries	Q1			
	4. Organize provincial-level consultation meetings in 3 parts of Laos.	Q1			
	5. Organize meeting to review and revise law based on comments from the provincial-level consultation meetings nationwide.	Q1			
	6. Propose the revised law to the steering committee of Ministry of Justice	Q1			
	7. Propose the revised law to the government meeting	Q1			
	8. Organize meeting to amend law as per comments from government meeting	Q1			
	9. Propose law revised as per comments from the government meeting to the steering committee of Ministry of Justice.	Q1			
	10. Propose revised law to the government to consider and further submit to the National Assembly.	Q1			
	11. Thoroughly review the entire content of revised law	Q1-2			
	12. Propose the revised law to standing committee of National Assembly	Q1-2			
	13. Review and revise law per comments of National Assembly members	Q2-3			
Develop capacity of staff from civil court and relevant structures on the dissemination of Law on Court Fees	1. Train and disseminate the Law on Court Fees to civil court staff in Northern, Central and Southern part of Laos	Q1-2			None
	2. Train and disseminate the Law on Court Fees to relevant structures	Q1			
	3. Develop brochures, leaflets, and posters on court fees to be distributed at civil court offices nationwide, on civil court magazine and to other interested parties.	Q2			

Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Amend Law on Civil Procedure	1. Collect data and assess the insofar implementation of law	Q1			None
	2. Organize the technical meeting to amend law	Q2			
	3. Organize the validation meeting with steering committee	Q2			
	4. Organize provincial-level consultation meetings in 3 parts of Laos	Q2-3			
	5. Propose the revised law to the government meeting	Q3			
	6. Propose the revised law to standing committee of National Assembly	Q3			None
	7. Review law during the National Assembly meeting	Q4			
	8. Review and revise law per comments of National Assembly members	Q4			
	9. Promulgate the law.	Q4			
Develop procedures on each commercial case management (Fast Track)	1. Collect necessary data				None
	2. Organize technical meeting to identify structures of commercial case management	Q2-3			
	3. Organize meeting to validate the structures of commercial case management with steering committee	Q2-3			
	4. Organize technical meeting to identify content of commercial case management	Q2-3			
	5. Organize the meeting to validate the content of commercial case management with steering committee	Q2-3			
	6. Organize the consultation meeting on commercial case management with judges from civil supreme court (judges who are not members of Judge Council) and local civil courts.	Q2-3			
	7. Organize the consultation meeting with member of Judge Council.	Q2-3			
	8. Organize the meeting with the Judge Council to give comments on draft procedures on commercial case management	Q2-3			
	9. Propose the draft procedures on commercial case management to the meeting of Judge Council	Q2-3			
	10. the meeting with steering committee to give comment as per the meeting of Judge Council	Q2-3			

Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Improve organizational structure of commercial court committee and establish the unit to consider the specific cases such as, Intellectual Property Unit, Enterprise Bankruptcy Unit, Unit for Banking cases and Unit for Import-Export cases	1. Amend the Decision of civil supreme court on the management and implementation of commercial court committee	Q1-2			None
	2. Develop plan to improve organizational structure of commercial court committee	Q1-2			
	3. Propose plan to improve the organizational structure of commercial court committee to Judge Council	Q1-2			
	4. Consider allocating staff of different units from civil supreme court and local civil courts	Q1-2			
	5. Constantly announce the establishment of different units	Q1-2			
Build capacity of judges on enforcing commercial cases.	1. Train steering deputy directors, chiefs of court and judges	Q3-4			None
	2. Train judge assistant, court clerks and court officers	Q3-4			
Develop Commercial Case Management system	1. Recruit IT experts/IT consulting company to develop the system	Q3-4			None
	2. Collect data together with IT experts/IT consulting company	Q3-4			
	3. Design the system that is suitable for current conditions	Q3-4			
	4. Present the design of system to members of Judge Council.	Q3-4			
	5. Develop the program	Q3-4			
	6. Procure necessary equipment necessary for the system.	Q3-4			
	7. Pilot the system and constantly improve the system	Q3-4			
	8. Launch the system	Q3-4			

# Resolving Insolvency

Commencement of Proceedings Index (0-3)

**02 > 03**

Management of Debtor's Assets Index (0-6)

**02 > 04**

Reorganization Proceeding Index (0-3)

**0.5 > 02**

Creditor Participation Index (0-4)

**0.0 > 02**



Reform Action	Breakdown Activities	Timeline			Donors, if any
		2020	2021	2022	
Develop media printings to increase the efficiency of the civil supreme court's bankruptcy case management	1. Draft the instruction of president of civil supreme court on the bankruptcy case management	Q2-3			None
	2. Print and disseminate Law on Bankruptcy and relevant regulations	Q2-3			
	3. Draft the printing materials on bankruptcy and revitalization of enterprises	Q1			
	4. Develop manual on bankruptcy case management	Q3-4			
Develop bankruptcy case management system		Q2-3			None
Build capacity on Enterprise Bankruptcy to staff of civil supreme court and relevant sector		Q2-4			None
Amend and rename Law on Bankruptcy into Law on Bankruptcy and Revitalization of Enterprises	1. Submit Draft law to the ordinary session of the National Assembly for consideration				None
	2. Organize the meeting to revise the law as per comments from the National Assembly				
	3. Propose a draft law to the President of the National Assembly to consider the enforcement	Q1			
	4. Organize the meeting to revise the law as per comments from the National Assembly members during the 8th meeting for 8th ordinary session.	Q1			
	5. Print Law on Bankruptcy and Revitalization of Enterprises	Q1			None
	6. Disseminate Law on Bankruptcy and Revitalization of Enterprises	Q2-4			



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